

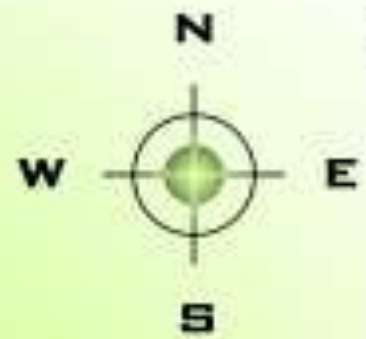
MUNICIPAL FINANCE

KERALA

C.RADHAKRISHNA KURUP–JOINT DIRECTOR
URBAN AFFAIRS,KERALA

KERALA POLITICAL MAP

PROKERALA

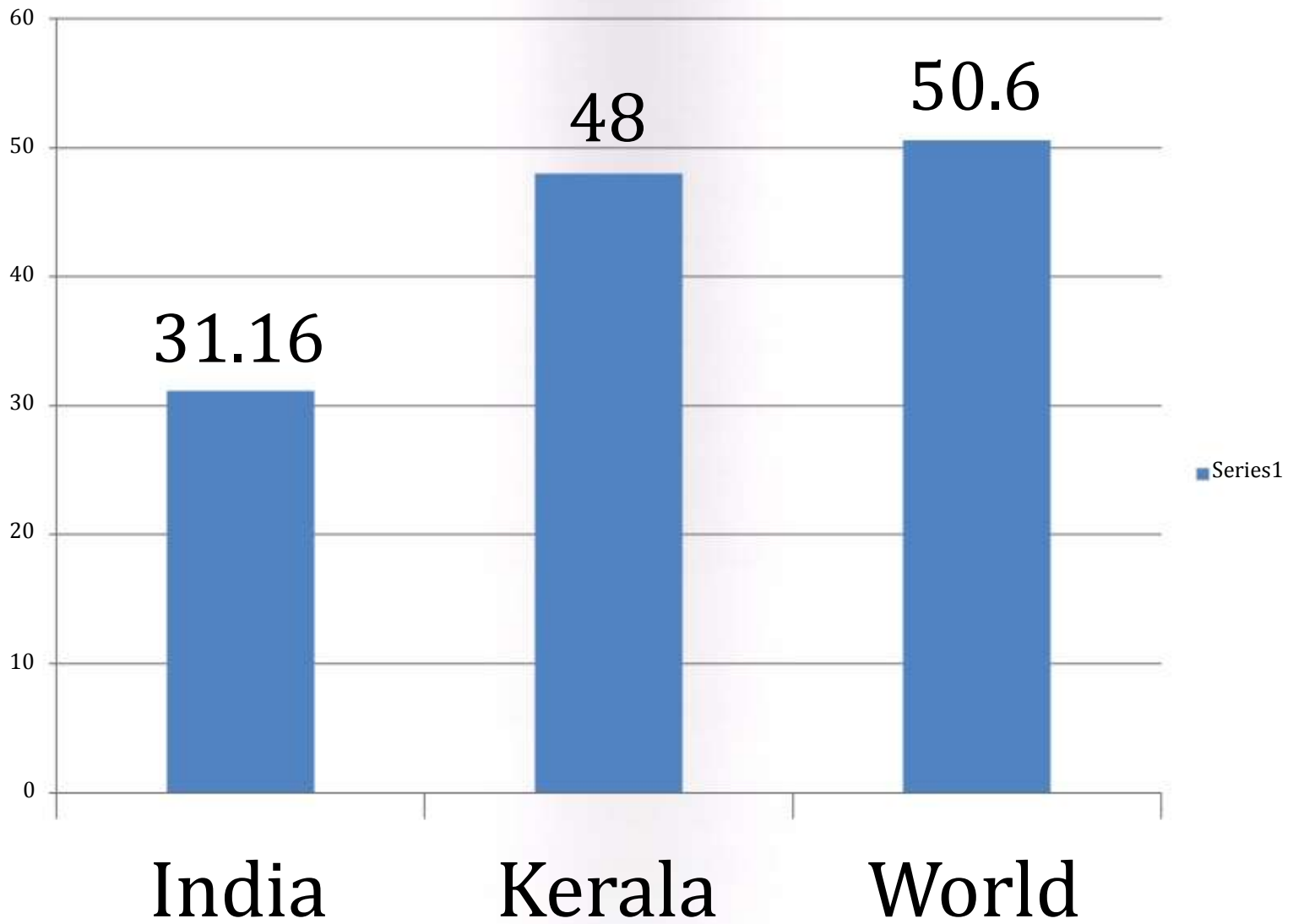


PROKERALA

URBANIZATION IN KERALA

- ⌘ Kerala is urbanizing fast-**48% urban population**
- ⌘ **38% of urban population from Statutory towns (65 nos)**
- ⌘ Decadal growth from 2001-2011-**82%**
- ⌘ Rural -Urban Continuum
- ⌘ Urban areas are concentrated in coastal and mid land regions
- ⌘ Urban population maximum in Class I towns
- ⌘ Tertiary sector contributes 61% of State GSDP
- ⌘ Challenges in sustaining the achievements so far
- ⌘ Challenges in meeting current and future requirements of urban sector in Kerala
- ⌘ Complex challenges in urban management and service delivery





Percentage of urban population to the total population

Facts and Figures at a glance

Population Details	
Kerala Area	38,863 Sq. km
Population	333, 87,677
Male	160, 21,290
Female	173, 66,387
Sex Ratio (Where for 0-6 pop. It is 959)	1084 (India: 940)
Census Towns	520 (against 154 in 2001)
Urban Population	154, 32,171 (47.72%)
Density	860 persons /sq.km
Total Urban Population in the 60 statutory towns & 5 cities	60.99942 lakhs (say 61 lakhs)
Total Urban Population in 520 towns	159, 32,171 i.e. 159.32 lakhs
% of Urban Population in Statutory towns to the total Urban Population in the state	38%
Total Population in the state	$\frac{6100000}{33387977} = 18.27\%$

URBAN LOCAL GOVERNMENTS IN KERALA

MUNICIPAL CORPORATIONS—05Nos

- ❑ THIRUVANANTHAPURAM
- ❑ KOLLAM
- ❑ KOCHI
- ❑ TRISSUR
- ❑ KOZHIKODE

MUNICIPALITIES ---60 Nos



ULB – RESOURCES

PRIOR TO KM ACT, 1994

- ▶ Property tax
- ▶ Profession tax
- ▶ Entertainment tax
- ▶ Show tax
- ▶ Advertisement tax
- ▶ Assigned taxes:–
 - Duty on transfer of property
 - Vehicle tax compensation
 - General purpose grant
 - Specific purpose grant
- ▶ Rent on land & buildings
- ▶ Fees under various enactments & services
- ▶ Borrowings from financial instns.

ULB RESOURCES

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 - ▶ Assigned taxes:-
 - Duty on transfer of property
 - Vehicle tax compensation
 - General purpose grant
 - Specific purpose grant
 - ▶ Rent on land & buildings
 - ▶ Fees under various enactments & services
- ▶ After the enactment of KM Act 1994
 - ▶ Property tax
 - ▶ Profession tax
 - ▶ Entertainment tax
 - ▶ Show tax
 - ▶ Advertisement tax
 - ▶ Assigned taxes:-
 - ▶ Plan Fund(Dev.Fund)
 - ▶ Mace. Fund
 - ▶ Gen.purpose Fund
 - ▶ Rent on land & buildings
 - ▶ Fees under various enactments & services


State finance commission

- Prior to the 73/74 Constitutional amendments, LGs in Kerala were receiving non-plan, non-statutory grants..
- I.e. shared and assigned taxes and non-plan, non-statutory grants which comprised more than 20 different types of grants
- This is with considerable discretion and with very little objective criteria for allocation.
- Besides the existing practice of devolving the surcharge on duty of transfer of property, basic tax and a portion of motor vehicles tax, SFC-I recommended for the creation of Urban and Rural Pools and for providing 1% of State's own tax revenue (SOTR) as non-plan grant. .

SFC-II

recommendations

Key Features

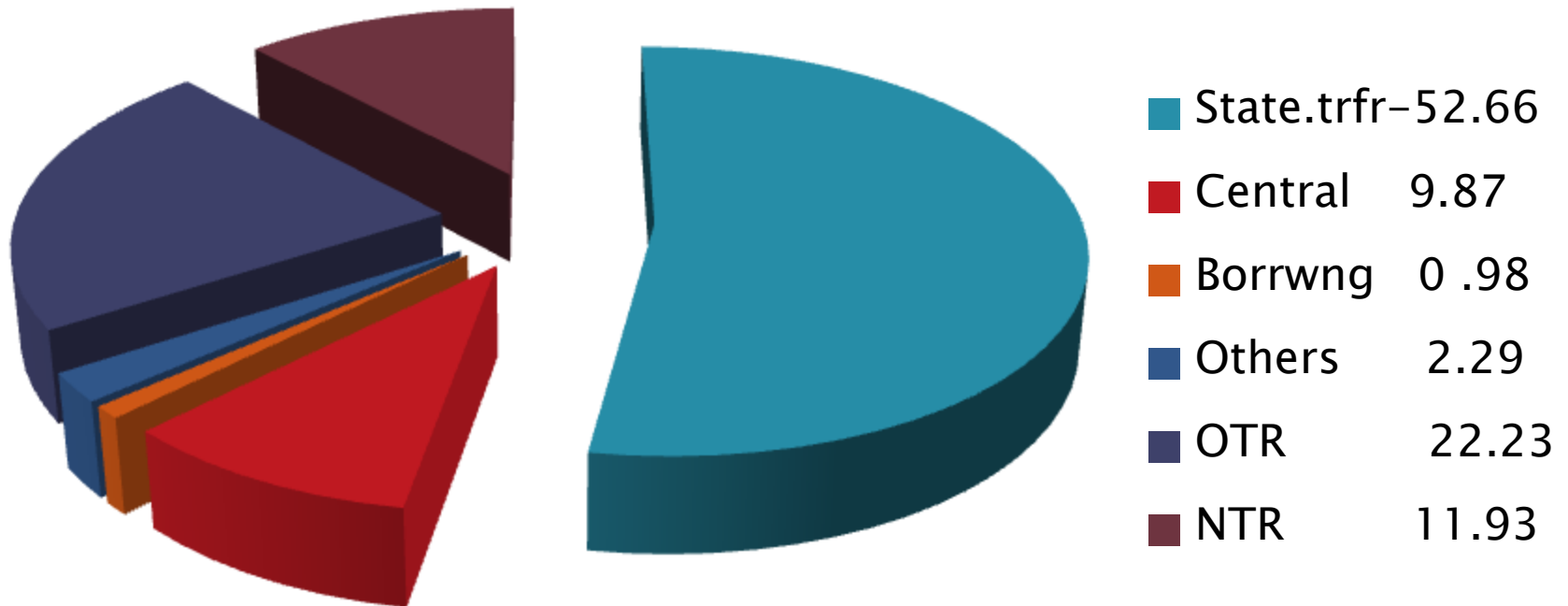
- **General purpose fund** :-largely to meet the traditional civic-functions
 - **Maintenance funds**(Road & Non Road):for the mace. Of buildings & roads
(The two being fixed at 3.5% of the state tax revenue)
 - **Plan grants**- 5.5% of the State tax revenue
- 

Structure & Composn.of U.G Receipts

4 Corporns.	2004-05	2005-06	2006-07	2007-08	2008-09
OTR	505801788	529623103	671817124	731696509	779502732
% to total	23.4	24.5	27.4	26.8	24.4
NTR	171951186	202333793	252758100	289499318	368844614
% to total	8.0	9.4	10.3	10.6	11.6
Total state	1236513552	1326612671	1348145008	1609418050	1657938521
% to total	57.3	61.4	55.1	59.0	51.9
CSS	195188572	69492655	135139364	61543375	326807660
% to total	9.0	3.2	5.5	2.3	10.2
Borrowing	24309293	0	0	0	0
% to total	1.1	0.0	0.0	0.0	0.0
Other recpt.	25901595	31110097	41032806	35331776	58468345
% to total	1.2	1.4	1.7	1.3	1.8
Total Recnts	2159665986	2159172319	2448892402	2727489028	3191561872

Total Receipts Percentage ULGS 2008-09

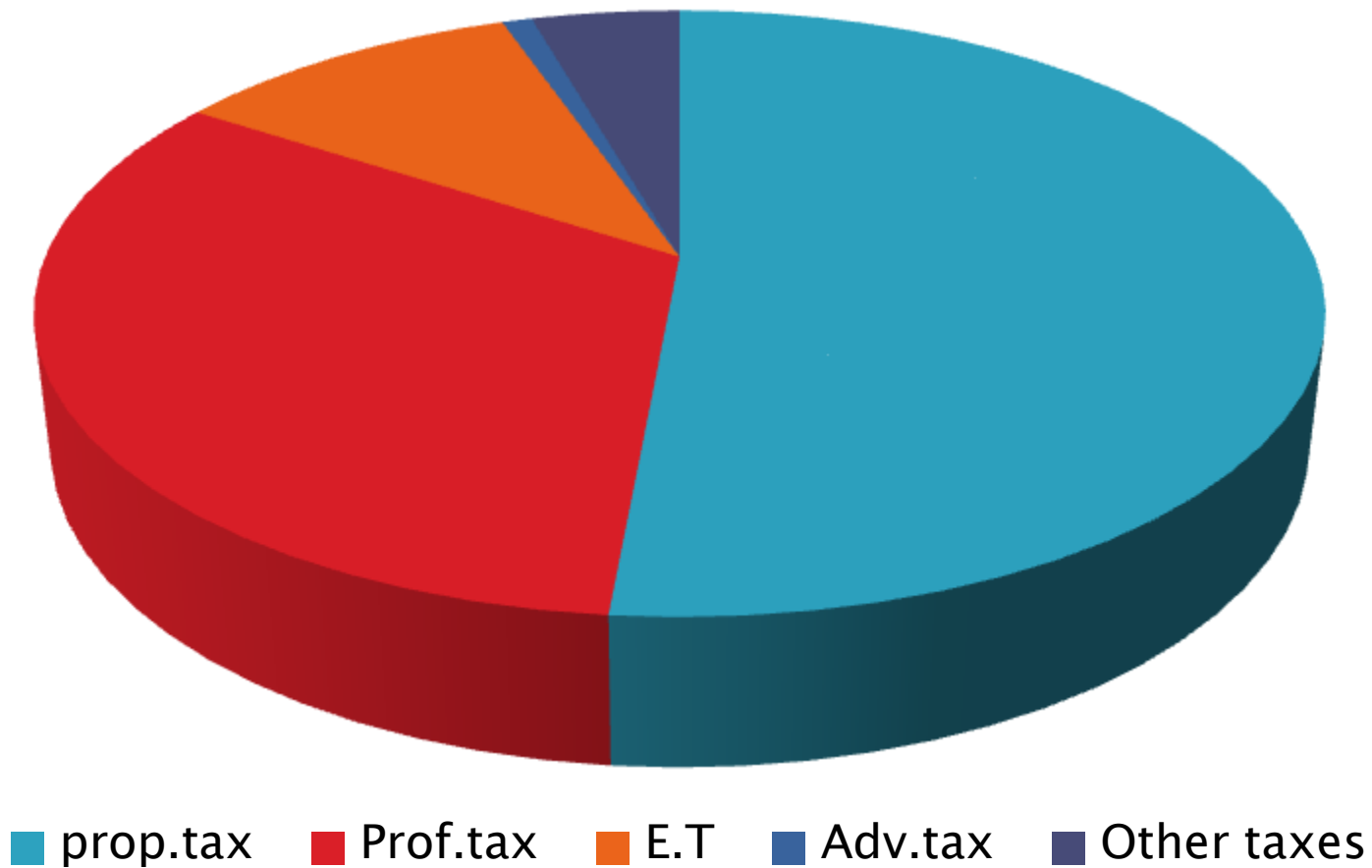
Receipts



Tax Structure of ULGs 2004-05 to 2008-09

Year	Prop. Tax	Prof. Tax	Ent. Tax	Adv. Tax	Others	OTR
2004-05	252108933 (49.8)	136467760 (27.0)	88702584 (17.5)	4096157 (0.8)	24426354 (4.8)	505801788
2005-06	264028997 (49.9)	155313426 (29.3)	78966244 (14.9)	2185846 (0.4)	29128590 (5.5)	529623103
2006-07	352229350 (52.4)	219954773 (32.7)	87248179 (13)	4075432 (0.6)	8309390 (1.2)	671817124
2007-08	385249232 (52.7)	248820211 (34.0)	85453069 (11.7)	5826406 (0.8)	6347591 (0.9)	731696509
2008-09	405908212 (52.1)	284232978 (36.5)	79979406 (10.3)	8681996 (1.1)	700140 (0.1)	779502732

Percentage of components of Tax ULGs 2008-09



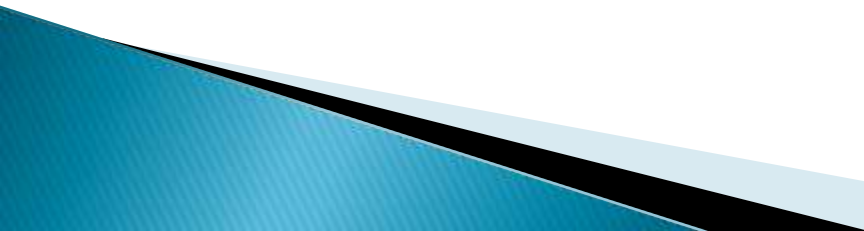
PROPERTY TAX

- ▶ ARV
- ▶ Tax for Gen.purp. 5%
- ▶ Lighting 2%
- ▶ Sanitation 3%
- ▶ Drainage 2%
- ▶ Unit Area Based
- ▶ Zone
- ▶ Use
- ▶ Category of bldg.
- ▶ Materials used
- ▶ Type of construction
- ▶ Access
- ▶ Age of the bldg.
- ▶ Self Assessment

Earlier Method

New Method

Property tax contd..

- ▶ K.M ACT 1994
 - ▶ Kerala Municipality(Property Tax,Service Tax and Surcharge) Rules,2011
w.e.f-1st April 2011
 - ▶ Tax revision based on the new rule is underway
 - ▶ Certain category of tax payers are anxious of the hike in the new system of tax
 - ▶ Last tax revision in LSGIs in 1993
- 

Property tax board

Constituted in 2011

Consists of Chairman & 3 other members

FUNCTIONS

- ▶ Review the prop tax system
- ▶ Suggest transparent procedure for valuation of properties
- ▶ Recommend modalities for periodic revision
- ▶ Ensure transparency in valuation process
- ▶ Oversee valuation
- ▶ Render advice to Corporations and Municipalities
- ▶ Undertake training to employees of Corpns. & Municipalities
- ▶ Ensure collection & imposition of tax for all taxable properties

Property tax demand in corpns.

During 2010-11

Demand	Collection	Balance	%	Name of Corporation
321577685	253999454	67578231	78	Thiruvananthapuram
64089539	52119712	11969827	81.3	Kollam
711582297	455521312	256060985	64.02	Kochi
102719643	89623443	13096200	87.25	Trissur
152298869	124078105	28220764	81	Kozhikode

Profession Tax

Sl.No	Half Yearly Income	Half Yearly Tax
1	12000-17999	120
2	18000-29999	180
3	30000-44999	300
4	45000-59999	450
5	60000-74999	600
6	75000-99999	750
7	100000-124999	1000
8	124999 above	1250

Other Taxes

- ▶ E.T 20–25% of price of admission
- ▶ Advert.Tax } Minimum rate is notified by
state Govt.ULB will fix the rates
and make bye-law

Dev.Fund for corpns.2012-13

Corpn.	General	13 th Fin.Com	Total	SCP
TVPM	485265000	264185000	749450000	218188000
KOLLAM	251267000	104814000	356081000	68892000
KOCHI	210444000	121014000	331458000	50556000
TRISSUR	164715000	72387000	237502000	60670000
KOZHIKODE	217899000	125300000	343199000	59844000
Total			201,76,90,000	45,81,50,000

Dev.fund for Municipalities 2012-13

General	World Bank	13 fin com	Total	SCP	TSP
1515541000	369499000	857699000	2742739000	569675000	15404000


Allotment of Dev.Fund –criteria

Weight age in %		
Criteria		
Population(-sc/st)		50
Deprivation Index		30
Tax effort		10
Area		10

Deprivation index

- ▶ Lack of quality of housing
- ▶ Access to water
- ▶ Good sanitation
- ▶ Electricity
- ▶ Landlessness

The formula is similar to that of human poverty Index used by UNDP



Broad structure Expenditure: Municipalities

Total	2004-05	2005-06	2006-07	2007-08	2008-09
Core function	382643734 (18.1)	433331136 (19.3)	451402190 (18.9)	472005265 (17.5)	569577901 (19.2)
Dev.activities	595436220 (28.2)	583566725 (25.9)	592960879 (24.8)	611073835 (22.6)	685341442 (23.1)
Welfare	298509844 (14.1)	328695262 (14.6)	357911965 (15)	507466343 (18.8)	453019647 (15.3)
Other items	835175439 (39.5)	903469238 (40.2)	990823379 (41.4)	1108566095 (41.1)	1253507947 (42.3)
Total 100	2111765237	2249062361	2393098413	2699111538	2961446937

Broad structure Expenditure: Corporations

Total	2004-05	2005-06	2006-07	2007-08	2008-09
Core function	334077687 (21.4)	452223736 (25.8)	524165073 (29.7)	356369007 (19.7)	488782447 (20.6)
Dev.activities	392797586 (25.2)	372539889 (21.2)	401694002 (22.8)	250928772 (13.8)	708677092 (29.9)
Welfare	167305438 (10.7)	129150807 (7.4)	180205155 (10.2)	305828141 (16.9)	427703467 (18.1)
Other items	664529310 (42.6)	801689828 (45.7)	657450648 (37.3)	898712556 (49.6)	742840832 (31.3)
Total 100	1558710021	1755604260	1763514878	1811838476	2368003838

THANK YOU

C.RADHAKRISHNA KURUP