

Government of Chhattisgarh
Finance Department
Mantralaya, Mahanadi Bhawan, Naya Raipur

NOTIFICATION

Naya Raipur, dated 6th February, 2016

No.09/L 8-9(Part)/2016/Fin/FCC.—Whereas, the State Finance Commission has been constituted, in pursuance of Articles 243-I of the Constitution of India read with Section 3 of Chhattisgarh Rajya Vitta Ayog Adhiniyam, 1994 (No. 3 of 1994), vide notification number no. 02/L 8-9(Part) /2016 /Fin. /FCC, dated 20th January, 2016;

Now therefore, in exercise of the powers conferred by Articles 243-I and 243-Y of the Constitution of India, the State Finance Commission shall review the financial position of Panchayats and Municipalities and make recommendations as to—

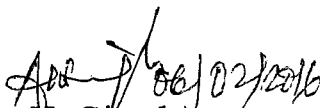
- (a) the principles which should govern,—
- (i) the distribution between the State and the Panchayats or the Municipalities (as the case may be) of the net proceeds of the taxes, duties, tolls and fees leviable by the State, which may be divided between them under Parts IX and IX-A of the Constitution and the allocation between the Panchayats and Municipalities, as the case may be, at all levels of their respective shares of such proceeds,
 - (ii) the determination of the taxes, duties, tolls and fees which may be assigned to, or appropriated by, the Panchayats and Municipalities, and
 - (iii) the grants-in-aid to the Panchayats and Municipalities from the Consolidated Fund of the State;

- (b) the need to improve the financial position of the Panchayats and the Municipalities, and to make recommendations, including in respect of,—
- (i) rationalising the taxes and non-tax revenues being collected by the Panchayats and Municipalities, and identifying new possibilities for generating resources, in particular the levy of user charges on services rendered by such bodies, in order to cover operation and maintenance costs;
 - (ii) the potential of local governments to raise funds from financial institutions and the market, and a framework for this;
 - (iii) improving local governments capacity of financial management;
 - (iv) improving the monitoring of the fiscal performance of local bodies;
 - (v) providing incentive for higher revenues;
 - (vi) achieving economy and efficiency in expenditure by local governments;
- (c) the need for sharing between the State, the Panchayats and Municipalities, the cost of maintenance of assets owned by local bodies as well as those transferred to them;
- (d) the potential for Public-Private Partnership with special reference to urban local bodies;
- (e) the arrangement for devolution of funds to the Intermediate/Block and District level Panchayats, in view of the fact that as per Fourteenth Finance Commission's recommendations grants-in-aid shall be provided only to Village Panchayats for delivering basic services; and
- (f) the arrangement for suitable provision to compensate for, including through distribution of

revenues collected from assets made by the Panchayats which have been transferred to Municipalities.

2. In making its recommendations, the Commission shall have regard, among other consideration to,—
- (i) the fiscal demands on the State Government in view of the Chhattisgarh Fiscal Responsibility and Budget Management Act, 2005;
 - (ii) the recommendations of the Fourteenth Finance Commission with regard to local bodies; and
 - (iii) Central sector programmes and centrally sponsored schemes under which funds are provided to local bodies.

By order and in the name of the
Governor of Chhattisgarh,


(A. K. Singh)

Deputy Secretary
Finance Department