

**GOVERNMENT OF INDIA  
URBAN DEVELOPMENT  
LOK SABHA**

UNSTARRED QUESTION NO:3922  
ANSWERED ON:24.08.2004  
AMOUNT RELEASED TO MUNICIPALITIES  
Singh Shri Sitaram

**Will the Minister of URBAN DEVELOPMENT be pleased to state:**

- (a) the amount released to the municipalities in the country during each of the last three years and thereafter;
- (b) whether the Union Government is aware that the municipalities are facing serious financial crisis; and
- (c) if so, the steps taken by the Union Government to overcome this situations?

**Answer**

MINISTER OF PARLIAMENTARY AFFAIRS AND URBAN DEVELOPMENT ( SHRI GHULAM NABI AZAD )

(a): Details of municipality-wise release of funds through centrally sponsored schemes being implemented by this Ministry are being collected and will be laid on the Table of the House.

(b) & (c): Due to financial constraints, municipalities are facing difficulties in fulfilling their assigned functions and responsibilities. As per Entry-5 of the State List of the Seventh Schedule of the Constitution, 'local government' is a State subject. Hence, it is the responsibility of the State Governments to take necessary action to improve the financial position of municipalities. However, Ministry of Urban Development have taken various steps for improving financial position of municipalities which include issue of Property Tax guidelines, Public-Private Partnership guidelines, Tax-free Municipal Bonds Guidelines, Model Municipal Law and C&AG's Task force Report on Municipal Accounting Reforms.

Besides, the State Finance commissions set up by the State Governments also review the financial position of municipalities and make recommendations for improving the financial position of municipalities. Central Finance Commission also devolve funds based on the submissions made by the Ministry of Urban Development to supplement resources of municipalities for operation and maintenance of core municipal services.