

GOVERNMENT OF ORISSA
FINANCE DEPARTMENT

**EXPLANATORY MEMORANDUM AS TO THE ACTION TAKEN ON THE
RECOMMENDATIONS MADE BY THIRD STATE FINANCE COMMISSION IN ITS
REPORT SUBMITTED TO HIS EXCELLENCY THE GOVERNOR OF ORISSA.**

1. The 3rd State Finance Commission was constituted by the Governor under the provision of Article-243-I and 243-Y of the Constitution of India, read with Section 3 and 8 of Orissa Finance Commission (Miscellaneous Provisions) Act, 1993 (Orissa Act 28 of 1993) vide Notification No.41424 dt.10.9.2008 to recommend on specific aspects of the finances of Local Bodies and the aggregate distribution of State resources among the Local Bodies. The Commission submitted its report covering all aspects of its mandate to His Excellency the Governor of Orissa in January, 2010. The summary of main recommendations of the Commission as contained in Chapter-IX of the report is placed in the **Annexure**.

2. The Third Orissa State Finance Commission was constituted by His Excellency the Governor of Orissa vide Notification on September 10, 2008 and mandated to recommend:-

- (i) the principles which should govern:-
 - (a) the distribution between the State and Panchayati Raj Institutions and the Municipalities of the net proceeds of taxes, duties, tolls and fees leviable by the State, which may be divided amongst them under Part-IX and Part-IX-A of the Constitution and the allocation between the Panchayats at all levels and the Municipalities of their respective shares of such proceeds,
 - (b) the determination of taxes, duties, tolls and fees which may be assigned to, or appropriated by Gram Panchayats, Panchayat Samities and Zilla Parishads or as the case may be Municipalities, and
 - (c) the Grants-in-Aid to the Gram Panchayats, Panchayat Samities and Zilla Parishads or as the case may be Municipalities from the Consolidated Fund of the State;
- (ii) the measures needed to improve the financial position of the Gram Panchayats, Panchayat Samities, Zilla Parishads and Municipalities.
- (iii) any other matters, which the Governor may refer to the Commission in the interest of sound finance of Gram Panchayats, Panchayat Samities, Zilla Parishads and Municipalities.

3. The Government have carefully examined the recommendations of the Commission. The action to be taken on these recommendations is detailed below:-

3.1 Devolution of State resources to the Local Bodies (Para 9.6 of the Annexure)

The Commission have recommended that 15 percent of the average own Gross Tax Revenue of the State Government for the years 2005-06 to 2007-08 calculated at ₹896.17 crore per annum (₹4480.85 crore for the five year period 2010-15) may be devolved in favour of PRIs and ULBs for providing public services and undertaking local development. The amount will be distributed among the Panchayati Raj Institutions and Urban Local Bodies in the ratio of 75:25 (₹3360.64 crore to PRIs and ₹1120.21 crore to ULBs).

Accordingly, the Commission requested the 13th Finance Commission to reimburse ₹4480.85 crore to augment the Consolidated Fund of the State to improve the finances of the Local Bodies. As against this, the 13th Finance Commission has recommended provision of ₹3270.90 crore over the award period (2010-11 to 2014-15) as detailed below:

(₹ in Crore)	
Panchayati Raj Institutions	2756.02
Urban Local Bodies	514.88
Total (including Special Area Grant)	3270.90

While recommending devolution of ₹4480.85 crore, the 3rd State Finance Commission, inter alia, have observed in para 8.2 in their Report that :

“Devolution of funds to the Local Bodies on the recommendations of the 3rd State Finance Commission may further corrode the financial strength of the State Government.

The State Finance Commission, therefore, requests the National Finance Commission to appreciate and honour the constitutional obligation of the State to transfer resources to the Local Bodies so as to enable them to discharge the functions assigned to them and in that context assess the financial position of the State vis-à-vis the large and growing number of functions the State has to perform from time to time. The 13th Finance Commission is, therefore, requested to reimburse the State with ₹896.17 crore x 5 = ₹4480.85 crore to be devolved by the State to the Local Bodies as per the recommendations of the State Finance Commission in order to augment the Consolidated Fund of the State”

The Government, therefore, have decided that in addition to the entitlement of the Local Bodies to the grants for the purpose for which the amount of ₹3270.90 crore has been recommended by 13th Finance Commission, an amount of ₹1209.95 crore is to be provided by the State Government to the PRIs & ULBs in the ratio of 75:25 during the award period from 2010-11 to 2014-15, being ₹907.45 crore (@ ₹181.49 crore per annum) and ₹302.50 crore (@ ₹60.50 crore per annum) respectively as a part of devolution of its own resources to be utilized for the purposes recommended by the 3rd State Finance Commission.

3.2 Compensation and Assignment to the Local Bodies

(i) Compensation and Assignment to PRIs (Para 9.9.1 of the Annexure)

The Commission have recommended continuance of the following grants as assignment of revenues in favour of the Panchayati Raj Institutions per annum with increase of Kendu Leaf Grants from ₹10 crore to ₹20 crore. These grants are provided out of the proceeds of the falling revenue sources which are to be appropriated by Panchayati Raj Institutions. The total requirement for five years is **₹185.75 crore**.

(₹ in crore)	
Sairat	1.00
Kendu Leaf Grant	20.00 (As against 10.00)
Cess on Land Revenue	15.00
Minor Forest Produce	1.00
Entertainment Tax	0.15
Total	37.15

Government have accepted this recommendation of the Commission.

(ii) Compensation and Assignment to ULBs

(a) Assignment of Entry Tax

While recommending devolution of State resources to the Local Bodies, the Commission have observed in para 5.14 (v) of the Report that devolution to Urban Local Bodies will not affect the accrual of Entry Tax which they have been receiving before. The Commission has not specified any amount for this purpose. The present level of transfer to ULBs towards collection from Entry Tax at 2009-10 level comes to ₹253.50 crore or say ₹254.00 per annum. There is also uncertainty regarding continuance of Entry Tax under the proposed GST regime. Besides there are litigations pending in the Hon'ble Supreme Court on validity of the Entry Tax Act.

It has been decided by Government that till the State Government continues to levy and collect Entry Tax, annual assignment shall be made in favour of the ULBs taking the amount provided in the R.E. of 2010-11 i.e. ₹253.50 crore or say ₹254.00 crore as the base and increasing the same by 10% in the subsequent years. Requirement of salary, pension of the employees of the ULBs shall be met out of this provision, supplemented, wherever necessary, by their own resources.

It has also been decided by Government that in addition to this assignment of Entry Tax, a sum of ₹20.00 crore shall be annually provided from the proceeds of the Entry Tax for the purpose of creating a dedicated "performance incentive fund" for the ULBs. Incentive Grants shall be provided to the ULBs from this fund for exceptional performance in the following areas:

- **Additional revenue mobilization**
- **Improvement in service delivery**
- **Implementation of innovative urban development projects**

(b) Assignment of other Taxes

As regards Entertainment Tax, Motor Vehicle Tax, Stamp Duty / Annuity, Managerial fines and Pilgrim fees etc which the ULBs are at present receiving, the Commission have not specifically recommended any grant under these score. The transfer from these sources in the B.E. 2010-11 is given below:-

	(₹ in crore)
Entertainment Tax	0.15
Motor Vehicle Tax	25.00
Stamp Duty / Annuity	3.00
Managerial fines and Pilgrim fees	0.00
Grants for festival occasion	0.65
Total	28.80

The Government have decided that the same shall continue despite the fact that the Commission have not recommended any assignment from the aforesaid sources.

3.3 Grants-in-Aid to the Local Bodies

3.3.(i) Grants-in-Aid to PRIs

(a) Grants-in-Aid for salary, sitting fee and honorarium etc.(Para 9.9.4 of the Annexure)

Government have committed to provide salary to Block staff, Gram Panchayat Secretary, T.A, D.A, Sitting Fees and Honorarium of the elected representatives of the PRIs. The Commission have, therefore, recommended that the State Government should continue to provide the funds towards salary of the regular staff appointed by the Government for working in Gram Panchayats, Panchayat Samities and Zilla Parishads and T.A, D.A, sitting fees and honorarium of the elected representatives of the PRIs. For this purpose, the Commission has assumed the expenditure of ₹293.56 crore per annum.

While the State Government had provided Grants-in-Aid of ₹121.18 crore towards salary, TA, DA, sitting fee and honorarium expenses of the PRIs during 2009-10 this grant has been enhanced to ₹251.16 crore during 2010-11. Government have decided that for meeting the cost of salary of Block staff, Gram Panchayat Secretary, TA, DA, sitting fee and honorarium of the elected representatives of the PRIs, the present level of Grants-in-Aid i.e. ₹251.16 crore shall continue during the award period.

(b) Untied and other Grants-in-Aid in shape of Untied funds to PRIs.(Para 9.9.3 of the Annexure)

The Commission have recommended untied and other grants-in-aid to the PRIs @ ₹114.20 crore per annum, as follows:

(₹ in Crore)

(Untied Fund @ ₹35 lakh per Panchayat Samiti) To be utilised by the Panchayat Samities to address the need based requirement of their respective localities.	109.90
Incentive	3.60
Celebration of Panchayat Raj Diwas	0.70
Total	114.20

Government have decided to accept the above recommendations of the Commission.

3.3(ii) Grants-in-Aid to Urban Local Bodies(Para 9.9.5 of the Annexure)

(a) Grants-in-Aid for salaries and pension

The Commission have recommended ₹82.72 crore per annum taking into consideration of ₹41.36 crore released during 2007-08 towards salary and pension of the employees of the Urban Local Bodies. The Commission has recommended the aforesaid amount keeping in view the likely revision of pay and pension as per recommendations of the 6th Central Pay Commission. The basis of this recommendation has been verified by the State Government. Accordingly, it is found that actually a sum of ₹40.23 crore was released in favour of Urban Local Bodies in R.E for 2007-08 (Non-Plan) on the recommendation of 2nd State Finance Commission. Out of this ₹40.23 crore, only ₹4.68 crore was meant for salary and pension.

Accordingly Government, after careful consideration of the aforesaid recommendation of the Commission, have decided that this level of GIA for pension fund for non-LSF employee amounting to ₹4.44 crore and salary grant of ₹0.24 crore shall continue, as the expenditure of the ULBs towards salaries etc. is already being met out of assignment of Entry Tax.

(b) Grants-in-Aid for incentive

The Commission have recommended that ₹1.00 crore may be given as incentive to the best Municipality and ₹0.50 crore to the best Notified Area Council of the State per annum. Thus the total Grants-in-aid on this account comes to ₹7.50 crore during the award period. The incentive has been recommended for the purposes like efficiency in revenue collection, drainage facilities, solid waste management, development & maintenance of internal roads, drinking water, provision of street lights in all the main roads and by lanes of the Urban Local Bodies, maintenance of accounts and public property management.

Government have decided to accept the above recommendation of the Commission and accordingly ₹1.00 crore and ₹0.50 crore shall be awarded as incentive grant to the best Municipality and the best N.A.C of the State respectively during the award period on an empirical assessment of the performance keeping in view the efficiency in the areas prescribed by the Commission.

4. In the light of the decisions indicated at para 3 above, the State Government have decided to transfer a sum of ₹5048.10 crore to the PRIs and ULBs during the award period, 2010-15 out of the Consolidated Fund of the State as summarized below:

Proposed transfer of funds as per recommendations of 3rd SFC

(₹in crore)

Item	Per annum	For five years
(I) Devolution (a+b)	241.99	1209.95
a)Panchayati Raj Institutions	181.49	907.45
b)Urban Local Bodies	60.50	302.50
(II) Compensation & Assignment (a+b)	396.09	1980.45
a)Panchayati Raj Institutions(K.L. Grant, Cess etc.)	37.15	185.75
b) Urban Local Bodies	358.94	1794.70
i)Assignment from Entry Tax(with 10% hike every year)	310.14 (Annual Average)	2010-11- 254.00 2011-12- 279.40 2012-13- 307.34 2013-14- 338.08 <u>2014-15- 371.88</u> 1550.70
ii) Incentive award to ULBs	20.00	100.00
iii) Assignment of other taxes	28.80	144.00
(III) Grants- in –Aid(a+b)	371.54	1857.70
a) Panchayati Raj Institutions	365.36	1826.80
i)Salary of regular staff of GP,PS & ZP,TA,DA & sitting fees of elected representatives of PRIs	251.16	1255.80
ii)Untied fund to PSs, Incentive to PRIs and celebration of Panchayati Raj Diwas	114.20	571.00
b) Urban Local Bodies	6.18	30.90
i) Incentive award to Municipality & N.A.C	1.50	7.50
ii) Salary & Pension contribution to non-LFS employees	4.68	23.40
Grand Total(I + II + III)	1009.62	5048.10
a)Panchayati Raj Institutions	584.00	2920.00
b)Urban Local Bodies	425.62	2128.10

5. Other recommendations and suggestions including revenue generation measures as recommended by the 3rd State Finance Commission and contained in para 9.10 to 9.17 of Annexure have been examined by the State Government. The respective Departments would examine such recommendations and suggestions on merit and take appropriate follow up action.

6. The report of the Third Orissa State Finance Commission covering the five year period commencing from April 1, 2010 together with the Explanatory Memorandum on the Action Taken on the recommendations of the Commission is being laid on the Table of the House, in pursuance of Article-243-I (4) and 243-Y (2) of the Constitution.

Bhubaneswar
February, 2011

P.C.Ghadai
Minister of Finance

SUMMARY OF RECOMMENDATIONS

9.1. Release of State share by Government of India.

Government of India should release the state share out of un-disbursed amount of Fiscal Incentive Grants as per the recommendation of the Eleventh Finance Commission. (Paragraph- 3.67).

9.2. Revision of rate of Royalty.

Government of India should revise rates of Royalty on coal and other major minerals on ad valorem basis (Paragraph-3.68).

9.3. Implementation of orders of Devolution of Powers by 11 Departments-

State Government transferred 21 subjects of 11 Departments to the PRIs in the light of decisions of the Cabinet during 2003. The Chief Secretary in his letter bearing No.6888/PS dt.4.7.2003 addressed to 11 Departments communicated the decision of the Government for implementation of the same in letter and spirit. Now it is seen that various departments have not implemented the above mentioned decisions fully. Some Departments have issued instructions to field level functionaries contradictory to the decision of Government. The limited devolution of power based on the decisions of Government as communicated in the letter of the Chief Secretary should be implemented fully (Paragraph-4.12, 4.13 & 4.14).

9.4 Constitution of Panchayat Samiti Level Committee and Zilla Parishad Level Committee with President, Zilla Parishad and Chairman of the Panchayat Samiti as Chairperson.

President, Zilla Parishad and Chairman of the Panchayat Samiti are Executive Authority of Zilla Parishad and Panchayat Samiti respectively as per the Orissa Zilla Parishad Act and the Orissa Panchayat Samiti Act. Different Departments have issued guidelines for constitution of Block Level Committee and Zilla Parishad Level Committee where Chairman of Panchayat Samiti/ President of Zilla Parishad have been designated as members. M.L.As / Collectors have been designated as Chairman of such committees. The Commission requests the government to review the orders and give due weightage to the Chairpersons consistent with their official status. (Paragraph 4.13).

9.5 Opening of Panchayat Sector in the budgets of 11 Departments.

For effective performance of functions devolved upon PRIs through Activity Mapping, the Panchayats would need the matching transfer of funds in respect of devolved functions. 11 Departments should open a Panchayat Sector in their respective Budget and transfer fund according to Activity Mapping (Paragraph-5.4).

9.6 Extent of State revenue to be devolved to the PRIs and ULBs.

The Commission has adopted gross tax revenue of the state as basis for devolution of fund in the absence of authenticated figures of net proceeds. Gross Tax Revenue of the state for the years 2005-06, 2006-07 and 2007-08, which were revenue surplus years has been taken into account for the purpose of devolution. Average Gross Tax Revenue of the state for these years has been calculated. This stands at Rs.5974.48 crore. The Commission, considering the growing functions and responsibilities of the state which it is called upon to

discharge and the consequent demand on the state for greater funds recommends to transfer 15% of the average Gross Tax Revenue calculated at Rs.896.17 crore in favour of PRIs and ULBs. In other words, a sum of Rs.896.17 crore may be transferred to PRIs and ULBs per annum. **The allocation to be devolved to the local bodies would amount to 896.17 X 5 = 4480.85 crore for the period of five years i.e from 2010-11 to 2014-15.** (Paragraph 5.14(ii)).

In view of gradual increase in population in urban areas, the Commission has recommended transfer of above mentioned amount of Rs.4480.85 crore between PRIs and ULBs at the ratio of 75% : 25% vide paragraph 5.14(v). The share of PRIs comes to Rs.3360.64 crore and that of ULBs comes to Rs.1120.21 crore during the period from 2010-11 to 2014-15.

9.7 Devolution of Resources to PRIs.

The Commission has recommended transfer of fund for the following purposes.

(i) Livelihood- As per the Census report, 2001 the number of main workers which in 1991 was 103.78 lakh declined to 95.89 lakh in 2001. This comprised of 34.35 lakh (35.8%) cultivators, 20.98 lakh (21.9%) agricultural labourers, 4.04 lakh (4.2%) workers in household industries and 36.52 lakh (38.1%) other workers. In addition to 95.89 lakh main workers, the state has (2001 census) 46.87 lakh marginal workers. Taken together, the state has 142.76 lakh workers. The marginal workers work in different areas of activities. 8.12 lakh of marginal workers work as cultivators, 29.01 lakh as agricultural labourers, 2.97 lakh in the household industries and 6.76 lakh are engaged in other activities. The Commission is of the view that Government should provide fund to PRIs for supporting livelihood of rural people in the following sectors;

(a) Rs.2.00 lakh to each Grama Panchayat per annum towards agriculture, animal husbandry, pisciculture and Minor Forest Produce related activities. Total requirement for five years comes to Rs.623.40_crore (Rs.124.68 cr.X5).

(b) **Rs.25.00 crore** may be placed **(as suggested in paragraph 5.16.1 (e)(iv).** at the disposal of Panchayati Raj Department @ Rs. 5.00 cr. per annum for strengthening sale outlets of Handloom and Handicrafts products.

(c) **Rs. 15 crore** may be placed at the disposal of Panchayati Raj Department to provide livelihood support to people dependant on handloom and sericulture **@ Rs.3 crore per annum as suggested in paragraph 5.16.1.(e)(i).** The amount may be utilised in consultation with the Handloom & Textile Department.

(d) A package of **Rs.1.00 cr.** (@ Rs.20 lakh per annum) may be provided towards upgrading weaving skill of Buddhist village artisans of Baramba Block **as suggested in paragraph 5.16.1.(e)(iii).** Buddhist minority community residing in Orissa may be given a preferential treatment for ensuring their livelihood.

(e) Rs. 75 lakh per annum may be provided for alternate livelihood support to people who have lost their traditional livelihood due to establishment of sanctuaries namely Sunabeda, Satakosia and Badarama @ Rs. 25 lakh per sanctuary **as suggested in paragraph 5.16.1(f)**. The requirement for five years comes to **Rs.3.75 crore**.

(f) **Rs. 2 crore** may be provided to Nuagaon Block of Sundargarh and Kuchinda Block of Sambalpur district @ Rs.0.50 crore per Block over a period of 2 years towards construction and maintenance of cold store. The position has been explained in paragraph 5.16.1(a).

(g) **Rs. 2.00 crore** is recommended for establishment of Cane and Bamboo Technology Centre. The position has been explained in paragraph 5.16.1(f).

(h) **Rs.0.94 crore** recommended for establishment of a Bamboo Park. The position has been explained in paragraph 5.16.1(f).

Thus, the total requirement which comes to **Rs. 673.42 crore** over a period of five years may be provided under livelihood sector.

(ii) **Education-** The Commission, in view of the prevailing educational disparities among the different social groups in different regions and state's commitment to educational justice, recommends **Rs.308.76 cr.** for 186 nos. of educationally backward Blocks and Blocks situated in Scheduled Areas @ Rs.1.66cr. per Block) instead of Rs.117.60 cr. recommended in the first report.(an increase of Rs.191.16 cr.). (Paragraph 5.16.2)

(iii) **Culverts and Bridges for Grama Panchayat and Panchayat Samities and Village Roads** - Construction of culverts and bridges is not taken up under NREGS and other labour intensive schemes because material component is very small in above mentioned schemes. It is necessary to make the roads all weather by constructing C.D works. The Commission recommends **Rs.314.00 crore** @ Rs.1.00 cr. per Block towards construction of culverts and bridges over a period of 5 years in the light of the mandate of the Constitution. (Paragraph 5.16.3)

(iv) **Development of Water Bodies.** - The Commission recommend a revised amount of **Rs.326.82** (in stead of Rs.74.54 cr.) over a period five years towards development of water bodies with provision of masonry works in appropriate cases in order to increase the storage capacity of water bodies. The amount available through this source may be dovetailed with fund available from different labour intensive schemes. The Panchayati Raj Department will work out details of distribution of fund in respect of selected water bodies. (Paragraph 5.16.4)

(v) **Rural Water Supply including Tube Wells** - The Commission recommends **Rs.478.40 crore** for operation and maintenance of pipe water supply and tube wells during the award period. Each of the 6234 G.Ps may be allocated Rs.1,53,400/- per annum.(paragraph 5.16.5)

(vi) **Up gradation of PS/GP/Village Roads having contiguity** - Rs.266.90 crore may be transferred to 314 Blocks @ Rs.85 lakh for a period five years for conversion of existing Metalled Roads to B.T Roads. A sum of Rs.150 crore @ Rs.15 lakh per K.M. may be

transferred for converting 1000 K.M. of village roads to concrete roads. Populous villages which have not been covered under any scheme for having c.c. roads may be provided with the recommended money on a priority basis. A total sum of **Rs.416.90 crore** may be devolved to the G.Ps on this account. (Paragraph 5.16.6)

(vii) **Maintenance of Minor Irrigation Projects**-A sum of Rs.151.75 crore is recommended for maintenance of 1214 MI projects transferred by Water Resources Department to Grama Panchayats. (Paragraph 5.16.7)

(viii) **Contribution to Minor Maintenance in respect of Cyclone Sector**- There are 139 cyclone centres constructed by Orissa State Disaster Mitigation Authority. Rs.17.38 crore is recommended towards maintenance of cyclone centres.(paragraph 5.16.8)

(ix) **Construction of Zilla Parishad Office and Maintenance of Panchayat Samiti Buildings**- Rs. 9 crore is recommended towards construction of Zilla Parishad building @ Rs.30 lakh per Zilla Parishad. Rs.56.52 crore is recommended towards maintenance of 314 Panchayat Samiti buildings @ Rs.18 lakh per Panchayat Samiti. (Paragraph 5.16.9)

(x) **Construction and provision of Sanitation Facility**- Rs.124.68 crore is recommended for construction of toilets in every G.P @ Rs.2 lakh per G.P. (paragraph 5.16.10)

(xi) **Improvement in Street Lighting**- Rs.161.22 crore is recommended for providing street light against demand of Rs. 311.70 crore by the Panchayati Raj Department (paragraph 5.16.11)

(xii) **Cremation/Burial Ground**- The Commission recommends **Rs.94.25 crore** for the purpose. Rs.18.55 crore may be provided annually to selected G.Ps keeping in view availability of sites and ability of G.Ps. (paragraph 5.16.12)

(xiii) **Construction of Community Hall/Training Centres of SHGs with Kiosks providing common services facilities**- It is necessary to provide a Community Hall or a Training Centre for the SHGs in the premises of the Grama Panchayats. There are 2742 Grama Panchayats with a population exceeding 5000. Rs.27.42 crore is recommended for construction building, Rs.5.48 crore is recommended towards purchase of equipment and Rs.13.74 crore is recommended for acquisition of computer hardware. Total requirement comes to Rs.46.64 crore. The Kiosks may be leased out to intending bidder. (Paragraph 5.16.13)

(xiv) **Herbal Garden/Improvement in Rural Environment**- Rs.62.80 crore is recommended for establishment of 3140 herbal gardens (@ 10 garden per Block). Rs.39.60 crore is recommended towards remuneration of gardners. Total requirement comes to Rs.102.40 crore. (Paragraph 5.16.14).

Abstract of Recommendations in favour of PRIs

(Rs. in Crore)

Sl. No.	Purpose	Amount
1	Livelihood	673.42
2	Education -	308.76
3	Culverts and bridges	314.00
4.	Development of Water Bodies	326.82
5	Rural Water Supply including Tube Wells (Core service)	478.40
6.	Upgradation of PS / GP / Village Roads having contiguity (i) Rs. 85.00 lakh per Block for five years for conversion of existing metalled roads into BT roads. (ii) Construction of Concrete road @ Rs.15 lakh per K.M for 1000 K.Ms. Populous villages not having concrete roads in every GP will be given preference.	266.90 150.00
7.	Maintenance of Irrigation Projects for five years @ Rs.2.5 lakh per Minor Irrigation Project for 1214 MIPs	151.75
8.	Contribution to Minor Maintenance in respect of Cyclone Centres @ Rs.25000 per annum for 139 centres for five years	17.38
9.	(i) Construction of Zilla Parishad Office Buildings @ Rs.30.00 lakh for 30 ZPs. (one time grant) (ii) Maintenance of Panchayati Samiti Building @ Rs.18 lakh for 314 PSs.	9.00 56.52
10.	Construction of Sanitation facilities in all the Grama Panchayats Office premises with water supply @ Rs.2 lakh per G.P (Core Service)	124.68
11.	Improvement of Street Lighting (Core Service)	161.22
12	Cremation / Burial Ground (Core Service)	94.25
13.	(i) Construction of Community Hall/Training Centres for Self Help Groups with KIOSKS providing common services facilities in 2742 G.Ps having a population exceeding 5000 @Rs.10 lakh per centre. (ii) Provision of tables, chairs, electrical appliances, audio system @Rs.2 lakh per centre (iii) Provision of Computer Hardware to KIOSKS @Rs.50000 per KIOSKS in 2742 centres	27.42 5.48 13.74
14.	(i) Herbal Garden @Rs.2 lakh per garden for 3140 gardens @ 10 garden in each Block (location to be decided by consulting an expert in the field.) (ii) Remuneration to gardeners @ Rs.2100/- per month	62.80 39.60
	TOTAL	3360.64

9.8 Details of devolution of funds to ULBs.

After detailed discussion we make item-wise allocation of Rs.1120.21 crore as mentioned below.

(i) Improvement of Water Supply

The State Finance Commission recommends Rs.170.00 crore for 34 Municipalities for a period a 5 years from 2010-11 to 2014-15 @ Rs. 1.00 crore per annum per municipality. Rs.130.00 crore may be devolved to the NACs during the same period depending on their size and population. **Total amount recommended comes to Rs.300.00 crore** over the period of five years. (Paragraph 5.17.1)

(ii) Integrated Sewerage System

The State Finance Commission **recommends Rs.113.06 crore** to 100 ULBs excluding Sambalpur, Berhampur and Bhubaneswar for integrated Sewerage System. (Paragraph 5.17.2)

(iii) Maintenance of Roads & Bridges

H & U.D Department has requested for Rs.550.00 crore during the award period for Maintenance of Roads and Bridges. The **State Finance Commission recommends Rs.177.95 crore** for the said purpose. Annual allocation of Rs.35.59 crore may be distributed among the ULBs keeping in view the population, concentration of SC/ST and geographical situation of the ULBs. (Paragraph 5.17.3)

(iv) Public Toilet with Water Facility

People in urban areas face increasingly more and more inconveniences and discomforts because of the absence of Public Toilets with water facilities. The Commission recommends devolution at the rate of Rs. 10 lakh per ULB for Public Toilet amenities with running water facilities. A sum of **Rs. 10.30 crore is recommended** for the purpose. (Paragraph 5.17.4)

(v) Housing to Urban Poor

Providing services to the urban poor poses enormous challenges for the ULBs. The H & U.D. Department has suggested funds to the tune of Rs.950.00 crore in order to provide security of tenure, improved housing, water supply, sanitation, education, health and social security to about 18 lakh slum dwellers. The **State Finance Commission recommends for Rs.150.00 crore for housing facility** to the slum dwellers. This may be linked to subsidised housing scheme promoted by the HUDCO and other funding agencies. (Paragraph 5.17.5)

(vi) Environment Improvement

Industries have been located in a big way in districts like Jajpur, Keonjhar, Sundargarh, Jharsuguda, Sambalpur, Anugul and Kalahandi. Level of pollution in these districts has increased. Plantation of trees may help / improve the environment and fight such external diseconomies. The Commission **recommends Rs.1.2 crore** for the purpose @ of Rs.15 lakh per district. This may be provided @ of Rs.3.00 lakh per annum to the urban local bodies in these districts. (Paragraph 5.17.6)

(vii) Storm Water Drain

In order to provide Storm Water Drains, the H & U.D. Department has asked for Rs.100.00 crore to improve drainage net work. The State Finance Commission **recommends Rs.15.00 crore for the purpose of the award period.**(Paragraph 5.17.7)

(viii) Maintenance/improvement of Street Lighting

As per the proposal submitted by the H & U.D Department to the State Finance Commission proper maintenance of Street Lighting would require Rs.178.89 crore for achieving energy efficiency and acceptable level of illumination. It is not possible on the part of the Commission to recommend the entire amount as proposed by the H & U.D Department which stands at Rs.178.89 crore. The Commission however, **recommends that Rs.90.00 crore** may be transferred to the ULBs for the said purpose during the award period. Priority may be given to ULBs situated in the scheduled areas. (Paragraph 5.17.8)

(ix) Construction of Children Park

With the growth in urban population, different facilities for children are to be created. The Commission recommends **Rs.5.15 crore and Rs.1.30 crore towards establishment of parks and remuneration of gardeners respectively.** (Paragraph 5.17.9)

(x) Construction of Auditorium-cum-Culture Centres

The Commission recommends **Rs. 75 crore** to be devolved to 100 ULBs for construction of auditoriums and purchase of furniture excluding the three corporations of Cuttack, Bhubaneswar and Berhampur during the award period. (Paragraph 5.17.10)

(xi) Development of Bus Stand and Parking Facility

Most of the ULBs do not have developed Bus Stand facilities for the people. Parking facilities are also not available for vehicles. The Commission recommends that a sum of Rs.50 lakh per ULB be given to 100 U.L.Bs excluding the three Corporations for construction/development of Bus Stand and parking facility. The total amount for the purpose stands at **Rs.50 crore.** (Paragraph 5.17.11)

(xii) Construction of Kalyan Mandap

The State Finance Commission recommends that Rs.50 lakh may be given to each of the 100 U.L.Bs(excluding three Municipal Corporations) for construction of Kalyan Mandaps. A sum of **Rs. 50.00 crore may be devolved for the purpose during the award period.** The ULBs receiving funds for the purpose have to contribute 10% of the allocated amount, i.e. each of the ULBs has to contribute Rs.5.00 lakh. (Paragraph 5.17.12)

(xiii) Market yard

The Commission recommends that there should be a Market yard in each of the 100 U.L.Bs excluding the 3 Municipal Corporations. Accordingly, it recommends **Rs. 6.50 crore** for the said purpose during the award period at the rate of Rs. 6.50 lakh for each of the 100 ULBs. (Paragraph 5.17.13)

(xiv) KIOSKS, Purchase of Hardware and its peripherals and Remuneration

The Commission favours construction of KIOSKS in 100 ULBs to provide common facilities to the citizens. It, therefore, recommends 3 Kiosks for each of the Municipalities @ Rs.3 lakh per Kiosk and 2 Kiosks for each the N.A.Cs @ Rs.2 lakh per Kiosk during the award period. **A total of Rs. 11.08 crore may be devolved for KIOSKS and their development.** (Paragraph 5.17.14)

(xv) Development of Tribal Museums

Koraput, Malkangiri, Nabarangpur, Raygada, Sundargarh, Mayurbhanj, Keonjhar, Kandhamal are tribal majority districts. There is also sizeable tribal population in Balasore (Nilagiri Sub-division), Sambalpur (Kuchinda Sub-division), Kalahandi (Langigarh) and Gajapati districts.

Traditional Tribal dress, ornaments, drums and musical instruments, weapons, bows and arrows and many other valuable things which vary from one tribal region to another are disappearing fast.

The Commission recommends 12 Tribal Museums to be located in District/Sub-Divisional headquarters of the districts which have been indicated. A sum of **Rs.6.60 crore at** the rate of Rs. 55.00 lakh per museum is recommended for this purpose. (Paragraph 5.17.15)

(xvi) Drainage facilities for Balasore Municipality.

Lack of drainage facilities in the town leads to accumulation of water flooding the entire township. Though this is a long felt necessity of the town, the Municipality does not have the funds to do it. As per the memorandum submitted by the Municipality, Rs. 10.21 crore is required for drainage works. The Commission recommends **Rs.10.21 crore** in favour of Balasore Municipality during the award period for improving drainage facilities. (Paragraph 5.17.16)

(xvii) Development of Forest Park at Kissan Kundaposhi, Ward No.-9, Kuchinda NAC.

Kuchinda NAC of Sambalpur district has submitted a proposal to the State Finance Commission requesting allocation of Rs.1.56 crore for the Development of Forest Park at Kissan Kundaposhi in Ward No.9. The project is eco-friendly and environment friendly. The Commission recommends that **Rs. 1.56 crore** be devolved to the Kuchinda NAC for the purpose during the award period. (Paragraph 5.17.17)

(xviii) Construction of Under Ground Drainage System in Jeypore Municipality

Jeypore Municipality in Koraput district has submitted a memorandum to the State Finance Commission requesting to provide Rs.2.00 crore for construction of under-ground drainage system. Jeypore Municipality needs the drainage system. The State Finance Commission accepts the request of Jeypore Municipality and recommends devolution to the tune of **Rs. 2.00 crore** to the Jeypore Municipality during the award period. This amount shall be utilised as per the project report submitted to the Commission. (Paragraph 5.17.18)

(xix) E-governance

Housing & Urban Development Department has requested the State Finance Commission to allocate Rs.50 crore during the award period for E-Governance programme. The Commission recommends **Rs.8.30 crore** as grants-in-aid to the ULBs during the award period for the said purpose. (Paragraph 5.17.19)

(xx) Contribution to Pension Fund.

As per contributory pension scheme introduced by the Govt. of Orissa, the employer shall have to provide the pension share in respect of its employees in addition to the share provided by the employee. The Commission, therefore, recommends Rs.7.00 crore on this account per year. The total amount on this score during the award period comes to **Rs.35.00 crore.** (Paragraph 5.17.20)

Total Devolution to the ULBs during the period from 2010-11 to 2014-15 comes Rs.1120.21 Crore, the abstract of which is given below.

Devolution of Resources to ULBs

Total Devolution Rs.1120.21 Crores

(Rs. In Crores)

Sl.No.	Purpose	Amount
1	Improvement of Water Supply	300.00
2	Integrated Sewerage System	113.06
3	Maintenance of Roads and Bridges	177.95
4	Public Toilets with Water Facility @ Rs. 10 lakh per ULB	10.30
5	Housing to Urban poor to make cities slum free	150.00
6	Environment Improvement	1.20
7	Storm water drain	15.00
8	Maintenance and improvement in Street Lighting	90.00
9	(i) Const. of Children's Park @ of Rs. 500000/- per ULB for 103 ULB	5.15
	(ii) Remuneration to Gardeners for five years @ 2100 per month	1.30
10	(i) Construction of Auditorium -cum- Culture Center for 100 ULBs @ Rs. 50 lakh per ULB.	50.00
	ii) Provision of Chairs, Tables, Electrification, Fans, Audio System and Screens @ of Rs. 50 thousand per year for five years	25.00
11	Development of Bus Stand and Parking Facilities @ Rs. 50 lakh per ULB for 100 ULB excluding the Corporation	50.00
12	Construction of Kalyan Mandap in 100 ULBs excluding the Corporations @ Rs. 50 lakh per ULB (The ULBs receiving funds have to contribute 10% of the allotted amount i.e Rs.5.00 lakh	50.00
13	Market yard (for 100 ULBs) excluding the Corporations @ Rs. 6.50 lakh per ULBs	6.50

Sl.No.	Purpose	Amount
14	(i) KIOSKS for 100 ULBs Municipalities - 3 Kiosks each @ Rs. 3.00 lakh NACs - 2 Kiosks each @ 2 lakh	5.70
	(ii) Purchase of Hardware and peripheral @ Rs. 50 thousand per Kiosks	1.17
	(iii) Remuneration to operators (to be apportioned by ULBs)	4.21
15	Tribal Museum@ of Rs. 55 lakh per Museum	6.60
16	Drainage facilities for Balasore Municipality (Collector of the District should associated with the project to ensure quality & efficiency)	10.21
17	Development of Forest Park at Kuchinda NAC (Collector of the District should associated with the project to ensure quality & efficiency)	1.56
18	Underground Drainage Construction - Jeypore Municipality.	2.00
19	E Governance	8.30
20	Contribution to Pension Fund	35.00
	TOTAL	1120.21

9.9 Recommendation of Grants-in-aid in favour of PRIs.

9.9.1 The Commission recommends continuance of grants-in-aid in respect of following schemes/programmes with increase of Kendu Leaves grant from Rs.10 crore to Rs.20 crore.(paragraph 6.6.1)

(i)Sairat,	1.00 cr.
(ii)Kendu Leave Grant,	20.00 cr. (As against Rs.10 cr.)
(iii) Land Cess,	15.00 cr.
(iv)Grants under Minor Forest Produce	1.00 cr.
(v)Grants towards Entertainment Tax.	0.15 cr.

Total **37.15 cr.**

Requirement for five years comes to Rs.185.75 cr.

9.9.2 The Commission has analysed Minor Forest Produce in the light of the Scheduled Tribes and other Traditional Forest Dwellers (Recognition of Forest Rights), Act, 2006, Provisions of Panchayats (Extension to Scheduled Areas), Act, 1996 and the Orissa Grama Panchayat (Administration of Minor Forest Produce) Rules, 2002 and interacted with elected representatives, officials, NGOs and labourers engaged in K.L trade. The Commission recommends the following;

- (i) Left out items like cane, brush wood, stumps and tassar should be included in the list of Minor Forest Produce. Local names and scientific names of each item of MFP should also be mentioned in the list of MFP.

The present policy of State control over K.L and bamboo may continue as a transitional measure. (Paragraph 6.6.9(i))

- (ii) Following Acts and Rules should be amended consistent with FR Act and PESA Act. (Paragraph 6.6.9(ii).
 - a) The Orissa Forest Produce (Trade Control) Act,1981 and Rules, 1983.
 - b) The Orissa Kendu Leaves (Control of Trade) Act, 1961 and Rules 1962.
 - c) The Orissa Forest Act, 1972 and Rules 1985.
 - d) The Orissa Timber and Other Forest Produce Transit Rules, 1980.
 - e) Bihar & Orissa Excise Act, 1915.
 - f) The Orissa Excise (Mohua Flower) Rules, 1979.
 - g) The Orissa Grama Panchayat (Administration of Minor Forest Produce) Rules, 2002.
- (iii) Ownership of Grama Panchayat and Grama Sabha over Minor Forest Produces should be clearly defined consistent with section 4(m) (iv) of PESA Act and section 6(1) of FR Act. (Paragraph 6.6.9(iii))
- (iv) Panchayati Raj Institutions should be strengthened with field level officers deputed from the Forest & Environment Department for successfully securing individual or community right over minor forest produce and for protecting, regenerating, conserving and managing forest resource for sustainable use. (Paragraph 6.6.9(iv))
- (v) Present provision of prescribing Rs.100/- per item per annum may be amended and Grama Panchayats may be empowered to fix registration fees keeping in view availability of MFP and market rate. (Paragraph 6.6.9(v))
- (vi) A Minor Forest Board may be constituted with the responsibility of recommending new policies/policy changes to the Government for approval and implementation. (Paragraph 6.6.9(vi))
- (vii) Individuals and community traditionally dependant on MFP should be given a share of profit from K.L trade and bamboo trade, because their right over above two items is guaranteed under the F.R.A. (paragraph 6.6.9(vii))
- (viii) K.L grant may be enhanced from Rs.10 crore to Rs.20 crore per annum. 50% of total K.L. grant should be paid to registered labourers engaged in K.L. trade by depositing the individual share in the accounts opened in their names either in the post offices or Banks. Rs.1 crore should utilised for the welfare of the K.L workers. . Balance amount may be released to PRIs for protection and regeneration of MFP species, development of infrastructure which benefit the K.L. workers and MFP gatherers. (paragraph 6.6.9(vii)(a))
- (ix) 10% of the net profit accruing from bamboo trade may be paid to individuals, who are engaged in bamboo trade operation of the Government. (Paragraph 6.6.9(vii) (b))

9.9.3 The Commission recommends grants-in-aid in respect of untied fund, incentive award and celebration of Panchayati Raj Diwas as mentioned below. (Paragraph 6.7.4)

i)	Untied fund – (Each Panchayat Samiti will get an amount of Rs.35 lakh per annum)	Rs.109.90 Cr.
ii)	Celebration of Panchayati Raj Diwas At present Rs.0.40 cr. Is released per annum	Rs.0.70 Cr.
iii)	Incentive to PRIs (at present Rs.1.20 Cr. Is released annually)	Rs.3.60 Cr.
Total amount per annum :		Rs.114.20 Cr.

9.9.4 Government should continue to bear the salary component of officers and staff of PRIs **recruited** by Government, honorarium, sitting fees, T.A and D.A of elected representatives and other expenditure as usual. Total amount of Rs.293.56 crore is recommended for the purpose. (Paragraph 6.8.2)

9.9.5 Grants-in-aid to Urban Local Bodies-

(a) Rs.82.72 crore per annum is recommended towards salary and pension against present grant of Rs.41.36 crore in view of demand for revision of salary and pension in the light of recommendation of the 6th Pay Commission. (Paragraph 6.10.2)

(b) Incentive of Rs.1.50 crore is recommended for the best Municipality and the best N.A.C. (paragraph 6.10.3)

Total amount of grants-in-aid for ULBs per annum comes to Rs.84.22 cr. Total requirement for the award period comes to Rs.421.10 cr. (paragraph 6.10.4)

9.10 General Observations

The Commission recommends transfer of fund from the following sources without additional burden on the state exchequer.

9.10.1 Transfer of funds collected under Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 to PRIs and ULBs.

The Commission recommends that 50% of Cess collected under Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 should be transferred to Urban Local Bodies and Panchayati Raj Institutions for construction of houses for the workers. The Orissa Building and Other Construction Workers Welfare Board may determine the amount to be placed with Urban Local Bodies and Panchayati Raj Institutions district-wise annually.(paragraph 7.1.1)

9.10.2 TRANSFER OF FUND COLLECTED UNDER NOTIFICATION DTD. 15.1.04 OF DEPARTMENT OF STEEL & MINES TO PRIs and ULBs.

The Commission recommends that fund collected as per Notification No.SRO. 37/2004 dated 20.2.2004 of Steel & Mines Department may be transferred to concerned Grama Panchayats where mining activities are taken up. (Paragraph 7.1.2)

9.10.3 TRANSFER OF VILLAGE MARKETS FROM REGULATED MARKET COMMITTEES TO GRAMA PANCHAYATS-

The Commission has analysed provisions of the Orissa Grama Panchayat Act and the Orissa Agricultural Produce Market Acts and application of the provisions to village market and regulated market.

The Market Committee is competent to levy and collect market fees from a purchaser of notified agricultural produce marketed in the market area vide sub-rule 1 of rule 48.

Retail sale of agricultural produce by the producer shall be exempted from any fees vide sub-rule 4 of Rule 48.

Purchaser of any agricultural produce by a buyer for his domestic or household consumption shall be exempted from the payment of any fee vide sub-rule 5 of Rule 48.

Above mentioned provisions make it very clear that R.M.C is meant for wholesale trading of agricultural produce and fee is leviable on the buyer.

Grama Panchayat may levy fees-

- a) for the use of, or for the right to expose goods for sale in such market;
- b) for the use of shops, stalls and stands in such market;
- c) on vehicles (including motor vehicles as defined in the Motor Vehicle Act, 1939) or animals bringing, or on persons carrying, any goods for sale in such market;
- d) on animals brought for sale into or sold in such market; and
- e) on brokers, commission agents, weighmen and measurers practising their calling in such market.

The basic difference is that R.M.C is competent to levy and collect tax/fees from the buyer whereas Grama Panchayat is competent to levy and collect tax/fees from the seller. But in practice R.M.C collect/fees from the seller of commodities of daily consumption.

The Commission, therefore, recommends that a committee may be constituted with an Economist as Chairman and non-official persons having experience of working with farmers, traders and villagers as members to identify the markets which should continue under the control of Regulated Market Committees and the rest which should be re-transferred to Grama Panchayats. (Paragraph 7.1.3)

9.10.4 MANAGEMENT OF GRAMA PANCHAYAT PROPERTIES.

The Commission feels that 66,800 tanks of the Grama Panchayats can fetch income about Rs.30 crore from pisciculture. Similar good amount can be generated from Grama Panchayat markets, orchards, waste lands, etc. For proper management of Grama Panchayat properties, the Commission recommends the following ;(paragraph 7.1.4).

- i) The tanks, markets and waste lands should be mutated in favour of the G.Ps.
- ii) Sarpanches and Executive Officers may be personally held responsible for settlement of Grama Panchayat properties according to Orissa Grama Panchayat Act and Rules.
- iii) Sarpanches and Executive Officers may be given training about scientific management of Grama Panchayat properties.

9.10.5 The Commission recommends following measures for accrual of income and prevention of loss to PRIs.

- (i) Recovery of Departmental charges from Work Bills;**
- (ii) Recoupment of fund to Grama Panchayats by Revenue & Disaster Management Department;**
- (iii) Release of funds under B.R.G.F scheme and the 12th Finance Commission Award to Grama Panchayats.**
- (iv) Exemption of royalty from earth work; and**
- (v) Economy in expenditure relating to purchase of stores and stationeries.(paragraph 7.1.5, 7.1.6,7.1.7,7.1.8 and 7.1.9).**

9.11 EMPOWERING GRAMA PANCHAYATS AND URBAN LOCAL BODIES TO IMPOSE TAXES- The Commission recommends empowering Grama Panchayats and Urban Local Bodies to augment their own income through levy of new taxes/fees in a reasonable manner. Grama Panchayat may be empowered to levy and collect following taxes/fees. [paragraph 7.1.10(i) to 7.1.10(viii)]

9.11.1 Re-introduction of Panchayat Tax.

9.11.2 Advertisement Tax .

9.11.3 Permit fees for construction, establishment or installation of factories, workshops or work places where electricity is used.

9.11.4 Share in Cess on conversion of agricultural land for non-agricultural uses.

9.11.5 Social development and ecology protection fees.

9.11.6 Licence fees from shops:

9.11.7 Transfer of sairat sources and minor minerals to the Grama Panchayats:

9.11.8 TOLL/USER FEES FOR USING VILLAGE, G.P. AND P.S. ROADS.

9.12 RECOMMENDATIONS FOR RESOURCE MOBILISATION OF URBAN LOCAL BODIES. Urban Local Bodies which have a narrow resource base must strengthen and widen their resource base for larger revenue mobilisation. The Commission recommends empowering of ULBs to levy following taxes/fees. [Paragraph 7.1.11(i) to 7.1.11(v)]

9.12(i) PROPERTY TAX: Introduction of Unit Area Value Assessment.

9.12(ii) FINES ON UNAUTHORISED USE OF LAND UNDER THE MUNICIPAL JURISDICTION.

9.12(iii) SHARE IN CESS ON CONVERSION OF AGRICULTURAL LAND FOR NON-AGRICULTURAL USES.

9.12(iv) CAPITAL /PROPERTY TRANSACTIONS FEE.

9.12(v) TRADE LICENCE FEES.

9.13 PROVISION OF FUNCTIONARIES

The Commission recommends that Government should examine creation of Grama Panchayat Level Cadre, District Level Cadre and a State Cadre in the light of recommendations of the Ministry of Panchayati Raj. (Paragraph 7.2.2)

9.14 Government may consider the demand of the Panchayati Raj Service Engineers' Association for creation of a Cadre and promotion of Panchayati Raj Junior Engineers to the post of Assistant Engineers without further delay. (Paragraph 7.2.3)

9.15 (a) H & U.D Department, Finance Department and Revenue & D.M Department should discuss the matter jointly for creation of a Cadre of Executive Officers for the Urban Local Bodies. (Paragraph 7.2.4)

(b) A professional body may be entrusted with the task of formulating a plan relating to composition of man-power requirement of ULBs and phasing out of surplus staff keeping in view resource base of Urban Local Bodies. (Paragraph 7.2.4)

(c) It is necessary to establish a State Institute of Urban Development in the pattern of SIRD for developing training materials and for imparting training to the elected representatives with the objective of enhancing their capacity. Till it has its own campus, its activities can be located in the Gopabandhu Academy of Administration if the state so desires. (Paragraph 7.2.5)

9.16 Compliance to recommendations of the 2nd State Finance Commission-

The Commission recommends that release of fund from the State budget to the Panchayati Raj Department and H & U.D Department may be put under restriction till they comply with the recommendations of the 2nd State Finance Commission. This applies to the recommendations of the 3rd Finance Commission and the subsequent Finance Commissions. (paragraph 7.3.3)

9.17 Miscellaneous matters. The Commission requests Government to take steps for-

- (a) Computerisation of Grama Panchayat;
- (b) Capacity building of all elected representatives including Ward Members and councillors.
- (c) Strengthening of three Extension Centres of Panchayati Raj Department located at Bhubaneswar, Bhawanipatana and Keonjhar;
- (d) Oriya translation of Panchayat Laws and Municipal Laws with the vetting of Law Department.
- (e) Correspondences to Panchayati Raj Institutions and Urban Local Bodies in Oriya. Copy of correspondences to Chairpersons;
- (f) Determination of Status of President of Zilla Parishad and Mayor of Municipal Corporations; and
- (g) Designating Project Director, DRDA as the Chief Executive Officer of Zilla Parishad instead of Collector. (Paragraph 7.4.1 to 7.4.7)

9.18 Recommendation to the 13th Finance Commission- In the absence of data regarding net tax receipts, the Commission has taken average Gross Tax Revenue for the year 2005-06, 2006-07 and 2007-08 as the basis for determination of devolution of fund. 15% of the average Gross Tax Revenue (which comes to Rs.896.17 crore) has been recommended for devolution in favour of PRIs and ULBs per annum. Total sum of Rs.896.17 cr. X 5 = Rs.4480.85 cr. needs to be devolved for the period from 2010-11 to 2014-2015(paragraph 5.14(ii). The Commission requests the 13th Finance Commission to reimburse the state with Rs.4480.85 cr. during the award period in order to augment the Consolidated Fund of the state. (paragraph 5.14)

9.19 The Commission recommends the 13th Finance Commission to provide Rs.8528.07 cr. to Panchayati Raj Institutions during the award period during 2010-11 to 2014-15 for the following purposes.(paragraph 8.3)

Sl. No	Purpose	Amount (Rs. in Crore)
(1)	(2)	(3)
1	Upgradation of Rural Roads	2583.10
2	Water Supply	556.70
3	Solid Waste Management	96.00
4	Street lighting	150.48
5	Construction of burial Structure	100.75
6	Drainage & Sanitation	1575.00
7	Development of Water Bodies	165.46
8	Construction of Office building / residential quarters for the GPs and ZPs	25.53
9	Multipurpose Conference / Community Hall at Gram Panchayat level	364.66
10	Maintenance / Conservation of Minor Irrigation Projects	455.25
11	Training for PRIs Representatives	50.00
12	Creation of Storage Space	623.40
13	Herbal Garden/Environment Upgradation	540.24
14	Strengthening of information system and accounting of Panchayat Samitis and Gram Panchayats	150.00
15	Special Problem Funding in Rural Areas i) Consideration of Micro Enterprises in PESA Areas - Rs.600.00 ii) Rural Connectivity in 1966 GPs located in Scheduled Areas - 491.50	1091.50
TOTAL		8528.07

9.20 The Commission recommends the 13th Finance Commission to provide Rs.3453.55 cr. to Urban Local Bodies during the award period during 2010-11 to 2014-15 for the following purposes.(paragraph 8.4)

Sl. No	Purpose	Amount (Rs. in Crore)
(1)	(2)	(3)
1.	Improvement of water supply in Cuttack, Sambalpur and Berhampur cities	737.11
2.	Solid Waste Management	500.00
3.	Development of Sewerage System in Sambalpur & Berhampur cities	550.00
4.	Maintenance of Storm Water Drains	85.00
5.	Rain Water Harvesting Structure	50.00
6.	Conservation of Water Bodies	100.00
7.	Maintenance of Street Lighting	88.89
8.	Urban Plantation	98.80
9.	Maintenance of Non-residential buildings.	30.00
10.	E-governance	41.70
11.	Basic Services to Urban Poor (slum population)	800.00
12.	Maintenance of Roads and Bridges	372.05
	Total:	3453.55

The State Finance Commission in its meeting on the 14th January, 2010 resolves to adopt this Final Report for presentation to His Excellency, the Governor of Orissa.

Sd/-
(Sudhakar Panda)
CHAIRMAN

Sd/-
(Swapneswar Baya)
MEMBER

Sd/-
(Bijay Kumar Mohanty)
MEMBER

Sd/-
(Rabi Ranjan Mallick)
MEMBER

Sd/-
(Sailendra Narayan Sarangi)
MEMBER SECRETARY