

B.com.LL.B. FIVE YEARS
COURSE Second semester

1. **Constitutional -2**

2. **municipalities**

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Introduction

A municipality is usually an urban administrative division having corporate status and usually powers of self-government or jurisdiction. The term municipality is also used to mean the governing, ruling body of a municipality. Municipal governance in India has existed since the year 1687, with the formation of Madras Municipal Corporation, and then Calcutta and Bombay Municipal Corporation in 1726.

- ▶ In 1882 Lord Ripons resolution of local self-government laid the democratic forms of municipal governance in India. In 1919 Government of India act incorporated the need of the resolution and the powers of democratically elected government.

Constitutional status to Municipalities

- ▶ Rajiv Gandhi was the first prime minister who made an attempt to provide constitutional status to the municipalities.
- ▶ In the year 1989, 65th constitutional amendment bill (Nagar Palika Bill) was introduced in the parliament. It was passed in the Lok Sabha but the Rajya Sabha rejected it.
- ▶ In the year 1991, the 74th constitutional amendment bill was introduced once again in the Lok Sabha which was eventually passed by both houses in December, 1992.
- ▶ The bill was given the consent by the president in April 1993.

Urban Local Bodies

According to the 1991 Census of India, there were 3255 urban local bodies (ULBs) in the country; classified into the six major categories:

- ▶ Municipal corporations
- ▶ Municipality (municipal council, municipal board, municipal committee)
- ▶ Town area committee
- ▶ Notified area committee
- ▶ Township
- ▶ Cantonment Board, and Special Purpose Agency/Authority

Functions

Municipal bodies are performing the traditional civic functions of municipalities. However the 74th Constitution Amendment laid down several provisions that would allow these municipalities to go beyond the mere provisions of civic amenities. Now, they are expected to play a crucial role in the formulation of plans for local development and the implementation of development projects and programmes, including those specially designed for urban poverty alleviation. These include:

- Regulation of land use and construction of buildings.**
- Planning for economic and social development.(Roads and bridges).**
- Water supply for domestic, industrial and commercial purposes.**
- Public health, sanitation, conservancy and solid waste management.**



FINANCE OF MUNICIPAL BODIES:

- ▶ Finances supplied to the Municipal bodies are determined and regulated by the respective state governments as per the 74th amendment act. Article 243x states that a state may by law authorise a Municipality to levy and collect property taxes, duties, tolls and fees. The state will lay down the procedure also for the same along with accounting methods.

Also as per the 74th Amendment act, the Indian Constitution has made it mandatory for every state to constitute a State Finance Commission to review the financial position of the Municipalities and make recommendations regarding distribution of taxes between the states and municipalities.

- ▶ (a) Non-tax Revenue : The non-tax revenue includes fees and fines, grants and contributions from the Government. Among its extraordinary sources may be listed loans, deposits, receipts on capital account, grants for capital works, etc.

(b) Tax Revenue : The major proportion of income of corporations flows from taxes. It ranges from anything between two-fifths and three-fourths of total income. A corporation generally has the power to levy the following taxes :

- Property tax
- Tax on vehicles and animals
- Tax on advertisements (other than newspapers)
- Profession tax
- Education tax
- Entertainment tax
- Tax on consumption and sale of electricity
- Betterment tax on increase in urban land values caused by the execution of any development or improvement work.

