

IMMEDIATE

GOVERNMENT OF ASSAM
FINANCE (ECONOMIC AFFAIRS) DEPARTMENT

No.FEA(SFC) 171/2010/66

Dated March 11, 2011

To

The Principal Secretary/Commissioner & Secretary to the Government of Assam,
Panchayat & Rural Development Department / Urban Development Department /
Guwahati Development Department / Hills Areas Department / WPT&BC
Department.

Sub: Action on Compliance of Conditions for entitlement of funds under the Award of
13th Finance Commission.

Sir,

I am directed to say that Thirteenth Finance Commission has recommended two
types of grants to the States for local bodies – a basic grant and a performance grant for
the period 2010-15. As per recommendation of the Thirteenth Finance Committee, State
will be eligible for entitlement of Performance Grants for the four-year period 2011-15
subject to fulfilment of following nine conditions.

Items	Conditions	Action by the Department	Mode of Compliance
(i) Finance, Accounts & Budget	Preparation of supplement to the budget documents for local bodies (separately for PRIs and ULBs). This supplement should show details of plan and non-plan wise classification of transfers separately for all tiers of PRIs and all categories of ULBs from major head to object heads such as 196-ZP, 197-AP and 198-GP for PRIs and 191-Municipal Corporation, 192-Municipal Boards and 193-Town Committees for ULBs.	Concerned departments are to submit budget estimate for 2011-12 against the transferred subjects showing the amounts against minor heads such as 196-ZP, 197-AP and 198-GP for PRIs and 191-Municipal Corporation, 192-Municipal Boards and 193-Town Committees under Major Heads for PRIs and ULBs to Finance (Budget) Department.	To demonstrate compliance with this condition, a State Government should : (a) submit the relevant supplement to the budget documents and (b) certify that the accounting systems as recommended have been introduced in all rural and urban local bodies.
	(a) The PRIs are to adopt an accounting framework and codification pattern consistent with the Model Panchayat Accounting System.	P & R.D. Department	
	(b) The ULBs are to adopt an accounting framework and codification pattern consistent with the National Municipal Accounts Manual.	U. D. Department	

(ii) Audit	The States are to put in place an audit system for all local bodies and the C & AG is to be given Technical Guidance and Support (TG&S) over the audit. Annual Inspection Report of C&AG and the Annual Report of the Director of Audit (Local Fund) should be placed before the State Legislature.	Finance (Audit & Fund) Department take action on the matter.	Certification from the C&AG will demonstrate with this compliance.
(iii) Ombudsman Alternative to the condition.	The States should put in place an independent local body Ombudsman for looking into complains of corruption and maladministration against the functionaries of local bodies (both elected and officials) at least in all Municipalities and Zila Parishads.	The Assam Lokayukta and Upa-Lokayuktas Act, 1985 (With Amendments) will serve the purpose. As such, P&RD/UD/GD Departments are to furnish certificates to Finance (E.A.) Department.	
	In case such functions fall under the jurisdiction of State Lok Ayukta, the State may continue with the arrangement.		Self certification by the State will demonstrate compliance with this condition.
(iv) Transfer of Funds	The States must put in place a system to electronically transfer grants to the local bodies within five days of their receipt from the Centre. Wherever this is not possible due to lack of banking infrastructure, the States must put in place alternative channels of transmission so that funds are transferred within ten days of their receipt.	SFC Cell of Finance (Economic Affairs) Department	Self certification by the States with a description of the arrangements in place will demonstrate compliance with this condition.
(v) State Finance Commission	The States must prescribe through an Act the qualifications of persons eligible for appointment as members of the SFC consistent with Article 243 I (2) of the Constitution	SFC Cell of Finance (Economic Affairs) Department	The passage of relevant legislation and its notification will demonstrate compliance with this condition. Assam has fulfilled this condition. SFC Cell may send a copy of the Act to the Centre.
(vi) Levy of Property Tax	All the local bodies should be fully enabled to levy property tax, including tax on all types of residential and commercial properties and any hindrances in this regard must be	UD/GD Departments are to furnish certificates to Finance (E.A.) Department	Self certification by the States will demonstrate compliance with this condition.

	removed.		
(vii) Property Tax Board	The States must constitute a State level Property Tax Board, which will assist all Municipalities and Municipal Corporation in the State to put in place an independent and transparent procedure for assessing property tax. If possible, the same Board could also cater to the needs of the PRIs.	UD/GD Departments	Passage of relevant legislation or issue of the necessary executive instructions by the State for creation of the Property Tax Board as well as publication of work plan by the Board in the State Government gazette will demonstrate compliance with this condition.
(viii) Service Delivery Benchmarks	The States must gradually put in place standards for delivery of all essential services provided by the local bodies. For a start, the States must notify or cause all the Municipalities to notify the	UD/GD Departments	The fact of publication of a Notification in the State gazette in this regard will demonstrate compliance with this condition.

	Service standards for four services – water supply, sewerage, storm drainage, and solid waste management based on the “Handbook on Service level Benchmarks” published by the Ministry of Urban Development.		
(ix) Disaster Management	All Municipal Corporations with a population of more than 1 million (2001 census) must put in place a fire hazard response and mitigation plan for their respective jurisdictions.	GD Department	Publication of these plans in the respective State gazettes will demonstrate compliance with this condition.

In addition to above nine conditions for attaining eligibility for Performance Grant for General Areas, State Government has to comply with following three conditions for becoming entitled to Special Areas Performance Grant for Sixth Schedule Areas.

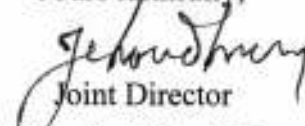
Items	Conditions	Action by the Department	Mode of Compliance
(i) Audit	If the Agencies in the Sixth Schedule areas are not PRIs, they must maintain accounts consistent with the instructions in force. These accounts should be up-to-date, the audit of these accounts should be completed by the C&AG, and the audit reports tabled, whenever so mandated.	WPT&BC, HAD and three Autonomous District Councils	Certification from the C&AG will demonstrate with this compliance.

(ii) Ombudsman	The district level elected functionaries and officials of these agencies must be brought under the ombudsman	The Assam Lokayukta and Upa-Lokayuktas Act, 1985 (With Amendments) will serve the purpose. As such, Hills Areas and WPT&BC Departments are to furnish certificates to Finance (E.A.) Department.	The passage of relevant legislation and its notification will demonstrate compliance with this condition.
	Alternative to the condition.	In case such functions fall under the jurisdiction of State Lok Ayukta, the State may continue with the arrangement.	Self certification by the State will demonstrate compliance with this condition.
(iii) Transfer of Funds	The States must put in place a system to electronically transfer grants to the local bodies within five days of their receipt from the Centre. Wherever this is not possible due to lack of banking infrastructure, the States must put in place alternative channels of transmission so that funds are transferred within ten days of their receipt.	SFC Cell of Finance (Economic Affairs) Department	Self certification by the States with a description of the arrangements in place will demonstrate compliance with this condition.

Copies of the Minutes of the HLC Meeting held on 26.08.2010 containing above conditions have already been circulated to the concerned departments for necessary action.

You are, requested to take necessary action on the above action points immediately for compliance of the conditions for entitlement of performance grants for the period from 2011-12 to 2014-15 under the award of the 13th Finance Commission.

Yours faithfully,


Joint Director

Finance (Economic Affairs)) Department.

Memo. No.FEA(SFC) 171/2010/66-A

Dated March 11, 2011

Copy to :

1. All Concerned Administrative Departments for information and necessary action.
2. The Director of Finance (Budget) Department for information and necessary action.
3. The Director of Audit (Local Fund), Assam, Kar Bhawan, G.S. Road, Dispur for information and necessary action.

By order etc.


Joint Director

Finance (Economic Affairs)) Department.