

Minutes of the Meeting on 21.8.2009 at 5.P.M. in respect of Twelfth Finance Commission (TFC) Grants for Local Bodies

List of the officers present in the meeting is appended herewith.

At the outset Principal Secretary, Finance Department explained the purpose of the meeting. He said that State Government lost sufficient amount of grants for Local Bodies under the award of the Eleventh Finance Commission due to non-submission of utilization certificates. Therefore, Principal Secretary, Finance Department sought the approval of the HLC in advance for the action plan against the schemes under the Twelfth Finance Commission (TFC) grants for Local Bodies for the years 2007-08, 2008-09 and 2009-10 in order to avail the balance amounts of grant for local bodies under TFC from the Government of India.

Principal Secretary, Finance said that TFC has recommended grants-in-aid amounting to Rs.526 crore for the PRIs and Rs.55 crore for the ULBs of Assam for the five year period 2005-10. The annual allocation is Rs.105.20 crore for the PRIs and Rs.11 crore for the ULBs. The grants recommended by TFC are applicable for local bodies both in General & Sixth Schedule areas of Assam. Apart from operation and maintenance of core civic services like water supply and sanitation in case of PRIs and solid waste management in case of ULBs, the TFC grants are also earmarked for maintenance of accounts and creation of data base by the local bodies. However, earmarking of grants for the purpose has not been done by TFC and it has been left to the discretion of the respective State Government.

The Principal Secretary, Finance further added that Union Ministry of Finance has so far released 6 instalments out of total 10 instalments amounting to Rs.315.60 crore for PRIs and Rs.33.00 crore for ULBs under the award of TFC. Out of Rs.315.60 crore for PRIs and Rs.33.00 crore for ULBs, Ministry of Finance has released 3 instalments amounting to Rs.157.80 crore for PRIs and Rs.16.50 crore for ULBs during the month of July, 2009. Finance Department already released Rs.157.80 crore and Rs.16.50 crore to PRIs and ULBs respectively relating to the 1st & 2nd instalments of 2005-06 and 1st instalment of 2006-07. Panchayat & RD Department furnished UCs for the amount of Rs.157.80 crore. U D Department furnished UCs for the amount of Rs.5.50 crore and they are yet to furnish UC for Rs.8.65 crore. G D Department/GMC has not yet furnished UC for Rs.2.35 crore as per proper format.

Out of Rs.157.80 crore for PRIs and Rs.16.50 crore for ULBs released by MOF in July, 2009, SFC Cell of Finance (E.A.) Department is going to release Rs.52.60 crore to PRIs and Rs.5.50 crore being the 2nd instalment of 2006-07 to ULBs shortly as per inter-se distribution criteria of 2nd SFC, which was approved by HLC in its meeting held on 23.09.2008.

The TFC earmarked funds for Local Bodies among the States as per inter-se allocation formula assigned by the TFC, but the allocation of funds among the various Local Bodies and also those in excluded areas of the States was left to the discretion of the respective State Government. In regard to inter-se distribution of grants under the award of TFC among the PRIs & ULBs in General Areas, the Government of Assam has adopted the formula enunciated by the Third Assam State Finance Commissions for the years 2007-08 to 2009-10. Since the State Cabinet already approved the inter-se distribution formula among the each unit of PRIs and ULBs enunciated by the TASFC, the Chairman of the HLC has

accepted the same formula for distribution of TFC grants for Local Bodies for the period 2007-08 to 2009-10.

As regards the sixth scheduled areas of Assam being outside the purview of SFCs, the principles of inter-se distribution as recommended by TASFC are not applicable to such areas. Hence, in order to extend the benefits of TFC award to the excluded areas. i.e. KAAC, NCAC and BTC, the Government of Assam has decided to apportion the amount of TFC grants between the General and Sixth Schedule Areas in the following manner. It has been decided to allocate the TFC grants to BTC and the Autonomous District Councils of Karbi Anglong and N.C Hills on the same principle as in case of allocation of State Plan outlay. Accordingly, 12.19% of TFC grants have been allocated to BTC and 7.27% to the ADCs of KA and NC Hills. Further, the amount allocated to these three ADCs has been distributed among the districts as per criteria of Second & Third State Finance Commission. The balance amount of TFC grants after allocation to Sixth Schedule Areas is meant for the General Areas.

On the above basis the TFC grant of Rs.105.20 crore per year for the PRIs is being allocated in the manner that Rs.1282.39 lakh for BTC, Rs.511.45 lakh for KAAC, Rs.253.35 lakh for NCAC and the balance amount of Rs.8472.81 lakh for the General Areas.

Similarly, TFC grant of Rs.11 crore per year in respect of the ULBs is being allocated in the same manner that Rs.134.09 lakh is for BTC, Rs.49.88 lakh for KAAC, Rs.30.09 lakh for NAAC and the balance amount of Rs.885.94 lakh for General Areas.

Grant for Maintenance of Accounts and Creation of Data Base

In respect of maintenance of accounts and creation of data base, the amount to be allocated to each level of PRIs & ULBs both in the General and Sixth Schedule Areas with the approval of HLC is indicated in Table a below :

Table A

Sl No	Schemes/ Types	Rate of each ZPs/APs/GPs for general Areas and Bocks of Hills District / BTC	Amount required
1	PRI for General Areas ZPs/APs/GPs Level		
	(a) For Maintenance of Accounts	@ Rs. 50000/* 20 each ZP level	Rs.10.00 lakh
		@ Rs. 15000/* 2387 each AP and GP level	Rs.358.05 lakh
	(b) For Creation of Data Base	@ Rs.25000/ *2407each level	Rs.601.75 lakh
		Total	Rs.969.80 lakh
	Hills Areas & BTC Areas		
	(a) For Maintenance of Accounts (for KAAC, for		Rs.12.50 lakh for BTC, Rs.5.50

	NCAC and BTC)		lakh for KAAC and Rs.2.50 lakh for NCHAC.
	(b) For Creation of Data Base		Rs.12.50 lakh for BTC, Rs.5.50 lakh for KAAC and Rs.2.50 lakh for NCHAC.
		Total	Rs.41.00 lakh
	ULBs for General, Hills and BTC Areas MBs/TCs Level		
	(a) For Maintenance of Accounts (for general 71, for KAAC 6 (or 7 FY2008-09), for NCAC 4 and BTC 6)	Rs.25000 *87	Rs.21.75 lakh
	(b) For Creation of Data Base	Rs.50000*87	Rs.43.50 lakh
		Total	Rs.65.25 lakh
	GMC for General Areas		
	(a) For Maintenance of Accounts	Rs.100000/ for GMC	Rs.1.00 lakh
	(b) For Creation of Data Base	Rs.100000/ for GMC	Rs.1.00 lakh
		Total	Rs.2.00 lakh

2. Parameter of inter-se distribution of fund to each tier of Local Bodies

Operation & Maintenance of core Civic Services.

After allocation of the above amount meant for the maintenance of accounts and creation of date base, the balance amount of Rs.7503.01 lakh for PRIs in General Areas, Rs.1257.39 lakh for PRIs in BTC, Rs.500.45 lakh for PRIs in Karbi Anglong and Rs.248.35 lakh for PRIs in N.C. Hills to be allocated, as per formula enunciated by the by TASFC for remaining period 2007-08 to 2009-10 is as follows:

- A. In the first stage, the allocation for PRIs will be horizontally allocated among different districts on the basis of (i) population 50pc, (ii) geographical area 25 pc and (iii) per capita district domestic product of primary sector 25 pc.
- B. In the second stage, district fund will be vertically apportioned among the three tier of PRIs in the ratio of 20:30:50 to ZP, AP and GP respectively.
- C. In the final stage, shares of each AP and each GP will be determined on the basis of their respective population.
- D. In case of the balance amount of ULBs (Rs.830.69 lakh for General Areas, Rs.129.59 lakh for BTC, Rs.45.38 lakh for KAAC and Rs.27.09 lakh for N.C. Hills), the allocation will be horizontally apportioned among Corporation, MBs and TCs on the basis of (i) population 50 pc, (ii) geographical area 25 pc, (iii) index of infrastructure 12.5 pc and (iv) per capita tax effect 12.5 pc. The infrastructure index has been based on three parameters viz, (i) length of surface

road, (ii) length of pucca drains and (iii) number of street lights giving equal weightage to each.

- E. In the second stage, district fund for the Sixth Schedule and BTC has been proposed to be vertically apportioned among the three tiers in the ratio of 20:30:50 to District Council, Blocks and VCDCs & TVCs respectively. **But the HLC has approved that TFC fund should go to the District Councils and VCDCs & TVCs in the ratio of 20:80. The TFC fund will go to the District Councils directly and the District Councils will implement the schemes in the village areas of VCDCs & TVCs.**

3. Principles of distribution of schemes –wise TFC Fund for PRIs and ULBs in General , Sixth Schedule and BTC Areas for the years 2007-08 to 2009-10

(A) Rural Local Bodies:

Sl No	Schemes/ Types	Rate of each ZPs/APs/GPs for General Areas and Bocks of Hills District / BTC
1	<p>General Areas</p> <p>ZPs Level</p> <p>(c) For Maintenance of Accounts</p> <p>(d) For Creation of Data Base</p> <p>(e) Water Supply and assets created under (Swajaldhara Programme)</p> <p>(f) For Operation & Maintenance cost & sanitation (Repairs /Rejuvenation)</p> <p>(g) Others income generating sources (tourism, hat, bazaar, markets etc)</p>	<p>@ Rs. 50000/ each ZP</p> <p>@ Rs.25000/ each ZP</p> <p>Visible estimate is to be prepared by ZP in consultation of concerned PHE.</p> <p>@ Rs10.00 lakh each ZP</p>
	<p>APs Level</p> <p>(a) For Maintenance of Accounts</p> <p>(b) For Creation of Data Base</p> <p>(c) Expenditure of the O& M Costs (Repairs /Rejuvenation)Costs</p> <p>(d) Water Supply and assets created under (Swajaldara Programme)</p> <p>(e) Others income generating sources (tourism, hat, bazaar, markets etc)</p>	<p>@ Rs.15000/ each AP</p> <p>@ Rs.25000/ each AP</p> <p>@ Rs 50000/</p> <p>Visible estimate is to prepared by APs in consultation with the concerned PHE.</p> <p>@ Rs 3.00 lakh each AP</p>

	<p>GPs Level</p> <p>(a) For Maintenance of Accounts (b) For Creation of Data Base (c) For O& M Costs (d) Rural Markets/Ponds / others income generating sources (More than fund allocation of Rs.1.50 lakh to GP) (e) Sanitation for lower income people (list to be prepared by GP)</p>	<p>@Rs15000 / each GP @Rs 25000/ each GP @ Rs 3000/ each GP @ Rs. 25000/ to each GP (i.e allocation fund of the GP above Rs.1.50 lakh) @ Rs. 4000/ each family of the low property line</p>
2	<p>Hills Areas & BTC Areas</p> <p>(a) For Maintenance of Accounts (b) For Creation of Data Base (c) Water Supply and assets created under (Swajaldara Programme) (d) Expenditure of the O&M (Repairs / Rejuvenation) Costs. (e)Others income generating sources (Hats, ghats,ponds and weekly market)</p> <p>VCDC & TVC</p> <p>(f) Sanitation for lower income people</p>	<p>Rs.12.50 lakh for BTC, Rs.5.50 lakh for KAAC and Rs.2.50 lakh for NCHAC. Rs.12.50 lakh for BTC, Rs.5.50 lakh for KAAC and Rs.2.50 lakh for NCHAC</p> <p>Visible estimate to be prepared by Councils in consultation with PHE</p> <p>As per requirement of the Councils.</p> <p>As per requirement of the Councils.</p> <p>@Rs. 4000/ each family of the low property lines</p>

(B) Urban Local Bodies:

(Rs. in lakh)

Sl No	Items/ Schemes	General (71 Nos of ULBs and one MC)	BTC (6 Nos of ULBs)	Sixth Schedule (10 Nos of ULBs)
1.	Maintenance of Accounts of the ULBs @ 25,000/ for ULBs, Sixth Schedule areas, BTC and Rs.1.00 lakh for GMC.	17.75+1.00 =18.75	1.50	2.50 for year 2007-08 (2.75 for 11 ULBs including Bakalia for period 2008-09 and 2009-10)
2	Creation of Data base @ Rs 50000 for each ULB and GMC @ Rs.1.00 lakh.	35.50+ 1.00=36.50	3.00	5.00 for year 2007-08 (5.50 for period 2008 -09 and 2009-10).
3	1. Soild waste management through public – private	Balance amount	Balance amount	Balance amount

partnership and transportation of solid waste 2. Drains 3. Roads 4. Market Sheet 5. Electricity dues, if any	Estimate prepared by standing committee of each ULB as per allocation of each ULB.	Prepared Estimate as per allocation of each ULB.	Prepared Estimate as per allocation of each ULB.
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Each tier of PRIs and ULBs may implement schemes (B) and (C) mentioned below under the award of TFC after meeting expenditure against above-mentioned items.

- A. As regards utilization of grants under the Twelfth Finance Commission, the Panchayati Raj Institutions shall give priority to the maintenance of Water Supply, Sanitation and Drainage facilities. They should attempt to recover at least fifty percent (50%) of the recurring costs in the form of user charges through 'Water Users Committee' or through 'pay and use' method for managing the existing schemes of water supply or sanitation facilities and the Panchayats shall be required to pay upto 50% of the O & M (Operation & Maintenance) cost. Special emphasis shall be given on periodical checking of quality water and arrangement of disinfection, if necessary.
- B. The Panchayats shall take up all maintenance works relating to Street Lighting and other public utilities like parks, gardens, playground, places for social events, picnic etc. which have already been developed. A lighting rate, where the Panchayat within its jurisdiction makes arrangement for lighting of public streets and places, may be realized through framing and adoption of byelaw in conformity with the Assam Panchayat Act, 1994 and rules framed there under. The Panchayats shall recover recurring cost of other public utilities, mainly used for commercial purpose, from the users.
- C. The ULBs shall take up all maintenance works relating to Street Lighting and other public utilities like parks, gardens, playground, places for social events, picnic or tourist spots, footpath, community toilet, waiting shed and health & sanitation etc. which have already been developed.

4 Procedure for transfer of CFC grants by the States to the Local bodies:-

- The CEOs/DCs/SDOs etc have been declared as DDOs for PRIs and ULBs for general areas for transfer of fund under the award of the Twelfth Finance Commission and State Finance Commission. Principal Secretaries of 6th Schedule Areas have been declared as DDOs for transfer of TFC fund in rural areas instead of DCs/SDOs. DCs /SDOs have been declared as DDOs for transfer of TFC fund to Urban Local Bodies in Sixth Schedule and BTC Areas.
- SFC Cell under Finance (Economic Affairs) Department has been entrusted with the power to issue sanction to local bodies through concerned DDOs as declared by Government in respect of the funds under State Finance Commission and Twelfth Finance Commission
- The concerned DDOs have to release funds within 15 days from the date of the receipt of funds under TFC from the SFC Cell of Finance (E.A.) Department. The concerned Administrative Departments are to submit Utilization Certificates as per guidelines of Government of India.

- The concerned Administrative Departments are to move SFC Cell of Finance (E.A.) Department along with detailed statement of schemes as per prescribed format. The CEOs of Zilla Parishad and Chairman of ULBs are also to submit the same statement of schemes in advance both in soft and hard copies for each unit of PRIs and ULBs for release of fund.

5.Parameter of inter-se distribution of fund to each tier of Local Bodies

- (a) State Finance Commission (SFC) Cell will allot the amount admissible to each unit of PRIs and ULBs both in General and Sixth Schedule areas on the basis of parameters recommended by the Third Assam State Finance Commission for the period 2007-08 to 2009-10.
- (b) Mechanism for Electronic Fund Transfer of grants through core banking system to the individual Bank Account of each unit of Local Bodies is going to be developed shortly.
- (c) The concerned Chairman MBs & TCs and CEOs may create website through district NIC for uploading their information relating to data

7. Maintenance of account and Data Base of Local bodies

- A. High priority shall be accorded to creation of data base and maintenance of accounts at the grassroot level. Some of the modern methods like GIS (Geographic Information Systems) for mapping of properties in Rural and urban areas and computerization for switching over to a modern system of financial management would go a long way in creating strong governments, fulfilling the spirit of the 73rd and 74th constitutional amendments.
- B. The HLC observed that so far as fund provided by the TFC for maintenance of accounts and creation of date base for local bodies is concerned, the concerned administrative departments with due consultation with SFC Cell in Finance (E.A.), Director of Audit (Local Fund), NIC and AG should prepare detailed guidelines so as to introduce a proper accounting system at the grass root level and to create a data base for the local bodies through application of modern technology and management system. The Committee also suggested to P&RD, UDD and GDD to finalize modalities for developing software in this connection and entrust the same either to NIC and any other reputed software company to start works. The personnel engaged in accounting works and data management of the local bodies need to be imparted proper training in a phase manner to operationalise the new accounting procedure developed with the application of modern technology and management system.
- C. The P&RD, Urban Development and GD Department will review the present status of the data base and maintenance of accounts.
- D. As per recommendations of EFC and TFC regarding audit and accounting procedure, Director of Audit (Local Fund) may be entrusted to conduct audit of all Local Bodies.
- E. Bank Account of each PRI and ULB as already submitted to SFC Cell of Finance (E.A.) Department cannot be changed without approval of Finance (E.A.) Department. Director of Audit (Local Fund) will verify bank account of each PRI and ULB in respect of TFC funds

F. SFC Cell in Finance (E.A.) Department already released following interest amounts to PRIs and ULBs for delayed release of TFC grants for maintenance of accounts and creation of data base and infrastructure:

GMC = Rs.17.94 lakh
ULBs = Rs.65.84 lakh
PRIs = Rs.400.62 lakh
Total = Rs.484.40 lakh

The HLC has advised concerned Administrative Department to call for a meeting for implementation of the data base and maintenance of accounts.

The HLC has also requested the concerned Departments to furnish Utilization Certificates against funds by 30-11.-2009 in respect of 2nd instalment of 2006-07 and 1st and 2nd instalments of 2007-08 to be released shortly.

The meeting ended with Vote of thanks from the chair.

Sd/
Chairman,
Higher Level Committee.
Dated Dispur the September 5, 2009.

Memo No. FEA.(SFC) 212/2008/210-A

Copy forwarded to:

1. The Additional Secretary, Ministry of Panchayat, Govt. of India, Samarat Hotel , 6th Floor, Chanakyapuri, New Delhi-110 021.
2. The Joint Secretary, Ministry of Housing & Urban, Poverty Alleviation, Govt. of India, Nirman Bhawan, New Delhi-110 011
3. The Director, Govt. of India, Ministry of Finance, Department of Expenditure, Finance Commission Division, Block-IX, 5th Floor, CGO Complex, Lodhi Road, New Delhi-110 003
4. The Principal Secretary / Commissioner & Secretary / Secretary to the Govt. of Assam, Panchayat & Rural Dev. / Urban Development /WPT&BC/Hills Areas/GD /PHE Department
5. The Accountant General (A & E), Assam, Maidamgoan, Beltola, Ghy -29.
6. The Principal Accountant General (Audit), Local Bodies (Audit & A/Cs), Assam, Beltola , Ghy
7. The Commissioner, Guwahati Municipal Corporation, Panbazar, Guwahati
8. The Director, Panchayat & Rural Development Panzabari, Juripar, Guwahati-37.
9. The Director, Municipal Administration, Assam, Guwahati, Dispur-781 006.
10. The Principal Secretary, BTC, Kokrajhar/ KAAC, Diphu/ NC Hills , Haflong Assam
11. The Deputy Secretary to the Government of Assam, Finance (Budget) Department
12. The S.O to the Chief Secretary for kind information of the Chief Secretary.
13. The P.S. to the Addl. Chief Secretary, P&D for kind information of Addl. C.S.
14. The P.S. to the Principal Secretary, Finance Department for kind information of the Principal Secretary
15. The Director of Audit (Local Fund) Assam, KarBhawan, Dispur
16. The State Informatics officer, NIC, Dispur. He is requested to circulate among the concerned Chairmen of MBs/TCs/DC/ CEOs /BDOs etc. through E-mail of the District NIC.
17. All Chairmen of MBs & TCs /D.Cs/ SDOs/ C.E.Os of Zilla Parishad -----, CEOs of Zilla Parishad is requested to circulate among concerned BDOs of APs/ Secretaries of GPs.
18. All BDOs of APs /Secretaries of GPs.

By order etc.

Joint Director,
Finance (EA) Department

List of Members & officers present in the meeting of the transfer of fund under award of Twelfth Finance Commission to Local Bodies & Panchayati Raj Institutions held on 21.08.2009 at 5.00 PM in the Conference Room of the Chief Secretary.

Sl. No.	Name	Designation
1.	Shri P.P. Varma, IAS	Additional Commissioner& Secretary, P&D Department
2.	Shri H.S. Das, IAS	Principal Secretary, Finance Department
3.	Dr. A.K. Bhutani, IAS	Secretary, GDD
4.	Shri L. Phangcho	Secretary, WPT & BC Department
5.	Md. M.U. Ahmed	Secretary, UD Department
6.	Shri A. Dutta	Secretary, PHEDepartment
7.	Shri S. Jereth, IAS	Commissioner, P&RD
8.	Shri M. Thakur	Commissioner, GMC
9.	Shri J.J. Kathar, IAS	Principal Secretary, BTC
10.	Shri R. Muchahari	Joint Secretary , BTC
11.	Shri D. Rajbangshi	Deputy Secretary, Department
12.	Md. A. Ahmed	Deputy Secretary, Hill Areas Department
13.	Shri M.N. Brahma	Under Secretary, BTC
14.	Shri K. Mahanta	Director, MAD
15.	Shri R.R. Hazarika	Director, Finance (E.A.) Department
16.	Shri J. Chaudhury	Joint Director, Finance (E.A.) Department
17.	Shri H.K Dewri	Joint Director, Finance (E.A.) Department
18.	Shri D. Goswami	Sr. Tech. Director & SIO, NIC, Dispur
19.	Shri Kabita Ray Das	Tech. Director, NIC, Dispur
20.	Shri M.L. Sarkar	R.O., Finance (E.A.) Department under SFC Cell
21.	Shri S.Phukan	R.O., Finance (E.A.) Department under SFC Cell