

Chapter- 13

Summary of Recommendations and Suggestions

Recommendations

- 13.1 State Government loans outstanding against PRI s amounting to Rs.46.40 lakhs may be written off. (para 7.45 & 7.46)
- 13.2 The revised rates of remuneration to elected representative of PRIs as shown in Table- 10 of Chapter- 7 may be accepted. (para 7.61)
- 13.3 Registration of births and deaths may be transferred to the PRIs. (para 7.89)
- 13.4 In the matter of property tax the existing ARV method may be replaced by UAM. (para 8.25)
- 13.5 In the absence of proper documentation outstanding state government loan against ULBs may be written-off. (para 8.55)
- 13.6 In respect of outstanding HUDCO loans to ULBs against state government guarantee an one-time settlement with HUDCO may be made. (para 8.60 & 8.61)
- 13.7 The benefit of revised scales of pay as per ROP Rules, 2010 may be extended to the employees of ULBs with effect from 01.04.2009. (para 8.67)
- 13.8 In the matter of sharing of the net proceeds of state taxes with panchayats and municipalities, a global approach of sharing the net proceeds of all State taxes excluding non-tax revenue and share of Central taxes is adopted. (para 10.15)
- 13.9 The yield from Entry Tax, Amusement & Betting Tax, Electricity Duty and the amount of tax collected from Schedule VI areas shall not form part of the shareable pool. (para 10.16)
- 13.10 In order to arrive at the net proceeds, 10 percent of the projected gross tax collection shall be deducted. (para 10.17)
- 13.11 15 percent of net proceeds of state taxes shall form part of the Divisible Pool (DP) in each year. (para 10.17)
- 13.12 Out of the DP of Rs.4165.62 crores for 4 years, an amount of Rs.2173.62 crores shall be set apart for distribution as specific purpose grant to PRIs and ULBs. (para 10.18)
- 13.13 The balance amount of Rs.1992 crores in the DP shall be apportioned between PRIs and ULBs on the basis of population-cum-density of population as per 2001 census. (para 10.18)

- 13.14 The rural part of the DP shall be allocated among different districts on the basis of weighted average of population 50 percent, geographical area 25 percent and per capita DDP 25 percent. (para 10.19)
- 13.15 The district-wise allocation of rural part shall be vertically apportioned among the three tiers of PRIs at the ratio of 10:25:65 respectively for ZP, AP and GP. (para 10.20)
- 13.16 The share of each AP and GP shall be on the basis of their respective population as per 2001 census. (para 10.21)
- 13.17 The urban part of the DP shall be allocated horizontally among the GMC, MBs and TCs on the basis of weighted average of (i) population 50 percent, (ii) geographical area 25 percent, (iii) index of infrastructure 12.5 percent and (iv) per capita tax collection 12.5 percent. (para 10.22)
- 13.18 An untied grant of Rs.3 lakhs per GP per year is recommended. (para 10.25)
- 13.19 Specific purpose grant of Rs.120.28 crores per year is recommended for construction of functional and residential buildings for PRIs at all levels. (para 10.26)
- 13.20 Specific purpose grant of Rs.852.30 crores for 4 years for construction/improvement of markets, cremation and burial grounds at all level of PRIs and cold storage for selected GPs is recommended. (para 10.27)
- 13.21 Compensatory grant of Rs.289.36 lakhs at the rate of Rs.72.34 lakhs annually for payment of electricity charges is recommended for 4 municipalities. (para 10.28)
- 13.22 Grant of Rs.945.12 lakhs during 2012-13 is recommended for liquidating deferred liabilities of 21 municipalities. (para 10.29)
- 13.23 For construction of Town Halls grant of Rs.58 crores per year is recommended. (para 10.30)
- 13.24 For installation water supply plants in 31 UL Bs grant of Rs.78.68 crores per year is recommended. (para 10.31)
- 13.25 For purchase of equipments for solid waste management and creation of toilets grant of Rs.17.65 crores at the rate of Rs.4.32 crores, Rs.4.20 crores, Rs.3.55 crores and Rs.5.58 crores per year is recommended. (para 10.32)
- 13.26 For construction of staff quarters for ULBs grant of Rs.18.96 crores at the rate of Rs.4.74 crores per year is recommended. (para 10.33)
- 13.27 Grant of Rs.100 crores at the rate of Rs.25 crores per year is recommended for extending pensionary benefits to the employees of GMC. (para 10.34)

- 13.28 Grant of Rs.124 crores at the rate of Rs.31 crores per year for construction of Zonal offices of GMC and for other purposes. (para 10.35)
- 13.29 For training of Auditors in the Directorate of Audit (LF) grant of Rs.50 lakhs at the rate of Rs.12.50 lakhs per year is recommended. (para 10.37)
- 13.30 For strengthening of SFC Cell grant of Rs.20 crores at the rate of Rs.5 crores per year is recommended. (para 10.38 read with para 11.9 to 11.14)
- 13.31 Configuration of annual fund flow against devolution and grant on the basis of our recommendations is shown in the Tables below along with details at Annexure- 13.1.

Table- 1
Devolution

(Rs. in Crore)

Year	PRIs	ULBs	GMC	Total
2012-13	243.23	64.94	26.32	334.49
2013-14	320.93	85.70	34.72	441.35
2014-15	399.94	106.79	43.27	550.00
2015-16	484.40	129.35	52.41	666.16
Total	1448.50	386.78	156.72	1992.00

Table- 2

(Rs. in Crore)

Year	General purpose grant to GPs	Specific Purpose Grant					Total
		PRIs	ULBs	GMC	SFC Cell	Audit	
2012-13	66.06	332.94	155.92	56.00	5.00	0.12	616.04
2013-14	66.06	332.94	146.35	56.00	5.00	0.12	606.47
2014-15	66.06	332.94	145.69	56.00	5.00	0.13	605.82
2015-16	66.06	334.62	147.72	56.00	5.00	0.13	609.53
Total	264.24	1333.44	595.68	224.00	20.00	0.50	2437.86

- 13.32 The release of fund against devolution may be made on quarterly basis but it should be expeditious. General purpose grant for the GPs may also be released quarterly. Release of fund against specific purpose grant may be made quickly on receipt of proposal preferably in two instalments. (para 10.41)
- 13.33 A permanent SFC Cell may be set up in State Finance Department fully equipped with staff and required physical infrastructure. (paras 11.9 to 11.14)
- 13.34 GMC and other larger municipalities may take resort to pooled finance mechanism to raise fund by issue of bonds. (para 11.47)
- 13.35 Registration of births and deaths may be transferred to the ULBs. (para 11.48)

- 13.36 Panchayat financial year may conform to that of government financial year. (para 11.49)
- 13.37 Award period of Central and State Finance Com missions may be made co-terminus. (para 11.50 read with 11.35)
- 13.38 Necessary amendments in the relevant Acts and Rules of Panchayat and Municipalities including GMC may be made. (para 11. 51)
- 13.39 Apart from the High Level Monitoring Committee headed by the Chief Secretary, a Monitoring and Evaluation Cell may be set up in the nodal Heads of Department. (paras 12.4 to 12.7)

Suggestions

- 13.40 PRIs and ULBs must appreciate that transfer of fund from higher levels of governments are meant to supplement and not to substitute their own sources of revenue and that determined and sustained efforts have to made by them to raise their own resources from all sources allocated to them. (para 2.15)
- 13.41 In respect of proper maintenance of accounts and its audit some suggestions are given. (para 5.25)
- 13.42 In order to motivate the PRIs to be pro-active in internal revenue mobilization the required legal and administrative framework need to be firmly put in place. (para 7.7)
- 13.43 Salary burden of CEO and EO of ZP and AP respectively currently filled up on deputation are met from the relevant functional head of account. It would be appropriate to meet their salary burden from the head of account "3604 - Compensation and Assignment". (para 7.50)
- 13.44 The annual sale value of ferries, fisheries and hats settled by APs and ZPs may be determined with due regard to prevailing market price and revised annually. (para 7.85)
- 13.45 In order to facilitate full exploitation of t he revenue sources available to the PRIs, the relevant rules and bye-laws may be put in place fir st. (para 7.87)
- 13.46 For collection of water charges, Water Users Association may be formed by the PRIs. (para 7.88)
- 13.47 There is need to spread awareness among general public and PRI functionaries. (para 7.90)

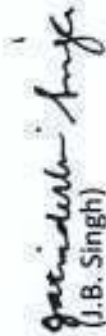
- 13.48 The GPs may be reconstituted through merger and reorganization to make the size viable. (para 7.94)
- 13.49 Periodicity of revision of holding tax as per provision of the Act and Rules may be strictly enforced by the ULBs. (para 8.15)
- 13.50 GMC and other ULBs may levy property tax and service charges on the properties of Central and State government undertakings. (para 8.24)
- 13.51 The Fourth Schedule of GMC Act may be amended to incorporate new trades that are emerging. (para 8.36)
- 13.52 GMC may create additional market space to accommodate unauthorized vendors. (para 8.38)
- 13.53 In respect of outstanding LIC loans against ULBs, immediate reconciliation of the outstanding amount may be done with the LIC. (para 8.58)
- 13.54 In respect of outstanding HUDCO loans to ULBs against State government guarantee an one-time settlement with HUDCO may be made. (paras 8.60 & 8.61)
- 13.55 In respect of outstanding loans of ULBs from the banking sector, GOA may arrange a tripartite meeting to settle the outstanding amount. (para 8.64)
- 13.56 It is imperative for the ULBs to concentrate in areas like sanitation, sewerage and solid waste disposal where privatization can also be effective. Drainage system needs revamping. It is essential to preserve the water bodies and restrict haphazard construction of buildings. (para 8.120)
- 13.57 There is enough scope to augment collection of property tax through enlargement of coverage, increasing demand-collection ratio, reducing undeserving exemption and replacing the outmoded valuation system. (paras 8.123 and 8.124)
- 13.58 It is desirable to maintain accounts and prepare budget in the prescribed format. (para 8.129)
- 13.59 The quality of service must be improved if the ULBs hope to make upward revision of user charges. (paras 8.131 & 8.132)
- 13.60 For enumeration of properties GIS method for mapping of properties may be instituted by GMC and other bigger MBs. (para 8.133)
- 13.61 The valuation of urban land may be done realistically. (para 8.140)
- 13.62 Simplification of procedure will make tax machinery more taxpayer friendly. (para 8.144)

- 13.63 All activities listed in Schedule XI and XII may be transferred to the local bodies at the appropriate level along with funds and functionaries. (para 11.3)
- 13.64 A local body supplement may be presented along with the State budget every year and steps may be taken for incorporation of a similar statement in the Finance Accounts of the State. (para 11.4)
- 13.65 Local bodies may prepare their budget and maintain their accounts in the formats prescribed by C&AG. (para 11.5)
- 13.66 Annual Technical Inspection Report of the C&AG and Audit Report of the Director of Audit (Local Fund) may be placed before the State Legislature. (para 11.6)
- 13.67 Directorate of Audit (Local Fund) may be suitably strengthened. (para 11.7)
- 13.68 In respect of training of PRI personnels, the Action Plan on Capacity Building prepared by SIRD appears to be satisfactory and as usual the implementation may be integrated with Centrally Sponsored Scheme of BRGF. (para 11.24)
- 13.69 In regard to Urban sector training, GOA may take up with GOI for setting up of a regular Institute of Urban Management at Guwahati. (para 11.31)
- 13.70 Suggestions regarding best practices are listed at Chapter- 9.
- 13.71 Suggestions for the National Finance Commission are listed at Chapter- 11. (paras 11.39 to 11.41)



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