

CHAPTER- 9

RECOMMENDATIONS

- 9.1 The Third Assam State Finance Commission (TASFC) has analysed the data and the information it could collect. It has also examined the documents it could obtain. The inadequacies and the difficulties it had encountered have been mentioned in Chapter 1 of this Main Report. Earlier, in the Ad Interim Report, which dealt with the financial years 2006-07 and 2007-08, also these were mentioned. After detailed consideration of all aspects of its terms of reference (TOR) TASFC has come to the conclusion that it should formulate its recommendations for the financial years 2008-09, 2009-10 and 2010-11 for the general areas of Assam (excluding the Schedule VI areas which are outside TASFC's purview) with a view to achieve the following goals :
- (i) Provision of adequate resources to all Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs) commensurate with their duties and responsibilities under the Constitution after the 73rd and the 74th amendments and to ensure that their autonomy is properly safeguarded.
 - (ii) The recent spurt in India's economic growth has been made possible by a very substantial increase of Plan funds allocated to PRIs, and some to ULBs, under various schemes and programmes. For effective and efficient utilization of such funds the delivery system has to be properly strengthened. Where such delivery system is non-existent it has to be newly created. For the purpose of building up a proper delivery system non-Plan funds have to be recommended by TASFC.
 - (iii) There are certain core functions which need special attention by PRIs and ULBs. The core functions had been identified by the Eleventh Central Finance Commission as the following:
 - (1) Primary education.

- (2) Primary health.
- (3) Safe drinking water.
- (4) Street lighting.
- (5) Sanitation.
- (6) Drainage.
- (7) Scavenging.
- (8) Cremation and burial grounds.
- (9) Public convenience and other common property.

The Twelfth Finance Commission laid emphasis on performance of the same functions. It, however, gave priority to water supply and sanitation. In the case of ULBs it laid down that 50 percent of the funds allocated by it should be earmarked for solid waste management. In the case of PRIs it laid priority on operation and maintenance (O&M) costs of water supply and sanitation. Many of these core areas have now been included under Plan financing. TASFC has made recommendations only where Plan assistance is not available or is inadequate.

TASFC's recommendations are essentially based on the goals outlined at (i), (ii) and (iii) above.

DECENTRALISATION IN ASSAM

- 9.2 TASFC's observation of the ground situation has convinced it that the Government of Assam (GOA) is yet to complete the process of decentralization fully as envisaged in the Constitution. The process will be complete only when functions, functionaries and funds have been fully transferred to PRIs and ULBs in accordance with the provisions of Schedule XI and XII of the Constitution, which, respectively, enjoin state governments to transfer 29 items to PRIs and 18 items to ULBs. However, GOA has long experience of

decentralization of different kinds and different degrees under Schedule VI of the Constitution. A large number of GOA Ministers and officials have visited advanced states such as Kerala, Karnataka and West Bengal. They have seen how democratic decentralization is functioning in those states. They should be able to implement the same process in Assam. TASFC, therefore, recommends that transfer of functions, functionaries and funds to PRIs and ULBs should be completed as enjoined by the relevant provisions of the Constitution in parts IX and IX-A read with Schedules XI and XII.

(Recommendation No. 1)

ACTIVITY MAPPING AND JOINT DECLARATION

9.3 Panchayat and Rural Development (P&RD) Department of GOA has drawn up detailed Activity Mapping in respect of PRIs and notified the same vide Assam Gazette notification No. PDA.336/2001/ Pt-III /32 dated June 25, 2007. Earlier the Chief Minister of Assam had signed a Joint Declaration with the Union Minister for Panchayati Raj on September 12, 2006.

9.4 P&RD Department has made repeated attempts to carry out its mandate of completing the process of decentralisation. Beside formulating the Activity Mapping, District Planning Committees have been formed and these bodies have submitted District Plans, however imperfect, for inclusion in the Eleventh Five Year Plan in pursuance of the instructions issued by the Planning Commission. Similarly, the Finance Department has opened a Panchayat Window in the State Budget for 2007-08. However, in spite of several meetings held at the level of the Chief Secretary and the Revenue Minister, who happens to be the senior most Minister in the state cabinet, full transfer of functions, functionaries and funds have not taken place to PRIs. It has been ascertained from P&RD Department that they are taking follow up measures to complete the pending process of transfer of functions,

functionaries and funds. What is encouraging however is that an atmosphere has been created after the Joint Declaration of September 12, 2006 and it can be expected that P&RD Department will be able to complete the process taking advantage of this atmosphere. They have now reconstituted the High Power Committee “for ensuring devolution of Power to PRIs” with the P&RD Minister as the Chairman vide their notification No. PDA 336/2001/Pt II/10 dated December 4, 2007. In the case of ULBs the process of Activity Mapping is yet to be initiated.

SECOND ARC

9.5. Meanwhile, the Second Administrative Reforms Commission in its VIth Report on Local Governance has recommended a “Framework Law for Local Governments” under Article 252 of the Constitution which should “lay down the broad principles of devolution of powers, responsibilities and functions to the local governments and communities based on the following:

Principle of Subsidiarity.

Democratic Decentralisation.

Delineation of Functions.

Devolution in Real Terms.

Convergence.

Citizen Centricity.”

TASFC has tried to follow the same principles. TASFC therefore recommends that ARC’s approach should be adopted by GOA in dealing with PRIs and ULBs.

(Recommendation No. 2)

CONSTRAINTS

9.6. It must be mentioned, however, that TASFC has been handicapped in carrying out its mandated task under the TOR due to non-existence of

a data-base and the difficulties in obtaining data from PRIs, ULBs and line Departments. Only junior officers were seconded to TASFC on a full time basis. With the cooperation and assistance of these officers and the relevant officers of the Finance and other Departments TASFC completed its Ad Interim Report and now the Main Report although the time-frame recommended by the Twelfth Central Finance Commission at paragraph 8.55 (ii) of their Report, for State Finance Commissions generally, was not adhered to by GOA as clearly indicated by TASFC at Annexure 1.11. If this time-frame was followed by GOA, TASFC could have started work on or before 01.01.04 and completed its task long ago.

CENTRAL FINANCE COMMISSIONS

- 9.7. The Tenth, the Eleventh and the Twelfth Central Finance Commissions have made important recommendations in respect of PRIs and ULBs. These have been summarized in Chapter 1. TASFC recommends that the principles, standards and quantum laid down by the Central Finance Commissions should be adhered to, and where possible supplemented, by GOA so that the quality of services provided by PRIs and ULBs improve over time. GOA should lay particular emphasis on the Twelfth Finance Commission recommendation regarding the time-frame of State Finance Commissions, as mentioned above, and appoint the Fourth Assam State Finance Commission on or before 01.01.09.

(Recommendation No. 3)

RECOMMENDATIONS FOR FIRST TWO YEARS

- 9.8. TASFC's recommendations for the first two years (2006-07 and 2007-08) have been already made in the Ad Interim Report submitted in March, 2007 and in the Technical Supplement submitted in September, 2007. The Ad Interim Report is reproduced at Annexure 1.12. The recommendations in the Ad Interim Report will stand. But

Technical Supplement to the Ad Interim Report is now revised. Therefore, it is no longer relevant. The revised figures are in Volume III. These revised figures only will be applicable for all four years 2007-11. The nature of change has been mentioned in paragraph 9.16. The reasons has been mentioned in the Technical Supplement (Volume III).

DIVISIBLE POOL

9.9. The principal recommendation of this Main Report is the quantum of the Divisible Pool (DP) during the three financial years 2008-11. Under different provisions of the relevant statutory enactments certain taxes are divisible between GOA on one hand and PRIs and ULBs on the other. The provisions under the respective Acts are mentioned in Chapters 4, 5 and 6. These are not repeated here. The processes laid down under different Acts, however, are so cumbersome that TASFC has decided to abandon this procedure and also decided not to indulge in such time consuming calculations. In doing so TASFC was guided by the fact that successive Central Finance Commissions have abandoned the process of allocations of the proceeds of several taxes, including Income Tax, Central Excise etc, on the basis of separately worked out formulae and had taken a global approach of assigning a percentage of the total receipt of the majority of the taxes raised by the Government of India (GOI) to a Divisible Pool which is then divided among the States. Similar view has been taken by the Finance Commissions of quite a few States. Therefore, a global view has been taken by TASFC. Having done that TASFC recommends that 25 percent of the Non Loan Gross Own Tax Revenue Receipt (NLGOTRR), minus collection expenditure of GOA, should form the DP out of which allocations should be made to PRIs and ULBs during the three financial years 2008-11.

(Recommendation No. 4)

WHY 25 PERCENT OF NLGOTRR?

- 9.10. In fixing the Divisible Pool as 25 percent out of NLGOTRR, several factors were taken into consideration. These included the most important one of empowering PRIs and ULBs by transfer of the 29 items in Schedule XI and the 18 items in Schedule XII of the Constitution, respectively. It has been mentioned earlier that GOA has completed the Activity Mapping in respect of PRIs and laid down the tentative basis for such transfer. This is a pioneering effort. Similar exercise in respect of GMC and ULBs should be carried out in terms of recommendation No.66 at paragraph 9.78.
- 9.11. TASFC had requested the concerned Departments to furnish the figures of expenditure on staff and establishment already transferred or to be transferred to PRIs and ULBs during 2005-06 (Actual), 2006 - 07 (Revised), 2007-08, 2008-09, 2009-10 and 2010-11 (Projected). But most of the Departments failed to respond to the request. Even a D.O. letter from the Chief Secretary (No.FEA(SFC)1/2007/41 dated June 22, 2007) to the controlling Departments did not evince the proper response. A meeting was held with the Commissioners and Secretaries and the Heads of the concerned Departments on August 23, 2007 in which the Chairman, TASFC, the Additional Chief Secretary (P&D) and the Principal Secretary, Finance Department made special requests to all to submit the figures urgently. The response to this appeal was poor. The Principal Secretary, Finance Department, wrote another letter (No. FEA 139/2007/19 dated September 4, 2007). This time the response was slightly better. Even then only 14 out of 23 Departments which were identified to be concerned with decentralization replied. The Department wise figures, related to PRIs only, are tabulated at Annexure 4.6. However, the replies are not exhaustive nor are these to the point in all cases. Without further examination, queries and discussions it would not be possible to make definite allocations of funds on the basis of these

figures. TASFC has no time left to carry out such a detailed exercise. In the above circumstances and after examination of the unscrutinised figures as submitted by the 14 Departments, TASFC has arrived at the conclusion that whenever the functionaries are transferred to PRIs and ULBs by the concerned line Departments the funds should also be transferred. Of course, the transfer of functions, functionaries and funds should be done at the earliest. For proper functioning of PRIs and ULBs as autonomous units of Government TASFC took note of the ground situation in the advanced States where proper devolution has been done and came to the conclusion that about 25 percent of NLGOTRR, minus collection charges, would be required to meet the non-Plan revenue expenditure of PRIs and ULBs in Assam. In the circumstances described above, TASFC decided that 25 percent of NLGOTRR, minus collection expenditure, should constitute the DP. This view is buttressed by the study that has been carried out by the State Institute of Rural Development (SIRD) which has been referred to in the Ad Interim Report. SIRD had recommended that 20 percent of total revenue receipt of GOA should be transferred to PRIs.

- 9.12 It has to be emphasized, however, that the devolution as recommended at paragraph 9.9 will cover only salary and establishment charges of the employees who are in position now and the employees who will be recruited for PRIs as per recommendation No. 53 at paragraph 9.65 and will also provide some untied funds for “felt needs.” In the case of GMC and the other ULBs the devolution recommended will be sufficient to meet the salary bills of the existing employees. For payment of salary etc of DRDA and Block employees to be transferred to the respective PRIs additional devolution will be required as per recommendation No. 55 at paragraph 9.67. For salaries etc of employees of line Departments to be transferred to PRIs and ULBs separate funds will have to be arranged by transferring the relevant provisions of the state Budget to the concerned PRIs and

ULBs. The exact amounts could not be worked out because the data was not available in the proper manner from the line Departments. This has been mentioned in paragraph 9.11. A specific recommendation No. 100 has been made in paragraph 9.118, for this purpose.

ACTUAL EXPENDITURE ON TAX COLLECTION

9.13 In the Ad Interim Report it was recommended that the DP for devolution to PRIs and ULBs should be worked out in the following manner: Out of NLGOTRR 10 percent should be taken out first as collection charges. Then 10 percent of the remainder should be determined as the DP for PRIs and ULBs. In the Ad Interim Report the collection charges were determined on a very rough estimate. This time, however, it has been possible to obtain the actual figure of expenditure on tax collection. Therefore, the exact amount, and not 10 per cent, has been deducted from NLGOTRR as collection charges in the Main Report in respect of the three financial years 2008-11.

GLOBAL POOLING

9.14 It may also be mentioned that the Second Assam State Finance Commission recommended a global pooling of all taxes and duties in the interest of greater transparency and certainty. Their views have been summarized in Chapter 1. In the Ad Interim Report certain reasons for preferring such global pooling were mentioned. At paragraph 1.1.13.3, for example, it was mentioned that the global approach was preferred because “sharing of these taxes is counter-equalizing in nature since local bodies with larger tax bases will benefit from larger transfers.” The grounds for non inclusion in the DP of non tax revenue and share of central taxes have been stated in paragraphs 1.1.13.4 and 1.1.13.5, respectively, of the Ad Interim Report. These are not repeated again. Similarly the grounds for choosing a particular percentage of NLGOTRR minus collection charges and the

grounds for deciding the respective percentage shares of PRIs and ULBs have been mentioned in paragraphs 1.1.13.6 and 1.1.13.7, respectively, of the Ad Interim Report. These are not repeated here. However, the percentage taken in the Ad Interim Report has been changed in this Main Report, where the total quantum of the DP for the three financial years 2008-11 is recommended as 25 percent of NLGOTRR minus actual collection charges. There will be no change in the total quantum of the DP as earlier recommended for the financial year 2007-08 in the Ad Interim Report except that the shares of PRIs (Rural) and ULBs (Urban) as a whole will undergo slight changes due to revision of population figures. Similarly the respective shares of each PRI and each ULB will change. The revised figures will be shown in the Technical Supplement to this Main Report at Volume III.

QUANTUM OF DEVOLUTION

9.15. As far as the devolution of funds to each PRI and ULB, out of the DP is concerned, TASFC recommends that the same criteria as recommended in the Ad Interim Report should be adopted during the three financial years 2008-11 except that the quantum will be 25 per cent of NLGOTRR during 2008-11 and the actual expenditure on collection charges will be deducted. For 2007-08 the quantum will remain at 10 percent of NLGOTRR as already recommended in the Ad Interim Report. The detailed figures for each PRI and ULB will be worked out in the Technical Supplement. This will include the revised figures for 2007-08. Table A below shows the projected total devolution for the three financial years 2008-11 as also the figures for 2007-08. As already stated in the Ad Interim Report there will be no devolution for 2006-07. It is clarified that beside the devolution shown below (i) PRIs will get additional devolution as shown in recommendation No. 55 of para 9.67 and (ii) PRIs and ULBs will get additional devolution when relevant funds from the state budget are transferred along with transfer of functions and functionaries as per

recommendation No. 100 at para 9.118. In this connection para 9.12 may also be referred to.

(Recommendation No. 5)

Table A
DIVISIBLE POOL

Year Projected	Projected		2-3 Divisible	
	NLGOTRR	expenditure on collection	Pool (25 percent of 4 except during 2007-08)	
	1	2	3	4
2007-08	4041.85	404.18	3637.67	363.77
2008-09	3685.47	157.03	3528.44	882.11
2009-10	3902.66	169.60	3733.06	933.26
2010-11	4123.04	183.17	3939.87	984.96

SHARES OF PRIs AND ULBs

- 9.16. There will be two parts of the DP. The first part will be for distribution amongst PRIs and the second part will be for distribution amongst ULBs, including GMC. TASFC recommends that in determining the quantum of funds for the two parts (i) actual population and (ii) density of population, both according to the 2001 census figures, will be the only two parameters. Out of the total amount in the DP, 80 per cent will be divided in proportion to the actual urban and rural population and 20 percent will be divided in proportion to the population density of urban and rural areas. There is a slight change in the distribution of the DP between PRIs (Rural) and ULBs (Urban)

during 2007-08 due to revision of population figures after detailed discussion with the Directors of Economics & Statistics, Rural Development and Urban Development Departments and the Commissioner of Guwahati Municipal Corporation. The same revised population figures have been adopted for the three financial years of 2008-11. The figures laid down in the Technical Supplement in Volume- III are based on the revised population figures. These should be adopted by GOI. The relevant figures of devolution for all four years on the basis of the revised population are worked out in Table B below.

(Recommendation No. 6)

Table B

RURAL AND URBAN DIVISIBLE POOLS

(Rs. Crores)

Year Projected	Projected	Projected	Projected
	Amount to be	Amount to be	
	distributed to	distributed to	
	PRIs.[First	ULBs.[Second	
	Part]	Part]	
1 2 3 4			
2007-08	363.77	264.69	99.08
2008-09	882.11	641.86	240.25
2009-10	933.26	679.07	254.19
2010-11	984.96	716.69	268.27

PARAMETERS FOR DIVISION

9.17. After fixation of the respective shares of PRIs (Rural) and ULBs (Urban) as a whole the parameters for further division of funds

between each tier of PRIs and among the 72 ULBs, including GMC, should be the same, as recommended in the Ad Interim Report. These parameters should guide GOA when actual sanctions are made to PRIs and ULBs out of TASFC's devolution and the Twelfth Central Finance Commission's grants-in-aid as laid down in chapter 8 of their Report. These parameters are again recommended in this paragraph and in paragraphs Nos. 9.18, 9.19 and 9.20. TASFC recommends that the horizontal distribution of DP for PRIs (the first part of DP) between different districts will be made on the basis of the weighted average of three parameters viz. population (50 percent), geographical area (25 per cent) and per capita District Domestic Product (DDP) net of mining and quarrying (25 per cent).

(Recommendation No. 7)

- 9.18. TASFC recommends that after horizontal distribution, the vertical distribution between the three tiers of PRIs viz. ZPs, APs and GPs will be in the ratio of 20:30:50, respectively.

(Recommendation No. 8)

- 9.19. TASFC recommends that in the final stage of devolution each AP and each GP's shares shall be determined on the basis of 2001 census population.

(Recommendation No. 9)

- 9.20. TASFC recommends that in case of ULBs, the urban divisible pool (the second part of DP) will be allocated horizontally among GMC and the other ULBs on the basis of the weighted composite index of population (50 percent), area (25 percent), index of infrastructure (12.5 per cent) and per capita tax collection (12.5 percent). This will be worked out in detail in the Technical Supplement.

(Recommendation No. 10)

TAX REVENUE OF ULBs AND GMC

- 9.21. TASFC recommends that besides devolution, which will now be substantial being 25 percent of NLGOTRR minus collection charges, GMC and the other ULBs should continue to raise the taxes, duties, user charges etc. which they are empowered to raise on their own.

(Recommendation No. 11)

MOU ON ARREARS

- 9.22. Regarding arrears of dues from GOA in respect of share of taxes etc. TASFC recommends that ULBs and GMC will not be entitled to any such arrears. They will have to surrender all such arrears against the higher devolution now recommended. For this purpose each ULB, including GMC, may sign a Memorandum of Understanding (MOU), with GOA settling all the past arrear dues up to 31.03.08 so that municipal finances are put on a clean slate as on 01.04.08. Where necessary GOA may make appropriate amendments of the relevant Acts.

(Recommendation No. 12)

OUTSTANDING DEBT OF PRIS

- 9.23. As has been mentioned in detail in paragraph 4.59 of Chapter 4 there is an outstanding debt of Rs.46.40 lakhs of PRIs to GOA ever since 1953-54. TASFC recommends that this amount may be written off by GOA.

(Recommendation No. 13)

BAN ON LOANS OF REVENUE NATURE

- 9.24. TASFC recommends that no PRI or ULB should be allowed to take any loan or Bank advances etc. for payment of salaries or for defraying current expenditure after 31.03.08. The MOU recommended in paragraph 9.22 should cover this arrangement also in respect of ULBs including GMC.

(Recommendation No. 14)

ULB LOANS

- 9.25. As has been mentioned in paragraphs 6.51 to 6.54 of Chapter 6 the debt position of ULBs is rather hazy and in spite of repeated attempts TASFC could not obtain any reliable figures. TASFC was, however, informed that there was an outstanding amount of Rs. 340.48 lakhs owed by ULBs to Life Insurance Corporation of India (LICI) consisting of Rs. 143.22 lakhs as principal and Rs. 197.26 lakhs as interest as on 31.03.2007. GOA is the guarantor in respect of the loans. TASFC recommends that GOA may ask the Departments concerned to obtain the exact position and settle this matter as also any other debts of ULBs. However, if any loans etc. are taken with the permission of GOA on any date after 01.04.08 for capital nature of expenditure the same should be repaid by the ULB concerned from out of the devolution now recommended or from their other revenue receipts. This arrangement may be included in the MOU mentioned in paragraph 9.22 in case of each ULB including GMC.

(Recommendation No. 15)

RELUCTANCE TO COLLECT TAXES

- 9.26. PRIs and ULBs cannot be absolved of the responsibility of raising taxes, cess and other dues from the citizens to meet at least a part of their expenditure. The legal empowerment of PRIs and ULBs to raise taxes has been made in the respective Acts. The taxes include own taxes, which are collected and the proceeds utilized by PRIs and ULBs; assigned taxes, which are raised by GOA but the proceeds used by PRIs and ULBs; and shared taxes which are raised by GOA and shared with PRIs and ULBs. The details are in Chapters 4, 5, 6 and 7. TASFC has been informed that in actual practice most PRIs have not raised any taxes at all. Some have raised only small amounts annually as taxes. The total receipt of all PRIs from all sources, including both tax and non-tax revenues, was only Rs.7.87 crores in 2005-06. As against

this PRIs incurred a total expenditure of Rs.59.10 crores on staff salaries and allowances during that year. There was, therefore, a yawning revenue gap of Rs.51.23 crores for all PRIs. This was filled up by funds from GOA. An observation of ground situation showed that the concept of “best practices” was non-existent and there was complete reluctance on the part of elected PRI functionaries to raise any taxes. That is why out of the paltry sum of Rs.7.87 crores raised by all PRIs in 2005-06 the tax revenue portion was only Rs.0.09 crores, the rest, that is, Rs. 7.78 crores being non-tax revenue. It is really surprising that 20 ZPs raised only Rs.4,70,000 as tax revenue in 2005-06. Similarly 185 APs raised only Rs.81,000 as tax revenue and 2202 GPs raised only Rs.3,33,000. This militates against autonomy of local self government. In at least one case a GP passed a resolution not to raise any taxes. This is completely against the public interest. In case of ULBs also similar complaints have been heard. It was alleged that one ULB had exempted a large number of tax payers from payment of their dues. TASFC recommends that this type of decisions, which are detrimental to public interest, should not be allowed to be implemented and should be struck down by the competent authority.

(Recommendation No. 16)

REVENUE COLLECTION BY PRIS

- 9.27. It is absolutely essential that PRIs and ULBs raise whatever tax and non-tax revenue they possibly can to cover at least a portion of their revenue expenditure. The measures recommended elsewhere in this Main Report for raising taxes and non-tax revenues should yield at least the following amounts to all three tiers of PRIs : Rs.50 crores in 2008-09; Rs.55 crores in 2009-10; and Rs.60 crores in 2010-11. TASFC recommends that the above amounts should be adopted as the targets of tax and non-tax collection by PRIs during the next three financial years of 2008-11. If this recommendation is implemented then in 2008-09 the sum raised in tax and non tax revenue by PRIs

will be more than 6 times the sum of Rs.7.87 crores raised as tax and non-tax revenue in 2005-06. The amount so raised will be sufficient to provide for the remuneration, allowances etc. of elected representatives, which has been estimated to be Rs.31.05 crores at Annexures 4.10, 4.11 and 4.13. The remaining amount may be spent as untied funds on felt needs by the PRIs concerned. Once the additional staff recommended in paragraph 9.65 is in position, PRIs will be able to raise much more by way of taxes and non-tax revenue.

(Recommendation No. 17)

MUNICIPAL REVENUES

- 9.28. In the case of ULBs the revenue raised in 2005-06 was low being only Rs.24.42 crores by ULBs other than GMC and Rs.22.96 crores by GMC. The tax and non-tax components of the revenue raised were Rs.10.16 crores and Rs.14.26 crores, respectively, in respect of ULBs other than GMC. It was Rs.11.85 crores and Rs.11.11 crores, respectively, in respect of GMC. This shows that ULBs have failed to use their taxation powers under the Assam Municipal Act, 1956. Moreover, only 31.55 per cent of the assessed tax revenue of Rs.32.21 crores in 2005-06 of all ULBs other than GMC was actually collected. In the case of GMC it was 46 percent. This huge gap between demand and collection has occurred in other years also. The per capita municipal revenue realisation per annum is only Rs.127 by ULBs other than GMC and Rs.284 by GMC. The combined per capita municipal revenue realisation by ULBs including GMC is only Rs.174 per annum against GOA's per capita own revenue realisation of Rs.1760. TASFC recommends that this dismal situation should not be allowed to continue and that ULBs including GMC, should take immediate actions to collect all the taxes they are empowered to raise under the respective Acts.

(Recommendation No. 18)

TAX COLLECTION BY GMC

- 9.29. In regard to GMC its capability to raise taxes is high. It should be able to raise considerable amounts. Guwahati is attracting large number of people from all over the State, from the North East, from the rest of India and abroad. Some of these people are bringing in capital for business and real estate. In fact real estate prices have gone up 200 to 300 times during the past three decades. This probably has not happened anywhere else in the world. Guwahati has also become the centre for most commercial and some industrial activities in the North East. The projected tax collection figures in respect of GMC are worked out in Annexure 6.1. TASFC recommends that these amounts should be raised by GMC during the three financial years 2008-11.

(Recommendation No.19)

TAX REVENUE OF ULBs

- 9.30. As far as ULBs other than GMC are concerned their capacities are varied. Some are boom towns while many are towns only in name. Moreover, in Assam the urban population is only 12.90 percent of the total population against the all India average of 27.78 percent. The condition of most ULBs is pitiable. Their finances are in a shambles. Their offices are dilapidated. The extent of services offered by them is limited. The quality is poor. Due to the inadequacies of ULBs many of the functions earlier performed by ULBs have been appropriated by extra Constitutional bodies such as Development Authorities, Town and Country Planning Department, Public Health Engineering Department, Water Supply and Sewerage Board, Capital Project and the like. None of these entities is a democratically elected body. Substantial amounts of Plan funds, however, are spent through these extra Constitutional bodies. There has not been any proper devolution of funds to ULBs by GOA in spite of the recommendations of two earlier SFCs. The matter has been examined in detail in Chapter 5. Devolution of resources has now been recommended at higher rates at

paragraph 9.9 of this Main Report. In addition TASFC recommends that ULBs should raise the taxes and other dues which the law provides. Different Projections of tax collection to be made by each of these ULBs are shown in Annexure 5.2 These should be taken as targets and should be achieved by the respective ULBs during the three financial years 2008-11.

(Recommendation No. 20)

USER CHARGES GENERALLY

- 9.31. The Twelfth Central Finance Commission has laid considerable stress on the raising of user charges by PRIs and ULBs. Due to non availability of reliable data it is not possible to lay down how much should be raised by each PRI and each ULB by way of user charges. It is also not possible to state from which items such user charges should be raised and what would be the quantum of contribution of user charges to the revenue of each PRI and each ULB. TASFC, therefore, recommends that as laid down by the Twelfth Central Finance Commission generally at least 50 per cent of the cost of each service should be recovered from the users of the facilities offered by PRIs and ULBs. The amounts so raised will be additionality to PRIs and ULBs beside devolution, additional devolution, tax revenue and non-tax revenue. Such amounts should be utilized by PRIs and ULBs for O&M expenditure on the facilities which provide the service.

(Recommendation No.21)

USER CHARGES OF MINOR IRRIGATION

- 9.32. Substantial funds have been invested in minor irrigation projects. Some of these projects have failed, some have only partially succeeded and a few are supplying water to the farmers. Barring those which have failed the others should be handed over to PRIs so that they may raise user charges from the people who benefit from such projects. According to the Twelfth Central Finance Commission at least 50 per cent of the cost should be recovered by levy of user charges. TASFC

endorses this view. In Chapter 4 it has been noted that PRIs running irrigation projects should organize Users' Associations, levy water charges and recover part of the costs. TASFC recommends that this should be done and the amounts raised as user charges should be utilized for maintenance and improvement of the concerned facilities

(Recommendation No.22)

USER CHARGES ON DRINKING WATER

- 9.33. Drinking water is one of the most essential items required by both rural and urban people. In many rural areas it is noticed that water supply is not sufficient, leaking pipes and flowing taps allow water to be wasted and women have to spend considerable time for fetching water from distant places. TASFC recommends that Users' Associations should be formed to ensure that drinking water schemes are properly run, there is no wastage and the pipes etc. are properly maintained. Nanotechnology has invented water purification devices. This know how is available with Indian companies. It should be ensured that adequate and purified drinking water is available to both urban and rural people and 50 percent of the user charges are recovered from the beneficiaries.

(Recommendation No.23)

BEST PRACTICES

- 9.34. As already mentioned the Twelfth Central Finance Commission had laid considerable stress on raising part of their expenditure by PRIs and ULBs through taxes etc. It is, therefore, recommended that the "best practices" recommended by the Twelfth Central Finance Commission should be followed. They had adopted 14 such best practices. The first one laid down that the "levy of certain major taxes and exploitation of non tax revenue sources be made obligatory for the Panchayats. The minimum rates arrived at by market specific studies for all such levies should be fixed by the State Government." In Chapter 4 it has been noted that "instead of a ceiling limit, a floor rate

with provision for suitable periodic revision could have been a better option. This would have induced PRIs to play a more proactive role in mobilization of internal revenues.” TASFC recommends that beside making the raising of major taxes and exploitation of non-tax revenues obligatory the floor rates should be fixed by GOA early along with provision for periodic revision. Such floor rates should be fixed for all taxes including house tax, taxes on trade and calling etc.

(Recommendation No. 24)

TAX COLLECTORS

9.35. GPs are now handicapped because most of them do not have Tax Collectors. In the staffing pattern provision has been made for Tax Collectors. TASFC specifically recommends that GPs should appoint Tax Collectors immediately either on regular basis or on contractual basis.

(Recommendation No. 25)

SETTLEMENT TRIBUNAL

9.36. TASFC recommends that GOA may appoint a Settlement Tribunal to go into each big case of arrears of revenue in GMC and settle all such cases within a period of one year, preferably during the financial year 2008-09. GOA may follow the Mumbai model for this purpose. In Mumbai such a Settlement Tribunal has done very good work on a fast track.

(Recommendation No. 26).

TAX RATES

9.37. TASFC recommends that GOA should revise the rates of all tax and non-tax revenue items so that GMC may be enabled to raise substantial amounts of revenue during the three financial years 2008-11. In this connection recommendations at paragraphs 7.36, 7.37, 7.38,7.40, 7.41 and 7.47 of Chapter 7 may be referred to.

(Recommendation No.27)

FINANCES OF ULBs

9.38. The revenue and expenditure of ULBs have been set out in Annexures 5.2 and 5.5, respectively, of Chapter 5 and the revenue deficits have been worked out in Annexure 5.6. The point that ULBs can collect much more revenue than they are doing at present has also been made in Chapter 5. In the light of the discussion in Chapter 5 TASFC recommends certain specific measures in respect of ULBs in the following paragraphs.

9.39. The quality of municipal services needs vast improvement. At present different ULB functionaries do not appear to be aware about how to proceed for development of their areas and for improvement of their services. TASFC recommends that GOA may take measures to communicate the various Plan schemes and programmes to ULBs under which they can draw funds for improvement in different localities.

(Recommendation No.28)

9.40. Revision of valuation of holdings which should be done by ULBs every five years under section 85 of the Assam Municipal Act, 1956 are pending for a long time. TASFC recommends that this should be carried out immediately. Along with that the valuation procedure should be changed from Annual Rated Value (ARV) to Unit Area Method (UAM) and an enlargement of the tax base should be taken up.

(Recommendation No. 29)

9.41. TASFC recommends that the measures mentioned in paragraph 5.25 of Chapter 5 should be implemented. These include vigilance cover on property valuation, payment of tax through post offices, rebate for timely payment, surcharge for late payment, computerized billing and collection, municipal tax clearance certificates for obtaining permission for telephones and electricity connections and appointment of EOs.

(Recommendation No.30)

9.42. TASFC recommends that the present stagnation in respect of yield from license fees must be ended as discussed in Chapter 5. ULBs should be allowed to themselves determine the rates and bases of such fees and to revise the same periodically. GOA should fix only the floor rates.

(Recommendation No.31)

9.43. In regard to building permission TASFC recommends that only ULBs should be empowered to grant such permission and to realise the laid down fees. The Second Assam State Finance Commission recommended an end of the present system of both GMC and Guwahati Metropolitan Development Authority (GMDA) granting building permission. TASFC endorses this view and recommends that GMC alone should be allowed to exercise this power. Such a measure will help augmentation of GMC's revenues, end confusion and help systematise the procedure.

(Recommendation No.32)

9.44. Exemptions under Section 92 of the Assam Municipal Act, 1956 should be exceptions. No abuse of this power should be allowed. TASFC recommends that this section should be amended in line with section 148 of the GMC Act, 1971.

(Recommendation No.33)

9.45. TASFC recommends that service charges should be allowed to be levied by ULBs on properties belonging to GOI and State Governments (including GOA) which are situated in the local areas of such ULBs.

(Recommendation No.34)

9.46. Realistic revaluation of urban land is overdue. TASFC recommends that this should be done to augment revenues.

(Recommendation No.35)

9.47. TASFC recommends that arrear collection should be given priority. Low collection cannot be allowed to become a permanent feature. Where necessary Collection Tribunals may be appointed by GOA both for GMC and for the other ULBs.

(Recommendation No.36)

GMC's PENDING BILLS

9.48. In the cases of pending bills of suppliers and pending energy bills of ASEB it was recommended in the Ad Interim Report that these should be cleared by GMC from out of additional resource mobilization (ARM) and collection of past arrears. TASFC recommends that in future also suppliers' bills and energy bills should be cleared by GMC from out of its current revenues and ARM.

(Recommendation No.37)

ADJUSTMENT OF CLAIMS

9.49. In Chapter 6 the arrear position of GMC has been discussed in detail. According to GMC the total arrear claim amounts to Rs. 8.04 crores from (i) rate payers (Rs. 4.10 crores) (ii) trade licensees (Rs. 0.57 crores) and (iii) ASEB (Rs. 3.37 crores). TASFC recommends that after discussion and scrutiny of respective bills ASEB's dues to GMC may be adjusted against GMC's dues to ASEB. The latter amount is estimated at Rs. 4.47 crores.

(Recommendation No.38)

GMC's PROPERTY TAX RATES

9.50. TASFC recommends that GMC should take immediate steps to improve the quality and extent of its civic services and convince the rate-payers to pay property taxes at enhanced rates as assessed in 2000-01.

(Recommendation No.39)

UAM FOR GMC

- 9.51. As discussed in detail in Chapter 6, TASFC recommends that property taxation should be based on the Unit Area Method (UAM), under which the key elements of location, type and use of buildings will form the cornerstone of valuation. Adoption of this method can be expected to double collection of property taxes in GMC.

(Recommendation No.40)

TRADE LICENSES

- 9.52. In regard to trade licenses the revision of rates is pending since 2001. Collection of fees has been hampered due to certain irregularities and illegalities. New trades are yet to be included in the lists at Fourth Schedule under section 180 of GMC Act. As discussed in Chapter 6 TASFC recommends that measures for revision of rates and inclusion of new trades should be urgently taken in respect of trade licenses of GMC and ULBs.

(Recommendation No.41)

GMC's MARKETS

- 9.53. TASFC recommends that GMC markets should be annually settled only after proper and market specific study so that the revenue on this account may be augmented.

(Recommendation No.42)

NON PATTA LAND AND GMC

- 9.54. TASFC recommends that GMC should issue provisional licenses for construction of buildings on land other than patta land and collect fees on the same.

(Recommendation No.43)

MARKET DEVELOPMENT BY PRIs AND ULBs

- 9.55. Markets are important part of India's economy. Weekly and daily markets are an integral part of social life in rural India. Many PRIs and ULBs derive revenue by leasing out markets and by raising fees from the sellers. However, some of the big markets in Assam are now

run by the State Agricultural Markets Board. TASFC recommends that PRIs and ULBs should raise sufficient revenues from the existing markets, by proper control over these markets and by fixing the rates of fees at reasonable levels, wherever necessary, after obtaining GOA's orders in terms of the extant legal provisions. The markets now being run by the State Agricultural Markets Board should be transferred to the concerned PRIs and ULBs. That will bring in additional income for PRIs and ULBs. The existing old markets should be revamped and new markets set up with loans taken from Banks and financial institutions in consonance with recommendation No.88 of this Main Report. Funds available under different Plan programmes should also be utilized for this purpose. The seed money for this purpose can be taken out of the substantial devolution now made.

(Recommendation No.44)

FERRIES, FISHERIES AND PONDS

9.56. TASFC recommends that in the case of non-tax revenues raised by PRIs from periodic sale and settlement of ferries, fisheries and ponds enhancement of rates should be made in order to augment revenues. In this connection the recommendations made in paragraph 7.21 of Chapter 7 may be referred to.

(Recommendation No.45)

FUND UTILISATION BY ULBs

9.57. ULB's devolution plus own tax revenues and ARM should meet their normal establishment expenditure and leave a decent surplus. TASFC recommends that ULBs should now unhesitatingly undertake maintenance and development work under different schemes and programmes including those in the core areas as listed in paragraph 9.1 of this Chapter and the "felt needs" they have projected as summarized in Annexure 9.12.

(Recommendation No.46)

REVENUE ESTIMATES

9.58. TASFC recommends that estimates of annual collection of revenues by PRIs and ULBs should be made in advance in a realistic manner at the time of drawing up of their Budgets. Performance should be judged against the achievements of such targets.

(Recommendation No.47)

NATIONAL SEMINAR ON PRIs

9.59. Certain recommendations have been made in paragraphs 7.22, 7.23, 7.24, 7.25 and 7.26 of Chapter 7 in pursuance of the conclusions reached at a National Seminar in July, 2007. These relate to indicative floor rates of taxation by PRIs, data collection on taxation, use of Geographical Information System (GIS) and uploading of the data on National Panchayat Portal, preparation of a compendium of legal provisions and executive orders, identification of champions among PRI leaders, rationalization of taxes and more effective implementation, giving each tier of PRIs one or two important tax handles, making the relationship between levy of Entry Tax and provision of trade and commerce facilitation explicit through PRIs and ULBs and adoption of a “Campaign Mode” in the approach to taxation. The above mentioned seminar came to the conclusion that “pending reform in the tax assignment system, significant gains can be made by concentrating on persuading PRIs, particularly Village Panchayats, to undertake systematic and timely assessments, to survey fully the tax base and to enforce tax collection based on the existing legal regimes in various States and overcome the large slacks in revenue collection.” TASFC recommends that these measures should be implemented.

(Recommendation No.48)

SECOND ASSAM STATE FINANCE COMMISSION

- 9.60. Similarly, TASFC recommends that the Second Assam State Finance Commission recommendations mentioned at paragraph 7.27, 7.41 and 7.47 of Chapter 7 should also be carried out. These relate to ARM, collection of provisional license fees, and various rationalization measures for tax collection.

(Recommendation No.49)

UNSPENT BALANCE OF PRIs: COMMITTEE AND SOCIAL AUDIT

- 9.61. There are substantial unspent balances out of rural development funds provided by GOI on the Plan side. During 2006-07, for example, DRDAs, ZPs, APs and GPs received a total amount of Rs.2,942.62 crores. Their total expenditure was Rs.2,495.00 crores. The unspent balance was Rs.446.73 crores. The details are in Annexure 9.1. Such huge unspent balance reflects the lack of capacity of PRIs to carry out different schemes and programmes of GOI. The maximum unspent balance was in DRDAs being Rs.401.62 crores, followed by Rs.30.40 crores in APs, Rs.13.41 crores in GPs, and Rs.1.28 crores in ZPs. TASFC recommends that GOA may appoint a small internal committee of concerned officials to go into the finances of these institutions on the Plan side. The committee should identify the reasons why PRIs etc. cannot utilise the funds given to them. They should consider the steps to be taken to start social audit. In many states this task of social audit has been given to NGOs, Universities and other organizations. The committee should also suggest measures to improve the situation.

(Recommendation No.50)

UNTIED FUNDS FOR FELT NEEDS

- 9.62. The First Assam State Finance Commission (1996-2001) laid emphasis on raising of revenues by PRIs and recommended changes in the assessment methods as well as for setting up of a Tariff Commission to suggest rationalization of the tax structure. GOA accepted the report but did not implement the recommendations. The Second Assam State Finance Commission (2001-06) recommended certain improvements in PRI finances. GOA did not accept the main recommendations of the Commission neither did GOA fully implement even those minor recommendations which GOA had accepted. If these two Commission's Reports were implemented PRIs and ULBs would have been financially in a better position. Decentralisation also would have progressed to a great extent. This did not happen. However, the recommendations made in the Ad Interim Report and this Main Report would yield high devolution and other revenues to PRIs and ULBs. They will be financially strengthened so that after making provisions for existing commitments they will retain substantial surplus funds, which can be utilized as untied fund to be spent properly on "felt needs." TASFC recommends that any such decisions, to spend money on felt needs, should be taken by PRIs and ULBs in formal meetings when majority of members of the concerned PRI or ULB are present. All such schemes and projects should be notified prominently on notice boards and in Public places.

(Recommendation No. 51)

GOI's PROGRAMMES FOR RURAL AND URBAN DEVELOPMENT

- 9.63. It has been mentioned earlier that several schemes and programmes have been undertaken by GOI for rural development and that the annual expenditure in Assam on these have been estimated to be about Rs.3000 crores per annum. This amount will go up further

when the National Rural Employment Guarantee Act (NREGA) is introduced in all the districts from the financial year 2008-09 onwards. More and more funds are also being allocated under the Backward Districts Grant Fund, Sarva Sikha Abhiyan, National Rural Health Mission and Bharat Nirman. This type of expenditure will involve a tremendous volume of work at the grass root level for PRIs. As far as ULBs are concerned a few schemes have been under implementation in recent times. In case of GMC the workload will increase tremendously if GMC is able to get more projects approved under Jawaharlal Nehru National Urban Renewal Mission (JNNURM). At the present moment neither PRIs nor ULBs are properly equipped for such workload particularly in terms of manpower.

STAFFING PATTERNS OF PRIs, ULBs AND GMC

9.64. For the purpose of determining an appropriate staffing pattern a study has been already got done for PRIs by TASFC through SIRD. SIRD's findings have been discussed in Chapter 4. The staffing pattern in neighboring West Bengal is also revealing. This can be seen in Annexure 9.2. In Assam the condition of PRIs is not very encouraging. The ZPs and APs are somewhat better off in terms of manpower. But the GPs are in a pitiable condition. In many GPs Panchayat Secretaries are not in position. In quite a few GPs, Panchayat Secretaries from neighboring GPs work on part time basis. This is anomalous. Many GPs have casual workers who perform the duties of peons. But they are paid lump sum amounts of Rs.500 / Rs.600 per month only. They do not perform any substantive work. There are no other employees except for the occasional Tax Collector in a few GPs. These Tax Collectors' performance can be judged as negative because they charge much higher pay than the revenue that they collect. TASFC recommends that PRIs in Assam should be completely revamped if they are to be effective. Therefore, the staffing pattern suggested by SIRD should be accepted. In the case of ULBs and GMC studies will

have to be conducted before the staffing pattern can be finalized. This may be seen in recommendation No.62 of paragraph 9.74.

(Recommendation No. 52)

FILLING UP OF POSTS IN PRIs

9.65. In paragraph 9.1 (ii) above the need for strengthening of PRIs in the context of increase in workload has been mentioned. In Chapter 4 detailed examination of staff requirement of PRIs has been carried out both in respect of their normal work load and in respect of the increased workload because of entrustment of work in connection with the new schemes and programmes. In paragraph 9.63 and 9.64 these points have been again summarised and reiterated. TASFC, therefore, recommends that the following posts should be filled up by PRIs immediately:

- (i) Vacant posts out of sanctioned posts (855).
- (ii) Posts yet to be sanctioned in accordance with the approved staffing pattern (3446).
- (iii) Additional posts required to be created and filled up in accordance with the staffing pattern as worked out by SIRD (13,470).

Funds for payment of salaries for all these posts will be available from (1) devolution; and (2) revenues, including internal revenues, and ARM.

(Recommendation No.53)

STAFF SALARIES

9.66. In order to ensure Constitutional Autonomy of PRIs and ULBs and specifically to ensure complete control over their employees TASFC recommends that PRIs and ULBs should pay the salaries of the following staff out of PRI's and ULB's own funds including (1) the larger devolution as recommended at paragraph 9.9 above, (2)

additional devolution and (3) transfer of fund provisions simultaneously with functionaries from line departments from April 1, 2008 onwards:

- (i) Already existing staff of PRIs and ULBs, including Panchayat Secretaries in the case of PRIs.
- (ii) Staff to be recruited or taken on contractual basis or on deputation terms from GOA to fill up the 855 vacant posts in PRIs against sanctioned strength.
- (iii) Staff to be recruited or taken on contractual basis or on deputation terms from GOA to fill up the 3446 posts which are yet to be sanctioned against the total number of posts required for PRIs as per approved staffing pattern.
- (iv) Staff to be recruited or taken on contractual basis or on deputation terms from GOA in order to fill up the additional posts in PRIs, particularly in GPs, as assessed by SIRD (13,470). This has been discussed in Chapter 4.
- (v) Functionaries to be transferred to or taken on deputation terms by PRIs and ULBs from the line Departments of GOA including those in the District Rural Development Agencies (DRDAs) and Blocks, along with the functions listed, respectively, in Schedule XI and Schedule XII of the Constitution.
- (vi) Any other staff recruited or taken on contractual basis or on deputation terms from GOA by PRIs and ULBs.

(Recommendation No. 54)

DRDAs AND BLOCKS

9.67. It is reiterated that in the context of the Constitutional arrangements under Part IX and IX-A, read with Schedule XI, there is no separate relevance of DRDAs and Blocks. Therefore, TASFC recommends that DRDAs should be completely merged with ZPs and Blocks should be

merged with APs. The salary of the concerned officials of DRDAs and Blocks in the three financial years 2008-11 and in future should be disbursed to them by the ZPs and the APs concerned. Whatever amounts are received from GOI by GOA for the purpose of salary payments to DRDA and Block staff should be passed on to the ZPs and the APs concerned. The amounts that GOA would have paid for their salaries should also be given to the concerned ZPs and APs as additional devolution. In this connection Annexure 4.14 to 4.16 may be referred to. The projected figures are in Table C .

(Recommendation No.55)

Table – C

ADDITIONAL DEVOLUTION FOR SALARY OF TRANSFERRED
DRDA AND BLOCK STAFF

(Rs. in lakhs)

Items	2008-09	2009-10	2010-11
Salary of DRDA staff	1162.94	1256.01	1356.44
Salary of Block staff (Panchayat)	2755.94	2976.40	3214.54
Salary of Block staff (R.D. Sector)	4036.32	4359.23	4707.98
Total	7955.20	8591.64	9278.96

DEPUTATION TERMS AND PROTECTION OF
EMOLUMENTS

9.68. In the Ad Interim Report recommendation No.1.1.14.12 read as follows:

“There seems to have been some difficulty in persuading the line departments to part with rural development, urban development and

other works falling under the jurisdiction of PRIs and ULBs in accordance with the Constitutional provisions. In respect of personnel the main hurdle seems to be that government officials are reluctant to be transferred to PRIs and ULBs. The only way out of this imbroglio, at least for the time being, is to send all such regular government servants on deputation terms to PRIs and ULBs as has been done in the case of BTAD.” TASFC feel that this is most important for successful implementation of economic development schemes and programmes. This has been done in West Bengal also. TASFC, therefore, recommends that deputation terms should be given to GOA employees who are working or would be working in PRIs and ULBs and full protection in respect of pay and all other perks and allowances should be ensured to such deputed employees.

(Recommendation No. 56).

9.69 Recommendation No.1.1.14.13 in the Ad Interim Report read as follows: “Meanwhile, PRIs and ULBs should recruit their own officers and staff either on regular basis or on contract basis to replace, in course of time, the government officials on deputation. A clear policy in this regard needs to be laid down by GOA keeping in view the imperatives of personnel requirement in the context of enhanced workload entrusted to PRIs and ULBs under different programmes, schemes and projects.” TASFC recommends that the policy mentioned in the Ad Interim Report should be formulated and implemented early.

(Recommendation No. 57)

PROVINCILISATION

9.70. In the Ad Interim Report recommendation No.1.1.14.14 read as follows:

“The posts of Secretaries of GPs have been ‘provincialized.’ This is anomalous. Why should the most important functionary of GPs be under the State Government and why should they be paid directly by

GOA when GPs are Constitutional and autonomous bodies? This system should be immediately discontinued and GP Secretaries should be paid from 2007-08 onwards from GP's own funds for which adequate provision should be made." TASFC reiterates this recommendation again. TASFC recommends that GPs should pay the salary of Panchayat Secretaries. For their arrears a separate recommendation No.61 has been made, for grants in aid, in paragraph 9.73.

(Recommendation No 58)

9.71. TASFC feel that there is no provision for "provincialisation" in the Constitutional arrangements as envisaged under article 243. Therefore, it cannot recommend "provincialisation" of any post or category of posts. Whichever posts were "provincialised" in the past should now be "deprovincialised". PRIs and ULBs are autonomous bodies under the Constitution and their allotted functions must be performed by their own staff and not by any "provincialised" staff. TASFC, therefore, recommends that the system of "provincialisation" should be abolished completely.

(Recommendation No. 59)

PAY AND PENSION OF PRI EMPLOYEES

9.72. A number of representations have been received from different employees' associations regarding pay scale, arrears and other service matters. TASFC considered these and recommends that PRI employees should be given the same pay and pensionary benefits as the GOA employees of comparable categories. Panchayat Secretary's posts should be filled up by highly qualified commerce/ management graduates in future. Their case for a higher pay scale may be referred to the next Pay Commission. All arrears should be cleared. Recommendations for grants-in-aid to clear all arrears have been made elsewhere in the Ad Interim and in this Main Report.

(Recommendation No. 60)

ARREAR SALARIES OF GP SECRETARIES

9.73 All arrears of salary etc of the staff will have been cleared from out of the grants as recommended at paras 1.1.14.7 for ULBs and 1.1.14.6 for GMC in the Ad Interim Report. The arrear dues of Panchayat Secretaries could not be included in the Ad Interim Report because the P&RD Department did not submit the figures in time. TASFC recommends that the arrear dues of Panchayat Secretaries, amounting to Rs 46.38 crores, should be cleared during the financial year 2008-09. GOA may make a grant-in-aid for this purpose totaling Rs 46.38 crores to the respective ZPs directly to be disbursed to Panchayat Secretaries through the respective GPs.

(Recommendation No. 61)

STAFFING PATTERN OF GMC AND ULBs

9.74. There is no approved staffing pattern for GMC and the other ULBs. Out of 3639 sanctioned posts in GMC as many as 971 posts are now vacant. In order to determine the different categories of staff required to make GMC an efficient organization and to enable it to discharge not only its normal functions but also the functions to be transferred to GMC under Schedule XII of the Constitution and the increased quantum of work under different GOI schemes, including JNNURM, TASFC recommends that a very quick management study be got done in order to determine the different category of staff required for GMC immediately. A similar study should be commissioned for the other ULBs. The two Reports should be available to GOA within six months.

(Recommendation No.62)

PAY AND PENSION OF GMC EMPLOYEES

9.75. GMC has introduced GOA scales of pay for their employees w.e.f. 01.01.1996. TASFC recommends that pensionary benefits should also

be given with effect from 01.01.1996 to GMC employees after recovering the amounts, if any they had drawn extra under the provisions of Contributory Provident Fund system. The increased devolution made in this Main Report should be able to take care of the additional fund requirement for current and arrear payments.

(Recommendation No.63)

ARREAR DUES OF GMC EMPLOYEES

- 9.76. In the Ad Interim Report it was recommended that the amount of Rs. 36.99 crores, which had been estimated to be the accumulated arrears of salary and terminal benefits of GMC employees, should be given to GMC by GOA as one time grants-in-aid during the financial year 2007-08. If this recommendation is implemented, TASFC recommends that no further grants-in-aid for arrear or current salary need be paid to GMC by GOA during the three financial years 2008-11 because higher devolution and higher revenue collection should be able to clear all such requirements.

(Recommendation No.64)

CAPACITY BUILDING OF ULBs AND GMC

- 9.77. Regarding capacity building of the elected functionaries and officers and employees of GMC and ULBs there is need for a proper and permanent training Institution. As discussed in detail in Chapter 6 the All India Institute of Local Self Government, Mumbai, has agreed to open a branch at Guwahati. TASFC recommends that GOA may provide an amount of Rs. 204.58 lakhs for the three financial years 2008-11 at the rate of Rs.66.98 lakhs for 2008-09, Rs.66.97 lakhs for 2009-10 and Rs.70.63 lakhs for 2010-11 for training of GMC and ULB elected functionaries, officers and employees as grants-in-aid. The note obtained from the Centre for Urban Management, Assam Administrative Staff College, as at Annexure 9.3, may be referred to in this connection. A Director General of Training should be appointed

to supervise the activities of the Assam Administrative Staff College, the State Institute of Rural Development and the AILSG Branch with the three Directors of the three Institutions assisting him.

(Recommendation No.65)

ACTIVITY MAPPING FOR ULBs AND GMC

- 9.78. As in the case of PRIs TASFC recommends that GOA should draw up a detailed Activity Mapping for GMC and ULBs. Simultaneously functions and functionaries should be transferred to them in accordance with the provisions of parts IX and IX-A, read with Schedule XII, of the Constitution.

(Recommendation No.66)

CAPACITY BUILDING OF PRIs

- 9.79. Capacity building in PRIs has been discussed in detail in Chapter 4 of this Main Report and in the Ad Interim Report. The requirement of funds for this purpose has been recommended in the Ad Interim Report for 2007-08. For the remaining three financial years 2008 -11 the fund requirement will be Rs 3.07 crores per year net of GOI's share. TASFC recommends that this amount of $Rs3.07 \times 3 = Rs\ 9.21$ crores for the three financial years 2008-11 should be given as grants-in-aid for the purpose of training.

(Recommendation No.67)

SATCOM

- 9.80. A proposal for a satellite communication (SATCOM) system for training, on the model of the Mysore one (Satellite Based Communication and Training Programme of Abdul Nazir Sab State Institute of Rural Development, Mysore), has been obtained from SIRD. Their write-up is at Annexure 9.4. TASFC recommends that

grant-in-aid of Rs 10 crores to SIRD may be given for setting up the SATCOM during 2008-09.

(Recommendation No.68)

REMUNERATION TO ELECTED REPRESENTATIVES

9.81. Many PRIs and ULBs are understood to be diverting the funds, given to them by GOI under Plan and earmarked for particular schemes and programmes, for payment of remuneration, allowance etc. to their elected functionaries. This needs verification. However, if it is true, this practice must stop. As has been noted in detail in Chapter 4 TASFC recommends that PRIs and ULBs should not be allowed to pay such allowances etc. to elected representatives out of Plan funds or from government grants-in-aid.

(Recommendation No. 69)

9.82. TASFC also recommends that PRIs and ULBs must not spend any money from their devolution and other specific allocations made by GOI and GOA for the purpose of payment of honorariums, allowances or any other payments to the members and other elected functionaries of PRIs and ULBs such as Mayor, Deputy Mayor, Chairperson, Deputy Chairperson, Members, Ward Commissioners etc. Such honorariums, allowances etc. which TASFC has calculated to be Rs.31.05 crores per annum at Annexures 4.10, 4.11 and 4.13 should be paid to the elected representatives at rates fixed by GOA from out of the revenues raised by the concerned PRI or ULB.

(Recommendation No. 70)

REGISTRATION OF BIRTHS AND DEATHS

9.83. As noted in Chapter 4 TASFC recommends that registration of births and deaths should be done by PRIs and ULBs. They should issue the

relevant certificates and realize the fees. In West Bengal this has been very successful.

(Recommendation No.71)

OFFICE EXPENDITURE

9.84. The requirement of funds for office expenditure and other Non-Plan establishment expenditure for PRIs has been discussed in Chapter 4. TASFC recommends that PRIs may defray such expenditure out of their devolution and other revenues.

(Recommendation No.72)

FUNDS FOR DATA-BASE

9.85. TASFC recommends that the amounts granted for data base by Central Finance Commissions should be fully drawn by GOA and fully passed on to PRIs and ULBs. No amount should be allowed to be spent in the Secretariat or Headquarters. The format issued by the Comptroller and Auditor General of India in respect of data base should be used for PRIs. This can be improved upon in future.

(Recommendation No.73)

KNOWLEDGE CENTRES

9.86. TASFC held a seminar on September 19, 2007 in which all matters relating to dissemination, transfer and transformation of knowledge were discussed. Scientists, economists and intellectuals attended the seminar. Chairman, TASFC explained the work done by the National Knowledge Commission and the 12 reports that they have already submitted. TASFC considered the question of setting up and running of Science / Knowledge / Resource Centres in the rural areas. TASFC feels that the process may be inhibited by dearth of trained personnel. TASFC, therefore, recommends that PRIs be encouraged to allocate money out of their own funds for training of their employees so that these employees in their turn can carry out dissemination of

knowledge about use of science and technology in everyday life. GOA has already decided to set up Centres in the Blocks under the Aryabhatta Science Centre scheme and also under the scheme for Provision of Urban Services in Rural Areas (PURA). To man these Centres, science graduates will be required. At present there seems to be a dearth of science graduates because only 12 percent of college students in Assam take the Science stream and only 0.4 percent take the Technology stream as against 74 percent who take the Arts stream and 6 percent who take the Commerce stream. This scenario has to change. The Standing Committee on Employment has already submitted a Report to GOA for increase in the number of Polytechnics and IITs in the State. Recently, in the Indian Science Congress the Prime Minister announced that “India has to harness the full potential of modern science and technology to realize our development ambitions.” He called for increasing the enrolment of students in basic science in schools and colleges. TASFC recommends that GOA may start a special scheme under which annually 2 students from each AP area will be given scholarships and subsistence allowances (for food and accommodation) for three year periods to join the Science stream after 10+2 stage. The students should be from the local area of the AP concerned and must sign a bond to serve the local Knowledge Centres at least for five years immediately after graduation.

(Recommendation No. 74)

TOWN HALL FOR GUWAHATI

9.87. The proposal for a Town Hall for Guwahati has been discussed in detail in paragraphs 6.29 to 6.32 of Chapter 6. TASFC recommends that the proposal should be finalized after detailed discussion between GOA and GMC. Funds should be provided for a Town Hall in addition to the grants-in-aid of Rs. 1.00 crores in 2007-08, recommended in the Ad Interim Report, for preparation of a Project Report. Subject to environmental and other clearances and proper architectural and

aesthetic designing of a Town Hall of appropriate size another amount of Rs. 10 crores is recommended in 2008-09 as grant-in-aid to GMC for the margin /seed money requirement for a Town Hall. Considering the spread of the city a Town Hall of bigger dimensions with a sprawling compound and landscaped gardens and fountains costing in the vicinity of, say, Rs.100 crores should be aimed at. The remaining requirement of fund for this purpose should be obtained by GMC as loan from Banks and financial Institutions. It should be ensured that GMC would be able to pay back the loan installments and interest by charging rent for its hall and conference rooms and from savings out of current revenues. The entire financial arrangement should be finalized in consonance with recommendation No.88. It has been laid down in that recommendation that GOA may grant permission for loan and provide guarantee only after proper scrutiny to ensure that the principal and interest can be paid back by the ULB concerned.

(Recommendation No.75)

RURAL PUBLIC BUILDINGS

9.88. Many public institutions such as Schools, Libraries, Dispensaries, Stadiums have constructed new houses or improved their buildings in rural areas of Assam during the past few years with funds from Plan schemes and programmes. TASFC recommends that PRIs should spend money out of their respective devolutions and ARMs to ensure that these buildings are properly maintained.

(Recommendation No.76)

VILLAGE HALLS

9.89. GPs do not have proper office buildings or village halls. According to information collected by TASFC only about 1000 GPs have some type of a place for the President and other functionaries to sit. The other 1202 have no such accommodation. TASFC recommends that it has become absolutely essential, in the context of their increased volume

of work, to construct big and commodious offices for GPs with public halls and conference rooms. These buildings should be architecturally good looking and should have big landscaped compounds. TASFC had asked for a prototype. But it could not be completed. When completed the prototype should be circulated to the GPs for adoption. Meanwhile, GOA may move GOI for sanction of funds for construction of GP buildings. An indication about the fund requirement has been given in Annexure 9.9.

(Recommendation No.77)

MULTIPURPOSE RURAL HALLS

9.90. There are no proper halls for holding entertainment shows in the rural areas. Roaming theatre parties hold their shows in moveable stages and galleries which are carried in trucks from place to place. But proper theatre or cinema halls are not available even in bigger villages. There has been public demand for construction of such halls particularly by the Assamese film industry. TASFC recommends that a total amount of Rs.100 crores may be provided as grants-in-aid to ZPs, as the Nodal agencies, for distribution to APs for construction of such halls in the market places of bigger villages by obtaining viable project reports. These halls should be multipurpose. They should have 35 mm and digital projection systems and stage lights with digital sound system. These halls should be available for both cinematic and dramatic performances. These halls should be available for meetings, conferences and conventions. In order to attract people the ground floor should have shops, banks, ATM, restaurants, cyber cafes and other facilities normally available in malls with multiplexes. APs should obtain supplementary funds from Banks and other financial institutions in accordance with recommendation No. 88. The Private Public Participation (PPP) model may be tried for this purpose. Grants-in-aid should be given to each ZP at the rate of Rs. 5 crores for distribution to APs. The year wise allocation should be Rs.30 crores in

2008-09 (for 6 ZPs), Rs.30 crores in 2009-10 (for 6 ZPs) and Rs.40 crores in 2010-11(for 8 ZPs).

(Recommendation No.78)

TOWN HALLS FOR ULBs

9.91. For Town Halls of ULBs, other than GMC, an amount of Rs.1 crore was recommended in the Ad Interim Report for preparation of project reports. No such project reports have been prepared. TASFC had asked for a prototype. Even that has not been completed. About 25 ULBs have submitted proposals for Town Halls at the last moment. These could not be properly examined. TASFC recommends that an amount of Rs. 20 crores may be set aside for grants-in-aid to the ULBs, other than GMC, for construction of Town Halls. This amount may be provided at the rate of Rs. 6 crores in 2008-09, Rs.6 crores in 2009-10 and Rs. 8 crores in 2010-11. Each year's allocation should be distributed to ULBs, other than GMC, as seed/ margin money provided their project reports for Town Halls are accepted by GOA. Town Halls, commodious enough to provide for meeting and conference halls, should be constructed urgently. These should provide offices and other facilities as in the Mumbai Town Hall. Aesthetically beautiful building designs and big landscaped compounds should be the main considerations in approving the projects.

(Recommendation No.79)

DISTRICT HALLS

9.92. Most of the ZPs have good office buildings. DRDAs have better offices. TASFC recommends that after merger of DRDAs with ZPs the latter should build District Halls accommodating meeting and conference halls, offices and other common facilities out of their own resources and ARM.

(Recommendation No. 80)

SYNCHRONISATION OF CFC AND SFC PERIODS

9.93. The periods of recommendations of Central Finance Commissions and State Finance Commissions should be synchronized. In this connection the Second Administrative Reforms Commission in its VI Report on Local Governance has recommended that the Constitution should be amended suitably for this purpose. TASFC recommends that GOA may move GOI for such an amendment of the Constitution.

(Recommendation No.81)

MID DAY MEALS

9.93. Mid day meal is a very good programme which has led to increase in the number of pupils in the elementary schools and also in the improvement of health of the younger generation. In a few advanced areas such as Bangalore and Mumbai NGOs like ISKON are providing excellent, hygienic and wholesome meals by supplementing government funds allocated for such meals with their own contributions. In Assam there are no such rich NGOs. The additional fund required for such better meals will be in the vicinity of Rs. 500 crores per annum. This is too high. GOA may not be able to provide the same. TASFC recommends that GOA may approach GOI for additional assistance for mid-day meals of the standard of Mumbai and Bangalore.

(Recommendation No.82)

CREMATION AND BURIAL GROUNDS

9.95. The Eleventh Central Finance Commission had given priority to Cremation and Burial grounds. The need is mainly in the urban areas as explained in the detailed note at Annexure 9.5. TASFC recommends that a grants-in-aid of Rs 12.60 crores to GMC and the others ULBs should be provided for cremation and burial grounds to be

constructed during the three financial years 2008-11. GMC should get Rs. 1.65 crore and the other ULBs should get Rs. 10.95 crores. The location and religion wise distribution of these cremation and burial grounds should be decided by GMC and the individual ULBs in their respective areas. In the Budget of the three financial years 2008-11 Rs. 4.20 crores each should be provided as grants-in-aid.

(Recommendation No.83)

PUBLIC TOILETS

9.96. The Eleventh Central Finance Commission also included public convenience among the core functions of local self government bodies. One requirement that has become more important with growing urbanization is that of sulabh toilets in urban areas. A calculation has been made in Annexure 9.6 which shows that 279 such facilities are required in 72 ULBs including GMC. The cost per facility being Rs. 2 lakhs the total fund requirement has been estimated at Rs. 5.58 crores. TASFC recommends that this amount may be given to the 72 ULBs as shown in the note and the schedule at Annexure 9.6. Provision for grants-in-aid at the rate of Rs. 1.86 crores per year for the three financial years of 2008-09, 2009-10 and 2010-11 should be provided.

(Recommendation No.84)

AP BUILDINGS

9.97. Since the days of Community Development Programme Rural Development Blocks had good buildings including both office and residential buildings. Some of these have become dilapidated. TASFC recommends that the land and buildings of these Blocks should be transferred to APs and completely revamped. APs should find the funds out of their own resources including Plan funds, devolution and ARM to repair the existing buildings and GOA should move GOI for funds for new constructions.

(Recommendation No.85)

MAINTENANCE OF ROADS AND BRIDGES

9.98 Any one visiting the villages of Assam would notice that considerable improvements have taken place in respect of (i) roads and (ii) public institutions. Road connectivity is now better. Road surfaces are also better. The Public Works Department (PWD) had submitted an estimate of Rs.98.80 crores as the annual cost of routine maintenance of rural roads (26906 km) including SPT bridges (4675) and functional and residential buildings. The break up of the estimate is as follows: i) rural roads Rs.58.02 crores, ii) SPT bridges Rs.32.78 crores, iii) functional buildings Rs.5 crores and iv) residential buildings Rs.3 crores. The details are at Annexure 9.7. TASFC recommends that the entire amount of Rs.98.80 crores per year should be given as grants-in-aid to the ZPs to be spent on repair and maintenance of roads and buildings within their respective jurisdictions during each of the three financial years 2008-11. This will not impose any extra financial burden on GOA as it will be a mere transfer of budgetary allocation between the relevant heads of account. Apart from this, the estimate submitted by PWD included Rs. 216.58 crores being the annual cost of periodic maintenance of roads. Since periodic maintenance will be complex in nature and will require adequate expertise and machinery and equipment beside huge funds, TASFC further recommends that periodic maintenance may be referred to the Planning and Development Department for inclusion in the Annual Plans, which are sanctioned by the Central Planning Commission.

(Recommendation No.86)

PUBLIC PRIVATE PARTNERSHIP

9.99. TASFC examined the question of Public Private Partnership (PPP) particularly in the light of the observations made by the Twelfth Finance Commission in their Report at paragraphs 8.16, 8.17 and 8.42. TASFC's views are in Chapter 6. TASFC recommends that outsourcing, privatization and co-operation with civil society organizations should

be targeted by GMC and ULBs in respect of all matters and especially in respect of solid waste management, composting, waste to energy, street lighting and maintenance of public properties, municipal markets and parking lots.

(Recommendation No.87)

BORROWING FOR VIABLE SCHEMES

9.100. It has been already recommended that no borrowing should be allowed in order to meet expenditures of revenue nature including salary and current expenditure. TASFC recommends that borrowing by financially sound local bodies may be considered only against viable schemes which are likely to generate adequate returns to meet debt servicing liabilities. Even in such cases government guarantee should not be given without due diligence. This recommendation should apply to PRIs, ULBs and GMC alike.

(Recommendation No.88)

BOND ISSUE BY GMC AND ULBs

9.101. TASFC considered the question of Bond issue by GMC and ULBs. In this connection it referred to the conclusions of a recent seminar held by the Amity School of Urban Management. TASFC recommends that such Bond issue by any individual ULB in Assam is not feasible at present. However, as has been done in Tamilnadu a pooled finance mechanism may be adopted by which GOA may nominate a state level financial entity (Assam Financial Corporation or NEDFI, for example) to raise funds by issue of Bonds for a number of small ULBs combined in a group. These ULBs would not be otherwise able to issue Bonds on their individual strength. According to media reports Tamilnadu has raised Bonds worth Rs.40 to Rs.50 crores under the Pooled Finance Development Fund (PFDF). These Bonds will be tax free. Bond issue, however, will be almost imperative in the case of GMC. GMC is the only city in Assam which has been included under the Jawaharlal

Nehru National Urban Renewal Mission (JNNURM). Very large amounts, totaling rupees one lakh crores, are available under JNNURM. But GMC has been late in getting projects sanctioned under this Mission. Recently GMC is reported to have got one project sanctioned for garbage removal on the PPP model. It will cost Rs.35 crores to GOI and GOA. Another project for water supply at an estimated investment of Rs. 280 crores has also been sanctioned. Three DPRs have been submitted to GOI for slum housing. It has to be mentioned, however, that during the past two years a total of 1,103 projects have been sanctioned by GOI at a cost of Rs. 42,986 crores for the other 62 cities, which fall under JNNURM, in the entire country. TASFC recommends that GMC must gear up and submit more projects. GMC may have to raise funds from the market by Bond issue to provide the matching portion of the cost. Meanwhile GOI have engaged four credit rating agencies – Crisil, Care, ICRA and Fitch – to undertake grading of the 63 cities, including Guwahati, under JNNURM. The Report is expected to be ready soon. Once the credit rating has been done it might be possible for GMC to issue Bonds for the appropriate amounts after obtaining guarantee from GOA. GMC should make preparation in advance for this eventuality.

(Recommendation No.89)

PERMANENT SFC CELL

9.102 TASFC recommends that a separate and permanent State Finance Commission (SFC) Cell, manned by full time officers, should be set up in the Finance Department not only to collect data but also to monitor progress of implementation of Central Finance Commission and SFC recommendations including funds released by GOI under various Centrally Sponsored Schemes. It will be of immense help to future SFCs and to the Finance Department. Annexure- 9.8 may be referred to this connection. Beside that permanent SFC cells should be created

in the P&RDD, UDD and GDD so that data is readily available whenever required.

(Recommendation No.90)

9.103. TASFC also recommends that while appointing the Member- Secretary of future SFCs, the provisions of Assam Finance Commission (Miscellaneous Provisions) Act, 1995 should be invariably followed in letter and spirit. In future the Member-Secretary of SFC should not be overburdened with onerous full time routine work in the Finance or any other Department. In respect of Members also the provisions of the above cited Act should be followed. The Secretary of course should be a full time officer of SFC relieved of all other full time and part time responsibilities except that of the SFC Cell.

(Recommendation No.91)

LINKAGE WITH GOI

9.104. There are certain issues which require action by GOI to augment the Consolidated Funds of the State. An attempt has been made to list these in Annexure 9.9. The list is not exhaustive. It will require further study.

BALANCE OF CURRENT REVENUE

9.105. In paragraph 8.55 (viii) of their Report the Twelfth Central Finance Commission has recommended that “the SFC Reports should contain an estimation and analysis of the finances of the state government as well as the local bodies at the pre and post transfer stages.” The analysis and estimation has been done in detail in Chapter 8 and the balance of current revenue (BCR) has been shown in paragraph 9.112 below as well as in Table D.

9.106. The Twelfth Central Finance Commission further recommended in the same paragraph 8.55(viii) that a “quantification of the revenues that could be generated additionally by the local bodies by adopting the measures recommended” by the State Finance Commission should be

done. TASFC has examined the issues involved in Chapters 4, 5, 6 and 7 and suggested appropriate measures in earlier paragraphs of this Chapter. The revenue that can be collected by PRIs and ULBs have been quantified and shown in the appropriate Annexures. The revenues to be raised by PRIs and ULBs additionally have been taken as an additionality available to them. The additional amounts will be available to PRIs and ULBs for expenditure on certain items including operation and maintenance of their assets and investments and expenditure on “felt needs.”

GOA’s TAX REVENUE

9.107. In Chapter 8 detailed examination has been made about the finances of GOA. The tax and non tax revenues and central devolutions have been shown in Annexure 8.3. TASFC’s latest estimate (LE) of the tax revenue for 2007-08, after detailed examination in Chapter 8, has come to Rs. 3473.04 crores as shown in Annexure 8.3. TASFC recommends that taking this as the base an 11 percent annual hike should be given for projecting the tax revenues for the next three financial years. This has been worked out on a weighted average of the projected growth rates of different taxes and shown in Annexure 8.3. On this basis the projected amounts of tax revenue will be Rs. 3685.47 crores for 2008-09, Rs. 3902.66 crores for 2009-10 and Rs. 4123.04 crores for 2010-11.

(Recommendation No. 92)

GOA’s NON TAX REVENUE

9.108. In the case of non tax revenue the estimates made by the Twelfth Central Finance Commission has been exceeded in the very first year of their dispensation (2005-2010). This can be seen from the figure of actual for 2005-06 at Annexure 8.3. This rate of expansion cannot be expected to be sustained over the years. TASFC, therefore, recommends a growth rate of 5 percent for the three financial years

2008-11 over the Budget estimate of non tax revenue for 2007-08. The figures of non tax revenue projected, therefore, will be Rs. 1779.04 crores for 2008-09, Rs 1867.99 crores for 2009-10 and Rs 1961.40 crores for 2010-11.

(Recommendation No. 93)

DEVOLUTION FROM GOI

9.109. As far as devolution of tax from GOI and projection for the three financial years 2008-11 are concerned TASFC recommends an annual growth rate of 11 percent over the actuals of 2006-07. The projected figures will be Rs. 4804.48 crores for 2008-09, Rs 5332.97 crores for 2009-10 and Rs. 5919.60 crores for 2010-11.

(Recommendation No. 94)

NON PLAN GRANTS FROM GOI

9.110. Non Plan grants from GOI are difficult to estimate exactly. TASFC, however, recommends a 5 percent hike for each of the three financial years 2008-11 over the actual for 2006-07 which was Rs. 708.70 crores. The projected figures will be Rs. 781.34 crores for 2008-09, Rs. 820.41 crores for 2009-10 and Rs. 861.43 crores for 2010-11. Apart from this non-plan grant from GOI to compensate the loss due to reduction in the rate of Central Sales Tax (CST) is assumed at Rs. 339.12 crores for 2008-09, Rs. 564.65 crores for 2009-10 and Rs. 835.68 crores for 2010-11.

(Recommendation No. 95)

NON PLAN REVENUE EXPENDITURE

9.111. Non Plan Revenue Expenditure (NPRE) of GOA has increased by leaps and bounds during the past one decade. NPRE increased by 90 per cent in six years from Rs. 5147 crores in 2000-01 to Rs. 9794 crores in 2006-07. This could be sustained only because there was a commensurate increase in revenue receipts during that period. After detailed examination in Chapter 8, TASFC recommends that during the three financial years 2008-11 the following parameters should be

adopted for projecting NPPE: 8 percent annual increase in salary expenditure with the actuals of 2006-07 as the base; 10 percent annual increase in respect of pension expenditure based on the actuals of 2006-07; 7.5 per cent annual increase in debt-servicing expenditure based on the actuals of 2006-07 and 10 percent annual increase of operation, maintenance and other contingent expenditure based on the actuals of 2006-07. A calculation on the above basis has resulted in the projected expenditure figures for the three financial years of 2008-11 as at Annexure 8.4. The NPPE for 2007-08 has been estimated as Rs. 10638.46 crores, for 2008-09 as Rs. 11556.71 crores, for 2009-10 as Rs. 12555.35 crores and for 2010-11 as Rs. 13641.50 crores. The BCR has been worked out at Annexure 8.5. The BCR for the first three years appear to be nominally negative and for 2010-11 marginally positive on the basis of assumptions taken in Chapter 8. The BCR for 2007-08 is (-) Rs. 245.83 crores, for 2008-09 (-) Rs. 167.26 crores, for 2009-10 (-) Rs. 66.67 crores and for 2010-11 (+) Rs. 59.65 crores.

(Recommendation No. 96)

DEVOLUTION AND BCR

9.112. As a result of transfer of funds by way of devolution to PRIs and ULBs out of the Divisible Pool and Grants-in-aid, as recommended in this Main Report, the BCR can be expected to undergo a change as in Table D. It has to be mentioned, however, that transfer of funds (1) from DRDAs to ZPs and (2) from Blocks to APs will not amount to any change in BCR. Similarly, (3) the substantial transfer of funds that will take place along with functionaries from line Departments to PRIs and ULBs will not affect the BCR. Nor (4) the grants in aid for maintenance of roads and other PWD assets will affect the BCR. Hence these are not included in Table D.

Table - D

PRE AND POST DEVOLUTION BCR

(Rs. crores)

Year	BCR as worked out at Annexure 8.5	Devolution to PRIs and ULBs	Grants-in –aid to PRIs and ULBs minus roads and other PWD assets.	Ultimate BCR
	A	B	C	A-(B+C)
2007-08	(-) 245.83	363.77	81.24	(-) 690.84
2008-09	(-) 167.26	882.11	112.18	(-) 1161.55
2009-10	(-) 66.67	933.26	45.80	(-) 1045.73
2010-11	59.65	984.96	57.84	(-) 983.15

GRANTS IN AID

9.113. The grants-in-aid recommended in this Main Report, in addition to those in the Ad Interim Report, are shown in Table E:

Table- E

RECOMMENDED GRANTS-IN-AID

(Rs. Lakhs)

Items	2008-09	2009-10	2010-11
Arr. Salary of GP Secys.	4638.32	-	-
Training (PRIs)	307.00	307.00	307.00
SATCOM (PRIs)	1000.00	-	-
Training (ULBs)	66.98	66.97	70.63
Town Hall for GMC	1000.00		
Multipurpose Rural Halls	3000.00	3000.00	4000.00
Town Halls for ULBs	600.00	600.00	800.00
Cr emation & Burial Grounds			
I)GMC		55.00	55.00
II) other ULBs		365.00	365.00
Public Toilets	186.00	186.00	186.00
Sub-Total -	11218.30	4579.97	5783.63
Rural Roads and Buildings	9880.00	9880.00	9880.00
Grand total	21098.30	14459.97	15663.63

ANNUAL CONFIGURATION OF FUND FLOW

9.114. Due to delay in getting the population figures revised and the consequent further delay in sub-division of the DP into urban and rural parts it was decided to send an Advance intimation to GOA containing TASFC's recommendations regarding devolutions, additional devolution and grants-in-aid so that Budget allocations for 2008-09 is facilitated. This is reproduced in Annexure- 9.10. As a result of TASFC's recommendations in the Ad Interim Report and this Main Report the final position of non-Plan revenue devolution, additional devolution and grants-in-aid to PRIs and ULBs will be as shown in Table F below:

TABLE - F
DEVOLUTION, ADDITIONAL DEVOLUTION AND GRANTS-IN-AID
(2006-2011)
(Rs. Crores)

Year	Devolution	Additional	Devolution	Grants-in-Aid	Total
A	B	C	D	B+C+D	
2006-07	Nil	Nil	Nil	Nil	
2007-08	363.77	Nil	81.24	445.01	
2008-09	882.11	79.55	210.98	1172.64	
2009-10	933.26	85.92	144.60	1163.78	
2010-11	984.96	92.79	156.64	1234.39	
Grand total	3164.10	258.26	593.46	4015.82	

SANCTION PROCEDURE

9.115. The present procedure of sanction and release of shared taxes is long and circuitous involving several Departments of GOA. There is, however, sufficient scope to simplify procedures and to eliminate delays. In this connection, the procedure for release of the share of Central taxes and duties to the State Governments by GOI through the Union Finance Ministry is worth mentioning. TASFC, therefore, recommends that the Finance Department of GOA sanction and release the amounts due to PRIs and ULBs with the help of a software package which is similar to GOI's. The Finance Department should also explore the possibility of opening personal ledger accounts for each individual PRI and ULB to facilitate prompt credit of the share of devolution due to be transferred to them.

(Recommendation No. 97)

ACCOUNTS AND AUDIT

9.116. The tremendous increase in allocation of Plan funds to PRIs and ULBs have been mentioned in paragraph 9 (ii) of this Chapter. The devolution and grants-in-aid will also be huge after the recommendations in the Ad Interim and this Main Report have been implemented. Accounting and auditing will be very big problems. The requirement of accounts personnel have been included in the staffing pattern already suggested. TASFC recommends that GOA place suitable mechanism for concurrent and post audit. The Directorate of Audit (Local Funds) should be strengthened. There should be separate wing for auditing the accounts of PRIs and ULBs and this wing should not be burdened with the job of auditing other recipients of grants-in-aid from GOA. The Director should also be authorized to outsource the audit works to reputed Auditor Firms empanelled by CAG.

(Recommendation No.98)

RECONSTITUTION OF GPs

9.117. In view of the substantial devolution along with staff recommended for GPs, it has become imperative that GPs are of viable size. TASFC recommends that the population of GPs should not be less than 6000 unless there are exceptional circumstances. GPs should be reconstituted accordingly by merger and reorganization.

(Recommendation No.99)

TRANSFER OF BUDGET PROVISIONS

9.118. It has been emphasized all along that democratic decentralization will be complete only when functions, functionaries and funds are transferred to PRIs and ULBs. TASFC, therefore, again specifically recommends that immediate steps should be taken by GOA to transfer the relevant funds out of the budgetary provisions of the relevant Departments simultaneously with the transfer of functionaries to PRIs and ULBs from the concerned line Departments.

(Recommendation No.100)

SCHEDULE VI AREAS

9.119. The Schedule VI areas are not included in the TOR of TASFC except that TASFC has been asked to make their recommendations “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.” This has been dealt with in Chapter 8. In the cases of the two hills districts of Karbi Anglong and North Cachar Hills PRIs never existed. In the BTAD areas PRIs have been abolished but the existing staff and infrastructure have been retained. In all Schedule VI areas ULBs function in the same manner as in the general areas. There are a total of 16 ULBs in the Schedule VI areas. The people in the Schedule VI areas face the same problems as in the general areas and poverty ratios also are about the same. Unless

proper measures are taken for rural and urban development, these areas will be left behind in India's present spurt in economic development. To be precise while as a result of TASFC's recommendations economic conditions can be expected to vastly improve in the general areas, the Schedule VI areas will get left behind. They will continue to suffer from lack of funds for the delivery system and dearth of staff for implementing plan programmes and schemes. This will be unfortunate. TASFC recommends that GOA may appoint a small Committee to go into the problems of (1) an institutional framework to carry out functions of rural and urban development and (2) the flow of funds to these institutions for rural and urban development in Schedule VI areas. This Committee should be asked to submit its Report within 12 months of its appointment.

(Recommendation No. 101)

FELT NEEDS

9.120. It has been very clearly mentioned earlier that replies to questionnaires were not received from PRIs and ULBs in the proper manner. Even line Departments of GOA could not supply the data asked for. But after considerable persuasion by letters, messages as also personal visits by teams of officials from TASFC to district headquarters and Chairman's meetings with PRI and ULB functionaries, on a regional basis, beside the first meeting with them at the Assam Administrative Staff College on August 31, 2006 and with the ULB functionaries on September 27, 2007 at the same venue, a large quantity of district wise data has been received. Some of these have been used in this Report. But most of these are rather unkempt and voluminous. It will take a long time to sift through these data. Very close district by district scrutiny will also be required. One important information that has surfaced from out of the collected mass of data is the "felt needs". A consolidated statement each for PRIs and ULBs are at Annexures 9.11 and 9.12. Summation of the

figures will show that PRIs and ULBs have asked for as much as Rs 16,274 crores worth of projects to match their “felt needs” through ZPs. ULBs have asked for another Rs. 887.67 crores.

9.121. This type of information has never been collected earlier. If properly examined, analyzed and short listed many of these projects under “felt needs” can be implemented under various schemes and programmes of GOI. Others can be implemented by raising of revenues, including ARM and user charges, and even out of the higher devolution as recommended by TASFC. However, project by project scrutiny will be necessary. If that can be done several important results will emerge. There will be a plethora of pre-examined data available to GOA and also to GOI to act upon whenever necessary. In fact, a permanent database will be ready on which future SFCs will be able to depend after nominal updating. While drawing up the District Plans by the District Planning Committees, these materials will be easily available as database at the grass roots level. That will be a boon to GOA. TASFC recommends that this task of sifting through the materials and finding out the viable projects both for PRIs and for ULBs can be entrusted to a small but High Power Committee. The Committee should be asked to scrutinize the material and talk to the public representatives and PRI and ULB functionaries in each district by undertaking extensive tours of the districts. After that they should categorise all the valid proposals and suggest how and who should implement the same. The entire task will require about 24 months. For 20 districts in the general areas of Assam it will take 20 months. Another 4 months will be required for generalizations and drawing up of conclusions. The Committee must have power to obtain whatever assistance or information it needs from the concerned Departments. Therefore, proper empowerment will be absolutely essential.

(Recommendation No.102)

TIME TABLE FOR IMPLEMENTATION

9.122. GOA may fix a time table for acceptance, placing of TASFC's Report (in three Volumes) and the Action Taken Report in the Assembly and implementation of the recommendations and adhere to this time-table.

(Recommendation No.103)

APPRECIATION

9.123. TASFC would like to take this opportunity to appreciate the work done by Shri G.D. Tripathi, Secretary, TASFC and for his unstinted support in producing this Report and specially the Technical Supplement and a couple of Annexures in spite of his onerous duties in the other full time jobs he was engaged in by GOA. TASFC would also appreciate the work done by Shri S.K. Dutta, Consultant, in preparing a portion of the draft Report, thus reducing the Chairman's burden, and specially the excellent Annexures which contain previously unavailable data and information. TASFC appreciates the work done by Shri Matilal Sarkar, Research Officer, in collecting tremendous amount of data from the field agencies by persuasion and by visits to a number of places. Finally, TASFC appreciates the work done by the officials named in Annexure 9.13 for their help and assistance in the functioning of TASFC and in completing its allotted task.

(H.N. DAS)

Chairman

(Davinder Kumar)

(Dr. A.K. Bhutani)

Member

Member

(Bire n Dutta)

(K.V. Eapen)

Member

Member Secretary

LIST O F ANNEXURES

No of Annexure	PARAGRAPH	Content
1.1	1.1	Notification No FEA 182/2005/375 dt 6-2-06 regarding constitution of TASFC
1.2	1.2	Notification No FEA 266/2005/65 dt 3-7-06 regarding reconstitution of TASFC
1.3	1.3	Notification No FEA 266/2005/80 dt 25-7-06 appointment of Shri G.D. Tripathi as Secretary
1.4	1.3	Notification No FEA 266/2005/Pt-I/5 dt 16-3-07 appointment of Shri Davinder Kumer as Member
1.5	1.12	Letter No FEA 266/05/104 dt 19.01.07 from GOA extending the tenure.
1.6	1.24	Grants to local bodies by CFC
1.7	1.42	List of pending matter relating to TASFC
1.8	1.42	Activities performed by TASFC
1.9	1.42	Activities in data collection
1.10	1.43	Dairy of Events and others activities
1.11	1.44	TASFC's letter to GOA for extension of time
1.12	1.44	Ad-Interim Report
1.13	1.45	Govt. notification for extension of time
4.1	4.14	Internal Revenue Mobilization by the PRIs
4.2	4.30	Fund requirement for 29 items under the eleventh schedule of the constitution
4.3	4.30	Fund requirement for 18 items under the twelfth schedule of the constitution
4.4	4.31	D.O. No. FEA (SFC) 1/2007/41 dated 22-06-07 assessment of receipt & expenditure on non-plan revenue account of local bodies.
4.5	4.31	Minutes of the 17 th meeting of the TASFC held on 23.08.07 at 11 A.M. in the Janata Bhavan Auditorium
4.6	4.31	Fund requirement for 29 items under the eleventh schedule of the constitution
4.7	4.39	Proposed staffing pattern for ZP and fund requirement during 2008-09
4.8	4.40	Proposed staffing pattern for AP and fund requirement during 2008-09
4.9	4.41	Proposed staffing pattern for GP and

- fund requirement during 2008-09
- 4.10 4.43 Remuneration of elected representatives
of PRIs
- 4.11 4.44 Sitting allowance of elected
representatives of PRIs
- 4.12 4.46 Statement showing the requirement of
fund for drawal of backlog of salaries
yearly regularized GP secretaries for the
period from 01.01.2004 to 28.02.2007
i.e., 26 months
- 4.13 4.47 Requirement of fund for office expenses
and traveling allowances of PRIs
- 4.14 4.49 Statement showing projected salaries of
block staff under Panchayat sector
- 4.15 4.50 Statement showing projected salaries of
block staff under Rural development
sector
- 4.16 4.51 Statement showing projected salaries of
DRDA staff
- 4.17 4.55 Requirement of fund for training of PRI
personnel
- 4.18 4.58 Combined non-plan revenue position of
PRIs
- 4.19 4.58 Estimated revenue receipts and non-plan
revenue expenditure of PRIs (Tier -wise)
- 5.1 5.4 List of ULBs in General Areas
- 5.2 5.12 Projected Tax and Non-Tax Revenue of
ULBs
- 5.3 5.19 Number of employees of ULBs
- 5.4 5.19 Category-wise number of employees of
ULBs
- 5.5 5.21 Projected Non-Plan Revenue
Expenditure (NPRE) of ULBs
- 5.6 5.21 Non-Plan Revenue deficit of ULBs
- 6.1 6.11 Forecast of Revenue Receipts of
Guwahati Municipal Corporation
- 6.2 6.26 Letter from All India Institute of Local
Self Government (AIILSG)
- 6.3 6.34 Forecast of Non-Plan Revenue
Expenditure of GMC
- 6.4 6.67 Minutes of the Meeting in the Assam
Administrative Staff College
- 8.1 8.8 Assessment of Central Finance
Commission vis-à-vis actual position
- 8.2 8.12 & 8.13 Budgetary position of Government of
Assam

- 8.3 8.14 , 8.15 & 8.18 to 8.20 Summary of Tax and Non-Tax Revenue Government of Assam
- 8.4 8.25 Summary of Non-Plan Revenue Expenditure Government of Assam
- 8.5 8.27 Balance from current Revenues
- 8.6 8.37 Budgetary Position of Autonomous District Councils
- 8.7 8.41 Deputed staff of Bodoland Territorial Council
- 8.8 8.50 Budgetary allocation for Autonomous Tribal Council during 2007-08
- 9.1 9.61 Funds to PRIs under Centrally Sponsored Scheme
- 9.2 9.64 Staffing Pattern of Cooch Behar
- 9.3 9.77 Write-up on ULB Training by Assam Administrative Staff College (Capacity Building for ULB s)
- 9.4 9.80 Satellite Based Communication System for PRIs
- 9.5 9.95 Estimates of Fund for Cremation & Burial Grounds in the Towns of Assam
- 9.6 9.96 Public Toilet in Towns
- 9.7 9.98 Maintenance of Rural Roads under PWD in Assam
- 9.8 9.102 Functions of the SFCs Cell
- 9.9 9.104 & 9.89 Linkage with Government of India
- 9.10 9.114 Advance information about devolution & grants-in-aid
- 9.11 9.120 Felt Needs of PRIs for 5 years
- 9.12 9.120 & 9.57 Felt Needs of ULBs for 5 years
- 9.13 9.123 Acknowledgement

LIST OF ACRO NYMS

1. ABITA Assam Branch of Indian Tea Association
2. ADA Audio Distribution Amplifier
3. ADC Autonomous District Council
4. AFRBM Assam Fiscal Responsibility and Budget Management
5. AG Accountant General
6. AGPRMP Assam Governance and Public Resource Management Programme
7. AILSG All India Institute of Local Self Government
8. AIT Agricultural Income TAX
9. ANSSIRD Abdul Nazir Sab-State Institute of Rural Development
10. AP Anchalik Panchayat
11. ARM Additional Resource Mobilisation
12. ARV Annual Rateable Value
13. ASEB Assam State Electricity Board
14. ASTEC Assam Science Technology and Environment Council
15. ATC Autonomous Tribal Councils
16. ATR Action Taken Report
17. AUDF Assam United Democratic Front
18. BCR Balance From Current Revenues
19. BDO Block Development Officer
20. BTAD Bodoland Territorial Area Districts
21. BTC Bodoland Territorial Council
22. C & AG Comptroller & Auditor General
23. CEM Chief Executive Member
24. CEO Chief Executive Officer
25. CF Consolidated Fund
26. CFC Central Finance Commission
27. CIC Community Information Centre
28. CPF Contributory Provident Fund
29. CS Civic Services
30. CS Civil Surgeon
31. CSS Centrally Sponsored Schemes
32. CST Central Sales Tax
33. DA Dearness Allowance
34. DC Deputy Commissioner
35. DDP District Domestic Product
36. DM District Magistrate
37. DRDA District Rural Development Agency

38. DRS Direction Receiving System
39. EA Economics Affairs
40. EFC Eleventh Finance Commission
41. EO Executive Officer
42. FASFC First Assam State Finance Commission
43. GDD Guwahati Development Department
44. GMC Guwahati Municipal Corporation
45. GMDA Guwahati Metropolitan Development
Authority
46. GOA Government of Assam
47. GOI Government of India
48. GP Gaon Panchayat
49. GSDP Gross State Domestic Product
50. HQ Head Quarters
51. HUDCO Housing & Urban Development
Corporation
52. IAY Indira Awas Yojana
53. IRM Internal Revenue Mobilisation
54. ISRO Indian Space Research Organisation
55. ISRO Indian Space Research Organisation
56. IWDP Integrated Watershed Development
Programme
57. JNNURM Jawahar Lal Nehru National Urban
Renewal Mission
58. LAC Legislative Assembly Constituency
59. LDA Lower Division Assistant
60. LIC Life Insurance Company
61. LNBC Low Noise Block Converter
62. LSG Local Self Government
63. MAD Municipal Administration Department
64. MB Municipal Board
65. MHA Ministry of Home Affairs
66. MLA Member of Legislative Assembly
67. MoS Memorandum of Settlement
68. MoU Memorandum of Understanding
69. MP Member of Parliament
70. MR Muster Roll
71. MTFP Medium term Fiscal Plan
72. MTFRP Medium Term Fiscal Reform
Programme
73. NE North East
74. NERC North East Regional Centre
75. NFC Ninth Finance Commission
76. NGO Non Government Organisation
77. NIC National Informatics Centre

78. NIRD National Institute of Rural Development
79. NKC National Knowledge Commission
80. NOC No Objection Certificate
81. NPRE Non-Plan Revenue Expenditure
82. NREGS National Rural Employment Guarantee Scheme
83. NRHM National Rural Health Mission
84. O&M Operation and Maintenance
85. OD Over Draft
86. OM Organisation and Method
87. P & R D Panchayat & Rural Development
88. PD Project Director
89. PHE Public Health Engineering
90. PHE Public Health Engineering
91. PPP Public Private Partnership
92. PRI Panchayati Raj Institution
93. PSU Public Sector Undertaking
94. PURA Provision of Urban Services in rural Areas
95. PWD Public Works Department
96. RBI Reserve Bank of India
97. RCC Re-inforce Cement Concr etc
98. RLB Rural Local Bodies
99. SASFC Second Assam State Finance Commission
100. SDO Sub Divisional Officer
101. SDP State Domestic Product
102. SFC State Finance Commission
103. SGRY Sampurna Gramin Rojgar Yojana
104. SGSY Swarnajayanti Gram Sworak Yojana
105. SHG Self Help Group
106. SIRD State Institute of Rural Development
107. SJSRY Swarna Jayanti Shaharia Rojgar
108. SPT Semi Permanent Timber
109. TASFC Third Assam State Finance Commission
110. TC Tax Collector
111. TC Town Committee
112. TCP Town and Country Planning
113. TDCC Training Development Communication Channel
114. TEFC Tenth Finance Commission
115. TFC Twelfth Finance Commission
116. TOR Terms of Reference
117. UAM Unit Area Method
118. UDA Upper Division Assistant

- 119. UDD Urban Development Department
- 120. ULB Urban Local Body
- 121. VCDC Village Council Development
Committees
- 122. VDA Video Distributor Amplifier
- 123. VRS Voluntary Retirement Scheme
- 124. WPT & BC Welfare of Plain Tribes & Backward
Classes
- 125. ZP Zilla Parishad