

TERMS OF REFERENCE (TOR)

1. The TOR, as mandated, is reproduced below:

(a) “The principles which should govern

(i) The distribution between the State of Assam and the panchayats/ municipalities of the net proceeds of the taxes, duties, tolls and fees leviable by the State, which may be divided between them and the allocation between the panchayats / municipalities at all levels of their respective shares of such proceeds, after taking into account the transfers that are to be made by the State of Assam to the Autonomous District Councils constituted under the Sixth Schedule of the Constitution;

(ii) The determination of the taxes, duties, tolls and fees, which may be assigned to, or appropriated by, the panchayats/ municipalities;

(iii) The grants-in-aid to the panchayats/ municipalities from the Consolidated Fund of the State;

(b) The measures needed to improve the financial position of the panchayats/ municipalities with special emphasis on rationalization of properties tax, collection of user charges and innovative realization methods.

(c) Examine the feasibility and make recommendations on raising of resources by the urban local bodies through issuance of bonds.

(d) Examine the feasibility and make recommendations on creation of urban infrastructure and other civic amenities by the Urban Local Bodies through public-private partnership and exploring avenues of viability gap funding;

(e) Any other matter referred to the State Finance Commission by the Governor in the interests of the sound finances of the panchayats/municipalities.

2. The Commission may make an assessment of (a) the actual debt position of each of the Local Bodies on 31-3-2005 and (b) estimated debt position of Local Bodies as on 31-3-2006 and suggest suitable measures relating to the debts as are deemed

necessary, keeping in view the financial requirements of the State Government also.

3. In making its recommendations, the Commission shall have regard, among other Considerations, to:-

- (i) The objective of balancing the receipts and expenditure on revenue account of both Local Bodies as a whole and the State Government and each Local Body;
- (ii) The resources of the State Government and demands thereon, in particular, on account of expenditure on maintenance of law and order, civil administration, debt servicing and other committed expenditure;
- (iii) The revenue and the resources of the Local Bodies for the five years commencing on 1st April, 2006 on the basis of the level of the collection made during 2004-05 from taxes, duties, tolls, fees, cess etc. levied by them;
- (iv) The potential for raising additional revenue from the existing sources available to them; and
- (v) The scope for better financial management consistent with efficiency and economy in expenditures.

4. In making its recommendations on the various matters aforesaid, the Commission shall adopt the population figures of the latest Census available in all cases where population is regarded as a factor for determination of devolution of taxes and duties and grants-in-aid.

5. The Commission shall indicate the basis on which it has arrived at its findings and make available the Local Body wise estimates of receipts and expenditure.”