India in general, and Tamil Nadu in particular has a rich tradition of Municipal administration. Despite this undisputed importance, the Municipal institutions in Tamil Nadu have not attracted the attention they deserve for their proper and effective performance. The literature in this area is very scanty and even the available published works are all of general nature.

This chapter records the findings of the research studies conducted previously on the local finance in various parts of world. Section 2.1 gives in the various sources of tax and non-tax resources of Municipal Corporations. Section 2.2 deals with the developmental and welfare activities by the Municipal Corporations. Section 2.3 brings out the prospects and problems of Municipal Corporations. Section 2.4 analysis the opinions of the people about the performance of Municipal Corporations. Section 2.5 suggests measures and steps to improve the finances and performance of Municipal Corporations.
Section 2.1 Review Related to various sources of tax and non-tax resources of Municipal Corporations.

James A Maxwell (1970)\(^\text{14}\) Property tax had been the most important revenue source of local bodies in United States and in 1966, it provided 87 per cent of the total local tax revenue.

Chatterji M, (1970)\(^\text{15}\) In his study on Calcutta Municipal Finances, is of the opinion that financial resources were the main factors in deciding the quantum of services provided by the municipality.

Bhargava P.L. (1972)\(^\text{16}\) made a study of the municipal tax structure of Rajasthan for the period 1956-57-1965-66. He focused on the following facts in his article. In Rajasthan revenue from direct taxes ranged between 8.13 per cent and 11.31 per cent of tax revenue and registered a growth rate of 14.04 per cent and the revenue from indirect taxes ranged between 88.69 per cent and 91.87 per cent and registered a growth rate of 135.18 per cent. Thus, his study pointed out that during the above period, indirect taxes were the mainstay of municipal taxation.

Bhagvan Dass Raheja,(1973)\(^\text{17}\) According to the Report of the Committee of Ministers constituted by the Central Council of Local Self Government, during 1950-51 -- 1960-61, the municipalities in India derived 48 per cent of their tax income from property and service taxes.


\(^{17}\) Bhagwan Dass Raheja 1973, Urban India and Public Policy, Somaiya Publications, Bombay, p.150.
Partap Singh (1973)\textsuperscript{18} The study pointed out that the revenue from municipal property tax increased from Rs. 3,617 (in thousands) in 1965-66 to Rs.6,810 (in thousands) in 1969-70.

Rama Rao S (1974)\textsuperscript{19} it is study on the municipal revenues in Andhra Pradesh during 1960-61 --- 1969-70 shows that property tax was a major source of tax revenue to the municipalities in Andhra Pradesh. It shows further that the failure to make objective assessment, lack of revision, etc., were responsible for poor collection.

Richard A. et al. (1976)\textsuperscript{20}. In United States, property tax accounted for 83 per cent of local tax revenue and its share for municipalities was 64 per cent.

Sreeram, K. (1976)\textsuperscript{21} In his paper on “Property Tax”, Sreeram studied the tax on lands and buildings levied by the urban local bodies in Uttar Pradesh which usually takes the shape of general taxes and service taxes. In most urban local bodies, annual value formed the basis of the tax. In his paper he gave a brief account of the Reports of the Committee on Augmentation of Financial Resources of Urban Local Bodies and the Taxation Enquiry commission. He also pointed out the defects of the property tax system of Uttar Pradesh.

Chapter II

**Bhatt and V.P. Bharadwaj (1979)**22 The study pointed out that for the period 1968-69-1973-74 taxes formed the most important source of the revenue of municipalities of Gujarat and more than 60 per cent of revenue came from taxes.

**Mehta L.R. and V.P. Bharadwaj (1983)**23 The study shows that the total revenue of Gandhidham Municipality increased from Rs. 7.05 lakhs in 1969-70 to Rs. 31.05 lakhs in 1978-79.

**Tandan O.P. (1984)**24 The thesis titled “A Study of Municipal Finance of Varanasi Division” by Kusum Lata Kedia for the period 1951-52-------1978 –79 pointed out that property tax had not been utilized fully. Its contribution varied from 8.20 per cent in 1951-52 to 10.40 per cent in the total revenue during 1978-79.

**Mathur M.P. (1989)**25 The study for the period 1980-81-1986-87 showed that at national level tax revenue formed the major source of municipal income in many States.

**Manirul Huda (1990)**26 The study pointed out that during 1958-59 in Sibsagar Municipality, tax revenue contributed 51.22 per cent of its total income.

Mulk Raj (1991)27 According to study nearly 70 per cent of the income of the municipalities in India came from taxes. His study further shows that the income of urban

---

local bodies was growing at 2 per cent per annum. According to him, municipal finance crisis was part of the city management impasse.

Mohanty, L.N.P. (1991) in his paper was of the opinion that the pattern of increase in property tax revenue had been by and large less than the growth in tax revenue and total revenue of the urban local bodies in Orissa during 1981-82 ---- 1986-87. Municipal dependence on property tax for revenue had registered a downward trend form 17.70 per cent of the total taxes in 1981-82 to 14.40 per cent in 1986-87. This was due to exclusion, under – assessment, low rate of taxation, etc.

Chetan Vaidya (1991) in his article pointed out that property tax had been one of the most important sources of revenue for urban local bodies in India and in 1983-84, it accounted for 28 per cent of the total municipal revenue and per capita property tax revenue was Rs. 19 in 1983-84.

Section 2.2 Review Related to developmental and welfare activities by the Municipal Corporations.

Abhijit Datta (1971)\textsuperscript{30} made a study on the grants for the period 1950-51-1960-61 and pointed out the following distribution pattern of grants to the municipal authorities. It showed greater dependence of them on the State Governments. Regarding the general purpose grants, he opined that Madhya Pradesh, Gujarat and Kerala had elaborate patterns of general purpose grants for various classes of municipalities and suggested the inclusion of the municipal authorities in the system of plan assistance.

Nirmala Banerjee (1971)\textsuperscript{31} In the study, was of the opinion that urban local bodies found it difficult to meet the cost of civic services from their own resources. According to the author, Delhi, Bombay, Ahmedabad and Madras municipal bodies were self-sufficient and pointed out that the share of grants-in-aid to total revenue was negligible in Bombay, 4.50 per cent in Ahmedabad, 35.83 per cent in Delhi and 17 per cent in Calcutta for the same period.

Pratap Singh (1974)\textsuperscript{32} According to the study of the share of grants-in-aid of the municipalities in India it was 12.10 per cent in 1950-51 and 13.50 per cent in 1960-61.

Fuji Bank Bulletin, (1975)\textsuperscript{33} (February, 1957), taxes levied by local bodies in Japan were divided into ordinary taxes and taxes for specific purposes. Ordinary taxes of municipalities consisted of the municipal inhabitants tax, real estate tax, light automobile tax, etc., and taxes for specific purposes included city planning tax, bathing tax in

localities with hot mineral springs, water utilization tax, building site development tax, etc. The National Government transferred 25 per cent of the revenues from income tax, Corporation tax and the liquor tax to local bodies. According to it, the local bodies were under severe strains. In revenue structure of local bodies, revenue from local taxes accounted for 30 per cent, while transfer payments from national taxes by 40 per cent.

Broadbent J.A. (1977)\(^{34}\) According to him in England during 1973-74, the urban local bodies derived their income from local rates, Central Government grants and from rents, trade, etc, and their contributions to the total income were 28 per cent, 45 per cent and 27 per cent respectively.

Narasimhulu M. (1980)\(^{35}\) In his article explained that taxes constituted the main source of revenue of the municipalities in India. He pointed out that the revenue and expenditure of the municipalities must help not only the welfare of the area but the nation in general.

Shyamnath and Larry Schoroeder (1984)\(^{36}\) In their study pointed out that during the Eighties, the cities of Calcutta, Madras, Bombay and Delhi relied upon property tax to meet the growing local expenditures. In order to examine the property tax system of Delhi and Madras cities, they used double log ordinary least squares regression to analyse and estimate the property tax system. Their analysis revealed that property tax revenue growth in both the cities had suffered a set back due to arrears. It also revealed that properties were undervalued in both the cities.

Pandey K.K. (1990) In his article “Urban Water Supply – A Case study for optimum Self-financing”, pointed out that the receipts on account of sale of water in urban local bodies were low as compared to the expenditure on water treatment and distribution. He pointed out that on an average the per capital municipal expenditure in 1979-80 on water supply had been as low as Rupees 9 compared to a minimum requirement of Rs. 24 (as per Zakaria Committee).

Ghuman Ranjith Singh and Santosh Rani jindal (1991) In their article pointed out that income of the Mandi Gidderbaha Municipality increased from Rs. 9 lakhs in 1975-76 to Rs. 56.82 lakhs in 1987-88.

Krishna Iyer (1991) suggested that what was easily possible to be raised at the local level must be left entirely to the local authorities. There could be watch and ward groups from the financial angle which would carefully scrutinize expenditure with a view to see that every rupee brought a return in terms of welfare. He wanted the municipalities to undertake bio-gas plants, fine arts theatres, transport services, dairies, public rest rooms etc., to increase their finances. The state must set apart decent slices of revenue by way of grant to share in taxes to municipal bodies based on rational statutory criteria.

---

Golandaz H.M. (1991)\textsuperscript{40} In his study for the year 1986-87 on municipal finances in India, stressed the need to bridge the gap between the municipal income and expenditure and to improve financial conditions of the municipalities. He pointed out that in Gujarat, though property tax was one of the major sources in the municipal revenue structure, the share of property tax in the total municipal revenue was declining during the above period.

Mathur M.P., (1991)\textsuperscript{41} The Study of for the year 19986 – 87, to bridge the gap between revenue and expenditure, suggested effective utilization of existing resources and restructuring the transfer of funds mechanism.

Chetan Vaidya and Hitesh Vaidya (2002)\textsuperscript{42} state that the growing demand for saric urban services, urban local bodies (ULBs) in India are required to generate more revenue as a challenge to meet increasing expenses. Increasing the municipal revenue is a major challenger for urban local bodies (ULBs). Some ULBs have success fully implemented systems, simplified filling and collection, setter enforcement and public communication are the reform process. It needs commitment and support from elected leaders as well as from administration.

\textsuperscript{42} Chetan Vaidya 1991 “ Two approaches to property trax reforms in India”, Nagarlok, Vol.XXIII, October – December, P.127.
Pradeep K. Aaxena (2005) pointed out the structural reforms in 1994-95 by Mr. P.V. Narsimha Rao's Govt, in the normal urban local govt. And administration was designed to improve the situation at the local level in order to decentralize the governance system and empower the society for the emerging global social system. The focus of these reforms was on the ward system in the urban local government, to augment the resources and devolution of powers to the society through ward committees and Mohalla committees. In some of the urban areas, civil society actions have taken place in the state but were very unorganized and ineffective. Ward is the basic source of power, social activities, grass root of urban local government and the sale of the decentralization of governance system. However, no state government is interested to Jurate the ward system in the urban local govt. The civil society has to become active for the socio-political action.

---

Section 2.3 Review Related to the prospects and problems of Municipal Corporation.

Julian Le Grand (1975)\(^{44}\) pointed out that grants from Central to local government were important part of the British fiscal scene. In 1972 grants amounted to 45 per cent of the total local revenue, a larger percentage than that of any other source of local bodies income, including rates and further he pointed out that the grant from the Central Government to local bodies in Britain was the Rate Support Grant, which consisted of the needs element, the resources element and the domestic element. Further, he opined that the grant system might eliminate inequality between local authorities.

Bello-Imam I.B., (1985)\(^{45}\) The study pointed out that in Nigeria, under the revenue allocation formula, local governments were entitled to 10 per cent of the revenue accruable to the federal Government from all sources and 10 per cent of the internally generated revenue of the state Governments. This internally generated revenue of the state Governments. The internally generated revenue was very meagre. Consequently, the local bodies were dependent on the Federal and state Governments for their finances.

Mathur M.P. (1989)\(^{46}\) The article pointed out that the State should support the functions of municipal bodies by way of grants-in-aid and tax sharing of certain State levied duties. It wanted adequate grants to be given to bridge the gap between the service standard among the various municipal bodies by way of two-fold funding, capital funds


for carrying out such projects and recurring grants for operational and maintenance purposes. From his analysis it is clear that grants-in-aid is a fiscal instrument, for the devolution of funds from the State to urban local bodies to perform their functions, effectively.

**Pandey K.K., (1990)** In his study (1979-84) highlighted that the system of devolution of funds to the urban local bodies had been by and large ad hoc and irregular. As a result of this, its share in the municipal incomes had been declining over the years.

**Victor V and O. Ayeni (1991)** According to them local governments in developing countries were in a severe crisis. Local authorities in these countries were often so poorly placed that they lacked the discretion to use public finance instruments so comprehensively. Most African local authorities must get the approval of the Central Government to implement their budgets. Several lucrative taxes of local bodies had been taken over or abolished. The revenue raised by the local bodies were insufficient to meet their expenditure. The local Governments of Nigeria, Columbia, Indonesia, Korea, Mexico and Ecuador were dependent on allocation from higher authorities to the tune of 80 per cent in 1988. However, in Gambia and Yugoslavia, the local governments were financially self-reliant. Zimbabwe, Kenya, Guatemala and Uganda had substantially used loans to finance local affairs. Jordan established cities and villages Development Bank to provide investment finance and assistance to municipal and village bodies.

---

Satya Sundaram. I (1991)⁴⁹ According to this article the local authorities in India, were facing problems on the financial front. It said that the tax revenues were inelastic in nature and the local bodies were reluctant to utilize the revenue sources available to them. Moreover, local governments lacked the administrative capacity to collect revenue and prepare budgets and they were not able to get their due share in certain revenues having a local character.

Sharma S.K., (1991)⁵⁰ According to studies on municipal finance in India he reiterated the existence of huge gap between the municipal incomes and expenditure requirements. This backlog directly influenced the levels of capital (plan) expenditure which was relatively discretionary in nature. The symptoms of these inadequacies in the municipal capital expenditure were clearly visible in the low and deteriorating levels of urban infrastructure.

Satya Sundaram. I (1991)⁵¹ The following are the gist of the article titled “Alternatives to Octroi”. The article pointed out that the finances of most municipalities were so precarious that they were not in a position to provide even the minimum civic services. The municipalities found octroi an elastic source of revenue and it revealed that standards of public services were better in municipalities where octroi was levied than in those where octroi was not levied. But the incidence of octroi was regressive and it was cumbersome and vexatious. So, many states like Tamil Nadu, Andhra Pradesh, Kerela, etc., had abolished it. Several Committees like the motor Vehicle Taxation Enquiry

Committee, Masani Committee, Jha Committee and Pande Committee wanted gradual replacement of octroi by a turn-over tax or a surcharge on sales tax. It wanted that octroi should be abolished in municipal areas through which trunk road transport services operated and it might be retained in places like Bombay and Calcutta, which are terminal points.

*Shehr Ki Duniya (1999)*\(^{52}\) analysed the more operational control by municipal Committee over their management, their capital indgets, dopt, plans, revenue sources and expenditures the need to provide incentives and continuously upgrade the skills and capacities of municipal committees staff. In order to implement sound financial management procedures in Municipalities, the need for strategic planning and increased collaboration between the provincial Govt and municipal staff in the management of municipalities. recognitions of MCs as independent legal entities with greater powers to raise and collect revenue.

*Maitreyee: Bardhan Roy (2005)*\(^{53}\) stated that before the implementation of the 74\(^{th}\) amendment of the constitution and the adoption of the west Bengal Municipal Act 1993, the administration in Salt Lake City had been constantly shifting. Initially it was under the supervision of the irrigation department of the Government of west Bengal. From 1980, it went under the Calcutta Metropolitan Development Authority (CMDA). Again in 1985, the notified Area Authority took up the administration of salt Lake City. Due to the constant shift of supervisory authority, the city development work was carried...


out in a sporadic fashion and that too as and when demanded by the residents ..... since the positive effect of community participation was very much known to the residents in Salt Lake City, most of the development plans had been carried out in the city at the insistence of the community welfare Organisation.

Mathur (2005)\(^{54}\) points out that the constitution and empowerment of wards committees (Wcs) by the municipal Corporation of Delhi is an example of a decentralized form of urban governance. This endeavour is to create a government at the lowest level so that the needs of the people are addressed in the best possible manner. In this paper an attempt has been made to describe the current nature of ward level management in the National Capital territory of Delhi. The main aspects relating to ward level management reviewed in this paper include legislative provisions for the constitution, composition and functioning of wards committees, number of Wcs and average population per WC. Meeting of Wcs, their financial powers, and recent governance reforms initiated at the ward level. It is concluded that there exists an urgent need to investigate the issues of governance at the ward level by systematic research. For this purpose, the feedback from the councillors and the municipal officials should be collected on a regular basis regarding their experiences and the challenges that they face in the conduct of business at the ward level.

Section 2.4 Review Related to the opinions of the people about the performance of Municipal Corporations.

Tiwari V.K. (1980)\textsuperscript{55} The paper revealed that the finances of most of the local bodies Uttar Pradesh were in bad shape. Most of them had not repaid the loans received from the government and they were not able to provide civic amenities at a reasonable standard.

Dhar V.K. (1988)\textsuperscript{56} According to him income from miscellaneous items constituted 7.80 per cent in 1979-80, but it was 2.10 per cent in 1983-84 of the total income of the selected eight municipalities.\textsuperscript{32}

Shyamnath and Tapas Kumar Sen (1989)\textsuperscript{57} The article revealed that octroi was on its way out. So, they stressed the imposition of surcharge/additional sales tax. Further, they wanted the urban local bodies to introduce business, property tax. With differential rates for business properties located in different parts of a locality, this tax might generate resource allocation resulting in rational use of urban and built-up space.

Olukayode Taiwo and Tade Akin Aina (1991)\textsuperscript{58} in their article pointed out that the sources of revenue for local governments in Nigeria consisted of external revenue from both Federal and State grants and internally generated revenue. According to them, the local governments recorded open balance from the year 1990.

\textsuperscript{56} Dhar V.K., 1988, “Resource Mobilisation in Urban Areas”, Financial Express, April 12, P.5.
Nageswara Rao P.S.N., (1991)⁵⁹ To mobilise resources, in his article he suggested the following measures such as elimination of wastes, joint services, increase in tax revenue and of wastes, joint services, increase in tax revenue and of procuring finances for carrying out municipal works by seeking borrowing from World Bank, etc.

Sasikala (2005)⁶⁰ analysed in that municipalities where the population is less than 1 lakh, ward sabhas are formed in each word. The ward sabhas have the power of discussing budget, audit report, plan documents and estimate of public works. Three types of municipalities were formed in the Indian states:

1. Nagar panchayats for areas in transition from a rural areas to an urban area.
2. Municipal councils for smaller urban areas
3. Municipal Corporations for larger urban areas.

The best way to monitor the elected and non elected officials is to devolve decision making and funds to the lowest levels of elected government, the village councils or panchayats. The state finance commission was constituted to review the financial position of the local government (both panchayats and municipalities) and to make recommendations as to the principles of government.

1. Distribution of tax and other revenues collected by the state.
2. Those that are to be collected by the municipalities themselves.
3. The grant-in-aid to the municipalities from the consolidated fund of the state.

This was to ensure fiscal federation to the local bodies. Looking at the revenue structure, the local bodies depend upon 3 local sources and 2 external sources for their financial requirements.

- Locally raised taxes
- User charges
- Other non-tax revenues
- Borrowings
- Transfers from higher levels of government including
- Shared taxes and grants-in-aid.

Niha Rai (2005) analysed the current nature of ward level management in the state in terms of enhancing the proximity of elected representatives in the neighborhood level for settling accountability and performance and the increased participation of people in the delivery of services and governance for their areas. Local ward level governance would be understood in terms of their participatory structure, the formation and functions of the lower level committee. The scientific truth derived from the same and the gaps that are there with respect to such a system of governance is also emphasised. The paper further throws light on the specific note of the ward committees in delivering important saris services like sanitation and solid waste management in Jasalpar.

Rienji George Amballor (2005)\textsuperscript{61} points out a random survey of ward members of Qepem and Margao municipalities. It was undertaken to understand the response of the ward members to the utility and need for ward committees. Margo is a busy commercial

centre and capital of south Goa district. It has 16 municipal wards. Quepem is a slow developing municipality in south Goa with a rural atmosphere and has 10 wards.

One hundred citizens with different socio-economic backgrounds selected in random basis were interviewed from each of the two municipalities. Eighty percent of the citizens were also ignorant about the need and importance of ward committees. Citizens held ward members responsible for the non-establishment of ward committees. They also opined that the political instability coupled with the personal business and assignments of the ward members prevented the constitution of ward committees.

The results of the survey are shocking for a highly urbanized state with progressive socio-economic and demographic indices. Hence, the ward committees have to be given a “big – push” and made vibrant units in the decentralized scheme of democracy. The ward committees can help the state in further improving the present socio-economic infrastructure and in creating a better civil society.
Section 2.5 Review Related to the suggestive measures and steps to improve the finances and performance of Municipal Corporations.

Prest A.R., (1969)\(^{62}\) says that in 1964, the importance of capital expenditure of local authorities in UK, relative to current had increased due to the development of municipal house-building and the local authorities were more dependent on grants from the centre.

Bharagava P.L., (1971)\(^{63}\) In his study says that the aggregate income of municipalities in Rajasthan increased from Rs. 167.25 lakhs in 1956-57 to Rs. 427.04 lakhs in 1965-66, thus, registered an increase of 155.33 per cent during the study period.

Partap Singh (1971)\(^{64}\) In his article pointed out that in Haryana among the tax sources, octroi alone accounted for four fifth of the total tax revenue during 1964-65--1970-71 and it constituted the financial back-bone of the municipalities in Haryana.

Jaggi A.P., (1973)\(^{65}\) in his article, “A study of Local Finance in Madhya Pradesh (1956-57-1962-63) revealed that in terms of per capita expenditure on drainage, all the municipalities spent around Rs. 1.60 and they spent reasonably on sanitation.

Partap Singh (1974)\(^{66}\) in the article, “Bridging The Gap Between Municipal obligations and Resources” showed that most of the urban local bodies in Haryana were


\(^{66}\) Partap Singh 1974, “Bridging the Gap between Municipal Obligations and Resources – A Case Study of
facing the problem of inadequate revenue to meet their growing responsibilities and duties, so they were providing only limited services to the residents.

There were 800 municipalities in Netherland. The municipalities were dependent for about 90 per cent of their incomes on Central Government. There were three sources of income namely, the municipalities fund (35 per cent), municipal taxes and levies (10 per cent) and special purpose payments (55 per cent).

In view of the financial constraints of local bodies, the Karnataka Taxation Review Committee observed that the State Government should finance 50 per cent of the total capital cost of drinking water supply schemes as grants to the urban local bodies.

Kamaldo Narain Singh, (1979)\textsuperscript{67} An analysis of the relative importance of own sources and external sources of revenue shows there that there had not only been a general declining tendency in the relative importance of the own sources, but also the fact that from year to year there had been wide variations in the relative importance of the two categories of resources and this illustrated the uncertain character of municipal finance in Bihar. It further revealed that the wide variations in the relative importance of these two categories of sources of municipal finance from year to year were largely due to the fluctuations in the volume of grants from state Government and the accumulation of municipal tax arrears. It pointed out that the tax and non-tax revenues in all the municipalities property tax dominated the tax structure.

Terry L. and Mc.Intosh, (1980) In the study of (1971-76) wanted the strengthening of the municipalities powers to tax and spend, so that the municipalities in Guatemala could be strong partners in development.

Bahuleyan K.S. (1981) In his study says to light that a study of capital finances of an urban government was of utmost importance in the context of planned socio-economic development of the city. His micro level study was conducted regarding Baroda Municipal Corporation. He pointed out that capital finance was the backbone of national development. His analysis further showed that in the case of remunerative schemes, loans and revenue were preferred, while grants were preferred for non-remunerative schemes.

Nageswara Rao M. (1985) made the following observations in the Report submitted by the Karnataka TaxationReview Committee in 1983. While commenting on the financial position of local bodies, the committee observed a situation of large budget surpluses of Bangalore City Corporation. The committee's remark on the increase in establishment charges of urban local bodies was noteworthy. According to the Committee, property tax was the main source of income of urban local bodies. It arrived at an additional financial transfer from state to the local bodies to the tune of Rs.14.50 crores annually.

---

Raj Bala (1985)\textsuperscript{71} As per the article during 1961-62---1978-79, the importance of octroi decreased in Punjab, but in Rajasthan it remained the same.

Mathur M.P., (1989)\textsuperscript{72} The study of titled “Resource Crunch in Municipal Bodies” pointed out that the financial health of municipal bodies deteriorated during the period 1979-80-1986-87 and there was a gap between income and expenditure.

Mathur M.P. (1990)\textsuperscript{73} in his article “Revamping Municipal Resources” he pointed out that most municipalities in India were financially sick during 1980-81-1986-87. He further pointed out that in most of the municipal bodies of the states of Assam, Bihar, Madhya Pradesh, Orissa, Uttar Pradesh and West Bengal, the level of revenue gap as significance proportion to their existing incomes.

Bhatt G.D. (1990)\textsuperscript{74} According to Bhatt tax revenue increased from Rs. 0.53 lakh in 1962-63 to Rs. 5.59 lakhs in 197 6-77 in the Pithoragarh Municipality of Uttar Pradesh. Tax revenue formed a major portion of the income of this municipality.

Shuchi Seth (2005)\textsuperscript{75}. In this study an attempt has been made to understand the financial status of Ambikapur Municipality and he suggests the area of improvement. The findings may be useful to sensitize people’s representatives, citizens, Government representatives and other civil society so that more relevant plans and interventions for

\textsuperscript{71} Raj Bala 1985, “A Comparative study of Municipal Finance in a Relatively Developed State (Punjab) and an Under-developed State (Rajasthan) in India” Quarterly Journal of Local Self Government Institute, Vol. LVI, April-June, P.125.


\textsuperscript{73} Mathur M.P. 1990, “Revamping Municipal Resources”, Financial Express August 16, P.5.


future may emerge to find out the trend of resume mobilization. The municipalities need enormous funds for the discharge of their compulsory as well as discretionary functions. Municipalities depend upon their own funds and the help from the state government from time to time for the discharge of their compulsory as well as discretionary functions. Their own funds are certain and therefore they are called recurring income while the other help from the state government is not certain and changes from time to time and so it is called the non recurring income. Recurring deposits cover all the taxes, tolls and other way of income collected by the municipalities. Non-recurring deposits cover grants, compensations (Octroi – etc) loans, and grants from the central government, finance commission etc. The major form of non-recurring income is the grant followed by specific loans, the central and the state assistance.
Finance Resources of Municipality

Internal Sources
- Tax Revenue
  - From properties
- Non-Tax Revenue
- Profession Tax
- Others

Deposits

External Sources
- Grant-in-Aid
- Octroi compensation
- Central Assistance
- Finance Commission
- Others

Shared Taxes etc.