

**GOVERNMENT OF INDIA**  
**MINISTRY OF HOUSING AND URBAN AFFAIRS**  
**LOK SABHA**

**UNSTARRED QUESTION NO. 1631**

**TO BE ANSWERED ON FEBRUARY 11, 2021**

**INCREASING THE REVENUES OF ULBS**

**NO. 1631. SHRI PARTHIBAN S.R.:**

**Will the Minister of HOUSING AND URBAN AFFAIRS be pleased to state:**

- (a) the steps being taken to strengthen and increase the revenues of Urban Local Bodies (ULBs) in the country; and**
- (b) the results yielded so far during each of the last three years, State-wise including Tamil Nadu?**

**ANSWER**

**THE MINISTER OF STATE (INDEPENDENT CHARGE) OF THE**  
**MINISTRY OF HOUSING AND URBAN AFFAIRS**

**(SHRI HARDEEP SINGH PURI)**

**(a) 15<sup>th</sup> Finance Commission (15<sup>th</sup> FC) in its Report for 2021-22 to 2025-26 has recommended that for Urban Local Bodies (ULBs) to qualify for Finance Commission grants in 2022-23, States will have to notify floor rates for property tax and for 2023-24 onwards, show consistent improvement in collection in tandem with the growth rate of State's own Gross State Domestic Product(GSDP). These recommendations have been accepted by the Government. Additionally, Ministry of Finance, as part of the additional borrowing of 2% of GSDP to States for 2020-21 under Atma Nirbhar Bharat Abhiyan, has linked 0.25% of the additional borrowings to the following reforms in property tax and user charges for water, sewerage and drainage:**

...2/-

**(i) The States will notify (a) floor rates of property tax in ULBs which are in consonance with the prevailing circle rates (i.e. guidance value for property transactions) and (b) floor rates of user charges in respect of the provision of water-supply, drainage and sewerage which reflect current costs/past inflation.**

**(ii) The States will put in place a system of periodic increase in floor rates of property tax/user charges in line with price increase.**

**Adoption of these reforms by the States will lead to increase in property tax collection thereby increasing the revenue of the ULBs.**

**In order to facilitate the implementation of reforms pertaining to property tax, Ministry of Housing & Urban Affairs (MoHUA) has constituted a Consultative Group of Urban Development Ministers on 29.05.2020 under the chairmanship of Union Minister of State (Independent Charge), Housing and Urban Affairs with regional representation from Gujarat, Odisha, Punjab, Tamil Nadu, Tripura and Uttar Pradesh. Ministry has undertaken a landscape study for identification of the best practices in property tax and presented the findings to Consultative Group. Considering the inputs received from Consultative Group, Ministry has prepared a toolkit with actionable recommendations and stepwise implementation plan for undertaking property tax reforms in ULBs. These recommendations in toolkit are aimed to enhance the resources available for ULBs.**

**(b) Does not arise in view of (a) above.**

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