

**GOVERNMENT OF INDIA
URBAN DEVELOPMENT
LOK SABHA**

UNSTARRED QUESTION NO:922
ANSWERED ON:01.03.2011
FUNDS TO MUNICIPAL CORPORATIONS
Kashinath Shri Taware Suresh

Will the Minister of URBAN DEVELOPMENT be pleased to state:

- (a) whether the Union Government is aware that various Municipal Corporations in the country are facing acute financial crisis; and
- (b) if so, the steps taken by the Government to control the situation; and
- (c) the funds sanctioned/released to the Municipal Corporations of the country during each of the last three years and the current year, State-wise?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF URBAN DEVELOPMENT (SHRI SAUGATA ROY)

(a): Yes, Madam.

(b): The Government recognizes the importance of strengthening resource mobilization in order to enable the Urban Local Bodies to meet the challenges of urbanization. Towards this objective it is supporting implementation of urban sector reforms including property tax reforms, rationalization of stamp duty, implementation of double entry accounting systems, e-governance, levy of reasonable user charges, empowerment of Urban Local Bodies in pursuance of 74th Constitutional Amendment Act and encouraging public private partnerships. The government has also been advocating innovative means of financing urban infrastructure through the 'Tax free Municipal Bonds' and the 'Pooled Finance Development Scheme' etc. The 13th Central Finance Commission has recommended that local bodies need to be supported through a predictable and buoyant source of revenue substantially higher than the present levels in addition to their own tax revenues and other flows from State and Central Governments. It has recommended award of 1.93% of 2010-15 divisible pool for the Urban Local Bodies which has been accepted by the Government.

(c): The details of the releases by the Ministry of Finance on the recommendations of the Twelfth and Thirteenth Central Finance Commissions for Urban Local Bodies are given in Annexure-I. State-wise details of the funds released under Jawaharlal Nehru National Urban Renewal Mission for the last three years and the current year are given in Statement attached at Annexure-II.