



## SECOND MIZORAM FINANCE COMMISSION

### FORMAT FOR SUBMISSION OF MEMORANDUM TO 2<sup>nd</sup> MIZORAM FINANCE COMMISSION IN RESPECT OF URBAN DEVELOPMENT AND POVERTY ALLEVIATION DEPARTMENT

#### 1. FUNCTIONS:

- a) Please comment on the functions devolved as per law to the Urban Local Bodies vis-à-vis the items listed in the 12<sup>th</sup> Schedule to the Constitution of India as per the format at **Schedule-7**.
- b) Please give views and suggestions of the State Government in Urban Development & Poverty Alleviation Department on the specific terms of reference of the Commission, namely- *'In making its recommendations, the Commission shall have regard, among other considerations, to the functions which may be transferred to the Rural Local Bodies, Urban Local Bodies and the Autonomous District Councils for the coming five years with effect from 1<sup>st</sup> April, 2021 and the manner in which the existing functionaries of the State Government, who are at the time of making recommendations are performing the functions recommended for transfer to the local bodies, shall be transferred to the Rural Local Bodies, Urban Local Bodies and the Autonomous District Councils'*.
- c) Whether a notification was published in the State Government Gazette regarding standards for delivery of all essential services provided by the Urban Local Bodies?

#### 2. VIEWS AND COMMENTS ON TERMS OF REFERENCE:

- a) Paragraph 3(1)(i) of the Terms of Reference of the 2<sup>nd</sup> Mizoram Finance Commission states that *"The Commission shall make recommendation as to the principles which should govern the distribution between the State and the Rural Local Bodies, Urban Bodies and the Autonomous District Councils of the net proceeds of the taxes, duties, tolls and fees leviable by the State, which may be divided between them to enable these bodies to perform the functions assigned, and which may be assigned to it under any laws in force or orders, and the allocation between the Rural Local Bodies, Urban Local Bodies and the Autonomous District Councils at all levels of their respective shares of such proceeds"*. The 1<sup>st</sup> Mizoram Finance Commission (1<sup>st</sup> MFC) recommended 15% vertical devolution of State's taxes to all the local bodies in aggregate. The horizontal sharing of the 15% devolution was recommended by the 1<sup>st</sup> MFC among the ADCs in aggregate, VCs in aggregate and Aizawl Municipal Corporation on the basis of population and annual average assessed expenditure (Table 9B of the 1<sup>st</sup> MFC Report). Views of the State Government in Urban Development & Poverty Alleviation Department on the principles for vertical as well as horizontal distribution of the share of State taxes

(considering that Lunglei Municipal Council has already been constituted) may be given with reasons including whether or not a principle is to be determined by the Commission for horizontal distribution of the shares of State taxes for the Local Councils.

- b) Paragraph 3(1)(ii) of the Terms of Reference of the 2<sup>nd</sup> Mizoram Finance Commission states that *“The Commission shall make recommendation as to the principles which should govern the determination of the taxes, duties, tolls and fees which may be assigned to, or appropriated by, the Rural Local Bodies, Urban Local Bodies and the Autonomous District Councils”*. Views of the State Government in Urban Development & Poverty Alleviation Department may be given with reasons.
- c) Paragraph 3(1)(iii) of the Terms of Reference of the 2<sup>nd</sup> Mizoram Finance Commission states that *“The Commission shall make recommendation as to the principles which should govern the grant-in-aid to the Rural Local Bodies, Urban Local Bodies and the Autonomous District Councils from the Consolidated Fund of Mizoram”*. Para 9.22 of the 1<sup>st</sup> MFC Report recommended grant-in-aid to the Aizawl Municipal Corporation in case there is revenue deficit even after devolution of the share of State taxes coupled with local body grants from 14<sup>th</sup> Finance Commissions but did not specify the actual amount since the recommendation of the 14<sup>th</sup> Finance Commissions was not available at that point of time. Views/suggestions of the State Government in Urban Development & Poverty Alleviation Department with regard to grant-in-aid to urban local bodies may be given with reasons.
- d) Paragraph 3(2) of the Terms of Reference of the 2<sup>nd</sup> Mizoram Finance Commission states that *“The Commission shall make recommendation as to the principles which should govern the measures needed to improve the financial position of the Rural Local Bodies, Urban Local Bodies and the Autonomous District Councils”*. Views/suggestions of the State Government in Urban Development & Poverty Alleviation Department may be given with reasons.
- e) Please give note indicating the views of the State Government in Urban Development & Poverty Alleviation Department on the specific issue in paragraph 4(vi) of the Terms of Reference related to natural calamities/disaster management namely – *“In making its recommendations, the Commission shall have regard, among other considerations, to the need to enhance disaster management at the local levels so as to avoid minor disasters such as landslips, etc at the local level”*.
- f) Please give note indicating the views and suggestions of the State Government in Urban Development & Poverty Alleviation Department on the specific issue in paragraph 4(vii) of the Terms of Reference relating to environment and ecology, namely – *‘In making its recommendations, the Commission shall have regard, among other considerations, to the need to manage ecology, environment and climate change at the local levels’*.

- g) Please give a note indicating the views and suggestions of the State Government in Urban Development & Poverty Alleviation Department on the specific issue in paragraph 4(viii) of the Terms of Reference namely – *‘In making its recommendations, the Commission shall have regard, among other considerations, to the need to improve the quality of public expenditure to obtain better outputs and outcomes through innovative monitoring and appraisal system at the local levels’.*

### **3. TAX REVENUES:**

a) **Property Tax:**

- i. Whether the State Government has put in place a State level Property Tax Board to assist all municipalities in the State to put in place an independent and transparent procedure for assessing Property Tax?
- ii. Whether or not the floor rate of Property Tax is notified by the State Government in the year 2021-22 as recommended by the XV-FC which is a condition for availing urban local body grant from the year 2022-23?
- iii. What is the growth rate in actual collection of Property Tax for the years 2021-22 and 2020-21? (It may be mentioned that growth in Property Tax collection being at least as much as the simple average growth rate of State’s own GSDP during the most recent 5 years is another condition for availing urban local body grants w.e.f 2023-24 onwards as per the recommendation of the XV-FC).
- iv. Please highlight in brief any issues in collection of Property Tax including suggestions thereof for enhancing the amount of collections.

b) **Professions Tax:** Professions Tax is currently levied and collected by the State Government as per the provisions of the Mizoram Professions, Trades, Callings and Employments Taxation Act, 1995 and the corresponding rules. The net proceeds of the Tax forms a part of the State Own Tax Revenue which is divided between the State Government and the local bodies on the recommendation of the State Finance Commission. In certain States such as the State of Kerala, the Professions Tax is levied, collected and appropriated by the local bodies. In this respect, please highlight the views of the State Government in Urban Development & Poverty Alleviation Department on the desirability or otherwise of enabling the Urban Local Bodies to levy, collect and appropriate Professions Tax within the area covered by that Municipality as permissible under Section 226 of the Mizoram Municipalities Act, 2007 as amended.

c) **Entertainment Tax:** Please provide note on the views of the State Government on the levy of Entertainment Tax by Urban Local Bodies through an enabling legislation since the same is not apparently provided in the Mizoram Municipalities Act, 2007 as amended. The 14<sup>th</sup> Finance Commission, in fact, recommended that newer forms of entertainment such as cable television, etc. be brought within the tax net which can be an important source of revenue for Urban Local Bodies.

#### **4. NON-TAX REVENUES:**

- a) **User charges:** Please list out the services provided by the Urban Local Bodies, rates of user charges on each service provided, and any suggestions for enhancing actual collections of such user charges.
- b) **Fees:**
  - i. Please give detail notes on different types of fees collected the Urban Local Bodies and any suggestions for enhancing actual collections of such fees.
  - ii. Please comment on the desirability or otherwise of fixing rates of fees for providing recommendations of Local Councils for obtaining various services from the State Government such as issue of Scheduled Tribe Certificate, Residential Certificate, Income Certificate, Hailing Certificate, Inner Line Pass, No Objection Certificates for various land revenue certificates/pass, etc.

#### **5. INITIAL ESTABLISHMENT COST FOR LUNGLEI MUNICIPAL COUNCIL:**

- a) Please provide the breakup of projected requirements for initial establishment of Municipality for Lunglei town.
- b) Please provide the staffing pattern for the newly established Lunglei Municipal Council with post creation orders, orders for transfer of existing employees, if any.
- c) Please provide the projections for expenditure on salary of regular employees of the new Lunglei Municipal Council as well as the projections for expenditure on wages/remuneration of Contract/Muster Roll employees as per the format at **Schedule-5** and **Schedule-6** respectively.
- d) Please indicate whether or not the State Government has the intention to establish either Municipal Board or Municipal Council in other notified towns in the next 5 years.

**6. FINANCIAL STATEMENTS:** Please provide financial statements on various aspects of receipts and expenditures of the Urban Local Bodies as per the format in the **Schedules** attached herewith. It may be mentioned that while entering “actual figures” for previous years in the Schedules, audited figures should invariably be entered.



## SECOND MIZORAM FINANCE COMMISSION

<b>Schedules of Financial Position of Urban Local Bodies</b>		
<b>S. No.</b>	<b>Schedule No.</b>	<b>Subject</b>
<b>1</b>	<b>1</b>	Transfer of resources from the State Government to Urban Local Bodies as recommended by the 1st Mizoram Finance Commission
<b>2</b>	<b>2</b>	Transfer of resources from the Central Government to Urban Local Bodies as recommended by the 14th/15th Finance Commissions
<b>3</b>	<b>3</b>	Expenditure on honorarium of Members of Local Councils including projections
<b>4</b>	<b>4</b>	Status of Accounts of Urban Local Bodies
<b>5</b>	<b>5</b>	Projections for expenditure on salary of regular employees for Lunglei Municipal Council
<b>6</b>	<b>6</b>	Projections for expenditure on wages/remuneration of Contract/Muster Roll employees for Lunglei Municipal Council
<b>7</b>	<b>7</b>	Functions devolved to Urban Local Body vis-à-vis Twelfth Schedule to the Constitution



## SECOND MIZORAM FINANCE COMMISSION

**Transfer of resources from the State Government to Urban Local Bodies as recommended by the 1st Mizoram Finance Commission**

(₹ in lakhs)

Sl. No.	Name of Urban Local Body	Particulars	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Revised Estimate
			2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
1	2	3	4	5	6	7	8	9	10
		Devolution of share of State taxes							
		Grants-in-aid (please specify the purpose and insert a new row if required)							
		Others (Please specify if any)							
		<b>Total</b>							

**Note: For the years 2020-21 and 2021-22, please indicate the amount transferred by the State Government under the respective heads (viz. devolution, grant-in-aid and others) although the recommendations of the State Finance Commission are not available**



## SECOND MIZORAM FINANCE COMMISSION

**Transfer of resources from the Central Government to Urban Local Bodies as recommended by the 14th/15th Finance Commissions**

(₹ in lakhs)

Sl. No.	Name of Urban Local Body	Particulars	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Revised Estimate	Budget Estimate	Projections	Projections	Projections
			2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
1	2	3	4	5	6	7	8	9	10	11	12	13	14
		Urban Local Body grants from 14th/15th Finance Commission											
		Performance grants from 14th Finance Commission											
		Grants for specific purpose from 15th Finance Commission (please specify and insert a new row if required)											
		Grants transferred through Centrally Sponsored Schemes											
		Any other transfer from the Central Government											
		<b>Total</b>											



## SECOND MIZORAM FINANCE COMMISSION

### Expenditure on honorarium of Members of Local Councils including projections

(₹ in lakhs)

Sl. No.	Name of Urban Local Body	Particulars	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Revised Estimate	Budget Estimate	Projections	Projections	Projections
			2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
1	2	3	4	5	6	7	8	9	10	11	12	13	14
		Honorarium of members of Local Councils											
		<b>Total</b>											





## SECOND MIZORAM FINANCE COMMISSION

### Status of Accounts of Urban Local Bodies

Name of Urban Local Body: \_\_\_\_\_

Sl. No.	Items	Remarks
1	Whether or not accounts maintained as per the format prescribed in the National Municipal Accounts Manual prepared by the Central Government?	
2	Authority who maintains the accounts of the Urban Local Body	
3	Details of auditor appointed by the State Government for Urban Local Body as per Section 90 of the Mizoram Municipalities Act, 2007 as amended	
4	Latest year upto which accounts of Urban Local Body maintained	
5	Latest year upto which audit of Urban Local Body completed	
6	Latest year up to which audit report of the Urban Local Body are placed before the State Legislature	
7	Whether provisional accounts of the previous year i.e. 2020-21 and audited accounts of year before previous i.e. 2019-20 are available online as stipulated by the XV-FC as entry level conditions for availing urban local body grants?	
8	Whether or not Municipal Accounts Committee constituted as per Section 96 of the Mizoram Municipalities Act, 2007 as amended? If Yes, when was the last Committee constituted?	



**SECOND MIZORAM FINANCE COMMISSION**

**Projections for expenditure on salary of regular employees for Lunglei Municipal Council**

Sl. No.	Name of post	No. of sanctioned posts				Level of pay in pay matrix	2022-23			2023-24		
		A	B	C	D		No. of post to be filled up	No. of post vacant	Salary expenditure (₹ in lakhs)	No. of post to be filled up	No. of post vacant	Salary expenditure (₹ in lakhs)
	<b>TOTAL</b>											

Sl. No.	Name of post	No. of sanctioned posts				Level of pay in pay matrix	2024-25			2025-26		
		A	B	C	D		No. of post to be filled up	No. of post vacant	Salary expenditure (₹ in lakhs)	No. of post to be filled up	No. of post vacant	Salary expenditure (₹ in lakhs)
	<b>TOTAL</b>											



## SECOND MIZORAM FINANCE COMMISSION

### Projections for expenditure on wages/remuneration of Contract/Muster Roll employees for Lunglei Municipal Council

Sl. No.	Name of post ( <i>Kindly indicate whether the engagement is made on Contract or Muster Roll basis or as Provisional Employee in this Column after the name of post</i> )	No. of sanctioned posts				Wage	2022-23			2023-24		
		A	B	C	D		No. of post to be filled up	No. of post vacant	Expenditure (₹ in lakhs)	No. of post to be filled up	No. of post vacant	Expenditure (₹ in lakhs)
<b>TOTAL</b>												

Sl. No.	Name of post ( <i>Kindly indicate whether the engagement is made on Contract or Muster Roll basis or as Provisional Employee in this Column after the name of post</i> )	No. of sanctioned posts				Wage	2024-25			2025-26		
		A	B	C	D		No. of post to be filled up	No. of post vacant	Expenditure (₹ in lakhs)	No. of post to be filled up	No. of post vacant	Expenditure (₹ in lakhs)
	<b>TOTAL</b>											



## SECOND MIZORAM FINANCE COMMISSION

### Functions devolved to Urban Local Body vis-à-vis Twelfth Schedule to the Constitution

Sl. No.	Name of functions as listed in 12th Schedule to the Constitution	Whether function devolved to Aizawl Municipal Corporation [Yes/No]	If the answer in Col. (3) is No, name of the Department with whom the function is currently assigned	Proposal, if any, on the part of the State Government to devolve the function to the Municipality within the next five years
1	2	3	4	5
1	Urban planning including town planning.			
2	Regulation of land-use and construction of buildings.			
3	Planning for economic and social development.			
4	Roads and bridges.			
5	Water supply for domestic, industrial and commercial purposes.			
6	Public health, sanitation conservancy and solid waste management.			
7	Fire services.			

<b>Sl. No.</b>	<b>Name of functions as listed in 12th Schedule to the Constitution</b>	<b>Whether function devolved to Aizawl Municipal Corporation [Yes/No]</b>	<b>If the answer in Col. (3) is No, name of the Department with whom the function is currently assigned</b>	<b>Proposal, if any, on the part of the State Government to devolve the function to the Municipality within the next five years</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
8	Urban forestry, protection of the environment and promotion of ecological aspects.			
9	Safeguarding the interests of weaker sections of society, including the handicapped and mentally retarded.			
10	Slum improvement and upgradation.			
11	Urban poverty alleviation.			
12	Provision of urban amenities and facilities such as parks, gardens, playgrounds.			
13	Promotion of cultural, educational and aesthetic aspects.			
14	Burials and burial grounds; cremations, cremation grounds; and electric crematoriums.			
15	Cattle pounds; prevention of cruelty to animals.			
16	Vital statistics including registration of births and deaths.			
17	Public amenities including street lighting, parking lots, bus stops and public conveniences.			
18	Regulation of slaughter houses and tanneries.			