REPORT

OF THE

MUNICIPAL GRANTS ENQUIRY COMMITTEE, 1964

PRINTED BY THE S.G.P. AT THE GOVERNMENT PRESS,
ERNAKULAM
1964

CONTENTS

3/17—1a

MUNICIPAL GRANTS ENQUIRY REPORT

CHAPTER I

Introduction

This Committee was constituted by Government by their order G.O. MS. 222/63/D.D., dated 18th March 1963. The order is extracted below :—

> "Section 136 of the Kerala Municipalities Act, 1960 provides that the Government may contribute to the funds of any Municipality by way of a grant such sum as may be fixed by the Government with due regard to the needs of development and the cost of Municipal administration and services.
>
> The general principles to be adopted for the payment of annual grants to Municipalities, have to be evolved. For this purpose, it is considered necessary that the various aspects of the question are considered in detail by an Official Committee. Accordingly Government constitute a Committee consisting of the Director of Municipalities, the Examiner of Local Fund Accounts and Sri V. Balagangadhara Menon, Municipal Commissioner, Trichur, to probe into the question and submit a detailed report to Government within a period of two months. The Director of Municipalities will be the Chairman of the Committee."

2. By memorandum of the same number, dated 19th June 1963 Government asked the Committee to include within the purview of their enquiry the question of grants-in-aid payable to the two Corporations of Trivandrum and Calicut also. It was further ordered that the Commissioners of these two Corporations would be co-opted to the Committee when general questions and questions relating to the Corporations were considered. Accordingly, the Commissioners of the Corporations, Messrs. G. Appukuttan Pillai and A. K. Raghavan were co-opted and they have functioned as members of this Committee.

3. Since the appointment of this Committee the Kerala Motor Vehicles Taxation Act, 1963 was passed and it came into force from 1st July 1963. Section 18 of this Act provides that the vehicle tax compensation payable to local bodies has to be fixed by Government in advance for every five years on the recommendation of a Committee constituted for the purpose. By Government Memorandum No. 77210/ Ml. Rules I/63-2, dated 4th November 1963 Government informed that the appointment of a separate committee in accordance with the above provision is under consideration and that this Committee need not go into the question of vehicles tax compensation. This question is thus left out of the deliberations of the Committee.

4. By their order Rt. 1327/63/DD., dated 10th May 1963 Government were pleased to sanction certain arrangements for carrying on the office work in connection with this enquiry. These included the assignment of Sri S. Perumal, Assistant, Development Department to be in charge of the above office work.

5. The Committee held its first meeting at Trivandrum on 6th April 1963 when there was a general discussion on the main principles pertaining to Municipal grants as also the method to be adopted for the enquiry. A draft questionnaire prepared by the Chairman was examined and it was decided that the same may be circulated among the Corporations and Municipal Councils for eliciting their views. The questionnaire was accordingly circulated. A copy of the questionnaire is attached as Appendix I.

6. In the above meeting it was also proposed that the Committee should have discussions with the representatives of the Corporations and Municipalities on the various questions arising for consideration. This proposal was approved by Government by Memorandum No.30807/Ml. Rules II/63/DD, dated 27th May 1963. Accordingly discussions were held by the Committee with the representatives of the Corporations and Municipalities (the Chairman, Vice-Chairman, Standing Committee Chairman and Commissioner in the case of Municipalities, the Mayor and Finance Committee Chairman in the case of Trivandrum Corporation and the Mayor, the Deputy Mayor and the Finance Committee Chairman in the case of Calicut Corporation) at the meetings of the Committee held at Trivandrum, Quilon, Alleppey, Kottayam, Ernakulam, Trichur, Cannanore, Palghat and Calicut. Including the meetings held for the above discussions the Committee held altogether twelve sittings.

7. The State Government, with a view to help this Committee with information about the system of grants-in-aid prevalent in the other States in India were pleased to address the concerned Governments and obtain these informations. The information thus received were passed on to the Committee. Government also asked the Chairman of the Committee to avail the opportunity provided by his journey to Delhi in September last to have personal discussions with the officers concerned with local administration in the Governments of Madras and Bombay as also in the Corporation of Delhi. The Chairman accordingly met in Madras and Bombay the concerned Secretariat Officers and in Delhi the Commissioner of the Corporation and acquainted himself with

the general principles governing municipal grants adopted in those areas.

8. We are deeply grateful to the Corporations, Municipal Councils and the Guruvayoor Township Committee for the valuable advice and informations given by them.

Finally, we have pleasure in placing on record our appreciation of the work of our staff and the assistance they have given at the various stages of the enquiry.

CHAPTER II

The Committee's Task—the back-ground of Municipal Finances

As would be seen from the Government order of 18th March 1963 they appointed this Committee to conduct a probe into the various aspects connected with the question of municipal grants and to evolve general principles to be adopted in this behalf.

2. If there is any one opinion about municipal administration in the State on which there could be complete unanimity, it is that its finances have no rational basis. In no case, generally speaking, is there a proper balance between resources and obligations. Consequently, even essential obligations are neglected. This in turn, makes these municipal institutions the most uneconomic units in public administration. There is no reasonable relationship between the indispensable administrative costs and the services for which the administrative manchinery is maintained.

3. In the following chapters we shall endeavour to substantiate the above statem ents by reference to the details of finance, the details of services rendered and those which are neglected.

4. But before we venture to do this we may hasten to show that the above is not merely a popular opinion. It is one which has behind it the authority of administrators of the highest level.

5. In the first conference of Local Self Government Ministers held in independent India the resolution on municipal finance passed by the conference reads as follows:—

"The Conference agrees that the financial resources of the local bodies are inadequate. It is also recognised that even the available resources are not fully utilised, the evils of underassessment and failure to collect taxes in full being wide-spread. In view of the complexity

of the problem of local finance the Conference recommends that the Central Government should appoint a Committee to enquire into the question of finances of local bodies and to make recommendations to improve the local finances."

6. Following this resolution, the Central Government appointed in April 1949, the Local Finance Enquiry Committee. This Committee which consisted of eminent officials and non-officials submitted an elaborate report on the question. In this report we are mainly concerned with one aspect of municipal finance—and this a very important aspect—State assistance towards Municipal administration. The following are some of the observations made by the Local Finance Enquiry Committee about the question of grants-in-aid.

"From the details given it would be clear that the existing scale of Government assistance towards education, medical relief, public health and communications has proved inadequate and is likely to prove more so, when action is initiated to achieve the targets laid down in the Constitution. It must be admitted that in spite of some improvement in the policy of State Governments since 1921 and consequent widening of the powers of local bodies, the present position regarding grants-in-aid in India is not satisfactory. The State Governments while investing local bodies with wider responsibilities must also place at their disposal adequate funds to supplement their revenue; as even with the utmost development of their own resources, they cannot expect to have adequate funds for an efficient functioning of their services." (Pages 234 and 235 of the report).

7. The question again came up for consideration in 1953 by the Taxation Enquiry Commission. On the question of municipal grants this is what the Commission said:

".....No State has in this context, a grants-in-aid code that embodies simple and well-defined principles. Further, of course, both the amount of the grant and the payment of the amount are in actual practice contingent upon the State Government's own finances as these vary from year to year; and complaints have been voiced that the promised grants, not infrequently, fail to materialise.

We recommend the adoption by each State of a system of grant-in-aid based on the following principles:—

(*i*) There should be a basic 'general purposes' grant for each local body other than the bigger Municipalities and Corporations;

(*ii*) The local bodies eligible for such grant should, within each category (Municipality, Local Board, Panchayat etc.) be classified into a few simple divisions based on population, area, resources, etc., and the grant itself related to these factors as well as to the size of the normal budget of the local bodies;

(*iii*) The basic grant should be such that, after taking into account their own resources the local bodies will have fairly adequate finance for discharging their obligatory and executive functions;

(*iv*) The basic grants should be assured over a reasonable number of years—say three or five and, save for exceptional reasons, not be subject to alterations from year to year within that period; and

(*v*) There should be in addition specific grants (annual and other) which as at present, will be for particular items and services. This should be conditional on—

(*a*) The particular service being maintained at a prescribed level of efficiency; and

(*b*) the local body exploiting its own resources to the extent indicated by Government from time to time.

8. It may be stated here that in spite of the two authoritative recommendations mentioned above, owing to their other pre-occupations nothing very appreciable could be done by the Government towards the improvement of grants-in-aid to the Municipal Councils or even for evolving well-defined principles in this behalf as recommended by the Taxation Enquiry Commission.

9. From Appendices II and V it will be seen that excluding vehicle tax compensation which amounts to about Rs. 4·68 lakhs the aggregate sum of grants paid annually to the various Municipal administrations is about Rs. 11·14 lakhs. Both amounts have remained, more or less stationary over the last several years.

10. But, meanwhile, a very significant evolution in State policy towards local administration has been under way. Democratic decentralisation is now accepted as not only desirable but as inescapable.

Article 40 of the Constitution has given expression to this principle in unmistakable terms. It says:

> "The State shall take steps to organise village Panchayats and endow them with such powers and authority as may be necessary to enable them to function as units of self-Government."

Though the directive principle refer only to Village Panchayats, we have to assume that the above directives are equally meant to guide the delegation of functions to the urban counter-parts of the Panchayats viz., the Corporations and the Municipalities on whose proper working would depend the well-being, comfort and convenience of the urban communities who have to play so decisive a role in building up the nation. This decentralisation cannot be had without assumption of responsibility for financial assistance.

11. The Committee looks upon section 136 of the new Municipal Act as an expression of Government's policy as regards democratic decentralisation and the willingness to assume responsibility for a fuller and proper development of urban local authorities through financial aid. It is for the first time that statutory recognition is given to Government's obligation to give such financial aid and to the need for fixing the aid with due regard to the needs of development and the cost of municipal administration and services. The appointment of this Committee in the wake of the above statutory provision is yet another evidence of the State Government's anxiety to study the position scientifically and their willingness to render financial assistance to these local authorities on a well-defined basis.

12. We therefore assume, that our task is to examine from a rational basis the present state of municipal finance and to submit proposals for filling up the inherent gaps or imbalances in it by State's aid, to the extent possible so that the uneconomic aspect now seen in the working of the urban local authorities in the State may be minimised and democratic decentralisation more firmly implanted in our cities and towns.

CHAPTER III

Municipal Administrations in the State—A General sketch

There are 30 urban local authorities in the State *viz*; the Corporations of Trivandrum and Calicut, 27 Municipalities and the Guruvayoor Township. The Corporations are governed by the respective City Municipal Acts and the Municipalities by the Kerala Municipalities Act. The Guruvayoor township is also mainlyrun in accordance with the provisions of the Municipal Act. The 27 Municipalities are, according to a common understanding divided into two categories. The

ten larger institutions which have revenues exceeding about Rs. 5 lakhs i.e., the Municipalities at the various District headquarters and those at Mattancherry, Fort-Cochin and Tellicherry are considered major Municipalities and the remaining seventeen are considered minor Municipalities. Having regard to its population and revenue the Guruvayoor township should belong to the latter category.

2. The total area covered by these urban local authorities is 222·04 square miles and their population is 18·32 lakhs.

3. The Trivandrum Corporation has an area of 29 square miles and population of 3·25 lakhs. The corresponding figures of the Calicut Corporation are 32·51 square miles and 2·72 lakhs. The ten major Municipalities have areas varying between 1·01 square miles (Fort-Cochin) and 12·50 square miles (Alleppey). Their populations range from about 0·35 lakhs (Fort-Cochin) to about 1·38 lakhs (Alleppey). The 17 smaller Municipalities and Guruvayoor township have areas varying between 2·50 square miles (Guruvayoor) and 10 square miles (Palai). Their populations vary between 0·135 lakhs (Guruvayoor) and 0·445 lakhs (Kayamkulam).

4. The taxation structures of the thirty local authorities is more or less the same except for a few differing features. These are:

(*i*) The Calicut Corporation is specially empowered to levy a tax on timber brought into the City.

(*ii*) A maximum of 25 per cent of the annual value is laid down for property tax in the Calicut Corporation and the Municipalities while this maximum is only 15 per cent in the Trivandrum Corporation. It is interesting to note that this 15 per cent is the minimum prescribed in this behalf in the Calicut Corporation.

(*iii*) In the maximum rates of profession tax authorised by the respective Acts there is a very substantial variation. In the Travancore area the maximum yearly tax payable by individuals is fixed at Rs. 550 while there is no such limit in the case of companies. There are companies in this area which are called upon to pay about Rs. 10,000 or even more as profession tax. In Cochin area no limit is imposed on the taxes payable by individuals or companies. These high rates which exceed the limit of Rs. 250 laid down in Article 276 of the Constitution are allowed to continue as per the proviso to that article. But the

Municipalities in Travancore-Cochin area established after the commencement of the Constitution and those in the Malabar area are bound by the constitutional maximum of Rs. 250 per year.

(*iv*) Show tax is not levied in the Trivandrum Corporation as it is not authorised by its Act.

5. Property tax is, comparatively, the largest source of revenue. Speaking about the State as a whole it accounts for about 58 per cent of the municipal revenue, i.e., for about Rs. 69 lakhs out of the total revenue receipts (excluding all grants) of about Rs. 119 lakhs. The rates of levy in Trivandrum and Calicut Corporations are respectively 15 per cent and 21·25 per cent of the annual rental value. Those in Travancore-Cochin Municipalities vary between 10 per cent and 15 per cent. The corresponding percentages in the Malabar area are 16 (lowest) and 22·5 (highest). Here it may be added that the per capital yield from this tax in the Malabar area is, notwithstanding the considerably higher rates, not appreciably higher than in the Travancore-Cochin area. In some cases it is even less than the Travancore-Cochin yield. This aspect shall be examined in detail later.

6. The other tax items are :

(*i*) tax on professions,

(*ii*) tax on entertainments,

(*iii*) tax on animals, vehicles, (other than motor vehicles) and vessels,

(*iv*) show tax,

(*v*) tax on advertisements and

(*vi*) duty on transfer of properties.

7. Of the above, tax on professions, owing to the higher rates referred to earlier bring in a much larger slice of revenue in the older Municipalities in the Travancore-Cochin area than the new ones in this area, viz; Perumbavoor, Moovattupuzha and Kunnamkulam and those in the Malabar area. Thus while the demand under this head amounts to nearly Rs. 2·55 lakhs in Trivandrum Corporation the same in Calicut Corporation amounts only to about Rs. 0·93 lakhs. The other taxes mentioned above and the fees collected by the various municipal administrations do not require any detailed discussion here. The only observation to be made is that the rates at which these taxes and fees are levied and the total proceeds vary slightly from

place to place. These variations are, of course, subject to the ranges fixed by law except in the case of fees where no such ranges are generally laid down.

8. The total average annual revenue receipts of these 30 institutions excluding all grants for the three years ending with March 1963 amount to Rs. 119 lakhs. The remunerative enterprises undertaken by the various councils are seen to yield an annual income of Rs. 19·10 lakhs. The aggregate of these two sums, Rs. 138·10 lakhs indicates that the average per capita resources of the municipal administrations in the State stand at about Rs. 7·50.

9. The average annual (municipal) resources of Trivandrum and Calicut Corporations excluding all Government grants for the three years ending with 1962-63 are respectively Rs. 19·87 lakhs and Rs. 20·59 lakhs. But it will be wrong to work out any per capita rates of municipal resources from the above figures. Both in Trivandrum and Calicut there were very wide extensions of municipal limits since January 1962. In Trivandrum the population before extension was only 2·40 lakhs and in Calicut only 1·92 lakhs. The increased additional revenue which is likely to be realised from the extended area is not properly reflected in the average receipts of these two institutions given above. Actually these figures have to be reckoned mostly as resources relating to the old municipal limits. In the circumstances any assessment of per capita municipal resources in these two cases has to be approximate. The same may be fixed at Rs. 8 and Rs. 10 (nearly) for Trivandrum and Calicut respectively.

Among the major municipalities the biggest in point of municipal resources is Ernakulam. Its average receipts amount to Rs. 15·00 lakhs and the per capita rate is about Rs. 13. The receipts of the other major municipalities range between Rs. 4·95 lakhs (Fort-Cochin) and Rs. 9·01 lakhs (Mattancherry). The per capita resources in these cases range between Rs. 5·85 (Quilon) and Rs. 14 (Fort-Cochin). The receipts of the smaller municipalities vary from about Rs. 0·63 lakhs (Vaikom) to about Rs. 2·35 lakhs (Chenganacherry). The per capita rate ranges between Rs. 3·07 (Kayamkulam) and Rs. 10·97 (Perumbavoor).

10. The aggregate sum of ordinary grants paid by Government in an year is seen to be Rs. 15·83 lakhs.

This is made up of Rs. 4·69 lakhs under vehicle tax compensation and Rs. 11·14 lakhs under other ordinary grants.

11. Thus the total annual resources (ordinary) of the 30 institutions, i.e; their revenue receipts, income from remunerative enterprises and ordinary grants paid by Government amount to Rs. 154 lakhs approximately.

12. The average of the loans and five-year plan grants given in an year is about Rs. 22 lakhs nearly.

13. The grand total of all the above resources in an year is Rs. 176 lakhs.

14. The total annual expenditure from ordinary resources, i.e., all municipal receipts and ordinary grants is seen to be Rs. 141·68 lakhs.

15. The grand total of expenditure from ordinary as well as all other sources is Rs. 164·62 lakhs.

16. The above grand total of expenditure is distributed mainly as follows:—

		Rs. (*in lakhs*)
(*a*) Establishment and contingencies (Office and revenue)	..	22·03
(*b*) Public health and medical establishment (excluding menials)	..	11·15
(*c*) Public works and water supply establishments	..	10·52
(*d*) Other miscellaneous establishments (approximate estimate)	..	6·00
	..	49·70
	or say Rs. 50 *lakhs.*	
(*e*) Contingent establishment (menials)	..	32·91
Total of salary expenditure (*a*, *b*, *c* *d* and *e*)	..	82·91
	or say Rs. 83·00 *lakhs.*	
(*f*) Public health and medical contingencies	..	11·08
(*g*) Public works and water supply	..	46·96
(*h*) Education including libraries	..	00·95
(*i*) Street lighting	..	14·35
(*j*) Parks and recreational facilities	..	1·33
Total cost of the above amenities and services (*f*, *g*, *h*, *i* and *j*)	..	74·67
	or say Rs. 75 *lakhs.*	

17. The remaining sum in the above grand total of expenditure represents expenditure of a miscellaneous nature which cannot be easily classified.

CHAPTER IV

The Role of Municipal Administration—what it ought to be and what it is ?

We propose to examine in detail in this chapter the performance of our urban local authorities in the light of the general background and principles we have referred to in the earlier chapters.

2. The system of public administration which obtains in India is very largely modelled on that of Great Britain. But, for a number of reasons, historical and otherwise, we have not been able to introduce in modern Indian administration one of the significant features of Government in Britain, viz., the very wide role of local Government. In England almost every aspect of the citizens' day to day life, viz., his health, his accommodation, the conveniences and services which he requires, all these are the concern of the local authorities.

3. In India, these municipalities were first started as agencies for looking after very limited functions, viz., conservancy, i.e., sweeping and cleansing of streets, lighting of these streets and vaccination. Very large changes have been introduced in the finances and constitution of these local authorities. In Kerala, at least a few of them like the Corporations of Trivandrum and Calicut and the Municipalities of Ernakulam, Mattancherry and Trichur have become very large administrative units with total annual resources ranging up to about Rs. 30 lakhs and they have today having under them a big complement of officers and servants running up to a few hundreds. But the unfortunate position is that as regards their functions, there is not the same expansion as we have seen in other sectors of public administration. These urban local authorities in Kerala except some of the bigger ones even now continue to be agencies concerned with conservancy operations, lighting of streets and some nominal preventive public health work like vaccination. They are still far from being able to provide the minimum amenities of modern urban life.

4. Public health measures today mean all those facilities and services which will prevent disease and provide health, vigour and comfort to the people. These measures should thus include prevention

from every kind of dangerous and epidemic diseases. They should include not only the time honoured smallpox vaccination but vaccinations and inoculations against a number of other diseases like typhoid, cholera and rabies. Again they should include provisions and facilities for the supply of nutrients, for maternity and child welfare, for sports and recreations. But on a reference to Appendices III and IV of this report it will be seen that the majority of municipal councils are able to spend only token or nominal amounts on these essential services.

5. Thus the average yearly investment of Neyyattinkara Municipality on public health and medical services excluding the salary of contingent workers is seen to be only Rs. 874 while it could not find it possible to spend anything at all on parks and recreational facilities. The expenditure incurred in an year by the Attingal Municipality on these public health and medical services is Rs. 1,889. This institution also can take credit for a nil expenditure on parks and recreations. Even a more affluent administration like the Kottayam Municipality could spend in an year on these important services for the benefit of its population exceeding 50,000 only the nominal sum of about Rs. 50,000. Calicut which is a nest of civic problems has not been able to set apart more than Rs. 1·75 lakhs for these facilities, though it has a population nearing 2·75 lakhs now. The Corporation of Trivandrum has returned the highest expenditure as regards both the aggregate amount as well as its proportion on the above services. Even here against a population exceeding 3 lakhs the annual investment on public health and connected welfare activities is hardly Rs. 3 lakhs.

6. Out of the 30 urban local areas there are 14 without even one maternity and child welfare centre. In Trivandrum Corporation there are 15 centres and in Quilon 4. Taking the ten major municipalities the average number of maternity and child welfare centres run by each of them is 3. This means there is one centre for about 23,000 of the population while the accepted pattern of public health services requires that there should be a centre for every 10,000 of the population. In many of the centres the services rendered do not at all come up to the prescribed standards ; there is no supply of milk or nutrients. They are merely the resting places of midwives.

7. In a civilised society isolation hospitals are indispensable needs. Yet out of the thirty urban areas such hospitals are maintained only in seven places. Even in these places the hospitals are not often worth

the name. The medical and other facilities rendered are so very scanty.

8. There are seven Municipal areas without any parks at all. In most of the other places including the premier urban area of Calicut the parks provided are altogether inadequate in numbers and area. Many of them are merely small bits of enclosed lands.

9. The total population of the Corporations and Municipalities and the Guruvayoor township exceeds 18 lakhs and the aggregate sum which these authorities are spending mainly for taking care of the health and well being of this population on public health, medical and recreational facilities is about Rs. 12·42 lakhs which hardly works out to 66 nP. per head. The committee is not unmindful of the much larger sums amounting to an aggregate of about Rs. 44 lakhs which these institutions spend towards the maintenance of their public health establishment and towards the salary of the menials engaged in cleaning work. The supervision of this cleaning work is now the main concern of the public health establishment. Cleaning work is only one of the aspects of public health work. Though unavoidable, it is certainly not the most important aspect of this work.

10. Another important service is represented by public works. It is the duty of every Municipal Council to provide communications, *i.e.*, to open roads and lanes and keep them in good repair, provide foot-paths, landing places and similar facilities essential for safety and convenience. We cannot say that there is a local administration in a place unless these facilities are provided at least according to minimum requirements. But there are Municipalities which even for years have not succeeded in opening a single new road. There are vast numbers of citizens in many towns who simply do not have an access to the main roads. Even in a large and important town like Kottayam one has only to move a few yards from the main artery of communications, the K.K. Road, to find that the communication facilities are as bad as they are in the remotest villages.

11. Drains are an essential requisite of urban life. The provision of underground sewerage may be too ambitious a project to be too soon realised in all the Municipal areas. No council can now hope to provide this without capital aid. But this cannot be said of surface drains. Every house owner has the right to expect some drainage

facilities. But even in the larger towns and even along busy streets these surface drains are not provided according to needs and those once provided are not kept in good repair.

12. Turning again to figures it would be surprising to know that the average expenditure of Neyyattinkara Municipal Council (from its own funds) on public works during the last 3 years is nil, that of Mavelikara Municipality Rs. 3,900, of Chittur-Thattamangalam Rs. 5,021 and of Attingal Rs. 5,859. How little could be done with these nominal sums in areas which cover on an average four to six sq. miles with a high density of population can be easily imagined. The record of the larger Municipalities is also disappointing. The average yearly expenditure on public works of Tellicherry Municipality is only about Rs. 0·78 lakhs, of Cannanore about Rs. 0·32 lakhs, of Quilon about Rs. 0·91 lakhs and of Alleppey about Rs. 0·96 lakhs. Unlike the smaller Municipalities all these are highly urbanised areas with innumerable problems all round residential areas, business centres and streets. As an expenditure on communications, foot-paths, drains, public convenience and other facilities provided for the large populations of these overcrowded towns, the sums mentioned above can only be looked upon as mere token sums.

13. It is true that as would be seen from Appendix III most of these councils have actually a slightly larger programme under public works than what is represented by the above figures. But these additional works are financed through loans or Five-Year Plan grants. We are here concerned with the performance of the Municipal Administrations through their own resources.

14. The Committee realises that the picture of amenities and services drawn above is a very unsatisfactory picture. But the unfortunate fact is that in their present conditions the Municipal administrations in the State will not be able to produce any appreciably better picture in this respect. They do not have the required resources.

CHAPTER V

The uneconomic aspects of Local Administration

Closely connected with the above observations is another important aspect of urban local administration in the State. This is the waste of talents and waste of public money witnessed in these institutions.

2. In each place sixteen or more representatives are elected to run the institutions. Many of them are persons with talents and experience. The electors return them and these representatives usher themselves into the stage of our local administration with very great enthusiasm. But very soon their enthusiasm dies out. They find that there is very little they can do. In the preceding chapter we have shown how little is done by the municipal administrations in the sphere of amenities and services. The task assigned to the elected representatives is to conceive these amenities and services, decide upon their priorities and locations and supervise generally the execution of the concerned projects. The disbursement of salaries to the staff and menials and payment for street lights which consume the bulk of municipal revenue in many cases are not matters requiring any considerable attention by the elected representatives. When little is done, naturally there will be little to conceive, decide and supervise. This represents a waste of talents and frustration of enthusiasm which cannot augur well for the future of our representative institutions.

3. But the waste which calls for immediate attention is the waste of public money resulting from our local administrations. Actually the administrative frame-work in these institutions is capable of handling far more responsibilities than they have to shoulder at present. The total annual cost of the office and revenue establishments alone of the corporations and municipalities amounts to Rs. 22·03 lakhs. The annual cost of the public health establishments (excluding the salaries of menials) makes up Rs. 11·15 lakhs. The annual cost of the public works establishments is nearly Rs. 10·52 lakhs. Including the expenditure on other miscellaneous services the total establishment cost will be of the order of about Rs. 50 lakhs.

4. A very considerable part of the remaining municipal resources is swallowed by two items, the salaries of contingent menials, about Rs. 33 lakhs and street lighting about Rs. 14·35 lakhs—total Rs. 47·35 lakhs. These are not items which require any elaborate administrative control.

5. The expenditure on the two items, public works and public health measures which should afford the main justification for the cost of administration which we have estimated above at about Rs. 50 lakhs is respectively Rs. 47 lakhs and Rs. 12·42 lakhs—total Rs. 59·42 lakhs.

now spent on these items we have also indicated the additionally required expenditure in an year for securing tolerable standards of administration, development and services. How these additional requirements are fixed is indicated in the note below :

PARUR

Population	..	20,848
Ordinary resources (municipal receipts only)	..	1,31,899

Expenditure

	Rs.		*Rs.*
(1) Establishment and contingencies (Office and Revenue) ..	32,550		
(2) Public Health and Medical establishment excluding menials ..	12,592	+	27,500
(3) Public Works and Water Supply establishment ..	1,520		
(4) Public Health menials ..	32,918	+	24,000
(5) Public Health and Medical contingencies ..	16,986	+	24,000
(6) Public Works and Water Supply charged to revenue ..	9,277	+	60,000
(7) Street lighting ..	13,556	+	3,000
(8) Education including salaries and grants to libraries ..	3,355	+	..
(9) Parks and recreational facilities including salaries ..	1,700	+	10,000
(10) Other miscellaneous charges ..	13,078	+	..
Total ..	1,37,532	+	1,48,500

CANNANORE

Population	..	46,385
Ordinary resources (municipal receipts only)	..	4,56,083

Expenditure

	Rs.		*Rs.*
(1) Establishment and contingencies (Office and Revenue) ..	85,000		
(2) Public Health and Medical establishment excluding menials ..	33,244	+	84,000
(3) Public Works and Water Supply establishment ..	8,603		

		Rs.		Rs.
(4) Public Health menials	..	1,47,979	+	26,000
(5) Public Health and Medical contingencies	..	38,916	+	35,000
(6) Public Works and Water Supply charged to revenue	..	82,280	+	2,25,000
(7) Street lighting	..	29,914	+	10,000
(8) Education including salaries and grants to libraries	..	1,967	+	..
(9) Parks and recreational facilities including salaries	..	5,437	+	30,000
(10) Other miscellaneous charges	..	10,000	+	3,000
Total	..	4,43,340	+	4,13,000

Total

Parur	..	2,86,032
Cannanore	..	8,56,340

Note :—

Establishments.—*Items* 1, 2 *and* 3.—The additional costs shown are the costs required as per the standardisation proposals now before Government. They include additional Vaccinators, Midwives, Town Planning and other public works staff and additional staff for office management. The Cannanore Municipality does not now have supervising staff like Revenue Officers, etc. The additional cost is essential.

Item 4—*Public Health menials*.—At present Parur Municipality has 38 menials in service including 12 scavengers. Altogether there are 28 miles of roads to be swept. The standard requirement of menials for this work alone would be about 56 *i.e.*, about 30 more. Out of more than 3,000 houses only 500 are having scavenging service now. Even this leads to a work load of 51 houses per scavenger against the standard of 40. There are only two public latrines whereas according to the report of the Scavenging Conditions Enquiry Committee this Municipality should have at least ten public latrines. A number of urinals also will have to be provided—there are practically none now—and these will require cleaning by menials. Considering all these and after all possible moderations the Parur Municipality should have a minimum additional complement of 27 menials making up a total of 75. The additional expenditure of Rs. 24,000 represents their salaries and costs of contingencies.

In Cannanore which has a menial strength of 151 the position is better. But then, it is a much larger town with a denser population and some commercial and industrial importance. It cannot be said that conservancy work is quite satisfactory. So at least a nominal increase is necessary and therefore the cost of 29 additional workers which would make the total strength 180 is indicated here.

Item 5—*Public Health—Medical—Contingencies.*—Till the end of 1962–63 to which period our present discussion relates Parur had not even one Maternity Centre while Cannanore had three Centres. At the rate of one centre for every ten thousand of the population Parur should have two centres and Cannanore two more. The minimum cost per centre (for its beneficial working) excluding the salary of the midwife, etc., is calculated at about Rs. 5,000 while the cost incurred in Cannanore on the three Centres together is only Rs. 770 (excluding establishment). This means nothing worth while is done in these centres. Parur should have anti-mosquito control operations which it does not have at present and the minimum expenditure on this will be about Rs. 10,000 per year. Similarly, both the Municipalities should maintain a proper isolation hospital each, with proper medical aid facilities, etc., which they do not now do. The capital cost of putting up these hospitals is not taken into account here. This may have to come from sources other than current revenues The recurring cost should be at least Rs. 3,000 in Parur and Rs. 7,500 in Cannanore. Substantial amounts have also to be incurred in both places on the provision of inoculation facilities, supply of disinfectants to tax payers and their use for cleaning of latrines, urinals, drains, etc. The additional figures shown Rs. 24,000 and Rs. 35,000 respectively represent only the minimum or a reduced version of the costs of these essential services.

Item 6—*Public Works.*—The expenditure of Rs. 9,277 in Parur is altogether nominal. The Municipality has 12 miles of roads of its own. Even their routine maintenance should cost more than Rs. 6,000. But this maintenance cost is not proposed to be taken into account here as eventually it may be possible to charge the entire maintenance cost of roads on Vehicle tax compensation. But if these roads are to serve a growing town there should be a programme, for capital improvements and also for opening new roads. The Municipality will also need the construction of a large number of public latrines, (8 are indicated above) urinals, drains, landing places, etc. This has to be no doubt, a very

gradual programme. It may be that a part of the cost of these improvements and constructions could be charged to plan funds. But the remaining portion will have necessarily to be met from the Council's funds. In these circumstances it is felt that unless the Parur Municipal Council is able to spend additionally at least Rs. 50,000 in an year on public works it will not be able to provide the needed facilities at least to the minimum required extent.

Cannanore, the much more important town, has more urban problems due to density of population and other factors. It has 28 miles of roads of its own including, unlike at Parur, all the main roads. The road mileage is insufficient. Unless the Council is able to supplement its present expenditure of about Rs. 82,000 on public works by at least Rs. 1·5 lakhs from its funds these problems cannot be met.

The cost of water supply in either place is not considered here as this has to be provided with capital aid from the State. But once this is provided the respective Councils will have to pay annuities of about Rs. 20,000 and Rs. 1,25,000 (approximately) in an year. Proposals are under way in both places. Experience has shown that the proceeds of water tax are not sufficient to pay back these annuities. Further Cannanore is already collecting this tax and the receipts shown include this.

The additional commitments shown against Public works and water supply Rs. 60,000 and Rs. 2·25 lakhs respectively represent only a reduced version of the aggregate requirements indicated above.

Item 7—*Lighting.*—A nominal sum of Rs. 3,000 in Parur and Rs. 10,000 in Cannanore are proposed. Lighting is one of the elementary facilities to be provided and there is perpectual clamour for its increase. Cannanore's expenditure on lighting, about Rs. 29,000 is only nearly half of the corresponding expenditure in certain other municipal areas.

Item 8—*Parks.*—Parur has got at present just one small park and Cannanore has four bits of land called by this name none of which exceeds ten cents in extent. The Parur Municipality which has a population of over 20,000 should have two good parks each of not less than an acre in extent and Cannanore Municipality at least four. As in public works it would be improper to reckon the entire cost of opening all these new parks against revenue expenditure.

The programme has to be a gradual one. Further here again it may be possible to obtain assistance under some plan schemes towards the capital costs. But even then a part of the capital cost will have to be met from municipal resources. The parks once opened will have to be properly maintained. Each will, on this account alone, cost at least Rs. 5,000 per year. Taking all these aspects into account the Parur Municipality can have a programme for this essential service only if it could provide from its funds every year additionally at least Rs. 10,000 and the Cannanore Municipality can similarly provide at least Rs. 30,000. The latter estimate is made moderate having regard to the fact that Government lands may be available at least in some places in Cannanore for opening new parks or enlarging existing ones.

5. From the details furnished in the preceding para it will be seen that the Parur Municipality of which the annual municipal resources amount to Rs. 1,31,899 requires additionally at least Rs. 1,48,500. That is, the total resources required in an year amount to Rs. 2,86,000 (approximately).

6. We have not taken here into account the ordinary grants given every year by Government to the Council of which the average sum is Rs. 18,150. Our attempt is to find the gap between the Council's own resources and minimum requirements and therefore this sum was not added up.

7. Again we have not reckoned the Five-Year Plan grants and loans made available by Government. The average yearly sum of the 3 years ending with 1962-63 under this head is seen to be Rs. 28,653—Rs. 3,450 grant and the balance loan. The Five-Year Plan assistance is concerned with the capital cost of improvement works. From the notes furnished under para 4, it will be seen that while computing municipal requirements we were mainly concerned with the administration, maintenance and recurring costs and we have observed that capital requirements have to be sought mainly from other sources. What is now given under the III Plan is only a nominal assistance compared with the vast requirements for the much needed development of our cities and towns. But if these capital needs from year to year are also added up the estimate of minimum requirements is bound to swell up to proportions which would make thi enquiry altogether unreal. For these reasons neither the capital c osts of improvements nor the Five Year Plan assistance have to be considered in these discussions.

8. Thus Parur Municipality which has a population of little over 20,000 is seen to require a minimum of Rs. 2·86 lakhs for maintaining minimum or tolerable standards of administration, maintenance, recurring services, and minimum improvements and in comparison with this requirement the deficiency in resources is Rs. 1,48,500. This works out to a per capita minimum requirement of Rs. 14 and a per capita deficiency of Rs. 7·5 nearly.

9. We have proceeded on the assumption that Parur is a representative case so far as the smaller (minor) municipalities are concerned. We have also observed earlier that the fixation of these minimum requirements and deficiencies has necessarily to be approximate. We may therefore proceed to state that Rs. 14 per capita is the minimum requirement of resources in the smaller (minor) municipalities in the State as a whole and that the per capita deficiency in resources in all these smaller municipalities is of the order of Rs. 7·5. So far as the more unfortunate municipalities in this category are concerned, whose municipal resources do not even reach the Parur medium, the task of catching up with this medium has to be mainly left to them. Marginal adjustments in the system of grants-in-aid may, however, have to be thought of in these cases. This we will indicate later. As to the few fortunate administrations in the category, who could show municipal resources above the medium, it could be rightly assumed that their urban problems and the proportion and pace of improvements required are correspondingly larger and that therefore the per capita assessment of deficiency at Rs. 7·5 will be equally good in their case.

10. Turning to Cannanore, the municipal resources amount to Rs. 4,56,083. The deficiency worked out in para 4 amounts to Rs. 4,13,000. That means the minimum requirement of resources in this case is of the order of Rs. 8·56 lakhs. The population is 46,385. The per capita requirement, therefore for maintaining minimum standards of administration, maintenance and services in Cannanore is Rs. 18·8 or Rs. 19 (nearly). The per capita municipal resources stand at Rs. 9·8. The deficiency is Rs. 9 (nearly).

11. We have said that Cannanore is a representative case as regards the major municipalities. From the general

sketch furnished in Chapter II it will be seen that there is very little difference in resources between the corporations and the major municipalities in the State. The per capita resources to these corporations indicated in that chapter are Rs. 8 and Rs. 10 (nearly) for Trivandrum and Calicut respectively while that of Cannanore Rs. 9·8. Essentially the difference between our corporations and the average major municipality is one of size in area and population only. We are aware of the special importance of these two corporation areas but this is not relevant in the context of the present assessments. The incidence of urban problems, the costs of administration, the costs of maintenance of recurring services and minimum improvements, etc., for a given unit of population should be more or less the same. Therefore, the deductions made from the Cannanore case should be true, more or less, not only in respect of the other major municipalities in the State but also the two corporations. That is, we may approximately fix the minimum requirement of resources of the two corporations and the ten major Municipalities at Rs. 19 per capita and the deficiency at Rs. 9 per capita. As to individual variations of municipal resources from the Cannanore medium of Rs. 9·8 we can only repeat what has been said earlier in connection with Parur and other smaller municipalities. Those who lag behind have to catch up and for those who are a little more resourceful the minimum per capita requirement for reaching minimum standards will be correspondingly higher. The deficiency of Rs. 9 per capita will be there, more or less, in their cases too.

12. The total population of the 17 minor municipalities and Guruvayur Township is 4,41,336 and that of the ten major municipalities and the two corporations is 13,90,609.

On the basis of our assumptions in the preceding paragraphs the minimum financial resources needed by these thirty institutions amount to:

4·41 × Rs. 14 = Rs. 61·74 lakhs

(Smaller Municipalities and Township)

13·90 × Rs. 19 = Rs. 264·10 lakhs

(Corporations and major Municipalities)

Total Rs. 325·84 lakhs or say Rs. 325 lakhs.

The deficiency in municipal resources amounts to:

4·41 × Rs. 7·5=Rs. 33·07 lakhs
13·90 × Rs. 9=Rs. 125·10 lakhs

Total Rs. 158·17 lakhs or say Rs. 158 lakhs.

Note.—From the above figures it would appear that the municipal resources would amount to nearly Rs. 167 lakhs, i. e., Rs. 325 lakhs—the deficiency Rs. 158 lakhs. We have seen that actually the municipal resources amount only to Rs. 138·10 lakhs. Calculation of approximate municipal resources for the State as a whole at the rates shown by the two representative cases of Parur and Cannanore has led to this disparity or excess.

CHAPTER VII

Municipal Resources—Deficiencies in Exploitation

Our endeavour in the preceding chapter has been to assess the gap between the ordinary municipal resources, i.e., their income from taxes fees and remunerative enterprises and the mimimum requirements. Our assessment was based on the accounts of actual receipts of the three years ending with 1962–63. It is necessary in an assessment like this and it was always the practice to base the calculations on the average figures of three years so that allowance may be given for fluctuations. The above assessment led us to the finding that the gap, for the State as a whole, is of the order of Rs. 158 lakhs. The ultimate object of this enquiry is to propose measures which would help the bridging of this gap. One inevitable question which would arise before any consideration of State grants-in-aid is, to what extent, precisely, the municipal administrations will be able to clear the gap.

2. We have stated that the assessment of resources is based upon actual receipts. In all public administrations there will be some omissions in assessments, lapses in collections and in general some failure in the exploitation of resources. But these failures appear in a very pronounced form in municipal administration. This is too well-known to require any large exposition.

3. In the light of this background the following factors require examination before we fix up the net deficiency in municipal resources:—

(*i*) growth of revenue by efflux of time,

(*ii*) improvement of collection work,

(*iii*) improvement of assessments,

(*iv*) enhancement of rates, and

(*v*) remunerative enterprises.

4. Of the above the first item, growth of revenue by efflux of time is not a material factor. In spite of all the handicaps and failures there is a growth, steady though gradual, in municipal revenue. During the last ten years there is very nearly cent per cent growth. Thus the resources of Kottayam Municipality, to give just one instance, which stood at about Rs. 3 lakhs now exceeds Rs. 6 lakhs. There is a notion that this growth in resources will go some way to set right the imbalances in municipal finances. This is wrong. The increase in resources is entirely swallowed by the increases in population, administrative costs, salaries and allowances, costs of construction and costs of various supplies and contingencies. We do not think it necessary to dwell on this point further. We leave it with an observation that ordinarily the annual increase seen in the resources of municipalities does not actually mean any effective improvement in their financial position.

5. The pendency of municipal revenue arrears is very heavy. It now stands at about Rs. 85 lakhs. While this is a significant instance of municipal lapses, it is not an equally significant circumstance in the context of augmentation of resources. Out of the total arrears exceeding Rs. 85 lakhs, by far the major part, more than Rs. 60 lakhs (approximately), is represented by very old arrears, *i.e.*, more than three years old. Owing to several causes--insufficient organisation of the administrative machinery, inattention and above all the special feature of municipal revenues to which we had already made a reference in Chapter V, the cumbersome procedure and the vast numbers running to thousands and even more than ten thousand of assessments and demands which have to be repeated every half year, etc.—there was a progressive accumulation of arrears over the last two decades or more. There are innumerable difficulties like limitation in the way of collecting these sums and thus enriching municipal resources. As to the remaining part of the booked arrears a very large share of it is represented by inevitable, recurring arrears. Here again the contributory cause is the nature of municipal revenue, assessment and collection. What very often happens is that a considerable part of the demands of the second half year particularly in items like profession tax, vehicle tax, etc., which require half yearly assessments remain uncollected and are

passed on to the next year. But most of them are collected early the next year. However, in the accounts of the preceding year they have to be booked as arrears. If indeed these arrears were not passed on to the next year the collections of that year would have been correspondingly lower. It has also to be observed that generally speaking there is improvement in the collection work as a whole. So far as collection of current revenue, *i.e.*, collection of demands in the respective year itself is concerned, the average percentage for the State as a whole is seen to be 84 while the upper percentages touch even 97.

6. All this has been stated in order to show that while the practice of leaving revenue in arrears is very objectionable and has to be corrected it is not a practice which has any vital bearing on the question of municipal resources. A contrary view is held in several quarters about this question of municipal arrears in relation to municipal finances and even in the report of the Local Finance Enquiry Committee there is a reference to this question. We may conclude these remarks by saying that while in the past arrears might have made serious inroads on the annual resources, they are not at present a significant factor.

7. The next factor is improvement in assessements. This is a source which ought to bring in increased revenues. We have shown earlier that property tax is the main-stay. It accounts for 58 per cent of the total revenues. The mojority of municipal councils do not have a successful record in the exploitation of this important source. The factors which go to determine the yield from this tax, viz., the general economic condition of the locality, the rental values and the paying capacity of the house owners should, of course, vary to some extent from place to place. However the committee feels that the variation cannot be so wide as to justify the present disparities in the yield from this tax.

8. The divergence in conditions mentioned above is most pronounced or apparent between the major municipalities and corportions on the one hand and the minor municipalities on the other. But in each of these categories of local areas, there should be a thread of uniformity in economic conditions. The average size of buildings, their rental values, etc., should be comparable in places like Trivandrum, Kottayam, Trichur, Palghat, Calicut and Cannanore. The Ernakulam area should be an exception owing to the very fast development of the place. Still when we look at the property tax yield for a

given population in the corporations and major municipalities (other than Ernakulam) we find disparities to an extent which calls for attention.

(*i*) Thus, while Kottayam with a population of 50,000 and a tax rate of only 10 per cent has a demand under property tax amounting to Rs. 3·06 lakhs, Quilon a town with a population of 99,000 and the same tax rate has a demand of only Rs. 3·77 lakhs. Industrially Quilon is much more advanced than Kottayam. We do not propose to say that the Kottayam Municipal administration is free from blame for omissions and underassessments. These evils are there too.

(*ii*) To give just another comparison, the populations of Trichur and Palghat are respectively 73,000 and 77,000. Trichur Municipality is levying property tax at 12½ per cent only while Palghat is levying it at nearly double this rate, *viz.*, 22½ per cent. The economic conditions of the two places are more or less the same. But we find that while the demand at Trichur is Rs. 4·46 lakhs, that at Palghat is only Rs. 5·08 lakhs. The question which arises is this. Why cannot Trichur raise its rate further and how is it that inspite of the rate being nearly double, the yield from the tax at Palghat is almost the same as at Trichur?

(*iii*) A similar disparity in the exploitation of this important item of revenue is seen among the smaller municipalities also. Just two instances may be given.

(*a*) Badagara is a new municipality with a population of 43,900. Kayamkulam is a much older municipality with a slightly larger population, *viz.*, 44,500. There is very considerable similarity between the economic conditions. But while Badagara has found it possible to levy the tax at 16 per cent, at Kayamkulam the rate is only 10 per cent. The disparity in the total tax amounts is also wide ; while it is over Rs. 1 lakh in Badagara, the same is only about Rs. 74,000 in Kayamkulam.

(*b*) There are many things in common between the economic and social conditions in Parur and Thiruvalla. The populations are about 20,000 (Parur) and about 24,000 (Thiruvalla). The tax rates are the same, *viz.*, 10 per cent. But instead of Thiruvalla showing a higher yield from the tax, it is having only about 7/10th of the yield at Parur. The respective amounts are about Rs. 49,000 and Rs. 70,000.

9. This scrutiny of property tax need not be continued further. The committee has no hesitation to state that there are lapses on the part of the various municipal administrations in exploiting this revenue both in point of the fixation of rates and assessments. The comparatively higher rates adopted in certain places do not bring in, at all, any proportionate revenue. With greater effort and supervision on the part of the administrations and the introduction of some efficient system for carrying on the assessment work it should certainly be possible to push up the yield from this tax.

10. Another tax which permits varying rates is entertainment tax. The maximum prescribed rate is 25 per cent. Neyyattinkara, Attingal, Mavelikara, Thiruvalla, Shertallai, Perumbavoor and Kunnamkulam Councils levy the tax only at 12½ per cent. The tax rates in Kayamkulam, Trichur, Chenganacherry, Palai, Ernakulam, Chittur, Mattancherry, Moovattupuzha and Guruvayur townships are between 12½ per cent and 18¾ per cent and the remaining Councils collect it at various rates between 18¾ and 25 per cent. An absolute uniformity in rates is not possible in this case for they should also depend upon economic conditions. Further this is a tax in which the law of diminishing returns will come into play with the adoption of higher rates. However the committee feels that some improvement in the exploitation of this source also is possible in most of the places.

11. In regard to the other taxes and fees a precise discussion as is attempted above is not possible. But with the background of the general standard of efficiency in view it could be stated that with improvement in administration and the provision of adequate supervisory staff these items of revenue should also afford a better yield.

12. We may add here that while the margin available for improvement of resources may be considerably wide-there are practical considerations which would stand in the way of any abrupt expansions. Low rates and under-assessments are the essence of the tradition of our local administration. The tax payers will not agree to any violent break with this tradition. Further the under-assessments in property tax enjoy a kind of statutory protection, in that they cannot be easily corrected except during a revision which happens once in five years only. Therefore, however apparent under-assessments and improper exploitation of revenue be, their correction will have to be a gradual process. Even this gradual achievement will be possible only if an organised and purposeful effort is putforth. Particularly in property tax such an

organised effort, a new agency itself, will be not only desirable but indispensable if municipal administration in the State is to secure for itself a proper resources base. We shall refer to the question later in this report.

13. The next factor is the impact of the new taxes. While duty on transfer of property, show tax, advertisement tax and certain items of vehicle tax are new sources in certain municipal areas all or some of these taxes were already in vogue in the remaining areas even before the enforcement of the new Kerala Municipalities Act. Timber tax is a special accretion to the revenues of the Calicut municipal administration. In the Malabar area, while advertisement tax is the only new item the yield from duty on transfer of property has been cut down as a result of the reduction in the rate of duty from 5 per cent to 3 per cent. Thus the impact of the new taxes on the financial position of the Municipalities in the Malabar area ought to be comparatively less. But they have a much wider opening for augmentation of resources by a better exploitation of property tax. The introduction of tax on lands is a new feature in this area. Even though this tax was enjoined by the former Madras Act also the levy has commenced only after the enforcement of the Kerala Municipalities Act.

14. The additional revenue resulting from the introduction of the new taxes is not fully reflected in the average revenue of the 3 years ending with 1962-63 which is the basis of our discussions. They were introduced and the effect of the compulsory minimum of 10 per cent in property tax and the levy of tax on lands became visible only towards the end of the above period. Therefore there is a marked rise in revenue demands and collections in the last year of the period in question, viz., 1962-63. The rise seen in the Municipalities in the Malabar area is comparable to that seen in Travancore-Cochin area though as was stated before, only fewer items have been added to their resources by the new legislation. The introduction of land tax should mainly account for this. This appreciable rise in resources seen in 1962-63 in the Municipalities as a whole should be more or less taken to be a permanent feature. While in Alleppey Municipality it is lowest, below 5 per cent, in a number of Municipalities like Attingal, Alwaye, Ernakulam and Trichur the rise is seen to range from 15 to 30 per cent. The average rise for the State as a whole may be approximately fixed at 15 per cent of the yearly municipal resources given in Appendix II.

15. The last item which awaits examination is remunerative enterprises. The view is very often expressed that remunerative enterprises represent the obvious answer to the financial stringency experienced by local administrations. On a careful examination it will be seen that this view is not quite correct. Such enterprises will no doubt add to the tangible assets of a local authority. They will evidence a more lively administration. Some institutional conveniences will also be provided by them. For these reasons these enterprises have undoubtedly to be encouraged. But the question we are faced with here is, how and to what extent we can bridge the deficiency in municipal resources required for improving the administration and providing minimum amenities and services in the field of public health, public convenience, etc. Remunerative enterprises will be relevant in this context only to the extent by which the net gains from these enterprises could be ploughed in and utilised on the above amenities and services. The gross receipts from these enterprises which may give some emotional satisfaction by swelling up Municipal Budgets are not at all relevant. Let us take just one instance. The Parur Municipality has a population of over 20,000. We have seen that the gap between resources and requirements is of the order of about Rs. 7·5 per capita. To fill up this gap to the extent of Re. 1 per capita, i.e., to secure a net revenue increase of Rs. 20,000 per year the capital investment required will be more than Rs. 6·6 lakhs. The gross annual return from an enterprise will ordinarily be about 9 per cent. Interest and maintenance charges will easily consume about 6 per cent. Thus the net gain which alone could be ploughed into municipal resources will only be about 3 per cent. Hence the above estimate of capital investment at about Rs. 6·6 lakhs for an increase of about Rs. 20,000 in resources. In the Corporations and major Municipalities any enhancement of resources to the extent of Re. 1 per capita will require capital investment of about Rs. 20 lakhs to about Rs. one crore in each place. In the present conditions capital cannot come forth so easily. We will conclude by observing that remunerative enterprise cannot play any appreciable role in the near future in the augmentation of resources needed for improving administration and services.

16. The question which remains to be settled is what is the precise extent of the improvement of resources which can be secured through the various factors discussed above in the immediate future. We have indicated the disparities and lapses in the exploitation of revenue, particularly property tax. Section 132 of the Municipal Act empowers

Government to fix the levy of property tax at rates specified by them above the minimum of 10 per cent, if the conditions in any Municipality call for such a direction. By a gradual and steady use of this power it will be possible to bring up the rates of property tax in the Municipalities where these are now low. Likewise by a steady and gradual effort by the Councils accompanied by proper supervision and the introduction of a special agency to take charge of assessment work the evil of under-assessment can also be eventually eliminated. Within the next five years, very roughly speaking, it would be possible to secure about 15 per cent increase in resources through these means. The increase in demands due to the new taxes has been approximately assessed by us in the preceding para at another 15 per cent. Thus at the end of the next 5 years, apart from the growth in revenue by efflux of time which, as we have found, is not very material for our present enquiry an increase of municipal resources by about 30 per cent can be reasonably expected. But just at present we are concerned with the immediate contribution from these sources which will be available to fill up the gap. As already stated the improvement would depend upon various factors including special effort, organisation, etc. In the circumstances it will be more or less correct if we estimate that in the immediate future the Councils may be able to fill up the gap in resources by about 20 per cent of its yearly average indicated in Appendix II of this report.

17. It could be said that in this way about Rs. 1·3 per capita could be additionally raised by the minor Municipalities and about Rs. 2 per capita by the major Municipalities and the Corporations. The resulting net gap between resources and requirements will be about Rs 6·2 per capita in the minor Municipalities and Rs. 7 per capita in the other Municipal areas and Corporations. The total of this net gap in the State as a whole (4·41 lakhs × Rs. 6·2—Minor Municipalities + 13·90 lakhs × Rs. 7—Corporations and Major Municipalities) is of the order of Rs. 125 lakhs. It is this gap of Rs. 125 lakhs which we have to keep in view while proposing any system for grant-in-aid.

CHAPTER VIII

Grants-in-aid—The systems prevalent elsewhere

Before we suggest any system of grants-in-aid for the consideration of Government we may refer to the systems followed in this behalf in

some of the other States in India. We have gone through carefully the information obtained by Government from the other States and passed on to us. Any lengthy examination of the systems in other places is not called for. Ultimately, the system of grants-in-aid to be adopted in this State has to be based upon the conditions prevailing here, the finances of the local authorities and the ability of the State Government to render aid consistently with their other obligations. Therefore, what we propose to give in this chapter is only a very brief sketch of the system of grants-in-aid adopted by some of the other State Governments.

2. *Madras and Andhra States.*—The main items of grants are as in Kerala, vehicle tax compensation and grants towards the payment of dearness allowance. There is also a liberal system of educational grants which we do not have to look into. Antimosquito and antimalarial operations are given grants at the rate of 25 per cent and 33 per cent respectively. Besides the above main items of grants there are a number of other smaller items which give a liberal touch to the Madras grants in aid system. These include 50 per cent contribution towards the salary of Municipal Engineers, 66 2/3 per cent towards salary of Health Officers, a similar percentage of the salary of Surveyor and 25 per cent contribution of the entire cost of running maternity and child welfare services. From the Inspector of Municipal Councils, Madras, it was ascertained that proposals for further liberalising the grants is under the active consideration of that Government.

The Madras Corporation receives, besides the above, some special grants related to a number of specified services. Grants at the rate of 25 per cent of the expenditure are given for infectious hospitals, and at varying rates to veterinary dispensaries, zoological gardens, etc. There is also a very elaborate system of grants-in-aid towards the maintenance of roads.

The system in the portion of Andhra Pradesh which was part of the erstwhile Madras State is more or less similar to the above.

3. *Bombay.*—Here also the two main items of grants are vehicle tax compensation and grants towards payment of dearness allowance. 50 per cent of the salaries of the Senior Health Staff like Health Officers, Sanitary Inspectors, etc., and a grant known as grant for anti-epidemic measures are among the additional items of aid given in connection with Public Health measures. A special feature in Bombay State is that Government are giving out to the municipalities as grant

75 per cent of the Government's land revenue assessments on non-agricultural lands. This provides a substantial assistance to the municipalities. They get through this source about 30 nP. or more per head of population. Information was received from the Officers in charge of Local Government in Bombay that the question of thoroughly revising the system of municipal grants is now under consideration in that State also.

4. *Orissa.*—Here, it is seen that the municipal grants are given towards Dearness Allowance and maintenance of roads calculated at fixed rates varying from Rs. 200 in the case of earthern roads to Rs. 1,200 per mile for black topped roads. Development grants ranging up to 100 per cent for development activities including Plan schemes are also given.

5. *Punjab, Uttar Pradesh and West Bengal.*—The significant feature of Municipal Administration in the Punjab appears to be the very large responsibility entrusted there in the field of medical aid to local authorities and a very elaborate system of grant-in-aid given in this behalf. This is not very relevant in our context as we do not immediately contemplate the handing over of medical aid functions on any large scale to municipal administrations. As for Uttar Pradesh the most striking feature there is that the State is handing over under a distribution formula one half of the entire proceeds of vehicle tax realised by Government. The aid thus given is very substantial in comparison to the vehicle tax compensation given in Kerala which just at present is only about 2 or 3 per cent of the total proceeds. There is also an elaborate system of grant-in-aid towards the payment of Dearness Allowance. The essential difference between the system in Kerala and that in Uttar Pradesh is that in the latter State the grant extends up to Rs. 19 per employee whereas the limit in our State is Rs. 12. Further as per latest orders the Dearness Allowance grant given in Kerala is subjected to annual reduction of 20 per cent and the whole grant is to disappear at the end of 5 years. No such reduction and abolition seem to be contemplated by the Uttar Pradesh Government.

In West Bengal, a very liberal though involved method of assistance towards the payment of Dearness Allowance and minimum wages seems to be the high-light of the grant-in-aid system. The Dearness Allowance grant in certain cases extends to Rs. 16 per employee per month. In the Calcutta Corporation 80 per cent of the actual cost of Dearness Allowance while in Howrah 70 per cent of the same are assumed as the

responsibility of the State. Again 3rd of the entire increase in wages sanctioned to municipal employees as per minimum wage laws over emoluments as they stood in 1958 is met by Government.

6. *Delhi.*—There are two noteworthy features about the grants-in-aid given in Delhi Corporation. The entire proceeds of vehicle tax collected by the Chief Commissioner after deducting the cost of collection are passed on to the Corporation. It is also given about Rs. 10 lakhs for developing urban conditions in the rural areas recently transferred to the Corporation limits.

7. *Madhya Pradesh.*—We have chosen to indicate the details of grants-in-aid prevalent in this State towards the end of this Chapter for a special reason. In our recommendations in the next Chapter we are adopting the main principles of the Madhya Pradesh system. We shall therefore give detailed information concerning the system in this State.

8. In Madhya Pradesh there are two sets of Rules governing grants payable to urban local authorities. One is contained in notification 174-6808-U-XVIII, dated 7th June, 1962 and relates to grants-in-aid for general purposes. The other set of rules is contained in notification 173-3920-U-XVIII, dated 12th September 1961 and is concerned with the grants for specific purposes.

9. The general purposes grant is defined in the above rules as "Government assistance intended to provide the local authority after taking into account its resources and the possibility of augmenting them, a fairly adequate finance for discharging the obligatory and executive functions". That is, this grant is meant as a general assistance towards the cost of municipal administration and services as a whole. It is not related to the expenditure on any particular amenity or service. The only condition laid down in the above rules is that a Municipal Council shall be eligible for this grant, only if it has imposed the taxes prescribed by the municipal laws for the time being in force and taken all necessary steps for the realisation of the above taxes.

This general purpose grant is to be paid every year in two equal instalments preferably in April and October.

The scale of grant is fixed as follows :—

(*i*) Municipal Corporation	Re. 0·50 per head of population.
(*ii*) Municipalities having population below 10,000	Rs. 1·50 per head of population.

(*iii*) Municipalities having population between 10,000 and 20,000	Rs. 1·25 per head of population.
(*iv*) Municipalities having population between 20,000 and 50,000	Re. 1 per head of population.
(*v*) Municipalities having population above 50,000	Re. 0·75 per head of population.

10. The grants for specific purposes provided for in the rules dated 12th September, 1961 are confined to the following purposes and the rates of grant are as noted against each purpose.

1.	Water supply scheme and/or drainage scheme	Corporations and all classes of municipalities	30 per cent
2.	Dwelling houses for municipal staff, especially conservancy staff, office building, etc.	1. Corporation	30 per cent
		2. Municipalities, Class I and II	35 per cent
		3. Municipalities, Class III and IV	40 per cent
3.	Public Works, Roads, drains, pavings, foot-paths, latrines, urinals, etc.	1. Municipalities, Class I and II	30 per cent
		2. Municipalities, Class III and IV	40 per cent
4.	Equipment for Sanitary Public Works, Fire Fighting or other Municipal Services	1. Municipalities, Class I	30 per cent
		2. Municipalities, Class II	35 per cent
		3. Municipalities, Class III and IV	40 per cent

The main conditions laid down are :

(*i*) In the opinion of Government the cost of the work for which the grant is sought should be too heavy to be wholly borne by the local authority.

(*ii*) The local authority will have to make adequate provision for meeting the rest of cost of the scheme either out of its own revenue or from loans.

(*iii*) The entire amount of the grant shall be utilised by the local authority within one year from the date of sanctioning the grant.

No restrictions are seen provided in the rules as to the maximum amount that would be payable as grant for specific purposes though it is laid down that payment shall be subject to availability of funds with the State Government.

CHAPTER IX

Grant-in-aid—the Committee's Recommendations

Our attempt in the preceding Chapters was to apprise Government of the very unsatisfactory working of municipal administrations in the State. We have shown that even the most essential obligations like preventive public health measures, communications, elementary recreational facilities etc., are neglected, totally neglected in many cases. The uneconomic aspect of these administrations which are obliged to spend nearly two-thirds of their ordinary resources on salaries of the establishments and contingent workers, while these establishments do not have a reasonable load of useful work, was also pointed out. An intimately connected aspect is the contradiction presented by the nature of municipal work which not only does not admit of any economy in the establishment costs but makes the immediate expansion and improvement of the establishments at considerable extra cost indispensable.

2. In the above Chapters we also came to the conclusion that this neglect of essential obligations and uneconomic working of these institutions are the direct result of a very wide gap between their ordinary resources and the minimum requirements. This gap is of the order of about Rs. 158 lakhs. The extent to which these local authorities can with vigilance and special effort bridge this gap has also been estimated at about Rs. 33 lakhs. The net deficiency in the resources required for securing minimum standards of administration and essential services was indicated by us to be about Rs. 125 lakhs for the State as a whole.

3. Before proceeding further with our task let us emphasise here once again that for many years to come this gap will continue. Resources will certainly expand with efflux of time but correspondingly the commitments on salaries and other contingencies will also expand. The result is that the net deficiency or the proportion of this deficiency will more or less continue as a stationary element in our local administration.

4. This gap is inherent in local administration. It is so recognised in England and therefore in that country about 40 per cent of the finances required by the various local authorities are provided as grants by Government. Though the systems differ, every other Indian State has a system of grants-in-aid for municipalities. We have to note that it is not merely as a matter of expediency or gratuitous help that these grants-in-aid were evolved in the various States. They imply a recognition by the Governments of the existence of the inherent gap in resources. Finally the two expert bodies, the Local Finance Enquiry Committee and the Taxation Enquiry Commission have both found that a gap like this is inevitable in local administration and both these bodies have in unmistakable terms come to the conclusion that the gap or deficiency has to be largely filled up by Government through a system of grant-in-aid. A close examination of section 136 of the Municipal Act will show that this provision also proceeds on the assumptions and recommendations of these two bodies.

5. In the preceding Chapter we made a brief reference to the system of grant-in-aid prevalent in the other States and we mentioned that among the various systems the one adopted by the Madhya Pradesh Government has drawn our special attention. The pattern of aid followed by other Governments (other than Madhya Pradesh) is also a little more liberal than the system now obtaining in our State. The subsidy given in Madras and Andhra towards the salaries of Engineers and Health Officers, the payment of 75 per cent of Government assessments on urban landed property in Bombay, the disbursement of one half of the entire proceeds of vehicle tax in Uttar Pradesh and the assumption of responsibilities by the State for the commitments up to 80 per cent of the Dearness Allowance paid in West Bengal are some of the features of the grant-in-aid followed by these Governments (other than Madhya Pradesh) which render them more liberal than our system. But the special merit of the Madhya Pradesh system is that it seems to be drawn up after due regard to the principles we referred to above viz., the inherent deficiencies in municipal resources, and the obligations of the State to fill up this deficiency as far as possible and the specific recommendations of the Taxation Enquiry Commission. While the systems prevalent in the other States were in existence for the past several years and are thus comparatively old systems and are now under review as in the case of Madras and Bombay, the Madhya Pradesh rules were passed just two years ago, i.e., after the Taxation Enquiry Commission put forward their recommendations. The two

essential features of the Madhya Pradesh Rules are, that the State is bound to pay to each local authority a general purpose grant, i.e.. an unconditional general assistance towards the cost of municipal administration varying according to the classification and population of each local authority and to pay besides a percentage grant towards the cost of certain specific services. These are precisely the recommendations of the Taxation Enquiry Commission. In short we find that the Madhya Pradesh rules can provide the most dependable guidance in any attempt for determining the principles and extent of financial aid to local authorities.

6. We therefore recommend to Government the adoption of the Madhya Pradesh system with such modifications as are necessary having regard to the special conditions in Kerala. We recommend the payment of a general purposes grant and a grant for specific purposes.

7. The general purpose grant given in Madhya Pradesh as already indicated is a per capita grant given according to the population of each local area, the rate of grant varying according to its classification. The rate varies from 50 nP. in the case of the Corporation to 150 nP. in the case of the smallest municipalities. There are altogether five classifications. We feel that as regards both classification and the per capita rate some changes are necessary here. Madhya Pradesh is a very large State with about four times the number of urban local authorities compared with their number in Kerala. The Corporation of Nagpur is one of the biggest city administrations in India with a population exceeding a million and revenue exceeding about Rs. 4 crores. There are a large number of smaller towns with populations ranging above 5,000. The range of disparities among the local authorities is thus very wide. Another feature of the North Indian municipal administrations is that they have, generally speaking, thanks to taxes like octroi, far more resources than municipalities of corresponding size in Kerala.

On the other hand we have seen that there is no difference in the per capita resources and the incidence of municipal problems between the two Corporations and the 10 major municipalities in Kerala. We have also indicated that there is a large measure of uniformity in the economic conditions prevailing in the remaining 17 minor municipalities and Guruvayoor township.

We therefore propose to combine for the purpose of the general purpose grant the two Corporations and the 10 major municipalities into one single group and suggest a per capita grant of 100 nP. in their

case. The 17 minor municipalities and Guruvayoor township may all be brought under the next classification and we suggest that these institutions may be given a per capita grant of 150 nP. the rate given in Madhya Pradesh to the smallest municipalities there.

8. As to the grant for specific purposes, here also some departures as regards details from the Madhya Pradesh system seem to be called for. As already stated, in Madhya Pradesh, the items which are specified as deserving grant-in-aid are water supply and drainage, housing for municipal staff, all public works including construction of latrines and urinals and every kind of equipment provided in connection with municipal services. We have indicated in Chapter VII that it will not be easy to conceive of a recurring grant-in-aid system for our municipal administrations which would cover the capital cost of improvement works. The commitment will be too very large. We have at present some other sources, plan funds and loans though they are far from adequate for providing financial assistance for such capital works, etc. Water supply and drainage are already covered by a system of financial assistance consisting of 50 per cent loan and 50 per cent grant. We do not therefore propose to bring within the purview of this report the capital cost of water supply and drainage. Housing for municipal staff is certainly a desirable amenity. Some funds, though nominal, are now available for this purpose under Plan schemes. The financial stringency faced by the municipal administrations is so very acute that we cannot consider housing for municipal staff as an endeavour to which the Councils should be made to give very high priority. Above all while capital works are desirable and the Councils should be induced to take them up, the immediate problem in local administration in Kerala is to secure tolerable or minimum standards in essential municipal services like public health, public conveniences, recreational facilities, etc. We have shown how appalling the deficiency in these routine services are. We have also shown that without assistance it will not be possible for the Municipal Councils to reach minimum standard in these day-to-day essential services.

Already we have a pattern of assistance for certain recurring services though the aid given in some of these cases is inadequate. Instances are anti-mosquito operations, maintenance of transferred beggar homes, transferred parks and maintenance of Maternity and Child Health Centres. Any new grant-in-aid system that we propose has to absorb in the system the aid now given for these services.

For the above reasons we feel that the specific purposes grant in Kerala has to be essentially a grant for selected services. Public works as such *i.e.*, general improvement works have to be excluded from its purview. But works and equipments necessary for providing the above services will have to be taken into account.

It will not be possible for Government to give a grant-in-aid to a Council in respect of all the services undertaken by it. The commitment will be far too heavy and there will not be sufficient justification also to bring under the scheme of grants all the services.

9. For the purpose of the selection suggested above it is felt that municipal services may be divided into three categories, *viz.*

(*i*) Activities which are of benefit only to the inhabitants of the municipality and which represent the exclusive obligation of the Council—all sanitation and conservancy work, the construction and maintenance of bye-roads and lanes, the construction and maintenance of drains, street lighting, etc., are instances of the services coming under this category.

(*ii*) Activities which though they benefit only the inhabitants of the municipality are matters of interest and concern to the State Government also—all preventive public health work like vaccination, inoculation, etc., and all other allied services ought to come under this category.

(*iii*) Activities which benefit not only the inhabitants of the municipality but outsiders also and for that reason are of interest and concern to the State Government—the construction and maintenance of pucca roads, the construction and maintenance of public latrines and urinals, etc., are among the services which could be included under this category.

A detailed enumeration of the activities coming under categories (*i*), (*ii*) and (*iii*) will be given below :

10. The citizen who is benefited by the services coming under the first category has to pay the whole of its cost. There is no justification for burdening the State with any direct and specific share of the cost of these services. We therefore recommend that the services enumerated under item (*i*) above and all other services of a similar character may be totally excluded from the specific purposes grant.

11. The municipal administrations have a good claim for financial aid from the State in respect of the services mentioned under the other

two categories. The obligation of the Government to fill up, as far as possible, the deficiencies in municipal resources arises very largely from their interest and share of responsibility for these particular services. But of these services, the maintenance of roads has to be excluded from the present enquiry as any assistance towards this, as already observed by us, has to be charged to vehicle tax compensation.

12. The detailed enumeration of the services which would thus be eligible for financial assistance from the State is given below :—

(*a*) All preventive public health work like vaccination, inoculation, etc.

(*b*) The maintenance of isolation hospitals.

(*c*) The maintenance of relief centres (beggar homes).

(*d*) The maintenance of midwifery, maternity and child health centres.

(*e*) The maintenance of dispensaries.

(*f*) The maintenance of family planning centres.

(*g*) The maintenance of fire fighting services.

(*h*) Anti-mosquito, anti-malaria and antifilariasis services.

(*i*) The maintenance of parks.

(*j*) The maintenance of public latrines and urinals.

(*k*) The maintenance of landings wherefrom no fees are levied.

(*l*) Sports and activities connected with sports.

(*m*) All constructions and equipments provided for the furtherance of any of the above services.

(*n*) Grants-in-aid given by the Council towards any of the services mentioned above.

(*o*) Town planning, building inspection and survey.

(*p*) Any other project or service which would be declared by Government to be eligible for the grant for specific purposes.

13. The following are the important conditions which should be attached to the scheme of grants for specific services and the constructions and equipments provided in connection with them.

(*i*) If the construction or equipment is taken up with any kind of financial assistance from Government other than assistance by a loan then the cost of the construction or equipment shall be totally excluded from the calculations.

(*ii*) If any part of the cost of a construction or equipment is financed by a loan then the loan amount shall be excluded from the calculations and in its place only the annuity, if any, actually paid during the year for which grant is claimed shall be added towards the eligible cost.

(*iii*) But if any part of the cost of a construction or equipment aided by a loan is met from municipal funds and if the project is not one which comes under the category first mentioned, *i.e.*, there was no assistance by way of grant then the portion of the cost met from municipal funds shall also be deemed to be eligilbe cost.

(*iv*) While calculating the expenditure on any service, the entire cost of establishment and contingencies maintained exclusively in connection with that service shall be reckoned towards the cost of the service.

In the case of public health and medical establishments one half of the pay of the Health Officer, if any, and if there is no Health Officer one half of the pay of the subordinate generally in charge of public health work shall be added to the cost of the public health and allied services considered eligible for grant. The pay of no other supervising officer shall be taken into account in this connection.

Similarly one-fourth of the pay of the Municipal Engineer, if any, and if there is no Municipal Engineer one-fourth of the pay of the subordinate generally in charge of works shall be added up for the purpose of fixing the eligible cost of constructions, town planning, etc., which are recommended as items deserving grant. The pay of no other supervising officer shall be taken into account in this context.

14. The next question is what would be the appropriate rates of grant for these specific purposes.

A number of services like anti-mosquito operations, maintenance of transferred parks, relief centres and the town planning and building inspection establishments are already covered by a 50 per cent grant-in-aid. Even though the list that we have given above is a long one the expenditure on the items other than those which are already covered by the 50 per cent aid mentioned above is at present not considerable.

The services enumerated above are essentially ' Nation Building ' services which have to be developed at the municipal level and thus the State has the same interest and concern in them as the municipal administration.

We have seen (in Chapter III) that the total cost of public health and medical services and maintenance of parks, etc., which make up the main items enumerated above, in the State as a whole, in an year is only about Rs. 12·48 lakhs. The other items, i.e., constructions and equipments, etc., and the town planning establishments may not at present add more than Rs. 5 lakhs in an year to the above sum.

When grants are proposed for services like the above a preferential treatment is due to the smaller (minor) municipalities. The expenditure per head of the population on them will have to be more or less the same in all urban areas i.e., irrespective of their categories—Corporations, major municipalities and minor municipalities. But we have seen that while the average per capita resources of the Corporations and major municipalities together is nearly Rs. 10 that in the minor municipalities is only about Rs. 7. In some cases, among them, these resources are so low as about Rs. 3 or Rs. 4 and their expenditure on public health and medical services other than the cost of establishments and contingent workers is even nil.

15. Taking into account all the factors mentioned above we propose the following rates of grant for the specific purposes.

Corporations and major municipalities	.. 50 per cent.
Minor municipalities	.. 66 2/3 per cent.

We also propose that in the case of the minor municipalities whose finances are considered exceptionally backward, as a temporary relief, the percentage of the above grant should be raised up to 100 per cent.

It would be inadvisable to name these backward municipalities or lay down any standard for backwardness, for this would tantamount to conceding a premium for remaining backward. We suggest that a small amount, say Rs. 50,000 should be kept apart each year for enhancing the specific purposes grant of these backward municipalities beyond 66 2/3 per cent. The enhanced rate should be uniform for all the municipalities which are given this preference. This benefit should be extended according to Government's discretion and after examining carefully the causes of the backwardness and the performance of the municipal administration in the matter of exploitation of resources, collection, etc., during the year for which the grant is given.

16. Before concluding these recommendations an important question has to be settled. What is the maximum grant payable to a municipality for these specific purposes ?

We have shown above that the total cost of these services, in the State as a whole will be at present only about Rs. 17·5 lakhs. The grant payable now will be approximately Rs. 9·90 lakhs. Further details are given in Appendix VI.

It will not be possible for the Government to assume any unlimited responsibility on account of these grants for specific purposes. A ceiling has to be laid down. We recommend that the maximum grant paid on this account shall not exceed the general purposes grant payable to each municipality.

17. We have shown in this report that apart from the wide deficiency in resources, there is inefficiency also in many of the municipal administrations. There are wastes and often expenditure does not proceed on the basis of well defined priorities. We have also shown the very great importance and the 'nation building' character of the services for which the specific purpose grant is proposed and the dismal failure in providing these services. Any scheme of financial aid should, therefore, essentially contain an element of compulsion on the municipal administrations both to exploit their resources to the maximum and direct the utmost possible share of such resources towards the above services. Above all there cannot be a grant on grant. That is a Council should not be allowed to claim a grant in respect of expenditure already aided by grant.

18. Therefore we have, inevitably, to propose two restrictions on the claims for the specific purposes grant. The grant has to be fixed with reference to the expenditure incurred from the municipal fund alone on the services. The grant paid by Government shall also be spent on these services and should not be diverted for other purposes.

In practice the grant payable for each year may be worked out by deducting from the total eligible cost the latest annual grant received by the Council in respect of the specified services.

19. The financial commitments arising from these recommendations may be briefly indicated before we close this chapter.

As already reported the grants now given (excluding vehicle tax compensation—Rs. 4·68 lakhs) amounts only to Rs. 11·14 lakhs,

Against the above, the proposed general purposes grant amounts to:

		Rs. in lakhs
Minor Municipalities	.. 4·41 × Rs.1·50 =	6·62
Corporations and Major Municipalities	.. 13·90 × Re.1 =	13·90
Total	..	20-52

The proposed specific purposes grant will amount to (at present)

Minor Municipalities ..	Rs. 3,56,340 × 66 2/3 per cent = Rs. 2,37,560 or say Rs. 2·40 lakhs.
Major Municipalities and Corporations ..	Rs. 13,94,183 × 50 = Rs. 6,97,091 or say Rs. 7 lakhs.
Lumpsum provision for enhancing rate payable to backward Minor Municipalities ..	Rs. 0·50 lakhs.
Total ..	Rs. 9·90 lakhs.
Maximum payable grant for specific purposes ..	Rs. 20·52 lakhs.
Grand total of grants payable at present ..	Rs. 30·42 lakhs.
Maximum grand total of grants payable eventually ..	Rs. 41·04 lakhs.

It may be noted that the above maximum may not be reached for many years. The yearly increase in the grant for specific purposes will be very gradual.

CHAPTER X

Grants-in-aid—Some Incidental Recommendations

The enhancement of municipal grants from Rs. 11·14 lakhs to about Rs. 30 lakhs (immediately) with an eventual enhancement to Rs. 41·04 lakhs recommended in the preceding Chapter ought to

represent a very substantial measure of financial aid. But this will cover only about 33 per cent of the net deficiency in municipal resources which we estimated at Rs. 125 lakhs. We have not proposed a more liberal system of financial assistance because it may not be practicable. We had shown in Chapter VII that this net deficiency of Rs. 125 lakhs itself was arrived at by assuming that the municipal administrations will be able to secure by a better exploitation of their resources and from new taxes about 20 per cent increase in these resources. Further any proposal for enhancing financial aid from the State has essentially to be accompanied by necessary compulsion to ensure the full and proper exploitation of municipal resources. Otherwise the grants would only result in the perpetuation of the present lapses in the administration. We accordingly recommend the following measures.

(*i*) *A Central organisation for property tax assessments:*—The poor record of many of the administrations in exploiting the main item of municipal resources, viz., property tax has been dealt with at length in Chapter VII. With a view to ensure proper assessments of property tax the Department of Local Boards in Madras has a system by which no Officer of a Municipality including its Commissioner would be entrusted with the revision work. Only the Commissioner or Revenue Officer of some other Municipality is appointed for the purpose. In England in spite of the utmost autonomy conceded to the local authorities the fixation of rates which corresponds to property tax assessments here is entrusted to the Inland Revenue Department (of Government.) As already observed, if municipal administrations in this State is to have a proper resources base a permanent arrangement by which the quinquennial assessments of property tax will be looked after by a common or central agency will have to be established. Such an agency alone will be able to bring to bear on this important work detachment, experience and policies and standards necessary for a proper exploitation of revenue. We recommend the immediate establishment of such an agency.

This agency may consist of an officer of the status of a 1st Grade Commissioner with a skeleton staff and may be attached to the Directorate of Municipalities. To obtain statutory authority for this arrangement necessary provisions may have to be incorporated in the taxation and finance rules of the various Acts. The consensus of opinion among Municipal and Corporation representatives whom we consulted in the course of the enquiry was strongly in favour of this

arrangement. But these representatives were anxious to see that the arrangement does not offend the Council's appellate and revision powers as regards property tax assessments. It will be possible to provide in the rules necessary provisions for retaining these powers. These are questions which could be gone into in further detail after a general acceptance of the proposal.

(*ii*) *Exercise of the powers conferred on Government by Section* 132 *of the Municipal Act*:—This section empowers Government to direct any municipal council to levy property tax at any rate higher than the minimum of 10 per cent if the financial conditions warrant such a step. We have already suggested earlier in the report the need for a liberal exercise of this power. We only wish to indicate here that as a matter of regular policy the finances of each municipal administration should be reviewed at the close of each year and wherever necessary directions should be issued under the above section so that over a reasonable period the present disparities in the rates of property tax could be eliminated and the optimum possible rates levied.

(*iii*) *A system of recognition and rewards for good work*:—In Departments like the Community Development Department and the Sales Tax Department we have a system of rewarding institutions (Panchayats) etc., and subordinates who turn out good work. In view of the very unsatisfactory position now obtaining in many places in the matter of exploitation of resources, collection of revenue and the administration in general a system like this could be adopted with advantage in municipal administration. There should be awards to institutions as well as subordinates for good work. If the suggestion is acceptable the Director of Municipalities may be requested to submit detailed proposals in that behalf.

2. According to the proposed scheme of grants all the existing municipal grants are to be merged in the two grants recommended by us viz., the general purpose grant and grant for specific purposes. Besides the existing grants there is an arrangement by which the cost of dustless surfacing of municipal roads is shared by Government and the municipal councils in certain proportions. Government also have sanctioned a pattern of assistance for the provision of approach roads to railway overbridges. These two items of assistance as also the financial aid given in respect of all Plan projects will have to be continued. Similarly we recommend that certain special grants like the grant

recently sanctioned to the Trivandrum Corporation in respect of street lighting may be continued as these are based upon special or local factors. Necessary modifications will have to be made in the rules and orders governing the existing grants-in-aid which are to be totally merged in the two grants recommended by us. The rules and Government orders which require this modification are given in Appendix VIII.

3. What we have proposed is the percentage grant for specific purposes and we have enumerated these purposes. For the purpose of fixing up or disbursing this grant it is not necessary that the eligible cost incurred on each of the items making up the specific purposes should be separately taken into account. The total expenditure incurred on all these purposes alone has to be reckoned and a consolidated grant at the prescribed percentage may be given. The councils should have the freedom to utilise this grant on any one or more of the specified purposes as they choose.

4. To facilitate the fixation of the specific purpose grants it would be desirable if the municipal councils are instructed to maintain some kind of subsidiary registers showing the expenditure incurred on these services. If the proposals are acceptable the Examiner of Local Fund Accounts may be requested to submit suggestions in this behalf.

5. At present municipal councils are put to very great handicaps because some of the grants are given only towards the close of the financial year. To avoid this it is suggested that the general purpose grant which is a fixed amount may be disbursed in two instalments before the 15th of June and the 15th of March each year. As to the specific purposes grant it would be very helpful to municipal administrations if pending audit about 75 per cent of the grant payable as per accounts submitted by each council is made available before the middle of the year succeeding the one for which the grant is due. The balance should be given before the close of the succeeding year after audit.

6. When the Committee was appointed it had to look into the question of maintenance of roads and vehicle tax compensation also. Subsequently this question has been taken out of the purview of the Committee's enquiry. However, the Committee, during its discussions with municipal representatives had opportunities of knowing their views on this question. There was a unanimous request from the municipal representatives for the acceptance of a uniform policy as regards the

control and maintenance of roads in municipal areas. At present the position is very anomalous. In Cochin and Malabar areas almost all roads are under municipal maintenance while in Travancore area only smaller roads are looked after by the councils. What should be the scale of grants towards the maintenance of roads is a question which has to be appropriately considered by the Committee to be appointed under the Kerala Motor Vehicles Taxation Act. But the question as to who should maintain these roads is an administrative question. The ultimate purpose of enhancing State aid is to improve, develop and rationalise municipal administration. We may therefore avail this opportunity to invite the attention of Government to this serious anomaly, *viz.*, the very widely different practices regarding maintenance of roads. It is not necessary to discuss this question at length here. The scheme of municipal administration, the provisions of laws, the principles of democratic decentralisation and the policies followed invariably in all other States, require that the present anomaly should be corrected and all the roads except National and State Highways should be handed over to the municipalities for maintenance. This suggestion may be given very early consideration.

7. The municipal representatives of the Malabar area pointed out another anomaly, *viz.*, the operation of the Madras Public Libraries Act in the Malabar area and the levy of the library cess along with property tax while there is no such levy in Travancore-Cochin area. According to these representatives the arrangement is most inconvenient and creates only confusion and difficulties for the municipal administration. They have urged that the above Act may be repealed and the same system which obtains in Travancore-Cochin area for giving financial assistance to libraries from the Education Department and municipalities may be adopted in the Malabar area also. This request may be examined.

8. Lastly, the Committee wishes to point out that the provisions made in the current and previous Five-Year Plans for urban development (the main provisions in the Third Plan are Rs. 60 lakhs—Town Improvement—and Rs. 40 lakhs—Slum Clearance) are far from adequate. There was also no close association of the municipal administrations with the formulation of these plans. We have indicated at several stages in this report that we are not taking into account for the purpose of our recommendations the capital resources required for urban development projects. In many places there is rapid growth in urban

conditions and if this growth is not immediately followed up by development projects aimed at the provision of civic conveniences, conditions will deteriorate and eventually development and improvement will become difficult and prohibitively costly. We recommend that adequate provisions may be made in the Fourth Five-Year Plan for urban development and that the municipal administrations may be more intimately associated with the formulation of the Plan.

1. Sri P. D. Kuruvilla, Director of Municipalities, Chairman, Municipal Grants Enquiry Committee (Sd.)
2. Sri V. Damodaran, Examiner of Local Fund Accounts, Member (Sd.)
3. Sri V. Balagangadharan, Municipal Commissioner, Trichur, Member (Sd.)
4. Sri G. Appukuttan Pillai, Commissioner, Corporation, Trivandrum, Member (Sd.)
5. Sri A. K. Raghavan, Commissioner, Corporation, Calicut, Member (Sd.)

Trivandrum,
16th February 1964. (Sd.)
Chairman

APPENDICES

GRANTS ENQUIRY

I. Questionnaire

(Circulated among the Corporations and Municipal Councils)

1. General.—

1. Does the Council think that the amenities and services now provided in the municipal area conform to the minimum requirements of the population ?

2. If not, please enumerate the most important items in which improvement is essential ?

Please also indicate approximately the additional annual expenditure (item-wise) which would be required for improving to the required minimum extent these most important amenities and services, and the total of such additional annual expenditure.

(While considering the points in 2 above the Council is requested to advert specially to the amenities and services now provided under Preventive Public Health Measures, Maternity and Child Welfare, Public conveniences like latrines and urinals, development of roads, foot-paths, etc. Landings and similar other items which may be said to be indispensable for public health and convenience).

3. Does the Council think that a minimum efficiency is maintained by the municipal staff in revenue administration and the conduct of municipal work ?

4. If this is not maintained, what are the main reasons ?

If inadequacy of staff is one of these reasons, what is the approximate additional annual expenditure required for strengthening the staff ?

Please give broad details.

Does the Council now have the required staff for survey, town planning and inspection and control of building ?

If not, what is the approximate annual expenditure required for providing the necessary staff for the above purposes ?

Please indicate broad details.

6. Thus, in the light of the replies to the foregoing questions what is the minimum additional annual expenditure (approximate) required for improving amenities and services and the municipal administration.

II. Revenue Administration.—

1. What are the rates now adopted by the council under property tax, profession tax and entertainment tax ?

2. Having regard to the additional expenditure indicated by the council under section I above, is it not incumbent on the Council to increase suitably the above rates, rates of licence fees and other sources of revenue.

3. If the Council is not agreeable to such increase, what are its reasons ?

4. If the Council is agreeable, please indicate the extent of the increases immediately possible and the approximate additional yearly revenue therefrom.

5. On a general examination of the assessments, does not the Council think that there are under-assessments of taxes and fees.

What would be the approximate annual addition of revenue which could be secured by rectifying these under-assessments.

III. Remunerative Enterprises.—

1. What are the main remunerative enterprises now available?

What is the approximate yearly revenue therefrom ?

2. What are the other remunerative sources which could be easily thought of by the Council ?

   What is the approximate capital expenditure required for such new enterprises ?

   What part of this expenditure can be financed by the Council ?

3. What is the approximate annual return which could be expected from the suggested new enterprises ?

IV. Maintenance of Roads.—

1. Which are the categories of roads now maintained by the P.W.D. and those maintained by the Council.

   Please give the approximate mileage of each category.

   (For the purpose of this question, roads may be categorised as National Highways, State Highways, District Roads and Local Roads,the last into three groups—Roads above 22′ width, above 16′ but below 22′ width and roads and lanes below 16′ width. The kind of surfacing provided for each category may also be indicated).

2. Does the Council think it would be proper and convenient to transfer to the Council's maintenance any categories of roads now under P.W.D. maintenance.

   If so, please indicate the categories, kind of surfacing and mileage.

3. What would be the approximate annual cost of maintaining the roads suggested for such transfer ?

   What, according to the Council, is the minimum rate of contribution and the total contribution which Government should pay for the maintenance of such transferred roads ?

V. Management of transferred Institutions and Services.—

1. Are there at present any institutions and services transferred by Government to the Council for management.

If so, please give brief details.

2. What are the present rates of contributions given by Government towards the management of these institutions and services ?

   The annual amount of contributions (approximate) in each case and the total of these contributions.

3. Are not the present contributions adequate ?

   If not adequate, please substantiate, and indicate the annual contributions which, according to the Council, ought to be given in each case.

   What is the total additional annual contribution which should be paid as per the above suggestion of the Council.

4. Are there, according to the Council, any other institutions and services which in view of the municipal and local interest in their management could be transferred to the Council.

   If so, please indicate details.

   Please also indicate the approximate annual cost of running each of these institutions and services, the approximate contributions which may be paid to the Council,
   and the total of such contributions.

VI. Grants for Amenities and Services—General principles.—

1. Does not the Council agree that for purposes of grants, municipal activities may be divided into three categories viz.,

   (*i*) Activities which are of benefit only to the inhabitants of the municipality and which represent the exclusive responsibility of the Council.

   (*ii*) Activities which though they benefit only the inhabitants of the Municipality are matters of interest and concern to the State Government also.

(*iii*) Activities which benefit not only the inhabitants of the municipality but outsiders also and for that reason are of interest and concern to the State Government.

2. Does the Council agree that the following items will have to be grouped under the above categories as indicated below :

(*i*) (*a*) All remunerative enterprises.

(*b*) All sanitation and conservancy work.

(*c*) The construction and maintenance of bye-roads and lanes below a width of say 16 ft.

(*d*) The construction and maintenance of drains.

(*e*) Street lighting.

(*ii*) (*a*) All preventive Public Health work like vaccination, inoculation, etc.

(*b*) Isolation hospitals.

(*c*) Beggar Relief Centres.

(*d*) Midwifery, Maternity and Child Health Services.

(*e*) Dispensaries, including grants-in-aid to such institutions.

(*f*) Libraries including grants-in-aid to such institutions.

(*iii*) (*a*) The construction and maintenance of roads say above the width of 16 ft.

(*b*) The construction and maintenance of landings wherefrom no fees are levied.

(*c*) The construction and maintenance of public latrines and urinals.

3. What rates or percentages, if any, of the annual expenditure towards categories (*ii*) and (*iii*) above would the Council suggest as grants-in-aid from Government.

4. Will it not be just and fair if in respect of expenditure towards category (*ii*), it is laid down that

the Council should spend from its own funds a certain minimum expenditure and that grants payable should be calculated on the basis of the expenditure beyond this fixed minimum.

5. What are the specific comments of the Council on the various items of recurring or ordinary grants (except vehicle tax and toll compensation grants which is referred to in item 6 below) now usually given by Government.

If the Council feels that they are inadequate for the purposes for which they are given, please substantiate the case.

6. Does the Council feel that the present rate of vehicle tax and toll compensation grants is adequate ?

If not, please substantiate. Please also indicate the legal aspects, if any, of the claim for enhancing this grant.

VII. Grants towards cost of administration—General principles :

Does the Council think that having regard to the replies furnished under I (3) to (5) (improvement of administrative efficiency and provision of staff for survey, town planning, etc.) there is a case for grant-in-aid towards such establishment costs ?

If so, what should be the basis and principles for giving such grant-in-aid.

What, according to the Council, is the approximate total annual grant which may be paid in this behalf ?

VIII. Summary :

1. Please enumerate, item-wise, the amounts or average amounts of *ordinary recurring* grants now given every year and ; the total of such grants.

2. In the light of the replies to the questions given above what are the items of grants, which, according to the Council, should be paid by Government every year.

Please indicate the amounts, item-wise, and ; the total.

II. Average Receipts and Average Expenditure, 1960-61 to 1962-63

Serial No.	Name of Municipality	Area	Population	Average annual revenue excluding all grants and income from remunerative enterprises Rs.	Average income from remunerative enterprises Rs.	Average annual grants (ordinary) Rs.	Average grants under Plan Schemes Rs.
1	2	3	4	5	6	7	8
1	Trivandrum Corporation ..	29·00	3,25,000	18,43,486	1,43,506	2,15,514	11,871
2	Calicut Corporation ..	32·51	2,72,346	15,34,914	5,24,365	1,00,594	1,35,906
3	Guruvayur Township ..	2·50	13,588	74,105	11,855	12,650	..
4	Neyyattinkara ..	4·00	20,268	81,051	4,693	14,105	..
5	Attingal ..	5·44	22,051	60,114	20,683	20,462	..
6	Quilon ..	7·10	99,375	5,13,485	68,662	73,363	48,930
7	Alleppey ..	12·50	1,38,834	8,12,668	8,199	49,078	11,367
8	Kayamkulam ..	8·25	44,571	1,21,500	15,600	15,140	1,850
9	Mavelikara ..	5·25	22,766	67,500	3,600	14,600	..
10	Thiruvalla ..	5·59	24,242	86,000	1,000	10,875	..
11	Shertallai ..	6·25	31,155	1,03,432	3,017	11,176	3,530
12	Kottayam ..	6·35	52,683	5,83,316	97,006	52,091	15,990
13	Vaikom ..	3·04	17,418	55,000	8,200	13,100	900
14	Palai ..	10·00	17,052	97,700	33,200	13,800	230
15	Changanacherry ..	5·12	42,376	1,77,185	57,805	14,840	922
16	Ernakulam ..	10·87	1,17,253	13,75,637	1,20,124	1,62,591	30,761

II—(*cont.*)

Serial No.	Name of Municipality	Average total of grants (7+8) Rs.	Average total of loans under Plan Schemes Rs.	Average total ordinary resources (5+6+7) Rs.	Average grand total of resources (8+10+11) Rs.	Average annual expenditure from revenue (*i.e.*, charged) to item 11) Rs.	Average grand total of expenditure (*i.e.*, charged to item 10) Rs.
1	2	9	10	11	12	13	14
1	Trivandrum Corporation ..	2,27,385	3,11,308	22,02,506	25,25,685	24,04,480	27,39,062
2	Calicut Corporation ..	2,36,500	3,12,721	21,59,873	26,08,500	21,18,755	25,61,877
3	Guruvayur Township ..	12,650	50,000	98,610	1,48,610	56,455	60,456
4	Neyyattinkara ..	14,105	3,533	99,849	1,03,382	71,195	79,759
5	Attingal ..	20,462	..	1,01,259	1,01,259	1,02,141	1,12,149
6	Quilon ..	1,22,293	2,31,200	6,55,510	9,35,640	6,62,396	8,87,712
7	Alleppey ..	60,445	1,04,803	8,69,945	9,86,115	5,74,134	6,11,338
8	Kayamkulam ..	16,990	6,750	1,52,240	1,60,840	1,33,280	1,25,341
9	Mavelikara ..	14,600	10,300	85,700	96,000	79,200	96,700
10	Thiruvalla ..	10,875	33,000	97,875	1,30,875	84,000	1,21,000
11	Shertallai ..	14,706	26,903	1,17,625	1,48,058	1,28,540	1,85,527
12	Kottayam ..	68,081	28,415	7,32,413	7,76,818	6,17,974	8,14,822
13	Vaikom ..	14,000	1,800	76,300	79,000	66,000	1,13,600
14	Palai ..	14,030	4,000	1,44,700	1,48,930	1,43,000	1,60,000
15	Changanacherry ..	15,762	17,977	2,49,830	2,68,729	1,61,912	1,73,118
16	Ernakulam ..	1,93,352	68,433	16,58,352	17,57,546	16,13,517	18,04,903

II—(*cont.*)

Serial No.	Name of Municipality	Area	Population	Average annual revenue excluding all grants and income from remunerative enterprises Rs.	Average income from remunerative enterprises Rs.	Average annual grants (ordinary) Rs.	Average grants under Plan Schemes Rs.
1	2	3	4	5	6	7	8
17	Mattancherry ..	4·00	93,667	8.50,875	50,198	1,25,199	9,001
18	Fort-Cochin ..	1·01	35,076	3,72,616	1,22,501	51,214	25,881
19	Parur ..	3·52	20,863	1,05,700	26,199	18,140	3,450
20	Alwaye ..	2·77	20,852	1,74,122	41,652	22,079	3,213
21	Perumbavoor ..	5·25	16,147	1,50,156	27,000	17,833	544
22	Moovattupuzha ..	5·08	19,019	86,966	15,443	10,205	3,754
23	Trichur ..	4·98	73,038	6,93,063	1,41,130	1,87,418	..
24	Kunnamkulam ..	2·67	16,268	85,689	31,137	26,112	553
25	Irinjalakuda ..	4·34	22,335	1,00,100	25,800	33,600	6,900
26	Palghat ..	10·27	77,620	6,73,100	56,120	82,800	23,240
27	Chittur-Tathamangalam ..	5·67	26,457	90,624	16,346	39,335	310
28	Badagara ..	8·23	43,908	1,69,100	5,900	18,500	1,700
29	Cannanore ..	4·23	46,385	3,75,405	80,678	37,142	15,231
30	Tellicherry ..	6·25	59,332	3,71,000	1,49,300	59,087	8,500
	Total ..	222·04	18,31,945	1,18,85,609	19,10,919	15,22,643	3,64,534

II—(*cont.*)

Serial No.	Name of Municipality	Average total of grants (7+8) Rs.	Average total of loans under Plan Schemes Rs.	Average total ordinary resources (5+6+7) Rs.	Average grand total of resources (8+10+11) Rs.	Average annual expenditure from revenue (*i.e.*, charged) to item 11) Rs.	Average grand total of expenditure (*i.e.*, charged) to item 12) Rs.
1	2	9	10	11	12	13	14
17	Mattancherry ..	1,34,200	1,52,500	10,26,272	11,87,773	11,76,507	13,02,404
18	Fort-Cochin ..	77,095	45,651	5,46,331	6,17,863	4,85,226	4,85,226
19	Parur ..	21,590	25,203	1,50,039	1,78,692	1,47,193	1,60,562
20	Alwaye ..	25,292	26,230	2,37,853	2,67,296	1,59,857	2,21,729
21	Perumbavoor ..	18,377	23,343	1,94,989	2,18,876	1,36,204	1,38,766
22	Moovattupuzha ..	13,959	12,196	1,12,614	1,28,564	76,922	1,03,605
23	Trichur ..	1,87,418	20,500	10,21,611	10,42,111	8,88,650	10,01,546
24	Kunnamkulam ..	26,665	10,367	1,42,938	1,53,858	1,63,423	1,62,872
25	Irinjalakuda ..	40,500	60,600	1,59,500	2,27,000	57,100	1,79,800
26	Palghat ..	1,06,040	41,910	8,12,020	8,77,170	6,77,930	7,20,920
27	Chittur-Tathamangalam ..	39,645	38,757	1,46,305	1,85,372	1,49,744	1,6 ,.81
28	Badagara ..	20,200	13,900	1,93,500	2,09,100	1,56,300	1,76,275
29	Cannanore ..	52,373	4 963	4,93,225	5,59,419	3,79,724	4,42,058
30	Tellicherry ..	67, 87	90,500	5,79,387	6,78,387	4,96,800	5,54,110
	Total ..	18,87,177	18,22,763	1,53,19,171	1,75,06,468	1,41,68,559	1,64,62,134

III. Classified Statement of Average Annual Expenditure on Establishments and Main Services 1960-61 to 1962-63

Serial No.	Name of Municipality	Total annual expenditure (item 14 of Proforma II) Rs.	Expenditure on Establishment and contingencies (Office and Revenue) Rs.	Expenditure on P.H. and Medical establishment excluding menials Rs.	Expenditure on P.H. menials Rs.	Expenditure on P.H. and Medical contingencies Rs.	Total expenditure on P.H. and Medical services (5, 6 & 7) Rs.
1	2	3	4	5	6	7	8
1	Trivandrum Corporation..	27,39,062	2,66,977	2,43,449	4,20,957	3,75,540	10,39,946
2	Calicut Corporation ..	25,61,877	2,17,800	1,33,044	6,46,793	89,537	8,69,374
3	Guruvayur Township ..	60,454	30,456	5,882	8,822	5,215	19,919
4	Neyyattinkara ..	79,759	23,700	17,928	23,144	847	41,919
5	Attingal ..	1,12,149	30,900	7,241	19,261	1,889	28,391
6	Quilon ..	8,87,712	1,15,400	73,248	1,74,497	55,095	3,02,840
7	Alleppey ..	6,11,338	95,000	77,529	1,92,323	12,481	2,82,333
8	Kayamkulam ..	1,25,341	40,300	12,785	21,000	5,677	39,462
9	Mavelikara ..	96,700	23,300	12,000	10,300	1,100	23,400
10	Thiruvalla ..	1,21,000	27,000	9,000	12,000	2,000	23,000
11	Shertallai ..	1.25,527	39,200	9,723	12,389	6,835	28,947
12	Kottayam ..	8,14,822	1,00,400	48,925	1,16,367	36,645	2,01,937
13	Vaikom ..	1.13,118	23,000	7,100	9,500	2,300	18,900
14	Palai ..	1,60,000	33,500	6,100	13,300	4,100	23,500
15	Changanacherry ..	1,73,118	42,900	17,635	28,580	12,395	58,610
16	Ernakulam ..	18,04,903	1,85,400	84,660	2.39,967	1,28,480	4,53,107
17	Mattancherry ..	13.02.424	1.25.900	34.844	2.08.188	46,816	2,89,848

III—(*cont.*)

Serial number	Name of Municipality	Expenditure on public works and water supply establishments Rs.	Expenditure on P. works and water supply charged to revenue (item 11 of Proforma II) Rs.	Total expenditure on public works & water supply charged to grand total of resources (i.e. to item 12 of Proforma II) Rs.	Expenditure on street lighting Rs.	Expenditure on education including salaries and grants to libraries Rs.	Expenditure on parks and recreational facilities including salaries Rs.
1	2	9	10	11	12	13	14
1	Trivandrum Corporation..	36,999	5,01,928	6,41.937	2,49,675	8,944	19,579
2	Calicut Corporation ..	6,79,368	6,79,368	10,19,201	4,13,587	..	38,343
3	Guruvayur Township ..	5,937	7,701	7,701	2,380	..	..
4	Neyyattinkara ..	..	..	2,017	11,150	973	..
5	Attingal ..	..	5,859	5,859	13,468	3,317	..
6	Quilon ..	14,263	91,410	3,57,090	50,290	12,195	5,300
7	Alleppey Y.	47,295	96,689	1,44,729	52,872	6,907	7,513
8	Kayamkulam ..	2,050	23,540	25.590	14,236	2,040	..
9	Mavelikara ..	1,200	3,900	8,200	17,300	2,100	6,000
10	Thiruvalla ..	2,000	7,000	19,000	13,000	4,000	..
11	Sherthallai ..	1,553	24,132	71,896	14,497	3,053	1,200
12	Kottayam ..	10,603	1,33,279	1,86,251	59,529	3,378	5,200
13	Vaikom ..	1,200	25,000	76,200	7,100	4,000	1,300
14	Palai ..	24,300	21,900	46,200	11,300	3,300	..
15	Changanacherry ..	2,046	35,911	40,330	25,567	3,711	..
16	Ernakulam ..	32,045	3,88,076	5,42,491	77,623	1,115	27,280
17	Mattancherry ..	15,446	23,465	3,90,353	36,519	..	..

III—(*cont.*)

Serial No.	Name of Municipality	Total annual expenditure (item 14 of Proforma II) Rs.	Expenditure on Establishment and contingencies (Office and Revenue) Rs.	Expenditure of P. H. and Medical establishment excluding menials Rs.	Expenditure on P.H. menials Rs.	Expenditure on P.H. and Medical contingencies Rs.	Total expenditure on P.H. and Medical services (5, 6 and 7) Rs.
1	2	3	4	5	6	7	8
18	Fort-Cochin ..	4,85,226	90,279	27,466	1,26,523	19,859	1,73,848
19	Parur ..	1,60,562	32,550	12,592	32,918	16,986	62,496
20	Alwaye ..	2,21,729	40,500	16,967	47,911	12,115	76 993
21	Moovattupuzha ..	1.03.605	30,800	3,717	9,251	2,456	15,424
22	Perumbavoor ..	1,38,766	36,000	6,780	19,936	4,000	30.716
23	Trichur ..	10,01,546	1,17,558	55,752	2,53,734	1,16,053	4,25,539
24	Kunnamkulam ..	1,62,872	30,600	8,437	32,970	5,862	47,269
25	Irinjalakuda ..	1.79,800	35,100	8,000	38,600	13,900	60,500
26	Palghat ..	7,20,920	1,07,650	83,600	2,08,440	48,170	3,40,210
27	Chittur-Tathamangalam ..	1,65,381	28,200	10,925	53,652	6,748	71,325
28	Badagara ..	1,76,275	45,000	12,125	25,625	10,150	47,900
29	Cannanore ..	4,42.058	85,000	33,244	1,47,979	38,916	2,20,139
30	Tellicherry ..	5,54,110	1,02,550	34,500	1,36,500	26,500	1,97,500
	Total ..	1,64,62,134	22,02,920	11,15,198	32,81,427	11,08,667	55,15,292

III—(*cont.*)

Serial number	Name of Municipality	Expenditure on public works and water supply establishments Rs.	Expenditure on P. works and water supply charged to revenue (item 11 of Proforma II) Rs.	Total expenditure on public works & water supply charged to grand total of resources (i.e. to item 12 of Proforma II) Rs.	Expenditure on street lighting Rs.	Expenditure on education including salaries and grants to libraries Rs.	Expenditure on parks and recreational facilities including salaries Rs.
1	2	9	10	11	12	13	14
18	Fort-Cochin ..	16,836	45,976	62,812	26,790	4,649	..
19	Parur ..	1,520	9,277	33,827	13,556	3,355	1,700
20	Alwaye ..	3,168	22,658	49,717	16,214	6,751	2,425
21	Moovattupuzha ..	1,467	24,288	38,736	12,937	844	..
22	Perumbavoor ..	2,229	14,523	37,971	19,449	4,498	..
23	Trichur ..	25,487	2,37,787	2,38,788	91,206	1,333	1,083
24	Kunnamkulam ..	5,194	60,234	74,368	9,432	1,203	..
25	Irinjalakuda ..	4,300	57,100	68,600	13,100	500	1,500
26	Palghat ..	37,710	1.44,700	1,89,580	62,600	2,720	7,380
27	Chittur-Tathamangalam ..	2,347	5,021	27,488	18,922	4,446	..
28	Badagara ..	950	29,225	45,175	16,800	450	550
29	Cannanore ..	8,603	82,280	99,601	29,914	1,967	5,437
30	Tellicherry ..	65,800	78,800	1,44,600	34,700	4,100	1 800
	Total ..	10,51,896	28,81,027	46,96,308	14,35,713	95,849	1,33,590

IV. Classified percentage of average Annual Expenditure on Establishments and Main Services 1960-61 to 1962-63

Serial number	Name of Municipality	Percentage of expenditure on establishment and contingencies (Office and Revenue) to average total of ordinary resources (III 4 to II 11)	Percentage of expenditure on P. H. and Medical services to total of ordinary resources (III 8 to II 11)	Percentage of expenditure on Public works and Water supply (charged to revenue to total of ordinary resources *i.e.* III 10 to II 11)	Percentage of expenditure on street lighting to total of ordinary resources (III 12 to II 11)	Percentage of expenditure on education including salaries and grants to libraries to total ordinary resources (III 13 to II 11)	Percentage of expenditure on parks and recreational facilities including salaries to total ordinary resources (III 14 to II 11)
1	2	3	4	5	6	7	8
1	Trivandrum Corporation ..	12·0	47·2	22·7	11·3	0·4	0·88
2	Calicut Corporation ..	10·09	40·2	31·4	19·1	..	1·77
3	Guruvayur Township ..	31·0	20·2	7·8	2·4	..	..
4	Neyyattinkara ..	23·8	42·0	..	11·16	0·97	..
5	Attingal ..	30·5	28·1	5·78	13·3	3·27	..
6	Quilon ..	17·6	46·0	13·9	7·6	1·85	0·8
7	Alleppey ..	10·93	32·4	11·1	6·88	0·79	0·8

IV—(*cont.*)

1	2	3	4	5	6	7	8
8	Kayamkulam ..	26·5	25·9	15·4	9·3	1·34	..
9	Mavelikara ..	27·4	27·3	4·5	20·3	2·45	7·0
10	Thiruvalla ..	27·5	23·4	7·1	13·2	4·08	.
11	Shertalli ..	33·5	24·7	20·6	12·3	2·5	1·2
12	Kottayam ..	13·7	27·5	18·2	8·1	0·45	0·7
13	Vaikom ..	30·26	24·7	33·0	9·3	5·24	1·7
14	Palai ..	23·2	9·4	8·7	4·5	2·28	..
15	Changanacherry ..	17·2	40·7	24·9	17·7	1·4	.
16	Ernakulam ..	11·1	27·3	23·4	4·6	0·06	1·6
17	Mattancherry ..	12·2	28·2	2·2	3·5	..	..
18	Fort Cochin ..	16·5	31·8	8·4	4·9	0·85	..
19	Parur ..	21·7	41·6	6·18	9·03	2·23	1·44
20	Alwaye ..	17·08	32·4	9·5	6·8	2·83	1·01
21	Perumbavoor ..	18·5	15·7	7·4	9·9	2·3	..
22	Moovattupuzha ..	27·5	13·7	21·5	11·4	0·74	..
23	Trichur ..	11·5	41·7	23·3	8·9	0·13	0·1
24	Kunnamkulam ..	21·5	33	42·1	6·6	0·84	..
25	Irinjalakuda ..	22	38	54·7	8·2	0·31	0·94
26	Palghat ..	13·2	41·8	17·6	7·7	0·33	0·90
27	Chittur-Tathamangalam ..	19·3	49	3·4	13	3·03	..
28	Badagara ..	23·3	24·8	15·1	8·7	0·23	0·28
29	Cannanore ..	17·24	44·6	16·6	6·06	0·39	1·1
30	Tellicherry ..	17·7	34	13·6	5·9	0·7	0·31

V. Statement of average annual grants received 1960-61 to 1962-63

Sl. No.	Name of municipality	Vehicle tax compensation	General and special grant	Special D.A. grant *	Other miscellaneous items	Total	Total excluding vehicle tax compensation
1	2	3	4	5	6	7	8
		Rs.	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*
1	Trivandrum Corporation	70,300	20,000	88,500	43,000	2,21,800	1,51,500
2	Calicut Corporation	30,015	34,000	90,100	46,401	2,00,516	1,70,501
3	Guruvayur Township	..	5,000	..	..	5,000	5,000
4	Neyyattinkara	3,000	8,200	5,600	..	16,800	13,800
5	Attingal	3,000	7,850	4,100	..	14,950	11,950
6	Quilon	10,278	12,000	34,800	11,798	68,876	58,598
7	Alleppey	7,323	12,000	20,400	5,017	44,740	37,417
8	Kayamkulam	3,000	6,000	4,800	250	14,050	11,050
9	Mavelikara	3,000	7,400	2,800	..	13,200	10,200
10	Thiruvalla	3,000	6,300	2,200	..	11,500	8,500
11	Shertallai	3,000	4,400	4,700	500	12,600	9,600
12	Kottayam	8,228	12,000	25,300	2,136	47,664	39,436
13	Vaikom	3,000	7,400	2,500	550	13,450	10,450
14	Palai	3,000	7,450	3,600	454	14,504	11,504
15	Changanacherry	3,000	4,800	5,700	..	13,500	10,500
16	Ernakulam	38,678	8,000	51,500	54,947	1,53,125	1,14,447
17	Mattancherry	18,443	7,000	35,600	29,778	90,821	72,378

V—(*cont.*)

1	2	3	4	5	6	7	8
		Rs.	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*
18	Fort-Cochin	5,000	9,500	26,100	4,335	44,935	39,935
19	Parur	3,000	8,400	6,800	564	18,764	15,764
20	Alwaye	2,643	6,600	9,600	..	18,843	16,200
21	Perumbavoor	3,000	7,700	4,600	..	15,300	12,300
22	Moovattupuzha	3,000	4,000	3,300	..	10,300	7,300
23	Trichur	1,03,162	8,500	49,600	31,525	1,92,787	89,625
24	Kunnamkulam	18,000	1,200	5,900	..	25,100	7,100
25	Irinjalakuda	25,421	1,400	6,700	..	23,521	8,100
26	Palghat	36,662	14,000	44,200	4,792	99,654	62,992
27	Chittur-Tathamangalam	27,172	2,200	9,000	774	39,146	11,974
28	Badagara	3,000	4,000	6,000	2,706	15,706	12,706
29	Cannanore	9,430	10,400	23,600	9,799	53,229	43,799
30	Tellicherry	19,100	11,500	19,000	9,130	58,730	39,630
	Grand total	4,68,855	2,59,200	5,96,600	2,58,456	15,83,111	11,14,256

* The Special D.A. grant for 1962–63 has not been disbursed to the Councils for all the quarters in full. The figure for 1962–63 has been arrived at by deducting 20 per cent from the amount due for 1961–62. The average amount thus worked out has been rounded to the nearest hundred.

VI. Grants payable for Specific Purposes

Serial number	Name of Corporation/ Municipality	Average annual cost of specified services Rs.	Rate of grant Percentage	Annual grant now payable Rs.	Maximum grant payable Rs.	Remarks
1	2	3	4	5	6	7
1	Trivandrum Corporation..	2,54,068	50	1,27,034	3,25,000	
2	Calicut Corporation ..	2,13,697	"	1,06,848	2,72,346	
3	Guruvayur Township ..	18,000	66 2/3	12 000	20,382	
4	Neyyattinkara ..	14,242	"	9,616	30,402	
5	Attingal ..	14,079	"	9,386	33,076	
6	Quilon ..	67,243	50	33,622	99,375	
7	Alleppey ..	94,629	"	47,315	1 38,834	
8	Kayamkulam ..	23,058	66 2/3	15,372	66,856	
9	Mavelikara ..	12,766	"	8,578	34,149	
10	Thiruvalla ..	32,231	"	21,487	36,363	
11	Shertallai ..	29,231	"	19,487	46,732	
12	Kottayam .	75,400	50	37,700	52,683	
13	Vaikom ..	22,468	66 2/3	14,978	26,127	
14	Palai ..	17,524	"	11,682	25,578	
15	Changanacherry ..	19,352	"	12,902	63,564	
16	Ernakulam ..	1,86,114	50	90,057	1,17,253	
17	Mattancherry ..	1,20,794	"	60,397	93,667	
18	Fort-Cochin ..	46,430	"	23,215	35,076	
19	Parur ..	14,294	66 2/3	9,530	31,294	
20	Alwaye .	20,365	"	13,578	31,278	
21	Perumbavoor ..	22,000	"	14,666	24,220	
22	Moovattupuzha ..	12,240	"	8,160	28,528	
23	Trichur ..	1,43,521	50	71,760	73,038	
24	Kunnamkulam ..	13,128	66 2/3	8,752	24,402	
25	Irinjalakuda ..	18,706	"	12,472	33,502	
26	Palghat .	83,940	50	41,970	77,620	
27	Chittur-Tathamangalam	24,328	66 2/3	16,218	39,685	
28	Badagara ..	28,046	"	18,696	65,862	
29	Cannanore ..	57,345	50	28,673	46,385	
30	Tellicherry ..	51,000	"	25,500	59,332	
	Total ..	17,50,523	..	9,34,651	20,52,609	

Note :—Only the average cost incurred on Public Health and Medical Services and Parks which make up the main items of specific purposes were precisely known. To this was added an approximate estimate of the costs incurred on other items like constructions, equipments etc., and town planning staff. Therefore the figures furnished in column 1 of this Appendix have to be taken as only approximate figures.

VII. Comparative statement of grants received and grants proposed

Serial No.	Name of Corporation/ Municipality	Total grants now received Rs.	Proposed general purpose grant Rs.	Proposed grant for specific purposes Rs.	Total of proposed grants (at present) Rs.	Maximum of total grants payable Rs.
1	2	3	4	5	6	7
1	Trivandrum Corporation ..	1,51,500	3,25,000	1,27,034	4,52,034	6,50,000
2	Calicut Corporation ..	1,70,501	2,72,346	1,06,848	3,79,194	5,44,692
3	Guruvayur Township ..	5,000	20,382	12,000	32,382	40,764
4	Neyyattinkara ..	13,800	30,402	9,616	40,018	60,804
5	Attingal ..	11,950	33,076	9,386	42,462	66,152
6	Quilon ..	58,598	99,375	33,622	1,32,997	1,98,750
7	Alleppey ..	37,417	1,38,834	47,315	1,86,149	2,77,668
8	Kayamkulam ..	11,050	66,856	15,372	82,228	1,33,712
9	Mavelikkara .	10,200	34,149	8,578	42,727	68,298
10	Thiruvalla ..	8,500	36,363	21,487	57,850	72,726
11	Shertallai ..	9,600	46,732	19,487	66,219	93,464
12	Kottayam ..	39,436	52,683	37,700	90,383	1,05,366
13	Vaikom ..	10,450	26,127	14,978	41,105	52,254
14	Palai ..	11,504	25,578	11,682	37,260	51,156
15	Changanacherry ..	10,500	63,564	12,902	76,466	1,27,128
16	Ernakulam ..	1,14,447	1,17,253	93,057	2,10,310	2,34,506
17	Mattancherry ..	72,378	93,667	60,397	1,54,064	1,87,334

VII—(*cont.*)

Serial No.	Name of Corporation/ Municipality	Total grants now received Rs.	Proposed general purpose grant Rs.	Proposed grant for specific purposes Rs.	Total of proposed grants (at present) Rs.	Maximum of total grants payable Rs.
1	2	3	4	5	6	7
18	Fort-Cochin ..	39,935	35,076	23,215	58,291	70,152
19	Parur ..	15,764	31,294	9,530	40,824	62,588
20	Alwaye ..	16,200	31,278	13,578	44,856	62,556
21	Perumbavoor ..	12,300	24,220	14,666	38,886	48,440
22	Moovattupuzha ..	7,300	28,528	8,160	36,688	57,056
23	Trichur ..	89,625	73,038	71,760	1,44,798	1,46,076
24	Kunnamkulam ..	7,100	24,402	8,752	33,154	48,804
25	Irinjalakuda ..	8,100	33,502	12,472	45,974	67,004
26	Palghat ..	62,992	77,620	41,970	1,19,590	1,55,240
27	Chittur-Tathamangalam ..	11,974	39,685	16,218	55,903	79,370
28	Badagara ..	12,706	65,862	18,696	84,558	1,31,724
29	Cannanore ..	43,799	46,385	28,673	75,058	92,770
30	Tellicherry ..	39,630	59,332	25,500	84,832	1,18,664
	Total ..	11,14,256	20,52,609	9,34,651	29,87,260	41,05,218

VIII. Rules and orders requiring modifications

1. Rules framed by Government in G.O. (P) 1050/59/Health, dated 12th December 1959 governing payment of grant-in-aid to Maternity and Child Welfare Centres, Medical Institutions, Antifilaria, Antimalaria, Family Planning, etc. as amended up-to-date.
2. G.O. MS. 529/62/Fin., dated 1st November 1962 governing payment of Special D.A. grants.
3. G.O. Rt. 267/61/PW., dated 21st June 1961 and G.O. Rt. 291/62/PW, dated 7th February 1962 governing reimbursement of scrutiny charges paid to Public Works Department.
4. G.O. Rt. 2545/62/HLD, dated 7th February 1962 governing reimbursement of the cost of vaccine.
5. G.O. Rt. No. 1769/Home, dated 26th November 1961 governing payment of grants to relief settlements.
6. G.O. MS. 842/63/DD, dated 22nd November 1963 governing payment of grant to Ernakulam Municipality towards maintenance cost of Irwin Park.

(Sd.)
Chairman