

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:855
ANSWERED ON:01.03.2013
CIVIC BODIES
Choudhry Smt. Shruti

Will the Minister of FINANCE be pleased to state:

- (a) whether the civic bodies across the country are reportedly fund-starved;
- (b) if so, the details thereof and the reasons therefor, State/UT-wise for the 11th and 12th Plan period; and
- (c) the remedial measures taken/ proposed to be taken in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) to (c): As Urban Local Bodies (ULBs) have strategic position in delivering services to citizens, the Constitution (Seventy-fourth Amendment) Act provides for greater empowerment of ULBs. Over a period of time, the functions and responsibilities of ULBs have increased considerably and commensurate enhancement of their resource base is required. The Thirteenth Finance Commission (FC-XIII) has, inter-alia, observed that all local bodies, including ULBs, 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. FC-XIII has recommended grant-in-aid to local bodies as a percentage of the previous year's divisible pool of taxes (over and above the share of the states), after converting this share to grant-in-aid under article 275 of the Constitution of India. The grant has two components - a basic grant component and a performance based component. During the award period of the Twelfth Finance Commission, 2005-10, grant amounting to Rs.4831.94 cr was released to States for ULBs. The untied grant to the extent of Rs.23111.00 cr, estimated by the FC-XIII, is to flow to the States for ULBs during its award period, 2010-15. Further, to widen the resource base of ULBs, the Govt. has been persuading States and ULBs for implementation of urban sector reforms, including property tax reforms, rationalization of stamp duty, implementation of double entry accounting system, e-governance, levy of reasonable user charges.