

City Finance Rankings 2022

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What's in today's article?

- Why in News?
- Issues that have impacted development goals of several cities

- **About the City Finance Rankings 2022**
- **About the 'City Beauty Competition'**
- **Other initiatives for urban development in India.**

Why in News?

- Recently, the Union Ministry of Housing and Urban Affairs (MoHUA) launched guidelines for a new finance-based ranking of cities – **City Finance Rankings 2022**, which would evaluate urban units on 15 key parameters.
- The Ministry also launched a separate ranking – '**City Beauty Competition**', to evaluate cities on beautification.

What are the issues impacting the development goals of cities?

- **Meagre revenue from municipal bodies own sources** such as property tax and user charges.
 - Currently, the own revenues generated by the municipal entities in India **are barely 0.15% of the GDP** compared to 0.6% in developing countries and 2.1% in developed nations.
 - This led to the **high dependence on funding** from the state and central exchequer.
- Poor management of finances.
- Delay in audit of financial reports.
- The Centre has been maintaining that **robust finances of urban local bodies are crucial** to emerge as a viable third tier of government.

About the City Finance Rankings 2022

- It aims to –
 - **Evaluate**, recognise and reward India's cities (Urban Local Bodies/ULBs) on the basis of the quality of their current financial health.
 - Help ULBs to **improve** over time in financial performance.
 - **Motivate** city/state officials and decision makers to implement municipal finance reforms.
- The participating ULBs will be evaluated on **15 indicators across three key municipal finance assessment parameters**, namely –
 - Resource Mobilization
 - Expenditure Performance and
 - Fiscal Governance
- The cities will be **ranked at the national level** on the basis of their scores under any one of the following four population categories – Above 4 million, Between 1-4 million, 100K to 1 million, less than 100,000.
- **Significance of City Finance Rankings:**

- At a state and national-level, the rankings will provide **critical insights to key policy makers** into the state of finances of ULBs.
- **ULBs will be able to self-evaluate** their own performance vis-à-vis other cities, which can help them in **self-improvement** in future.
- All 4500+ cities / ULBs across all states/UTs would be encouraged to participate in the City Finance Rankings 2022.
- It would create **a conducive environment for developing a robust municipal finance ecosystem** for promoting financially healthy, transparent and sustainable cities.

About the 'City Beauty Competition'

- It aims to encourage, recognise and felicitate the transformational efforts made by cities and wards in India **to create beautiful, innovative and inclusive public spaces.**
- Wards and public places of cities would be judged against the **five broad pillars** –
 - Accessibility
 - Amenities
 - Activities
 - Aesthetics and
 - Ecology

Other initiatives for urban development in India

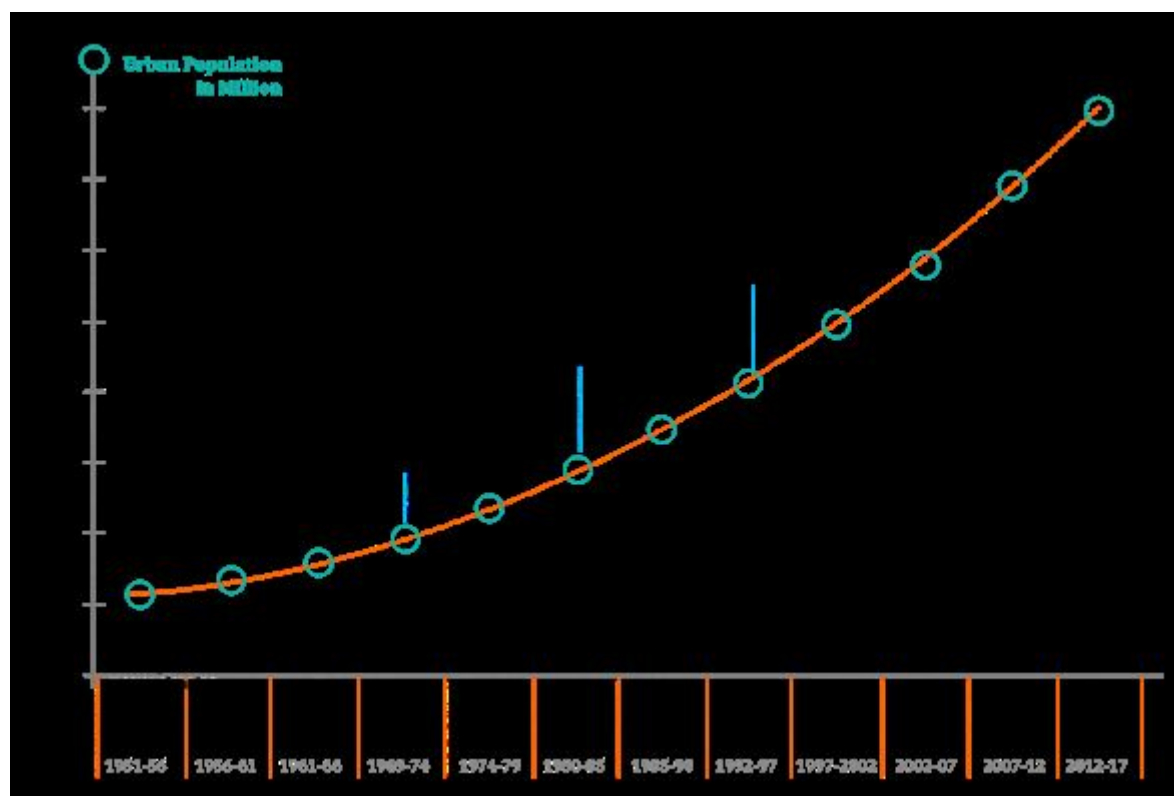


Image Caption: Urban Development Trajectory in India

- Some of the single sector interventions are, Swachh Bharat Mission (**SBM**), Atal Mission for Rejuvenation and Urban Transformation (**AMRUT**), Pradhan Mantri Awas Yojana (**PMAY**), etc.
 - On the other hand, the **Smart Cities Mission** (SCM) is based on integrated planning and implementation.
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Q1) What are the components of AMRUT scheme?

The components of the AMRUT consist of capacity building, reform implementation, water supply, sewerage and septage management, storm water drainage, urban transport and development of green spaces and parks.

Q2) What is cities contribution to GDP of India?

According to NITI Aayog report, Cities in India occupy just 3.0% of the nation's land, but their contribution to gross domestic product (GDP) is a massive 60.0%.

Source: [Guidelines for finance and beauty-based ranking of cities launched](#) | [ToI](#) | [mygov.in](#) | [PIB](#)

Source: <https://vajiramandravi.com/current-affairs/city-finance-rankings-2022-2/>

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