

CHAPTER 16

General Reforms and SFC: Some general observations

Introduction

16.1 Improving municipal governance, finances and delivery of efficient services has many facets. This Chapter covers some of these reforms such as e-governance, capacity building, community participation and public disclosure of information etc.

16.2 The contents of this Chapter are largely in line with recommendations of the the earlier Finance Commissions. It is felt that even though some initiatives have been taken for implementation of recommendations, but they are still in their early stages. Hence the recommendations and important suggestions with suitable modifications are given that can be implemented effectively.

Implementation Strategy

16.3 Financial Inclusion

Financial inclusion has been one of the key pillars of India's development strategy in the recent years. Financial Inclusion is the way the Governments strive to take the common man into the formal channel of economy thereby ensuring that even the person standing in the last is not left out from the benefits of the economic growth.

Financial inclusion policies have aimed at channelling and spreading formal banking system usage in the semi urban and rural areas of the country, fostering facilities for electronic payment, and making financial services more affordable.

Some of the initiatives for the unbanked sector would include Pradhan Mantri Jan dhan yojana, Common Service Centres and more.

This phenomenon of financial inclusion also helps government plug gaps & leakages in public subsidies & welfare programmes as the subsidy can directly transfer into the account of the beneficiary.

The role of local bodies for adopting a good governance framework is envisaged as:

- Aadhar based beneficiary identification.
- Entitlement confirmation of eligibility through SECC.
- Ensuring accountability through use of e-governance, GIS/Remote Sensing and Social Audit.
- Promoting low cash driven economic transaction.

e-Governance

16.4 Introduction of e-governance in ULBs will assist these bodies to improve service delivery, achieve better information management, transparency and ensure citizens involvement. As noted earlier, one major constraint faced by this Commission is the non-availability of authentic data on various aspects of finances, infrastructure, service delivery, staffing, etc., which is also affecting planning and development at the local bodies' level. Use of information technology can be said to be in a formative stages in most local bodies.

In ULBs under AMRUT reform framework introduction of modules on PT, service delivery, accounts, personnel and pay rolls, building plan approvals, project management, trade licenses, etc., is mandatory. In AMRUTMISSION cities, where these reforms are being implemented still in their infancy.

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

Capacity Building

16.5 The State Government should focus for developing the capacity of the ULBs. Effective participation and decision making requires appropriate sensitisation and exposure to various aspects of local body administration.

16.6 Capacity deficit is the single major problem resulting in poor service delivery and inability to spend the state and central grants fully. We have also observed that the Department has not fully utilised the Budget allocated to it last five years. It was as low 57.65% in the financial year 2015-16 and as high 84.43% in the financial year 2012-13. It shows lack of proper planning and utilisation of resources. (Table 16.1)

Table 16.1: Expenditure pattern of UA&DDepartment

YEAR	TOTAL BUDGET PROVISION	TOTAL EXPENDITURE	EXPENDITURE IN %
2011-12	1448.64	1137.18	78.50
2012-13	2191.22	1850.08	84.43
2013-14	2573.47	1760.65	68.42
2014-15	2384.03	1604.33	67.29
2015-16	2485.79	1433.11	57.65
2016-17	3594.42	2849.38	79.27

Source : Information provided by UADD and Audit Report.

Absence of training and capacity building compounds the man power deficiencies in the local bodies. In the case of ULBs there is no regular system of providing training and capacity building. The second SFC recommended establishing a training and research institute, namely State Institute of Urban Management.

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.

16.7 Monitoring and Evaluation

Effective planning, monitoring and evaluation system are tantamount of producing better results in the functioning of local bodies in the state. The Commission is also interested to understand that whether the local bodies have in place a framework to monitor the level of services in their jurisdiction in comparison to the minimum standards notified under various schemes and programmes implemented by them.

The Commission feels that there is need to put in place a framework to monitor financial management, service delivery, grievance redressal, transparency and accountability, etc. The Commission underpins the need to recognize the local government institutions as constitutional bodies and to empower them to grow as self-governing institutions.

The local bodies have also faced some challenges in the process of planning, monitoring and evaluation. The challenges like lack of supporting staff, lack of awareness, lack of literacy in citizens increased problems in proper planning and monitoring.

Chhattisgarh Social Audit unit was constituted in September 2013, as an independent agency work towards strengthening the social audit process in Chhattisgarh. Currently Chhattisgarh Social Audit unit is responsible for the social audit of the schemes of Mahatma Gandhi National Employment Guarantee Scheme and Indira Awas Yojana.

There is 10,971 Gram Panchayats in the state. The status of Social Audits conducted in GPs in last three financial years is given below:-

Table 16.2: Social Audit(last three years)

S.No	Year	Number of GPs in which Social Audit Conducted
1	2015-16	4640
2	2016-17	5923
3	2017-18	7059

Source: As per Website of CG Social Audit Unit

The social audit systems in GPs need to be strengthened. Compliance to the objections should be done on time bond manner.

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.

Integrated Planning

16.8 District Planning Committee meet regularly and discuss urban and rural development plans, approve projects under Backward Regions Grant Fund and other matters common to district development. But an integrated district development plans for both urban and rural areas are not prepared.

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.

Community Participation

16.9 The Nagar Palik Nigam Act (Sec.48-A and B) and Nagar Palika Act (Sec. 72-A and B) provide for the ward and mohalla committees to facilitate community participation in municipal governance to develop ownership of programs being implemented. But as for as we know, these committees have not been functional.

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.

The ULBs should undertake periodic surveys through citizen report card system and social audit to get community feedback on ULBs performance and the impact of development programs. Based on survey results, the ULBs should review the programs, their implementation and initiate corrective measures.

Urban Land

16.10 In the urban areas land is scarce. To develop their infrastructure and to generate income related to land, quick transfer of land is needed to ULBs. But practically this is not happening. The schemes of income generating which requires land become unviable due to the delay in getting land from the revenue department. In divisional meetings organized by the Commission, elected representative and officers of ULBs made repeated demands to develop a procedure for immediate transfer of vacant land for infrastructure and income generation schemes.

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 provide such land as soon as possible after getting requirement for the same.

General Observations of Third State Finance Commission

16.11 The State Finance Commissions are constitutional bodies created to review the financial status/conditions of Panchyati Raj Institutions and Urban Local Bodies and to suggest measures for strengthening these bodies. Following the 73rd and 74th constitutional amendments as means of ensuring the decentralization of governance in the country, articles 243 (I) and 243 (Y) were structured to further the process, where by State Finance Commissions are also responsible to recommend the issues like distribution of taxes, duties, tolls and fees between State and the Local Bodies and their allocation between the Panchayats and Municipalities. To undertake the assigned responsibility, the State Finance Commission should emerge as strong, independent and efficient body.

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.

16.12 Likewise previous Commissions, the present Commission also could not get the information of data required for study and analysis from the various departments. Even Commission could not get compiled data of Finance Department in time, though there is a permanent cell of Finance Commission working in the Finance Department.

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.

16.13 The Finance Commission cell of Finance Department, should insure that quarterly meetings of high power committee is organized, to monitor implementation of the recommendations of Finance Commission and also to set the methodology for implementation of various recommendations so that the local self bodies develop a system where the Finance Commission becomes more effective.

State Capital Region

16.14 There are many Gram Panchayats in Naya Raipur Development Authority main area and extention area, having democratically elected bodies.

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 systemseffective in management and administration of this area.

Election Reform

16.15 In Rajasthan and Haryana State educational qualification is included in compulsory qualification for local bodies elections.

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

Suggestions to 15th Finance Commission for consideration

Role of Parastatal Agencies

16.16 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.

16.17 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

16.18 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 appropriate action on SFC's recommendations expeditiously.

Special provision for PESA areas

16.19 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

16.20 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.