

LOCAL GOVERNMENT AUTONOMY AND GOVERNANCE: A CASE STUDY OF KARACHI, SINDH

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Abstract

The paper critically evaluates prospects of, and difficulties faced by the local government system in Karachi, Sindh. This paper will assess the degree of autonomy of the local government in Karachi and will study about the depraved practices of local government that end up as a failure in the form of crippled autonomy and governance of a city. Further, the study proposes recommendations to increase cooperation among all the three tiers of the government. For drawing practical results, the study uses data of survey of 418 respondents from various departments of local governments and 20 interviews from the key stakeholders including politicians, bureaucrats from finance and resource departments and key informants including people from journalism, judiciary, research, and academia. By employing Oates (1972) decentralization theorem as a theoretical framework, the study has found that there are three important facets. Firstly, Provincial governments' interference in the affairs of local government contribute to a lack of autonomy and governance in Karachi. Secondly, insufficient financial resources are reasonable constraints to the performance and functioning of local government, undermining the financial autonomy of the local governments (LGs) in Karachi. Last but not the least, the Sindh Local Government Act (SLGA) 2013 and the amendment to act in 2021 undermine the functional autonomy of the local governments in Karachi. The SLGA 2013 limits much of the functions of the local governments by creating hurdles in service delivery and implementation of effective governance in the city.

In the light of the above, the study proposes three policy recommendations to restore the autonomy of the local government and to improve the governance in Karachi. Firstly, to restore the financial autonomy of the local governments in Karachi, the provincial government should allow local governments to collect and levy taxes which fall under the domain of local governments. Secondly, local governments should be empowered to collect property tax, user charges for service delivery, motor vehicle tax, entertainment tax, non-receipt tax etc. Lastly, for an effective service delivery, provincial governments must rollback some of the functions of SLGA 2013 to promote the functional autonomy of LGs in Karachi. The study also suggests amendments into the constitution through fair legislation in which the functions, structure, and powers of LGs should be clearly defined.

Introduction

It is widely believed that a well-functioning democracy is built on the foundations of local governments. The local issues are best addressed by the government made up of residents rather than federal or provincial governments. In the local government, the state allows its citizens to participate directly in decision-making at a foundation level which ultimately results in the increased political participation of the citizens. The local residents have a natural affinity for local governments because their functions have the greatest impact on their everyday lives; the residents are more familiar with their activities (Jamal, 2019). The local government is the last layer of 3-tier state government of Pakistan. The local governments in Pakistan have been established and abolished numerous times since their inception in 1979. The 18th Amendment to the Constitution (2010), Article 40-A brought a welcome change that recommended each province to form a local government set up, and decentralize political, administrative, and financial powers to the members at grassroot level (Shah, 2019).

This study evaluates the current dynamics and challenges faced by the local bodies in Karachi. Karachi which is the capital of Sindh province has the population of around 16 million (Census, 2017). It is considered as the economic and commercial hub of the country, and it contributes up to 20% in national GDP and 55% into the federal tax. Additionally, Karachi contributes a major share in the provincial government's revenue. Over the past few years, there has been a noticeable decline in the city's quality of life (Dagha et al., 2021). The ongoing conflict among political parties has resulted in the decreased realization of true potential of Karachi. As per the 2017 census, this city is home to twenty percent (20%) of Pakistan's urban population and sixty percent (60 %) of Sindh's overall population which makes it in the list of worlds rapidly growing cities. With this rapidly growing population rate, Karachi requires better public services which includes modern infrastructure, clean water, improved sanitation system, efficient, safer, and sustainable public transportation, to name a few. However, after the 2008 rollback of the 2001 devolution plan, the quality of governance in the

Karachi has significantly deteriorated. Hence, this requires a thorough investigation to identify the reasons of failures in the governance of Karachi.

Sindh Local Government Ordinance (SLGO), 2001

Sindh Government introduced the Sindh Local Government Ordinance (SLGO) that has been deemed as the main component of the Devolution Plan of 2001 (SLGO). With the devolution of power, laws had been laid out for the new government at district levels. Every province holds a District Secretariat Office where all authoritative power rests. In this way, bureaucrats at district level are held responsible, answerable and accountable to elected officials in order to carry out administrative duties.

Before that, the District Nazims and Town Nazims were the central authorities to direct a wide range of municipal services, such as clean water supply, improved sanitation, modern infrastructure, daily waste disposal, affordable housing, access to health, and primary and secondary education. For curing the rising deteriorating health crisis in provinces, 40% of the local government budget was also devoted to health. According to the World Bank Report (2004) the local government has been allotted with over 40 percent of provincial budget. The SLGO (2001) also describes Sindh's distinct urban organization. The status of the City District Government of Karachi was granted to the Karachi Metropolitan Corporation (KMC - CDGK). The Karachi Water & Sewerage Board (KWSB), the Karachi Building Control Jurisdiction (KBCA), the Karachi Development Authority (KDA), and the Master Plan (which was held thrice between 2001 and 2005) were all handed over to the local governments during this time.

Sindh Local Government Act (SLGA), 2013

The Sindh Local Government Act, 2013 was published by the provincial government of Sindh, is currently in force. This act has abolished the tehsils or taluka councils (local unit of administrative sub-division of a district). A noteworthy aspect of the SLGA 2013 is that any act of the local governments may be suspended, overruled, or abolished by the

provincial government. KMC has lost the credibility to gather taxes on automobiles, education, health costs, tuition for institutions of higher learning, and collection fees for recovering taxes. Only thirteen (13) types of taxes, including, road tolls, entertainment taxes, license fees and taxes on real estate, remain a part of KMC. Local governments may decide to levy some lost taxes "with the agreement of the provincial government." The Sindh government has assumed control of municipal organizations such as the Water and Sewerage Board, Solid Waste Management, Building Control Authority, Master Plan, Karachi Development Authority (KDA), town planning, urban transport, and mass transportation. Since the 2013 enactment of the Sindh Local Government Act (SLGA), a number of changes have been carried out. Local governments no longer have any planning or control over the buildings as a result of the 2013 change. The Provincial Finance Commission now has two additional private members that were nominated by the Sindh Government, increasing the provincial government's representation. With the devolution plan under eighteenth amendment, provincial governments now hold the tight control of the domains of education and health from local governments under the most recent amendment legislation in 2021. Prior to the amendment, the SLGA 2013 had given local governments some residual power under the Education and Health Sections of the law, including control over a small number of hospitals, the prevention of infectious diseases, the provision of medical education, and the oversight of a small number of schools built on their land.

In the light of above discussion, the ultimate aim of this research work is to precisely assess the level of Local Government's autonomy and impact on governance in Karachi. This research includes several specific objectives that are given discussed below.

1.1 Objectives of the study:

- To investigate the current practices of local government autonomy and highlight the reasons why effective governance is very challenging task in the mega cities i.e., Karachi.

- To quantify the level of autonomy in Karachi's local government system and main hurdles in implementing it.
- To identify and suggest the best practices to minimize the state interference in the local affairs in Karachi.

Literature Review

Wraith (1964) defines local government as an entity that is chosen locally by the councils with the intention of delivering or managing services with the greatest degree of independence as modern circumstances allow. Mtasigazya (2019) describes local government as a set of appointed and elected officials who are assigned to ensure democratic ways of decision making and planning at the local level along with ensuring general public's access into it. Several authors have elaborated local government as a subfield of government that is responsible for supervising and managing local affairs and is democratically elected to perform their duties in their respective defined regions (Eyitayo & Alani, 2019; Charlton, 1985). These authors have explained the settings of autonomy of local government. The Longman Dictionary has also described "autonomy" as the due right to self-government or managing one's affairs without any external intervention. Wolman, Mcmanmon, Bell, and Brunori (2010) also made their contribution in defining "local autonomy" as a form of local governance in which local government autonomy (LGA) has an important role to play in the economy and inter-governmental system, as well as discretionary powers and the freedom to act within their allocated region. (Wolman et al. 2022) gave the political dimension to the local government; it comes into the jurisdiction of a government to have an independent impact on the welfare of the citizens living in its specified territory. Boyne (1996) has extended this vision to include the capacity to invent, experiment, and develop policies that can be change by jurisdiction. Kirlin (1996) presents local government autonomy (LGA) in connection with governance, which is the capacity to shape and present programs through collective decisions for a group of individuals within a predetermined geographical region. Governance must be shaped by public

legislation, ties with other governments, and the presence of civic infrastructure. The last element focuses on institutions like the media, community groups, SHGs, etc. In other words, a choice in governance is a requirement for local government autonomy (LGA).

The prime function of local autonomy is to deal with individual and institutional power. Local autonomy has two principal tenants: the power of initiative and the power of immunity (Clark, 1984). The former speaks about the local governments' (LGs') responsibilities to carry out their legal obligations. It is described in terms of the ability to enact laws and exercise control over the spatial component of local economic activity related to zoning and land use. Such authority would ultimately punish private citizens. Local inhabitants, the state, or other actors may be the originators of local authorities. The ability to use initiative is what allows (LGs) to take on their tasks in unique ways (Chapman, 1999). It refers to innovative ways of raising revenue, novel methods of delivering programs, and the likes. There exists a positive association between initiation and local government autonomy. There can be a range of both formal and informal regulations that might impede the initiation. Initiation is closely tied to the local government's fiscal autonomy. According to Walman, Goldsmith, and Boyne (Chapman, 1998; 1999), the LG autonomy is different from the LG fiscal autonomy. The LGA's scope is wider, and it is anticipated that this may alter the socioeconomic makeup of the population. It would be a reflection of the general societal tastes that have changed to some extent. In contrast, LGA is viewed as a broader term than LG fiscal autonomy. The strength of immunity stems from the lack of oversight by higher levels of government (Clark, 1984). Local governments can then take action within the parameters of their initiative powers. The local autonomy is heavily reliant on this. However, the top-level government system is built on the immunity constraint. Prescribing expenditures and restricting the capacity to generate money (Chapman, 1998); possibly central financing will be made available for the required expenditure. In terms of financial matters, LG's capacity for independent judgement would be negatively impacted. The relationship between immunity

restriction and central financing is favorable. If initiative and immunity are constrained from several perspectives, then local discretion is severely constrained (Clark, 1984). Given the strong relationship between autonomy and discretion, it is suggested that autonomy is likewise circumscribed. The previous definition of local autonomy gives rise to the discretionary authority. There is always a chance that the higher levels of government may try to reclaim any authority given to the LGs. It might take the shape of regulating land use rights, zoning, business startup licensees, sewage, transportation, etc. Therefore, it could be challenging to identify exclusive domains of local affairs. Another contentious issue is the issue of immunity. Limitations on immunity will be greater if conflicts involve other local governments (LGs), residents, state governments, etc. if local decisions are reviewed by higher levels of the executive and judiciary (Clark, 1984).

Research Methodology

The methodology and data construction used in this study includes a theoretical framework and data collection procedure, from questionnaire development to data digitization. This contains study setting, population, sample size and sampling technique.

Theoretical Framework: Numerous studies have been produced by various authors in the realm of local governments in different countries. The goal of this paper is to evaluate the level of local government autonomy and effective governance in Karachi. The study uses decentralization theorem of Oates, W.E. (1972) as the theoretical framework. The theorem is built on the four arguments in favor of a strong local government system. In the first argument, he asserts that local governments are more knowledgeable about and sensitive to the needs of their inhabitants. In the second argument, he explained that local decision-making encourages fiscal responsibility and efficiency because it is responsive to the people's needs who will use the services provided by LGs, especially if the service financing is similarly decentralized. Furthermore, in the third argument, he emphasized that local government should

remove superfluous layers of jurisdiction and decision-making. Lastly, he suggests that local authorities should encourage innovation and competition among different jurisdictions.

Study Setting: The study was conducted in multiple local government departments in Karachi. Karachi is the capital and the largest city of Sindh. It comprises of 6 districts, namely District Central, District East, District West, District South, District Malir, and District Korangi).

Study Population: This study takes data from all the departments under DMCs and KMC in Karachi. A few surveys were carried out from the offices of provincial government to avoid any sample biasness. In addition to these questionnaires, the study also uses data of interviews from different departments including finance, administrative and resource departments. Moreover, the data and information from key officials, such as journalists, lawyers, academicians, and researchers, was also collected.

Sampling Technique: The study uses stratified random sampling technique to select participants from different departments. The advantage of this technique is that it helps in minimalizing the bias while selecting respondents who are related to this research.

Sample size: Total 500 surveys were circulated in different departments of DMCs and KMC of LGs and resource and finance department of

Sindh government. Out of 500 questionnaires, 418 were completely filled, 31 were returned back and 51 were incomplete.

Substantive data: The study has used five-point Likert Scale to retrieve the analysis. In this regard, the mean score or average was computed to decide about the validation of the hypothesis. The acceptance of hypothesis is based on the mean score equal to 3.50 or above.

The formula used for calculating mean scores is found below:

$$Mean(\bar{X}) = \frac{\sum FX}{\sum X}$$

The F denotes five-point Likert Scale score varying from 1 (SD) to 5(SA).

Survey data was entered in Microsoft Excel and a SPSS analysis was conducted. The data from the interviews was transcribed into word documents and then entered into the NVivo software for the analysis.

Results and Discussions

Below is the analysis of data collected through survey responses and interviews from various local government departments Karachi Sindh. The analysis for questionnaire and their discussion is presented through table and diagrams. Further, the analysis gathered from interviews is presented through the graph retrieved from NVIVO software.

The data collected through questionnaires from various department of local governments in Karachi is summarized and analyzed below.

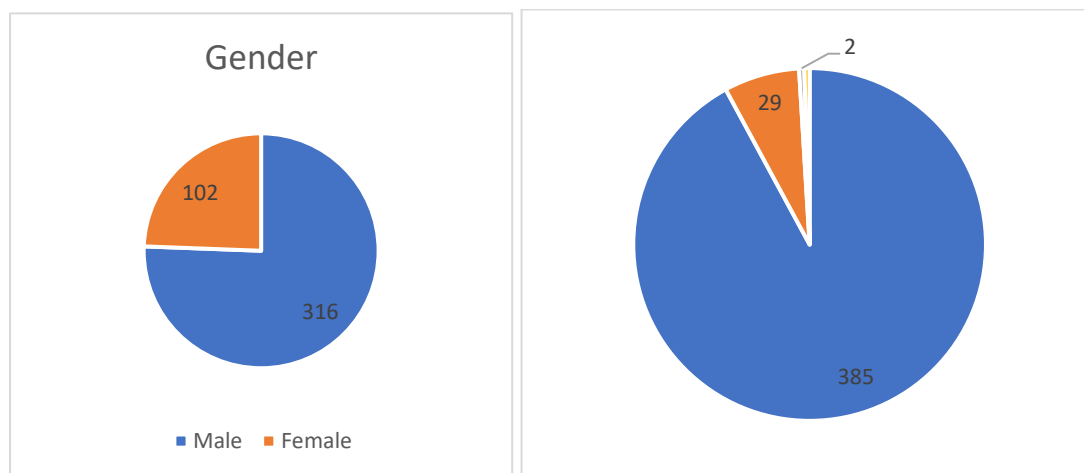


Figure 1: Gender (Source: Researcher Survey 2022) Figure 2: Marital Status (Source: Researcher Survey 2022)

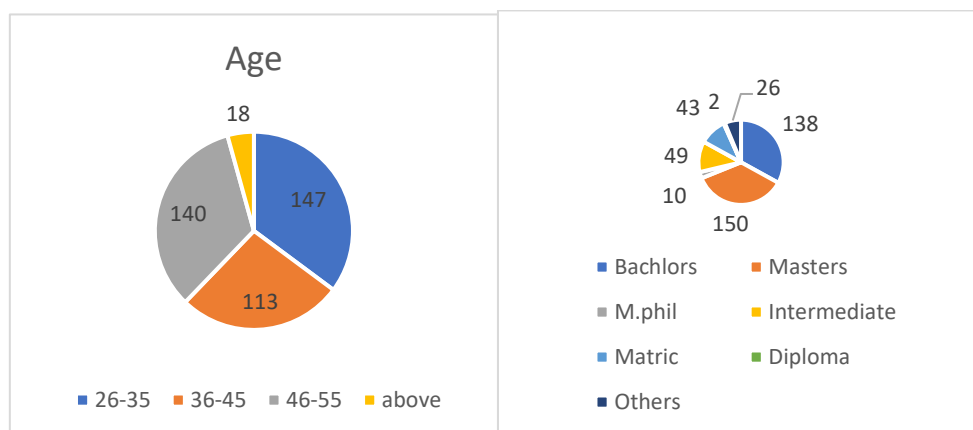


Figure 3: Age (Source: Researcher Survey 2022)

Figure 4: Qualification (Source: Researcher Survey 2022)

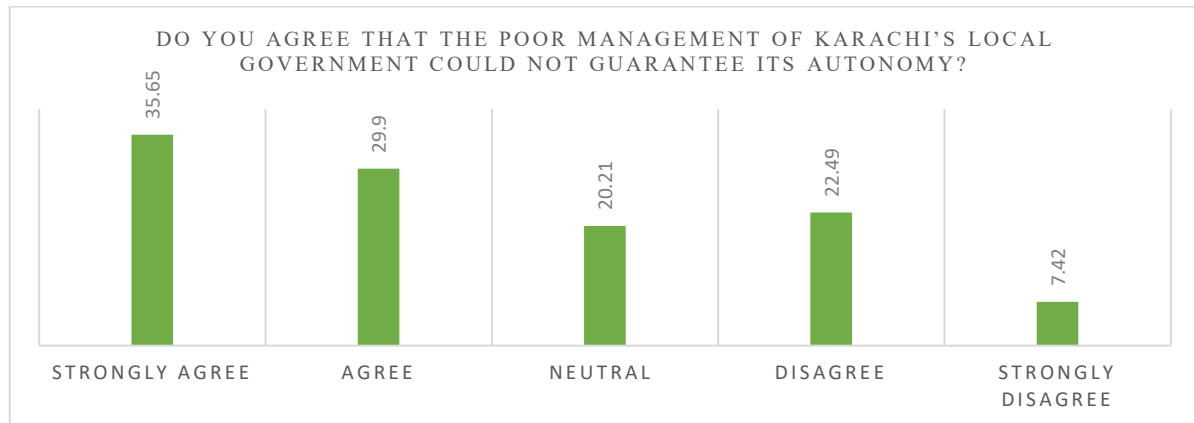
The top diagrams contain gender and marital status. Out of 418, there were 360 respondents who were male and 102 who were female. In Pakistan, female job participation ratio is low compared to other countries due to religious and ethnic reasons. In this study, the author has tried to collect the data ensuring to narrow the gap in gender bias. However, the marital status graph shows that out of 418, there were 385 respondents who were married and only 29 respondents were single. The sample size chosen in this study were the employees from grade 7 to grade 16 working in various department of local governments and few were chosen from the

departments of provincial governments to avoid bias. The ratio for married people in the sample size is high due to religious, cultural and ethnic reasons: the common practice in the country is for people to get married at the earliest once they have a proper source of earning. The age bracket is quite balanced, keeping in view the education and the number of experiences they have in performing their services. The qualification of respondents is also presented in the graph in which 138 out of 418 respondents have completed their bachelors and 150 their masters.

Table 1: Poor Management and Autonomy

ptions	F	X	FX
Strongly Agree	5	149	745
Agree	4	125	500
Neutral	3	19	57
Disagree	2	94	188
Strongly Disagree	1	31	31
Total	15	418	1521

$$\text{Mean } (\bar{X}) = 3.63$$



The decision rule is used to accept the hypothesis where the mean score is 3.5 or above and to reject if it is below 3.5. Table one clearly indicates that the mean score is above 3.5. This confirms our hypothesis that poor management of the cities local government couldn't guarantee its autonomy. On the right side, the graph shows that about 65.5% respondents were supporting

the view that poor management of the city LG couldn't guarantee its autonomy. There is no autonomy of the local governments in Karachi be it financial, functional, or administrative. Thus, when LGs don't have enough funds, they are unable to work towards making the right decisions for the city and provide services to its citizens.

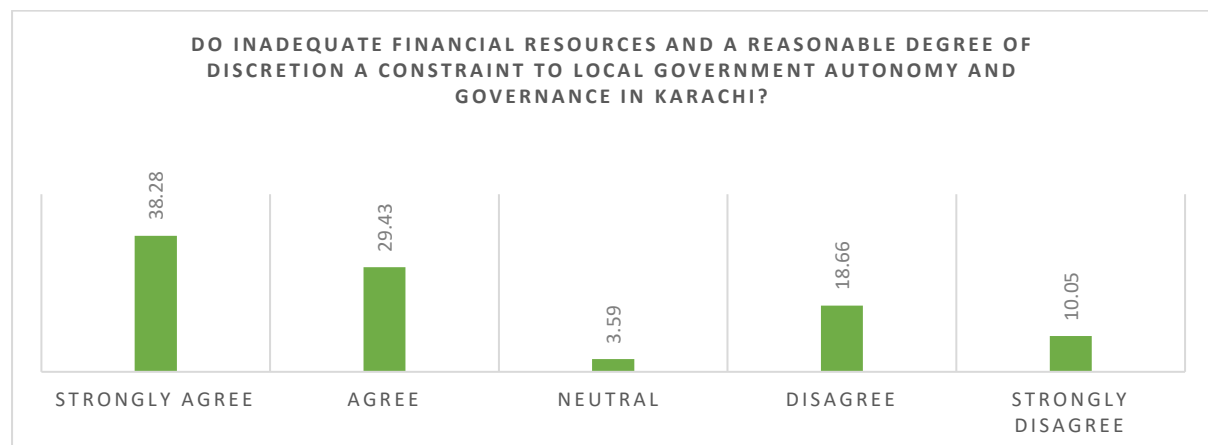


Table 2: Financial Inadequacy vs. Local Government Discretion.

Options	F	X	FX
Strongly Agree	5	160	800
Agree	4	123	492
Neutral	3	15	45
Disagree	2	78	156
Strongly Disagree	1	42	42
Total	15	418	1535

$$\text{Mean } (\bar{X}) = 3.67$$

The above table presents the analysis of financial constraints versus the local government discretion. It can be seen that 160 respondents strongly agreed and 123 agreed that insufficient financial resources are the reasonable level of discretion that limits the local government's autonomy and governance. There were 15 interviewees who remained neutral, 78 disagreed, and 42 totally disagreed. The graphical representation of the survey shows the percentage of the poles. There were 57.63% of

respondents who supported the views versus 32.3% of those who disagreed and those who were neutral on these points. The average score is 3.67, hence, we determine that the hypothesis is accepted that the lack of financial resources is the reasonable degree of discretion that limits local government autonomy and governance. The LGs in Karachi hardly have funds to release the salary of their employees due to limited resources and constraints in generating funds.

Table 3: Presence of Autonomy

Options	F	X	FX
Strongly Agree	5	113	565
Agree	4	104	416
Neutral	3	37	111
Disagree	2	118	236
Strongly Disagree	1	46	46
Total	15	418	1374

$$\text{Mean } (\bar{X}) = 3.28$$

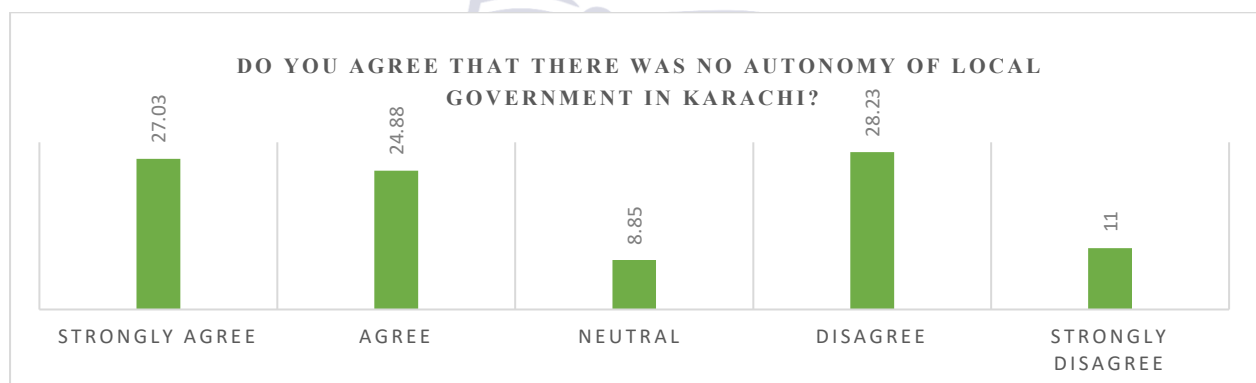
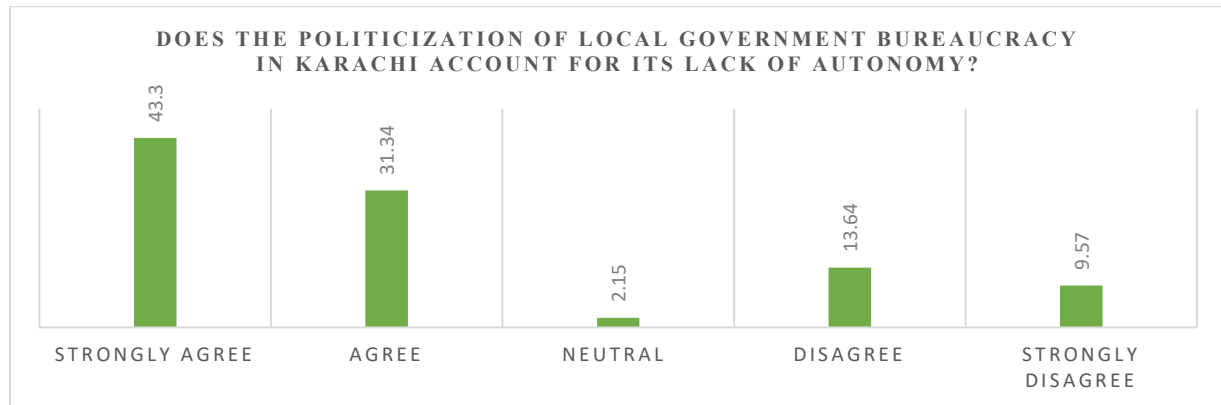


Table (3) contain results for the presence of autonomy in Karachi. The results show that 113 respondents strongly agreed and 104 agreed that there was no local government autonomy in Karachi. However, 118 interviewees disagreed and 46 strongly disagreed with 37 respondents who remained neutral. The mean score of the

table is 3.28. So, we determine that we reject the hypothesis that there is no local government autonomy in Karachi. Prior to SLGOs, functions of the LGs were clearly defined and there was no overlapping in the functions. Hence, with limited resources, LGs were somehow autonomous and performing better.

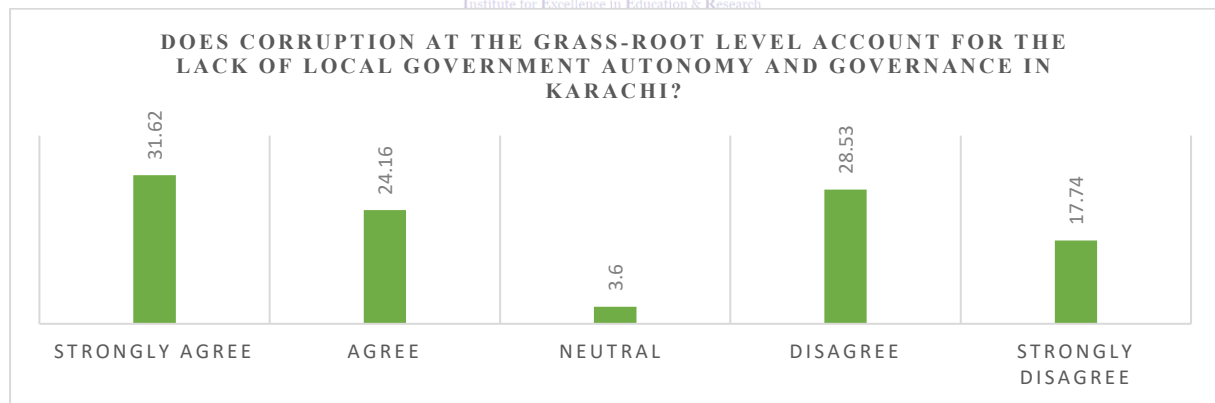
**Table 4: Politicization of Government Bureaucracy**

	F	X	FX
Strongly Agree	5	181	905
Agree	4	131	524
Neutral	3	9	27
Disagree	2	57	114
Strongly Disagree	1	40	40
Total	15	418	1610

Mean ($\bar{X}$) = 3.85

Table (4) has results for politicization of government bureaucracy shows that 181 people strongly agreed and 131 agreed to support the view that Karachi's local government bureaucracy's politicization is to be blamed for

its lack of autonomy. On the other hand, 57 respondents disagreed and 40 strongly disagreed. The mean score is 3.85. Hence, this study determines that the hypothesis of bureaucracy involvement is accepted.

**Table 5: Corruption vs. Local Government Autonomy and Governance**

Options	F	X	FX
Strongly Agree	5	123	615
Agree	4	101	404
Neutral	3	14	42
Disagree	2	111	222
Strongly Disagree	1	69	69
Total	15	418	1352

Mean($\bar{X}$) = 3.23

Table (5) presents the analysis for corruption versus the local government autonomy and governance in Karachi. There were 123 respondents who strongly agreed and 101 agreed to support the claim that grass-root level corruption creates hindrance in the local government autonomy in Karachi. In comparison to these, 111 respondents disagreed and 69 strongly disagreed. The mean value is

3.23. Therefore, the study rejects the hypothesis that corruption is not creating any hinderance to the local government autonomy. The reason behind this might be that the system in which LGs are functioning. The corruption might provide the incentives to the contractors to get more developmental projects at a local level. Thus, corruption will promote the performance of LGs in Karachi.

Table:6 Interference from Federal and Provincial

Options	F	X	FX
Strongly Agree	5	165	825
Agree	4	118	472
Neutral	3	6	18
Disagree	2	73	146
Strongly Disagree	1	56	56
Total	15	418	1517

Mean ($\bar{X}$) = 3.62

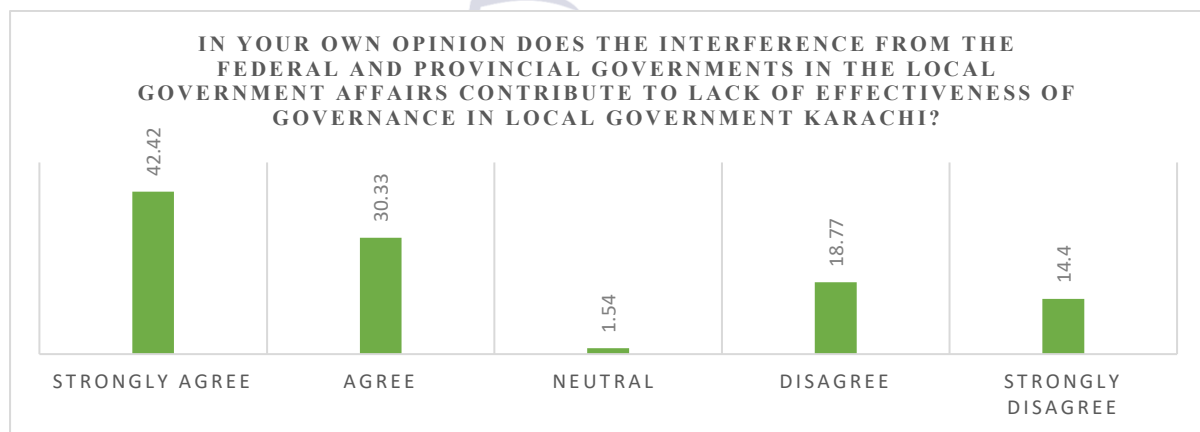


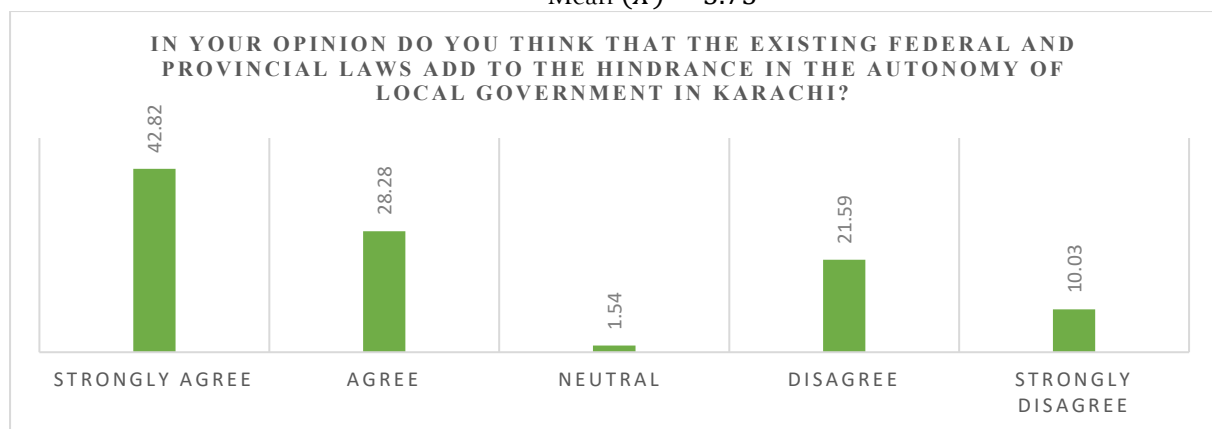
Table (6) has numbers for the interference from federal and provincial governments to the local government affairs. It shows that 165 strongly agreed and 118 agreed. These numbers support the view that interference from these two bodies creates a lack of effectiveness into the governance of Karachi. The mean score is 3.62, supporting the view to accept the hypothesis. However, 73 respondents disagreed and 56 strongly disagreed. The provincial government is the biggest hurdle in undermining the local

government's autonomy and governance in Karachi. The Sindh government clearly seems to run the administration of the city on its whims. The SLGA 2013 and the amendment of 2021 clearly show that the provincial government has taken over many of the functions of the Karachi Municipal Government. The property tax is the major source of revenue for local governments globally, but in Karachi, LGs don't have the power to collect the property tax. There are various other taxes and functions that the government of Sindh has kept in its captivity.

Table 7: Existing Laws and Hindrance

Options	F	X	FX
Strongly Agree	5	179	895
Agree	4	110	440
Neutral	3	6	18
Disagree	2	84	168
Strongly Disagree	1	39	39
Total	15	418	1560

$$\text{Mean } (\bar{X}) = 3.73$$



The above table carries results for existing laws and hindrance to the LGA in Karachi. There are 179 respondents who strongly agree and 110 that agree. On the other hand, 84 respondents disagreed and 39 strongly disagreed. The mean score is 3.73, supporting the hypothesis that existing federal and provincial laws contribute, and are hindrance to the (LGA) and governance in Karachi. The major problem confronted by the local governments in Pakistan is the 1973's constitution. There is a separate discussion which defines the local government's functions and structure as compared to the provincial and

federal governments. The constitution only has two clauses requiring provincial governments to form the setup of the local governments. Hence, local governments are purely a subject of provincial governments, running the setup as per their regulations. The current local government system SLGA 2013 of Sindh, compared to SLGO 2001, has major flaws undermining the complete autonomy of local governments in Karachi and makes the governance less effective.

Table 8: Addition in Existing Laws

Options	F	X	FX
Strongly Agree	5	148	740
Agree	4	142	568
Neutral	3	5	15
Disagree	2	75	150
Strongly Disagree	1	48	48

Total	15	418	1521
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$$\text{Mean } (\bar{X}) = 3.63$$

The response for addition into the existing laws are reported in the above table. There were 148 respondents who strongly agreed and 142 who agreed. The number for those who disagree was 75 and 48 for those who strongly disagree. The mean score is 3.63, confirming the hypothesis that addition into the existing laws is required to improve the local government autonomy in

Karachi. The local government laws need to be revised to give them complete autonomy. The SLGA 2013 must be revised in which the provincial government should try bringing a set up where the functions should be clearly define allows them to flourish independently all while taking help where LGs lack to perform.

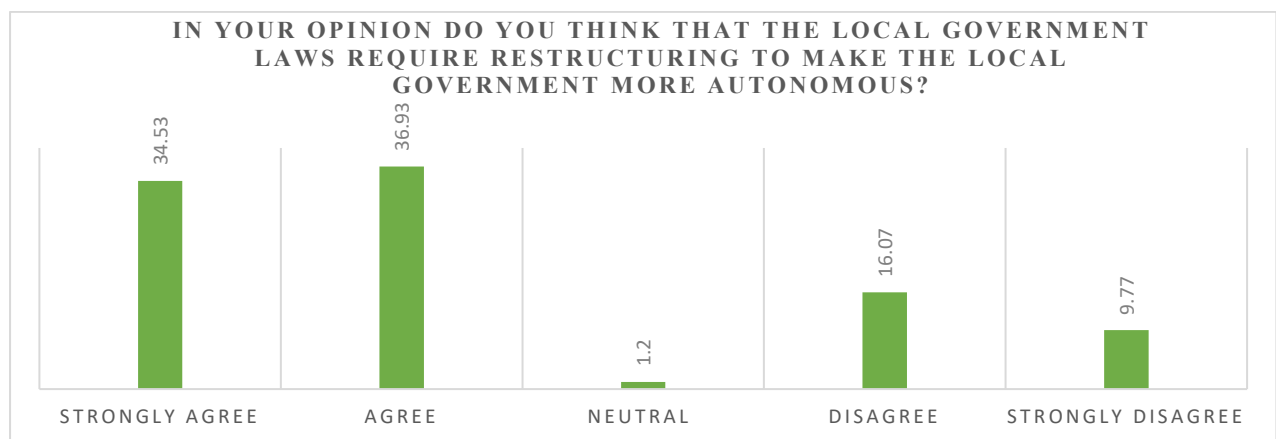


Table 9: Restructuring and Autonomy

Options	F	X	FX
Strongly Agree	5	144	720
Agree	4	155	620
Neutral	3	7	21
Disagree	2	74	148
Strongly Disagree	1	38	38
Total	15	418	1547

$$\text{Mean } (\bar{X}) = 3.70$$

Table (9) presents the analysis for restructuring of the laws to make local government more autonomous. There were 144 respondents who strongly agreed and 155 who agreed. The mean value is 3.70 which gives confidence to accept the hypothesis that restricting is required into

the laws of local government to improve its autonomy. The federal government should try to bring an amendment into the constitution in which structure and functions of the local government should be categorically defined for all provinces in order to make LGs independent and restore their autonomy.



Source: Author; self-made from interview data. (NVivo)

The above figure from interview data shows that a majority of the interviewees have the view that Karachi's local government autonomy and governance is weak because of the interference from the provincial government into the affairs of local government. The reasons for the lack of autonomy are bureaucratic hurdles, corruption, etc. The figures also highlight the constitutional provision behind the lack of autonomy of local governments in Karachi. There was consensus among the interviews that, like federal and provincial governments, there is no separate standing of the local government in the constitution except for two clauses. Hence, as per the constitution of 1973, local governments are purely the subject of provincial governments. In Pakistan, different governments have introduced different sorts of local governments in their tenures. The performance of LGs in a military regime was much better compared to democratic governments. Thus, local governments were more autonomous in the military regime than democratic governments. The most comprehensive part of this graph is that it shows that in SLGO 2001, local governments were assigned a lot of roles and functions that are missing in the current SLGA 2013. The functions assigned to LGs in SLGO 2001 need to be modified as well, but the basic functionalities were quite clear to define the autonomy of the LGs. The LGs in 2001 achieved good results with limited resources. For instance,

vaccination records were good at that time because the power was completely devolved to LGs. In recent times, LGs have not been very autonomous or empowered. The very reason behind this is that a lot of people, including policymakers, don't have clarity on what fall into the domain of local governments. For instance, roads, garbage, water, etc. are the subjects of provincial government or local government is not clearly defined. Functions were clear in previous ordinances, but in SLGA 2013, they are overlapping and often unclear. The provincial government must have fully transferred the local governments' resources.

The figures also highlight that financial autonomy of the local government is eroded. There are mainly three resources LGs have to generate the revenue. These include property tax, user charges, and other tax shares from a PFC as well as compensation amount from Octroi Zila Tax (OZT). The local government is Karachi has no power to collect the property tax as a major source of revenue for the LGs. The PFC is on total discretion of provincial government and OZT compensation has also decreased. The actual transfers to the metropolitan city as a percentage of provincial revenues has reduced from 81 percent in 2008 to 10.3 percent in 2021. The total transfers to KMC, DC, DMCs and KDA also remained low as compared to 2008. This shows that the financial autonomy of the local government has

been eroded in Karachi. In addition to these, SLGA 2013 provincial government has also snatched power from the local governments. The PGs can also make probe and start inquiry into any of the matters of local government. This shows that functional autonomy of the local governments in Karachi has completely eroded.

Conclusion and Policy Recommendation

The local government's autonomy is defined as the freedom to exercise its rights as defined by their functions. It is broadly classified into three different categories (administrative, financial, and functional autonomy). The survey results confirm that the financial autonomy of Karachi has been eroded in the current local government system. It is also a major constraint to the governance of Karachi. The survey results confirm the hypothesis that the involvement from federal and provincial governments into the matter of local governments are the biggest hurdle in local government autonomy and governance in Karachi. The results also support that there is a dire need to restructure and to add a few clauses in the constitution that defines local governments as well as deems them independent from provincial government functions. The results from the interviews conducted led to a few important findings: the major source of revenue for local governments was property tax, user charges and fees for services provided to the citizens. The second resource for generating revenue was from transfers. PFC is providing a mechanism for these transfers. The third resource is the compensation transfers (OZT). The results from interviewers' discussion determines that local government in Karachi don't have many powers to collect the property tax and user charges at some place neither does it have the powers to impose taxes to generate the revenue. The PFC is a total discretion of provincial government. In Sindh, PFC is not autonomous in the current level: this means that it is a complete discretion of the Sindh government. Therefore, if LG does not have the choice to perform its functions of collecting property tax, user charges that means it will not provide any sort of services to the people at a local level. Similarly, PFC is on total discretion of Sindh government where the resources come from PFC provides the

autonomy to the local government in Karachi. The third resource is OZT, as per the discussion from interviewers, the share of compensation amount from OZT has decreased for Karachi.

Under the SLGA 2013, functional autonomy of the local governments has eroded. Considering SLGA 2013, provincial government has immense power to take over any functions allocated to the LGs. In addition to this, local governments are strictly prohibited to perform any task related to permission to promote, administer, execute, or implement scheme for undertaking any commercial, business enterprise or enter the public-private partnership must seek the permission from the provincial governments first. This law further empowers provincial government to start an inquiry on own or on the application from any other authority into the union councils. Sindh government can also suspend the authority of union councils under SLGA 2013. In the light of Oates, W.E. (1972) decentralization theorem. The results are not in favor of a strong local government system in Karachi. The reason behind weak LGs in Karachi is the lack of autonomy. The local governments are not much autonomous and empowered in Karachi because of the overlapping of the functions. This complicates coordination between elected officials and city residents. In these functions LGs have taken back the responsibility of collecting property tax and other user charges through which LGs generate their revenues. The short of revenues create incentive for LGs to compromise on service delivery and its efficiency. The SLGA 2013 and the amendment to act in 2021 has undermined the functional autonomy of the local governments in Karachi. This left little space for the LGs to remove superfluous layers of jurisdiction and decision making because of limited powers. Similarly, interference from provincial government into LGs matters hinder the competition and innovation among different judications.

This study recommended following solutions to restore the local government autonomy and governance in Karachi. For restoration OZT mechanism similar to DRGO 2006 should be implemented, and PG is required to pass on 1/6th of the goods sale tax to the LGs. The PFC should be restored together with the divvying up

of the pool of non-tax earnings. The province government should also rollback various offices, including those responsible for infrastructure disaster management, intra-city highways, city development agencies (KDA, LDA, MDA, etc.), water supply and sewerage, solid waste management, mass transit, urban transport, and traffic control. The primary and secondary schools should also be turned over to local government by the provincial government. The renewal of planning, development and administration of primary and secondary schools should once again be under the control of LGs. However, the PG should remain with the setting of curriculum and regulations.

The LGs rely on PFC, ADP, and other subsidies. LGs lack the initiative and ability to think effectively and creatively to levy local taxes and fees in order to undertake development and welfare. It is essential to grant local governments the power to charge and collect taxes on property, transfers of property, motor vehicles, non-tax local income, entertainment, local entertainment, building control, BTS installation, and other things. The Sindh Local Government Act of 2013 grants the Provincial government such authority, which has no place in a democracy. The provincial government is free to take over any of LG's duties under Sections 74 and 75. Any local government body or its department may be suspended or disbanded following an internal investigation under Sections 91 to 93. The aforementioned laws substantially restrict the local governments' ability to work independently which is essential for a democratically elected organization to function well and provide the necessary services.

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