

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3613
ANSWERED ON:16.04.2010
SHARE OF LOCAL BODIES IN UNION TAXES
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Will the Minister of FINANCE be pleased to state:

- (a) whether the local bodies both in urban and rural areas will get a percentage share of Union Taxes;
- (b) if so, the details thereof;
- (c) the guidelines so far worked out area-wise for both urban and rural area in this regard; and
- (d) the involvement of the local panchayats therein?

Answer

Minister of State in the Ministry of Finance(SHRI NAMO NARAIN MEENA)

(a)&(b) The 13th Finance Commission (FC-XIII) has recommended a basic grant and a performance grant for local bodies during its award period, 2010-15. For every year of the award period, FC-XIII has recommended a basic grant amounting to 1.5% of the size of divisible pool in the preceding year. Similarly, for 2011-12, FC-XIII has recommended a performance grant of 0.5% of the divisible pool of the preceding year and 1% for subsequent years of its award period. FC-XIII has also recommended a separate special areas basic grant of Rs.20 per capita, carved out of the total basic grant, for Schedule V and Schedule VI areas and areas excluded from Part IX and IXA of the Constitution. For these areas, it has recommended a special area performance grant of Rs.10 per capita for 2011-12 and Rs.20 per capita for subsequent years of its award period. The performance grants are to be released subject to the States meeting conditions specified in FC-XIII's report.

FC-XIII has recommended that transfers to local bodies be treated as grants-in-aid under Article 275 of the Constitution of India.

(c)&(d): Government is framing guidelines on the abovementioned recommendations of FC-XIII.