

GOVERNMENT OF INDIA
MINISTRY OF PANCHAYATI RAJ
LOK SABHA
UNSTARRED QUESTION NO. 2351
ANSWERED ON 10.12.2024

ENHANCED FINANCIAL ASSISTANCE FOR THE LOCAL BODIES

2351. THIRU D M KATHIR ANAND:

Will the Minister of PANCHAYATI RAJ be pleased to state:

- (a) whether the Government has plans to provide enhanced financial assistance for the Local bodies both urban and rural corresponding to the income generation and contribution to exchequer, if so, the details thereof;
- (b) whether the Government is providing any compensation for the Urban Local Bodies (ULBs) and Rural Local Bodies (RLBs) due to the implementation of GST and if so, the details thereof; and
- (c) the steps taken by the Government to provide adequate funds for the development and welfare of best performing ULBs and RLBs in the country, especially in Tamil Nadu?

ANSWER

THE MINISTER OF STATE FOR PANCHAYATI RAJ

(PROF. S.P. SINGH BAGHEL)

(a) & (b) Article 280 of the Constitution of India provides the basis for the Central Finance Commissions to assess the status of finances of the Union, States and their respective local bodies and recommend sharing of taxes which includes GST & grants for various purposes to the States, Panchayats & Municipalities. Accordingly, the Government has constituted the Sixteenth Finance Commission to make recommendations for supplementing the resources of the Panchayats and Municipalities and other measures needed to improve the financial position of the Panchayats and Municipalities.

(c) The Government of India has undertaken various initiatives to ensure adequate funding and development of Local Government Bodies.

Key initiatives for Urban Local Bodies (ULBs) include performance-linked schemes such as the Million Plus Cities Challenge Fund under 15th Finance Commission and the Scheme for Special Assistance to States for Capital Investment 2023-24. Urban Local Bodies (ULBs) have also benefited from schemes like the Million Plus Cities Challenge Fund, with Tamil Nadu receiving ₹1,264.20 Crore for its four Million Plus Urban Agglomerations namely Coimbatore, Chennai, Tiruchirappalli, and Madurai between FY 2021-22 and FY

2023-24.

Grants of ₹2,10,862.42 crore during FY 2020-21 to FY 2024-25 have been released nationwide as per the allocations of the 15th Finance Commission to Rural Local Bodies (RLBs), including ₹13,303.50 crore released for RLBs in Tamil Nadu.
