

COPY OF:

GOVERNMENT OF TAMIL NADU  
ABSTRACT

MUNICIPALITIES--Reclassification --Revision of norms --Orders Issued.

Rural Development and Local Administration Department.  
G.O.Ms.No.1109 Dated 26th April, 1974.

READ:

1. G.O.Ms.No.2211, R.D. & L.A., dated 16-10-1963
2. G.O.Ms.No.194, R.D. & L.A., dated 10.2.1970.
3. From the Director of Municipal Administration, letter K.Dis.75940/72/ dated 20-11-72.

ORDER:

Prior to 1963, the reclassification of Municipalities into different grades was made on the basis of their ordinary average income for the triennium preceding the year in which the reclassification was made. In the G.O. first cited, both the income of the Municipality as well as its population were taken into account for purposes of reclassification of Municipalities. Subsequently, the Government directed that only the receipt under General Account Ordinary should be taken for purposes of reclassification of Municipalities into different grades as indicated below:-

Grade of the Municipality	Ordinary annual income (General) account Ordinary for each of the past 3 years.
1.	2.
1. Special Grade.	Above Rs. 50 lakhs.
2. Selection Grade	Above Rs. 25 lakhs.
3. I Grade	Above Rs. 10 lakhs
4. II Grade	Above Rs. 5 lakhs
5. III Grade	Above Rs. 2 lakhs.

2. It has been represented that the overall financial transactions in a Municipality should be the basis for classification of a Municipality and not merely the restricted criteria of income under general account ordinary.

3. Taking into account the prevailing norms for the reclassification of Municipalities in the neighbouring States, the Director of Municipal Administration has pointed out that the work load devolving on a Municipal Commissioner is reflected truly by the overall financial transaction which covers management of not only the General account Ordinary but also subsidiary accounts like education, water supply, lighting etc. He has recommended that the revenue under all accounts may be taken into account for purposes of reclassification of Municipalities.

4. The question of revised norms for the constitution of new Municipalities and for the reclassification of Municipalities has been referred to the Municipal Finance Enquiry Committee. Pending the recommendation of the Committee, it has been urged that the issue of classification should realistically take into account the revenues contributed by the public, the financial and administrative responsibility involved in providing civic services and amenities and the technical and administrative competence that would be needed (both financial and administrative) to satisfy the aspirations of the public and the need of the town in general.

5. The Government have carefully examined the proposal and consider that it would be more appropriate if Municipalities are upgraded on the basis of the overall financial transaction which in turn reflects public contribution as well as the ability to satisfy civic needs. They, accordingly, direct that the following revised norms be adopted till the norms are finally settled on the basis of the recommendation of the Municipal Financial Enquiry Committee.

Grade of Municipality.

Total Income  
(all accounts for each of the  
past 3 years)

1. Special Grade.	Above Rs. 75/- lakhs
2. Selection Grade.	Above Rs. 50/- lakhs
3. I Grade	Above Rs. 15/- lakhs
4. II Grade.	Above Rs. 7/- lakhs
5. III Grade	above Rs. 3/- lakhs

6. They also direct that the Municipalities be upgraded only if they satisfy both the existing norms prescribed in G.O. No. 194, RDLA. dated 10-2-70 and the norms laid down in para 5 above.

7. This order issues with the concurrence of the Finance Department vide their U.C. Note No. 55534/RDLA.II/74-1, dated 25-4-74

/BY ORDER OF THE GOVERNOR/

M.M. RAJENDRAN,  
Secretary to Government.

/true copy/