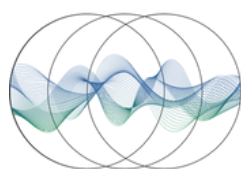


PRIMER

MUNICIPALITIES IN PUNJAB

2024-25



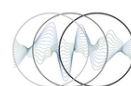
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SUMMARY

The 73rd and 74th constitutional amendments introduced local self governance in India. These amendments empowered the setting up, functioning, and finances of local governments at both village and city levels. In Punjab, there are 98 municipalities, of which, 13 are municipal corporations. The functioning of these are governed by the Punjab Municipal Act, 1911, and the Punjab Municipal Corporation Act, 1976. The role of municipalities in Punjab becomes more important as it continues to urbanise. The state is the 5th most urbanised state in India, where the urban area cover stands at nearly 50% of the total area.

The ratio of municipal corporations revenue receipts to state government revenue receipts has been steadily declining, reflecting Punjab's lower-middle-tier performance in own-source revenue among Indian states. Punjab's municipal revenue contributes just 1.35–1.62% to the all-India total (2023–24). While grants for specific purposes dominate capital receipts, they are highly erratic, exposing Punjab's limited institutional capacity to secure funding via municipal bonds or structured loans. From 2018 to 2022, financial assistance to municipal corporations and municipalities in Punjab grew at an average annual rate of 7.64%, marked by erratic fluctuations. This inconsistency highlights shifting priorities or challenges in project execution, exacerbating fiscal stress on smaller urban centres. Punjab's operations and management spending consistently below 30% suggests chronic underfunding, jeopardising essential municipal services and urban infrastructure quality.



Overview

13 municipal corporations in Punjab and **166** municipalities

Number of Municipal Councils in Punjab

- 28** Class-I: population of at least 1,00,000 people
- 52** Class-II population of less than 1,00,000 people.
- 25** Class-III: population of 20,000 to 49,999 people

Largest municipality

Ludhiana

Population: 16 lakhs

Area: 159.37 sq km



Smallest municipality

Gurdaspur

Population: 76,000

Area: 11 sq km

Jalandhar ranks

39/60

less than million municipalities in Municipal Performance Index 2020

Ludhiana ranks

44/51

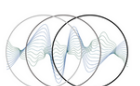
million+ municipalities in Municipal Performance Index 2020

Amritsar ranks

38/51

million+ municipalities in Municipal Performance Index 2020

Earlier there were **10 municipal corporations in Punjab**. In September 2019, Punjab government created three new municipal corporations: **Batala** in Gurdaspur district, **Kapurthala city** in Kapurthala district and **Abohar** in Fazilka district.



Inter-state comparison

Inter-state comparison of MCs with <1mn pop. across verticals

Jalandhar MC features in this category, and appears as the bottom-most performer on the services vertical. Services includes provision of education, health, water, sanitation, registration, infrastructure. Jalandhar scores **41** on finance vertical, vs. Aligarh that scores **61.8**.

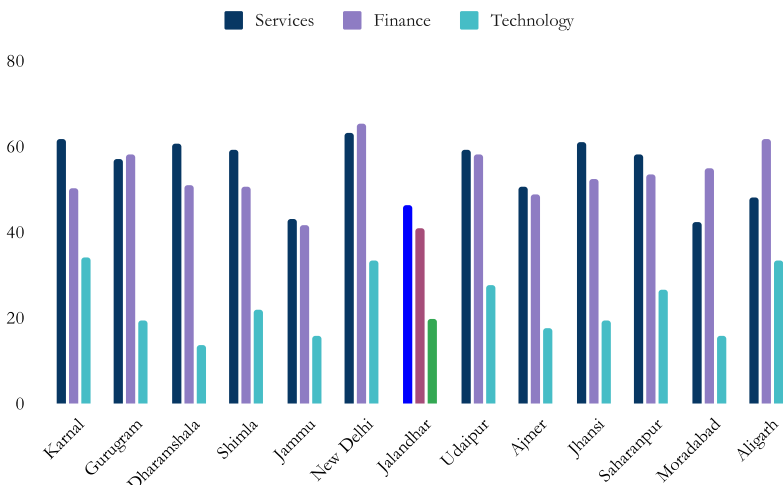
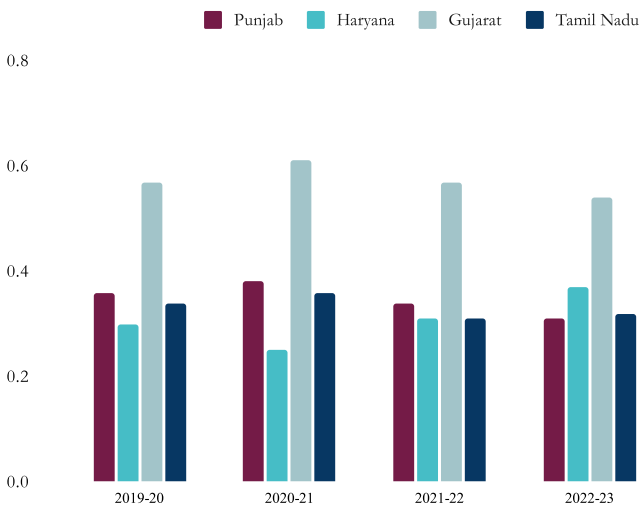


Figure: Scores of MCs with less than million population across 3 verticals



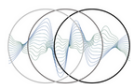
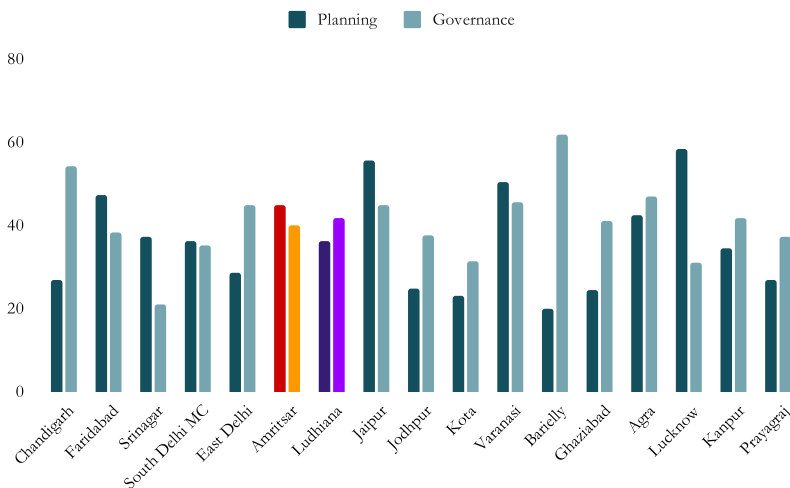
Inter-state comparison of % of GSDP of own share of municipal revenue.

Punjab continues to lag back in terms of growth of the % share of ‘own’ municipal revenue. Whereas, other state’s continue to grow. Gujarat’s share in 2023-24 was **8x more** than PB.

Figure: Scores of MCs with less than million population across 3 verticals

Inter-state comparison of MCs with >1mn pop. across verticals

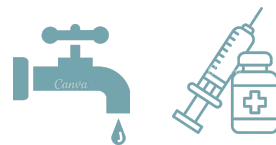
MCs in Haryana and Uttar Pradesh surpass Amritsar and Ludhiana on the planning vertical. Amritsar scores **45** on the vertical, whereas Lucknow scores **58.2**. Planning includes plan prep, implementation, and enforcement.



What are municipal corporations legally mandated to do?

Section 44 of the Punjab Municipal Corporation Act, 1976 lists 21 obligatory functions of municipal corporations. Includes following:

1 Construction, maintenance and cleaning of means for providing supply of water for public and private purposes, drains and drainage works and of public latrines



2 Scavenging, removal and disposal of filth, rubbish and obnoxious or polluted matters



3 Public vaccination and inoculation

4 Registration of births and deaths

5 Construction and maintenance of municipal markets and slaughterhouses and the regulation of all markets and slaughter-house



Major sources of municipal revenue



Tied-up grants
from Govt of
India

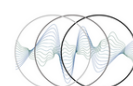
Untied grants
from Govt of
India

Property tax
Trade licence
fee

Water and
electricity user
fee charges

Comparison of municipal revenue across states

Revenue heads	Haryana	Punjab	Karnataka
Tax revenue	65,063	84,484	401,796
Assigned revenue and compensations	118,155	60,695	650
Rental income from municipal properties	1,864	2,572	5,990
Fees and user charges	27,934	21,425	64,375
Sale and hire charges	7,136	1,176	33
Revenue grants, contributions, and subsidies	89,018	10,571	57,201
Income from investments	15,208	1,408	6,614
Interest earned on loans	-	500	-
Other income	39,970	28,768	14,197



Urbanisation in Punjab

Punjab is the **5th** most urbanised state in India
After Tamil Nadu, Maharashtra, Karnataka, and Gujarat.

Share of urban population in Punjab



The urban area of Punjab has been increasing. Urban areas has increased to include Class I, II, III, IV and V cities from 1961 to 2001.

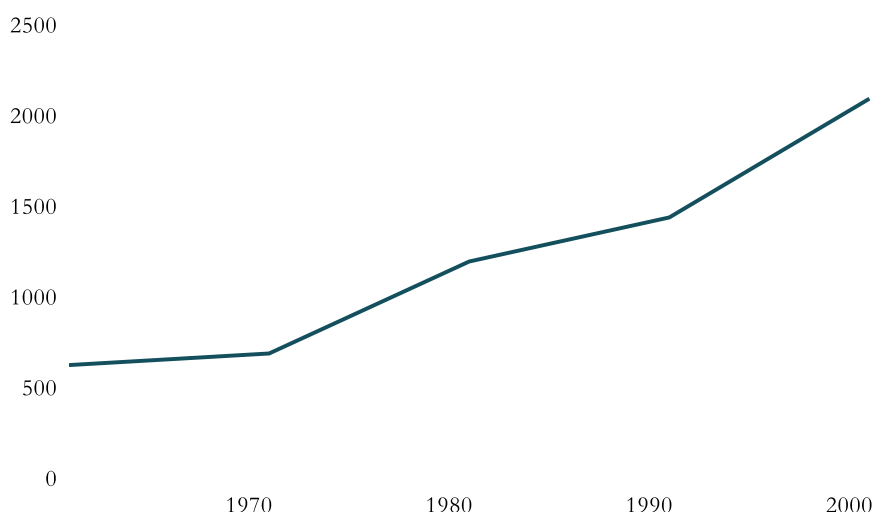


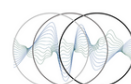
Figure shows the growth of urban area in the state of Punjab. Currently, **urban area cover stands at 50%** of the total state area.

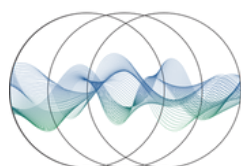
Punjab's urban population shows **3 times** more growth than rural.

Persisting issues in Urban Local Bodies (ULBs)

The power of fixing rates of municipal taxes **vests in the state government** and municipalities cannot fix user charges based on cost of provision of services (CRRID, 2006).

State allocation to municipalities has been lower in comparison to other states.





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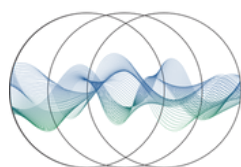
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