

**GOVERNMENT OF INDIA  
URBAN DEVELOPMENT  
LOK SABHA**

UNSTARRED QUESTION NO:3077

ANSWERED ON:24.04.2012

FUNDS TO MUNICIPAL CORPORATIONS

Choudhary Shri Bhudeo;Mani Shri Jose K.;Sukur Shri Jadhav Baliram;Wankhede Shri Subhash Bapurao

**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;
- (b) if so, the details thereof and the steps taken by the Government to control the situation;
- (c) the number of proposals received from the various State Governments for providing financial assistance;
- (d) the present status thereof, State-wise: and
- (e) 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) to (e): So far under the Jawaharlal Nehru National Urban Renewal Mission (JNNURM), 559 projects on various admissible sectors have been approved under Urban Infrastructure & Governance Sub-Mission with approved cost of Rs. 62,55,097.16 lakhs with Additional Central Assistance (ACA) commitment of Rs. 28,88,253.92 lakhs. As on 31.3.2012 an amount of Rs. 17,24,045.34 lakhs has been released for utilization of States. State-wise details of the funds released under JNNURM for the last three years and for 2011-12 are given in Annexure-1 Under the Capacity Building Scheme for Urban Local Bodies (CBULB) 132 projects have been sanctioned at a cost of 43.13 crores, which include 5 capacity building, 3 Information System Improvement Plans and 124 City Sanitation Plan projects. Details are given in Annexure-2. The details of the releases made by the Ministry of Finance on the recommendations of the Twelfth and Thirteenth Central Finance Commissions for Urban Local Bodies are given in Annexure-3.