

CHAPTER 19

Grants-in-Aid to Local Bodies

19.1 One of the terms of reference of this Commission is to recommend grants-in-aid to the local bodies out of the Consolidated Fund of the State. We have in part II and III of this report recommended grants-in-aid to PRIs and ULBs for some specified purposes. In this Chapter we are only giving a summary of such recommendations and not proposing any additional grants-in-aid.

Grants-in-Aid to PRIs

19.2 (1) With a view to incentivise better internal resource mobilization by the GPs, we had in our interim report recommended that a GP which recovers of its own taxes atleast 10% more than last year should be given a matching grant by the State Govt. equivalent to the incremental revenue collected. We have proposed that this incentive should continue over the award period.

(2) Similarly in Para 7.4 (7), we have recommended that property tax being the most important source of revenues for GPs, a GP which recovers atleast 70% of its property tax demand of the year, or recovers atleast 75% of its arrears, in a year should be given a matching grant by the State Govt.

(3) An annual grant-in-aid of Rs. 2 lakh each to 4607 GPs in Schedule V area should be given by the Govt. over the next four years (2013-17), to fund rural infrastructure which is severely lacking in these areas. This will involve a total grant-in-aid of Rs. 92.14 crore per year and Rs. 368.56 crore over the four year period.

Grant-in-Aid to ULBs

19.3 (1) A one time grant-in-aid of Rs. 50 crore is recommended for the establishment of an Institute of Urban Governance and Development primarily meant for capacity development of both elected representatives and officials of ULBs. The institute may also draw on the expertise available outside the State for conducting studies on various aspects of urban administration. The grant may be released over a period of two years by the State Govt.

(2) A grant-in-aid of Rs. 200 crore may be provided by the State Govt. to urban local bodies for sanitation. The levels of sanitation of our cities are extremely poor. The State Govt. may take a proactive step to improve sanitation in urban areas of the State and launch a new scheme. The UADD may prepare a suitable scheme for urban sanitation including construction of public toilets, public urinals and funding sanitary toilets for BPL families living in urban areas.