



URBAN GOVERNANCE DIALOGUE

Transforming Urban Governance

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Fiscal Empowerment Study Visit to the cities of Siliguri and Gangtok

Over the last two decades, [Praja Foundation](http://www.praja.org) has been working towards enabling accountable governance. In 2017, Praja embarked on an ambitious journey towards 'Transforming Urban Governance' (TUG) across the country, to advocate policy changes that will change the way Indian cities are governed. As part of the initiative, Praja conducted comprehensive study spanned over 3 years (2017-2020) in 40 cities across 28 states and National Capital Territory of Delhi. Based on this, Praja prepared the [Urban Governance Index 2020](#). The UGI was built to help in mapping and monitoring the implementation of the urban governance reforms which looks at Democratic Empowerment and Accountability in urban governance across states in the country.

As part of the carrying forward the advocacy on policy changes required, Praja has taken an initiative to conduct in-depth research by deep diving into one of the four themes of the UGI i.e., **Fiscal Empowerment of the City Governments**. This was taken up as a result of the observation that the municipal finance domain is plagued with lack of useful data and knowledge resource, which can be used for informed decision making. The [Fiscal Empowerment of City Governments Phase 1 Key Insights](#) study covered 14 cities across 7 states. In Phase 2 of the study, we will create a database for over 17 cities across 11 states. Praja visited Kochi and Thiruvananthapuram in Kerala to study the different financial initiatives undertaken.

Currently, city governments depend on the state and central governments for funds. For the city government to be independent and financially secure, fiscal decentralisation is very crucial. This involves transferring the power and authority to introduce new taxes and revise tax rates, among other things.

West Bengal Municipal Corporation Act, 2006

West Bengal Municipal Corporation Act, 2006, is the latest act applicable for the Municipal Corporations of West Bengal; except Kolkata. The Act (section 102) consists of a provision to provide city government with independent authority to introduce new taxes from the assigned list of taxes, but as per section 116 of the act, the municipal corporations have the authority to revise rates only for Property Tax. Currently, city governments depend on the state and central governments for funds. For the city government to be independent and financially secure, fiscal decentralisation is very crucial. This involves transferring the power and authority to introduce new taxes and revise tax rates, among other things. There is no provision to mandate publishing of budget and accounts documents, according to the section 69.

Sikkim Municipalities Act, 2007

As per Section 90 Sikkim Municipalities Act, 2007, City Governments hold independent authority to introduce new taxes, but there is no section stating independent authority to revise the existing tax rates/charges and approve the municipal budget. Furthermore, there are no provisions to mandate publishing of budget and accounts documents, according to the section 53. The state government approves the budget for Gangtok Municipal Corporation.

Siliguri Municipal Corporation (SMC):

Siliguri Municipal Corporation is a city where the Mayor-in-council (MIC) system has been implemented. There are 10 to 12 Members of Mayor-in-council (MMIC's) appointed to the council. Under the leadership of Hon' Mayor, the nitty-gritties for various issues of the city are discussed for the month. In Siliguri, there is no reservation for Mayor and Chairperson, and the term for the post of for 5 years.

During the study, we found a good practice of close coordination between deliberative and administrative wing of the corporation. The administrative officials and commissioner work closely with the councillors to identify the beneficiaries in the city and select students for scholarships and other programmes/schemes.



Siliguri Municipal Corporation has a fund of approximately Rs 6 to 7 lakhs per annum for all the elected councillors. Councillors or Elected Representatives also receive a remuneration of Rs 17,200/- and Rs 1,200/- seating allowance per board meeting. SMC has allocated Rs 7000 per month for the councillors for their office expenses. Additionally, the commissioner has proposed to allocate an office to the councillors in the ward office buildings, where approximately Rs 84,000/- will be given to run those offices.

Siliguri Municipal Corporation under the Green City Project has undertaken the target to make Siliguri a zero-waste city. An afforestation drive for about 5 km at the Mahananda riverbank has also been started. Approximately, 15km of the river bank; on both sides; will be converted into promenade and gardens for various activities. Also an initiative to install waste segregation plant in the city has been discussed and taken on.

In addition to initiatives like solid waste management and Green City project, programmes to increase property tax have also been initiated. SMC has undertaken a GIS mapping mechanism to increase their revenue collection. In Siliguri, the last survey for property tax was done in 2011. The officials have requested the state government to initiate a new round of survey and also enhance the taxation mechanism vis-à-vis market rates.

Out of 18 functions of devolution mentioned in the 74th CAA, Siliguri Municipal Corporation has independent authority over only 7 functions.

Gangtok Municipal Corporation (GMC):

Gangtok Municipal Corporation has only 1 function of Solid Waste Management devolved to them. An official shared that. "Even after many requests by the officials, the powers for all 18 functions have not been transferred to the Municipal Corporation due to various reasons." Functions of Planning economic and social development, Education, Water Supply, Health etc. is under the purview of the State Government.

Gangtok Municipal Corporation with the help of NGO's and Cooperating Housing Societies (CHS) has undertaken complete operations for Solid Waste Management in the city. The waste collection for commercial properties is linked with the trade licences, whereas 5 star hotels are charged Rs 5000 per month for the waste. For households, Minimum of Rs 100 to maximum of Rs 150 is collected for waste collection. Along with garbage fees, the city government also earns revenue from entertainment tax, cable car network fees, parking fees and advertisement tax.



Property Tax is one of the main sources of revenue income for any municipal corporation. But the case for Gangtok is different as presently, Property Tax is not applicable in the city. Gangtok Municipal Corporation has constituted the State Government and formed a Property Tax Committee to plan and formulate the implementation of Property Tax in the city. The property tax mechanism will adopt a unilateral method involving the Self-Assessment Method and Area Based Method.

Important Links:

Nagar Nigam Udaipur Website ([Welcome to Siliguri Municipal Corporation, Siliguri, West Bengal \(siligurismc.in\)](http://www.siligurismc.in))

West Bengal Municipal Corporation Act, 2006 ([West Bengal Municipal Corporation Act, 2006 \(bareactslive.com\)](http://www.bareactslive.com))

Sikkim Municipalities Act, 2007 ([IELRC.ORG - Sikkim Municipalities Act, 2007](http://www.ielrc.org))

We would like to know your views and feedback based on the above information shared. Feel free to reach us at info@praja.org.

Kind Regards,

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