

The work done by Municipal Corporations to combat the pandemic was at the cost of fiscal stress. Explain the strategies to overcome fiscal stress?

A municipal corporation is a type of local govt. in India that administers urban areas in field of healthcare, education, housing & transport with population of more than 1 mn. On 27-Jan, 2020 1st covid-19 patient was detected in India, but due to transmission of coronavirus to mass population it turned to a pandemic with unprecedented nature. Municipal corporations with high no of covid-19 affected were at forefront to fight the pandemic, during lockdown: partial or full, they performed tasks like :- mapping hotspots, mapping containment zone with quarantine facilities, managing specific wastes, operating command room, running helplines, telemedicine, ensuring food for labourers & poor & rehabilitation of workers.

This huge set of task led to fiscal stress in double edged manner :- (a) decline in own source of revenue (mainly property tax, rent, grants from state) (b) increase in expenditure on covid-related operation. (c) It was also added by less staff to maintain routine work of water supply, cleaning, roads etc. Revenue will be less than 25% - 50%. Expenditure will be more than 20-75%. JMC Gurgaon.

To tackle this fiscal stress of corporation need six-pronged strategy :-

- First, a fiscal stimulus needs to be announced keeping size of city and stress of revenue in mind. It should include overdraft facility, pool finance, use of green bond, a corpus fund. etc.
- Secondly, this stimulus package should be shared with other urban bodies who are in distress.
- Thirdly, rationalization of taxes as per toolkit of GOI can boost the revenue.
- Fourth, Bringing in efficiency in expenditure using outsourcing, Public-Private partnership, including Hybrid annuity model (HAM).
- Fifth, It should develop synergy with government, mission and programmes, use of finance commission funds for common service centres, health, water & sanitation.
- Sixth, the network of national → state → District → Municipality must be created for better on ground work and effective management. Urban local bodies can be a gamechanger in disaster management if equipped & trained properly.

Thus, in the above way municipal corporations can combat the fiscal stress and survive operation in most effective, efficient and smart manner.