

Officiating Urbanisation

What makes a settlement officially urban in India?

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ABSTRACT

Financial incentives including government support grants for infrastructure creation, health and education development in many countries is contingent on where people live. In India, the allocation of critical government subsidies explicitly recognises urban population as a criterion for budgetary allocation. Yet, the fundamental question about what is an urban area and what does it entail to be recognised as an urban settlement in India remains understudied. This paper aims to understand the definitional paradigm of statutory towns in India. We create a novel dataset of all state laws in India on the constitution of urban local governments. We analyse the eligibility criteria that would qualify any area to become urban local bodies under the law in different states and find large variation among states. In our dataset, only fifteen of the twenty-seven states explicitly define and have laws on urban settlements. Within these fifteen states, we find that many small and transitional urban areas violate the eligibility criteria laid down by the state laws constituting them. We further find that states which do not provide statutory laws rely on executive fiat, i.e. it is the prerogative of the state government to declare the creation of a statutory town. What then becomes or “unbecomes” urban in these states is open to dispute. The full extent of this variation and reasons thereof can open up new avenues of scholarship.



Introduction

In 2011, 31 per cent of India's total population lived in urban areas (Registrar General of India 2011). While this is a marginal increase of 3 per cent from 2001, in absolute terms, it implies 9 million more people were added to the urban areas in one decade. Also, for the first time since independence, the growth in total urban population was higher than the absolute rural population growth.

Financial incentives including government support grants for infrastructure creation, health and education development in many countries is contingent on how many people of the area live in urban areas¹. In India, the allocation of critical government subsidies explicitly recognises urban population as a criterion for budgetary allocation². Yet, the fundamental question about what is an urban area and what does it entail to be recognised as an urban settlement in India remains understudied. The puzzle of India's urbanisation, therefore, entails understanding the various definitional approaches to what qualifies as statutorily urban in India.

This paper aims to understand the definitional paradigm of statutory towns in India. We create a novel dataset of all state laws in India on the constitution of urban local governments. We analyse the eligibility criteria that would qualify any area to become urban local bodies under the law in different states. We find large variation among states on how the urban settlements are defined. In our dataset, only fifteen of the twenty-seven states explicitly define and have laws on urban settlements. Within these fifteen states, we find that many small and transitional urban areas violate the eligibility criteria laid down by the state laws constituting them. We further find that states which do not provide statutory laws rely on executive fiat, i.e. it is the prerogative of the state government to declare the creation of a statutory town. What then becomes or "unbecomes" urban in these states is open to dispute. However, states do censor urbanisation and keep urban areas as statutorily rural in order to continue receiving union government funding.

This variation on what is statutorily considered urban contributes to an emerging scholarship which is engaging in the diversity of urbanisation processes in India. It reviews and adds nuance to the emerging questions of how an urban area gets constituted and particularly argues that the administrative status of a settlement is an essential determinant of urbanisation rates of a country. The addition of administrative status to the emerging question of urbanisation hopes to move beyond a singular understanding of India's nature of urbanisation.

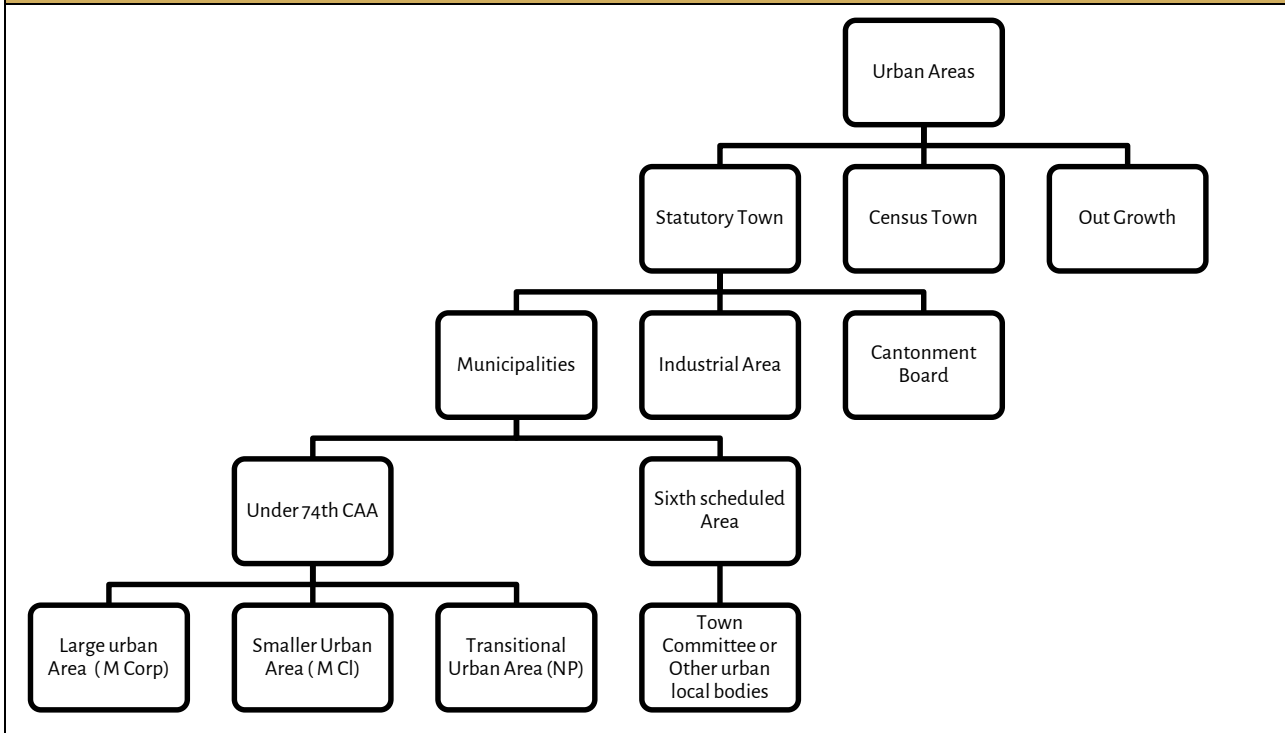
The paper is organised as follows. The paper begins with the overview of the different types of urban areas in India. The second section provides an overview of the governance structures in these urban areas discussing in elaborate the exceptions to them. The third section describes our dataset of State laws on constituting municipalities in India. We conclude with a discussion on how the variation in laws constituting urban can have policy ramifications for identifying urban areas in India.

Urban areas in India: An Overview

Urban areas in India are divided into three groups³ -- Statutory Towns (ST) which are enacted by a statute of the State government⁴ in which urban areas are located and should statutorily have an elected urban local body (ULB). According to the Census 2011, there were total 4,041 ST in India.

Another group is the Census Towns (CT) which are defined by the Registrar General of India on the basis of three pre-defined urban specific characteristics (population size of at least 5,000, population density of at least 400 persons per square kilometre and at least 75 percent of the male main workforce in the non-farm sector). All areas, other than ST, qualifying the above criterion are CT. Though CT is regarded as urban by the RGI, they are administered by rural local bodies (RLB). The 2011 Census shows the addition of 2553 new CT over 2001; i.e. an increase by a factor of 1.8 over 2001⁵. As a result, the population share CT in the total urban population has gone up from 7.4 per cent in 2001 to 14.4 per cent in 2011. Notwithstanding the increase in the number of CT and their corresponding share in the total urban population in the last decade, ST accounts for more than three fourth of the total urban population in 2011.

Figure 1: Types of Urban Areas in India



Apart from ST and CT, there are the Outgrowths (OG) which is always a part of some urban hamlet or an enumeration block⁶ made up of such village or hamlet and clearly identifiable in terms of its boundaries and location and which have come up near a statutory town outside its statutory limits but within the revenue limits of a village or villages contiguous to the towns⁷. Like CT, the OG is also governed by RLB.

Figure 1 provides a schematic diagram of urban areas in India. A detailed discussion on each of them is provided in the following sections. This figure divides all urban areas into three groups (ST, CT, and OG). It then divides the ST into municipalities, industrial area (INA) and cantonment board (CB). All municipalities can be further divided into two groups; one that is created under the 74th CAA (Constitutional Amendment Act) and the second group consists of all municipalities that fall under the 6th Schedule areas of the Constitution⁸.

Definitions and Governance of Statutory Urban Areas

Statutory urban areas (or ST) are all ULBs defined by the State laws, which specify the grounds for the creation of different kinds of municipalities. This authority to make laws regarding the constitution of local governments comes from the Constitution⁹ which allows the State to formulate laws governing local bodies in India.

While the State laws provide for more specific provisions for the constitution of municipalities, it is the article 243 P & Q under the 74th CAA which forms the basis of these provisions to create a Municipal Corporation for a larger urban area, a Municipal Council for a smaller urban area and a Nagar Panchayat for a transitional urban area. While the provisos to this Article do not elaborate the criteria for the ULB, the Article, however, does broadly outline indicators that are to be considered while constituting a municipality. These are (a) population, (b) density, (c) revenue generated for local administration, (d) share of the non-agricultural employment and (e) economic importance of the area. The Constitution provides broad guidelines, leaving it to the discretion of the state governments to determine the exact qualifications for an area to be classified as a larger, smaller, or transitional urban area.

However, there are three exceptions to the 74th CAA. First, the Sixth Schedule areas as specified in the Constitution gives greater autonomy and powers to tribal areas in Assam, Meghalaya, Mizoram, and Tripura. The Constitution

mandates setting up autonomous district/ regional council (ADC) for the administration of these areas with extensive legislative, judicial, executive and financial powers. Amongst other powers, the Scheduled areas¹⁰ are allowed to establish village or town committees by these councils thus making these areas an exception to Part IX-A of the Constitution (related to municipalities). ADC add another layer of complexity to urban governance in these areas, since it is up to the ADC to legislate a Town Committee (TC) Act allowing for elections or nominations of members for this committee. Currently, variations exist between and within the ADC of these states. For example, the Karbi Anglong ADC of Assam has a Town Committee Act and conducts regular elections but Dima Hasao ADC in the same State, despite having a Town Committee Act, does not conduct the election and has nominated members.¹¹ Similarly, the ADC in Mizoram and Meghalaya, despite a law, have not conducted elections to the Town Committees, whereas in Tripura elections for the TC are held regularly (see Box I for more details).¹²

The second major exception to the 74th CAA is the cantonment boards (CB), which were mostly setup during colonial times to house the military establishment. CBs fall under entry 3 of the Union List (Seventh Schedule) of the Constitution; hence the Union Parliament, as opposed to the State is the competent authority for making laws regarding the delimitation and governance of CB¹³. There are 62 cantonments as per Census 2011, and they are notified under the Cantonments Act, 2006 which replaced the Cantonments Act, 1924. Under this Act, the Board consists of both elected and nominated members, with the Commanding Officer of the station being the President of the Board.

The Industrial Townships are the third exception though not entirely to the application of the 74th CAA. The proviso to Article 243Q permits State governments to allow industrial areas to provide 'municipal services' in an area notified as an 'industrial township'. The proviso to allow certain notified areas to function as private local governing bodies was a late addition to the 74th CAA. This was neither a part of the bill as presented in the house, nor was it recommended or debated within the Standing Committee on this Amendment (Sivaramakrishnan 2000). Recorded in the census with various acronyms; Industrial Notified Areas (26 in Gujarat), Industrial Townships (two in Orissa, five in UP, two in Uttarakhand and one in WB), and Notified Area Committee (two in Jharkhand and seven in Karnataka), these areas are all administered by a board of industry representatives in that area along with officials from the State government.¹⁴ In Gujarat, until an amendment in 2009, all the industrial notified areas had representatives from the Panchayats within the area (see Box II).¹⁵

Laws governing Statutory Towns in India

The Constitution provided a framework for urban governance, but states have the prerogative of defining and applying this framework to their territories. While the Constitution does not delve into specific criteria to declare different types of ULBs, it provides for states to consider criteria like population size, population density, revenue generated for local administration, the share of the non-agricultural employment while determining the type of ULB to be constituted. As a result, the criteria to define urban area varies significantly among the States. Besides, the number of Acts also varies. Bihar and Haryana have single Act for all types urban areas and states like Karnataka, Madhya Pradesh, Odisha, Punjab, Uttar Pradesh and West Bengal have one Act for smaller and transitional urban areas and another Act for municipal corporations.

Table 1A in the appendix lists the criteria mentioned in the State Act(s) to classify an urban area as large, smaller or transitional. All states can be grouped into two categories; one that provides criteria for urban areas to be classified as larger, smaller and transitional municipalities and the second group that doesn't specify criteria but allows for the government, through a notification, to declare urban areas as municipalities. There are fifteen states making use of one or more criteria as specified under the Article 243Q of the 74th CAA, including four exceptions.¹⁶ However, none of them alludes to *all* these aspects of the respective State legislation. Table 1 provides an overview of the variables and the number of States with criteria.

Population as a criterion is present in all State Acts as the primary eligibility criterion to distinguish between different types of municipalities. Five states (Haryana, Jharkhand, Maharashtra, Mizoram and Odisha) have the population as the only criterion for declaring large urban areas as municipalities. It is in four states (Haryana, Jharkhand, Mizoram and Odisha) for smaller urban areas and five states (Haryana, Jharkhand, Mizoram Odisha and West Bengal) in transitional urban areas. There are significant variations in the population requirements

among the states, and given the inability to access the statement of reasons and objects preceding these acts, the rationale for such variation is not known. Population as low as two thousand in Himachal Pradesh and as large as thirty thousand in Tamil Nadu and West Bengal can qualify as a transitional urban area. Four states (Arunachal Pradesh, Haryana, Sikkim, and Tripura) have only provided the maximum population limit for the transitional urban area. The Haryana Municipal Act, 1973, for instance, mandates the creation of a Municipal Committee for a transitional area for a population of not more than fifty thousand. Similarly, the minimum population to qualify as smaller urban area varies from five thousand in Himachal Pradesh and Sikkim to 1.5 lakh in Mizoram. For defining larger urban areas, the minimum population can be as small as 50,000 as in Himachal Pradesh to as large as 5 lakh as in Mizoram, Tripura and West Bengal.

Table 1: Number of States with Criteria for Defining Urban Areas				
Type of Municipalities	Population Size ^①	Population Density [*]	Non-agricultural Employment [*]	Revenue
Larger urban area	12 ^②	3	6	2
	[50,000-5,00,000]	[500-3,000]	[50%-85%]	
Smaller urban area	12 ^③	2 ^③	6 ^③	2
	[5,000-1,50,000]	[500-1,500]	[35%-85%]	
Transitional urban area	13 ^④	2	6	1
	[2,000-30,000]	[400-500]	[25%-85%]	

^{*} Population density is number of people per square kilometre; Non-agricultural employment is the share of workforce employed in non-agricultural employment.

^① Goa is not considered for the purposes of this table. The Goa Municipality Act specifies three kinds of urban areas (Class A, Class B, and Class C) on the basis of population. But the act does not specify how these areas correspond to urban areas mentioned in the 243Q of the Constitution. The only municipal corporation in the State (Panaji Municipal Corporation) has separate a separate act.

^② All municipal corporations in Tamil Nadu are constituted by separate Act; Nagaland does not have a municipal corporation, and the Nagaland Municipality Act defines Municipal Council with a population of 20,000 or more as the criterion for larger urban area. According to the 243Q, however, this is considered as small urban area.

^③ West Bengal does not differentiate between small and transitional area and is not considered for the purposes of this table.

^④ Though, the act doesn't clearly specify, Municipal Council in Nagaland is considered as small urban area. Similarly, Town council is considered as transitional urban area.

Population density as a criterion finds mention only in three states (Karnataka, Tripura and West Bengal). The density criterion for the transitional urban area is 400 person per sq. km. in Karnataka which is same as identification of CT by the RGI. However, Tripura (500/sq. km.) and West Bengal (750/sq. km.) have a higher population density than that of the RGI. While Tripura has uniform population density for the three types of municipalities; it varies according to the different types of municipalities in Karnataka and West Bengal.

The non-agricultural workforce is the second most mentioned criterion after population. There are six states with workforce criterion for large urban area and another seven states for smaller and transitional urban area. There are five states which use a uniform non-agricultural workforce figure ($\geq 85\%$ in Arunachal Pradesh, $\geq 75\%$ in Bihar, $\geq 50\%$ in Karnataka, $\geq 50\%$ in Sikkim and $> 50\%$ in Tripura) for the three types of municipalities. It is important to note that the Census uses 75% cut-off for defining CT. West Bengal has 75% cut-off for defining large urban area and 50% for the others with no clear distinction between smaller and transitional urban areas. Maharashtra does not have workforce criterion for large urban areas, but it has a more detailed workforce requirement for the transitional urban area which takes into account the proximity to larger urban areas. The minimum non-agricultural workforce requirement is 25% if the area is less than 20 kilometres away from a Municipal Corporation or Class-A Municipal Council, and 50% if the area is more than 20 kilometres away from Municipal Corporation or Class-A.

The revenue criterion appears in two states (Himachal Pradesh and Karnataka) for the larger and smaller urban area and in one State (Himachal Pradesh) for the transitional urban area. The corresponding figure for larger, smaller and transitional urban area in Himachal Pradesh is 2 crores per annum, 10 lakh per annum and 5 lakh respectively. Similarly, Karnataka has revenue criterion for larger and smaller urban area, but not for the transitional area.

The above discussion is focused on the criteria as laid out in the statutes of the various State governments for the constitution of municipalities. Contingent on the above, is the question of how many municipalities do conform to this criteria? How many municipalities in India are in violation of the statutes laid out explicitly governing them? In the larger urban area category, all existing Municipal Corporations satisfy their corresponding State population criteria, except one in West Bengal (Chandannagar). The situation with regard to smaller and transitional area is quite different. Out of the total 504 smaller urban areas in 9 states with the minimum population criteria, 67 do not satisfy the population criteria and they are only from two states (i.e. 65 out of 221 in Maharashtra and 2 out of 37 in Odisha). Similarly, out of the 825 transitional areas, 545 do not satisfy the population criteria; with a majority in Tamil Nadu (521 out of 561), followed by Karnataka (11 out of 68), Arunachal Pradesh (8 out of 23) and Odisha (5 out of 65). However, it is important to note that this analysis is limited to states with population criteria and hence a large number of municipalities could not be considered.

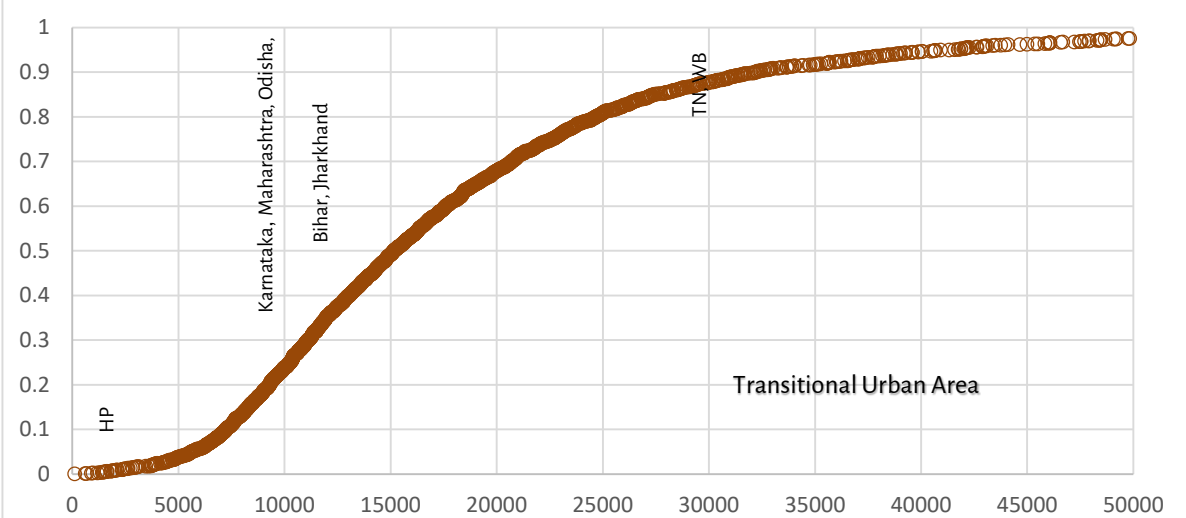
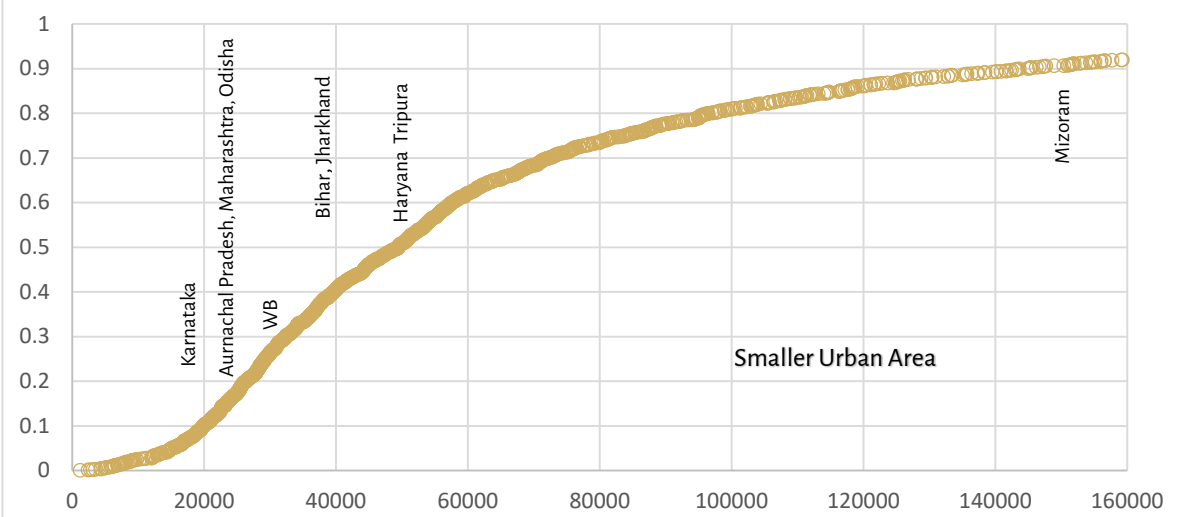
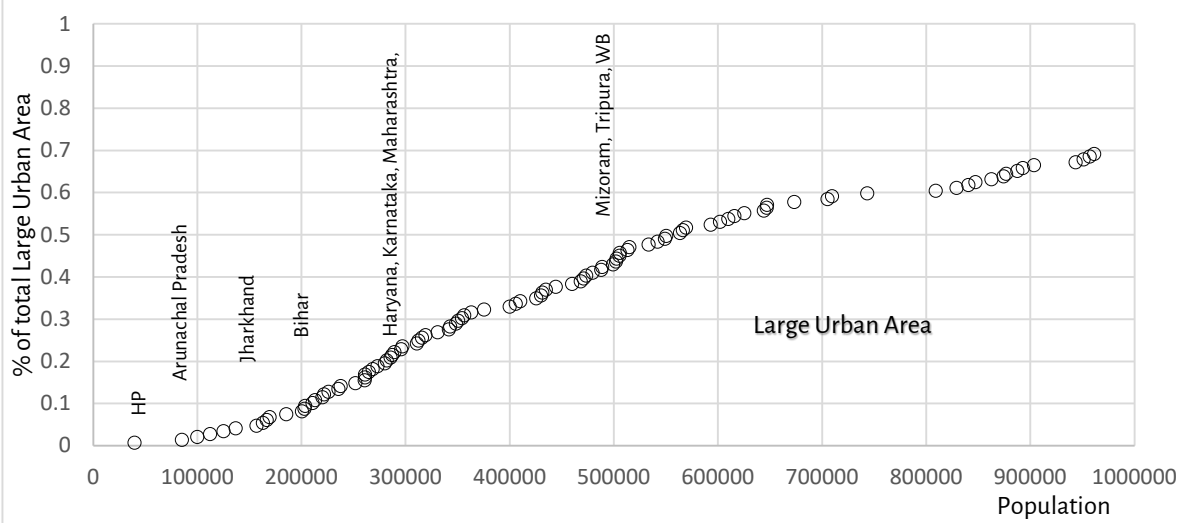
We further look at the population criterion laid out by various States and ask if we were to apply the population criterion of one State to all of India, what proportion of municipalities would fail to be a municipality? Figure 2 shows the cumulative distribution of the three types of municipalities according to their population size. In other words, it shows the share of total municipalities according to different population size. In addition, the population criterion of various states is superimposed on the top of each graph. In case of large urban area, all municipalities would satisfy the criterion, except one, if the population criterion of Himachal Pradesh is applied to all India and 43% would fail if the population criterion of Mizoram (or Tripura or West Bengal) is applied to all India. The graph on smaller and transitional urban areas reinforces the above trend and shows a great variation in the population criteria of various states to define municipalities. At the same time, it questions the criteria adopted by some states. For example, if the population criterion of Mizoram for the smaller urban area is applied to all India, then only 9% of the small urban area would satisfy the criterion.¹⁷ Similarly, only 12% of the transitional urban areas would satisfy the population criterion if the criterion of Tamil Nadu or West Bengal is considered.

Analysis

In India, what qualifies to become a municipality? The difficulty of defining what should become an urban area goes back to the decentralisation debate in India. In 1989, as a precursor to the 74th CAA, a *Nagarpalika Sammelan* (Convention on Municipalities) had articulated that “urban areas ... occupy an extremely important place in the economic and social fabric of the country... [and] are the centres of new initiative and innovations. The efficiency with which they are governed and the responsiveness of the municipal bodies to the growing urban needs are thus important to not only the urban areas but the country as a whole. What standards and eligibility criteria we set for an urban settlement should be deliberated upon deeply.” The *Sammelan* also discussed the necessity for some measure of uniformity in defining municipalities and the discussion paper of the conference suggested considering the minimum population of 20,000 or 25,000 for setting up a municipality in India.¹⁸

In this paper, therefore, looking at the question of what qualifies as a municipality, we identify three issues. First, in a federal structure, variation across states on defining urban local governments is not unexpected. The minimum population criterion for large urban areas varies from 50,000 in Himachal Pradesh to 5 lakh in West Bengal. Similarly, the non-agricultural workforce criterion for transitional urban areas varies from 35% in Maharashtra to 85% in Arunachal Pradesh. Settlement pattern in India could be strongly attributed to this variation¹⁹. The settlement pattern and population per village in various states of India further attest to this finding. Figure 3 shows the share of total state rural population living in large villages. If we consider the census definition of 5,000 population for defining urban areas (i.e. CTs), then 99 per cent of rural population in Kerala lives in large villages; against 24 per cent for all India, 42 per cent in Bihar and 8 per cent in Madhya Pradesh.

Figure-2 Municipalities by Population and State Criteria

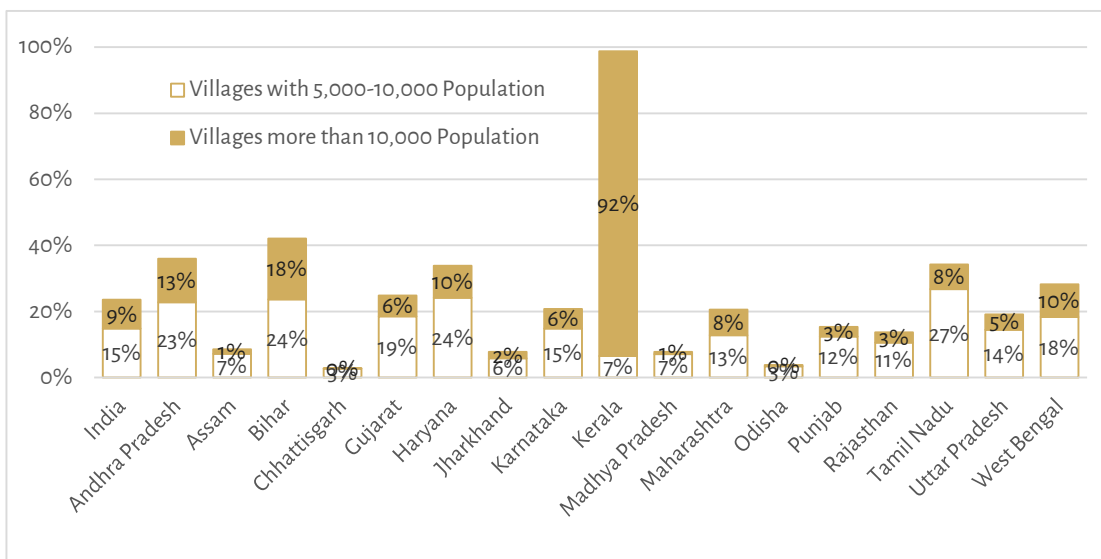


Note: The smaller urban area includes all municipalities of West Bengal, because the West Bengal Municipal Act 1993 does not classify municipality into smaller and transitional urban area; Only the maximum population limit is defined for Arunachal Pradesh, Haryana, Sikkim and Tripura in case of transitional urban area.

It could be argued that the settlement pattern of India's villages spills over into its urban areas, and therefore there is a need for variations in statutory requirements. Fundamentally, therefore, what objective or subjective parameters should be considered as a threshold to define urbanisation is a tricky question. As stated earlier, the 74th CAA provides the framework for defining an urban local government but it is the State governments which decide the specific criteria for defining different types of urban areas.

Second, many states in India, including highly urbanised states, do not have fixed criteria to determine what becomes a municipality. Discretionary powers to the state government cloud the rationale for establishing or de-notifying an urban area. This could be because of bureaucratic inertia or a deliberate intent to maintain a vague definition for municipalisation in order to allow access to funding meant for rural areas.²⁰ From a policy perspective, censoring urbanisation for funding incentives means a rural local body governs an urban settlement. Does a *Panchayat* governing an urban area bode well for civic infrastructure or does a Census Town have better facilities than a municipality? The answer to this question is not clear – but is also dependent on the nature of benefits that accrues to areas of varying administrative status. . Also, these benefits are related to the variation in which state governments incentivise funds for governance (Mukhopadhyay et al. 2016).

Figure 3: Population of large villages in India



Source: Census of India, 2011

Third, emerging scholarship²¹ on estimating urbanisation is taking into account mobility and labour market perspectives (Uchida and Nelson 2008), density and built up forms (Denis and Marius-Gnanou 2011) or nightlight data (Henderson and Storeygard 2009). While this literature provides important nuance to the debate on the rate of urbanisation and is an essential contributor to cross-country comparative research, it strips away from the critical aspect of the settlements' legal status. Varying legal spaces of settlements within a single urban agglomeration can have different outcomes for public services. Table 2 gives the multiple statutory jurisdictions of India's five big metropolitan regions²². Thus computing urbanisation rates with more economic and functional measures overlooks the importance of the statutory status of towns, which should be an important determinant of urbanisation rates. In this paper, we, therefore, argue that measures like density, mobility, nightlights and settlement pattern are partly a manifestation of the administrative status of a settlement. The complexity of an urban settlement, its administrative status in particular, should become an important constituent in understanding urbanisation rates.

Table 2: Multiple Jurisdictions in MRs in 2011						
Metropolitan areas	Districts	Municipal Corporation	Municipalities	Town Panchayats	Census Towns	Villages
Mumbai	4	8	9	0	35	964
Kolkata	6	3	38	0	80	492
Bengaluru	3	1	10	0	18	2511
Hyderabad	5	1	2	0	9	847
Chennai	3	1	16	20	11	214
CPR Analysis reproduced from Sivaramakrishnan (2012)						

Conclusion

In this paper, we try and look at state laws to analyse statutory urbanisation in India. We make three points; first, the politics of classification is emerging as an exciting area of research. We hope to fill the void for a sub-national level comparative analysis of municipalisation in India. We find that there are large variations among states that have criteria for municipalisation, at the same time many states do not provide any criteria and rely on executive fiat. While we restrict this paper at enumerating the criteria for municipalisation, why and why not does an area become urban needs further study.

Second, in our opinion, this paper is the first systemic analysis of criteria creating statutory towns in India. The primacy of statutory towns in India's urbanisation trajectory cannot be ignored. According to the Census 2011, 80% of the total urban population lives in statutory towns. A related point that emerges is that the criteria in itself are unique - it is functional and administrative and is at the intersection of three criteria (workforce, population and economic). This variation could be explained partly by the settlement pattern, but the full extent of this variation and reasons thereof can open up new avenues of scholarship.

Three, we make a case for incorporating the administrative status of a settlement in understanding the nature of urbanisation in India. Urban settlements in India vary in legal status and the complexity of urbanisation is further complemented by sub-settlement variation. International definitions, therefore, can be non-comparable or might provide a fuzzy picture of India's nature of urbanisation.

Table A1. Criteria for Defining Municipalities in India

Sl.	State	LARGE URBAN AREA				SMALL URBAN AREA				TRANSITIONAL URBAN AREA			
		Population Size	Population Density	Employment	Revenue Generated	Population Size	Population Density	Employment	Revenue Generated	Population Size	Population Density	Employment	Revenue Generated
1.	Arunachal Pradesh	≥ 75,000		≥ 85% in non-ag.		25,000 – 74,999		≥ 85% in non-ag.		< 25,000		≥ 85% in non-ag.	
2.	Bihar	≥ 2,00,000		≥ 75% in non-ag.		40,000-1,99,999		≥ 75% in non-ag.		12,000-40,000		≥ 75% in non-ag.	
3.	Haryana	> 3,00,000				50,001-3,00,000				≤ 50,000			
4.	Himachal Pradesh	> 50,000			>2 cr./ p.a	> 5,000			>10 lakh /p.a	> 2,000			>5 lakh / p.a
5.	Jharkhand	≥ 1,50,000				40,000 - 1,49,999				12,000 - 39,999			
6.	Karnataka	≥ 3,00,000	≥3,000/ Sq. km	≥50% in non-ag.	Highest of 6 crore per year & more in the last census or a sum calculated at Rs. 200 per capita per year	20,000 – 3,00,000	≥1,500/ Sq. km	≥50% in non-ag.	Highest of 9 lakh per year & more in the last census or a sum calculated at Rs. 45 per capita per year	10,000 – 19,999	≥400 /Sq. km	≥50% in non-ag.	
7.	Maharashtra	≥ 3,00,000				≥ 25,000		≥35% in non-ag.		10,000 – 25,000		≥25% or ≥50% in non-ag. depending on proximity to a large town **	
8.	Mizoram	≥ 5,00,000				≥ 1,50,000				≥ 10,000			
9.	Odisha	≥ 3,00,000				≥ 25,000				≥ 10,000			

Table A1. Criteria for Defining Municipalities in India

Sl.	State	LARGE URBAN AREA				SMALL URBAN AREA				TRANSITIONAL URBAN AREA			
		Population Size	Population Density	Employment	Revenue Generated	Population Size	Population Density	Employment	Revenue Generated	Population Size	Population Density	Employment	Revenue Generated
10.	Sikkim	≥ 70,000		≥ 50% in non-ag.		5,000 – 69,999		≥ 50% in non-ag.		< 5,000		≥ 50% in non-ag.	
11.	Tamil Nadu						Article 243Q			≥ 30,000			
12.	Telangana	≥ 3,00,000	≥ 5,000/ Sq. km			40,000 – 3,00,000	≥ 500/ Sq. km	≥ 40% in non-ag.	60 lakh per year	20,000 – 40,000	≥ 400/ Sq. km	≥ 25% in non-ag.	40 lakh per year
13.	Tripura	≥ 5,00,000	≥ 500/ Sq. km	> 50% in non-ag.		≥ 50,000	≥ 500/ Sq. km	> 50% in non-ag.		< 50,000	≥ 500/ Sq. km	> 50% in non-ag.	
14.	West Bengal	≥ 5,00,000	≥ 3,000/ Sq. km	> 75% in non-ag.		The government may declare any town with a population of 30,000 and more, population density of 750 and more per sq. km., and non-agricultural employment of more than 50% as a municipal area. However, It does not further classify between the smaller and transitional area.							
15.	Goa	There are three types of municipal area based on population, namely Class A (>50,000); Class B(10,001- 50,000); Class C: (<10,000). However it does not relate to large, small and transitional urban area as specified in the constitution.											
16.	Nagaland	The Act specifies three types of municipal areas on the basis of population size: Municipal Council (≥ 20,000), Town Council (5,000 – 19,999), Urban Station Committee Area (1,000 – 4,999)											
17.	Andhra Pradesh												
18.	Chhattisgarh												
19.	Gujarat	The Governor may having regard to the population of the area, the density of the population therein, the revenue generated for local administration, the percentage of employment in non- agricultural activities, the economic importance or such other factors as he may deem fit, specify by public notification [the urban areas] under the Acts.											
20.	Kerala												
21.	Madhya Pradesh	Under the Article 243Q											
22.	Manipur												
23.	Punjab												

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		Population Size	Population Density	Employment	Revenue Generated	Population Size	Population Density	Employment	Revenue Generated	Population Size	Population Density	Employment	Revenue Generated
24.	Rajasthan												
25.	Uttar Pradesh												
26.	Uttarakhand												
27.	Assam												
28.	Jammu & Kashmir	No criteria specified and also not referred to Article 243Q											
29.	Meghalaya												

Notes:

Arunachal Pradesh, Bihar, Jharkhand: The State Government may, by notification, determine separate conditions, to constitute some areas like hill area, pilgrim centre, tourist centre, mandi etc. as a municipal area.

Jharkhand: Smaller Urban Area (Municipal Council) is further divided into Class-A (1,00,000-1,49,999) and Class-B (40,000-99,999); The Government may, having regard to the economic importance and such other factors in such local area, as it deem fit, and at its discretion, determine any local area irrespective of population specified in sub-section (3) constitute, by notification, a Nagar Panchayat.

Karnataka: District headquarter and Taluk headquarter can be considered as smaller urban area and transitional urban area respectively even if their population is less than the prescribed limit; Smaller urban area is further divided into city municipal area ($\geq 50,000$ population) and town municipal area ($\geq 20,000-49,999$ population) on the basis of their population size.

Maharashtra: Smaller urban area is further classified into Class-A ($>1,00,000$ population), Class-B (40,001-1,00,000 population) and Class-C ($\leq 40,000$ population); The state government, by notification, may declare a district headquarter or a taluk headquarter as a transitional area.

** 25% and more in non-agricultural employment if less than 20 kilometres away from a Municipal Corporation or a Class A Municipal Council, or 50% and more in non-agricultural employment if less than 20 kilometres away from a Municipal Corporation or a Class A Municipal Council.

Mizoram: However, a town having less than 10,000 population shall not be barred from being specified as transitional area.

Sikkim: For the purpose of classification of municipal areas in any eco-sensitive area, tourist centre, pilgrim centre, or bazar of any class, the Governor may, by notification, determine a separate size of population for each class of such municipal area.

West Bengal: Municipal areas are further divided into Group-A ($>2,15,000$ population), Group-B (1,70,001-2,15,000), Group-C (85,001-1,70,000), Group-D (35,001-85,000), Group-E ($\leq 35,000$); The State Government may, by notification, determine separate conditions for certain areas including the hilly areas as a municipal area or municipal corporation.

Box-I Urban Spaces in the North East

In spite of the urbanisation process starting early, in the British settlements in the hills of Meghalaya and Guwahati, little is understood or debated around the urbanisation patterns in the North East region of India. The region, as discussed below, emulates broad patterns of urban governance in India, but is special in the form of multiple governance structures manifested in the form of the scheduled areas in this region.

The 74th CAA, which mandates the creation of urban local bodies in every state, provides a skeleton to classify various urban areas as a municipal corporation for a large urban area, Municipal Council for a smaller urban area and a Nagar Panchayat (or by whatever name called) for a transitional urban area.²³ The first ambiguity hence arises out of the definitional inconsistencies and rationales for declaration of urban areas in the North East region. The highest eligibility criteria for declaring an urban area as a municipal corporation in the country is in the three eastern states of Mizoram, Tripura and West Bengal (5 lakh and more). Similarly, Mizoram has the highest criteria in the country to define a smaller and transitional urban area. Arunachal Pradesh's municipal legislation provides for a cut-off of 85% employment in non-agricultural workforce for an area to be eligible for a urban local government. This is higher than the 75% workforce criteria adopted by the Registrar General for defining census towns in India.

The rationale behind the 74th CAA was broadly that a large number of political representatives, closer to the people, would allow for greater civic engagement, resulting in better public service delivery.²⁴ Consequent to the passing of the Act, many States did enact a new Act, but barring Assam, most States in the region have been slow in legislating and then conducting elections to these bodies. In this case, strengthening the financial and functional domain clearly remains a distant dream.

Not only is the North East sandwiched between traditional and modern governance institutions, the special status accorded to it under various Acts and Schedules under the Constitution, principal amongst which is the sixth schedule, makes the role and functions of urban local bodies in this region more intricate. The varied topography, and important national security considerations further complicates this view.

In most of the states in the North East, urban local bodies were established in the latter half of the last decade. Where the bodies have been established, elections either have not been held or have been irregular. Mizoram exemplifies this issue. Being a sixth schedule state, until the late 2007 there were no separate local self-government body for urban areas. The Village Council, having a short three-year tenure and limited financial resources, was also responsible for the urban areas²⁵. It is only in 2007, that the Mizoram Municipality Act was passed; thereafter Aizawl became a Municipality while the rest of the towns became Notified Towns²⁶. It is only in 2010 that the first elections for Aizawl Municipality were held whereas elections for the Notified Towns in the state have not been held till date. The same statuses exist in the Notified Towns of Arunachal Pradesh and the Town Committees of Meghalaya.

This lackadaisical attitude of the state governments that results in non-formation of urban local bodies or hiatus in subsequent elections can also be associated with the overlapping nature of governance and administrative institutions in the North East. Being a region with many sixth schedule states like Assam, Meghalaya, Tripura and Mizoram, Autonomous District Councils and Regions play an important role and adds to the complex nature of institutional governance in the region. Assam is another interesting case study for understanding the complexity with regards to financial devolution to urban local bodies. Assam's local bodies are distributed between the scheduled and non-scheduled areas²⁷. The ULBs in the non-scheduled areas fall under the Assam Municipal Act, 1956 and hence receive funding via the state Government and are empowered under the provisions of the Act to collect taxes and provide services. However the ULBs under the scheduled areas are governed by the rules framed by the Autonomous District Councils²⁸, hence cutting the financial and functional domain substantially leaving them at the discretion of the ADCs.

Cities in the North East are no different to the rest of India. Issues like sanitation, water supply, city planning, interstate migration, and multiple governance institutions are a characteristic of North East India as well. In the context of an urban planning paradigm in which urban development is seen to be synonymous to land development, a further complexity arises from most of the land in the region being common land. The North East states also have to prioritise protection from natural calamities, maintenance of pristine and environmentally sensitive areas and the survival of the rich ethnic culture. Given the special nature of this region, solutions to these problems have to be more nuanced and based in public engagement.

Box II: Industrial Townships in Gujarat

Industrial Townships were setup under the Gujarat Industrial Development Corporation (GIDC). These notified areas were responsible for service delivery like infrastructure such as roads, sewerage and drainage, street lights, water supply and solid waste disposal and could levy and collect taxes as fixed by the Government as outlined by the Gujarat Municipal Act, 1963.

At the time of forming these Notified Area Committees, there was understandable resistance from the existing panchayats whose lands were acquired for setting up the Notified Area. In January 1999, the Gujarat Government decided that 33% of the consolidated tax recovered by a Notified Area would be given to a District Rural Development Agency (DRDA) for development works of villages. From 1998-99 to 2009-10 a total of Rs. 72 crores were given to DRDA for development works in such villages. In October 2009, Gujarat revised the policy of involving the DRDA, Village Panchayats or the Sarpanches. Instead the development works are now decided and undertaken by a Committee under the Chairmanship of the District Collector.

Gujarat has since fine-tuned the role of company management in handling municipal matters. During the period 1975-1996, 15 Notified Areas were declared where the management was vested in a small body comprising representatives of the Industry and the GIDC. Where a Management Board as such was either not set up or very limited there was a provision of an Advisory Committee in which representatives of industries, the Notified Area Officers and Village Sarpanches were members. However, in recently constituted Boards of management, the Sarpanches have been kept out. As mentioned before some percentage of the taxes collected by the Notified Area were made available for development works in villages within a 5 km radius of the Notified Area.

The Gujarat Government also conferred on these Boards of Management the full range of powers under the Gujarat Municipalities Act, 1963 including town planning and passing of building plans. In other words the Boards of Management in these Notified Areas are full-fledged municipalities under the Gujarat Municipalities Act except that these are not elected bodies of self-government as envisaged in the 74th CAA.

Notes

1 The relationship between urbanisation and development has emerged as an exciting area of inquiry – urbanisation has been found to be correlated with higher GDP (Turok and McGranahan 2013), better health outcomes (Galea, Freudenberg, and Vlahov 2005), better purchasing capabilities (Weinstein and Handbury 2011) among others.

2 The union government has launched two programmes for urban areas. The Jawaharlal Nehru Urban Renewal Mission (JNNURM) was awarded to cities according to their urban population size and the Smart City Mission (SCM) selection formula gives equal weightage (50:50) to urban population of the State / UTs and the number of statutory towns in the State.

3 The Census defines two types of urban areas: ST and CT. OG are not an independent urban area and its existence comes from the notion of physical contiguity to a ST reflected in the Census data as the same town code for the ST and OG. The Census recognises OGs as urban but since its governance is rural, we have for the purposes of this paper regarded OGs as a separate urban group.

4 Exception here would be the Cantonment Board which are legislated by the union government.

5 For more discussion on Census Towns, Unacknowledged Urbanisation New Census Towns of India (Pradhan 2013)

6 Enumeration Block is a specific area allotted to a specific Enumerator for the purpose of carrying out of census operations relating to Population Enumeration. Normally, Enumeration Block consists of around 120 to 150 households.

7 “..[and] it possesses the urban features in terms of infrastructure and amenities such as pucca roads, electricity, taps, drainage system for disposal of waste water etc. educational institutions, post offices, medical facilities, banks etc. and physically contiguous with the core town of the UA” (Registrar General of India 2011)

8 Four states (Assam, Meghalaya, Tripura and Mizoram) have been provided special status under the Sixth Schedule of the Indian Constitution in order to protect the interest of the tribal community. It offers local autonomy through the system of autonomous district and regional councils which have extensive legislative as well as executive powers to protect land and tribal traditions.

9 Article 246 clause 3 read with List II entry 5 of the Seventh Schedule of the Constitution of India.

10 Clause 3(e) of the Sixth Schedule in the Constitution of India.

11 Several newspaper sources suggest elections were conducted in KAAC. Link:

<https://timesofindia.indiatimes.com/city/guwahati/kaac-election-most-peaceful-since-1952/articleshow/59215289.cms>

12 One of the TCs in Dima Haso is Mahur which has nominated members. <http://nchills.nic.in/mahurtc.htm>. For Meghalaya, see The United Khasi Jaintia Hills District (Establishment of Town Committee) Act, 1960 & The Khasi—Jaintia Hills Autonomous District (Establishment of Town Committee) Rule. For Tripura, see news report:

<http://www.theshillongtimes.com/2016/02/29/tripuras-left-front-sweeps-village-committee-elections/>

13 Parliament is the competent legislature to make laws for “delimitation of cantonment areas, local self-government in such areas, the constitution and powers within such areas of cantonment authorities and the regulation of house accommodation (including the control of rents) in such areas”. (Constitution of India (1950), Entry 3 of the Union List)

14 In Karnataka, the NAC are created under Article 364B of the Karnataka Municipal Act, 1964. Section 16 of the GIDC Act suggests a notified area so created by State Government under this section of the Gujarat Industrial Development Act, 1962 would be a Municipality and, therefore, would be entitled to exemption under section 10(20) of Income-tax Act, 1961. The West Bengal Municipal Act, 1993 in Part IX clause 385A – 385G provide for the declaration and constitution of industrial board.

15 For more see: <http://gujaratmoney.com/2009/07/22/gujarat-govt-gives-management-of-notified-industrial-areas-to-industry/>.

16 (a) Goa classifies municipalities as Class A, B and C, not confirming to the constitutional categorisation; (b) Similarly, the Nagaland Municipal Act, 2001 specifies population criteria for the three kinds of urban areas as municipal council, town council and urban station committee area while not specifically categorising them as larger, smaller and transitional; (c) The West Bengal Municipal Act, 1993 applies to all smaller and transitional urban areas and specifies the minimum necessary population, density and workforce conditions for them. However it does not distinguish between smaller and transitional urban areas; (d) All municipal corporations in Tamil Nadu are constituted under separate Act.

17 Mizoram is a hilly state in the north-eastern part of India with a population density of 52 per square kilometer and the average village and town population in 2011 are 746 and 24,860 respectively.

18 Ministry of Urban Development. (May, 1989). Nagarpalika Sammelan – Discussion Paper. Compiled by the National Institute of Urban Affairs. Government of India Press, New Delhi.



19 While the variation is acknowledged, some states have eligibility criteria that are outliers. For example, the minimum population criteria for larger urban areas in the two hilly states of Mizoram and Tripura (5 lakh) is the highest in the country and much higher than state like Maharashtra and Karnataka (3 lakh). If the population criteria of Mizoram is applied to all India, then 43% of the large urban areas and 91% of the smaller urban area would fail to satisfy it.

20 The state of Tamil Nadu switched the classification of more than 500 urban areas to rural in a bid to obtain more funds from the union government. In June 2004, the Government of Tamil Nadu directed the “reclassification of 566 Town Panchayats as village panchayats.” The government determined that as “most of the Town Panchayats are financially weak, and rural in character ... Town Panchayats having a population of less than 30,000 may be reclassified as village panchayats so as to enable them to receive more funds from the Government of India and state Government under various grants and assistance.” Government of Tamil Nadu, GO No. 270 dated 11 June 2004. Prior to this, “according to Sect. 3-B of the Tamil Nadu District Municipalities Act, 1920, any local area having a population of not less than 5000 and an annual income of not less than 1 lakh of rupees are constituted as a town panchayat.” Accessed at <http://www.tn.gov.in/gorders/maws/maws-e-270-2004.htm> on 25 July 2012. This was subsequently overturned by Government of Tamil Nadu, GO No. 55 dated 14 July 2006 (accessed at http://www.tn.gov.in/gorders/maws/maws_e_55_2006.htm on 25 July 2012)

21 For more: <http://indiachinainstitute.org/wp-content/uploads/2012/10/ICI-presentation-Partha-Mukhopadhyay-Sep-12-2012.pdf>

22 Metropolitan areas are defined by respective state governments, based on a combination of administrative and other considerations such as urbanised and urbanisable areas in the metropolitan vicinity, future location of manufacturing and other activities, transport links and emerging commuting characteristics. In each case, the metropolitan area is notified under an existing state law, specifying the administrative boundaries such as districts, taluks, municipal and village boundaries.

23 Constitution of India (1950), Article 243

24 Sivaramakrishnan, K. C. (2000). Power to the people?: the politics and progress of decentralisation. Konark Publishers

25 Prasad, R.N. (2006). Urban local self-government in India: with reference to north east states. New Delhi. Mittal Publishers

26 “Notified Towns” is not used in the Mizoram Municipality Act, 2007. The Act uses the term “Municipal Board” to define a transitional urban area.

27 Assam had 87 urban local bodies consisting of 29 Municipal Boards (MBs) and 58 Town Committees (TCs). Out of this 28 MBs and 43 TCs are within the general area and hence fall under the Assam Municipal Act, 1956. However, the remaining 16, 1MB and 15TCs fall under the ambit of the Autonomous District Councils.

28 3rd State Finance Commission Report (pp 28-46). (2008). Evolution of ULBs. Guwahati. (Government of Assam)

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