

## Theme 5-B: Urban Finance and Economy

### REINVENTING OPTIONS FOR ACHIEVING FINANCIAL EMPOWERMENT OF URBAN LOCAL BODIES IN INDIA

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**Abstract:** Resources in general and financial resources in particular, remain critical and valuable, for any organization and institutions to work effectively and operate efficiently; urban local bodies are no exception to this governing rule and principle of organizational operation. Despite the fact that financial resources remain the major determinant and backbone of the operational efficiency and performance, yet majority of urban local bodies remain resource stressed, plagued with acute shortage of financial resources. Urban Local Bodies are known to have operational domain pan-city, but despite this distinct advantage, ULB remain perpetually in financial distress. Looking holistically, cities remain rich but majority of ULBs are ranked poor. However, perpetual poverty of ULBs can be attributed to and have genesis in their operational inefficiency; lack of understanding and lack of innovations to understand, analyze, explore and optimize the available resources. Looking at the vast and varied uses to which land can be put in the urban context, potential of land can be for generating financial resources and providing state of art basic infrastructures & services, without any financial implications on the part of local bodies.



In search for appropriate options for generating adequate financial resources and making local bodies self-reliant, paper would look at the options of promoting planned development; undertaking schemes of land pooling and land distribution; involving private sector in land development and providing basic services; granting permission for change of land use; using the mechanism of salable and tradeable floor area ratio ;creating parking spaces; rationalizing advertisement rights; leveraging property tax; using the option of accommodation reservation etc. In addition, to explore the land based options detailed above, paper would also look at the option of involving local communities; rationalizing legal framework regulating urban local bodies besides identifying/ specifying subjects on which ULBs will have the exclusive right to determine, levy, collect and use taxes, levies, fees and charges; building capacity and empowering local bodies in the art and science of financial management and minimizing multiplicity of agencies operating at local level.

**Key Words:** Land, Legal Framework, Tradable Floor Area Ratio, Advertisement Rights

## FISCAL INNOVATION IN MUNICIPAL FINANCIAL MANAGEMENT IN INDIA: A BRIEF REVIEW

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**Abstract:** Rapid urbanization and rising incomes are increasingly leading to demand for better quality of urban services and amenities. Massive investments are needed for improving the infrastructure facilities at the level of urban local bodies (ULBs). Problems of municipal finance need to be addressed in a holistic manner through comprehensive reforms. System of taxes, user charges, inter-governmental transfers and borrowings in respect of ULBs need to be reviewed for their adequacy and suitability to match the expenditure needs. Revenues and expenditure have to be carefully matched by reforming property tax, using land by adopting 'user pay', 'beneficiaries pay' and 'polluters pay' principles, linking individual services with user charges and collective services with benefit taxes. management innovations to improve efficiency and strengthen the municipal revenue base are the most feasible option for ULBs. These innovations are not only simple but measures and can be carried out without major legal and policy changes in the existing structure. These simple measures do not need huge financing and can be carried out within existing structure and human resources. These innovative measures once implemented have an immediate visible effect among the citizens. It not only make the process simpler but also earn the goodwill and confidence of citizens through showing that vision once formed is actually being transferred into reality



**Key words:** *Urbanization, Infrastructure, Urban Local Bodies (ULBs), Reforms and Suitability*

## INCLUSION OF CULTURE IN CIRCULAR ECONOMY: WAY TOWARDS SUSTAINABLE HABITAT

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The circular economy is a concept that changes the perception of product-life entirely; it focuses on multiple uses of a product instead of single use. The circular economy seeks to establish a zero-waste system in which all resources are continuously transferred between producers and consumers. It must be linked to society and culture in



order to create a viable concept for remodelling the economy. Inclusion of culture in circular economy can generate a system with low environmental impact and high economic activity. The cultural aspects like traditional livelihoods that include various cultural forms and local practices whose expertise and knowledge can be passed on generation to generation and distinctive cultural forms that include artistic expressions including buildings and architecture, literature, art, dance, music, crafts, storytelling and films can pave the way towards sustainable habitat through the common parameter of creativity. Inclusion of culture in circular economy can act as a medium to achieve sustainable habitat as culture is an important element of the society, it shapes our identity and sustainable habitat creates a balance between economic and social development of the society. This research paper will try to analyse the importance of inclusion of culture in circular economy that can pave the way towards sustainable habitat through cultural aspects having common parameter of creativity. It will be based on theoretical data collected from various secondary sources like books, national and international journals, various government websites, United Nations reports or documents, UNESCO documents and articles. The study will be significant for all the stakeholders who are involved in providing people centric urban governance as culture boosts the economic system of a country. It improves our understanding of the society and contributes to making up of the inclusive policies that play a vital role in the economic progression of the society.

**Keywords:** *Circular Economy, Culture, Sustainable Habitat, Inclusiveness, Creativity*

## **URBAN FISCAL GOVERNANCE AND STATE FINANCE COMMISSION IN HARYANA: AN ANALYSIS**

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**Abstract:** Indian Constitution has a mandate for welfare state structures, functions, and academic discourses to answer the questions of what, why, and how about governance. Finance is essential for achieving the desired objectives of the welfare state. Fiscal federalism pinpoints the division of expenditure responsibilities, fiscal assignments, and inter-governmental transfer and encompasses fiscal relations within a federation. The success of fiscal federalism depends on the effective, efficient, and equitable allocation of resources and responsibilities among the different tiers of government. The 73rd and 74th Constitutional Amendment Acts have



added the third layer of government as a three-tier system of grassroots governance. Both the Amendment Acts are indeed a great effort towards fiscal decentralization, creating democratic space for people's participation and working towards local democratic governance at the cutting-edge level. The local governments have been entrusted with the vital task of delivering economic development and social justice. For this purpose, Articles 243I and 243Y have provided for the creation of the State Finance Commission (SFC) for rectifying the vertical and horizontal imbalances at the state and local levels. The responsibility of the SFC is to suggest the distribution of the net proceeds of taxes, duties, tolls, and fees between the State and local bodies as well as the allocation of these proceeds among the different tiers of local bodies. The objective of this paper is to explore the status of SFC recommendations and the role of state governments in urban fiscal governance. This secondary sources-based paper uses archival, content analysis, and exploratory methods to justify the title.

**Key words:** *Urban Fiscal, Federalism, Constitutional Amendment, and Decentralization*

### **INFORMAL WEEKLY MARKETS IN DELHI: A STUDY OF CONSUMERS' BUYING BEHAVIOUR**

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**Abstract:** Contribution of informal sector is very important for the development of any area, zone or locality as this sector provides the opportunity to the unskilled persons to earn their livelihood and starting the entrepreneurship which leads to a formal sector. The majority of workers in India are in informal employment. The overall proportion of informal workers in total employment (e.g. unorganized sector workers plus informal workers in the organized sector) has remained relatively stable, at around 92 percent. In India there is a concept of natural markets and this type of markets are generally located along the road, near bus stands, railway station and open ground and close to residential areas. Vending has been a profession since time immemorial, with street vendors an integral part of our urban history and culture. The importance of street vendors and hawkers can be measured from the fact that millions of urban poor across the country procure their basic necessities mainly from street vendors/hawkers because the goods sold by them are cheap.



Street or market vending most of the time is informal, operating outside the law, without permit or standardized facilities. Street vendors more often than not face significant difficulties in carrying out their livelihood activities. Street vending is closely connected

with the availability of urban public space-pavements, roads, parks, beaches, etc. Thus there is need to balance the right to access public space and move of the people and right to work and earn living of the street vendors. This requires adoption of law and policy keeping in view the local context. The mobile nature of the street vendor also poses problem for regulation of trade. There are a number of initiatives taken by both the government and non-governmental organizations (NGOs) to support street vendors in India; the recent being PM SVA Nidhi Scheme. Keeping in view the nature of these weekly markets which have become a part of Delhi and catering to large number of consumers, the research paper is an attempt to evaluate the perception of the consumers towards these markets and also understand the problems faced by the consumers as well as the vendors and to suggest measures for improvement. It is also important to study the policy and the legal mechanism that regulates the weekly markets in Delhi.

**Key words:** Informal Sector, Livelihood, Workers, Markets and PM SVA

#### **HOLDING TAX THROUGH GATEWAYS OF E-SERVICES BY GOVERNMENT OF JHARKHAND: AN ANALYSIS OF RANCHI MUNICIPAL CORPORATION**

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Ease of using services provided by the government using recent technologies is the main theme of this digital era. Holding Tax (Property Tax) is one such unique experiment of government of Jharkhand in recent years. Holding Tax gives maximum revenue to the Corporation than any other services provided by the it. It is unique because of its concept, inception methods, collaboration, work processes and citizen centricity. It Used the GIS and GPS ways of marking households. Digitization of properties was the major challenge for government of Jharkhand since its formation. The importance of the holding tax can be understood by the fact that its collection jumped to 40.50 crores in year 2016-17 from mere 4.5 crores in year 2013-14. Along with rise in revenues, the other aspect is of digitalization of the service including the process that encouraged and eased the way holding tax was paid. We saw a number of 1,50,000 taxpayers in year 2016-17 from just 33,684 in year 2014-15 in Ranchi Municipal Corporation. Citizens are using this service to pay their property taxes online in an easy way. Safe and Robust protocols were used for data and file transfer using SSL protocol. The web application used Firewall which provided protection against denial of service. But there are certain reforms and challenges that needs to be taken up efficiently so that



it can act as a super service provided by the Ranchi Municipal Corporation. This service combined the right mix of both online as well as offline mode and the process of tax collection was kept very flexible.

**Key Words:** *Urban Government, Holding Tax, Property Tax, Municipal Corporation, Digitalization*

## MOBILISATION OF TAXES AND INNOVATIVE NON-TAX SOURCES

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**Abstract:** Resources mobilization is of strategic importance for bringing about rapid economic growth. It is, therefore, necessary to achieve a higher ratio of saving to national income. Taxation can be used to raise collective savings for public investment and also at the same time to promote private investment. Taxation is an important instrument of fiscal policy which can be use for mobilising resources for capital formation in the public sector. To raise of savings to national income and thereby raise resources for development, it is necessary that marginal saving rate be kept higher than the average saving rate. By imposition of direct progressive taxes on income and profits and higher rates of indirect taxes such as excise duties and sales tax on luxury goods for which income elasticity of demand is higher, the marginal saving rate can be made higher than the average saving rate. Regarded as one neglected topic in public finance, non-tax revenues have often been side-lined by tax revenues – in revenue accounts as well as in academics. Non-tax revenue are considered to be by products of government activity. However, roughly 39% of revenues in 166 countries – including those which were not resource-rich-were from non-tax revenue sources (World Bank 2003). However, there is not much revenue generation in India arising out of non-tax sources. Even the state of Kerala with its many government- provided social and community services do not have significant revenue raise out of them through user charge and fees. In a situation where there is increased globalization among countries which can erode a country's ability to raise tax revenues, revenue from non-tax sources gains importance (Tanzi 2000). Moreover, the growing deficits necessitate increased revenue mobilization from tax as well as non-tax sources. Since tax mobilization has its own limitations, non-tax mobilization can prove to be fruitful if done efficiently- as there is a quid pro quo involved. It is in this light that a study on the non-tax revenue structure in India and Kerala is undertaken



**Key word:** Mobilization, Taxes, Revenues and Economic Growth