

MODERN URBAN GOVERNANCE BILL, 2016

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PREAMBLE

A principles-based Act, applicable to all Municipal Areas in the State, to provide for the constitution, objectives, powers, functions and accountability of Urban Governance Agencies in conformity with the principles for self-governance, decentralisation, transparency and greater public participation in the decisions and affairs of the Municipal Area.

Be it enacted by the State Legislature in this sixty-seventh year of the Republic of India, as follows:

CHAPTER 1: Preliminary

1. Short Title

This Act may be called the Urban Governance Act, 2016.

2. Extent

It extends to all Municipal Areas of the State.

3. Commencement

It will come into force immediately.

4. Definitions of term

In this Act, unless the context otherwise requires,—

1. “Act” means this Act.
2. “Annual proposal” means a proposal developed every Financial Year for the development of the Municipal Area, under section 36.
3. “Area Sabha” means the body of all the persons registered in the electoral rolls pertaining to one polling booth in the Municipal Area.
3. “ASR” or “Area Sabha Representative” means the person elected by an Area Sabha.

4. “CEO” means the person appointed as Chief Executive Officer by the Mayor under section 8.
5. “City Assembly” means the legislative body of the Corporation and it comprises all the Members of the City Assembly.
6. “Corporation” refers to the Corporation constituted under this Act, which, in accordance with Article 243Q of the Constitution of India, is an institution of self-governance, and means a Municipal Corporation for a larger urban area, or a Municipal Council for a smaller urban area, or a Nagar Panchayat for a transitional area, as the case may be.
7. “Financial Year” means the period extending from the first of April of every calendar year to the thirty-first of March of the next calendar year.
8. “Legislative Instrument” means any law, plan, vision, or proposal.
9. “Mayor” means the Mayor of the Corporation so elected by the voters under section 7.
10. “MCA,” or a “Member of City Assembly,” means a person chosen by direct election from a Ward of the Municipal Area.
11. “Municipal Area” means the territorial area of a Corporation.
12. “Prescribed” means prescribed by a Legislative Instrument made under this Act.
13. “Public Services” means services required to be provided to the public determined under section 40.
14. “Public Service Provider” means an entity with which a Corporation enters into a contract for the delivery of Public Services under section 41.
15. “Speaker” means the Speaker of the City Assembly so appointed by the City Assembly.
16. “Urban Governance Agency” means the Mayor, CEO, Police Commissioner, City Assembly, Ward Committee, Urban Utility Regulator, or Urban Utility Tribunal, as the case may be.
17. “Urban Utility Regulator” means the entity constituted by the law passed by the City Assembly under section 16.
18. “Urban Utility Tribunal” means the entity constituted by the law passed by the City Assembly under section 16.
19. “Ward” means the geographical region pertaining to contiguous Area Sabhas as may be provided for by the State Election Commission or the State Government, as the case may be.

20. “Ward Committee” means the body constituted under section 14.

5. Governing principles

Every Urban Governance Agency must, to the extent possible:

1. Decentralise decision-making and facilitate greater public participation;
2. Enable and foster competition in the delivery of public services without creating or maintaining monopoly over institutions and services;
3. Ensure complete accountability and transparency;
4. Follow a policy of non-discrimination, whether for employment opportunities or delivery of services;
5. Use technology to improve access to itself and to discharge its functions in an efficient manner;
6. Manage its financial affairs responsibly;
7. Deregulate and de-license to reduce complexity;
8. Simplify and eliminate overlap or conflict in governance; and
9. Ensure complete independence for the police.

CHAPTER 2: Urban Governance Agencies

6. Corporation

The Corporation will:

1. Be a body corporate;
2. Have perpetual succession and a common seal; and
3. By such name may sue and be sued.

7. Mayor

1. The Municipal Area will have a Mayor.
2. The Mayor will be directly elected by the voters of the Municipal Area.
3. The Mayor may resign from office at any time by reasonable advance notice, and not less than three months, in writing to the Speaker of the City Assembly.

4. If the office of the Mayor falls vacant, the powers and duties of the Mayor will devolve upon the Speaker.
5. The Speaker, when performing the powers and duties of the Mayor, will ensure that the election process for the office of Mayor is completed as soon as possible, and in no case later than six months from the date of occurrence of the vacancy.
6. The salaries, allowances and fees of the Mayor will be prescribed by law by the City Assembly.
7. The provisions of the disqualification of elected representatives under the Representation of People's Act, 1951 will apply to the Mayor.

8. Chief Executive Officer

1. The Administrative head of the Corporation will be the CEO.
2. The Mayor will appoint any person as the CEO from time to time, through an open and transparent process.
3. The Mayor's choice for the position of CEO will be approved by the City Assembly.
4. The City Assembly may reject the Mayor's selection for CEO, subject to such maximum number of rejections as may be decided by consensus for by the Mayor and the City Assembly.
5. If no consensus under subsection (4) is achieved:
 - a. The Mayor and the City Assembly will publish the reasons for inability to reach consensus; and
 - b. The City Assembly will not be able to reject the Mayor's selection more than twice.
6. The Mayor, before appointing a person as the CEO, will give due consideration to the person's qualifications, expertise, experience, past achievements, reputation and independence.
7. The CEO will not have any interest, financial or otherwise, that is in conflict with that of the Corporation.
8. The CEO will report to the Mayor.
9. The CEO may be removed by the Mayor at any point of time with reasonable advance notice.

10. The terms and conditions of service of the CEO will be decided between the Mayor and CEO.

9. Police Commissioner

1. The Mayor will appoint the Police Commissioner, who will report to the Mayor.
2. The Mayor's choice for the Police Commissioner will be approved by the City Assembly.
3. The City Assembly may reject the Mayor's selection for Police Commissioner, subject to such maximum number of rejections as may be decided by consensus for by the Mayor and the City Assembly.
4. If no consensus under subsection (3) is achieved:
 - a. The Mayor and the City Assembly will publish the reasons for inability to reach consensus; and
 - b. The City Assembly will not be able to reject the Mayor's selection more than twice.
5. The Mayor, before appointing a person as the Police Commissioner, will give due consideration to the person's qualifications, expertise, experience, past achievements, reputation and independence.
6. The Police Commissioner may be removed by the Mayor, provided the Mayor gives the reasons in writing for the removal and provide an opportunity to the Police Commissioner to respond publicly.
7. The Mayor will not interfere in the day-to-day functioning of the office of the Police Commissioner, and will ensure that the Police Commissioner is completely independent.

10. Elections

1. Elections for the Mayor, the City Assembly and the Area Sabha Representatives will be held simultaneously.
2. The Mayor, MCAs and the Area Sabha Representative will be elected for a period of five years.
3. The term of the City Assembly and the Area Sabha Representative will be co-terminus with the term of the Mayor, unless provided otherwise in the law.

11. City Assembly and its Members

1. A City Assembly will comprise MCAs elected by all the persons registered in the electoral rolls pertaining to all the Area Sabhas in the Wards, and one Ward will be represented by one MCA.
2. Any person who has the right to elect MCAs will be eligible to be elected as a Member of City Assembly, subject to the qualifications as provided under law.
3. The provisions for disqualifications of elected representatives under the Representation of People's Act, 1951 will apply to all MCAs.
4. If the office of an MCA falls vacant, the State Election Commission will conduct by-elections for the concerned Ward.

12. Selection of the Speaker, Leader of the City Assembly and Leader of the Opposition

Selection of all posts and positions necessary for the efficient functioning of the Corporation such as the Speaker, the Leader of the City Assembly and the Leader of the Opposition will be done as provided under the law made for this purpose by the City Assembly.

13. Ward Committee

1. The Mayor will constitute a Ward Committee for every Ward.
2. Each Ward Committee will comprise:
 - a. The MCA representing the Ward, as the *ex-officio* Chairperson of the Ward Committee; and
 - b. The ASRs representing the Area Sabhas which lie in that Ward.

14. Area Sabha Representative

1. Each Area Sabha which lies in a Ward will elect an ASR.
2. Every voter in an Area Sabha will be a member of the Area Sabha.

15. Urban Utility Regulator and Urban Utility Tribunal

1. The Urban Utility Regulator and Urban Utility Tribunal will be constituted by law passed by the City Assembly.
2. Such law must provide for the management of the Urban Utility Regulator and Urban

Utility Tribunal, as the case may be, by competent persons.

3. Such law will ensure that:
 - a. Due consideration is given to qualifications, expertise, experience, past achievements, reputation, and independence, in determining competence.
 - b. Person so appointed do not have interests, financial or otherwise, that conflict with the functions of the Urban Utility Regulator or Urban Utility Tribunal, as the case may be.

CHAPTER 3: Duties and powers of the Urban Governance Agencies

16. Non-discrimination

The Corporation will not discriminate between persons on the basis on religion, caste, ethnicity, language, age, gender, region or any other social or economic factor in granting employment, providing delivery of services and benefits to the public.

17. Powers of the Mayor

1. The executive powers of the Corporation will vest in the Mayor which will extend to the whole or part of the Municipal Area.
2. The Mayor may appoint Committees of MCAs or such persons as the Mayor may deem fit.

18. Power of the Mayor to veto laws

1. The Mayor will have the power to veto any law passed by the City Assembly.
2. The Mayor and City Assembly will decide, by consensus, the majority required in the City Assembly to overrule the veto of the Mayor.
3. In case no such consensus is achieved:
 - a. The Mayor and the City Assembly will publish the reasons for inability to reach consensus; and
 - b. The City Assembly can overrule the veto of the Mayor by passing such law by a majority of two-thirds.

4. When such law is passed by the City Assembly, the Mayor must publish such law under section 20.

19. Publication of laws

1. Laws passed by the City Assembly will come into force on such date specified in such laws.
2. The Mayor must publish laws that have come into force in the Gazette as soon as possible, but not later than one month.
3. No law will come into force with retrospective effect.

20. Functions on behalf of Central or State Government

Any functions being carried out by the Corporation on behalf of the Central Government or the State Government will be financed by the respective Government, as the case may be.

21. Powers and Functions of the CEO

1. The CEO will:
 - a. Advise the Mayor and the Corporation to enable them to take informed decisions;
 - b. Implement decisions of the Corporation;
 - c. Manage the day-to-day operations of the Corporation;
 - d. Appoint such persons, either on a permanent or contractual basis, to enable the Corporation to perform its functions in an economical, effective, efficient and accountable manner;
 - e. Design a performance monitoring and evaluation system for persons appointed by the Corporation, based on key performance indicators and outcomes, identified in accordance with the Corporation's objectives and functions; and
 - f. Periodically monitor and evaluate the performance of persons appointed by the Corporation.
2. The CEO may delegate any of its powers to such persons appointed for that purpose.

22. Powers and Functions of the City Assembly

1. The City Assembly will make laws for the whole or part of the territory of the Corporation with respect to any matter under the Constitution of India.

2. The City Assembly will not make law that is repugnant to any law made by the Legislature of a State, without the consent of the Governor of the State.
3. The City Assembly may impeach the Mayor by following the procedure below:
 - a. On receiving the proposal by a majority of MCAs, the Speaker will constitute a committee of MCAs, comprising the Leader of the City Assembly, Leader of the Opposition and such other MCAs as the Speaker may deem fit;
 - b. The committee will examine the allegations against the Mayor, after giving due opportunity to the Mayor to be heard, and may recommend impeachment, if the committee is satisfied that the Mayor is guilty of:
 - i) gross misconduct, or
 - ii) gross violation of the duties and responsibilities of the Mayor;
 - c. On receipt of the recommendation for impeachment of the Mayor by the committee, the Speaker will put the proposal for impeachment for vote by the City Assembly at a special meeting convened by the Speaker for this purpose, if necessary.
 - d. If four-fifth of the City Assembly votes in favour of the impeachment of the Mayor, the Speaker will declare the Mayor to be impeached, and the Mayor will be deemed to have vacated the office of the Mayor immediately after such a declaration.
 - e. If the committee rejects the proposal for impeachment of the Mayor, the Speaker will declare the proposal to be rejected at a special meeting of the City Assembly convened by the Speaker for this purpose, if necessary, and this will terminate the impeachment proceedings.

23. Powers and Functions of MCA

1. Every MCA will have a vote on matters placed before the City Assembly.
2. An MCA may participate in such Committees as the Mayor constitutes, as and when called upon by the Mayor to do so.
3. When the City Assembly is in session, an MCA may call upon the Mayor to provide any information concerning the administration of the Municipal Area.
4. Every MCA must draw the attention of the Mayor towards any loss to the Corporation property, or any shortcomings in the administration of the Municipal Area.

24. Works in the Wards and Area Sabhas

1. In its annual fiscal plan under section 57, the Mayor will allocate funds:
 - a. to every Ward Committee, equally, and to every MCA, equally, for works to be executed within the Ward.
 - b. to every ASR, equally, for works to be executed within the Area Sabha.
2. The total amount of funds allocated under this section will not be more than half of the total funds available in a Financial Year,
3. Not less than three months before the end of a Financial Year, every Ward Committee Chairperson, MCA, and ASR, will inform the Mayor, in writing, of the works proposed to be executed in the Ward or the Area Sabha, as the case may be, in the following Financial Year.
4. Every proposal under this section will be developed in consultation with voters in the respective Ward or Area Sabha, as the case may be.
5. The Ward Committee, MCA, or the ASR, will supervise and monitor such works in its Ward or Area Sabha, as the case may be, in consultation with the Urban Utility Regulator.
6. No work will be regarded as complete by the Corporation unless certified to be so by the Ward Committee, MCA or the ASR, as the case may be.

25. Functions and Powers of a Ward Committee

1. The Ward Committee may obtain information from the Mayor on any matter or revenue items relating to its Ward.
2. All Ward Committees will actively engage with the Mayor and the City Assembly in preparing the long term vision, medium term plan, annual proposal and annual fiscal plan.

26. Power of State Government to issue directions to the Mayor

1. The State Government may issue directions to the Mayor and after recording reasons, in writing, only in the case of:
 - a. a state-wide natural calamity,

31. Emergency Legislative Instrument

1. An Urban Governance Agency may dispense with the procedure for making a Legislative Instrument under section 31, if the time taken to comply with that provision has the potential to cause considerable losses to the public.
2. If an Urban Governance Agency makes a Legislative Instrument under this section, it must:
 - a. Publish the reasons for invoking this section; and
 - b. Submit a report to the City Assembly within reasonable time, except when the section is invoked by the case of City Assembly, in which case the report will be submitted to the Mayor.
3. The Legislative Instrument must be accompanied by the documents mentioned in subsection 1(a) to (d) of section 31(1).
4. A Legislative Instrument made under this section must comply with the requirements under subsection 1(e) and 1(f) of section 31 within a period of one hundred and eighty days from the date on which the Legislative Instrument is notified under this Act, failing which the Legislative Instrument will cease to have effect.

32. System of licenses

1. The City Assembly may prescribe, by law, for a system of licenses with respect to a service or activity being undertaken in the Municipal Area, for matters under the Constitution of India.
2. A service or activity is deemed to be permitted unless the City Assembly has either expressly denied that specific service or activity, or prescribed by law, for a system of licenses with respect to such service or activity.
3. The system of licenses may include provisions:
 - a. To prohibit the carrying on of a service or activity without a licence;
 - b. To refuse to grant a licence, or to revoke or suspend a licence;
 - c. To impose conditions as a requirement for obtaining, or renewing a licence, or continuing to hold a license; and
 - d. To require a person to face consequences upon failure to comply with the system of licences so provided.

4. Any provision under subsection (3) may be made only after persons affected by such provision are given an opportunity to be heard.
5. The Mayor may suspend a license under this provision only if:
 - a. Before suspending the licence, the Mayor provides the licensee with the reasons for the suspension, in writing, and an opportunity to respond to them;
 - b. The suspension applies only for a defined period of time; and
 - c. In case of wrongful suspension, the licensee is provided with due compensation for any losses that may have been caused.
6. In providing for a system of licenses, the City Assembly must seek to ensure that:
 - a. System of licenses is simple and transparent;
 - b. The number of licenses that a person needs to apply for to meet their needs are minimised; and
 - c. The system of licenses is easy to access for prospective applicants, and time-bound, including with regard to the application process, the payment of fees, and the grant and renewal process.

CHAPTER 6: Urban Planning

33. Long term vision

1. The Mayor and City Assembly will prepare a long term vision for sustainable development of the Municipal Area.
2. The vision will not be for a period of less than 20 years.
3. The vision will take into account:
 - a. The vision for the development of country, state, and metropolitan area or district, as the case may be;
 - b. The prevailing and potential economic, human, and environmental needs of the Municipal Area;
 - c. The commercial, social and technological developments, at local, national and global level; and
 - d. Different possible scenarios for growth of the Municipal Area and resources required to achieve them.

34. Medium term plan

1. The Mayor will prepare a medium term plan for the development of the Municipal Area.
2. The plan will be developed immediately after the constitution of the City Assembly, for the term of its office.
3. The plan will:
 - a. describe the progress expected to be made during its term for achievement of long term vision, as prepared under section 34;
 - b. describe how the promises made during the elections as laid down in the manifesto, if any, are expected to be fulfilled;
 - c. lay out the priorities for the Municipal Area for the period of the plan;
 - d. define the targets to be achieved during the period of the plan; and
 - e. take into account the factors mentioned in section 34(3).

35. Annual Proposal

1. The Mayor will prepare a proposal for every Financial Year, to achieve the targets, as laid down in the medium term plan, prepared under section 35.
2. The annual proposal will describe:
 - a. The existing socio-economic scenario of the Municipal Area;
 - b. The targets to be achieved during the Financial Year;
 - c. The public services required to be delivered for achievement of the targets;
 - d. The strategy to ensure delivery of such public services; and
 - e. The performance of the Corporation during the previous year, highlighting the difference, if any, between the targets set and achieved during the previous year the justification for the same, and its impact of subsequent years.
3. To ascertain the performance under section 36(2)(e), performance of different wards within the Municipal area will be reviewed.
4. The annual proposal will be consistent with such year's budget, as prepared in accordance with the section 57.
5. The annual proposal will be developed and presented to the City Assembly, along with the annual fiscal plan.

6. The Mayor will ensure that plans made by different departments of the Corporation are consistent with the annual proposal.

CHAPTER 7: Service Delivery

36. Preparation for procurement of Public Service Providers

1. The Corporation will determine the:
 - a. Method for procuring Public Service Providers, and will record the justification in writing for using such method; and
 - b. Eligibility criteria, if any, for Public Service Providers, and will record the justification in writing for such eligibility criteria.
2. In determining the method of procurement and eligibility criteria for bidders, the Corporation will be guided by:
 - a. Annual targets to be achieved, and the public services to be provided as provided in annual proposal under section 36;
 - b. Need to encourage competition, efficiency and transparency in the procurement of public services; and
 - c. Need to prevent exclusivity and monopoly in delivery of public services, to the extent possible.
3. The contracts for delivery of public services may be awarded for more than one year, in the interests of maintaining efficiency and containing costs of public service delivery.
4. The term of contract will not affect the annual review of targets by the Corporation.
5. The Corporation will ordinarily use competitive bidding for procurement of Public Service Providers.
6. The details and justifications mentioned in subsection (1) above will be published.
7. The Corporation will estimate, record and publish, the cost of procurement process.
8. The Corporation may engage an expert agency to estimate the cost of procurement process, as required under subsection (7) above.

37. Initiating procurement of Public Service Providers

1. The Corporation will initiate the procurement process by inviting bids from interested parties through disseminating relevant information in public domain.
2. The information as provided in subsection (1) will include:
 - a. Broad terms of the contract, including the service delivery targets and the corresponding time period to achieve them, which should be in pursuance of the annual targets set out in section 36;
 - b. Minimum quality standards expected from the Public Service Providers;
 - c. The payment model, including the source and terms of payment, which should be linked to performance of Public Service Provider; and
 - d. The details of procurement method and eligibility criteria for bidders, along with respective justifications, as mentioned in section 37.
3. All persons will have equal access to information released in subsection (2).
4. There will be no requirement for a particular trade mark, trade name, patent or a brand, unless:
 - a. sufficiently precise and intelligible description is not possible, without such requirement;
 - b. such description is accompanied by the words ‘or equivalent’; and
 - c. reasons for requiring such description are published.
5. The Corporation will prescribe the proforma for bidding and other details with respect to bidding mechanism.

38. Governance structure of bidders

1. The Corporation will promote competition in the bidding for procurement of Public Service Provider.
2. All bidders will be provided fair and equitable treatment and no bidder will be treated differently merely because of its governance structure.
3. A joint bid for delivery of public services may be allowed, subject to:
 - a. The need to prevent anti-competitive practices.
 - b. Clear allocation of risks between proposed partners.

4. All bidders will be required to disclose their governance structures, including any relation they may have with any Urban Governance Agency constituted under this or any other law, State governments, Government of India or any other bidder.

39. Selection of Public Service Provider

1. The Corporation, in consultation with the Urban Utility Regulator, will prescribe:
 - a. A transparent and objective criterion for the selection of the Public Service Providers; and
 - b. The process to be followed for the selection of Public Service Providers.
2. The criteria, as provided under subsection (1) will take into account following factors:
 - a. The proposed quality of service, in terms of accessibility, timeliness and service levels;
 - b. The proposed cost of delivery of service;
 - c. The price proposed to be charged;
 - d. The suitability of proposed service delivery channels for relevant customer segments;
 - e. The value for money involved, in terms of proposed quality of services, proposed cost and price involved in providing such services; and
 - f. The allocative efficiency involved, in terms of proposed use of resources to provide the same services.
3. The Corporation may engage services of an expert agency for assistance in technical analysis required, under subsection (2), for selection of Public Service Providers.

40. Execution of contract

1. As soon as the Corporation decides to accept a bid, it will:
 - a. Inform the same to all the bidders; and
 - b. publish the information.
2. The Corporation and the Public Service Provider will enter into a contract detailing the terms and conditions of delivery of public service.
3. The contract between Corporation and Public Service Provider should include clear description of:
 - a. Public services required to be performed by the Public Service Provider;

- b.* The quality and performance standards to be maintained by the Public Service Provider;
- c.* The cost of public services and the payment model, including rights, if any, of Public Service Provider to increase the price;
- d.* Duties of Public Service Provider, including grievance redress of consumers;
- e.* Dispute resolution through arbitration or any other means and redress of grievances of Public Service Provider; and
- f.* Mechanism to ensure uninterrupted supply of services to consumers in extraordinary circumstances, including breach of contract, difference of opinion and emergency situations.

41. Emergency procurement

- 1.* The Corporation will prescribe:
 - a.* Constituents and indicators of the emergency situation; and
 - b.* The procurement process to be followed in emergency situation.
- 2.* While making provisions under subsection (1), the Corporation will be guided by the following:
 - a.* Need to encourage competition, efficiency and transparency in the procurement of public services, to the extent practicable, and
 - b.* The detailed procurement process will not be waived without necessary justification in writing, to be published;
- 3.* The Corporation will not invoke emergency procurement process without recording the reasons in writing, to be published.

42. Corrupt practices in procurement processes

- 1.* No person involved in procurement process, whether representing the Corporation or bidder or otherwise, will indulge in corrupt practices.
- 2.* Corrupt practices include:
 - a.* Influencing the procurement process, as set out in section 37, in any manner.
 - b.* Obtaining unfair financial benefit from the procurement process, whether before, during or after the procurement.

3. If any person is found guilty of indulging, or having indulged in corrupt practices, such person will be disassociated from the procurement process, after providing a reasonable opportunity of being heard, in accordance with the due process of law.
4. The Corporation will prescribe:
 - a. Scope of corrupt practices.
 - b. The process of disassociating persons.

43. Cooperation with other Municipal Corporations for procurement

1. The Corporation may enter into cooperation with other Municipal Corporations to jointly call for bids for public service delivery.
2. The objective for joint call for bids, as mentioned in subsection (1) will be to achieve economies of scale, and to:
 - a. Reduce the cost of procurement process.
 - b. Reduce the cost and price of public service delivery.
 - c. Attract expert and experienced public service delivery providers.
3. The Corporation will not enter into cooperation with other Municipal Corporations to jointly call for bids without recording the reasons in writing, to be published.

44. Service delivery by Corporation

1. The Corporation will not ordinarily be engaged in delivery of public services.
2. Corporation will engage in service delivery only after:
 - a. Adequate justification is provided by the Mayor, in writing to the City Assembly, which will be published; and
 - b. Prior approval has been obtained from the City Assembly.
3. The Corporation will deliver public services through an independent and professionally managed company registered under the Companies Act, 2013.
4. The Corporation may be shareholder in the company mentioned in subsection (3), it will not interfere with the day to day management of such company.
5. The Corporation will endeavour to periodically divest its shareholding in the company mentioned in subsection (3).
6. The company referred to in subsection (3), will be free to:

6. The mode of providing subsidy should not interfere with the market price of public services.

47. Urban Utility Regulator

1. The Urban Utility Regulator will continuously monitor the price and quality of public services delivered.
2. The objective of monitoring the price and quality of public services delivered will be to ensure that the public services are being delivered to the citizens by the most efficient, productive and cost-effective means available.
3. The Urban Utility Regulator will develop transparent qualitative and quantitative standards to monitor quality and price, which will be periodically reviewed. The standards will take into account following principles:
 - a. The price progressively reflects the cost of supply of services at an adequate and improving level of efficiency, and economical use of resources,
 - b. The interests of the consumers of the public services are safeguarded and the consumers pay for availing of the public services in a reasonable manner based on the average cost of such services;
4. The Urban Utility Regulator may require the Public Service Provider to submit information from time to time, which it has not already submitted.
5. The information may be sought only after a reasonable prior notice, which provides the justification for the request, including the importance of information requested.
6. The Urban Utility Regulator will treat all Public Service Providers fairly and provide reasonable opportunity of hearing to the Public Service Provider.
7. The Urban Utility Regulator will review the periodic reports submitted by the Public Service Providers and record its findings about the performance of the Public Service Providers, which will be submitted to the Mayor.
8. The Urban Utility Regulator will redress consumer grievances remaining unresolved with the Public Service Provider, efficiently and in a time bound manner.

48. Breach of contract by the Public Service Provider

1. After its preliminary review, if the Urban Utility Regulator is of the opinion that the performance of a Public Service Provider has not been in accordance with the contract,

it will issue a notice to the Public Service Provider, before taking any further action in this regard.

2. The notice will require Public Service Provider to provide an explanation for why adverse action against the Public Service Provider, under the contract, should not be recommended by the Urban Utility Regulator.
3. Before reaching its decision, the Urban Utility Regulator will provide adequate opportunity of hearing to the Public Service Provider.
4. The Urban Utility Regulator will record its recommendation in writing with adequate reasons for its decision.
5. The Urban Utility Regulator will submit its recommendations to the Mayor and release the same in public domain, along with its reasons.
6. The Mayor will take a decision in accordance with the terms and conditions of the contract after taking in account the recommendations of the Urban Utility Regulator.
7. The Mayor will record reasons for its decision which will be published in the public domain.
8. The Public Service Provider can challenge the decision of Mayor before the Urban Utility Tribunal.
9. The Corporation and Public Service Provider must ensure that the breach of contract causes no disruption to delivery of public services, and the agreed standards are maintained.

49. Dispute Resolution

1. Any difference of opinion between the Public Service Provider and Corporation, with respect to any term under the contract, will be amicably settled.
2. In case amicable settlement, as referred under subsection (1) is not possible, such difference of opinion will be settled by arbitration.
3. The Corporation and Public Service Provider must ensure that the difference of opinion under subsection (1), cause no disruption to delivery of public services, and the agreed standards are maintained.

50. Urban Utility Tribunal

1. The Urban Utility Tribunal will exercise jurisdiction in following matters:

- a.* Decision of Urban Utility Regulator with respect to consumer grievances;
 - b.* Decision of Mayor in relation to breach of contract by Public Service Provider;
 - c.* Decision of arbitrator(s) appointed to resolve difference of opinion between Public Service Provider and Corporation;
 - d.* Grievance of any bidder with respect to the bidding process being non-compliant with this Act; and
 - e.* Grievance of the Public Service Provider in case of a breach of contract by the Corporation.
2. The Urban Utility Tribunal will:
 - a.* Provide reasonable opportunity of hearing to all the parties including consumers;
 - b.* Consider economic impact of its decisions and provide reasons for its decision.
 - c.* Encourage use of technology to save resources; and
 - d.* Reach at a decision in a time bound manner.
3. Appeals from the Urban Utility Tribunal will lie with the High Court.
4. No authority will have the jurisdiction to entertain any matter that falls within the jurisdiction of Urban Utility Tribunal.

CHAPTER 8: Financial Management

51. Sources of revenue

1. The revenues of the Corporation will include:
 - a.* Any grants received, including from the Central and State government; and
 - b.* Revenues from taxes, non-tax revenues, and other receipts.
2. The revenues of the Corporation do not include any debt raised from any source.
3. In identifying and generating sources of revenue, the Corporation must ensure that there is efficient use of all available resources, including any unused assets of the Corporation.
4. No new source of revenue will be generated without passing a law in compliance with section 31.

52. Powers to finance affairs of the Corporation

1. The Corporation will have the power to finance its affairs, by:
 - a. Charging fees, including fees for services, licenses, servicing new or expanded developments;
 - b. Imposing surcharges on fees, and fines; and
 - c. To the extent authorised by Article 243X of the Constitution of India, other taxes, levies and duties, which may include property tax, octroi, and sales tax.
2. The Corporation cannot impose any fees, surcharge, taxes, levies or duties under this section without following the process laid down for making Legislative Instruments under section 31.
3. In addition to the requirements under process laid down for making Legislative Instruments under section 31, the Corporation, in determining and collecting any fees, surcharge, taxes, levies or duties under this section, must:
 - a. Provide the specific purpose and objective of such determination and collection in advance;
 - b. Ensure that such determination and collection is proportional to the cost of meeting the specific purpose and objective;
 - c. Ensure that such determination and collection is fair, clear and proportional for all members of the public, and that one segment of the public is not unfairly disadvantaged over another; and
 - d. Ensure, to the extent possible, that the determination and collection increases conservation and improves deterrence.

53. Power to raise funds

1. The Corporation will have the power to raise funds through public issue or private placement, in accordance with any laws made in this regard, and in accordance with the annual fiscal plan so laid out.
2. Before raising any funds under this section, the Corporation must ensure that all available resources, including any unused assets, have been optimally and efficiently utilised.
3. The Corporation must ensure that the funds raised under this section:

- a.* Are for specific purposes and in specific amounts;
- b.* Are in anticipation of the collection of the revenues for that year;
- c.* Have been identified after due consideration of existing resources; and
- d.* Are not for the purposes of consumption.

54. Corporation Fiscal Manager

- 1.* The Mayor must appoint a professional body as the Corporation Fiscal Manager to assist in the management of its income, assets, expenditure, and liabilities, including contingent liabilities.
- 2.* Due consideration must be given to qualifications, expertise, experience, past achievements, reputation, and independence, in appointing the Corporation Fiscal Manager, and nobody may be appointed if its interests conflict with the functions of the Corporation.
- 3.* The Corporation Fiscal Manager may, in writing, call for such information or material as it determines necessary from the Corporation to carry out its functions under this section.

55. Annual Financial Statement and Audits

- 1.* The Corporation must maintain proper accounts and other relevant records, and must prepare an annual financial statement within two months from the end of the Financial Year, in accordance with accounting practices prescribed by the Central Government.
- 2.* The annual financial statement must include:
 - a.* Receipts and Payments Account for the Financial Year;
 - b.* Balance Sheet as on the last day of the Financial Year;
 - c.* Income and expenditure Account for the Financial Year;
 - d.* Significant accounting policies followed in presentation of the financial statement;
 - e.* An outcome-based report;
 - f.* A report on the manner in which this financial statement is aligned with the medium term plan and long term vision; and
 - g.* Notes to accounts which will disclose contingent liabilities, and such other information useful in understanding the financial statement clearly.

3. For the purpose of auditing its accounts, the Corporation must empanel, for a term of not less than three years, at least three auditors, who are Chartered Accountants holding certificates of practice and licenses as required under law.
4. The Corporation must submit the annual financial statement, within two months from the end of the Financial Year, to an empanelled auditor, who is selected in a manner as prescribed by law.
5. The empanelled auditor must complete the audit of the annual financial statement within two months from receiving it from the Corporation, and must place the same before the City Assembly for adoption.
6. No empanelled auditor may conduct such an audit in consecutive years, and no auditor may be re-empanelled for more than two terms.
7. Every empanelled auditor who certifies and submits an audit report under this section must be peer reviewed by the other empanelled auditors with regard to its accounting and auditing practice related to such audit.
8. The certified accounts, audit report and peer review reports, must be placed before the City Assembly, and the City Assembly must record its observations on the same.
9. The annual report of the Corporation must include the certified accounts and audit report, and the observations of the City Assembly, under this section.

56. Annual Fiscal Plan

1. The Mayor must submit an annual fiscal plan to the City Assembly, at least one month before the end of every Financial Year, and the City Assembly must consider and finally determine such plan within three months of its submission.
2. The annual fiscal plan submitted by the Mayor must follow the principle of balanced budgeting, and ensure that the Corporation does not have a revenue deficit at the end of the coming financial year.
3. The Mayor must seek the advice and assistance of the Corporation Fiscal Manager in the preparation of the annual fiscal plan.
4. If the annual fiscal plan proposes to increase expenditure in the coming financial year from the existing expenditure, the Mayor must propose new sources of revenue.
5. The annual fiscal plan must specify:

- a.* The budgeted and revised estimates of revenue and expenditure;
 - b.* A multi-year forecast of gross domestic product and inflation;
 - c.* A multi-year forecast of revenues, and the impact of changes in rates of revenue collection;
 - d.* A multi-year framework for expenditure, including committed expenditure on salaries and maintenance, and proposed capital expenditure, including any proposal to raise funds;
 - e.* Where the Mayor has proposed to raise funds, the repayment plan, the benefits that will accrue to the public, and the proposed burden on taxpayers;
 - f.* Multi-year deficit targets; and
 - g.* The quantifiable indicators under which expenditure can be temporarily increased.
6. The City Assembly, in considering and determining the final annual fiscal plan, must:
 - a.* Evaluate alternatives to the proposed annual fiscal plan;
 - b.* Ensure that the final authorised expenditures do not exceed estimated revenues; and
 - c.* Determine such final annual fiscal plan that will support the public services to be delivered.

57. Requirement for balanced budgeting waived in exceptional circumstances

The requirement to adhere to the principle of balanced budgeting may be waived only in exceptional circumstances, where it is determined that an expenditure is required in the financial year as a result of a natural or other disaster in the Municipal Area that could not have been anticipated and affects the Municipal Area or its neighbourhood in a manner that is of urgent public concern.

58. Stabilisation Funds

1. The Corporation must allot a percentage, which may not exceed such percentage as prescribed by law by the City Assembly, of the total preceding Financial Year's revenues from non-tax sources to one or more stabilisation funds.
2. The Corporation may invest, with the help of the Corporation Fiscal Manager, the stabilisation funds in such financial instruments as may be prescribed.

3. At the time of creating any stabilisation fund under this section, the Corporation must prescribe the purpose of the fund, and the process for any appropriation of funds into or out of such fund.

CHAPTER 9: Transparency and Disclosure by Corporation

59. Code of Conduct

1. The Mayor will prepare and publish a code of conduct stipulating services to be provided by the employees of the Corporation in a time bound manner, and consequences of non-compliance with the code of conduct.
2. The City Assembly will prepare and publish a code of conduct for MCAs, and consequences of non-compliance with the code of conduct.

60. Publication of information and use of technology

1. The Urban Governance Agency will publish all information relevant to its functioning and administration, as soon as possible, unless expressly exempt under the Right to Information Act, 2005.
2. The Urban Governance Agency must make use of technology to improve access to the Urban Governance Agency and to enable it to discharge its functions in an efficient manner.
3. The Urban Governance Agency must maintain a website or any other universally accessible repository of electronic information to record and publish all information that the Urban Governance Agency is obligated to record or publish, including all Legislative Instruments enforced by the Urban Governance Agency.
4. All information published on the website or other repository of the Urban Governance Agency must be in an easily accessible and text-searchable format.
5. Any information not recorded or published on the website or other repository of the Urban Governance Agency will be presumed to not have been recorded or published for the purposes of this Act.
6. The Urban Governance Agency must review the quality of the website or other repository, based on international best practices, at least once every three years.

7. All meetings of an Urban Governance Agency must be video-recorded
8. All meetings of an Urban Governance Agency, other than the office of the Police Commissioner, will be open to the public and made available to the public in electronic format.

61. Vigilance Committee

The Corporation will have a Vigilance Committee:

1. The Vigilance Committee will comprise seven members who are not a part of the Corporation.
2. The Vigilance Committee must be appointed by the Leader of the House, Leader of the Opposition, the Speaker and two senior-most judges of the District Court.
3. The members of the Vigilance Committee will be experts in judicial or law enforcement procedures.
4. No compensation to be paid to the Vigilance Committee will be diminished by the City Assembly except at the time of appointment of the Chairperson or member.
5. The Vigilance Committee will conduct enquiry on the basis of any complaint received or may take action of its own accord, and may summon any elected representative or any official of the Corporation, for the purpose of conducting its enquiry.
6. On finding any criminal culpability by the Vigilance Committee on the part of the elected representative or official of the Corporation, the Vigilance Committee will initiate appropriate proceedings against the said elected representative or official.
7. The Corporation will provide office and staff to the Vigilance Committee.

62. Monitoring Committee

1. A Monitoring Committee will be established by the Mayor comprising members of City Assembly.
2. The Monitoring Committee will have members from different political parties being represented at the City Assembly.
3. The Monitoring Committee will monitor the progress of achieving the long term vision, medium term plan and annual targets or any other tasks referred to it by the Mayor.

4. The Monitoring Committee will publish annual reports in public domain about the progress mentioned in subsection (3).

CHAPTER 10: Transitions

63. Laws inconsistent or interfering with this Act

1. Any law pertaining to functions that overlap with the functions of the Urban Governance Agency under this Act, will be repealed to the extent it is inconsistent or interferes with the effective operation of this Act.
2. Notwithstanding such repeal –
 - a. anything done or purported to have been done under the repealed law will be deemed to have been done under this Act
 - b. any regulation, circular, direction, rule, scheme, plan, or equivalent, issued under the repealed law, will cease to be valid after a period of one year from the date of repeal, unless modified or replaced earlier by the Urban Governance Agency, in accordance with this Act.

64. Transfer of assets and liabilities

1. For the purpose of this section:
 - a. “Transferor Corporation” refers to the Municipal Corporation, Municipal Council, Nagar Panchayat, with reference to a Municipal Area; and
 - b. “Transferee Corporation” refers to the Corporation constituted under this Act, for that Municipal Area.
2. On and from the commencement of this Act,
 - a. any reference to a Transferor Corporation in any law other than this Act or in any contract, will be deemed to mean the Transferee Corporation;
 - b. all properties and assets, movable and immovable, of or belonging to, the Transferor Corporation, will vest in the Transferee Corporation;
 - c. all rights and liabilities of the Transferor Corporation will vest in the Transferee Corporation;

- d.* all debts, obligations and liabilities incurred, all contracts entered into and all matters and things engaged to be done by, with or for the Transferor Corporation, for or in connection with the purpose of the said Transferor Corporation will be deemed to have been incurred, entered into, or engaged to be done by, with or for, the Transferee Corporation;
- e.* all sums of money due to the Transferor Corporation will be deemed to be due to the Transferee Corporation;
- f.* all suits and other legal proceedings instituted by or against the Transferor Corporation may be continued by or against the Transferee Corporation; and
- g.* every employee holding any office under the Transferor Corporation will hold office in the Transferee Corporation on the same terms and conditions of service.

65. Capacity Building

- 1.* The Corporation will ensure that training and certification programs and test for staff of Urban Governance Agencies are designed and conducted to build capacity for disposal of their functions professionally.
- 2.* Every Urban Governance Agency will endeavour to ensure that all existing staff employed with such Urban Governance Agency passes the certification test within three years.
- 3.* All new employees will be required to pass the certification test within a year of the commencement of their employment.

66. Severability

If any provision of this Act is held invalid, the other provisions of the Act shall not be affected. If the application of the Act or any of its provisions to any person or circumstance is held invalid, the application of the Act and its provisions to other persons or circumstances shall not be affected.