

AN OVER-VIEW OF INITIATIVES TAKEN BY THE GOVERNMENT OF UTTAR PRADESH AND DIRECTOR/SLNA, LOCAL BODIES, U.P. IN COMPLIANCE OF 13TH. FINANCE COMMISSION'S CONDITIONS FOR PERFORMANCE GRANT TO URBAN LOCAL BODIES

1. Introduction :

- The **13th. Finance Commission** in its report relating to Urban Local Bodies has made recommendations of far reaching significance for strengthening the local governance in the light of the 74th. Amendments of the Constitution of India. Deviating from the routine, the Commission initiated a process of reform to vitalize the Urban Local Bodies. For the purpose, they adopted the "process of devolution of grants" as a tool. The 13th. Finance Commission divided grants to the local bodies into two components - General grants and Performance grants. The General Grants can be accessed by the State/Local Bodies as per the general criteria laid by the Commission. But to be eligible for the Performance Grant, it was made mandatory by the 13th. Finance Commission for the States to comply with the 9 conditions mentioned below and it has been stated that if the States do not comply with these conditions they will forfeit the Performance Grant for that year.

2. Conditions for drawal of Performance Grant for Local Bodies under the 13th. Finance Commission.

Sl. No	Condition
1	(a) State Government should submit Supplement to Budget for Local Bodies alongwith the State Budget before the legislature. (b) Accrual Based Double Entry Accounting System must be introduced in all urban local bodies.
2	(a) The C&AG must be given TG&S over the audit of the local bodies. (b) C&AG's annual technical inspection report as well as the annual report of the Director of Local Fund Audit must be placed before the State Legislature.
3	The State must put in place a system of independent local Ombudsmen for all elected functionaries and officials of the ULB's.
4	The State must put in place a system to electronically transfer local body grants provided by this Commission to the respective local bodies within five days of their receipt from the Central Government.
5	The State must prescribe through an Act the qualifications of persons eligible for appointment as members of the SFC consistent with Article 243(2) of the Constitution.
6	All local bodies should be fully enabled to levy property tax and any hindrances in this regard must be removed.
7	State Government must put in place a State Level Property Tax Board .

8	State Govt. must notify by 31 st . March, 2010, the service standards for four service sectors, i.e., water supply, sewerage, storm water drainage and solid waste management proposed to be achieve by urban local bodies the end of succeeding physical years.
9	All Municipal Corporations with a population of more than one million (2001 census) must put in place a Fire Hazard Response and Mitigation Plan for their respective jurisdiction.

3. **Initiatives taken by the Government of Uttar Pradesh and Directorate of Local Bodies, U.P./PMU, JnNURM to comply with the conditions.**

- The time available for compliance of the Report was barely 9 months' as the target date for completion of compliance was fixed as 31st. March, 2011. But the task was enormous as for complying with the conditions, different departments and agencies where to be contacted, studies and research work has to be conducted and information from 630 ULBs of the State where to be collected and thereafter different departments like Finance, Law, Personnel alongwith the administrative department, i.e. Urban Development Department were required to go through and examine the documents prepared for approval at the Apex level of the Government. Therefore it was a challenging to meet the expectations of the 13th. Finance Commission in the time frame allowed. However, the task was taken up on war footing under the guidance of the Principal Secretary, Department of Urban Development, GoUP and it is satisfying that the complaince has been achieved well within time.

4. **In brief, the 09 conditions have been complied with by the stipulated date i.e. 31st. March, 2011, as under :-**

- (1) Supplement to the Budget document for ULBs separately, have been published with 2011-12 State budget.

Government of Uttar Pradesh, Deptt. of Urban Development have issued G.O. No. 1552/Nau-5-2011-119Sa/2007 dated 18.3.2011 regarding adoption of accrual based double accounting system in Urban Local Bodies w.e.f. 01.4.2011.

- (2) Orders have been issued vide GoUP Finance Department G.O. No. Audit-840/X-2011-101(5)/11 dated 30.3.2011 read with G.O. No. Audit 1242/X-1011-101(5)/2011 dated 16.5.2011 for submission of C&AG report to State legislature. C&AG has already been entrusted with TG&S over audit of ULBs vide GoUP Finance Departments order No. Audit-1951/Dus-02-101 (22)/2001 dated 3.9.2002 and provisions exist for annual report of Director, Local Fund Audit (ULBs) being placed before the State legislature.

- (3) Functionaries of local bodies fall under the jurisdiction of Lokayukta. Necessary provision exists under the Uttar Pradesh Lok Ayukta Act, 1975 and subsequent notification dated 9th. March, 1978. The State Govt. has decided to continue with the existing arrangements.

- (4) System of electronic transfer of funds within five days adopted for ULBs. Department of Urban Development have issued suitable instructions in this regard on 28.1.2011 and 21.2.2011 and it is being ensured that funds are transferred to ULBs electronically within five days.
- (5) Qualifications of Chairman and Members of SFC have already been prescribed in the rules dated 23.4.1994 framed under clause 32-A of the Uttar Pradesh Panchayati Raj Act, 1947.
- (6) In ULBs property tax is already in the category of compulsory tax in case of Nagar Nigams. Similar provisions has been made for Nagar Palika Parishads and Nagar Panchayats vide Gazette notification no. 344(2)/LXIV-V-1-11-1(Ka) 15-2011 dated 11.3.2011 amending Uttar Pradesh Municipalities Act, 1916.
- (7) In compliance of the condition regarding Constitution of State Property Tax Board "The Uttar Pradesh Board for Development of Municipal Financial Resources Act, 2011" has been enacted and notified in gazette vide notification no. 346(2)/ LXXIV-V-1-11-1(ka)14-2011 dated 18.3.2011.
- (8) Gazette notification No. 657/9-9-2011-104Ja-11 dated 31.3.2011 for service standards to be achieved by 13 Municipal Corporations and 194 Nagar Palika Parishads for four service sectors i.e. water supply, sewerage, store water drainage and solid waste management in the financial year 2011-12.
- (9) Gazette notification No. 582/IX-9-2011-294Ja-10 dated 24.3.2011 prescribing Action Plan for Fire Hazard Response and Mitigation Plan for 6 Municipal Corporations (Kanpur/Lucknow/Agra/Varanasi/Allahabad/Meerut) with a population of more than 1 million (2001 census).

The above remarkable achievement could be possible only with the cooperation of the officers in the Ministry of Urban Development, Government of India, Department of Urban Development, Finance, Law, Personnel, Government of U.P., Administrative Staff College of India, Hyderabad, office of the Principal Accountant General Uttar Pradesh, Director Local Fund Audit, Director Fire Services, Director Printing and Stationery, officers and staff of the Directorate of Local Bodies/SLNA.

It is satisfying to note that the Government of India, Department of Urban Development in its review meeting held on 8th. June, 2011 at New Delhi has appreciated the outstanding achievement of the State.
