

CHAPTER 17

Scheme of Devolution in Local Bodies

17.1. As permandate of Articles 243 I and 243 Y of the Constitution of India, the State constitutes a State Finance Commission to review the financial position of the Panchayats and Urban local bodies and to recommend devolution of financial resources from the State Government to them.

17.2. The State Finance Commission's primary task is to make an assessment of the financial resources of the state as well as rural and urban local bodies and make recommendations for devolution of funds from the former to the latter. Analysis of finances of the local bodies is an important step in the estimation of the revenue gap which the financial package recommended by the Commission is meant to meet.

17.3. In this process, the State Finance Commission need to consider the template provided by the 13th Finance Commission (13th Finance Commission report, Para 10.127).

17.4. As per the above mentioned template, while assessing financial position and estimating the gap of the local bodies, the Commission has to evolve objective and transparent norms for both vertical and horizontal devolution and distribution of funds. This includes normative adjustments as well as assumptions for the same, population projections for the reference period, functional domain, general and financial norms for services and volume of financial requirements for the coming five years.

17.5. As far as the vertical distribution is concerned, the SFCs should clearly mention the heads of State Government Revenue Resources that are to be included in the shareable assigned pool. After assessing the financial position of both the state and the local bodies, the SFCs should recommend the proportion of the rural and urban local bodies in the state resources. The local bodies should know the proportion of revenue transfers as per their entitlement The Commission has to fix the norms of the horizontal distribution separately for rural and urban local bodies.

Strategy for Bridging Normative Vertical Gap

17.6. The Model Template for the SFC Report given by 13th Finance Commission is, though quite instructive, an estimation of the revenue gap is a challenge to the Commission. In the process of collection of data from the departments concerned (P&RD, UA&D and Finance Department), the Commission understood lacunae or data gaps and non availability, which the previous Commissions have encountered. Neither the concerned departments nor the Finance Department at the apex level of the State Government compiled data of PRIs and ULBs, either at aggregate or at required segregate level - in respect of the sources of income, including own sources, and disaggregated expenditure on providing basic services, etc.. The Commission's

efforts to obtain primary data from all the PRIs and ULBs through detailed questionnaires are also not encouraging. In the absence of accurate and sufficient data, working out the revenue gap with some degree of accuracy has been a difficult task. Hence maintenance of data bank with up to date information regarding their finances, accounts, audit and services provided of all tiers of PRIs and ULBs, is a dire need.

17.7. The present Commission has discussed in Chapter 7 about tax and non-tax domain of each tier of PRIs and their topographical constraints, particularly GPs, in raising their own revenues. Previous Commission mentioned the strategy of incentivizing the GPs to boost their revenue mobilizing capacity. The Commission is of the view that this strategy may not be applicable to all the districts alike. This may work in PESA districts, only with the increase in technical and administrative personnel in a phased manner. In PESA districts, much more effort in all aspects is required to bring them, at par with the other districts.

Scheme of Devolution

17.8. This Commission is to make recommendations regarding sharing of state taxes and grants to PRIs and ULBs for a period covering five years from 2017-18 to 2021-22. This, in turn, requires making projections of resources and needs for the state, PRIs and ULBs together and separately.

17.9. The Scheme of Devolution in normative terms is possible only on availability of reliable data relating to their revenues and expenditure. As has been already mentioned, in spite of the earnest efforts made by the Commission, required primary data could not be obtained, from the PRIs and ULBs. Hence, the Commission made recommendations largely on keeping the needs of the local bodies in mind.

17.10. As per the ToR, the Commission shall consider the fiscal demands on the State Government in view of the Chhattisgarh Fiscal Responsibility and Budget Management Act, 2005. Chapter 3 discuss about the financial position of the state. Though, the state has experienced revenue deficit during year 2013-14 and year 2014-15, it has recouped in the subsequent years and hope to remain so during the award period, unless there is a major setback which is not anticipated. The devolution proposed by us would not interrupt the state in following the provisions of the FRBM Act.

17.11. As it is too early to say whether GST is revenue-neutral or revenue loss. At present it is not possible to assess revenue implications and calculate the extent of compensation in case of revenue loss to the State due to the introduction of GST.

At present entertainment tax is a part of GST. After implementation of GST, the local bodies will levy this tax, so they will have an additional source of revenue, positively impacting

their prospective to generate own tax revenue. Local bodies must have effectively address issues relating to collection of this tax, i.e. willingness, capacity and efficient collection mechanism etc.

17.12. To elaborate, the net effect of the trends in revenue receipts and revenue expenditure led to revenue surplus in year 2011-12 and year 2012-13 and slipped into deficit in year 2013-14 and year 2014-15 (see Chapter 3). But subsequent years show situation of revenue surplus. The 14th Finance Commission had recommended the combined fiscal deficit of states in roadmap from 2.76 per cent of GDP in year 2015-16 to 2.74 per cent of GDP in year 2019-20. The fiscal deficit has also been maintained at a low level and has not exceeded the target of 3% as per the 13th / 14th FC. While the state's fiscal deficit for year 2015-16 is though higher than that of what was recommended by the 14 FC, it is lower in year 2016-17. This requires the attention of the State Government to follow the FRBM guidelines on one hand and smooth flow of resources to local bodies on the other. The financial position of the State continues to be sound and hope to remain so during the award period. The government should make efforts to achieve its own target of receipts especially own tax revenue set out in the budget document.

Our Approach and Recommendations on Vertical Devolution

17.13. The terms of reference (ToR) mandated the Commission to make recommendations regarding the distribution between the state and the local bodies, the net proceeds of taxes, duties, tolls and fees leviable by the State, which may in turn be divided between the local bodies at all levels of the irrespective shares of such proceeds.

17.14. As the very purpose of devolution is to ensure fiscal autonomy of the local bodies as envisaged in the Constitution and most of the other transfers are meant for specific purposes, and it do not leave any room for provision for local needs. Besides, the focus of many schemes is not on basic services but on integrated development. Hence, the Commission recommends some funds but with less strings attached. In other words, **the Commission recommends devolution would be untied to some extent i.e. 25% and 20% for PRIs and ULBs respectively.**

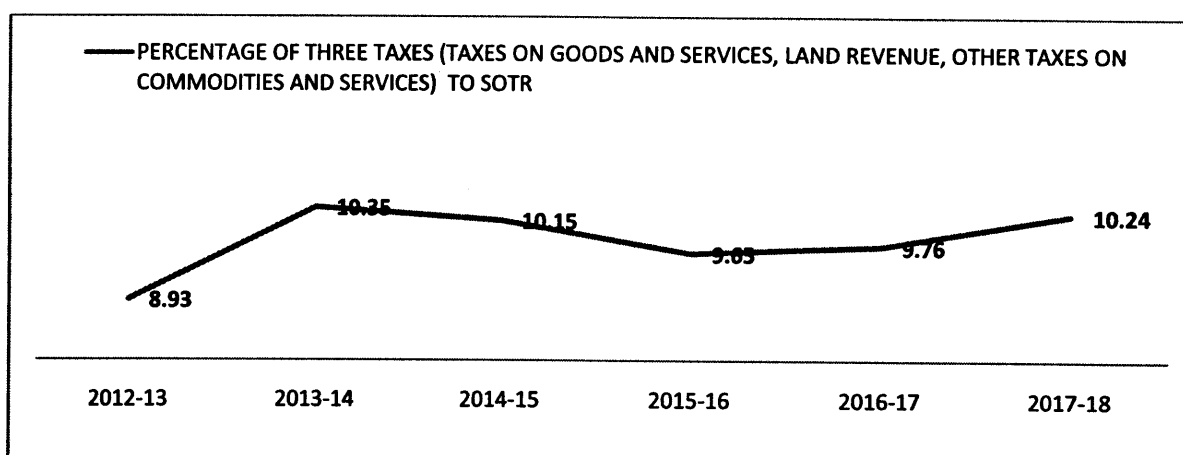
17.15. The Commission has taken only the net tax revenues of the State to be shared with rural and urban local bodies. The net tax revenues have been arrived at by deducting from the State Own Tax Revenue (SOTR) the proceeds of three taxes i.e. Land Revenue, Tax on Goods and Passengers, other Taxes on Commodity and services, which are transferred in full to the local bodies, and also the expenditure incurred in the collection of the remaining taxes is deducted from SOTR.

17.16. Using Data from year 2012-2013 onwards, the Commission has tried to analyze the past trends related to the taxes collected from these three sources to predict the future trends of collections. (Table 17.1)

Table 17.1-Taxes - Proceeds of which are transferred in full to Local Bodies

(Rs. in crore)

S NO	PARTICULARS	12-13	13-14	14-15	15-16	16-17	17-18	TOTAL
1	STATE'S OWN TAX REVENUES (SOTR)	12175.60	15300.00	17926.00	20086.00	21964.00	23421.00	110873.00
2	0042 TAXES ON GOODS AND SERVICES	805.00	1192.00	1335.00	1441.80	1564.00	1767.00	8104.60
3	0029 LAND REVENUE	275.00	376.00	460.00	496.80	550.00	600.00	2757.80
4	0045 OTHER TAXES ON COMMODITIES AND SERVICES	7.82	15.75	25.00	0.00	29.99	31.50	110.06
5	TOTAL OF ABOVE THREE TAXES	1087.82	1583.75	1820	1938.60	2143.99	2398.50	10972.46
	PERCENTAGE OF ABOVE THREE TAXES TO SOTR	8.93	10.35	10.15	9.65	9.76	10.24	9.90



17.17 The above data reveal that the five-year-average of these three taxes together constituted around 10% of the SOTR. The net SOTR was arrived at on the basis of the budgetary figures of State Government. We have therefore, projected 10% of the SOTR to be the proceeds of these three taxes. This looked like a fair assumption.

The expenditure on collection of taxes and fees is about 2%. (2nd SFC report para 18.6) The cost of expenditure incurred for collecting taxes & fees, 2% was considered for future calculations of the Net SOTR.

Table 17.2 shows projection of Net SOTR by 2nd SFC and on actual figures.

Table 17.2- Projection/Actual of Net SOTR

(Rs. in crore)

Projection of Net SOTR by 2 nd SFC							
S. No.	PARTICULARS	2012-13	2013-14	2014-15	2015-16	2016-17	TOTAL
1	PROJECTED SOTR	12175.59	14118.50	16165.80	18509.70	21193.60	82163.19
2	LESS 10% TRANSFERRED FOR 3 TAXES	1087.82	1411.85	1616.58	1850.97	2119.36	8086.58
3	LESS 2% TRANSFERRED FOR COLLECTION OF TAXES	258.32	282.37	323.32	370.19	423.87	1658.07
4	NET SOTR	10829.45	12424.28	14225.90	16288.54	18650.37	72418.54
Net SOTR on actual figures							
1	ACTUAL SOTR	13034.21	14342.71	15707.26	17074.85	18945.21	79104.24
2	LESS 10% TRANSFERRED FOR 3 TAXES	1303.42	1434.27	1570.73	1707.49	1894.52	7910.42
3	LESS 2% TRANSFERRED FOR COLLECTION OF TAXES	260.68	286.85	314.15	341.50	378.90	1582.08
4	NET SOTR	11470.10	12621.58	13822.39	15025.87	16671.78	69611.73

17.18 Third SFC recommends that the share of the Local Bodies should be 9% of the Net SOTR of the state.

This recommendation of 9% of Net SOTR devolution is 1% higher than devolution of 8% recommended by the 2nd SFC and accepted by the State Government.

The SOTR for the year 2017-18 is based on budgeted number. The SOTR for year 2018-19 and onwards is projected using a Compounded Annual Growth Rate (CAGR) of 11.80%.

The Commission also feels that the share of the fully transferred taxes to local bodies should be maintained for retaining the early quantum of funds. Since it is estimated that due to the introduction of GST in the financial year 2017-18 and others Tax Reforms which are likely to be introduced in the future years, the quantum of these taxes are likely to come down. Hence a conservative stand is taken to give the benefit of doubt to the Local Bodies.

The Commission agrees to same 2% of SOTR as the cost of expenditure for collecting the major taxes, as considered earlier.

Table 17.3 Computation of Projected Net SOTR for the Award Period

(Rs. in crore)

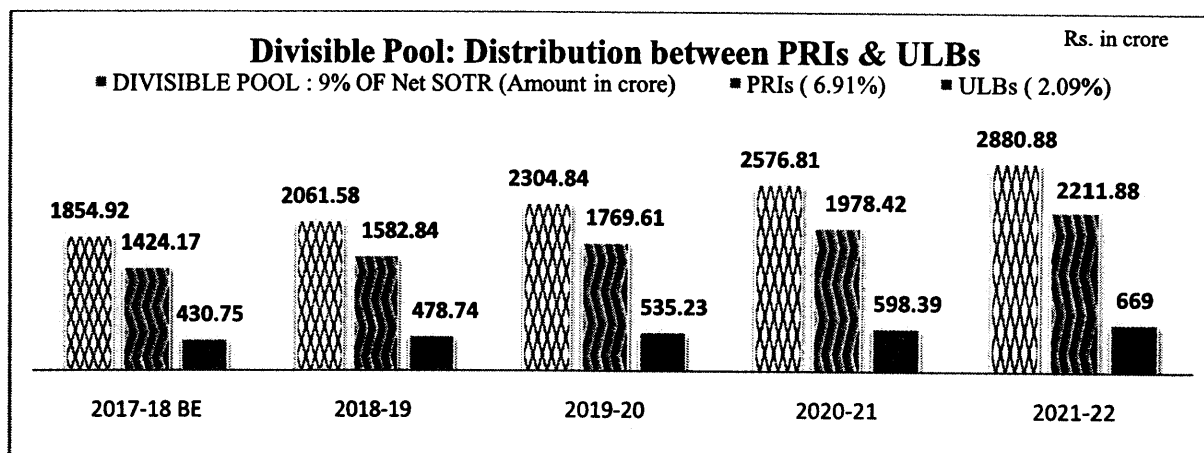
S NO	PARTICULARS	2017-18 BE	2018-19 CAGR of 11.80%	2019-20 CAGR of 11.80%	2020-21 CAGR of 11.80%	2021-22 CAGR of 11.80%	TOTAL
1	PROJECTED SOTR	23420.64	26030.00	29101.54	32535.52	36374.71	147462.41
2	LESS 10% TRANSFERRED FOR 3 TAXES	2342.06	2603.00	2910.15	3253.55	3637.47	14746.23
3	LESS 2% FOR COLLECTION OF TAXES	468.41	520.60	582.03	650.71	727.49	2949.24
4	NET SOTR	20610.17	22906.40	25609.36	28631.26	32009.75	129766.94
	DIVISIBLE POOL 9% OF SOTR FOR LOCAL BODIES	1854.92	2061.58	2304.84	2576.81	2880.88	11679.03

17.19 As per the Census 2011, nearly 76.8% of the Chhattisgarh's Population is resident of Rural Areas, and the balance 23.2% of the population is residing in the Urban Areas. Like the earlier State Finance Commissions this Commission also considered the population proportion for devolution.

The Commission recommends that 6.91% and 2.09% of the Net STOR should be devolved for the PRIs & ULBs respectively. (Table 17.4)

Table 17.4 Divisible Pool: Distribution between PRIs & ULBs

(Rs. in crore)							
S. No.	PARTICULARS	2017-18 BE	2018-19	2019-20	2020-21	2021-22	TOTAL
1	NET SOTR	20610.17	22906.40	25609.36	28631.26	32009.75	129766.94
2	DIVISIBLE POOL : 9% OF Net SOTR	1854.92	2061.58	2304.84	2576.81	2880.88	11679.03
3	PRIs (6.91%)	1424.17	1582.84	1769.61	1978.42	2211.88	8966.92
4	ULBs (2.09%)	430.75	478.74	535.23	598.39	669.00	2712.11



Devolution for PRIs

17.20. The net SOTR for the five year period proposed to Rs. 129766.94 crore. The Share of the PRIs is 6.91% (Based on Population) amounted to Rs. 8966.92 crore for the award period year 2017-18 to 2021-22 (Table 17.4)

Devolution Formula: Panchayati Raj Institutions

District-wise distribution among three tier PRIs

17.21. Distribution among PRI from the divisible pool of resources is done on socio-economic criterias like, population of SC and ST, level of women literacy to address gender sensitization, deprivation index in social -economic caste census 2011. Thus the Commission has further

enlarged the scope and recommended the parameters in addition to general population and geographical area.

17.22 The Commission after examining various socio-economic parameters recommended the distribution criteria and given weightage as follows:

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%

On the basis of the above criterias the districtwise allocation has been worked out and is given in Table 17.5. For each criterion districtwise allocation is given in Annexure 17.1 to 17.6.

Table 17.5 District-wise Allocation to PRIs

(Rs. in Crore)

Sl. No.	Districts	Percentage	17-18	18-19	19-20	20-21	21-22	Total
1	Raipur	3.99	56.84	63.18	70.63	78.96	88.28	357.89
2	Balodabazar	5.14	73.24	81.40	91.00	101.74	113.74	461.12
3	Gariaband	3.11	44.24	49.17	54.97	61.46	68.71	278.55
4	Mahasamund	4.44	63.25	70.30	78.60	87.87	98.24	398.26
5	Dhamtari	3.16	45.00	50.02	55.92	62.52	69.90	283.36
6	Durg	2.91	41.39	46.01	51.43	57.50	64.29	260.62
7	Balod	3.36	47.86	53.20	59.47	66.49	74.34	301.36
8	Bemetara	3.13	44.58	49.55	55.40	61.94	69.24	280.71
9	Rajnandgaon	5.96	84.87	94.32	105.45	117.89	131.80	534.33
10	Kabirdham	3.49	49.73	55.27	61.79	69.08	77.23	313.10
11	Bastar	3.56	50.70	56.34	62.99	70.43	78.74	319.20
12	Kondagaon	3.04	43.24	48.06	53.73	60.07	67.16	272.26
13	Narayanpur	1.40	20.00	22.23	24.85	27.78	31.06	125.92
14	Kanker	3.66	52.06	57.86	64.69	72.32	80.85	327.78
15	Dantewada	1.46	20.84	23.16	25.90	28.95	32.37	131.22
16	Sukma	1.70	24.18	26.87	30.04	33.59	37.55	152.23
17	Bijapur	1.82	25.90	28.79	32.19	35.98	40.23	163.09
18	Bilaspur	6.43	91.58	101.79	113.80	127.23	142.24	576.64
19	Mungeli	3.54	50.43	56.05	62.66	70.06	78.32	317.52
20	Janjgir-Champa	6.22	88.57	98.44	110.06	123.05	137.57	557.69
21	Korba	4.31	61.37	68.21	76.26	85.26	95.32	386.42

22	Surguja	3.73	53.06	58.97	65.93	73.71	82.40	334.07
23	Balrampur	3.75	53.40	59.35	66.36	74.18	82.94	336.23
24	Surajpur	3.61	51.39	57.12	63.86	71.40	79.82	323.59
25	Korea	2.80	39.83	44.27	49.49	55.33	61.86	250.78
26	Raigarh	6.08	86.54	96.18	107.53	120.22	134.40	544.87
27	Jashpur	4.22	60.04	66.73	74.61	83.41	93.25	378.04
	Total	100.00	1424.13	1582.84	1769.61	1978.42	2211.85	8966.85

Distribution among ZP, JP & GP

17.23. During meetings with public representatives, it was suggested that the share of GPs be reduced in favour of JPs and ZPs. As ZPs and JPs are not receiving any grant from 14thFC. After examining the issue in details the Commission increased the share of Janpad Panchayats.

The Commission recommends that the district-wise allocation among the three tiers of Panchayat will be:

- Gram Panchayat-80%,**
- Janpad Panchayat-15% and**
- Zila Panchayat-5%.**

Accordingly, the share of GPs, JPs and ZPs shall be Rs. 7173.53 crore, Rs. 1345.04 crore and Rs. 448.35 crore respectively over the five year period.

Distribution to three tiers of PRIs is as under.

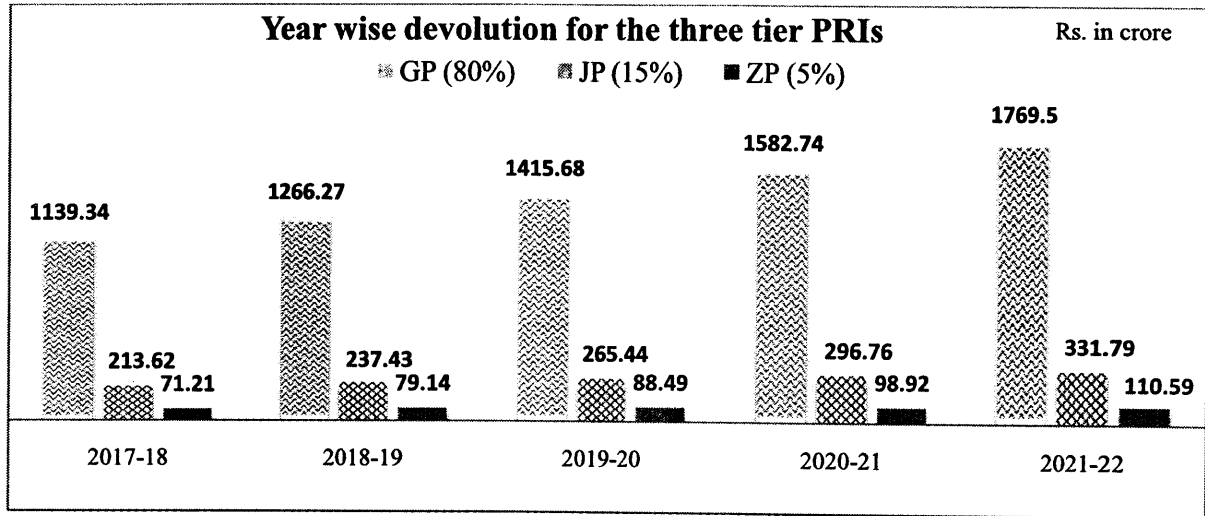
Type of Panchayat	Total Amount for award period (in crore Rs.)
i) Gram Panchayats – 80%	7173.53
ii) Janpad Panchayats – 15%	1345.04
iii) Zila Panchayats – 5%	448.35
Total 100%	8966.92

Share in allocation of GPs, JPs and ZPs year wise is as under. (Table 17.6)

Table 17.6 Year wise devolution for the three tier PRIs

(Rs. in crore)

PRIs / Year	2017-18	2018-19	2019-20	2020-21	2021-22	Total
GP (80%)	1139.34	1266.27	1415.68	1582.74	1769.50	7173.53
JP (15%)	213.62	237.43	265.44	296.76	331.79	1345.04
ZP (5%)	71.21	79.14	88.49	98.92	110.59	448.35
Total (100%)	1424.17	1582.84	1769.61	1978.42	2211.88	8966.92



Zila Panchayats

17.24. Each Zila Panchayat receive 5% of total allotment shown in table 17.5 for the same district. At present there are 27 Zila Panchayats in the state.

Yearwise devolution for Zila Panchayats for the award period is given below in table 17.7.

Table 17.7 Year wise devolution to Zila Panchayats for year 2017-22

(Rs. in Crore)

Sl. No.	Zila Panchayat	17-18	18-19	19-20	20-21	21-22	Total
1	Raipur	2.84	3.16	3.53	3.95	4.41	17.89
2	Balodabazar	3.66	4.07	4.55	5.09	5.69	23.06
3	Gariaband	2.21	2.46	2.75	3.07	3.44	13.93
4	Mahasamund	3.16	3.52	3.93	4.39	4.91	19.91
5	Dhamtari	2.25	2.50	2.80	3.13	3.50	14.17
6	Durg	2.07	2.30	2.57	2.88	3.21	13.03
7	Balod	2.39	2.66	2.97	3.32	3.72	15.07
8	Bemetara	2.23	2.48	2.77	3.10	3.46	14.04
9	Rajnandgaon	4.24	4.72	5.27	5.89	6.59	26.72
10	Kabirdham	2.49	2.76	3.09	3.45	3.86	15.66
11	Bastar	2.54	2.82	3.15	3.52	3.94	15.96
12	Kondagaon	2.16	2.40	2.69	3.00	3.36	13.61
13	Narayanpur	1.00	1.11	1.24	1.39	1.55	6.30
14	Kanker	2.60	2.89	3.23	3.62	4.04	16.39
15	Dantewada	1.04	1.16	1.30	1.45	1.62	6.56
16	Sukma	1.21	1.34	1.50	1.68	1.88	7.61
17	Bijapur	1.30	1.44	1.61	1.80	2.01	8.15
18	Bilaspur	4.58	5.09	5.69	6.36	7.11	28.83
19	Mungeli	2.52	2.80	3.13	3.50	3.92	15.88

20	Janjgir-Champa	4.43	4.92	5.50	6.15	6.89	27.89
21	Korba	3.07	3.41	3.81	4.26	4.77	19.32
22	Surguja	2.65	2.95	3.30	3.69	4.12	16.70
23	Balrampur	2.67	2.97	3.32	3.71	4.15	16.81
24	Surajpur	2.57	2.86	3.19	3.57	3.99	16.18
25	Korea	1.99	2.21	2.47	2.77	3.09	12.54
26	Raigarh	4.33	4.81	5.38	6.01	6.72	27.24
27	Jashpur	3.00	3.34	3.73	4.17	4.66	18.90
	Total	71.21	79.14	88.48	98.92	110.60	448.35

The net availability over the 5 years period for distribution among all ZPs (27) shall be Rs. 448.35 crore. Allocation to a ZP, on an average, will be approx. Rs. 16.605 crore for 5 year period and approx. Rs. 3.321 crore yearly.

Janpad Panchayats and Gram panchayats

17.25. 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.

The net availability over the 5 year period for distribution among all JPs (146) shall be Rs. 1345.04 crore. Allocation to a JP, on an average, will be approx. Rs. 9.212 crore for 5 year period and approx. Rs. 1.842 crore yearly.

The net availability over the 5 year period for distribution among all GPs (10,971) shall be Rs. 7173.53 crore. Allocation to a GP, on an average, will be approx. Rs. 65.38 lakh for 5 year period and approx. Rs. 13.07 lakh yearly.

Devolution for ULBs

17.26. The net SOTR for the five year period comes to around Rs. 129766.94 crore, which on an average, is about Rs. 25953.388 crore per annum. The Share of the ULBs in the net SOTR is 2.09% amounted to Rs. 2712.11 crore for the five year award period and on an average it comes to Rs. 542.422 crore. (Table 17.4)

Devolution Formula: Urban Local Bodies

17.27. The 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 give weightage as follows:

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

Performance Grant

14th Finance Commission has laid down criterion and detailed procedure to give incentive for the distribution of performance grant as below:-

1. To avail the performance grant in a particular year local bodies has to produce audited annual accounts of previous two years.
2. Revenue to be increased compared to previous year.
3. Determination and publication of SLB for basic services is to be done every year.

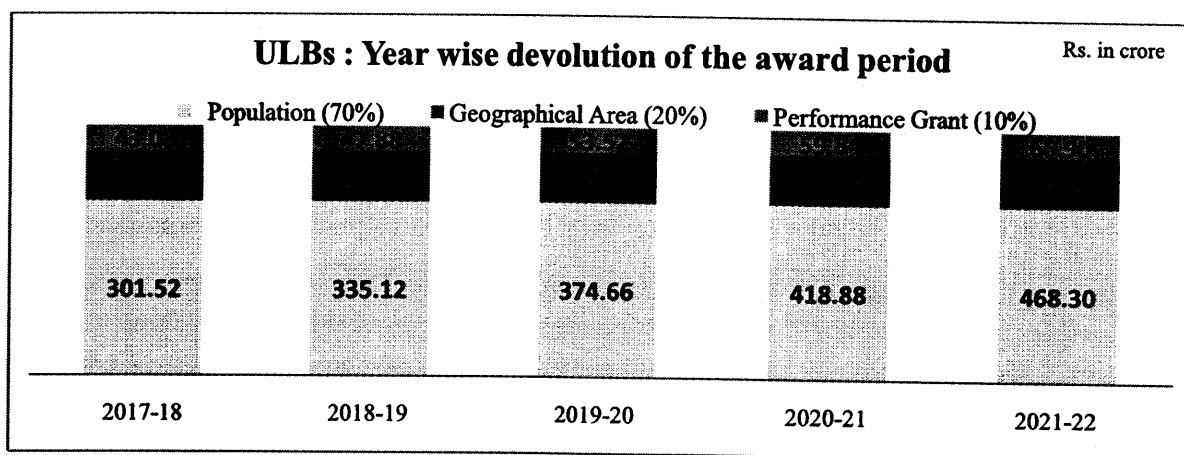
Detail procedure and operational criteria notified by Urban Administration and Development Department in gazette dated 31st March 2016.

The Commission suggests that devolution on the basis of performance grant, same procedure and operational criteria should be used as suggested by the 14th FC.

Yearwise devolution for Nagar Palik Nigams, Nagar Palika Parishads and Nagar Panchayats for the award period (2017-18 to 2021-22) is given in Table 17.8.

Table 17.8 ULBs : Year wise devolution of the award period

Criteria	2017-18	2018-19	2019-20	2020-21	2021-22
Population (70%)	301.52	335.12	374.66	418.88	468.30
Geographical Area (20%)	86.15	95.74	107.05	119.67	133.80
Performance Grant (10%)	43.08	47.88	53.52	59.84	66.90
Total (100%)	430.75	478.74	535.23	598.39	669.00



Transfer of funds by the State Government

17.28. The Commission is not recommending any additional assignment of revenue by the State Government.

Assigned Revenue for PRIs

17.29. Presently, full/part of the proceeds of following taxes transferred to the PRIs. Information of year 2014-15 to 2017-18 is given below. (Table 17.9)

Table 17.9 Assigned Revenue for PRIs

Item	(Rs. In Crore)				
	2014-15	2015-16	2016-17	2017-18	Total
Budget provision from Infrastructure Development Fund	60.00	125.40	55.29	125.40	366.09
Grant from Royalty of Minor Minerals	149.00	250.00	235.35	226.42	860.77
Grant from Stamp and registration fee	45.00	50.00	60.00	65.00	220.00
Grants from Entertainment Tax	3.00	3.30	3.30	3.50	13.10
Total	257.00	428.70	353.94	420.32	1459.96

17.30. From above table no fixed trend of growth is noticed. Therefore we have made projection on the basis of budget provision for the year 2018-19 by taking growth rate @ 8% for remaining years of the award period. (Table 17.10)

Table 17.10 Projection of assigned revenue for PRIs

Item	(Rs. In Crore)					
	2017-18BE	2018-19BE	2019-20	2020-21	2021-22	Total
Assigned Revenue (growth rate @ 8% taken for year 2019-20 to 2021-22)	420.32	389.75	420.93	454.60	490.97	2176.57

Assigned Revenue for ULBs

17.31. Presently, full/part of the proceeds of following taxes and fees in form of grant transferred to the ULBs. Information of year 2014-15 to 2017-18 is given below. (Table 17.11)

Table 17.11 : Assigned Revenue for ULBs

Item	(Rs. In Crore)				
	2014-15	2015-16	2016-17	2017-18	Total
Entry tax (octroi compensation) grant	860.00	935.98	893.24	936.00	3625.22
Stamp & registration fees grant	55.00	62.00	69.00	69.00	255.00
FL license fees grant	19.20	19.20	19.42	35.50	93.32
Tax on vehicles grant	5.40	5.40	5.40	5.40	21.60
Entertainment tax grant	12.10	16.01	19.38	20.10	67.59
Excise duty surcharge grant	12.00	13.19	13.51	14.46	53.16
Passenger tax compensation grant	8.00	8.00	8.00	8.00	32.00
General purpose grant	8.00	8.00	8.00	8.00	32.00
Minor mineral royalty grant	0.00	3.03	4.65	4.43	12.11
Total	979.70	1070.81	1040.60	1100.89	4192.00

17.32. From above table no fixed trend of growth is noticed. Therefore we have made projection on the basis of budget provision for the year 2018-19 by taking growth rate @ 8% for remaining years of the award period. We have projected the transfer of revenue for ULBs, on the basis of the same percentage as taken in the case of PRIs for five years. (Table 17.12)

Table 17.12 Projection of assigned revenue for ULBs

Item	(Rs. In Crore)					
	2017-18BE	2018-19BE	2019-20	2020-21	2021-22	Total
Assigned Revenue (growth rate @ 8% taken for year 2019-20 to 2021-22)	1100.89	1153.96	1246.28	1345.98	1453.66	6300.77

17.33. Total fiscal transfer to the local bodies, including the devolution of State Finance Commission is as per table 17.13.

Table 17.13 Total transfers to local bodies

(Rs. In Crore)

SL. No.	Item	2017-18	2018-19	2019-20	2020-21	2021-22	Total
Panchayati Raj Insititutions							
1	Devolution to PRIs (6.91%)	1424.17	1582.84	1769.61	1978.42	2211.88	8966.92
2	Revenue transfer to PRIs	420.32	389.75	420.93	454.60	490.97	2176.57
	Total transfer : PRIs	1844.49	1972.59	2190.54	2433.02	2702.85	11143.49
Urban Local Bodies							
1	Devolution to ULBs (2.09%)	430.75	478.74	535.23	598.39	669.00	2712.11
2	Revenue transfer to ULBs	1100.89	1153.96	1246.28	1345.98	1453.66	6300.77
	Total transfer : ULBs	1531.64	1632.70	1781.51	1944.37	2122.66	9012.88

Thus the total transfer to PRIs during the award period 2017-18 to 2021-22 is likely to be Rs. 11143.49 crore and to ULBs Rs. 9012.88 crore. The per capita transfer to the rural population in the state will be on an average Rs. 5683.14 for five years and Rs. 1136.63 annually. The average per capita transfer to the urban population for the same period in the state will be on an average Rs. 15180.26 and Rs. 3036.06 annually.

Provision for Corpus Fund

17.34 As first year of the award period (year 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 would be created at the level of P&RD and U&AD Department. The amount of this 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 the responsibility of UA&D & P&RD Departments.

The details of amount to be deposited in Corpus Fund are shown in table 17.14.

Table 17.14 Funds required to be transferred to Corpus Fund

(Rs. In Crore)

Year	Panchayati Raj Institution		
	Already devolved to PRIs	To be devolved PRIs	Difference
2017-18	901.00	1424.16	523.16
Urban Local Bodies			
	Already devolved to ULBs	To be devolved ULBs	Difference
2017-18	278.00	430.75	152.75
Corpus Fund			675.91

Note: Already devolved as per Second SFC, to be devolved as per Third SFC recommendations.