

Minutes of the 1st Meeting for High level Monitoring Committee (HLMC) held on 20.04.2016 in conference hall of Chief Secretary , Assam 3rd Floor , Block C , Assam Secretariat regarding 14th Finance Commission in respect of Local Bodies.

Lists of Members and Officers present in the meeting on 02/09/2015 & 04/09/2015 are appended at Annexure – I.

The meeting was presided over by the Chief Secretary, Assam. The Director of Finance Department welcomed all the officers present in the meeting. Explaining the objective of the meeting, he pointed out that as per the guidelines of the Ministry of Finance, all local bodies are to fulfil some cardinalities for obtaining General Performance Grant (GPG) and submit UCs against the 1st Installments of General Basic Grant (GBG) so as to obtain the 2nd installment of General Basic Grant (GBG) for 2015-16. He requested the line departments for taking steps for early submission of UCs & fulfillment of the conditionalities laid down by the Ministry of Finance/ 14th Finance Commission.

The HLMC had threadbare discussion on the relevant issues of Local Bodies and agreed upon the following points:-

1. The 14th Finance Commission recommended total Grant-in-aid amounting Rs. 6387.11 cr to Assam Local Bodies for utilization during 2015-20. The year-wise break-up of the amount depicted below:-

(Rs. in cr)

Years	PRIs		ULBs		Total
	GBG	GPG	GBG	GPG	
2015-16	584.80	0.00	93.14	0.00	677.94
2016-17	809.76	106.22	128.97	38.06	1083.01
2017-18	935.60	120.20	149.01	43.07	1247.88
2018-19	1082.32	136.50	172.38	48.92	1440.12
2019-20	1462.45	178.74	232.92	64.05	1938.16
Total	4874.93	541.66	776.42	194.10	6387.11

2. The main objective of recommending 14th FC General Basic Grant is to provide a measure of unconditional support to the Gaon Panchayats and Municipalities for delivering basic services which are intended to be used to support and strengthen the delivery of basic civic services including water supply, sanitation, sewerage and solid waste management, storm water drainage, maintenance of community assets, maintenance of roads, footpaths, street-lighting, burial and

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cremation grounds and any other basic service within the functions assigned to them under relevant legislations. **However, it is advised that the cost of technical and administrative support towards O&M and capital expenditure should not exceed 10% of the allocation to a Gram Panchayat or Municipality under any circumstance and the expenditure can be incurred only by the local body concerned.**

3. The Grants of 14th FC will be released in two instalments, in June and October of every fiscal year. While 50 % of the General Basic Grant will be released as the 1st instalment in the year and the remaining General Basic Grant will be released on submission of Utilization Certificates of previous release. The Performance Grant will be released from 2016-17 onwards as per recommendation by the 14th FC subject to fulfilment of certain conditions.
4. The 14th FC has recommended that detailed procedure and the operational criteria, including quantum of incentives to be given, for disbursal of performance grants to Gram Panchayats and Municipalities will be decided by the state Governments concerned, subject to the eligibility conditions as given below:-

For Gram Panchayats (GPs):

- (i) The Gram Panchayats will have to submit audited accounts that relate to the year not earlier than two years preceding the year in which the Gram Panchayats seeks to claim the Performance Grant.
- (ii) The Gram Panchayats will have to show an increase in their own revenues over the preceding year as reflected in the audited accounts.

For Municipalities:

- (i) The Municipality will have to submit audited accounts that relate to the year not earlier than two years preceding the year in which the Municipality seeks to claim the performance grant.
- (ii) The Municipality will have to show an increase in its own revenues over the preceding year as reflected in the audited accounts. The improvement in revenues will be determined on the basis of these audited accounts and on no other basis. For computing the increase in

own revenues in a particular year, the proceeds from octroi and entry tax must be excluded.

- (iii) The Municipality must measure and publish the Service Level Bench Marks relating to basic urban services each year for the period of the award and make it publicly available. The Service Level Bench Mark of the Ministry of Urban Development may be used for this purpose.
5. The HLMC asked the line Departments for taking needful action for utilization of 14th FC Grant in time and submit UCs immediately so as to obtain the subsequent instalments. Local Bodies were also requested for fulfilment of conditionalities for obtaining performance Grant recommended by the 14th Finance Commission.
 6. It was also pointed out in the meeting that P&RD Department had submitted UC for an amount of Rs.292.19 crore against released amount of Rs.292.40 crore. The MoF had not accepted the UC submitted and asked the State Government to submit UC for the entire released amount. Accordingly, P&RD Department was asked to submit UC for the entire released amount (Rs. 292.40 crore) as sought by MoF, Government of India immediately.
UDD (Rs.33.14 Cr) & GDD (Rs.13.43 Cr) were also requested to submit UCs against respective released amounts immediately for obtaining the next instalments due for 2015-16.
 7. UDD, GDD & P&RD were also asked to submit UCs against the respective released amounts under the award of 13th FC. The UCs should be submitted as per GFR 19-A format as prescribed by AG, Assam.
 8. P&RD, GDD, and UDD were also be asked to take immediate needful steps for compliance of the guidelines circulated by MoF, GOI for utilization of 14th FC grants.
 9. The Chief Secretary and the Chairman, HLMC suggested to appoint Chartered Accountants in place of Audit Officers for conducting audits of the accounts of ULBs, ZPs, APs & GPs so as to streamline the process.
 10. The HLMC also requested all concerned departments for compliance of the following guidelines given by 14th Finance Commission/ Ministry of Finance while utilizing the fund under 14th Finance Commission Award :-
 - i. Strengthening SFCs which would invoice timely constitution, proper administrative support and adequate resources for smooth functioning and

- timely placement of the SFC report before State legislature, with action taken notes.
- ii. Improve revenues from own sources of local bodies by taking steps as recommended by the respective SFCs and the FFC.
 - iii. Ensure properly tax reforms including objective determination of the base and its regular revision to adjust for inflation, strengthening of mechanisms for assessment, levy and collection and improving billing and collection efficiency, review and amplify existing rules to facilitate the levy of property tax and minimize the granting of exemptions, assessment of properties every four or five years, and introduce the system of self-assessment by urban local bodies.
 - iv. Action to be taken by the States to share information regarding property tax among the municipalities, State and Union Governments.
 - v. Levy of vacant land tax by peri-urban panchayats and sharing a part of land conversion charges by State Governments with municipalities and panchayats.
 - vi. Steps to empower local bodies to impose levy of betterment tax and advertisement tax to improve own revenues from these sources.
 - vii. Review the structure of entertainment tax and take action to increase its scope to cover newer forms of entertainment.
 - viii. Assignment of productive local assets to the panchayats by States, and putting in place enabling rules for collection and instituting systems so that they can obtain the best returns while leasing or renting common resources.
 - ix. Rationalise service charges in a way that they are able to at least recover the operation and maintenance cost from the beneficiaries.
 - x. Sharing of the income from royalties of mines with local body in whose jurisdiction the mining is done to help the local body ameliorate the effects of mining on the local population.
 - xi. Compensate local bodies for the civic services provided by them to government properties including enacting suitable legislation, in this regard.
 - xii. Empower the local bodies to collect tax and non-tax receipts through necessary legislations as appropriate. In some cases, the State Governments may need to frame rules and fix rates of levy to allow the local bodies to effectively tap the existing sources of revenues. Alternatively, the local bodies may be given powers to decide the rates themselves, subject to a floor and ceiling rate set by the State. Besides, the State Government should not provide exemptions to any entity from the tax and non-tax levies that are in the jurisdiction of local bodies. In cases where the grant of such an exemption becomes necessary, the local bodies should be compensated for the loss.

- xiii. Explore the issuance of municipal bond as a source of finance with suitable support from the Union Government. The States may allow the larger municipal corporations to directly approach the markets while an intermediary could be set up to assist medium and small municipalities who may not have the capacity to access the markets directly.
11. The HLMC also impressed upon the concerned line departments for submission of ceiling proposals to Finance (EA) Department in time so as to release the fund to Local Bodies within the stipulated time frame fixed by Ministry of Finance, Govt of India.

The meeting ended with thanks to the chair.

Sd/-

Chief Secretary,
Government of Assam

Memo No, FEA (SFC)83/2015/Pt/113-A

Dated Dispur, 4th May, 2016

Copy :-

1. P.S. to the Addl. Chief Secretary to the Government of Assam, Finance Department, Member, HLMC for kind information to the Addl. Chief Secretary.
2. P.S. to the Commissioner & Secretary to the Government of Assam, Panchayat & Rural Development Department, Member, HLMC for kind information to the Commissioner & Secretary.
3. P.S. to the Commissioner & Secretary to the Government of Assam, Urban Development/ Guwahati Development Department, Member, HLMC for kind information to the Commissioner & Secretary.
4. The Commissioner of Panchayat & Rural Development, Juripar, Member, HLMC for kind information.
5. The Commissioner of Guwahati Municipal Corporation, Member, HLMC for kind information.
6. The Director, Municipal Administration, Member, HLMC for kind information.
7. Principal Accountant General (Audit), Local Bodies, (Audit & A/Cs) Assam, Maidamgaon, Beltola, Ghy-29.
8. The Accountant General (A & E) Assam, Maidamgaon, Beltola, Ghy-29.
9. The Director, Audit (Local Fund), Member, HLMC for kind information.
10. The Director, Accounts & Treasury, Kar Bhawan, Dispur-6.
11. The Director, Financial Inspection, Kar Bhawan, Dispur-6.

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12. All Deputy Commissioner/ SDO(C).....
13. All Chairpersons/ Executive Officers of MBs/ TCs.....
14. All CEOs of Zilla Parishad for information and necessary action. He is requested to circulate to concerned secretaries of GPs/BDOs of APs under his jurisdiction immediately.
15. All Secretary/ Presidents of Gaon Panchayats..... for necessary action.
16. Sr. Accounts Officer, CA-3, Maidamgaon, Beltola.
17. The State Information Officer, NIC, Dispur-6.

By order etc.,



Director,

Finance (Economic Affairs) Department

Annexure -I

Officers and Staff present in the HLMC meeting of on 20.04.2016 at 3.30 PM in the conference Hall of Chief Secretary, Assam (Block-C, 3rd Floor)

Sl No.	Name	Designation	Signature
1	V.K. Pipersenia	Chief Secretary to the Govt. of Assam	
2	V.B. Pyarelal	Addl. Chief Secretary, Finance and P&RD Department	
3	Dr.Ravi Kota	Commissioner & Secretary, UDD and GDD	
4	Ahmed Hussain	Commissioner & Secretary, P&RD Department	
5	P. C. Bhattacharjya	Addl. Commissioner P&RD Department	
6	Ghanshyam Dass	Joint Commissioner, GMC	
7	A.M.M. Zakir	Director, SIRD	
8	S.K.Das	Joint Secretary, UDD	
9	Hemen Das	Director, MAD	
10	Anant Kalyani	Addl. Commissioner	
11	Isfaqr Rehman	Addl. Commissioner, GMC	
12	K.G.Bhuyan	Joint Secretary, GDD	
13	P. Gogoi	Director, Audit & Local Fund	
14	M. Medhi	Joint Director, P&RD Department	
15	A.Mishra	SPM, P&RD Department, Panjabari, Ghy-37	