

CHAPTER – XI

SUMMARY OF RECOMMENDATIONS

Chapter – XI of the Report of the Second State Finance Commission

SUMMARY OF THE RECOMMENDATIONS

“True democracy cannot be worked out by twenty men sitting at the Centre. It has to be worked from below by the people of every village.” Again, “Rights accrue automatically to him who duly performs his duties. In fact the right to perform one’s duties is the only right that is worth living for and dying for. It covers all legitimate rights.”

Mahatma Gandhi

The empowerment of the Panchayati Raj Institutions and Urban Local Bodies, now emphasized by the Constitution is only a blending of what Gandhiji said then in different hue and words. In the preceding Chapters, the Commission have discussed and elucidated the different aspects of such empowerment and the crises encountered by the local bodies, wherever possible with data and vivid analysis. This Chapter attempts a summation of all the Key Points of discussions and final Recommendations made by the Commission in the various Chapters of the Report. Briefly, they are:

(i) FUNCTIONS AND FUNCTIONARIES FOR PANCHAYATI RAJ INSTITUTIONS:

The mandate assigned by the 73rd amendment of the Constitution to endow the Panchayati Raj Institutions with such powers and authority as may be necessary to enable them to function as institutions of self-government can be fulfilled only if they are strengthened with the support of appropriate functionaries at different levels. The devolution of powers to Panchayati Raj Institutions so far made is limited to (a) some sort of accountability of certain officials to the different tiers without any disciplinary liability, (b) visits to some of the Government offices / Institutions by the head of the concerned PRI (c) transmission of performance reports relating to some officials and (d) sanction of casual leave to the heads of few such offices of different levels. The Commission have felt that such devolution of powers is only a beginning and the real is yet to follow. The Commission recommend the Government to take up further devolution of functions and functionaries to the PRIs in the real sense of the term and make it meaningful. An Activity Mapping has been tabled in the recommendations clearly depicting different activities that can be entrusted to the three different levels of the P.R.Is concerning the 29 items in Schedule-IX of the Constitution. [Chapter-IV, Para – 4.47]

(ii) Empowerment of the PRIs is not meaningful as long as the officials of different levels of the P.R. system are not brought under the control of the PRIs. The Constitution does not intend to make the PRIs mere deliberative bodies. They have to be effective and have to exercise financial and administrative powers on which depends the success of the Panchayati Raj System. Hence, the Commission have recommended that along with the activities delineated under the Activity Mapping adequate gripping power over the functionaries of the concerned 21 Departments of the Government (Table No-4.A) should also be given to the PRIs to enable them to function as “Institutions of Self-Government”. More specifically, powers like Performance Appraisal, Supervision and Monitoring, Power to call for report / Information, Routine Administrative Control Powers, Powers of Imposition of Minor Penalties and Powers to Sanction Development Works are recommended for making the empowerment efficacious. (Chapter-IV, Para 4.53 to 4.58).

(iii) MERGER OF D.R.D.A. WITH Z.P:

The D.R.D.As were created in the Country for the sole purpose of implementing and monitoring the 'Poverty Alleviation Programmes'. But under the Constitution (Seventy – third Amendment) Act, 'Poverty Alleviation Programme' is a function that should be assigned to the PRIs. Hence, for doing away with a dual system, the Commission recommend for complete merger of the D.R.D.A. with the Z.P., with a full time Executive Officer for the Z.P. (Chapter-IV, Para 4.52).

(iv) STRINGENT PUNISHMENT FOR UN-HYGIENIC AND UNCLEANLINESS HABITS IN URBAN LOCALITIES:

Maintenance of hygiene and cleanliness is the most important function of Municipal governance. The Urban – dwellers and the floating population in the Urban areas should refrain themselves from making the public streets / roads / parks and drains unclean. To inculcate this habit, provision of stringent punishment should be made against wrong doers both in the Indian Penal Code and Municipal Laws of the State. (Chapter-IV, Para-4.59)

(v) SOLID WASTE MANAGEMENT AND SANITATION IN URBAN AREAS:

Solid waste Management is an important area where skill and sincerity are an imperative need. Availability of funds, exposure, experience and expertise of cleaning personnel are pre-conditions to the effective handling and success of the scheme. It is necessary to create awareness among the people to keep the houses, compounds, drains, etc clean. Anti-Mosquito activities such as spread of M.L. oil, etc should be a regular process. All concerned need be alerted to keep the towns clean and mosquito free. The Commission recommend the State Government to provide necessary training, expertise and assistance to the staff and beneficiaries for mosquito and fly eradication in the urban areas, through the respective elected councils (Chapter-IV, Paras 4-59 to 4-67).

(vi) SURVEY OF ROADS, DRAINS AND SEWERAGES IN URBAN AREAS:

The Urban roads in the State are in shabby condition. The streets look unkempt with overhead wires and open drains. The Commission recommend the State Government to take steps to have detailed survey and investigations done and cost estimates prepared for making the urban roads black-topped / cement concrete and for proper laying & under-ground drains and sewerages, in all U.L.Bs, as a first step for arranging funds, for thwarting health-hazard and environmental deterioration. (Chapter-IV, Paras-4.68 to 4.71)

(vii) PROPER MAINTENANCE OF ROADS AND DRAINS BY THE ELECTED COUNCILS:

Adequate funds may not be available for rebuilding all the roads and drains, in the near future. But, further deterioration of these assets has to be prevented. The Commission, therefore, recommend that the roads belonging to different line Departments lying within the jurisdiction of U.L.Bs be handed over to the concerned U.L.Bs with funds equivalent to last three years average expenditure on such roads for proper upkeep and maintenance. (Chapter-IV, Para 4.68 to 4.71).

(viii) STREET LIGHTING IN U.L.BS:

Secured and dependable quality of electricity supply is necessary in the cities and towns not only for quality of life but also for development of the secondary sector for economic growth. The Commission recommend that the State Government, the Elected Councils / Corporations and the Electricity Supply Company of the town / city must sit periodically to chalk out programmes for keeping the streets well lit and to draw up plans for underground electricity cabling. (Chapter-IV, Para-4.72)

(ix) SAFE DRINKING WATER:

Provision of Safe Drinking Water is a statutory function of the Urban Local Bodies, both under the Constitution and the Municipal Laws. The Commission recommend that the function of providing safe drinking water and the functionaries, particularly technical and funds now spent on this account on an annual average of last 3 years, should be transferred to the respective Urban Local Body for effective supply, service and maintenance. (Chapter-IV, Para-4.73 to 4.74)

(x) IMPROVING FACILITIES IN THE PRIMARY SCHOOLS IN U.L.BS:

The Local Bodies, though not experts in education and educational administration, are conscious and aware of the fast deterioration of the standard of education at formative stages and witness the deficiency in the provision of infrastructure. The Commission recommend that the Local Bodies must find funds and commit themselves to provide a nutritious lunch to the poor children after proper identification. The Ward Member / Councilor / Corporator should control and manage the programme and should be officially accountable. Two pairs of school dress for each of them along with learning materials should be provided. The regular attendance of such children should be ensured by schoolteachers as well as the Ward Member / Councilor / Corporator. Proximity of the teacher to the school need be ensured. Whenever possible, Music teachers, Sports and Art teachers should be provided fully or on part time basis to the schools and playgrounds should be developed. The G.P./ Town must prepare an advance action plan for such education programme and the programme should be closely monitored by the Panchayat Samiti / Municipal Council apart from the Educational officers. All money released by the Ministries and Departments of the Central and State Government in charge of welfare of S.Cs and S.Ts, towards education should be channelised through the local bodies. (Chapter-IV, Paras 4.75 to 4.85).

(xi) ACTIVITY MAPPING FOR URBAN LOCAL BODIES:

The Commission recommend an Activity Mapping for Urban Local Bodies, keeping in view the items listed under Schedule-XII of the Constitution, to facilitate proper devolution of functions and functionaries to the U.L.Bs to enable them to become 'Institutions of Self-Government'. (Chapter-IV, Para 4.87) The Commission further recommend that the State Government should make 'necessary and unambiguous' provisions for carrying out and implementing the constitutional mandate of entrusting the responsibilities of 'Urban Planning including town planning', and 'Regulation of land-use and construction of buildings' to the U.L.Bs, as spelt out in the first two items of the Twelfth Schedule. All Development Authorities, Water and Sewerage Boards, Town Planning Organizations, PHD and Water Supply Departments etc should be kept under one umbrella of the respective Local Body and all such institutions ought to be accountable to the concerned Local Body.

(xii) ESTABLISHMENT OF A STATE INSTITUTE OF URBAN DEVELOPMENT:

Training is an essential requirement for increasing efficiency. The Commission recommend to establish a State Institute of Urban Development on line with the State Institute of Rural Development to impart regular training to functionaries at different levels and on different subjects. (Para 4.87.24)

(xiii) RECOMMENDATIONS FOR RESOURCE MOBILISATION OF THE PANCHAYAT RAJ INSTITUTIONS

Panchayati Raj Institutions in the State are impoverished. Prosperity cannot keep company with them unless they themselves endeavour to enrich their corpus. There is no point in day dreaming without efforts and beyond one's capabilities. It is the responsibility of the State Government to provide scope for an elastic revenue base to the PRIs and in turn the PRIs have to leave no stone unturned to collect revenue. When they need more they must aim at getting more. Kautalya has pointed out a Calf thirsting for milk does not hesitate striking at the udder of the mother. In this back ground

and fully aware of the poverty condition of the people and the usual resistance of people to any sort of taxation, the Commission recommend certain taxation measures under Chapter –VI for augmenting the internal revenue of the Panchyati Raj Institutions. These are the following –

1. Reintroduction of Panchayat Tax (Para –6.27 to 6.28)
2. Turnover Tax on Commercial Agricultural Farms (Para 6.29)
3. Livestock Registration and Development Fee (para 6.30)
4. Capital/ Property Transaction Fee (Para 6.32)
5. Population Welfare Cess (Para 6.33)
6. Pisciculture Cess (Para 6.35)
7. Education, Environment and Health Care Cess on Industries (6.37)
8. Education, Environment and Health Care Cess on Mines (Pare 6.38)
9. Education, Environment and Health Care Cess on Ports and Jetties. (Para 6.39)
10. Education, Environment and Health Care cess on Power Plants (Para 6.40)
11. Parking Fees (Para 6.41)
12. Licence Fees from shops on the basis of turn over (para 6.42)
13. Toll fees for using village, G.P. and P.S. Roads (Para 6.46)
14. Local Body Cess by Forest Corporation for Kendu Leaves Collected (Para 6.47)
15. Local Body Health Fees from Private Hospitals and Nursing Homes (Para 6.48)
16. Pilgrim Fee (Para 6.49 to 6.50)
17. Turn over Tax on Minor Forest Produce. (Para 6.52 to 6.53)

(xiv) TRANSFER OF MARKETS UNDER THE REGULATED MARKETING COMMITTEES TO GRAMA PANCHAYATS

Markets and fairs are now constitutional responsibility of the PRIs as they find place in schedule –IX of the Constitution. To enable them to discharge such responsibility, the Commission recommend to repeal the Orissa Agricultural Produce Markets, Act, 1956 and to transfer all markets now managed by the Regulated Marketing Committees to the concerned G.Ps. (Para –6.43)

(xv) TRANSFER OF SAIRAT SOURCES AND MINOR MINERALS TO GRAMA PANCHYATS.

Government are now transferring the Sairat income to the PRIs through a lumpsum arrangement. For want of proper watch and ward, the Sairat sources do not yield much revenue now. After examining pros and cons, the Commission recommend that existing Rules regarding Sairat sources and Minor Minerals may be amended and all such sources situated within the area of Grama Panchyats may be transferred to the control and management of the respective Grama Panchayats, to put an end to the 'dual authority' arrangement now prevailing.(Para-6.44 & 6.45)

(xvi) FEE FOR BIRTH AND DEATH CERTIFICATE

Maintenance of vital statistics including registration of birth and death is now a function of the ULBs. Though this function does not find place in Schedule XI, the Commission feel that such statistics can be very easily collected by the G.Ps. in the monthly meetings of the villages and kept up-to-date by the ' data bank ' of the G.P. The Commission have also found that such arrangement exists in many of the States in the country. Hence, the Commission have recommended that the Executive Officer of the G.P. be declared as the Registrar / Sub-registrar of Births and Deaths and authorized to issue Birth and Death certificates by collecting prescribed fee for issue of such certificates (Para 6.51)

(xvii) SHARING OF NET INTERNAL INCOME BY THE THREE TIERS OF THE PRIs

Since the Panchayat Samites and the Zilla Parishads have no power to levy and collect any tax or fees, etc. the Commission recommend that each G.P. should contribute 5 percent of its net internal income to the concerned Panchayat Samiti and another 5 percent to the concerned Z.P., for strengthening their internal income and the three tier structure (Para 6.56)

(xviii) RESOURCE MOBILISATION OF URBAN LOCAL BODIES

Like the Panchayati Raj Institutions the Urban Local Bodies in the State are also starving for funds and have no expandable tax- base. The Commission for the same reasons recommend (in Chapter-VI) for the following taxation measures in respect of the U.L.Bs.

1. Possession Tax on encroached land (Para 6.68 to 6.69)
2. Turnover Tax on Commercial Agricultural Farms (Para 6.70)
3. Livestock Registration and Licence Fee / (Para 6.71)
4. Capital / Property Transaction Fee. (Para 6.73)
5. Population Welfare Cess (16.74)
6. Pisciculture Cess (Para 6.75 to 6.77)
7. Education, Environment and Health Care Cess on Industries. (Para 6.78)
8. Education, Environment and Health Care Cess on Mines. (Para 6.79)
9. Education, Environment and Health Care Cess on Ports & Jetties. (Para 6.80)
10. Education, Environment and Health Care Cess on Power Plants. (Para 6.81)
11. Parking Fee. (Para 6.82)
12. Licence Fees from shops on the basis of annual turnover. (Para 6.84)
13. Local Body Health Fee from Private Hospitals and Nursing Homes. (Para 6.88)
14. Pilgrim Fee (Para 6.89)

(xix) TRANSFER OF MARKETS UNDER THE REGULATED MARKETING COMMITTEES TO THE U.L.BS.

For the same reasons as assigned for transfer of Markets under the R.M.Cs to the G.Ps, the Commission also recommend to transfer the markets now under the management of the R.M.Cs. to the concerned Urban Local Bodies. (Para -6.85)

(xx) TRANSFER OF SAIRAT SOURCES AND MINOR MINERALS TO THE U.L.Bs.:

The Commission also recommend transfer of all the Sairat Sources and Minor Minerals to the concerned U.L.Bs for the same reasons given in respect of such transfer to the PRIs. (Paras – 6.86 & 6.87)

(xxi) IMPLEMENTATION OF CIRCULAR ON DEVOLUTION OF POWERS TO PANCHAYATI RAJ INSTITUTIONS

The Commission were happy to notice that the Chief Secretary of the State in his circular No.6886 / Ps dt.4.7.2003 has issued a set of instructions assigning definite functions and functionaries to PRIs and desired that the Departments concerned should ensure implementation of the same. One year after issue of the circular when the Commission wanted feedback from the concerned Departments, they were dismayed to find that only two Departments implemented the instructions while two Departments replied back negatively and no reply was received from the rest. The Commission, therefore urge upon the Government to look into this seriously and take steps to make the Chief Secretary's circular operational. (Chapter-Vii, Para 7.6)

(xxii) INCREMENT IN TRANSFER OF ENTRY TAX TO U.L.BS:

Octroi Tax was the main source of internal income of all the U.L.Bs. After its abolition w.e.f.1.12.1999, the U.L.Bs have languished more and their dependence on the State Government has increased. The 10 percent annual increase in the transfer of Entry Tax to them is neither commensurate with the rate of inflation nor with the total amount collected by the Government towards Entry Tax. The Commission, therefore, recommend an annual increase of 20 per cent for the Award period, in place of the prevailing annual increase of 10 per cent in favour of all the U.L.Bs. (Chapter-7, Para 7.10)

(xxiii) CHANGE OF BUDGET HEADS IN RESPECT OF EMPLOYEES OF C.D. BLOCKS:

Since the employees of the C.D. Blocks are performing all the functions of Panchayat Samites, the Commission recommend to change the nomenclature of the budget heads 2515 and 2501, in consultation with the Accountant General, to bring them under the Panchayati Raj Department for the purpose of clarity. (Chapter- 7, Para 7.21)

(xxiv) EXTENT OF STATE REVENUE TO BE DEVOLVED TO THE PRIS AND ULBs :

For lack of authentic figures of 'net proceeds' of own tax revenue of the State, either with the Accountant General or with the State Government, the Commission have resorted to the gross proceeds of such revenue for determining a base for devolution of funds to the Local Bodies as well as for recommending Grants-in-Aid. The Commission recommend 10 per cent of the average of State's Gross Own Tax Revenue from 1999-2000 to 2001-2002 which comes to Rs.211.83 crore for devolution to Panchayati Raj Institutions and Urban Local Bodies, each year, during the Award period from 2005-06 to 2009-10. (Chapter-7 Para 7.27)

(xxv) PROPORTION OF DISTRIBUTION OF DEVOLVABLE FUNDS BETWEEN PRIS AND ULBS AND PUNCTUALITY IN RELEASE:

The Commission recommend that the Devolvable Funds every year should be allocated to Panchayati Raj Institutions and Urban Local Bodies in the ratio of 80:20. Further, it is necessary that the Local Bodies get the devolved funds punctually on fixed dates for smooth running of their business and day-to-day work. Accordingly, it is recommended that the amount devolved should be released in three instalments during the 2nd week of April 1st week of August and 1st week of December, every year. (Chapter-7, Para 7.28) Thus, Panchayati Raj Institutions are to get a total amount of Rs.169.464 crores and Urban Local Bodies Rs.42.366 crores, every year. Besides, transfers on account of Salaries, Allowances, T.A., Telephone, HRA, Vehicles, etc. shall also flow to the respective tier of PRIs independent of the funds recommended for devolution. The Commission further recommend that the 12th Finance Commission should reimburse the amount of Rs.211.8 crore (i.e.Rs.1059.15 crore for the 5 years of Award period) in order to augment the Consolidated Fund of the State to supplement the depletion of resources on account of transfer of a percentage of the tax revenue to the Local Bodies. The Commission also recommend that the funds i.e. share of Gross Own Tax revenue of the Local Bodies, meant for devolution may not form a part of the Consolidated Fund of the State. (Chapter- VII, Para- 7.28)

(xxvi) DEVOLUTION OF FUNDS TO PANCHAYATI RAJ INSTITUTIONS FOR VARIOUS PURPOSES:

Efforts made without means is like subjecting sand to high pressure for extracting juice. Nothing can be achieved without resources. If one is desirous of getting flowers he should go on watering the flowering trees. If work is expected from the local bodies they have to be provided with resources and nothing should be expected as long as they languish for funds. No State Government has got vast resources and wealth to satisfy the entire human wants, which are unlimited. Hence, the Commission have carefully selected the most essential functions, like Primary and Secondary Education, Health Care, Drinking Water, Watershed Development Management, etc as the key areas for funding, out of the Devolved Resources. These are:

1. KNOWLEDGE AND SKILL EMPOWERMENT OF THE PEOPLE:-

The PRIs have been created to function as dependable vehicles for development and establishment of equity. There will be genuine realization of the objectives when both the Government (i.e. officials) and the governed are fully aware of their respective areas of duties and responsibilities and work in union with mutual trust to achieve the end. The end is disastrous if they act with mistrust

and in conflict with each other. The Commission, therefore, recommend that in each of the villages of each Grama Panchayat there must be a regular monthly interaction meeting, the broad objectives of which are to impart information based knowledge, develop participatory habits, transfer knowledge from lab to land, flow of skill and expertise from subject experts to the people, cross-checking of quality and quantity of work done, etc. Such regular meetings, interactions and participation will deepen the roots of democracy and will provide equal opportunity to the poor and make them aware of their inalienable rights to education, health, employment, etc. and help develop participatory functioning at the grass root democracy. The Commission recommend an amount of Rs.0.75 lakh per G.P. per year i.e. Rs.46.755 crore per annum for the 5 years of Award Period) for the purpose of such knowledge and skill empowerment through monthly interaction meetings in every village. (Chapter-7, Paras 7.31 to 7.50)

2. DATA BANK: -

Data Bank is an essential component for any type of planning including planning for social justice. The Commission have felt lack of data i.e. village or G.P. level data as a major constraint in the field of planning. To overcome this difficulty, an amount of Rs.0.25 lakh per G.P. per year i.e. Rs.15.590 crore per year for the 6234 G.Ps. is recommended for appointment of a person as 'Data Bank' and publication of an annual G.P. profile regularly (Chapter-7, Para 7.51)

3. DISASTER RELIEF AND MANAGEMENT:

It is a primary responsibility of the Grama Sasan to ensure that no body in the G.P. dies of starvation. The G.Ps have the responsibility of providing emergent relief at the time of natural calamity, etc. In view of these, an amount of Rs.0.25 lakh per G.P. per annum is recommended i.e. Rs.15.590 crore for all the 6234 G.Ps. (Chapter-7, Para 7.53)

4. STRENGTHENING FUNCTIONAL LITERACY THROUGH THE PRIMARY AND SECONDARY SCHOOL STRUCTURE:

The rate of functional literacy is not yet assessed in the State. It is natural that it is much lower compared to literacy. Time has come to think about improving functional literacy. The Panchayats have also to concern themselves with the quality of education in Primary Schools, keeping in mind not literacy but functional literacy. Deficiencies in maintenance of buildings and classrooms, supply of teaching-aids and equipments, library books etc. should be the responsibility of G.Ps. Similar requirement of Secondary Schools should be taken care of by the Zilla Parishads. The Commission recommend an amount of Rs.5.4 crores for all the G.Ps. in a year and Rs.4 crores for all the Z.Ps. per annum for such purposes. (Chapter-7, Paras 7.58 to 7.66).

5. HEALTH CARE:

Health is an important dimension of human development. Improvement in health care facilities and health status of the people, particularly of the poor living in rural areas is a major responsibility of the State. The State has the highest infant Mortality Rate and Maternal Mortality Rate. Population per bed in hospitals is also the highest. Public spending on health is the minimum. The poor have very poor access to health services. The Commission, therefore, recommend a sum of Rs.30.40 crores for the 5 years of the Award period for providing Mobile Health Units to the Panchayat Samites to make health services reach the poor in every nook and corner. The Commission recommend to cover all the Panchayat Samities in a phased manner by providing funds spreading over the entire period of 5 years. (Chapter-7, Paras 7.67 to 7.79)

6. DRINKING WATER:

The Commission are of opinion that the villages having no source of drinking water should be provided with atleast one source on priority basis so that this basic amenity is available to the people.

A total amount of Rs.2 crore per annum i.e. Rs.10 crore for the Award period is recommended in favour of the Zilla Parishads, for this purpose. (Chapter-7, Para 7.80)

7. WATERSHED DEVELOPMENT & MANAGEMENT:

Low irrigation coverage is a major constraint in the growth of agricultural production. For augmenting irrigation facilities the Commission recommend to provide Rs.30 crore each year to the Panchayat Samities (i.e. Rs.150 crore for the Award period) for developing watersheds to boost agricultural production. (Chapter-7, Paras 7.81 to 7.82)

8. WOMEN LITERACY IN TRIBAL AREAS:

It is noticed that 39 Panchayat Samities in the State having substantial tribal population have atrociously low literacy rate among S.T. women. The Commission, therefore, recommend devolution of Rs.9.75 crores at the rate of Rs.1.95 crore per annum to promote literacy among the school going children, particularly female children in these blocks, for utilization on schemes that shall ensure attendance of school going children from every home. (Chapter-7, Paras 7.83 to 7.88)

9. INFRASTRUCTURE FOR NEWLY OPENED G.P.S:

980 newly opened G.Ps have no office building, furniture, etc. It is recommended to provide these G.Ps with Rs.11.76 crores in the 1st year of the Award period for such purpose. (Chapter-7, Para 7.89)

10. BOATS FOR RIVERINE G.P.S:

The large number of rivers and streams in the State cause frequent floods every year and prevent all weather communication facilities. Flood rescue operations in such areas also become difficult for want of boats. It is recommended to provide funds to such riverine G.Ps. for country boats at the rate of Rs.10000/- per boat. An amount of Rs.3 crore may be made available for this purpose during 2005-06 only. (Chapter-VII, Para-7.90)

11. LIBRARY-CUM-READING ROOM AT P.S. HEADQUARTERS:

Necessity of library and reading rooms needs no emphasis. The Commission recommend an amount of Rs.21.58 crores spreading over the period of 5 years for construction of buildings for such purposes and for providing books and journals and personnel for running the libraries. (Chapter-7, Paras 7.91)

12. INCENTIVES FOR THE PERFORMING G.P.S:

Rs.1.20 crore per annum from the 3rd year of the Award period i.e. a total of Rs.3.6 crores is recommended in favour of the Z.Ps, for awarding incentives to the first, second and third G.Ps in each district (Chapter-7, Para 7.92)

13. UNTIED FUNDS TO THE PRIS:

For the purposes of maintenance of drinking water schemes, sanitation, livestock improvement, electricity charges, maintenance of productive assets, maintaining vital statistics, etc untied funds at the ratio of 50:30:20 is recommended to the Z.Ps, P.Ss. and G.Ps. respectively, as follows, for the total period of 5 years.

Z.Ps: -	Rs. 85.330 cr.
P.Ss:-	Rs. 51. 197 cr.
G.Ps:-	Rs. 34. 133 cr.

Total:- Rs.170.660 cr.
(Chapter-VII, Para-7.93 And Table No.7-S)

(xxvii). DEVOLUTION OF FUNDS IN FAVOUR OF URBAN LOCAL BODIES

Out of the total amount of Rs.211.83 crores for devolution in each year, 20% i.e. Rs.42.366 crores (or say Rs.42.37 crores) is to be allocated in favour of the U.L.Bs. The Commission recommend to allocate such funds for the following purposes. (Chapter-VII, Para- 7.99)

1. PROVISION OF PUBLIC TOILET COMPLEX:

It is unfortunate that open-air defecation is still a habit of the people, even in urban areas. This is mostly due to non-existence of sanitary and septic latrines in the dwelling houses of the poor. There is a need for modern community toilets with self-flushing arrangements in every sector of urban areas. Accordingly, it is recommended to provide Rs.7.20 crores to the 103 Municipalities and N.A.Cs excluding the two corporations, in the first year for construction of 180 numbers of public toilets at a cost of Rs.4 lakhs each in the first year of the Award period and Rs.0.90 crore during each of the following four years for their day-to-day management and maintenance. The total expenditure on this account for the 5 years comes to Rs.10.80 crores. (Chapter-VII, Para- 7.100 to 7.102)

2. PROVISION OF TOWN HALL AND LIBRARY:

A Town Hall is the gift of the ULB to its residents where all thinking people get together, voice their opinion and exchange ideas. For this purpose, a total amount of Rs.14.42 crores is recommended as follows for the total period of five years for the 103 Municipalities and N.A.Cs, excluding the two corporations. (Chapter-7, Para 7.103 to 7.108)

(a) Construction of buildings @ Rs.10 lakhs	Rs. 10.30 crore only in the 1 st year
(b) For books and periodicals @ Rs. 1 lakhs	Rs. 4.12 crore from 2 nd to 5 th year

Where there is provision of proper Town Hall and Library, the amount provided should be spent for the purpose of heritage protection and / or preservation and development of culture.

3. UN-TIED FUNDS FOR THE ULBS: -

For the purpose of providing basic civic amenities on the priorities specified, the ULBs need some un-tied funds. Accordingly, the Commission have recommended Rs.1 crore to each of the two Municipal Corporations per year (i.e. Rs.10 crore for the Award period) and to distribute the balance among the Municipalities and N.A.Cs on the weight age of 40 per cent on density of population, 30 per cent on number of holdings and 30 per cent on revenue collection efficiency. Accordingly, the balance share of Municipalities and N.A.Cs comes to Rs.22.866 crores in 2005-06 and Rs. 38.436 crores in each of the 4 subsequent years i.e. Rs.176.610 crores for the 5 years. (Chapter-VII, Para-7.110)

(xxviii) GRANTS-IN-AID FOR THE PRIS AND ULBS:

Apart from Devolution of Funds, the Commission recommend grants-in-aid to the Local Bodies out of the Consolidated Fund of the State as assistance for discharging various functions and responsibilities entrusted to them under the Constitution and the respective Laws of the Local Bodies. 10 percent of the Gross Own Tax Revenue of the State for the year 2002-03 minus the Devolvable amount i.e. Rs.171.47 crores (Rs.383.30 – Rs.211.83) is recommended towards Grants-in-aid for different specific problems as follows.

Table No. – 11 A

(Rs. in crores)

Sl.	For Panchayati Raj Institutions	For One Year	For the 5 years of Award period
1.	For maintenance of Accounts in G.Ps through outsourcing @ of Rs.5000/- per G.P. per year. (Chapter-VIII, Paras 8.5 to 8.24)	3.117	15.585
2.	Aforestation and Plantation		
	(a) To 6234 G.Ps.of Rs.50,000/- per G.P per year (Chapter-VIII, Paras 8.25 to 8.33)	31.170	155.85
	(b) To 314 P.Ss @ of Rs.1 lakh per year	3.140	15.700
3.	Herbal / Medicinal Plants / Agro-forestry Project by Z.Ps. (Chapter-VIII, Paras 8.34 to 8.41)	0.900	4.500
4.	Welfare of the Physically & Mentally Retarded (Chapter-VIII, Paras 8.42 to 8.54) through-		
	(i) Z.Ps, @ Rs.10 lakhs		
	(ii) Municipal Corporations @ Rs.5 lakhs.	4.170	20.850
	(iii) Municipalities having more than 1 lakhs population @ Rs.2 lakhs		
	(iv) Municipalities / N.A.Cs having less than 1 lakh population @ Rs.1 lakh		
5.	Employment Guarantee Scheme (Chapter-8, Paras 8.55 to 8.68)	79.700	398.500
		122.197	610.985
6.	Primary and Secondary Education – For meeting deficiencies in maintenance of School Buildings, Library, Laboratory, teaching aids, etc. (Chapter-VIII, Paras 8.70)	4.160	20.800
	(i) To 6 Municipalities with population of mere than 1 lakh @ of Rs.6 lakh.		
	(ii) To 95 ULBs with population of less than 1 lakh @ of Rs.4 lakhs		
7.	Health and Sanitation – Supply of reagents, preventive drugs and medicines and for establishment of Out-door / Maternity and Child Care centres etc. @ Rs.4.73 lakh for 6 Municipalities with population of more than 1 lakh and @ Rs.2.56 lakh for 95 ULBs with population of less than 1 lakh. (Chapter-VIII, Paras 8.71)	2.72	13.58
8.	Solid Waste Management (Chapter-VIII, Paras 8.72 to 8.74) @ Rs.1 crore to 6 ULBs per year for covering 30 ULBs during the Award Period.	6.00	30.00
9.	Specific Projects deserving special consideration (Chapter-VIII, Paras 8.75 to 8.87)	12.012	60.06
	Sub-Total	24.888	124.440
10.	Specific Projects recommended for funding from Twelfth Finance Commission (Chapter-X)	24.386	121.930
	Sub-Total	49.274	246.370
		Or say 49.273	
	GRAND TOTAL: -	171.471	857.355

(xix) CONSTITUTIONAL AND STATUTORY AMENDMENT REGARDING CONSTITUTION OF STATE FINANCE COMMISSION

There is no provision in the Constitution regarding synchronization of the recommendation periods of the National Finance Commission and the State Finance Commission. Besides, Article - 243-I stands as a barrier to constitute the State Finance Commission earlier than the expiration of the fifth year from the date of constitution of the former Commission. The Commission recommend to initiate necessary action for removing these deficiencies. (Chapter-IX, Paras-9.2 to 9.4)

(xx) DISAGREEMENT WITH THE OBSERVATIONS OF THE 11TH FINANCE COMMISSION TO AMEND THE PROVISIONS OF ARTICLE 280 (3) (BB) AND (C) OF THE CONSTITUTION:

The Commission recommend that the observation of the 11th Finance Commission to delete the words, "On the basis of the recommendations made by the State Finance Commissions" from the existing provision under Article-280 be resisted. (Chapter-IX, Para-9.5)

(xxi) PLACEMENT OF THE REPORT OF THE STATE FINANCE COMMISSION ALONG WITH ACTION TAKEN REPORT BEFORE THE STATE LEGISLATURE WITHIN SIX MONTHS:

It is recommended that statutory provisions be made for placing the reports of the State Finance Commission along with Action Taken Report before the State Legislature within six months from the date of submission of the Report to the Governor. (Chapter-IX, Para-9.7)

(xxii) It is also recommended that after expiry of the term of different Finance Commissions, a skeleton S.F.C. Branch be allowed to continue for monitoring implementation of various recommendations and collecting information, etc from the U.L.Bs. (Chapter-IX, Para-9.8)

(xxiii) The Commission recommend to provide one V.L.W. or V.A.W. to each of the G.Ps on whole time basis exclusively as E.O and the G.Ps may be given powers to exercise adequate control over them, for ensuring accountability. (Chapter-IX, Para-9.9 to 9.14)

(xxiv) It is recommended for constituting a strong cadre of officers for the U.L.Bs with proper training facilities for them to have the required expertise in urban development and management. (Chapter-IX, Paras- 9.15 to 9.21)

(xxv) It is also urged upon the Government to appoint an Expert Committee to study the man power requirements of all the U.L.Bs and to suggest a staffing pattern, recruitment procedure, etc. (Chapter-IX, Paras- 9.22 to 9.24)

(xxvi) The Commission have elaborately discussed the status and constraints prevailing in Public Distribution System in the State and have recommended to revamp the system by involving Panchayati Raj Institutions. (Chapter-IX, Paras-9.25 to 9.35)

(xxvii) The Commission, apart from the total amount of Rs.1059.15 crores meant for devolution during the Award period, has recommended the Twelfth Finance Commission for funding certain special problem areas at a total cost of Rs.121.93 crores only. Details of these are given under Chapter-XI. The Commission, thus, has recommended the Twelfth Finance Commission for replenishing a total amount of Rs.1181.08 crores.

(xxviii) Last but not the least is that the Commission sincerely recommend the Government to arrange Oriya rendering of the whole report of this Commission and to make it available to all the Panchayati Raj Institutions and Urban Local Bodies within one year of submission of the report.

The State Finance Commission in its meeting on the 29th September, 2004 resolve to adopt this Final Report for presentation to His Excellency, the Governor of Orissa.

Sd/-
(TRILOCHAN KANUNGO)
CHAIRMAN

Sd/-
(NIHAR RANJAN HOTA)
MEMBER

Sd/-
(PRASANTA KUMAR TRIPATHY)
MEMBER

Sd/-
(DR. SUDHAKAR PANDA)
MEMBER

Sd/-
(PRADEEP KUMAR PANDA)
MEMBER SECRETARY
