

CHAPTER - 11

GRANT-IN-AID TO URBAN LOCAL BODIES IN CHHATTISGARH A MACRO APPROACH

11.1.0 Introduction :

11.1.1 In an earlier Chapter dealing with Federal Finance and Local Bodies, we have Stated that Transfers from higher level of Government to the lower in the hierarchy, constitute an important component of Financial Resources of the State Government to Local Bodies in a federal Set-up- These transfers may assume two forms, Sharing of Tax Revenue and Grants-in-Aid. These transfers are intended to meet a part of the Revenue Gap of Local Bodies, arising from mismatch between their Expenditure responsibilities and their Revenue raising capacity, partly restricted by fiscal disabilities.

11.1.2 These transfers are justified on the ground that *ULBs* are entrusted with functions whose benefits spill over beyond their boundaries and therefore, are of national and regional significance. The *schedule XIIth* of the Constitution comprises such functions which have impact extending beyond the Municipal boundaries.

11.1.3 *Grants-in-Aid* are justified on two grounds: (i) for reducing *vertical imbalances* (ii) for reducing *horizontal imbalances* between different categories of *ULBs* and also between different *ULBs* within each category. *Tax Sharing is mainly expected to reduce vertical disparities, Grants-in-Aid are mainly intended to reduce horizontal disparities.*

11.1.4 Recognizing the significance of *Grants-in-Aid* and *Assigned Revenues* in Local Finances, one of the terms of reference of the State Finance Commission requires it to make recommendations regarding :(i) the principles which should govern Grants-in-Aid from the State Government to Local Bodies, (ii) the sum to be paid as Grants-in-Aid from the Consolidated Fund of the State and (iii) Assignment of Revenue from *certain taxes* to Local Bodies.

11.1.5 In this Chapter we make (i) *A Macro Review* of Transfers from the State Government to Local Bodies through *Grants-in-Aid* and *Assigned Revenues* (ii) a discussion of *Principles* which should govern Grants-in-Aid. We would also examine the extent to which these principles are adhered to by the system of transfers through *Grants and Assigned Revenues* in the State. In another Chapter entitled '*Fiscal package for Urban Local Bodies*', we would suggest a system of Grants-in-Aid for the state and also the sums to be paid to ULBs during the award period.

11.2.0 The Role of Grants-In-Aid:

11.2.1 We have already pointed out while making a review of Federal Finances in the country that in a federation there are different layers of Government having jurisdiction over their respective domains. Transfer of funds from the higher to lower levels in the hierarchy becomes inevitable because of financial imbalances arising out of mismatch between their functions and responsibilities on the one hand and their financial resources on the other. These imbalances may be vertical as well as horizontal. The vertical imbalances may arise because of mismatch between functions and finances at the level of the State or Local Government. Horizontal differences may arise due to differences in size, population, Economic base and resource endowments of different States and different Local Bodies. The horizontal imbalances have their roots in different capacities and needs and also in differences in the cost of providing services in different areas. To correct these imbalances in a federal Set-up, arrangements, both statutory as well as non-statutory are made in terms of vertical and horizontal transfers from the Center to the States and from the State Government to Local Bodies.

11.2.2 *There are two principal modes of Fiscal Transfers, Tax Devolution or Tax Sharing and Grants-in-Aid. Both have certain distinguishing features.* Tax Devolution has a built-in flexibility since it may increase automatically, if Tax Revenue of the transferring Government becomes more buoyant. But the risk is also there, when buoyancy falls short of expected increase, resulting in decline of Tax Share. Grants-in-Aid have an edge over Tax Sharing because they are fixed in nominal terms and can be targeted towards States/Local Bodies or sections and purposes. Grants provide

greater stability to the Revenues of the States/Local Bodies and also enable the application of principle of equalization. *Specific purpose and Conditional grants*, which promote specific objectives, can reduce horizontal imbalances. Despite these advantages of Grants-in-Aid, experience shows that most of the States/Local Bodies have a preference for *Tax Sharing since this transfer is unconditional* and is considered as a matter of right. In the present scheme of transfers in *India, Tax Devolution has a double role to play, of correcting both vertical and horizontal imbalances, though the reliance on its second role of reducing horizontal imbalances is being reduced.*

11.2.3 In India, the present trend seems to be to increase the proportion of Grants in the scheme of Transfers of the *CFC*. Grants-in-Aid accounted for nearly 19% of Total Transfers recommended by the *XIIthFC*, compared to around 13% in the *XIthFC* scheme of devolution. This has been done by deploying the instrument of Tax Sharing to a greater extent for reducing vertical gap of the States, arising out of insufficiency of their taxation powers relative to Expenditure liabilities, and relying more on Grants-in-Aid for the purpose of reducing horizontal inequalities between states, The same trend is now discernible in the recommendations of the SFCs to a large extent in their fiscal packages for Local Bodies. This may be probably due to the fact that the system of Grants-in-Aid has not yet been developed on a systematic basis in most of the States, and adhocism still prevails in the dispensation of grants to Local Bodies. But if we include Assigned Revenue and Compensations in the Total Transfers from the State Government, then the combined Transfers may exceed transfers on account of Tax Sharing.

11.2.4 Looking to the fact that horizontal inequalities between the Local Bodies are also very wide, it is desirable that the SFCs also assign appropriate role to Grants-in-Aid in their scheme of transfers. The State Governments should also recognize the appropriate role of grants in the Local Finances of the State. The Finance Commissions are expected to evolve devolution formula which balances equity with efficiency. Whereas efficiency criterion may dominate the scheme of devolution of tax sharing, equity considerations should dominate the scheme of transfers through grants-in-aid. But at the local level, it becomes difficult to apply equity criterion

because of larger number of Local Bodies to whom grants are to be given and also because of the non-availability of reliable data regarding the extent of horizontal imbalances. Despite these limitations, some move has to be made in the direction of increasing the role of Grants-in-Aid in reducing horizontal disparities.

11.3.0 Types Of Grant-In-Aid :

11.3.1 Grants-in-Aid are broadly classified into block or *General Purpose and Specific Grants*. The *General-Purpose Grant* are used to supplement the general resource available for carrying out the normal functions of ULBs and have no conditions attached to them. Local Bodies have the discretion in respect of the purposes for which such grants are to be utilized and are free to decide their own priorities. It is expected that such grants will lead to more efficient use of resources. They are designed to boost up Local Bodies to a minimum level of income necessary to ensure that all of them are financially viable to meet their essential liabilities. In India *General-Purpose Grants* to ULBs tantamount to general assistance towards the cost of Municipal administration and services as a whole. The only condition for becoming eligible for this type of grants may be that ULBs should have imposed the taxes prescribed under the Municipal Act and taken all necessary steps for the realization of such Taxes. As there are wide disparities among the level of Services and Capacities in Urban Areas, the Finance Commission can introduce an element of equity through the *General-Purpose Grants* in the scheme of devolution to ULBs, the objective being to reduce *Horizontal Disparities*.

11.3.2 Besides general purpose grants, *ULBs* also receive *Specific Grants* which are intended for certain identified activities like up gradation and improvement of certain services like drinking water, sanitation, primary education, primary health services, improvement of slums, street lighting, maintenance of roads, etc. These grants are conditional on particular service being rendered or maintained at a particular level of efficiency, and also Local Bodies exploiting their Revenues to the extent indicated by the grant-giving agency. The evaluation of the performance of such activities in accordance with objectives underlying the grants, the review and revision of programmer and continuous monitoring of the projects, timely submission of audited

accounts, accompanied by progress reports, are the main requirements of specific grants. The theoretical rationale for specific grants is that they are useful in stimulating local effort in desired directions. They also provide the State Government with a measure of control over the quality of services, rendered by *ULBs*. ***Specific Grants*** are also not free from some drawbacks which may be the following:

(i) When they become numerous and are narrowly defined, they lead to rigidities and distortions in objectives (ii) ***Conditions attached to such grants become burdensome which sometimes negate the very purpose of Self-Government.*** (iii) Such grants may limit the freedom of action of Local Bodies (iii) They can create bias in favor of ***Particular Types of Expenditures***, irrespective of local needs.

11.3.3 Both general purpose and specific grants have their merits and demerits. Neither of these can be adopted exclusively. A combination of both is likely to be more useful as a practical solution.

11.3.4 Excessive dependence on grants may undermine the autonomy of Local Bodies and may also lead to financial profligacy. A judicious mixture of the two, Tax Sharing and Grants-in-Aid is, therefore called for. In every federation both have their respective roles to play.

11.3.5 Every grant influences the activities of a local authority in one or more of the following three ways:

- (i) Conditional effect, that is, local body may have to conform to certain conditions laid down by the grant-giving agency-
- (ii) The neutral effect, that is the local authority may be left free to spend without departmental conditions.
- (iii) Induced effect, that is a local body may be induced to act in a particular way, because only by doing so, it can receive grant.

11.3.6 We may conclude this part of discussion by making this observation that general-purpose grants can be conveniently linked with the performance of Municipal Government in such a way that they may secure greater mobilization of tax and non-tax revenues. On the other hand, specific grants can direct the priorities of ULBs in favour of certain directions which the State Government thinks require greater attention.

11.4.0 Some Principles Governing The Design Of Grants:

11.4.1 The following principles may govern the system of *Grants-in-Aid* in the State:

- (i) Predictability: Grants should be so designed that Local Bodies can predict the share of allocations each year and plan accordingly their Expenditure and Priorities,
- (ii) Independence and flexibility in determining priorities according to their needs,
- (iii) The criteria for allocation of grants should be objective and quantifiable.
- (iv) Equity: Grants should vary positively with fiscal needs and also take care of horizontal inequalities,
- (v) Neutrality. Choice of local priorities and preferences for functions should be neutral to the amount and type of grants allocated,
- (vi) Stability: The proportion of Non-Plan Grants to Non-Plan Resource should be stable,
- (vii) Grants system should have an element of incentive for sound fiscal management and optimum use of resources,
- (viii) State Government may exercise its influence on Local Expenditure on such items which are accorded high priority by the state, through specific grants,
- (ix) Multiplicity of grants to be avoided and all grants to be classified into limited number of heads,
- (x) The grant system should provide for an appropriate mechanism for proper monitoring and review of the use of grants,
- (xi) Transparency in the system of grants as well as in the use of grants.

11.5.0 System Of Grants-In-Aid In The State:

11.5.1 So far, no well-defined and systematic system of Grants-in-Aid could emerge in most of the States in the Country. Very few states could design Grant-in-Aid codes laying down detailed procedures and rules. The situation exists despite the recommendations made by the Local Finance Enquiry Commission (1951), the Taxation Enquiry Commission (1953), the Zakaria Committee Report (1963), Madhya Pradesh Local – self Government (Urban) Enquiry Committee (1959) and more recently the SFCs of a large number of States.

11.5.2 The new State of Chhattisgarh, by and large, follows the system of grants that was evolved in the erstwhile state of Madhya Pradesh. *ULBs* in the State receive very little general-purpose grants, most of which are on the recommendations of the *SFCs* and also on the recommendations of the *CFC*. In addition to general-purpose grants, some specific grants are also given for the maintenance of roads, provision of drinking water, environmental improvement, some items under the tribal sub-plan on Revenue account. Compared to grants, much larger funds are transferred to *ULBs* as assignment of Tax Revenue and as Compensation for certain Taxes like *Octroi Duty and Passenger Tax*.

11.5.3 At Present Following Grants-In-Aid Are Being Received By Urban Local Bodies In The State:

- (i) Grants-in-Aid for the maintenance of roads. A share of *Motor Vehicle Tax* realised by the State Government goes to Urban Bodies on Per Capita basis to meet a part of Expenditure on maintenance of roads,
- (ii) A certain percentage of cess levied on *Sales Tax* every year is transferred for allocation to *ULBs* for improving essential and basic services,
- (iii) *Specific grants* known as special purpose grants, special component plan grant and specific grants under tribal sub-plan,
- (iv) Grants on the recommendation of the *SFC* for *General Purposes*,

- (v) Grants on the recommendations of the *CFC* for *General Purposes*,
- (vi) Grants in terms of *Assigned Revenue from certain taxes and also compensation for loss of Revenue on account of abolition of certain taxes which were levied by ULBs in the past*.

11.5.4 The *First SFC of Madhya Pradesh* had recommended a system of *incentive grants to ULBs*, with a view to stimulating them to exploit their Own Resources. But the norms, the magnitude and the modus operandi of the incentive grants were left to the discretion of the State Government.

11.5.5 The *Second SFC of Madhya Pradesh* had recommended *general purpose grants to ULBs*. The criterion recommended was needs, to a large extent represented by population, but some element of incentive was also introduced to spur *ULBs* to improve their *Tax collection of Property Tax* in relation to demand in the preceding year, the per capita grant increasing with increase in percentage collection of Property Tax. But the general purpose grants were untied in nature, to be used at the discretion of *ULBs* according to their priorities for the improvement of basic services.

11.6.0 The Place Of Grants-In-Aid In The Total Revenue Of Urban Local Bodies In The State :

11.6.1 On the basis of data regarding *ULBs* of different States, published in the Memorandum of State Govt. submitted to the *XIIthFC*, we make an analysis of the contribution of Grants-in-Aid and Assigned Revenue to the Total Revenue of *ULBs* in Chhattisgarh State, despite the fact that such data are aggregative in nature. The **Table No. 11.1** presents *proportions of Grants-in-Aid and Assigned Revenue in the Total Revenue of ULBs in the State*. The data relates to the period, 1998-99 to 2002-03.

11.6.2 Taking together both Grants-In-Aid and Assigned Revenue and devolution, we find that *in respect of All ULBs, these accounted for 33.40% of Total Revenue in 1998-99 increasing to 57.23% in 2002-03*. Grants-in-aid separately accounted for 25.53% of Total Revenue of *ULBs* in 1998-99, increasing to 39.64% in 2002-03, and the other component Assigned Revenue and Devolution, accounting for 7.87 %, increasing to

17.59 % during the same period. Taking the three categories of *ULBs* separately, we find that the contribution of Total Grants and Assigned Revenue in respect of *Municipal Councils* increasing from 43.18 % of Total Revenue in 1998-99 to 57.58 % in 2002-03, where the *Municipal Corporations* contribution of the two components of grants taken together accounted for 27.63% in 1998-99, increasing to 57.52% in 2002-03. The percentage contribution to the Total Revenue of *Nagar Panchayats* though higher in the 1998-99 and 2002-03, otherwise has more or less remained constant.

11.6.3 The *ULBs* in the State are getting a substantial transfer of funds from the State Government in the form of Grant-in-Aid and Assigned Revenue, the outside sources of Revenue, with the result that their Own Tax Revenue and Non-Tax Revenue, taken together, has shown a decline from 69.90% of Total Revenue in 1998-99 to 39.66% in respect of *Municipal Corporations*, from 52.60 % to 38.04 % in respect of *Municipal Councils* and from 42.39 % to 39.08 % in respect of *Nagar Panchayats* during the same period. This picture of municipal finances, we “*A Macro Review Of Municipal Finances In Chhattisgarh State*”. The picture becomes more distressing when we find that transfers from the State Government are not linked with any Self-effort on the part of *ULBs*. This trend may have adverse effect on municipal autonomy.

11.7.0 More Detailed Analysis Of Grants-In-Aid To Urban Local Bodies :

11.7.1 We analyse data regarding Grants-in-Aid and its components, made available to the Commission, by the urban development department of the State Government. This data are more detailed than what is made available by the *XIIth FC* and also relates to more recent period, 2001-02 to 2004-05. We have not taken into account data for the year 2000-01, which is not for the full Financial year. The inclusion of data of this year would vitiate comparison between different years included in the analysis. As already stated, data provided by the State Government are not classified into any meaningful aggregates and sub-aggregates. We have re-classified the data furnished by the State Government into two groups, (i) *Grants-in-Aid*, further classified into specific and general purpose and (ii) *Assigned Revenue* from certain taxes and compensation in lieu of certain taxes abolished by *ULBs*. The *General Purpose Grants* are mainly those which are given to *Local Bodies* on the recommendations of

the *SFCs* and the *CFC*. Apart from these grants given on the recommendations of the *SFC*, and the *CFC*, no other general purpose grants are given by the State Government, as the data provided by the Government shows. *Specific grants included such grants which are given for specific purposes, such as maintenance of roads, provision of water supply, improvement of environment, specific purposes under the tribal sub-plan, special purpose grants, etc.* The other sub-group designated as Assigned Revenue and Compensation, included Assigned Revenue in respect of certain Taxes and Compensation for loss of Revenue caused by the abolition of certain Taxes by the *ULBs*, like *Octroi and Passenger Tax*.

11.7.2 The **Table No. 11.2** presents the *aggregate amount of transfers to ULBs in the State, in the form of Grants-in-Aid and Assigned Revenue and Compensation taken together.*

The percentages share of *Municipal Corporations* and *Municipal Councils* in the aggregate transfers, have declined, whereas the share of *Nagar Panchayats* has recorded an increase. This is a healthy trend as it indicates some element of progressiveness in the aggregate transfers from the State Government.

11.7.3 In the **Table No. 11.3** presents the *average amount of transfer from the State Government has increased substantially*, more than 2 times in respect of *Municipal Corporations* and also in respect of *Municipal Councils* but more than 3 times in respect of *Nagar Panchayats*, These increases are more due to increase in the form of Assigned Revenues and Compensation in lieu of certain Taxes, rather than due to increase in Grants-in-Aid for specific purposes and general purpose grants.

11.8.0 Per Capita Grants :

11.8.1 Another angle from which we generally look at Grants-in-Aid, is the amount of *Per Capita Grants in respect of different types of ULBs*. **Table No. 11.4** presents such data.

11.8.2 The **Table No. 11.4** shows that the level of *Per Capita Grants* is the highest in respect of *Specific And General Grants* of *Nagar Panchayats*, followed by *Municipal Councils* and *Municipal Corporations*. The per capita transfer in respect of Assigned

Revenue and Compensation has increased in each category of Local Bodies. There has been big spurt in the per capita transfers on account of increase in per capita Assigned Revenue and Compensation, in respect of every category of *ULBs*.

11.9.0 Classification Of Data Regarding Transfers :

11.9.1 As already stated, we have re-classified the data relating to grants provided by the State Government into two categories, *Grants-in-Aid General Purpose and Specific taken together and Assigned Revenue and Compensation*, taken together. The **Table No. 11.5** presents such data:

11.9.2 The three **Table Nos. 11.5, 11.6, & 11.7** indicate that *major part of Total Transfers to ULBs, is accounted for by Assigned Revenue and Compensation in lieu of certain Taxes. In respect of Municipal Corporations, such transfers contributed 87.91 % of Total Transfers in 2001-02, increasing to 92.45 % in 2004-05. In respect of Municipal Councils, such transfers increased their share from 84.64 % to 86.95% during the same period. In respect of Nagar Panchayats, their share increased from 74.16 % in 2001-02 to 86.64 % in 2003-04, which declined to 73.63 % in 2004-05.* On the other hand, the contribution of Grants-in-Aid to Total Transfers have been declining in respect of *Municipal Corporations* and *Municipal Councils* but increasing in respect of *Nagar Panchayats*. The increase in the share of Grants-in-Aid in Total Transfers to *Nagar Panchayats*, is encouraging. The proportion of Assigned Revenue and Compensations in lieu of Octroi and Passenger Tax, in the Total Grants-in-Aid of *ULBs* in the state, has been increasing. In fact, it would be a misnomer to treat these transfers as Grant-in-Aid, since such transfers do not satisfy the principles laid down for grants. The criteria for allocation of these transfers among different *ULBs* is different from these of Grant-in-Aid. The major criterion is collection of revenue from such taxes from the respective jurisdictions of *ULBs* or the loss incurred on account of abolition of the Tax by the Local Bodies. Moreover, such transfers do not have the same objectives which the Grants-in-Aid intend to achieve. Despite difference in the nature of two transfers and their objectives, the two are being included in the Total Grants-in-Aid in almost all the States.

11.9.3 The Local Finance Enquiry Committee had preferred Assigned Revenue to Grants-in-Aid, but the Taxation Enquiry Commission preferred Grants-in-Aid to Assigned Revenues when it observed, “ *We are of the view that as a rule, Taxes of which Local Bodies get some benefit should be taxes of which they bear some responsibility. Where the element of responsibility is absent, assignment of a share of a tax amounts merely to Grant-in-Aid unspecified as to the amount and unrelated to the principles usually Governing Grants-in-Aid. We are, therefore, of the view that normally Grants-in-Aid should be preferred to assignments of share of Taxes as a method of financing Local Bodies.*” Assignment of Revenue is in the nature of re-imburement of what-ever would have accrued to the local body, had the particular tax been levied by the Local Body itself. The *Madhya Pradesh, SFC(Second)* had recommended that transfers on account of Compensation in lieu of Taxes abolished by Local Bodies, should not be treated as grants but as Assigned Revenue.

11.9.4 A perusal of system of Grants-in-Aid in the state shows that Grants-in-Aid are not being given in a systematic manner. The amounts of grant under different heads have been fluctuating from year to year and from one category of Local Body to another. There is no consistency in the amounts of grants given in different years. This violates the principles governing Grants-in-Aid, discussed earlier in this chapter. The following principles of Grants-in-Aid are not being adhered to by the grant-giving agency, the principle of predictability, since the amount of grants fluctuates form year to year. There no objectivity in the allocation of grants. Grants are not being related positively with need and inversely with capacity. There is no stability in the proportion of grants to Total Non-Plan Resources of *ULBs*. There is no element of incentive for sound fiscal management linked with grants. The grants are not properly classified. The system does not provide for proper monitoring and review of the uses of grants. Total transfers to *ULBs* are quite large and satisfactory but are accompanied by decline in Own Tax and Non-Tax Revenue of *ULBs*. Grants-in-Aid, taken separately from Assigned Revenue and Compensation, may not be considered as adequate. *The amounts of such grants are fluctuating from year to year, the fluctuations in specific grants being larger as Table No. 11.5 to 11.7 have indicated.* Some specific grants are given in a single year and that too to a single category of

ULBs. The distribution is skewed in favour of larger *ULBs*. Grant-in-Aid are not being used as an instrument of reducing horizontal imbalances among different category of *ULBs* in the hierarchy.

11.10.0 Conclusion:

11.10.1 *Mere increase in magnitude of grants is not enough. The amount has to be determined and distributed according to a well-defined policy. Grants at present in the State are not based on needs and resources of ULBs. There is no grant code, which embodies simple and well-defined principles and rules and procedures.* Both the amounts of grants and the payment of amounts are in actual practice contingent upon the financial condition of the State Government. The Grants-in-Aid, while achieving clearly defined objective, should not discourage Local Bodies to develop their Own Resources. Grants should be continued as a measure for stimulating self-help, for equalizing opportunities and resources, and for maintaining the national minimum of efficiency.

11.10.2 There should be a basic *General Purpose Grant* for each Local Body. The Local Bodies eligible for such grants may be classified into a few divisions, based on *Population, Area and Resources*. The basic grant should be such that after taking into account its Own Resources, the local body will have fairly adequate resources for discharging its *obligatory and executive functions*, and the basic grant should not be subject to fluctuations, from year to year, but be assured over a reasonable number of years. There should be *Specific Grants* for particular items and services in addition to basic grants and such grants should be conditional on the particular service being rendered and *maintained at a prescribed level of efficiency*, and *local body exploiting its own resources* to the extent indicated by the Government. Regarding the basic general purpose grant it is necessary that the per capita grant to smaller *ULBs* should be larger than the bigger ones.

11.10.3 *The primary objective of grants-in-aid should be to assist Local Bodies in proportion to their heaviness of obligations and the poverty of their resources.* The two principles governing grants should be (i) needs and (ii) fiscal ability. The system

should not be rigid, as objectives of policy change, individual local resources develop and the structure of resources of Local Bodies undergoes changes. In short, Grants-in-Aid should be really a leveling-up device according to which each municipality receives according to needs and contributes according to its capacity.

11.10.4 Since Grants-in-Aid constitute an *integral part of the Fiscal Package* to be recommended by the Commission, we would be recommending the amount of grants of different types for different categories of ULBs in the Chapter relating to Fiscal Package for ULBs. In this chapter we have made a macro review of Grants-in-Aid to ULBs in the state, designed certain principles governing Grants-in-Aid and also examined the extent to which these principles are being adhered to by the ULBs in the State and the State Government.

Table No. 11.1
Grants-In-Aid As Percentage Of Total Revenue Of ULBs In The State
(1998-99 To 2002-03)

S No.	ULBs	1998-99	1999-00	2000-01	2001-02	2002-03
1	2	3	4	5	6	7
1.	<u>Municipal Corporations</u>					
(i)	Grants-In-Aid	23.86	40.17	23.19	39.71	44.24
(ii)	Assigned Revenue +Devolution	3.77	6.73	5.50	5.64	13.28
(iii)	Total (i + ii)	27.63	46.90	28.69	45.35	57.52
2.	<u>Municipal Councils</u>					
(i)	Grants-In-Aid	21.78	25.43	30.07	28.27	26.39
(ii)	Assigned Revenue + Devolution	21.40	14.60	16.74	21.66	31.19
(iii)	Total (i + ii)	43.18	40.03	46.81	49.93	57.58
3.	<u>Nagar Panchayats</u>					
(i)	Grants In Aid	45.46	43.80	42.73	42.13	46.61
(ii)	Assigned Revenue + Devolution	5.46	4.87	5.72	6.32	7.20
(iii)	Total (i + ii)	50.92	48.67	48.45	48.45	53.81
4.	<u>All ULBs</u>					
(i)	Grants In Aid	25.53	35.41	26.17	37.16	39.64
(ii)	Assigned Revenue + Devolution	7.87	8.74	7.92	9.63	17.59
(iii)	Total (i + ii)	33.40	45.15	34.09	46.79	57.23

Source - calculated on the basis of data provided by Finance Dept. Gov't of C.G. submitted the XIIth Finance Commission

Table No. 11.2
Total Transfers From The State Government To ULBs
(2001-02 to 2004-05)

(In Lakhs Rs.)

Year	Municipal Corporations	Municipal Councils	Nagar Panchayats	Total
1	2	3	4	5
2001-02	6442.42 (61.23)	2615.97 (24.86)	1463.07 (13.91)	10521.46 (100)
2002-03	8501.02 (63.45)	2562.64 (19.13)	2334.44 (17.42)	13398.10 (100)
2003-04	11737.61 (55.45)	4976.59 (23.51)	4453.08 (21.04)	21167.28 (100)
2004-05	13024.97 (55.69)	5241.41 (22.41)	5121.38 (21.90)	23387.76 (100)

(figures in brackets are the percentages of the respective totals in each year)

Source- data provided by the State Government .

Table No. 11.3
Average Grant Per ULBs In The State
(2001-02 to 2004-05)

(In Lakhs Rs.)

SNo.	Urban local body	2001-02	2002-03	2003-04	2004-05
1	2	3	4	5	6
1.	Municipal corporation	644.24	850.10	1173.76	1302.50
2.	<i>Municipal Councils</i>	93.43	91.52	177.74	187.19
3.	Nagar panchayat	20.32	32.42	61.85	71.13

Table No. 11.4
Per Capita Grants-In-Aid Of ULBs In The State
(2001-02 & 2004-05)

(In Rs.)

S No.	ULBs	Per Capita Grant Specific / General		Assigned Revenue And Compensation Per Capita		Total Transfer	
		01-02	04-05	01-02	04-05	01-02	04-05
1	2	3	4	5	6	7	8
1.	Municipal Corporation	27.97	31.77	203.35	388.79	231.24	420.57
2.	Municipal Council	41.56	63.55	228.97	423.57	270.52	487.12
3.	Nagar Panchayats	51.79	166.33	148.63	464.38	200.42	630.71

Table No. 11.5
Classification of Total Transfers To Municipal Corporations
(2001-02 to 2004-05)

(In Lakhs Rs.)

Year	Grants-In-Aid			Assignment And Compensation	Total
	Specific	General	Total		
1	2	3	4	5	6
2001-02	395.12	384.00	779.12 (12.09)	5665.30 (87.91)	6442.42 (100)
2002-03	1111.59	552.19	1663.78 (19.57)	6837.24 (80.43)	8501.02 (100)
2003-04	950.44	671.83	1622.27 (13.82)	10115.34 (86.18)	11737.61 (100)
2004-05	417.25	566.75	984.00 (7.55)	12040.97 (92.45)	13024.97 (100)

(Figures in brackets are percentages of respective totals)

Table No. 11.6
Classification Of Total Transfers To Municipal Councils
(2001-02 to 2004-05)

(In Lakhs Rs.)

Year	Grants-In-Aid			Assignment And Compensation	Total
	Specific	General	Total		
1	2	3	4	5	6
2001-02	173.06	228.80	401.86 (15.36)	2214.11 (84.64)	2615.97 (100)
2002-03	481.43	287.94	769.37 (30.02)	1793.27 (69.98)	2562.64 (100)
2003-04	502.18	479.35	981.53 (19.72)	3995.06 (80.28)	4976.59 (100)
2004-05	334.83	349.00	683.83 (13.05)	4557.58 (86.95)	5241.41 (100)

(Figures in brackets are percentages of respective totals)

Table No. 11.7
Classification Of Total Transfers To Nagar Panchayats
(2001-02 to 2004-05)

(In Lakhs Rs.)

Year	Grants -In-Aid			Assignment And Compensation	Total
	Specific	General	Total		
1	2	3	4	5	6
2001-02	151.52	226.58	378.10 (25.84)	1084.97 (74.16)	1463.07 (100)
2002-03	412.46	272.18	684.64 (29.33)	1649.80 (70.67)	2334.44 (100)
2003-04	245.13	349.93	595.06 (13.36)	3858.02 (86.64)	4453.08 (100)
2004-05	881.77	468.84	1350.61 (26.37)	3770.77 (73.63)	5121.38 (100)

(Figures in brackets are percentages of respective totals)