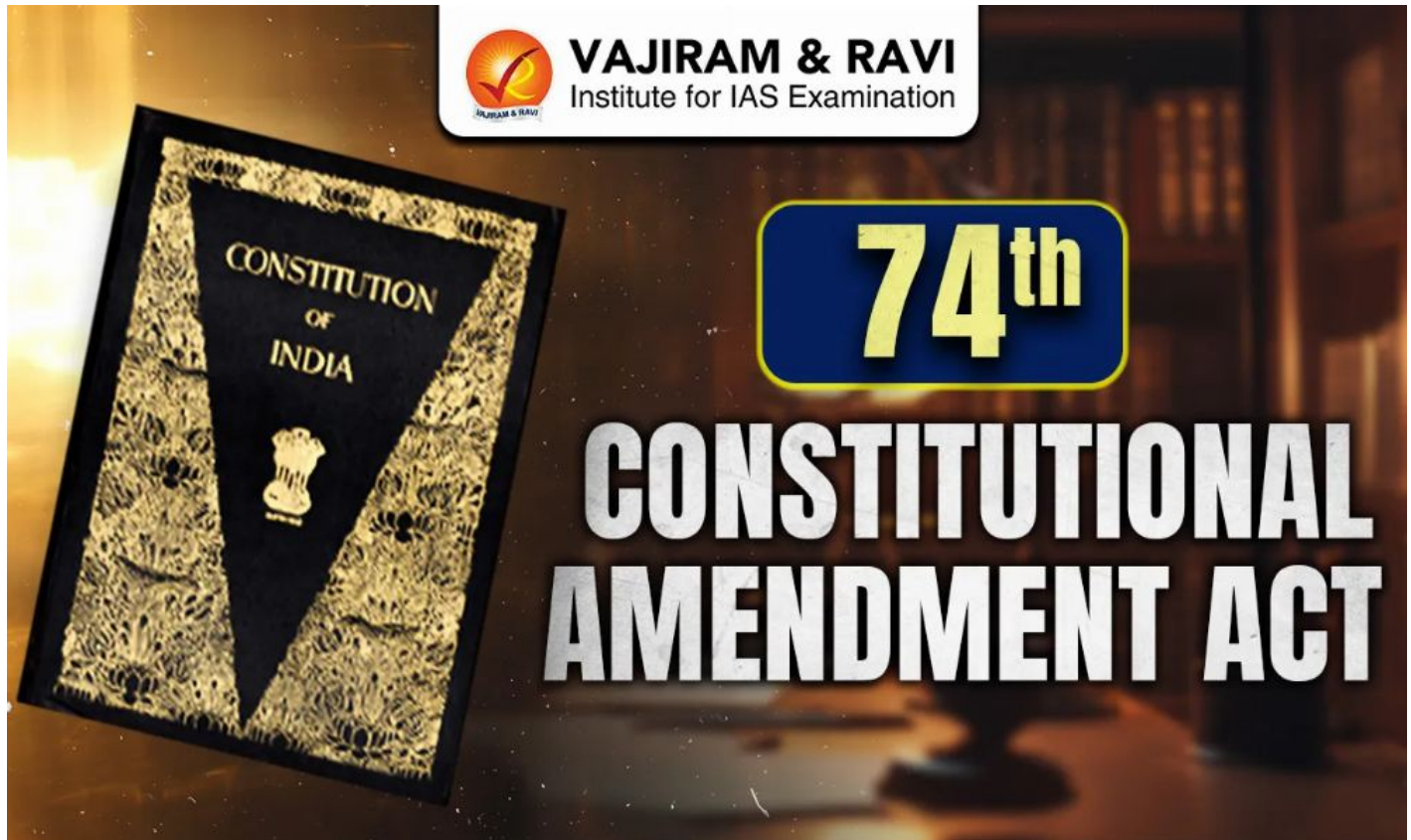


74th Constitutional Amendment Act 1992, Objectives, Features

July 5, 2026 • vajiramandravi.com



74th Constitutional Amendment Act 1992 provided constitutional status to Urban Local Bodies (ULBs) in India. It **added a new Part IX-A to the Constitution of India**. This part is entitled as **'The Municipalities'** and consists of provisions from **Articles 243-P to 243-ZG**. In addition, the act has also **added a new Twelfth Schedule to the Constitution**. This schedule contains eighteen functional items of municipalities. This amendment, also known as the **Municipalities Act**, came into force on **1st June 1993**.

74th Constitutional Amendment Act Objectives

Objectives of 74th Constitutional Amendment Act 1992 are:

- To strengthen urban local governance by providing constitutional recognition to municipalities.
- To promote democratic decentralisation by transferring authority to urban local bodies.
- To encourage people's participation in decision-making processes at the city and town level.
- To improve urban planning, development management, and public service delivery in urban areas.

It has **brought Municipalities under the purview of justiciable part of the Constitution**. State governments are under constitutional obligation to adopt the new system of municipalities in accordance with the provisions of the act.

74th Constitutional Amendment Act, 1992 Features

The 74th Constitutional Amendment Act, 1992 has the following salient features:

Constitution of Municipalities (243Q)

74th Constitutional Amendment Act provides for the constitution of the following three types of municipalities in every state.

1. **Nagar Panchayat** for an area in transition from rural to urban area
2. **Municipal Council** for a smaller urban area.
3. **Municipal Corporation** for a larger urban area.

Since demographic, economic, and geographic conditions vary significantly across states, the Constitution has left it to the State Legislatures to decide the specific category of municipality suitable for a particular urban area. However, there is an exception. If municipal services in an urban area are already being provided by an industrial establishment, the **Governor** may declare such an area as an industrial township, and in such cases, a municipality may not be constituted.

Composition of Municipalities (Article 243R)

- All the **members** of a municipality shall be **elected directly** by the people of the municipal area. For this purpose, each municipal area shall be divided into territorial constituencies to be known as **wards**.
- The **state legislature may provide the manner of election of the chairperson of a municipality**. It may also provide for the representation of the following persons in a municipality.
 - Persons having special knowledge or experience in municipal administration without the right to vote in the meetings of municipality.
 - The members of the **Lok Sabha** and the state legislative assembly representing constituencies that comprise wholly or partly the municipal area.
 - The members of the **Rajya Sabha** and the state legislative council registered as electors within the municipal area.
 - The chairpersons of committees (other than wards committees).

Wards Committees (Article 243S)

- There shall be constituted a **wards committee**, consisting of one or more wards, within the territorial area of a municipality having **population of three lakh or more**.
- The state legislature may make provision with respect to the composition and the territorial area of a wards committee and the manner in which the seats in a wards committee shall be filled.

- In addition to the ward committees, the state legislature is also allowed to make any provision for the constitution of other committees. The chairpersons of such committees may be made members of the municipality.

Reservation of Seats (Article 243T)

- Seats are reserved for Scheduled Castes (SCs) and Scheduled Tribes (STs) in proportion to their population in the municipal area.
- At least **one-third of the total seats are reserved for women**, including SC and ST women.
- State legislatures may make rules regarding reservation of chairperson offices for SCs, STs, and women.
- Reservation for Other Backward Classes (OBCs) in municipalities may be provided by state law.
- Reservation for SCs and STs in municipalities will cease after the period mentioned in Article 334 of the Constitution.

Duration of Municipalities (Article 243U)

- Every municipality has a fixed term of **five years**.
- A municipality can be dissolved before the completion of its term.
- In case of dissolution, fresh elections must be held **within six months**.
- If the remaining term is less than six months, conducting elections is not compulsory.
- A municipality reconstituted after dissolution will serve only the remaining period of the original term.
- Before dissolving a municipality, it must be given a reasonable opportunity to present its case.

Disqualifications (Article 243V)

- A person is disqualified if he is disqualified under the election laws for the State Legislature or under any state law.
- The minimum age to contest municipal elections is **21 years**.
- All questions related to disqualification are decided by the authority specified by the **State Legislature**.

Powers and Functions (Article 243W)

The state legislature may endow the municipalities with such powers and authority as may be necessary to enable them to function as institutions of self-government.

- Municipalities may be given responsibilities for :
 - Preparation of plans for economic development and social justice.
 - Implementation of development schemes, including functions listed in the 12th Schedule.

Finances (243X)

The state legislature may authorise a municipality to

- Levy, collect and appropriate taxes, duties, tolls and fees;
- Assign to a municipality taxes, duties, tolls and fees levied and collected by state government;

- Provide for making grants-in-aid to the municipalities from the consolidated fund of the state;
- Provide for constitution of funds for crediting all moneys of the municipalities.

Finance Commission (Article 243Y)

- A State Finance Commission is constituted every five years to review the financial position of municipalities. It recommends:
 - The distribution between the state and the municipalities of the net proceeds of the taxes, duties, tolls and fees levied by the state and allocation of shares amongst the municipalities at all levels.
 - The determination of the taxes, duties, tolls and fees that may be assigned to the municipalities.
 - The grants-in-aid to the municipalities from the consolidated fund of the state.
 - The measures needed to improve the financial position of the municipalities
 - Any other matter referred to it by the governor in the interests of sound finance of municipalities.
- The Governor places these recommendations and action reports before the State Legislature.
- The Central Finance Commission may also suggest ways to strengthen municipal resources.

Audit of Accounts (Article 243Z)

The state legislature may make provisions with respect to the maintenance of accounts by municipalities and the auditing of such accounts.

State Election Commission (243ZA)

- The **State Election Commission** is responsible for preparing electoral rolls and conducting elections to municipalities.
- The state legislature may make provision with respect to all matters relating to elections to the municipalities.

Application to Union Territories (Article 243ZB)

- The provisions of this part are applicable to the Union territories.
- But, the President may direct that they would apply to a Union territory subject to such exceptions and modifications as he may specify.

Exempted Areas (Article 243ZC)

- The act does not apply to the scheduled areas and tribal areas in the states
- It shall also not affect the functions and powers of the Darjeeling Gorkha Hill Council of the West Bengal.
- However, the Parliament may extend the provisions of this part to the scheduled areas and tribal areas subject to such exceptions and modifications as it may specify.

District Planning Committee (Article 243ZD)

- Every state must constitute a District Planning Committee (DPC) at the district level.

- The main purpose of the DPC is to consolidate development plans prepared by Panchayats and Municipalities and prepare a district-wide development plan.
- The state legislature may make provisions with respect to the following:
 - The composition of such committees
 - The manner of election of members of such committees;
 - The functions of such committees in relation to district planning
 - The manner of the election of the chairpersons of such committees.
- The act lays down that four-fifths of the members of a district planning committee should be elected by the elected members of district panchayat and municipalities in the district from amongst themselves.
- The representation of these members in the committee should be in proportion to the ratio between the rural and urban populations in the district.
- The chairperson of such committee shall forward the development plan to the state government.
- In preparing the draft development plan, a district planning committee shall have regard to
 - Matters of common interest between the Panchayats and Municipalities including spatial planning, sharing of water other physical and natural resources, the integrated development of infrastructure and environmental conservation
 - Extent and type of available resources whether financial or otherwise;
 - Consult such institutions and organisations as the Governor may specify.

Metropolitan Planning Committee (Article 243ZE)

- Every metropolitan area (population of 10 lakh or more) shall have a metropolitan planning committee to prepare a draft development plan.
- The state legislature may make provisions with respect to the following:
 - The composition of such committees;
 - The manner of election of members of such committees
 - The representation in such committees of the Central government, state government and other organisations;
 - The functions of such committees in relation to planning and coordination for the metropolitan area; and
 - The manner of election of chairpersons of such committees.
- The act lays down that two-thirds of the members of a metropolitan planning committee should be elected by the elected members of the municipalities and chairpersons of the panchayats in the metropolitan area from amongst themselves.
- The representation of these members in the committee should be in proportion to the ratio between the population of the municipalities and the panchayats in that metropolitan area.
- The chairpersons of such committees shall forward the development plan to the state government.
- In preparing the draft development plan, a metropolitan planning committee shall have regard to -
 - Plan prepared by the Municipalities and the Panchayats in the metropolitan area
 - Matter of common interest between the Municipalities and Panchayats including coordinated spatial plans of the area
 - Sharing of water and other physical and natural resources

- Integrated development of infrastructure and environmental conservation
- Overall objectives and priorities set by the Government of India and the State Government
- Extent and nature of investments likely to be made in the metropolitan area by agencies of the Government
- Other available resources, financial and otherwise
- Consult such institutions and organisations as the Governor may specify.

Continuance of Existing Laws and Municipalities (Article 243ZF)

- All state laws related to municipalities remained in force for one year after the commencement of this Act.
- States were required to adopt the new municipal governance system within one year from 1 June 1993, when the Act came into effect.
- Municipalities existing before the commencement of the Act continued till the completion of their original term, unless dissolved earlier by the State Legislature

Bar to Interference by Courts in Electoral Matters (Article 243ZG)

- The act bars the interference by courts in the electoral matters of municipalities.
- It declares that the validity of any law relating to the delimitation of constituencies or the allotment of seats to such constituencies cannot be questioned in any court.
- It further lays down that no election to any municipality is to be questioned except by an election petition presented to such authority and in such manner as provided by the state legislature.

Twelfth Schedule of Indian Constitution

Twelfth Schedule of Indian Constitution contains the following 18 functional items placed within the purview of municipalities:

1. Urban planning (including town planning)
2. Regulation of land use and buildings
3. Economic and social development planning
4. Roads and bridges
5. Water supply
6. Public health, sanitation, solid waste management
7. Fire services
8. Urban forestry and environmental protection
9. Welfare of weaker sections, including disabled
10. Slum improvement
11. Urban poverty alleviation
12. Parks, gardens, playgrounds
13. Promotion of cultural, educational, and aesthetic aspects
14. Burials, cremations
15. Cattle pounds, prevention of cruelty to animals
16. Vital statistics (births & deaths)

17. Public amenities (street lighting, parking, bus stops)

18. Regulation of slaughterhouses and tanneries

Source: <https://vajiramandravi.com/current-affairs/74th-constitutional-amendment-act/>

© Vajiram & Ravi. For personal use only.