

Summary of Recommendations

Review of the Status of Rural Decentralized Governance and Devolution in Chhattisgarh

1. The Commission recommends that the State Government should issue guidelines/orders for effective co-ordination between Committees established in PESA Area and Gram Panchayats/Gram Sabhas. **(Para 4.35)**

2. An Inter Departmental Committee Meeting was held in Chairmanship of Chief Secretary of Chhattisgarh on 15.12.2016. While reviewing the status of delegation of Powers the PRIs, it has been observed that most of the departments have not implemented the notified Activity Mapping of the proposed entrustment of 29 subjects to PRIs and those who have taken the initiative, most of them have not transferred funds, functions and functionaries to these institutions.

Hence, the Commission is of the view that there is need to implement the Activity Mapping notified by the P&RD Department with full spirit.

The Commission recommends that Chhattisgarh Government should constitute a High Powered Committee of Secretaries of the concerned line departments under the Chairmanship of the Chief Secretary, Government of Chhattisgarh, to oversee the entire process of delegation/devolution of funds, functions and functionaries to the PRIs to suggest remedial and corrective measures to strengthen the local governance system. **(Para 4.40)**

3. The Commission also recommends that the Chhattisgarh Government should take necessary steps for completing the Activity Mapping process in a time bound manner.

Para 4.41)

Financial Accountability of the PRIs

4. Vacancy in posts of Internal Audit and Taxation Assistants make it difficult for the PRIs to utilize their services.

The Commission recommends filling up vacant posts and provides them adequate trainings and infrastructure support. **(Para 5.16)**

5. The Commission recommends that at least one additional staff should be posted having basic knowledge of accounts and computer to all the Gram Panchayats. **(Para 5.27)**

6. The Commission recommends that voice recording of proceedings of Gram Sabha can be done as a pilot project in some Panchayats. This will enhance trust and transparency in working of Gram Sabha. **(Para 5.28)**

7. The Commission recommends that necessary steps should be taken by the State Government to maintain autonomy of Gram Panchayats. For development works with funds from

other sources than NRDA, they should not be required any permission from NRDA. **(Para 5.31)**

8. The Commission recommends that allocation of more funds to the PRIs should be based on normative and transparent considerations. **(Para 5.33)**

Assessment of Physical Services Provided by the PRIs

9. The Commission recommends that an incentive should be given to the tune of 50% of the cost of water purification plant installed by the Gram Panchayats during award period of Third State Finance Commission for the community. Guidelines including payment procedure in this regard should be finalized by the Panchayat and Rural Development Department. **(Para 6.8)**

10. The Third State Finance Commission again recommends revising the grant once in every two years and providing it twice in a year for Nal Jal Yojana of PHE Department. The State Government should ensure the compliance of the recommendation. **(Para 6.9)**

11. The Commission recommends that an annual grant-in-aid of Rupees 5 lakhs should be given to 5050 GPs in schedule V area over the award period to strengthen basic services. **(Para 6.30)**

12. The Commission recommends that annual grant-in-aid of Rupees 20 lakhs for award period should be given to all 146 Janpad Panchayats to develop infrastructure and local requirements. 75% grant should be for infrastructure works and 25% untied grant should be given for local requirements. State Government should issue proper guidelines for untied grants. **(Para 6.30)**

Finances of PRIs

13. The Commission recommends that in every village at least one pond should be kept reserve for Nistari purposes and should not be leased out for fishing purpose. **(Para 7.4)**

14. The Commission recommends that the existing practice of involving SHGs and other groups in tax recovery process should be expanded further. **(Para 7.18)**

15. The Commission recommends that government should minimize number of schemes, as it would control the extravagance of funds and give more clarity about the target and expected outcomes. **(Para 7.28)**

General Observations on Improving Data Base, Capacity Building, Training and e-Governance in PRIs

16. The Commission recommends for women empowerment, in case of women are elected in 2/3rd or more of total posts in a Gram Panchayat, a special grant of Rs. 5.00 lakh be sanctioned to that GP. **(Para 10.3)**

17. The Commission recommends that the state should prepare E-Governance Perspective Plan for the Panchayats and make a comprehensive scheme for strengthening the process of E-Local Governance System. **(Para 10.17)**

Urbanization and Urban Governance

18. The Commission recommends that Nagar Panchayat should be constituted for 10,001 to 30,000 population; Nagar Palika Parishad for 30,001 to 2,00,000 population and Nagar Palik Nigam for more than 2,00,000 population. **(Para 11.8)**

19. The Commission also recommends that to avoid confusion with the word 'Panchayat' the name of Nagar Panchayat should be changed to 'Nagar Parishad.' **(Para 11.8)**

20. The Commission recommends for women empowerment, in case of women are elected in 2/3rd or more of total posts in a Nagar Panchyat, a special grant of Rs. 5.00 lakh be sanctioned to that NP. **(Para 11.15)**

21. Inadequate and untrained staff is seriously affecting governance of ULBs.

Commission recommends that government should take corrective measures by providing sufficient and efficient staff at all levels. **(Para 11.19)**

22. Commission recommends that Salaries and allownaces of the officers from the other departments posted to ULBs on deputation should be born by the Government, because financially ULBs are not in position to bear this expenditure. **(Para 11.19)**

23. The Commission recommends streamlining the existing cadres and constitution of new cadres where necessary e.g. accounts, revenue, environmental engineering and town planning to bring professionalism in urban management. **(Para 11.20)**

24. The gazette notification of Chhattisgarh Municipal Rajasva (Viniyamak Aayog ki Sthapna) Adhiniyam, 2011 has been published on May 11th 2011; it is observed that it is not functional at present.

The Commission recommends that Chhattisgarh Municipal Rajasva Viniyamak Aayog should be made functional immediately. **(Para 11.21)**

Assessment of Physical Services provided by the ULBs

25. To improve infrastructure, service delivery, to provide cheap public transport, efficiency of the overall mechanism should be optimal utilized, the Commission observed that in fast growing major cities of Chhattisgarh i.e. Raipur, Bilaspur, Bhilai-Durg, Jagdalpur, Raigarh and Ambikapur existence of high-rise buildings are very less. The high cost of the land is not economically viable.

The Commission recommends that in the major cities floor area ratio should be increased for all purposes. **(Para 12.16)**

Finances of Urban Local Bodies

26. Properties of educational institutions; public worship or public charity; widows or minors or persons subject to physical disability or mental infirmity; freedom fighters, retired members of defense services and their widows; blind person, abandoned women and mentally incapacitated persons; poles erected by Chhattisgarh Electricity Board and others decided by the Government of Chhattisgarh. In some cases the exemptions are conditional.

The Commission recommends that the State Government should review the provisions relating to the exemptions in the Nagar Palik Nigam Act, Municipalities Act and consider removing or rationalizing them as recommend by the 14th FC. **(Para 13.6)**

27. The Commission recommends that UA&D Department should develop mechanism to ensure that the municipal records, including PT records, are maintained and updated regularly. The UA&D Department should also ensure that the PT is revised forthwith and ensure reassessment every five years thereafter. **(Para 13.7)**

28. The Commission recommends that ULBs should accept credit cards/debit cards/net banking/UPI apps for Property Tax payments. Initially, the system may be introduced in the Nagar Palik Nigam and extended subsequently to other ULBs. **(Para 13.10)**

29. The Commission recommends that a scheme of incentives for timely or advance payment of Property Tax should be worked out and widely publicized. This will enable more and effective tax collection. **(Para 13.10)**

30. The Commission recommends that advertisement/hoarding tax should be optimally exploited to increase revenue, in larger ULBs which have potential. The UA & D Department may formulate advertisement tax guidelines to help ULBs. **(Para 13.16)**

31. The Commission recommends that to simplify the process both, shop establishment and trade licence fees should be merged, this will increase the income of the ULBs. **(Para 13.20)**

32. The Commission recommends that the ULBs must be encouraged to go for Credit Rating, their credit worthiness and make efforts to improve and be eligible to obtain loans from the financial market. **(Para 13.29)**

33. The Commission recommends that substantial number of accountants should be posted in all ULBs. Efforts should be directed to develop internal capacity of officials within a given time frame. **(Para 13.31)**

34. The Commission recommends that a onetime exercise be undertaken to take stock of assets in a standard format with the ULBs. It should involve ensuring the numbering and recording of the assets along with indication of physical location thereof for all ULBs. Standard operating procedures may be framed for maintaining records of such assets as well as disposal

thereof along with the timeframe within which it should be done in every ULBs. Specified official should be given responsibility of maintaining and updating such record. **(Para 13.32)**

35. The Commission recommends that for financial control and transparency the pre-audit system in ULBs should be adopted. **(Para 13.33)**

36. The Commission recommends that an inventory of land and tap land-based financing sources - conversion charges, betterment charges, development charges, etc; pricing of Floor Space Index (FSI) above a certain limit, within overall planning guidelines and to put in place a transparent and accountable mechanism for monetization which would contribute to creating urban infrastructure assets. **(Para 13.36)**

37. The following cash awards to ULBs are recommended as incentive for good performance:

- I. One award would be on the basis of performance in-
 - Additional revenue mobilization (excluding the income from sale of land) from own resources in one year - current financial year compared to preceding financial year.
 - Maintenance of accounts including updation of Asset Register.
 - Productive and timely use of funds.
- II. Award would be for the level of services provided in the field of-
 - sanitation
 - street lighting
 - Drainage of Waste Water
 - Disposal of Solid Waste
 - Maintenance of Public Places

The requirement of funds for awards to the Urban Local Bodies is shown in below table.

Requirement of funds for Awards

ULBs	State Level Awards	No. of Awards	Amount of Award	Total Amount (Rs. in lakh)
Nagar Palik Nigam	Category - I - 1	1	20.00	40.00
	Category - II - 1	1	20.00	
Nagar Palika Parishad	Category - I - 3	3	15.00, 10.00, 5.00	60.00
	Category - II - 3	3	15.00, 10.00, 5.00	
Nagar Panchayats	Category - I - 3	3	10.00, 7.50, 5.00	45.00
	Category - II - 3	3	10.00, 7.50, 5.00	
Total				145.00

The selection of Nagar Palik Nigam, Nagar Palika Parishad and Nagar Panchayat for awards would be done by a Committee to be constituted by the State Government. **(Para 13.39)**

38. The Commission recommends that the Ward and Mohalla Committees be incentivized for their contributions to collect 90 percent of the current demand and allocate a portion of the PT collected – say 20 to 25 percent for infrastructure provision or other services as proposed by

these Committees. This would facilitate active and effective participation of civic communities in not only mobilizing resources but also in development effort. The Commission believes, in the long run, such participatory culture would facilitate sustainable urban development.

(Para 13.40)

39. The Commission recommends that the Councilor Fund should be made from the departmental budget and not from the Infrastructure Fund.

(Para 13.41)

Best Practices of ULBs

40. The Commission recommends that the Director of urban administration and development should ensure documentation of good practices and their adoption by ULBs.

(Para 15.7)

General Reforms and SFC: Some general observations

41. The Commission recommends that the immediate introduction of e-governance in all functional areas of local bodies in a phased manner. All officials should be trained in e-governance. This will facilitated effective data management, planning and development as well as better interface with citizens leading to effective community participation.

(Para 16.4)

42. The Commission once again recommends the establishment of State Institute of Urban Management. The Commission also recommends that till the establishment of Institute, a separate wing in the Academy of Administration, Nimora Raipur be established.

(Para 16.6)

43. The Commission recommends that all central and state government schemes implemented in PRIs should be brought under social audit. The audit report should be accessible to public through Zila Panchayat website.

(Para 16.7)

44. The Commission recommends that integrated district development plan for socio-economic development should be prepared and the same should be integrated with the state development plans.

(Para 16.8)

This Commission reiterates the recommendation of the earlier Commissions that ward committees should be constituted as per the provisions of the Acts and made functional.

(Para 16.9)

45. The Commission recommends that district administration should identify the vacant land, which can be made available for infrastructure and income generation schemes to the ULBs. Vacant land should be listed, documented and thus make a "land bank" to enable district administration to proved such vacant land as soon as possible after getting requirement for the same.

(Para 16.10)

46. The Commission recommends that the State Finance Commission should be constituted timely, at least two years ahead from beginning of the award period of next Commission to avoid interim projections usually made by them. **(Para 16.11)**

47. The Commission recommends that whenever the State Finance Commission is constituted the class 2, 3 and 4 staff of the Finance Commission Cell (Finance Department) should be attached to the Commission's office. **(Para 16.12)**

48. The Commission recommends that likewise National Capital Region (NCR) a State Capital Region (SCR) should be built covering all layers of Naya Raipur (now Atal Nagar). It will make democratic and decentralized systems effective in management and administration of this area **(Para 16.14)**

49. The Commission recommends that some educational qualification should be included for candidates as compulsory qualification in Panchayati Raj institutions and urban local bodies elections. **(Para 16.15)**

Scheme of Devolution in Local Bodies

50. The Commission recommends that the share of the Local Bodies should be 9% of the Net SOTR of the state. **(Para 17.18)**

51. Of the divisible pool (9% of net SOTR), the share of the PRIs will be 6.91% and of ULBs 2.09%, on the basis of rural and urban population of the state respectively in the award period 2017-18 to 2021-22. **(Para 17.19)**

52. The district-wise allocation of funds to PRIs shall be on the basis of

1. Population (2011 Census)- weightage 60%
 2. Geographical Area - weightage 15%
 3. SC/ST population- weightage 10%
 4. Deprivation index of Social Economic Cast Census 2011 - weightage 10%
 5. Women literacy- weightage 05%
- (Para 17.22)**

53. The district-wise allocation among the three tiers of Panchayat will be: GP-80%, JP-15% and ZP-5%. Accordingly, the share of GPs, JPs and ZPs shall be Rs. 7173.52 crore, Rs. 1345.02 crore and Rs. 448.35 crore respectively over the five year award period.

(Para 17.23)

54. Each Zila Panchayat receive 5% of total allotment of the same district allocation. At present there are 27 Zila Panchayats in the state. **(Para 17.24)**

55. Out of each district allotment 15% to JPs and 80% to GPs shall be distributed among them inter se on the basis of population according to the census 2011 of the concerned JP and GP. **(Para 17.25)**

56. Third state finance Commission is of the view that population, geographical area and performance grant are the most appropriate basis for distribution among ULBs.

The Commission after examining various parameters recommended the distribution criteria and weights as follows:

1. Population (2011 Census)- weightage 70%
2. Geographical Area - weightage 20%
3. Performance Grant- weightage 10% **(Para 17.27)**

57. For performance grant devolution, same procedure and operational criteria should be used as suggested by the 14th CFC (performance grant). **(Para 17.27)**

58. As first year of the award period (2017-18) have already being passed, funds which was to be received according to the recommendations and the funds actually devolved the difference between these two would be kept in a Corpus Fund. The Corpus Fund would be created at the level of P&RD Department and U&AD Department. The fund would be mainly used to meet maintenance of core services and development of infrastructure etc. in local bodies. Rules and procedures for this purpose shall be responsibility of UA&D & P&RD Departments.

(Para 17.34)

Grant-in-Aid to Local Bodies

Below recommendations are not separate recommendations as included in concerned Chapters already.

Grant-in-aid for PRIs

1. The Commission recommends that an annual grant-in-aid of Rupees 5 lakh should be given to 5050 GPs in schedule V areas over the award period to strengthen basic services.
2. The Commission recommends that annual grant-in-aid of Rupees 20 lakh for award period should be given to all 146 Janpad Panchayats to develop infrastructure. 75% grant should be for infrastructure works and 25% untide grant should be given for local requirements. State Government should issue proper guidelines for untide grants.
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4. The Commission recommends for women empowerment, in case of womens are elected in 2/3rd or more of total posts in a Gram Panchyat, a special grant of Rs. 5.00 lakh be sanctioned to that GP.

Grant-in-aid for ULBs

Awards for Best Performance

1. The following cash awards to ULBs are recommended as incentive for good performance:

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(Rs. in lakh)

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Suggestions to 15th Finance Commission for consideration

Role of Parastatal Agencies

In all the states many parastatal agencies, development authorities, missions are working despite the presence of constitutionally elected urban and rural local bodies. Local body of the area has to bear the burden of providing basic civic amenities in the areas, developed by these parastatal agencies. Therefore local bodies found them in disadvantageous position of bearing the cost of services without getting revenues. This issue has been raised in Mayors Conference organised by the Commission.

The 15th Finance Commission may recommend the Central Government to advise the states for making such provisions, as these parastatal agencies be brought under the umbrella of elected local bodies.

Action taken on SFC recommendations

The 15th FC may consider for guiding suggestions to accept the recommendations of the SFC without modification, as is the practice in respect of the Central Finance Commission and to take action on SFC's recommendations expeditiously.

Special provision for PESA areas

Chhattisgarh has 30.62% scheduled tribe population and 5050 Gram Panchayats (46% of total Gram Panchayats) fall under PESA area. These areas are far behind in physical and social infrastructure with comparison to non PESA area.

The Commission suggests that the 15th FC should consider making special financial provisions for PESA area of Chhattisgarh State.

Special provision for Left Wing Extremist affected areas

Chhattisgarh has 14 districts fall under LWE affected area. These areas suffer from acute deficiencies in basic services and infrastructure with comparison to rest of the state. The Central assistance to state focuses in areas such as road connectivity, mobile communication connectivity, skill development etc. There is no provision for providing citizens of these areas basic civic amenities. The Commission suggests that the 15th FC should consider making special financial provisions for LWE affected areas for inclusive and sustainable growth.
