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Despite several measures taken by successive finance commission, municipal finance in India has not yielded the expected results. In this context, discuss in what way the 15th FC can promote municipal finance in India.

Several measures taken by successive finance commission.

11th Finance commission granted 10,000 crore for local bodies, to be directed for maintenance of civil services, Rs. 1600 crore per annum is for rural and Rs 400 crore for urban local bodies. Commission also mention CAG should be entrusted with the responsibility of exercising control and supervision over the proper maintenance of account and their audit for all the tiers of Panchayats and ULB.

12th Finance commission granted 20,000 crore for panchayats and 5,000 cr for urban local bodies.

14th Finance commission granted 87,000 crore for municipalities.

This grants were not fully granted to the local bodies due to the fear political rivals. For example mayor of New York city, for instance, is so powerful that he is often viewed as a potential candidate to run for president. For that reason Indian CMs do not want cities to have powerful Mayors.

प्रश्न की संख्या
दीजिए

उम्मीदवारों को इस
हाराए में नहीं
लिखना चाहिए

what way 15th FC can promote municipal finance :

15th Finance Commission should not content with merely devolving some modest funds to panchayats and urban local bodies.

More important will be introduction of conditionalities : some proportion of central revenues should be given only to states that clear certain benchmarks with regards to urban decentralisation.

A significant weightage - at least 5 to 10% in the sharing of revenues between states should be assigned to the achievement of benchmark.

Right now, there is no institutional check on 74th amendment by state government. Neither the court nor government of India can force state gov to empower city government.

But Finance Commission can certainly propose substantial rewards for states that are serious about decentralisation and penalties for those that are not.