

The 74th Amendment Act created Urban local bodies for decentralised governance and development.

In India, around $\frac{1}{3}$ rd and half population lives in Urban centres this is also estimated to grow more.

This requires tune of ₹ 19 trillion investment estimated by National Infrastructural pipeline on Urban development.

Issue:

The issue with ULB is they are starved of funds. Most of the allocation are either scheme oriented or other tied funds. Grants forms high revenue. The tax income is low.

Credibility and Political stability the maintainence of financial system of ULBs are opaque since, they do not get much transation powers, people participation is also low.

Investor attraction is also low due to above reason. Most of them opt for debt instrument which is not adequate enough.

way forward:

- Increasing the committed grants more the discretionary grants
- accountability and financial audit which will reflect on more improvement of management and development of assets.
- Credit Guarantee system just on lines similar ~~gr~~ schemes given to banks, MSMEs.
- pooling of assets collective from a group of ULBs which will spread risk considerably and attract investment
- leveraging ETF bond schemes which give cash ULBs and good return to investors.
- There ULBs requires structural reforms related to taxation powers ~~and~~ delegating from other 2-tier government-ents.