

CHAPTER – I

INTRODUCTION

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### INTRODUCTION

1.1 Rural and Urban Local Self Government in the sense of representative organisations of the community, were the creatures of the British Government in India, starting with the Town Committees or Municipalities and District Boards or Rural Boards from the last half of the 19<sup>th</sup> Century though Corporation governments were started much earlier in the last quarter of the 17<sup>th</sup> Century. However, India had an ancient system of Village government, but it had gone into disuse and become practically defunct by that time. After Orissa became a separate state in 1936, District and local Boards with representative character and nominated unions came into being in the rural areas from 1920, following the 1919 Montague-Chelmsford Reforms. The Town Committees and Municipalities in Urban areas came into existence since 1867, starting with Berhampur and followed by Cuttack, Kendrapara, Jajpur and Sambalpur. The Grama Panchayats in their present form were constituted in 1950, after passing of the Orissa Grama Panchayat Act, 1948. The Orissa Municipal Act was also passed in 1950, regulating the functioning of Urban Local Bodies in their present shape. Until the 73<sup>rd</sup> and the 74<sup>th</sup> Constitution Amendment Acts (1992) were passed, the Urban Local Bodies and the Panchayati Raj Institutions of the State were being frequently dissolved at the will of the Government and elections were not being held in time, on one plea or the other. After the 73<sup>rd</sup> & 74<sup>th</sup> amendments of the Constitution in 1992, it became mandatory on the part of the State Government to hold elections to the local bodies at regular intervals of five years and also to transfer powers to them to function effectively and independently.

1.2 Article 243-I of the Constitution has made it mandatory on the part of State Government to constitute a Finance Commission at the State Level to review the financial position of the Panchayati Raj Institutions and Urban Local Bodies and to make recommendations regarding the principles which will govern the distribution of the net proceeds of taxes, revenue etc., levy of taxes, determination of measures for the local bodies to augment their own resources.

#### THE FIRST STATE FINANCE COMMISSION

1.3 The First State Finance Commission, as per the mandate of the Constitution was constituted on 21.9.1996 with Justice Shri Subhranshu Kumar Mohanty as Chairman and (1) Shri Bharat Chandra Mallick, Member, (2) Shri Annada Prasad Ray, Member, (3) Shri S.C. Dash, Member and (4) Shri Krushna Chandra Badu, I.A.S., Member Secretary.

1.4 The date by which the First State Finance Commission would submit their report/recommendations was fixed on 31.3.1998. The Commission could not complete the work assigned to it and so the Commission was reconstituted by the Government on 24.8.1998 with Dr. Baidyanath Mishra as Chairman and (1) Shri Bharat Chandra Mallick, Member, (2) Shri Annada Prasad Ray, Member, (3) Shri S.C. Dash, Member and (4) Shri Durga Prasad Dash, Member Secretary. The Commission completed its job in time and submitted its Report with recommendations to the Governor on 30.12.1998. The Cabinet approved the Report of the First Finance Commission on 3.2.1999. Thereafter the Report was laid in the Orissa Legislative Assembly on 9.7.1999.

1.5 The First State Finance Commission had adopted the method of collection of data in the form of questionnaire from Gram Panchayats, Panchayat Samitis, Zilla Parishads and Urban Local Bodies. The Commission had also interacted with Members of Parliament, Members of Legislative Assembly, eminent persons of the State and persons who were interested in administrative matters of Local Bodies and in the development of these democratic institutions, Academicians, researchers, politicians, peoples' representatives, media persons and virtually people from all sections of the society were invited through advertisements to give their considered opinions on issues affecting the local bodies in the state to the State Finance Commission.

1.6 Besides paying visits to other States for gathering first-hand information the First State Finance Commission had also interacted with Secretaries of different Departments of Government of Orissa, interacted with employees of Local Bodies, Collectors and other Senior Officers of the State, Officers of Finance Commission of other States, Presidents of Zilla Parishads, Chairmen and

Executive Officers of Urban Local Bodies and academicians from the colleges, universities and research institutions.

1.7 Data collected from different sources were computerized and interpreted with the help of the Naba Krishna Choudhury Centre for Development Studies, Bhubaneswar.

#### THE SECOND STATE FINANCE COMMISSION

1.8 The Second State Finance Commission was constituted vide Notification No. FC(II)-41/2001/23896/F, dt. 5.6.2003 at Appendix-I under the Chairmanship of Sri Trilochan Kanungo, Member of Parliament and with the following four members:-

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|----|--|------------------|
| 1. | Shri Nihar Ranjan Hota, I.A.S. (Retd.),<br>Ex-Principal Secretary, Panchyati Raj Department.           | Member           |
| 2. | Shri Prasanta Kumar Tripathy, I.A.S. (Retd.),<br>Ex-Director of Land Records & Survey, Orissa.         | Member           |
| 3. | Prof. Sudhakar Panda,<br>Department of Analytical and Applied Economics,<br>Utkal University.          | Member           |
| 4. | Sri Durga Prasad Dash, I.A.S.,<br>Addl. Secretary to Government,<br>General Administration Department. | Member Secretary |

1.9 The terms of reference for functioning of the Commission as specified under Paragraph 2,3,4,5,6,7& 8 of the Notification mentioned above are as follows:

1.9.1 It was contemplated in the Notification that the Chairman and other Members of the Commission including Member-Secretary shall hold office from the date on which they, respectively, assume office up to the 30<sup>th</sup> September 2003.

1.9.2 The Chairman and the other Members (except the Member-Secretary) shall render part time service to the Commission. The Member-Secretary shall render whole time service to the Commission in addition to his own duty.

1.9.3 The Commission shall make recommendations relating to the following matters.

- (a) The principles, which should govern –
- the distribution between 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-IXA of the Constitution and the allocation between the Panchayats at all levels and the Municipalities of their respective shares of such proceeds,
  - the determination of taxes, duties, tolls and fees which may be assigned to, or appropriated by Grama Panchayats, Panchayat Samities and Zilla Parishads or, as the case may be, Municipalities, and
  - the grants-in-aid to the Grama Panchayats, Panchayat Samities, Zilla Parishads or, as the case may be, Municipalities from the Consolidated Fund of the State;
- (b) The measures needed to improve the financial position of the Gram Panchayats, Panchayat Samities, Zilla Parishads and Municipalities.
- (c) Or any other matter, which the Governor may refer to the Commission in the interest of sound finance of Gram Panchayats, Panchayat Samities, Zilla Parishads and Municipalities.

1.9.4 In making its recommendations, the Commission shall have regard, among other considerations, to: -

- the revenue proceeds of the State Government and the demands thereon, on account of expenditure on Civil Administration, Police and Judicial Administration, Education, Maintenance of Capital assets, Social Welfare, Debt Servicing and other committed expenditures and liabilities;

- ii. the functions and liabilities of Panchayati Raj Institutions and, Municipalities in respect of discharging and implementing the schemes entrusted to them under article 243 G and 243 W of the Constitution;
- iii. the revenue resources of Panchayati Raj Institutions and, Municipalities at all levels for five years, commencing from the 1<sup>st</sup> April, 2005 on the basis of levels of taxation reached in 2001-2002, target set for additional resource mobilization and potential for mobilizing additional resources;
- iv. the scope for better fiscal management consistent with the need for speed, efficiency and cost effectiveness of delivery of services; and
- v. the need for providing adequate incentive for better resource mobilization as well as closely linking expenditure and revenue raising decisions.

1.9.5 The report of the Commission shall contain specific chapters, narrating;

- a. the approach adopted by it,
- b. an analysis of the resources of the State Government, and,
- c. an analysis of the resources of Panchayats at each level and also Municipalities at each level.

1.9.6 On the matters aforesaid, the Commission shall make its report by 30.9.2003 covering a period of five years commencing from the 1<sup>st</sup> day of April, 2005.

The Commission shall indicate the basis on which it has arrived at its findings.

1.10 On 1.7.2003, the new Office Building of the State Finance Commission was inaugurated by the Chief Minister of Orissa, Shri Naveen Patnaik. The Chairman and the Members of the Commission assumed their Offices and met for the 1<sup>st</sup> time on that day i.e. on 1.7.2003 to discuss the strategy to be adopted to prepare the report in time. Sri Nihar Ranjan Hota, IAS (Retd.), Member of the Commission could not attend the 1<sup>st</sup> meeting and also a few subsequent meetings as he was staying abroad during that time. He joined the Commission on return from abroad on 25.09.2003.

1.11 In order to prepare the Report of recommendation the Second State Finance Commission decided to adopt the questionnaire method of collection of relevant data from Government Offices, Offices of Panchayati Raj Institutions and Urban Local Bodies for taking up analysis of the resources of State Government, Panchyati Raj Institutions and Urban Local Bodies. The Commission also decided to contact and interact with prominent persons, economists, planners, retired Government Servants, members of different Local Bodies and politicians besides common people. The Chairman and the Members of Commission also decided to visit different places in the State with a view to acquiring direct information from people and to see the states of affair existing in the field.

## RECONSTITUTION OF THE COMMISSION

1.12 During the tenure of the Commission it was required to reconstitute the Second State Finance Commission twice. The first reconstitution was made to take in Sri Swadesh Sundar Patnaik, OFS, Additional Secretary to Government in Finance Department as Member Secretary in place of Shri Durga Prasad Dash, IAS, Additional Secretary to Government in G.A. Department on account of the latter's inability to spare time due to increase in his work-load in G.A. Department. The notification to this effect is annexed at Appendix-V.

1.13 Sri Swadesh Sundar Patnaik, OFS was subsequently sent on deputation as Finance Officer to the Mahatma Gandhi Antarrashtriya Hindi Vishwavidyalaya at Wardha by the Government of Orissa . He was relieved of his duties under Government of Orissa on 15.7.2004. For that reason it was required again to reconstitute the Commission with Sri Pradeep Kumar Panda, OAS., Commissioner for Departmental Inquiries and Additional Secretary to Government in G.A. Department as Member Secretary. The Government Notification in this regard is annexed at Appendix-VII.

1.14 It was contemplated in the Notification that the Commission would make its report by 30.9.2003. After assuming charges the Commission examined the date line fixed for submission of the reports and found that the time period allowed was too small and inadequate for preparation of a full report by 30.9.2003. The collection of data would take long time. Their analysis, visit of places, interaction with people and preparation of report would all taken together, require longer time than

contemplated in Government Notification. Accordingly it was decided to move Government to extend the tenure of the Commission till end of the December, 2004. The State Finance Commissions of other States such as Andhra Pradesh, Haryana & Maharashtra etc. were given more time extending over a period of 2-3 years for completion of the preparation of Report. Considering the work load and the time required for gathering information from different quarters, analyzing them and preparing the report Government was pleased to extend the tenure of the Commission up to end of June, 2004 in Government Notification No. SFC (II)-02/2003-50741/F.,dt 2.12.2003. The copy of the Notification is reproduced at Appendix-IV.

1.15 The Second State Finance Commission prepared an interim report containing recommendations for appreciation and consideration of the 12<sup>th</sup> Finance Commission within a very short time. The interim report (First report) was presented to the Governor on 25<sup>th</sup> October 2003. The 12<sup>th</sup> Finance Commission of India visited the State from 11.2.04 to 14.2.04.

1.16 During the tenure of the Second State Finance Commission, the General simultaneous Elections to the 14<sup>th</sup> Parliament and to the 13<sup>th</sup> Legislative Assembly of the State were held. For that reason there were a lot of activities and enthusiasm among the people in general, representatives in the local bodies and others in the rural and urban areas. It was not possible to contact them and gather information from them in the normal way. The officers and staff in the rural areas were busy for the election. The flow of information in the prescribed questionnaire was disrupted as the election related work took priority over all. The process of Election was completed during the middle of May 2004. This caused delay in receipt of information from different Gram Panchayats and other Panchayati Raj Institutions and also from Urban Local Bodies. It was not therefore possible to tabulate and analyse the data for interpretation and use in preparation of the Report. So Government were again requested to extend the time period of the Commission up to 31.12.2004. The Government was finally pleased to extend the tenure up to 30.9.2004 in Government Notification No. SFC (II)-02/2003 (pt-I) 27654 dt.26.,6.2004.

#### RULES OF PROCEDURE OF THE STATE FINANCE COMMISSION

1.17 After discussion in the second meeting held on 02.07.03, the rules of business of the Second State Finance Commission were finalised and adopted. These are as under.

- i. Formal meetings of the Commission shall be held as and when necessary for hearing evidence or for meeting representatives of the State Government, Panchayats and Municipalities and for other purposes. The time and place of such meetings shall be fixed by the Chairman.
- ii. Meetings shall ordinarily be so arranged that all the members are present. But if for any unavoidable reason any member is unable to be present, a formal meeting may still be held if at least two members, including the Chairman are present.
  - a. The Member Secretary of the Commission and such other officers as the Chairman may direct shall be present at the meetings of the Commission.
  - b. No verbatim record of the proceedings of the formal meetings of the Commission shall ordinarily be kept, but the Commission may direct that such a record be kept of the proceedings of any particular meeting or meetings. When no verbatim record is kept a summary of the proceedings of the meetings shall be prepared by the Secretary as soon as possible and, after verification as provided in the succeeding rule, it shall be circulated to the members of the Commission including any member who may have been absent from such meeting.
  - c. Member Secretary with the approval of Chairman will place the summaries of proceedings of meetings with senior officers representing State Government, Panchayats and Urban Local Bodies before the Commission when necessary. When a verbatim record is kept, the portion relating to each witness or member shall be shown to him for perusal.
  - d. No information relating to the meetings or the work of the Commission shall be furnished to the press by the Member Secretary or any member of the staff, except under the direction of the Chairman.

- e. The Member Secretary under the general direction of the Chairman shall be in overall charge of the office of the Commission and shall be responsible to the Commission for its proper working.
- f. All communications from the Commission, other than a formal report, shall be signed by the Member Secretary or by an officer authorized by the Chairman to sign on his behalf; but no communication purporting to express the views of the Commission shall be issued except with the prior approval of the Commission obtained at a meeting of the Commission or, if so directed by the Chairman, by circulation among the members.

The Member Secretary shall keep the Commission informed from time to time of all important matters affecting the Office of the Commission.

1.18 The Commission designed a set of questionnaires for collection of information/ data from different Panchayati Raj Institutions and Urban Local Bodies for analysis, interpretation at the time of preparation of report and recommendation. The questionnaires were sent to different quarters requesting for information as mentioned under the paragraphs below:

#### COLLECTION OF DATA FOR ANALYSIS:

1.19 The Director of Panchayati Raj/ Director Municipal Administrator/ Collectors of all Districts of the State were requested in Letter No. 31158/ SFC dtd. 16.07.03 to submit list of schemes being operated through Panchayat Samities and funding arrangements and procedures for implementation, with relevant circulars containing instructions and guidelines prescribed by Government. Information was received from Director, Panchayati Raj, Director Special Project, Panchayati Raj Deptt., Financial Adviser-cum-Joint Secretary to Govt. H. & U.D. Deptt., N.A.C. Tarava, Collector Nuapada, Collector Deogarh and ADM Mayurbhanj only.

1.20 The Chief District Medical Officers of all the Districts of the State were requested vide this Office Letter No. 37401/ SFC dtd. 25.08.03 to submit information in the prescribed questionnaire meant for health and allied activities. As no information was received from CDMOs in time, the Director, Health Services, Orissa was requested vide this office Letter No. 37497/ SFC dtd. 26.08.03 to issue suitable instructions to the CDMOs to furnish information at an early date. When no information was received, the Chairman, State Finance Commission drew the attention of the Hon'ble Minister, Health vide D.O. Letter No. 43704/ SFC dtd. 10.10.03. Thereafter information from 18 CDMOs out of 30 CDMOs in the State was received.

1.21 The Chairman Second State Finance Commission along with Hon'ble Chief Minister and Chief Secretary had a Video Conference with 3 Revenue Divisional Commissioners on 21.11.03. Among other matters, the position of furnishing of data by different officers was discussed. The defaulting officers were directed to furnish the data/information without delay.

1.22 All Collectors/Sub-Collectors of the State were requested in Letter No.29297 (88)/SFC dtd. 05.07.03 to furnish information about NGOs functioning under their jurisdiction. The Commission received information only from Sub-Collector Panposh, Pallahara and Baragarh. Similarly, the Commission received information from Collector, Jajpur, ADM Deogarh, District Social Welfare Officer Deogarh and District Social Welfare Officer, Koraput.

1.23 A separate questionnaire on Government land as approved and adopted was sent to all Tahasildars of the State vide this office Letter No. 30488/ S.F.C. dtd. 11.07.03. They were requested to furnish information on land matters in the prescribed format by 31.07.03. But the response was poor. Out of 169 Tahasildars in the State only 100 Tahasildars furnished information and the rest 69 Tahasildars did not respond.

1.24 Project Officers, DRDA / Project Administrators of ITDA were requested in Letter No. 29308/ SFC dtd. 05.07.03 to furnish a list of schemes executed by them or through Panchayati Raj Institutions. Information from 9 DRDAs and 6 ITDAs only was received.

1.25 All Deputy Directors of Agriculture of the State were requested in Letter No. 30597/ SFC. Dtd. 14.07.03 to furnish information in respect of agriculture sector of the district in the prescribed format. Out of thirty Deputy Directors of Agriculture, only four furnished information.

1.26 Lead Banks of different Districts were requested vide this office Letter No. 30790/ SFC dtd. 15.07.03 to furnish status report of various districts containing the credit flow, deposits and advance position for preceding 3 years and to furnish information as per the questionnaire sent to them. Similarly, Chief General Manager State Bank of India, Local Head Office, Bhubaneswar and Regional Managers / Zonal Managers of Bank of India/ State Bank India/ Indian Overseas Bank/ Union Bank of India/ United Commercial Bank of India were requested vide this office Letter No. 31161 dt. 16.07.03 and Deputy General Manager-cum-Convenor SLPC, Orissa, Bhubaneswar for submission of information on credit flow, deposits and advances position in the State. Only a few replies were received.

1.27 NABARD was also requested vide this Office Letter No. 31163 dt. 16.07.03 to send a status report indicating the credit flow position of the State by the end of March 2004. No reply was received.

1.28 Director, Institutional Finance, Finance Department was requested vide this office Letter No. 31791/ SFC dt. 21.07.03 to furnish status report of various districts containing the credit flow, deposit and advance position for preceding 3 years. Information from Under Secretary (Institutional Finance) Finance Department was received in this respect.

### VISIT INSIDE THE STATE

1.29 With a view to acquiring first-hand information regarding the functioning of different Panchayati Raj Institutions and Urban Local Bodies in various parts of the State, the Chairman and the Members of the Second State Finance Commission decided in their Meeting held on 18.7.2003 to go on field visits individually and also in a body to different Panchayati Raj Institutions and Urban Local Bodies situated in the State in order to acquire first hand information of the financial condition of the Institutions and their functioning. The Chairman and the Members thus made joint as well as individual visits to different places on the dates mentioned against each as narrated in succeeding paragraphs. During their visits the Commission made in depth studies on the functioning of Panchayati Raj Institutions both in developed areas and Tribal Sub Plan areas; regarding availability and adequacy of resources from Government and other sources for taking up development projects and for rendering other social services in the area. It was decided that the Chairman and the Members of the Commission would make field visits. The Commission also had a chance of interacting with persons involved directly in the management of these institutions.

1.30 Sri P.K. Tripathy, Member visited the districts of Ganjam, Kondhmal and Boudh from 31.7.2003 to 7.8.2003 and the districts of Kalahandi, Bolangir, Sambalpur, Baragarh, Nuapada and Suvarnapur from 20.08.2003 to 01.09.2003. He visited Zilla Parishad Office, Sambalpur, Sambalpur Municipality, Maneswar Panchayat Samiti, Dhama Gram Panchayat, Bargarh Municipality, Paikamal Panchayat Samiti, Paikamal Gram Panchayat, Bargarh Zilla Parishad Office, Kharirar Road N.A.C., Komna Panchayat Samiti, Kalahandi Zilla Parishad Office, Bhawanipatna Municipality, Utkela Gram Panchayat, Kesinga Panchayat Samiti, Bolangir Municipality, Sonapur Municipality etc. He discussed and interacted with the concerned Collectors, Project Directors, DRDA, Executive Officers of Urban Local Bodies, Chairperson and elected Members of Panchayat Samities, Gram Panchayats etc. During the first visit of Shri Tripathy, he visited Boudh NAC, Phulbani NAC, Boudh Panchayat Samiti, Khajuripada Panchayat Samiti, Sheragada Gram Panchayat, Hinjilikatu Panchayat Samiti and N.A.C., Berhampur Municipality, Puruna Cuttack Gram Panchayat etc. He discussed and interacted with the Collectors, Administrators, the Executive Officers and other Officers of N.A.C. regarding financial matters and with the Chairman, Vice Chairman and Members of Zilla Parishad, Panchayat Samities and Sarpanches and Ward Members etc. He also visited Kamaladihi Gram Panchayat of Narasinghpur Panchayat Samiti and Narasinghpur Panchayat Samiti of Cuttack District. He made a thorough examination on the spot of the various problems existing there and has suggested ways for their solution. He has given detailed account of his observations interactions during his tour and suggestions regarding augmentation of resources of Local Bodies in the concerned area in his visit report.

1.31 Prof. Sudhakar Panda, Member visited districts of Bhadrak, Balasore and Mayurbhanj from 1.8.2003 to 8.8.2003. He also visited the districts of Angul, Deogarh, Jharsuguda, Sundargarh and Keonjhar from 20.8.2003 to 29.8.2003. During his tour Prof. Panda visited Angul Municipality, Zilla Parishad Office, Pallalagara Panchayat Samiti, Khamara Gram Panchayat, Deogarh Municipality,

Deogarh Zilla Parishad, Tileibani Panchayat Samiti, Jharsuguda Zilla Parishad, Municipality, Belpahar NAC, Laikera Panchayat Samiti and Laikera Gram Panchayat, Rourkela Municipality, Sundargarh Zilla Parishad, Kutra Panchayat Samiti, Kutra Grama Panchayat, Sundargarh Sports Hostel, Keonjhar Municipality, Keonjhar Zilla Parishad, Dhankikota Grama Panchayat and Ghatgaon Panchayat Samiti. Earlier Professor Panda visited Bhadrak Municipality, Bhadrak Zilla Parishad, Banta Panchayat Samiti, Rahanj Gram Panchayat, Basudevpur NAC, Simulia Panchayat Samiti, Purusottampur and Abjhuna Gram Panchayats, Balasore Municipality, Balasore Zilla Parishad, Balasore Panchayat Samiti, Nilagiri NAC, Baripada Municipality, Rairangpur NAC, Baripada Zilla Parishad Baripada Panchayat Samiti, Betanoti Gram Panchayat etc. During his visit he discussed and interacted with the concerned Collectors, Project Directors, District Panchayat Officers, Zilla Parishad Presidents, Executive Officers of the Municipalities and NACs, Chairpersons of Municipalities, NACs and Panchayat Samities, Sarpanches and other members of Urban Local Bodies and Gram Panchayats regarding functioning of Municipalities, NACs, Panchayat Samities and Gram Panchayats. Prof. Panda held rounds of discussions with all concerned officials and functionaries regarding the financial position of the Municipalities and Grama Panchayats. Suggestions and proposals were invited for augmentation of resources of Local Bodies and emphasis was also placed on proper and efficient utilization of resources available with them. His observations were discussed in detail in the subsequent meetings of the Commission. Dr. Panda also visited Balasore to have a discussion with the Sub-Collector & Chairman and other functionaries of the Regional Marketing Committee, Balasore regarding the problems faced by the Grama Panchayats in revenue sharing with the R.M.C. He visited the Purusottampur Grama Panchayat to see the working of a regulated market and had discussion with the Sarpanch and others about the possibilities of enhancing their receipts from the regulated market.

1.32 Sri D.P. Dash, Member Secretary visited Puri and Dhenkanal districts from 25.08.2003 to 29.08.2003 and Gajapati and Rayagada Districts from 4.8.2003 to 7.8.2003. He studied the resource position of Panchayat Samities, Gram Panchayats and Municipalities during his tour. He also discussed with the Collector, Gajapati, Collector, Rayagada, the President and Members of the Zilla Parishads of Rayagada and Gajapati Districts, the Chairman of Kashinagar Panchayat Samiti, Sarpanch of Hatashesakhal Gram Panchayat etc. He has given a detailed account of his observations and suggestions on resource mobilization for meeting the requirement of Local Bodies, transfer of sairats to Local Bodies etc. in his tour report.

The Members and Member Secretary have submitted their reports after visiting the districts describing in details their experience and feelings during the visit.

1.33 During the period from 22.11.2003 to 28.11.2003 the Chairman, Sri Trilochan Kanungo, Sri N.R. Hota, Sri P.K. Tripathy and Dr. S. Panda visited districts of Gajapati, Rayagada and Koraput and discussed their problems with the Collectors, Project Directors and also interacted with Zilla Parishad President, Chairman of different Municipalities, N.A.Cs etc. They visited Koraput Zilla Parishad, Ramanaguda Panchayat Samiti of Rayagada district and Gosani Panchayat Samiti, Dambal Gram Panchayat, Paralakhemundi, Urban Local Bodies of Gajapati district and had a wide range of discussion with respective Collectors & other district level officers, non-officials including Chairmen, Vice Chairmen and Sarpanches etc. of respective Zilla Parishads, Panchayat Samities and Gram Panchayats of above three districts.

1.34 As assigned, Sri P.K. Tripathy, Member visited Kamaladihi Gram Panchayat of Narsinghpur Block (from 8.12.2003 to 15.12.2003) in Cuttack district and made intensive study on the working of the said Gram Panchayat. He has, after his visit, given an elaborate note of his findings and experiences.

1.35 Sri N. R. Hota Member, visited Puri Municipality and Baripada Municipality from 16.12.2003 to 18.12.2003 and from 9.3.2004 to 11.3.2004 respectively and made an intensive study on working/functioning of these two Municipalities and has furnished exhaustive reports on his visits.

1.36 The Chairman & Members of the 2nd State Finance Commission visited the Districts of Jajpur & Kendrapara from 20.2.2004 to 24.2.2004. They visited Zilla Parishad, Jajpur, Jajpur Municipality, Vyasanagar N.A.C., Danagadi Panchayat Samiti & Pankapal Grama Panchayat. The Commission also visited Kendrapara Zilla Parishad, Kendrapara Municipality, Rajnagar Panchayat Samiti, Dangamal Grama Panchayat & Pattamunde N.A.C. and held detailed discussions with the officers and non-official members.

## INTERACTION WITH DIFFERENT PERSONS

1.37 The Commission decided to have a series of discussions and interaction with different categories of persons connected with local self-governance; namely, Government Officers, Employees of the Local Bodies, Ministers and the Office bearers of Urban and rural Local Bodies of the State. To start with two meetings were convened on 26.7.2003 in the Conference Hall of the Finance Department. Among others, the Secretaries and Directors of Panchayati Raj Department and Housing and Urban Development Department attended the meeting. The points mentioned below were discussed along with other issues on the subject.

- i. Submission of ATR on the recommendation of the 11<sup>th</sup> Finance Commission and 1<sup>st</sup> State Finance Commission.
- ii. Submission of reply to the questionnaires sent to Gram Panchayat, Panchayat Samities, Zilla Parishads and Urban Local Bodies.
- iii. Functioning of Panchayati Raj Institutions and Urban Local Bodies with respect to Article 243 G and 243 W of the Constitution along with powers and functions enumerated in the respective Acts.

1.38 The Finance Department convened a meeting on 27th September 2003 for discussion regarding recommendations to be made to the 12<sup>th</sup> Finance Commission during their visit to Orissa. The meeting was convened by the Finance Minister with the intention of eliciting the suggestions and opinions of eminent persons, academicians, politicians, journalists and people from different walks of life regarding mobilization of resources and preparation of Orissa's case for the 12<sup>th</sup> Finance Commission.

1.39 During February 2003, the Chairman & Members of the Commission interacted with the Chairman & Members of the 12<sup>th</sup> Finance Commission at Bhubaneswar during their visit to the State and presented the views of the State Finance Commission on their recommendations to the 12<sup>th</sup> Finance Commission.

1.40 Dr. Sudhakar Panda, Member of the Second State Finance Commission attended the National Seminar at NIRD, Hyderabad on 21<sup>st</sup> & 22<sup>nd</sup> October 2003.

1.41 On 7.12.2003 the Chairman and Members of the Commission (except Dr. S. Panda and Sri P.K. Tripathy) had a discussion with Agriculture Production Commissioner, Shri Sanjib Chandra Hota, IAS, Secretary Panchayati Raj Department, Sri Surendra Nath Tripathy, IAS and other Officers of Panchayati Raj Department on the present functioning of PRIs, implementation of various schemes, utilization of funds and about the inbuilt monitoring mechanism and the mechanisms of regulating different activities of the Panchayati Raj Department at Rajiv Bhawan.

1.42 Dr. S.K. Panda, Member, Second State Finance Commission attended the 1<sup>st</sup> interaction training programme of Chairmen, Vice Chairmen of Panchayat Samities on 17.12.2003 in the State Institute of Rural Development (SIRD) organized by Panchayati Raj Department.

1.43 The Commission had also interaction and discussion with the Officers of Health and Family Welfare Department, Women and Child Development Department, Housing and Urban Development Department and Panchayati Raj Department on different dates as mentioned below:

Sl.	Date	Time	Name of the Officer who took part in the meeting.	Department
1.	16.06.2004	11.00 AM	1. Shri Bijaya Ch. Jena, IAS, Additional Secretary. 2. Dr. M.M.Debta, Joint Director, Health Services. 3. Dr. Gitarani Mohanty, Joint Director (R.H.)	Health & Family Welfare Department
2.	17.06.2004	11.00 AM	Smt. Aparajita Sarangi, IAS, Director, Social Welfare	Women & Child Development Department.
3.	31.08.2004	11.30 AM	1. Shri R.N. Senapati, IAS, Principal Secretary 2. Dr. B.K. Das, Director, Family Welfare 3. Dr. P.K. Senapati, Director, Health Services	Health & Family Welfare Department

Sl.	Date	Time	Name of the Officer who took part in the meeting.	Department
4.	02.09.2004	3.00 PM	1. Shri Surendra Nath Tripathy, IAS, Commissioner-cum-Secretary 2. Shri Swapneswar Baya, IAS, Director, Panchayati Raj	Panchayati Raj Department
5.	03.09.2004	3.00 PM	Smt. M. Rajlaxmi, IAS, Principal Secretary	Housing & Urban Development Department

1.44 The Commission visited Cuttack Municipal Corporation on 24.8.2004 and interacted with the Mayor, Deputy-Mayor, Commissioner, Corporators and the employees of the Municipal Corporation. Similarly, the Commission interacted with the Mayor, Deputy-Mayor, Commissioner, Corporators and the employees of Bhubaneswar Municipal Corporation on 10.9.2004 with a view to discussing their financial position and efforts to be made for resource mobilization and other relevant aspects.

#### VISIT OUTSIDE THE STATE

1.45 In order to acquaint themselves with the resources position, levy of taxes, different modes of organization of resources, manner of functioning etc. of Local Bodies in other States of the Union, the Commission visited the States of West Bengal, Karnataka & Kerala from 1.7.2003 to 11.7.2003 and held discussions with the Ministers, Secretaries and other officials of concerned Departments. The Commission visited the Zilla Parishad in Barasat & Municipality in Bhadreswar in West Bengal, Municipal Corporation, Zilla Parishad, State Institute of Urban Development & Kurugoli S.P. in Mysore and the State Planning Board in Kerala.

1.46 Shri S.S. Pattnaik, the Member Secretary visited Nagpur and had a discussion with Shri Ranjit S. Chawhan, Director General and Mrs. (Prof.) Sneha Panitkar of All India Institute of Local self-government, Nagpur regarding issues involving Local self-government, and State finances. He also studied the financial position of Nagpur Municipal Corporation and prepared a report after his visit.

1.47 The Chairman visited Mumbai during the period 8.3.2004 to 12.3.2004 for interacting with the Minister Urban Development Department and Secretaries of Finance, Urban Development and Rural Development Departments regarding strategy taken by the State of Maharashtra for mobilization of the resources of the Rural and Urban Local Bodies, for creation and maintenance of infrastructure in rural and urban area of the State and for improving the living conditions of people residing there.

#### MEETINGS OF THE COMMISSION

1.48 The Commission met at different times for deciding strategy, issuing questionnaires, discussing issues, preparing an Interim Report for the 12<sup>th</sup> Finance Commission, deciding the places / institutions to be visited, interactions with different Departments and preparing the Final Report and Recommendations. During the tenure of the Commission, they had seventy-one such sittings.

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