

Financial Provision in Local Self Government: An Analysis

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The present paper analyses the financial provision in local self government in India. The 73rd and 74th constitutional amendments make the creation of local bodies. With these amendments, the states have come under a constitutional obligation to create a variety of local bodies, corresponding to population size, both for rural and urban areas. With the objective of ensuring administrative and financial efficiency the constitution of India split the functions and financial powers of the government into three parts namely, central, state and concurrent. Consequently, the centre was assigned resources and functions having national and interstate base while the states were assigned resources and functions which had local and regional character. The financial needs of local bodies are increasing on account of widening and deepening of their functions while availability of financial resources to them is lagging behind. Further revenue resources of local bodies are characteristically non-buoyant and inelastic. Most of the tax items assigned to the LBs are inelastic and unproductive and their base is very narrow. The analytical methodology has been used in present study. This study is based on secondary sources.