

Report of the Fifth State Finance Commission Himachal Pradesh

Janruary, 2018

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CHAPTER-1

HIMACHAL PRADESH: AN INTRODUCTION

- 1.1 Himachal Pradesh came into being, as a centrally administered territory, on 15th April, 1948. Himachal Pradesh was created by integration of 30 princely States; and had an area of 25,839 Sq. Kms. The State, at that time, had four districts of Chamba, Mandi, Mahasu and Sirmaur. In 1951 it became a part 'C' State, administered by a Lieutenant Governor. It had, as part C State, a 36 Member Legislative Assembly and a Cabinet of three Ministers. In 1954, another part 'C' State of Bilaspur with an area of 1167 Sq. Kms. was merged with Himachal; and Assembly Strength was raised to 41. Assembly was abolished; and Himachal Pradesh became a union territory. In 1960, a new border district of Kinnaur was carved out of Mahasu District. In1963, the Assembly was revived and a popular ministry was formed. Thus now the State had six districts with an area of 27,007 Sq. Kms. and population of 13, 51,144. The Punjab reorganization Act of 1966 led to a further geographical and demographic expansion of Himachal Pradesh, as hilly areas of Punjab were merged with Himachal Pradesh on 1st November, 1966. With the merger of Kangra, Shimla, Kullu and Lahaul & Spiti districts and Nalagarh Tehsil of Ambala district of the then Punjab State, the geographical area of Himachal increased to 55,673 Sq. Kms; and its population rose to 28,12,463. Therefore, now the State had 10 districts of Bilaspur, Chamba, Kangra, Kinnaur, Kullu, Lahaul-Spiti, Mahasu, Mandi, Shimla and Sirmaur.
- **1.2** On 25th January, 1971, Himachal Pradesh became the 18th State of the Union of India. It marked the culmination of a long and relatively

peaceful campaign by the simple hardworking people of the State for a distinct political identity in the Country's political firmament. On 1stSeptember, 1972 this full fledged new state reorganized the districts and two additional districts of Una and Hamirpur were created mostly by trifurcation of the Kangra district. Also, from the then existing districts of Mahasu and Shimla, new districts of Shimla and Solan were formed.

Demographic Profile

Presently, Himachal Pradesh comprises of 12 districts having an area of 55,673 Sq. Kms. and population of 68.65 lakh according to the final Census report for the year 2011. 90% of the total population lives in 17,882 villages in the rural areas of the State. These villages are sparsely distributed across the State as can be easily inferred from the fact that the density of population in the remote and tribal area of Lahaul & Spiti is only 2 persons per square Kilometer. However, State has densely populated pockets also. Hamirpur district has population density of 407 persons per Square Kilometer. Urban population is only 10 percent of the total population. The decennial growth rate of population during the decade between 2001 and 2011 was only 12.94% while the national growth rate was much higher at 17.68%. For "Developing district-wise surface area of Himachal Pradesh", the State got a study conducted by Agriculture University Palampur. The object of this study was to calculate the 3 Dimensional or the surface area of all districts. The results of study brought out that the 3D or the surface area of the State is 86,385 Sq. Kms, which is 55.16% more than the 2D area of 55,673 Sq. Kms. This was really a path breaking finding as all developmental activities are carried out in 3D area or the actual surface area. Therefore, expenditure needs are required to be

evaluated on 3D surface area. As per 3D and 2D area the population density of the State works out to be 79 and 123 persons per Square Kilometer, respectively, against the national average of 382 persons (using conventional 2D area).

Geographic Profile

- 1.4 Himachal Pradesh is predominantly a mountainous State, located in the North-West of India. It shares an international border with China. The State has a deeply dissected topography-high mountain ranges interspersed with deep gorges and valleys. The climate varies from semi tropical in lower hills, to the semi arctic in the cold deserts of Spiti and Kinnaur. Altitude ranges from 350 meters to 6,975 meters above mean sea level. Such a diverse geo-climatic profile of the State has its own constraints in resource allocation and planning, and in carrying out developmental activities.
- **1.5** Out of the total 2 dimensional geographical area of 55,673 Sq Km, 14,679 Sq. Km (26.37%) is actual forest cover, whereas area classified under forests including alpine meadows and above tree line constitutes 66.52% (37033 Sq. Kms.) of geographical area. Himachal Pradesh has five major perennial rivers Satluj, Yamuna, Ravi, Beas and Chenab.

Administrative Units

1.6 The State has 3 divisions Kangra, Mandi and Shimla and 12 districts for purpose of revenue and development administration. 78 development blocks serve as the basic unit of development, Planning and implementation. The State has introduced legislative and administrative measures to empower the local bodies in both urban and the rural areas. There are 12 Zila Parishads, 78 Panchayat Samitis in 78 Development Blocks and 3,226 Gram Panchayats. Two

Municipal Corporation in Shimla and Dharamsala, 25 Municipal Councils, 24 Nagar Panchayats, besides 7 Cantonment Boards and three Census Towns represent urban local bodies in the State. **Table 1.1** given below shows the geographical, administrative units and demographic profile of State.

Table 1.1 Geographical, Administrative and Demographic profile of H.P.

Sr.No.	ltem	Unit	Values
1.	Area	Sq.Kms	86,385(3D) (55,673) (2D)
2.	Population	2011 Census	68,64,602
3.	Scheduled Caste Population	% 2011 Census	25.19
4.	Scheduled Tribe Population	% 2011 Census	5.71
5.	Decennial Growth	2011 Census	12.94
6.	Density (Persons)	2011 Census	79(3D)123(2D)
7.	Urban Population	%2011 Census	10
8.	Rural Population	%2011 Census	90
9.	Literacy	%2011 Census	82.8
10.	District	Nos	12
11.	Sub-Division	Nos	69
12.	Tehsils/Sub – Tehsils	Nos	158
13.	Community Development Blocks	Nos	78
14.	Panchayats	Nos	3,226
15.	Inhabited Villages	Nos	17,882
16.	Un-Inhabited Villages	Nos	2,808
17.	Towns/Urban Local Bodies	Nos	59

Source: 2011 Census.

Figures from Sr. No.11 to 17 are as on 31.3.2017

Human Development

1.7 Human development and empowerment are symbiotically linked. And these can appropriately be defined as a process of enlarging people's choice; and access to good education, health care, safe drinking water, social and gender equality. Some of the dimensions of human development are constant up gradation of human capabilities through improved health, and most importantly, imparting appropriate education to improve knowledge, skills, attitudes, broaden horizons and enable an individual to be confident and a productive asset to the society. The achievements of Himachal Pradesh in the areas of health and education in particular, have caught attention of the social researchers and the planners at national and global levels. In HDI, Himachal ranks 3rd at the national level after Kerala and Goa.

Table 1.2 is a snapshot of Education and Health Infrastructure in the State.

Table: 1.2 Government Health and Educational Institutions in the State

A. Health Institutions (as on 31st March, 2017)

Sr. No.	Type of Health Institutions	Nos
1.	Hospitals	75
2.	CHCs	89
3.	PHCs	538
4.	Allopathic Dispensaries	17
5.	Ayurvedic Hospitals	32
6.	Ayurvedic Dispensaries	1,151
7.	Health Sub Centers	2,083
8.	Dental College	1
9.	Medical Colleges (Allopathic)	2
10.	Medical Colleges (Ayurvedic)	1
11.	Total No. of Beds in Allopathic	10,756
	Institution.	
12.	Total No. of Beds in Ayurvedic Institution.	941
	ITISULULIOIT.	

B. Educational Institutions

Sr. No.	Name	Nos
1.	Primary Schools	10,724
2.	Middle Schools	2,064
3.	High Schools	923
4.	Senior Secondary Schools	1,718
5.	Colleges	111
6.	Universities	5
7.	BEd Colleges	4
8.	Law colleges	3
9.	JBT Colleges	12
10.	Sanskrit Colleges	6
11.	Polytechnic	15
12.	it is	118

Source: Economics & Statistics Department, H.P.

- 1.8 The success story of educational revolution in Himachal Pradesh has been acknowledged within India and finds mention in numerous global reports. Recognition has come from Nobel Laureate Amartya Sen, the World Bank, the PROBE report and also from independent media like "India Today" which does annual ranking of the States with respect to the achievements made by them in various fields. Literacy has nearly doubled from 42.5% to 82.80% in a period of three decades since 1981. Progress made in female literacy is more impressive. Female literacy has more than doubled from 31.46% in 1981 to 75.93% in 2011. It is important to mention that the private investment in the field of education is negligible in the State, and the above achievements have been possible due to large public investment in education.
- 1.9 Improvement in health Status of the population has been one of the Corner-Stones of the State Government's development policy over the last three decades. The State has an extensive network of health care institutions though some gaps still remain to be filled. Achievement of the State with regard to critical health indicators is

higher than the national averages. The birth rate is 16.5, death rate is 6.7 and IMR is 38 in 2011 as compared to the national average which are 21.8, 7.1 and 44, respectively. Life expectancy at Birth (2006-2010) is 70 years compared to the national average of 66.1 years.

1.10 Himachal Pradesh is one of the few States in the country where gender equality is an integral part of the Social ethos. Female literacy is well above the national level and women employment is much higher than most states of the country. Though, there was sudden drop in sex ratio in the age group of 0-6 years between 1991 and 2001 but due to the efforts made by the Government, the sex ratio has registered a growth and it has increased from 896 to 909 according to final figures of Census-2011. The **table 1.3** given below shows the comparison between Himachal Pradesh and All India averages.

Table 1.3: Comparisons of Important Statistical Data between Himachal Pradesh and All India Averages.

Item	H.P.		All India	
Birth rate(2015)	16.3		20.8	
Death Rate(2015)	6	.6	6.5	
Infant Mortality Rate(2015)	28		37	
	70.0		66.1	
Life Expectancy at birth (Years) (2011-2015)	М	F	M	F
	69.1	75.2	66.9	70.0
Females Per thousand of Males (2011)		72	94	43

Source: i) Census-2011.

ii) SRS Bulletin-2011.

Economic Profile of the State:

1.11 The average annual growth rate of State's economy has been slightly higher than the national average from Seventh Five Year Plan onwards. Eighth Plan and Ninth Plan recorded average annual growth rate of 6.3% and 6.4%, respectively as against the national averages

of 6.2% and 5.6%. Tenth Five Year Plan registered an average annual growth rate of 7.6% which was lower than the national average of 7.8%. Slippages in the actualization of Power Generation targets, longer gestation period in commissioning new industrial projects and slowing down of agriculture sector during the last two years of the 10th Five year Plan, resulted in lowering of growth rate during the 10th Five Year Plan. However, Eleventh Five year Plan registered an average annual growth rate of 8% which is equal to the national average. During 2016-17, the state achieved a growth of 6.8% which is lower than the national growth of 7.1%. The economic growth brought structural changes in the State's economy as depicted in the 2 tables below:

Table 1.4: Percentage contributions of sectors in Gross Domestic Product

Year	Primary Sector	Secondary Sector	Tertiary Sector
1	2	3	4
1980-81	50.35	18.69	30.96
1990-91	35.10	26.50	38.40
2010-11	19.15	42.19	38.66
2011-12	17.16	43.81	39.03
2012-13	17.10	42.80	40.10
2013-14	17.62	42.28	40.10
2014-15	16.09	42.24	41.67
2015-16	14.90	41.14	43.96
2016-17 (Advance)	14.13	39.87	46.00

(ii) Percentage of Total Workers employed in:

Year	Primary	Secondary	Tertiary Sector
i eai	Sector	Sector	
1	2	3	4
1980-81	73.59	10.71	15.70
1990-91	69.28	9.99	20.73
2000-01	68.47	1.76	29.77
2010-11	62.85	1.65	35.50

Source: (i) Economics and Statistics Department.

(ii) Census, 1981, 1991, 2001 & 2011.

Data in the above 2 tables shows the Structural transition that 1.12 the State's economy has undergone since 1980s. The contribution of the Primary Sector in the State Domestic Product has declined; and Secondary and Tertiary sector are now competing with each other for dominant share in the economy. However, as about 62.85% of the Total Workers are either cultivators or are agriculture labourers (Census 2011) it indicates low productivity per worker in the agriculture sector. Reasons for low productivity in agriculture sector are (a) geographic features of the State do not support large size holdings (average size of the holding in the State is just 1.04 hectares in 2005-06. Source: Directorate of Land Records); (b) steep slopes and rugged terrain render only a part of the holding fit for cultivation. Such holdings are not conducive for providing low cost irrigation facilities; (c) weak market linkages of farming because of very long distances to the markets both for buying necessary inputs and as also for marketing the produce. By size group and area (in hect) of holdings (2005-06) of Himachal Pradesh distribution is given in table 1.5:

Table 1.5: Number of holdings by Size, Group and Area in Hectares (2010-11) of Himachal Pradesh.

Census	Marg (less the	an1.00	Sma (1.00 to 2.		Semi-M (2.00 to 4	edium .00 hect.)	(4.00 to	lium o 10.00 ct.)	(10	rge 0.00 above)		tal Sizes
Year	No.of holdings	Area (Hect.)	No.of holdings	Area (Hect.)	No.of holdings	Area (Hect.)	No.of holdin gs	Area (Hect.)	No.of hold ings	Area (Hect.)	No.of holding s	Area (Hect.)
1.	2.	3.	4.	5.	6.	7.	8	9.	10.	11.	12.	13.
1990-91	532134	214719	166410	235144	93916	257616	35811	205199	5522	97083	833793	1009766
2000-01	614942	251772	174230	244629	89873	243316	30899	175879	3970	63160	913914	978756
2005-06	636619	258247	175651	244742	88447	240354	29136	164996	3530	60006	933383	968345
2010-11	670425	273270	174596	243942	84868	230469	27606	156459	3270	50511	960765	954651

Source: i) Source: Directorate of Land Records, H.P (Agricultural Census Data Base.)

1.13 In 2008-09, nearly 24.66% of the reported area was not available for cultivation in Himachal Pradesh, whereas this figure was only 14.06% for the country as a whole. Similarly, other uncultivated land, excluding fallows, accounts for 37.50% whereas it was only 8.62% for all states combined. In Himachal Pradesh, irrigation facilities are particularly under developed. If we look at the irrigation statistics for the same year, net irrigated area accounted for 19.99% of the net sown area in Himachal Pradesh, while this figure stood at 45.13% for All States Combined. The average per hectare yield of most food crops is lower than national averages. Fertilizer consumption was 61.29 Kg per hectare in Himachal Pradesh while it was 127.67 Kg. per hectare for the country as a whole. For the year 2008-09, the comparison of Consumption of fertilizer and yield per hectare of principal crops of Himachal Pradesh and All India combined is given **in Table 1.6** which reflects the actual picture of the State.

Table 1.6 Consumption of fertilizer and yield per hectare.

ContdHP/	Consumption of Fertilizer	Yield Per Hectare of Principal Crops(2010-11)					
All India Combined	(Per Hectare)	Rice	Maize	Wheat	Barley	Total Cereals	Total Food grains
1	13	14	15	16	17	18	19
H.P.	61.29	16.7	22.6	15.3	12.4	18.1	17.9
All India	127.67	22.4	25.4	29.9	23.6	22.6	19.3

Source: (i) Statistical Outline of H.P.2011-12.

(ii) Central Statistical Year book -2013.

The land unfit for cultivation as percentage of reported area is almost double compared to all India average; and availability of irrigation facilities is less than half of all India average. This depicts a dismal state of the livelihoods of nearly 70% people of the State who are totally dependent on Agriculture. The primary sector of the economy, which comprises mainly of agriculture and allied activities, contributes about 18.65 percent to state GSDP and 62.85% workers are dependent on this sector. In contrast, the Secondary sector, which comprises of Industries, Electricity and Construction sector, contributes more than 41.67 percent to the State's economy and employs only 1.65% of the workers.

Industries:

1.14 Himachal Pradesh has made significant achievements in the field of industrialization in the past few years if the growth rate is the only indicator of industrial development. But the industrial activity in Himachal Pradesh is largely concentrated along the area bordering adjoining states of Punjab, Haryana and Uttrakhand for obvious reason of better market accessibility.

Status of Infrastructure in Himachal Pradesh:

- 1.15 With the rapid growth of State's economy in the recent years, the urgency of removing infrastructure bottlenecks has increased. Traditionally, Roads, Power and telecommunications had been evaluated as the available stock of infrastructure in the State. However, with the reorientation of the development strategy with the tilt towards 'inclusive growth', infrastructure in the areas of education, basic health care services and irrigation facilities is also being enumerated while taking stock of the existing infrastructure in the State.
- **1.16** Despite very high costs involved in cutting difficult terrain to construct all weather roads, Himachal Pradesh has achieved road density of 62.73 kilometers per 100 square Kilometers of area upto 31.3.2017 against the national average of 115.30 Kms. Maintenance of these roads poses a great challenge and involves huge construction and maintenance costs.
- 1.17 Power is one of the most important inputs for economic development. In addition to its widely recognized role as a catalyst to economic activity in different sectors of economy, the power sector makes a direct and significant contribution to economy in terms of revenue generation, provision of additional employment opportunities and enhancing the quality of life. Himachal Pradesh has been blessed with the vast hydroelectric potential of about 24,000 MW in its five river basins namely Yamuna, Satluj, Beas, Ravi and Chenab, out of which 22,531 MW has already been allocated. The State has adopted multi-pronged strategy for hydel power exploitation through State Sector, Central Sector, Joint Venture and Independent Power

Producers. Practically, all the villages of the State had been electrified in eighties. Most importantly, all the energy supplied is metered and T&C losses are minimal. Per capita consumption of electricity in the State is over 1000 Kwh per annum due to higher heating requirements as against the national average of around 800Kwh. However, for past 4 to 5 years, the enthusiasm of IPPs has vanished in commissioning even the allotted projects as the energy rates which had peaked to Rs. 7.5 per unit some 10 years ago have now gradually declined below Rs. 3.00 per unit. About 10 years ago, in Himachal, IPPs used to over bid up to 25% additional free power over and above the statutory 12% for 12 years, 18% for next 18 years and 30% for remaining 10 years. But as of now, the IPPs are not showing any response for projects which were most sought after just a decade ago. This is not peculiar to Himachal, but is a nationwide scenario due to slowdown in industrial sector and low capacity utilization.

- **1.18** Access to safe drinking water has been another priority of the State and all the census villages in the state have been provided with drinking water facilities.
- **1.19** The expansion of railways in Himachal Pradesh could not pick up mainly due to higher costs, low traffic volumes of both passengers and freight. The cost recovery in the provision of public goods and services from the people living in these areas is a distant possibility as the Government is not even able to recover the operational cost of these services.
- **1.20** The challenge lies in consolidating the gains already achieved and to build on them to achieve the goal of more inclusive growth. This will involve huge investments.

CHAPTER-2

CONSTITUTIONAL PROVISIONS, TERMS OF REFERENCE AND NEED FOR INTERIM REPORT FOR 2017-18

- 2.1 The 73rd and 74th Constitutional Amendments of 1992 brought about path breaking changes, with a big bang approach, in the empowerment, working and status of Panchayati Raj Institutions and Urban Local Bodies. These amendments constitutionally empowered the grass root level of democratic governance. These amendments, inter alia, also laid down that the State Governments shall, within one year from the commencement of the Constitution (Seventy third Amendment) Act, 1992, and there-after at expiration of every fifth year, constitute a Finance Commission to review the financial position of local bodies and make recommendations to the State Government for strengthening the financial position of these institutions.
- **2.2** Consistent with these Constitutional amendments, the Government of Himachal Pradesh enacted/amended the existing Himachal Pradesh Panchayati Raj Act and Acts pertaining to the three classes of Urban Local Bodies to update all acts in conformity with the constitutional mandate.
- **2.3** The Fifth State Finance Commission was constituted by the Himachal Pradesh Government vide Notification No. Fin.-IF (C) A (3)4/2004 of 19th November, 2014. The text of the notification is as follows:-

"In exercise of the powers conferred by section 98(1) of the Himachal Pradesh Panchayati Raj Act, 1994 (Act No. 4 of 1994) read with Article 243-I and 243-Y of the Constitution of India, the-Governor, Himachal Pradesh, is pleased to constitute the 5th H.P. State Finance

Commission to review the financial position of the Panchayats and Municipalities and devolution of resources to these institutions and to appoint the following as its Chairman and Members with immediate effect. The Chairman and Members will look after this job in addition to their own work:

1. Shri Kuldip Kumar, MLA,Chintpurni	Chairman
2. Principal Secretary/Secretary (RD &PR)	Member
	(Ex-Officio)
3. Principal Secretary /Secretary (UD)	Member (Ex-Officio)
4. Adviser (panning) Secretary	Member

- 2. The Commission shall make recommendations to the Government as to:
- (a) the principles which should govern-
 - (i) the distribution between the State and Panchayats / Municipalities of the net proceeds of the taxes, duties, tolls and fees leviable by the Government which may be divided between them and allocation between the Panchayats/ Municipalities all levels of their respective share of such proceeds;
 - (ii) the determination of taxes, duties, tolls and fees which may be assigned to or appropriated by the Panchayats and Municipalities;
 - (iii) the grants-in-aid to Panchayats/ Municipalities from the Consolidated fund of the State;

- (b) to suggest measures needed to improve the Financial position of the Panchayats/ Municipalities;
- (c) the Commission should make a normative assessment of needs based on the actual devolution of functions to each tier of the PRIs/Municipalities in making any recommendations on devolving untied grants or share of State taxes to these bodies.
- (d) the Commission should make an assessment of recurring grants for specific schemes of the State Government relating to support for honorarium and expenses of elected representatives and employees of PRIs/Municipalities and suggest improvements in these schemes in order to promote the exercise of fiscal autonomy and responsibility by the PRIs/ Municipalities.
- (e) the Commission should suggest appropriate ways to take forward the process of devolution of functions, funds and functionaries to the PRIs/ Municipalities keeping in view the existing-delivery system and the financial capacity of the State Government. It may make specific suggestions with regard to:
 - support for pilots to hand over responsibility for delivery of primary education, primary health, water and sanitation and rural roads to appropriate levels of PRIs/ Municipalities;
 - changes in legislation and procedures necessary to enhance the tax and non tax capacity of the PRIs/Municipalities consistent with accepted principles of taxation at the local level;
 - Strengthening of administrative capacity of PRIs/ Municipalities by placing under their control relevant categories of employees either by way of recruitment at the level of relevant tiers of the

- PRIs/Municipalities or by seconding of existing State Government staff to them.
- (f) any other matter referred to the 5th H.P. State Finance Commission by the Government in the interest of sound finances of the Panchayats and Municipalities.
- 3. The Commission shall devise its own procedure and may appoint such Advisors, Institutional Consultants, as it may consider necessary. It may call for such information and take such evidence as it may consider necessary.
- 4. The Commission shall make its report available by 30th April, 2016 covering a period of five years commencing from 1st April, 2017.
- 5. The Planning Department would be the nodal department for functioning of the 5th State Finance Commission on the pattern of previous State Finance Commissions. (Annexure A).
- **2.4** The Memorandum of 29th November clarified the initial Notification to the extent that the staff structure for the office of 5th State Finance Commission would remain the same as was fixed for the 4th State Finance Commission (Annexure B).
- **2.5** By notification of 2nd Dec. 2014, the appointment of Shri Kuldip Kumar, MLA, Chintpurni as Chairman of the 5th HP State Finance Commission, is in the rank of Cabinet Minister, with immediate effect was notified. (Annexure C).
- 2.6 The initial notification of 19th November, 2014, constituting the 5th State Finance Commission was modified by the Notification of 19th January, 2015. By this Notification Principal Secretary/Secretary (RD&PR) and Principal Secretary/Secretary (UD) were notified as Members (Ex-officio) and Advisor (Planning) who was Member Secretary in the original notification was notified as Secretary to this

Commission. This modified notification of the constitution of this Commission has been as reproduced hereunder:-

Government of Himachal Pradesh

Finance (IF) Department

No.Fin-IF(C) A(3)-4/2014 Dated Shimla-171002, 19.1.2015

Notification

In modification of this department's notification of even No., dated 19th November, 2014, the revised constitution of the 5th State Finance Commission will be as under:-

1.	Sh. Kuldip Kumar, MLA, Chintpurni	Chairman
2.	Principal Secretary/Secretary(RD&PR)	Member (Ex-
offic	cio)	
3.	Principal Secretary/Secretary (UD)	Member(Ex-
offic	cio)	
4.	Adviser (Planning)	Secretary

By Order

(Dr. Shrikant Baldi)

Principal Secretary (Finance) to the Government of Himachal Pradesh

The copy of the above notification is placed at Annexure D.

- **2.7** The period of 5th State Finance Commission was extended up to 30th April, 2017 vide notification of 27th April, 2016. (Annexure E).
- **2.8** The period of 5th State Finance Commission was extended till 30th November, 2017 vide notification of 4th January 2017. (Annexure F)
- **2.9** Shri Kuldip Kumar resigned from the Chairmanship of the Commission with immediate effect on 20th October 2017. The

- notification of his resignation was issued on 21st October 2017 (Annexure G).
- **2.10** After resignation of Shri Kuldip Kumar, the Chief Secretary to the Government was notified as the Chairman of the Commission on 30th October 2017. (Annexure H).
- **2.11** The period of 5th State Finance Commission was extended till 31st December, 2017 vide notification No.Fin-IF(C)A(3)4/2014 of 21st December, 2017. (Annexure I).
- **2.12** The term of the 5th State Finance Commission was extended till 21st January, 2018 again vide notification No. Fin-IF(C)A(3)4/2014 of 11th January, 2018 (Annexure-J).

NEED FOR INTERIM REPORT COVERING ONE YEAR'S PERIOD OF 2017-18 BY THE COMMISSION

- 2.13 The Fifth State Finance Commission was constituted by the State Government on 19th November, 2014. The Chairman assumed charge on 1st December, 2014. The Deputy Director (5th SFC) and other staff were internalized from within the Planning Department who attended to the work of the Fifth State Finance Commission in addition to their existing work allocations. Shri Abhay Pant was appointed Officer on Special Duty, in the rank of Special Secretary; he assumed duties on 28th February 2015.
- 2.14 The Commission was apprised in its first meeting that the information regarding receipt and expenditure and other related issues are to be collected from the Panchayati Raj Institutions and Urban Local Bodies, for which questionnaires for each of the three tiers of PRIs and each level of ULBs are to be designed. In this regard, it was decided that these questionnaires will be designed and forwarded to the Urban Development and Panchayati Raj Departments. It was also

decided that pre-testing of the schedules shall be conducted; and necessary modification, if any, will be made.

- 2.15 In the first meeting of the 5th State Finance Commission held on 16th March, 2015, it was informed by Principal Secretary (Panchayati Raj) that Panchayati Raj Department had already operationalized online software like PRIA Soft, Plan Plus and National Panchayat Portal. It was decided to explore to use these facilities for online collection of data for the Commission. Likewise, it was also decided that Urban Development Department would also attempt to collect all relevant information for the Commission in electronic mode for seamless flow of information pertaining to Urban Local Bodies.
- **2.16** It was also decided in this meeting that as the Panchayati Raj and Urban Development Departments are the nodal Departments for PRIs and ULBs; therefore they should send detailed memorandum on Terms of Reference (TOR) of this Commission giving feedback and factual position on delegations of functions, funds and functionaries. They should also send proposals for further strengthening and devolution of powers, finances and functionaries to PRIs/ULBs.
- **2.17** It was also decided to invite views and suggestions from individuals, institutions, non-governmental organizations or elected representatives interested in local body finances, decentralization and strengthening of PRIs and ULBs as it shall not be possible to hold meetings with such diversified entities while their suggestions could be very useful.
- **2.18** In the second meeting of the Commission held on 20th May, 2016 it was gathered that Rajiv Gandhi Panchayat Shasaktikarn Yojna has been discontinued by the Union Government and therefore the Computer Operators engaged in this scheme shall no longer be

available; and therefore online data collection may not be possible for the Panchayati Raj Institution. Besides, the Panchayati Raj and Urban Development Department were requested to submit detailed memorandum to the Commission by 15th June.

- 2.19 However, the commission had collected secondary data from Urban Development Department. The secondary data for Panchayati Raj Institutions has also been obtained from a survey conducted by Economics and Statistics department. This secondary data is of short time series. It provides useful insight into the trends of revenue expenditure as also the trends of own receipts. These sets of secondary data from the Advisor, Economics and Statistics and Urban Development Department would be useful for comparison once the primary data has been compiled and analyzed.
- 2.20 The general elections to all the three levels of Panchayati Raj Institutions and Urban Local Bodies were held in December 2016 and in the first week of January, 2017. The process for holding these elections had commenced from around May-June 2015. These elections had priority. Therefore the collection of data from Panchayati Raj Department for PRIs and Urban Development Department for ULBs got delayed.
- **2.21** Therefore, the situation at the beginning of January 2017 was that the schedules for both PRIs and ULBs have been discussed, pruned, modified, analyzed and then finalized and agreed to by all in discussions the Secretary of the Commission had with the Directors and other officers of Panchayati Raj and Urban Development Department, Deputy Director and OSD of the Commission.
- **2.22** The Commission through Planning Department developed questionnaires for on line collection of data from Urban Local Bodies.

Thus the primary data was obtained. But this data suffered from inconsistencies and gaps.

- **2.23** The Panchayati Raj Department has likewise collected fairly reasonable quantum of data in hard copies and; their flow of data from the field is smooth.
- **2.24** However, for the compilation, tabulation and analyses of the data the Commission decided that the data entry work shall be outsourced to DOEACC Society, now National Institute of Electronics and Information Technology (NIELIT)
- 2.25 The Commission in its 4th meeting held on 9th December noted that the commission had till then only visited 3 districts of Chamba, Kangra and Una that too before the last general elections to PRIs and ULBs; and was yet to visit remaining 9 districts including those of Lahaul and Spiti and Kinnaur. The commission also took cognizance of the forthcoming budget session. Considering all issues and aspects it has been decided that the term of the commission should be extended till 30th November 2017; and for the present the Commission shall submit interim report for 2017-18 by mid January, 2017. However the Interim Report for the financial year was submitted by the Commission to the Government on 9th February. 2017.
- **2.26** The Government by notification No.Fin-IF(C)A(3)4/2014dated 4th January, 2014 has extended the tenure of the Commission till 30th November 2017.

INTERIM REPORT: RECOMMENDED RESOURCE TRANSFERS TO URBAN LOCAL BODIES AND PANCHAYATI RAJ INSTITUTIONS FOR 2017-18

2.27 As mentioned in preceding paras, the Commission had not received any primary data by January 2017.

- 2.28 The Commission realized that without any primary or with limited secondary data, it would not be appropriate to estimate receipts and expenditures for ULBs and PRIs for 2017-18.
- 2.29 The Commission, therefore, took a considered view and decided that trend analysis of the recommendations of the 4th Finance Commission of resource transfers, for the award period 2012-13 to 2016-17, and the actual releases by the Government till 2015-16 (actuals) be taken as basis to recommend allocations for 2017-18.
- **2.1** The recommendations of 4th State finance Commission and the actual releases by the Government are as under:

(Amount in Crore)

Year	4 th SFC PRIs	Actual Releases	4 th SFC ULBs	Actual Releases
2012-13	64.63	65.14	61.7	57.07
2013-14	65.82	55.96	65.55	68.07
2014-15	106.39	80.61	72.38	72.41
2015-16	109.62	109.42	81.43	85.51
2016-17	130.32	Actuals not	101.41	Actuals not
		available		available

- **2.30** From the analysis of above numbers it was evident that the recommendations of the 4th State Finance Commission and releases by the State Government to PRIs and ULBs are mostly matching. The releases by the Government were more realistic for these captured the then prevailing realities. For example, the actual expenditure on honorarium to members of the elected bodies would be a function or product of their attendance and the rates of honorarium.
- **2.31** Therefore, Commission took a view that it would be appropriate to recommend a 10 percent enhancement on the recommended devolutions of the 4th SFC of Rs <u>130.32</u> crore for PRIs and Rs <u>101.41</u> crore for ULBs for the year 2016-17.

- **2.32** Accordingly the Commission recommended devolutions of Rs. 143.35 crore for the Panchayati Raj Institutions and Rs.111.55 crore for Urban Local Bodies for the year 2017-18.
- 2.33 The Commission was well aware that its ToR only mandated gap-filling revenue grants. However, as number of elected representatives of Zila Parishad and Panchayat Samiti had met the Chairman and Members of the Commission and suggested that Commission may provide funds to them for developmental works, therefore the Commission suggested to the Government that it might consider their point of view.

Sd. Sd. Sd.

(KuldipKumar) Manisha Nanda) Onkar Chand Sharma
Chairman ACS(UD) Secretary (PR)

Ex-officio Member Ex-officio Member

CHAPTER-3

FRAMEWORK AND METHODOLOGY

- 3.1 The experiences of previous Commissions were discussed and examined in the first meeting of the Commission held on 16th March 2015. The framework and the methodology gradually evolved and were firmed up in the first and the subsequent meetings of the Commission; and as also in the meetings amongst the officers of the Commission which were subsequently approved by the commission. The contours of framework and methodology adopted are enunciated below.
- (1) The mandate of the commission emanates from the constitutional provisions. The framework is defined by the Government in the Terms of Reference (TOR) mentioned in the Notification No.FIN.-IF(C)-A (3)4/2004 of 19th November 2014 vide which the Fifth State Finance Commission was constituted and its Term Of Reference precisely mentioned;
- (2) The Fourth State Finance Commission had outsourced the data collection work to Lok Mitra Kendras. The experience of 4th SFC with Lok Mitra Kendras was extremely unsatisfactory;
- (3) It was, therefore, decided that the data from all the three tiers of PRIs will be collected by the Panchayati Raj Department. Total number of PRIs exceed well over 3,300. Therefore the Commission is extremely happy and satisfied that the Panchayati Raj Department has been able to collect and supply sufficient data of about 2500 PRIs in hard copies with limited field staff. Data relating to own income and components thereof; and likewise of the expenditure and component thereof for PRIs were outsourced. Data of only 10% Panchayats, 100% for

Panchayat Samitis, and 100% of the data received from Zila Parishads was outsourced for tabulation. However, this data suffered from huge inconsistencies and gaps. This was totally understandable as the qualifications, knowledge and skills of many field functionaries at Panchayat level are limited; the schedules required lot of data inputs and the employees were overworked too. Nonetheless, these shortcomings and gaps were very well covered in series of interactions with the officers of the department. Interaction with the officers of the Panchayati Raj Department and the secondary data supplied by the department helped the Commission to firm up the numbers of committed liabilities of all the 3 levels of PRIs.

(4) The number of Urban Local Bodies is less than 60. ULBs have better qualified, more in number and better trained staff; therefore it was decided to collect data online from ULBs. The computer-programme and output tables were developed in house by the Planning Department. Adequate data was received. This primary data too suffered from lot many inconsistencies and gaps. However, numerous interactions with the officers of the department, and the data available with the department enabled the Commission to work out committed expenditure needs and also own revenues of the ULBs to work out devolutions.

RECOMMENDATIONS OF FOURTEENTH FC

3.2 The recommendations of the Fourteenth Finance Commission for measures needed to augment the Consolidated Fund of State to supplement the resources of Panchayat and Municipalities were examined. At national level, the average grant of 14th FC per capita per year is Rs.488, but for our states it is higher at about Rs. 580. The allocations for Panchayats and Municipalities are elaborated in the following paragraphs.

The 14th Finance Commission has recommended a total grant of Rs. 1809.8 crore for Panchayati Raj Institutions. Out of this amount Rs. 1628.82 crore (90%) is the basic grant while the remaining Rs.180.98 crore (10%) is performance grant. Obviously, as the name signifies, the release of performance grant is subject to conditionalities. Out of the 3 levels of PRIs, the FFC has given the entire grant only for Gram Panchayats; and has not given any grants for Zila Parishad and Panchayat Samitis. The rationale mentioned by 14th FC is that "all the execution of works is done by Gram Panchayats and not by the other two levels."

The Fourteenth Finance Commission has recommended a total grant of Rs. 201.77 crore for Urban Local Bodies. Out of this amount Rs. 161.42 crore (80%) is the basic grant while the remaining Rs.40.35 crore (20%) is performance grant. Obviously, the release of performance grant is subject to fulfilling conditionality. In case of ULBs the grants are for all the 3 categories of the municipalities.

These grants of 14th FC, as mentioned in proceeding paragraphs, to PRIs and ULBs are intended to augment Consolidated Fund of the State to supplement the resources of the local bodies as per the TOR of the 14th FC. **This Commission decided not to take**

these liberal grants from 14th FC either on receipt side or on expenditure side as these grants are only counterbalancing or passes through entries. However, as delegated functions are developmental functions, therefore, this Commission took note of these fairly significant devolutions to Panchayats and ULBs.

- 3.3 The Commission's approach has been largely guided by the cardinal principles of fiscal prudence by PRIs and ULBs. These institutions should not presume that their all financial needs shall be entirely met by devolution of resources from the consolidated fund of the State; and that these institutions must not only fully recover their tax and non tax revenues but also strive for additional resource mobilization through permissible avenues. The Commission was also guided by the fact that State Government itself has been facing immense fiscal stress. Given the precarious financial position of the State, it becomes difficult for the Commission to balance available resources and the emerging responsibilities at different levels of Local Self Government, which could be shared gainfully while the imperatives of decentralization and delegation are also not lost sight of at the same time.
- 3.4 The estimation of revenue receipts and committed expenditure requirements of the Panchayati Raj Institutions and the Urban Local Bodies is the core but a difficult and critical function of the Commission. Commission has to forecast resources and expenditure to suggest devolutions to the government for committed liabilities. The award period to be covered by the recommendations of the Fifth State Finance Commission is from 2017-2018 to 2021-2022. This period at the National and State levels will witness significant changes in the fiscal and economic scenario with new GST regime, concept of fiscal federalism, abolition of Planning Commission, role and remit of NITI

Ayog; and overall question of responsibility sharing. The mandate of the Commission originates from the Constitution of India and its scope precisely defined by the ToR notified by the government. Therefore, the Commission is required to perform the judicious function of devolution of resources for committed expenditure of the local bodies and the potential of these institutions to raise their own resources. The Commission has to ensure that while deliberating upon the sensitive issue of resource sharing; it does not lose the overall perspective of difficult situation of State finances. In the whole design, the Commission has emphasized the need for equity, efficiency and owning of the responsibility at all levels, which could only be realized if available financial resources were put to most productive use and such investments could lead to the generation of resources for further growth.

3.5 Since the finances of the Hill States are under stress due to mismatch in the overall revenue receipts and the expenditure commitments, these are likely to have an impact on the local government resources. The finances of Himachal Government suffered irreparable loss due to the abolition of the Planning Commission. During 2014-15, Himachal had received Rs.2896 crore from Planning Commission. The role and remit of NITI Ayog is not a source of money to states. The obvious implications are that both the Urban and Rural Local Bodies shall have to not only maximize the revenue raising potential but shall have to look for avenues of Additional Resource Mobilization. The Local Bodies shall have to make earnest efforts; and also ensure that whatever resources become available through efforts at local level and through the scheme of devolution worked out by the Commission, and grants of

14th FC are used in the most cost-effective and efficient manner for maximizing the benefits.

3.6 One of the important components of the approach was the question of estimating the existing revenue receipts and revenue expenditure of the Panchayati Raj Institutions. The response of reporting data on questionnaires was unprecedented. Though the data supplied suffered from some inconsistencies, yet it was inferred that the sources of receipts of these bodies were mainly, House Tax, Share in liquor cess, Local rate, Fees in the nature of Birth/Death Certificates, Marriage Fee, Ration Card fee and Teh Bazari etc. Apart from the resource items shown for the Panchayati Raj Institutions which are equally applicable to the Urban Local Bodies in revenue generation, the additional items of revenue generation of the Urban Local Bodies are ground tax, map passing fee, sanitation and water supply charges, show tax, Animal tax, slaughter house fee, copying fee etc.

The Commission examined the statutory functions assigned to the Panchayati Raj Bodies as enshrined in Section 11, 81, and 92 of the Himachal Pradesh Panchayati Raj Act, 1994 for Gram Panchayats, Panchayat Samitis and Zila Parishads, respectively, and the relevant sections 42 and 43 of the Municipal Acts in the process of firming up the approach.

In this regard, the Commission noted that even though the Government had delegated the statutory functions to PRIs more than 20 years ago in 1996, a vast majority of the local government bodies were not in a position to undertake the responsibilities and effectively carry out the same for primarily due to very inadequate delegation and thus lack of capacity and administrative support. The reality is, on

record there is a Notification, but most critical, crucial and important 2Fs, out of 3Fs, namely the Functionary and Funds have not been merely transferred. Therefore, delegating **Functions** without transferring Funds and Functionaries means inadequate and insufficient delegation. The government departments are happy to transfer the responsibilities to PRIs/ULBs but unwilling to transfer authority, funds and even dual control over employees. With regard to the financial devolution to the local Government institutions, all the previous Commissions used the Grants-in-Aid mode for financing the gap between the committed expenditure of these institutions and their own revenues. The Third State Finance Commission initially examined a mixed approach. It laid down the principles for distribution between the State and Local Government Institutions of the net proceeds of taxes, tolls and fees leviable by the Government and to meet the gap in assessed level of revenue receipts and revenue expenditure post such devolution by the grants-in-aid. Subsequently, the Third Commission reconsidered the entire matter and concluded that keeping in view the case of administering the resource transfers, the method of gap filling grants may be best suited given the present level of delegation and decentralization. The approach of the Fourth State Finance Commission has also been almost similar.

This Commission's recommendations for devolution of resource are based on scrutiny and examination of the following:-

- 1. Financial position of the Panchayati Raj Institutions; and Urban Local Bodies for last four to six years.
- 2. Recommendations of the past 4 State Finance Commissions.
- 3. Recommendations of the Fourteenth Finance Commission.
- 4. State's financial position.
- 5. Revenue resources of the Urban and Rural Local Bodies and their projections for next five years.

And committed liabilities of the Urban and Rural Local bodies.

This Commission also adopted the methodology of gap filling grant rather than a share of states own revenues for the following reasons:

- Panchayts own resources and incomes are very low.
 Besides, there are wide variations amongst the incomes of different panchayats. Therefore, calculations and projections based on an average income of Panchyats will obviously be totally misleading and meaningless.
- Besides, it is neither possible to work out fund requirement of each PRI or to forecast with any accuracy future incomes and committed revenue expenditures of PRIs.
- States own Revenues also show variations from year to year.
 Therefore, a share of taxes is not at all an appropriate method to meet the committed liabilities.
- Most of the committed expenditures of Zila Parishad, Panchayat Samiti and village Panchayat relate to honorarium to elected members; and salaries and wages of their employees. Moreover, it is not at all possible to predict with any certainty as to when and how much the salaries and the wages of the employees will be enhanced; and when and how much the honorarium of the elected members would be raised.

In the above background the committed liabilities of PRIs have been calculated with following assumptions. The resources of Panchayats are very low; and besides show huge variation in own income of 3,226 Panchayats. Therefore taking average income of Panchayats for calculations would be inappropriate. Besides, the income of the other two levels is a very small fraction of their committed liabilities. Therefore, like previous Commissions, this Commission has not considered/deducted own income of PRIs while calculating their committed liabilities.

- The salaries and wages have been calculated at the existing rates with10% hike for each succeeding year based on the assumption that (a) increment will be 3% and (b) DA increase in a year will be 7%.
- The office expenses of PRIs have also been calculated with 10% hike for each succeeding year.
- The Commission has also recommended a grant of 15 crore for each year for repair, maintenance, addition and alteration of the assets of all the three levels of the PRIs.
- The honorarium of elected members has been calculated for the entire award period at the existing rates.
- The recent hikes in fixed allowances of Tailoring Teachers from 2,300 to 6,300 per month of Panchayat Chowkidars from Rs.2,240/- to 4,000/- per month and Water Guards from Rs. 1,500/to 2,550/ have been taken in these calculations.

To take care of any future hike, during the award period, in honorarium, wages and salaries, over liabilities worked out by the Commission as per above mentioned assumptions, the Commission recommends to the Government that

(1) If and when the honorarium rates of elected representatives are revised upwards, the Government will provide additional allocations for enhanced expenditure over the recommended devolution by this Commission.

(2) Likewise, if and whenever there is hike in pay or wages of the employees of PRIs, the Government will provide additionality for pay/wage hike along with liability of arrears, if any, over devolution recommended by the Commission.

In case of Urban Local Bodies the following methodology and assumptions have been adopted:-

The number of Urban Local Bodies is slightly over 50 while those of PRIs are more than 3,300. Besides, the incomes of Urban Local Bodies are reasonably significant. Therefore, like the previous Commissions, the committed liabilities of the ULBs have been calculated with following methodology and assumptions:-

- Large part of the committed expenditures of Urban Local Bodies also relates to honorarium to elected members; and salaries and wages of their employees. Moreover it is not possible to predict with any certainty as to when and how much the salaries or the wages of their employees will be enhanced and when and how much the honorarium of the elected members would be raised. In the above background the committed liabilities of ULBs have been calculated with following assumptions and conditions.
- The salaries and wages have been calculated with the existing rates with 10% of hike for each succeeding year based on the assumption that (a) increment will be 3% and (b) DA increase in a year will be 7%.
- The honorarium of elected members has been calculated for the entire award period at the existing honorarium rates.
- As per the methodology of previous Commissions, the committed expenditure of Local Bodies at aggregate level of all the three types of Local Bodies has been assessed. From the

committed expenditure, so calculated with above two assumptions the aggregate income of the ULBs has been subtracted and gap is the devolution amount.

 Since, as in case of PRIs, the expenditures have been calculated, with the above mentioned, two assumptions, therefore the Commission exactly as per its recommendations for PRIs recommends that;

To take care of any future hike, in honorarium, wages and salaries, over liabilities worked out by the commission, the Commission recommends to the Government that:

- (1) If and when the honorarium rates are revised the Government will provide the resultant enhanced liability over recommended devolution.
- (2) Likewise, whenever there is hike in pay or wages, the Government will provide additionality for pay/wage hike along with liability of arrears, if any, over recommended devolution by the Commission.

CHAPTER-4

ANALYSIS OF 4 PREVIOUS AWARDS of SFC

- 4.1 Himachal Pradesh is one of the very few pioneering States which constituted the First and all the subsequent State Finance Commissions (SFCs) as mandated by Articles 243I and 243Y of the Constitution of India; and enabling provisions of State Acts. The Government constituted the First State Commissions in April, 1994, the Second in May, 1999, the Third in May, 2005, the Fourth in May, 2011 and the Fifth State Finance Commission in November, 2014. The first three State Finance Commissions submitted their reports within the stipulated time while the Fourth submitted an Interim and the Final report in January, 2014. This Commission too submitted an Interim Report on 9th February 2017. The financial recommendations of all the earlier 4 Finance Commissions were by and large, accepted by the State Government.
- **4.2** The Commission decided to analyze the financial recommendations made by the first four previous State Finance Commissions and the amounts released against the awards by the State Government.
- **4.3** The reports of the first two State Finance Commissions were preliminary in nature as both the Urban and more particularly Rural Local Bodies were in formative and evolving stages vis-à-vis the spirit and provisions of the 73rd and 74th constitutional amendments. The devolutions recommended by the Commissions were also in respect of meeting the committed expenditure, in general. It has been over 2 decades since the historic and land mark 73rd and 74th Constitutional Amendments provided dignified status, role and scope to these local bodies. Therefore, consequently, status, role and scope to these local

bodies are now well established; and are slowly but surely moving towards higher degree of delegation and decentralization.

4.4 With this background, the Commission decided to take an overall view of the financial devolutions recommended by the previous Finance Commissions and the actual resource transfers made by the State Government to the local bodies. A comparative picture of the award wise recommendations made by the first four State Finance Commissions for devolution of financial resources to local bodies and the amount released by the State Government is given in the following table:

Table 4.1

Recommended Resource Transfer by State Finance Commissions and Actual Releases made by the State Government to the Local Bodies

(Rs. in crore)

Sr. No.	Institutions/ Tenure of Commission	Amount recommended by the Commission	Amount released by the State Government
1.	2.	3.	4.
Pand	chayati Raj Institutions		
1.	First State Finance Commission (1996-2001)	13.87	30.85
2.	Second State Finance Commission (2002-2007)	70.05	119.45
3.	Third State Finance Commission (2007-2012)	228.28	260.25
4.	Fourth State Finance Commission (2012-17)	476.78	441.45
Urba	an Local Bodies		
1.	First State Finance Commission (1996-2001)	74.55	83.97
2.	Second State Finance Commission (2002-2007)	159.46	133.66
3.	Third State Finance Commission (2007-2012)	223.02	212.05
4.	Fourth State Finance Commission (2012-17)	382.44	382.51

Source: Reports of the State Finance Commissions and Budget Documents of Finance Department.

4.5 The above consolidated tables of recommendations from First to Fourth State Finance Commissions and releases by the government bring out two very significant conclusions. The first is a fairly significant enhancement in the amounts recommended by the successive SFCs to be devolved to the local bodies. And the second is that the releases by the Government show the commitment of the State Government in strengthening the local governance. The amount released by the State Government to PRIs have generally remained higher than the recommendations of State Finance Commissions, whereas the State Government has seldom curtailed the grants recommended to the Urban Local Bodies against the recommended resource transfers. The releases by the government are more realistic and captured the actual requirement.

A closer look at year-wise recommendations of the Fourth SFC for Local Bodies and releases would more clearly bring out the pattern of recommended devolutions and actual releases.

The recommendations of 4th State finance Commission, and the actual releases by the Government are as under in Table 4.2:

Amount in Crore

Year	4 th SFC PRIs	Actual Releases	4 th SFC ULBs	Actual Releases
2012-13	64.63	65.14	61.7	57.07
2013-14	65.82	55.96	65.55	68.07
2014-15	106.39	80.61	72.38	72.41
2015-16	109.62	109.42	81.43	85.51
2016-17	130.32	130.32	101.41	99.45
Total	476.78	441.45	382.44	382.51

From the analysis of above numbers it is evident that the recommendations of the 4th State Finance Commission and releases

by the State Government to PRIs and ULBs are fairly close to each other. In fact the releases by the Government are more realistic as they capture the unfolding realities. For example, the actual expenditure on honorarium to members of the elected bodies is a product of their attendance and the rates of honorarium. More importantly, any enhancement in committed revenue expenditures as a consequence of upward revision be it honorarium or pay or wages can be best captured and fine-tuned by the government on the devolutions suggested by the Commission.

CHAPTER-5

TENTH TO FOURTEENTH FINANCE COMMISSIONS – VIEWS AND DEVOLUTIONS FOR LOCAL BODIES

Recommendations and Award of Tenth Finance Commission.

5.1 Although the Tenth Finance Commission did not have any specific ToR for Local Bodies yet it felt it appropriate to address the issues of local bodies. The Tenth Finance Commission felt that Panchayats and Municipalities were mandated to discharge the new role assigned to them under 73rd and 74th Constitutional amendments, during the Commission's award period. Therefore, it recommended a grant of Rs. 4,380.93 core for Panchayats, at the rate of Rs. 100/- per capita of rural population as per 1971 Census. A grant of Rs. 1,000 core was recommended for the Municipalities. The Finance Commission recommended that the State Government should prepare suitable schemes and detailed guidelines for utilization of these grants. The Local Bodies were required to raise matching contribution for the purpose. The clear cut mandate was that no portion of grant amount was to be used for expenditure on salaries and wages.

Recommendations and Award of Eleventh Finance Commission

5.2 For the first time, The Eleventh Finance Commission had a specific Terms of Reference (ToR) to recommend "the measures needed to augment the Consolidated Fund of a State to supplement resources of the Panchayats and Municipalities in the State, on the basis of the recommendations made by the Finance Commission of the State". Besides, the Commission was categorically given the freedom to make its own assessment in the

matter where SFC reports were not available. This Finance Commission recommended a grant of Rs. 8,000 crore for panchayats and Rs. 2,000 crore for municipalities. This Commission assigned a weight of 40 % to population (1991 census), 10% to area and 20 % to the distance from highest per capita income to main components devolution formula. This Commission stipulated that the first charge on the grants should be the maintenance of the accounts and also the audit. The second charge was on development of a financial data base. The balance amount was to be utilized for maintenance of core services like primary education, primary health care, safe drinking water, street lighting and sanitation including drainage and scavenging facilities, maintenance of crematoriums, burial grounds, public conveniences and other common property resources. These grants had a stipulation that these could not be used for payment of wages and salaries.

Recommendations; and Award of Twelfth Finance Commission.

5.3 The Twelfth Finance Commission had an identical ToR as that of Eleventh Finance Commission for Panchayats and Municipalities. This Commission allocated a grant of 20,000 crore for Panchayats and 5,000 crore for Municipalities. This Commission retained the weights used by Eleventh Finance Commission i.e. 40% population, 10% area, 20% distance from highest per capita income. However instead of 1991 census it used a population data of 2000-2001 census for distribution. This Commission specified that Panchayats should use the grants to improve service delivery relating to water supply and sanitation. In towns with population of over 100,000, 50% of the grant was to be earmarked for solid base management schemes in public-private-partnership (PPP mode). Both urban and rural local bodies were expected to give a very high priority for creation of data

base and maintenance of accounts by use of modern technology and management techniques.

Recommendations and Award of Thirteenth Finance Commission.

5.4 This commission too had an identical ToR for Panchayats and Municipalities as the earlier two Finance Commission had. However, unlike the earlier Commissions, this Commission recommended a percentage of the divisible pool for local bodies which was estimated at Rs. 87,519 crore for the entire award period after converting into grant-in-aid under article 275 of the Constitution. Further for each year of the award period, the grant was to be determined on the basis of the divisible pool of the previous year. Out of this, the grant for panchayats stood at Rs.63,051 crore and the grant to municipalities was Rs. 23,111 crore, while special grant of Rs.1,357 crore was given to Schedule-V and Schedule-VI areas and other similarly situated areas. This Commission increased the weight attached to population to 50% and retained the weight assigned to the area. It retained weight assigned to distance from the highest per capita income at 20% for urban local bodies, for rural local bodies this was reduced to 10% and the new criteria of proportion of Scheduled Caste and Scheduled Tribe population with a weight 10% was introduced. Besides it mandated index of decentralization, revenue effort, index of deprivation, index of devolution etc.

This Commission provided grants to local bodies in two parts, a general basic grant and a general performance grant. While there were no conditions for accessing the basic grants, however a set of 6 conditions for Panchayats and of 9 conditions for local bodies were imposed to qualify for this performance grant.

Recommendations and Award of Fourteenth Finance Commission

5.5 Fourteenth Finance Commission determined the total size of the grant at Rs. 2, 87,436 crore for the period 2015-20, constituting an assistance of Rs. 488 per capita per annum at an aggregate level. Out of this amount the grant recommended for Panchayats is Rs. 2,00,292.2 crore; and for Municipalities the grant is Rs. 87,143.8 crore. The grant assessed by the Commission for each year is fixed. Himachal, however, got per capita of over Rs.580 due to the formula used by the Commission.

The Commission categorically mandated that the local bodies have to necessarily spend the grants only on the basic services within the functions assigned to them under relevant legislations. This is the paramount and cardinal stipulation on the utilization of the grants by both Urban and Rural Local Bodies. (Emphasis added)

This Commission recommended grants in two parts. Basic grant and performance grant for duly constituted Gram Panchayats and Municipalities. For Gram Panchayats, 90% of the grant is basic grant and 10% is performance grant. While for municipalities 80% is basic grant and 20% is performance grant. This Commission also recommended that in case of rural local bodies the grant should go to Gram Panchayats which are directly responsible for the delivery of basic services, without any share for the other levels. The basic grant for Gram Panchayats is to be distributed, using the formula, if any, prescribed by the SFC for the distribution of the resources. Otherwise if the SFC has not prescribed any formula, then the share of each Gram panchyat is to be distributed using 2011 population with the weight of 90% and area with the weight of 10%.

For Urban Local Bodies, the Commission prescribed that the share of each of the three tiers will be determined on the basis of population of 2011 with the weight of 90% and area with the weight of 10%, and then distributed among the entities in each tier in proportion to the population of 2011 and area in the ratio of 90:10.

For Himachal Pradesh, the Commission has recommended a total grant of Rs. 1,809.8 crore for Panchayati Raj Institutions. Out of which an amount Rs. 1,628.82 crore (90%) is the basic grant while the remaining Rs.180.98 crore (10%) is performance grant. For Urban Local Bodies the Commission has recommended a total grant of Rs. 201.77 crore. Out of this amount Rs. 161.42 crore (80%) is the basic grant while the remaining Rs.40.35 crore (20%) is performance grant.

For Himachal Pradesh the year wise grants are as under in Table 5.1

Table 5.1
Year wise Grants of 14th FC for Panchayats and ULBS
(Rupees in Crore)

Year	Rural Loca	l Bodies	Urban Local Bodies			
	Basic Grant 90%	Performance Grant 10%	Total	Basic Grant 80%	Performance Grant 20%	Total
2015-16	195.39	Nil	195.39	19.36	Nil	19.36
2016-17	270.56	35.49	306.05	26.81	7.91	34.72
2017-18	312.06	40.16	352.76	30.98	8.95	39.93
2018-19	361.63	45.61	407.24	35.84	10.17	46.01
2019-20	488.64	59.72	548.36	48.42	13.32	61.74
Total For 5 years	1628.82	180.98	1809.80	164.41	40.35	201.76

The Commission has stipulated conditions for eligibility for performance grants. These are (i) making available reliable data on local bodies receipt and expenditure through audited accounts and (ii) improvement in own revenues. Thus to be eligible for performance grants, the Gram Pnachayats have to submit audited annual accounts that relate to a year not earlier than two years preceding the year in which the Gram Panchayat seeks to claim the performance grant. Besides it shall also have to show an increase in the own revenues of the local body over the preceding year as reflected in audited accounts. For urban local bodies, in brief they have to show an increase in their own revenues over the preceding year, as reflected in audited accounts. In addition, the urban local bodies have to publish the service level bench marks related to basic urban services each year for the period of award and make it publically available.

This 14th Finance Commission had commissioned studies on finances of Municipalities and finances of Panchayats through the Administrative Staff College of India, Hyderabad; and Centre for Policy Research, New Delhi, respectively. The Commission entrusted to these institutes to assess the gap in resources for the delivery of basic services by supplying to them the data collected from the States. These studies brought out several gaps in the data provided by the States. Obviously as a result this Commission largely banked its assessment on secondary data. This shows that the available data of PRIs and ULBs even at aggregate national level suffers from gaps and inconsistencies; and is therefore not reliable. Which is why the successive Finance Commissions from 11th F.C. onwards have pointed out these lacunas in data; and 14th F.C. has laid a condition of audited accounts on PRIs and ULBs to qualify for performance grant.

CHAPTER-6

FINANCIAL SCENARIO OF HIMACHAL PRADESH

6.1 The fiscal and monetary environment in which the Fifth State Finance Commission has to determine the devolution of resources from the Consolidated Fund of the State to Panchayats and Urban Local Bodies is significantly different from the one prevailing during the Fourth State Finance Commission.

Economy and finances of all States are symbiotically linked to the state of Indian Economy and Finances of Union Government. Therefore, a snapshot of National, fiscal and monetary scenario is essential:

- The macroeconomic indicators are comforting. The Fiscal, Revenue and Primary Deficits are reasonably well under control; and these have shown improvements over the years.
- These improvements in macroeconomic indicators are significantly due to excellent tail winds of globally low commodity prices. Crude oil prices are now about half of what they were five years ago.
- Foreign currency reserves are comforting. However, Current Account Deficit is causing concern. Besides, the performance of exports is below expectations.
- Capacity utilisation of industries is only around 70%;
- Energy demand from industry is not picking up. Profit margins of corporate are down.
- Almost all players in infrastructure and reality are under huge debts. Telecom companies too are heavily debt ridden.

- The NPAs of banks are alarming and increasing. So the
 economy is saddled with a dual balance sheet problem, of banks
 as also infra/telecom industries. However, the recent proposal of
 the Union Government to infuse about Rs. 2.11 lakh crore, by a
 combination of modalities, for recapitalisation of banks will
 partially take care of the balance sheet of banks.
- Besides, despite significant decline in lending rates by banks, the credit off take has been lowest in last 60 years. The lending by banks has mostly been for personal/housing/vehicle loans.
- Obviously, there are no Greenfield projects. There have only been some mergers and acquisitions.
- Conventionally, there are 5 engines of growth: 1. Public investment. 2. Private investment. 3. Public consumption. 4.
 Domestic savings and 5. Exports. And except for public investment, proven by the road length being constructed per day has doubled in last 3 years, the performance of other 4 growth engines is below par.
- Optimism and silver lining is implementation of GST. Once it stabilises in next 3 to 5 quarters, it will boost economy and the finances of the Union and States. Though as of now the GST seems disruptive of economy. GST will ensure much better tax compliance, simplification of procedures; and most importantly smooth and foolproof taxation chain from raw material to retail. It will also reduce transportation time and expenses of trucks loaded with goods by about 20%.
- Optimism is also in growth revival of USA's economy. It is over 18 trillion economy in worlds GDP of around 75 trillion. US is the world's growth engine. Besides the economies of European

- nations and of Japan are on upswing. All these trends of upswing will help Indian economy.
- Also there are encouraging signs of inflection in Indian economy.
 Economy is slowly but surely on the path of recovery.

The Finances Of Himachal Pradesh

An Independent Analysis of Himachals' Finances was done by National Institute of Public Finance and Policy, New Delhi. Since it is a study by a very well reputed Institute, it has been reproduced below:

Analysis of finances of the State of Himachal Pradesh reveals that own revenues of the state as percentage of GSDP has been declining during the period from 2011-12 to 2015-16. Own revenues as percentage of GSDP declined from 8.28 percent in 2011-12 to 7.51 percent in 2015-16 and is budgeted to decline further to 6.76 percent in 2017-18 BE. The decline in own revenues is mainly due to the fall in own-non tax revenues which as percentage of GSDP declined by more than 1 percentage points from about 2.63 percent in 2011-12 to about 1.62 percent in 2015-16. Own-tax revenues, however, remained stable during this period fluctuating within a narrow range of 5.40 - 5.89 percent. The fall in own non-tax revenues was largely due to the fall in receipts from the Power sector which as percentage of GSDP of the state declined from 1.58 percent in 2011-12 to 0.81 percent in 2015-16

Table 6.1 Revenue Receipts

(% of GSDP)

		2011- 12	2012- 13	2013- 14	2014- 15	2015- 16	2016- 17 RE	2017- 18 BE
А	Total Revenue Receipt (B+C)	20.00	18.83	16.58	17.10	20.62	21.40	19.61
В	Own Revenue Receipt	8.28	7.25	7.29	7.69	7.51	7.00	6.76
	Own Tax Revenue	5.65	5.59	5.40	5.69	5.89	5.79	5.62
	Own Non-Tax Revenue	2.63	1.66	1.88	1.99	1.62	1.21	1.13
С	Central Transfers	11.72	11.59	9.29	9.41	13.12	14.40	12.86
	Tax Devolution	2.75	2.76	2.63	2.53	3.18	3.48	3.41
	Grants-in-aid	8.97	8.83	6.66	6.88	9.94	10.92	9.45
D	Grants outside State budget	2.15	1.45	1.76	0.27	0.32		
	All Grants	11.12	10.28	8.43	7.14	10.26	10.92	9.45
E	All Central Transfers (C+D)	13.86	13.04	11.06	9.68	13.44	14.40	12.86

Following the recommendations of the 14th Finance Commission (FFC), there was an increase in tax devolution to states. The criteria and weights used by FFC in arriving at the inter se share to states resulted in a decline in Himachal Pradesh's share by about 0.068 percentage as compared to the inter se share recommended by the Thirteenth Finance Commission (TFC). Despite this, tax devolution to Himachal Pradesh as percentage of its GSDP increased from 2.53 percent in 2014-15 to 3.18 percent in 2015-16 and is budgeted to be around 3.48 percent in 2016-17RE and 3.41 percent in 2017-18BE. The central grants to Himachal Pradesh as percentage of GSDP increased from about 7.14 percent in 2014-15 to about 10.26 percent in 2015-16. This is despite the restructuring of grants done by the

¹Himachal Pradesh's inter se share declined from 0.781 percent under TFC to 0.713 percent under FFC.

Union Government on the recommendations of the Committee of Chief Ministers post FFC.

Prior to 2014-15, a sizeable proportion of central grants to states was directly going to implementing agencies in the state, outside the state budgets. In 2011-12 it accounted for about 2.15 percent of States' GSDP and its share in States' GSDP in 2012-13 and 2013-14 was, respectively, 1.45 percent and 1.76 percent. However, from 2014-15, most of these grants are being routed through state budgets.²

Total grants to Himachal Pradesh as percentage of GSDP declined from about 11.12 percent in 2011-13 to 7.14 percent in 2014-15 and thereafter increased to 10.26 percent and is budget to be around 10.92 percent in 2016-17RE and 9.45 percent in 2017-18BE. As a result, the total central transfers (including those going to implementing agencies) to Himachal Pradesh as percentage of GSDP initially declined from 13.86 percent in 2011-12 to 9.68 percent in 2014-15 and then have increased to 13.44 percent in 2015-16 and is budget to be around 12.86 percent in 2017-18BE. The increase in central transfers, post-FFC in Himachal Pradesh is largely driven by the increase in Central Grants to the state.

On the expenditure front we find that revenue expenditure as percentage of GSDP initially increased from 19.11 percent in 2011-12 to 19.53 in the following year and there after declined to 18.31 percent in 2013-14. The capital expenditure on the other had declined during this period (i.e., between 2011-12 and 2013-14). Thereafter both revenue and capital expenditures as percentage of GSDP showed an

² In 2014-15 and 2015-16 we find a very small portion (0.27 percent and 0.32 percent respectively) of these grants (as percent of GSDP) continue to be routed outside the state budget.

increasing trend. The increase in 2014-15 is due to the routing of all central grants through state budgets.

Total expenditure as percentage of GSDP has largely remained in the range of 20.3 to 22.1 percent during 2011-12 and 2015-16. Total expenditure as percentage of GSDP which was around 22.14 percent in 2015-16 is budgeted to be around 25.41 percent in 2016-17RE and 22.81 percent in 2017-18 BE. Expenditures on social services and economic services (as percentage of GSDP) have increased in 2015-16 vis-à-vis 2014-15 and are budgeted to be around 8.54 percent and 6.44 percent respectively in 2017-18BE.

There has been a decline in interest payments (as percentage of GSDP) between 2011-12 and 2013-14. However, from 2014-15 onwards interest payments have been increasing and this percentage was around 2.78 percent in 2015-16. However, interest payments are budgeted to decline to 2.67 percent in 2016-17RE and further to 2.48 percent in 2017-18BE.

Table 6.2 Trends in Expenditures

(% of GSDP)

	2011- 12	2012- 13	2013- 14	2014- 15	2015- 16	2016- 17 RE	2017- 18 BE
Revenue							
Expenditure	19.11	19.53	18.31	18.96	19.62	22.15	20.35
Capital							
Expenditure	2.49	2.36	1.96	2.37	2.52	3.26	2.46
Total							
Expenditure, of							
which	21.60	21.89	20.27	21.33	22.14	25.41	22.81
Economic							
Services	6.07	5.87	5.16	6.31	6.61	7.55	6.44
Social Services	7.59	7.93	7.58	7.64	7.72	9.71	8.54
Education	4.25	4.33	4.00	4.10	3.90	4.92	4.55
Medical & Public							
Health	1.00	1.07	0.99	1.02	0.99	1.38	1.08
Interest Payment	2.93	2.86	2.62	2.73	2.78	2.67	2.48

From the examination of key deficit indicators of the state we see that surplus on the revenue account in 2011-12 turned into deficit in the following year and there is reemergence of deficit in the revenue account from 2012-13. The revenue account have been in deficit since then with revenue deficit shooting up to 1.86 percent in 2014-15. However, in 2015-16 the state achieved a surplus in the revenue account to the tune of 1 percent of its GSDP. In both 2016-17RE and 2017-18BE, the state has budgeted a revenue deficit of 0.74 percent of GSDP.

As regards fiscal deficit (FD), we find FD as percentage of GSDP in Himachal Pradesh was above 3 percent during the period from 2012-13 to 2014-15. These were also the years when the state had revenue deficit. However, in 2015-16, fiscal deficit as percentage of GSDP declined to 1.90 percent. In 2016-17RE and 2017-18BE, the state had budgeted for a fiscal deficit higher than 3 percent. In 2016-17RE the FD is expected to be around of 4.42 percent of GSDP while in 2017-18BE it is budgeted to be around 3.50 percent. The Government of Himachal Pradesh joined the UDAY scheme in December 2016. Taking over of DISCOM debt also would have implications for the level of fiscal deficit of the state.

Table 6.3 Debt and Deficits

(% of GSDP)

	2011- 12	2012- 13	2013- 14	2014- 15	2015- 16	2016- 17 RE	2017- 18 BE
Revenue Deficit	0.89	-0.70	-1.73	-1.86	1.00	-0.74	-0.74
Fiscal Deficit	-2.25	-3.60	-4.23	-4.02	-1.90	-4.42	-3.50
Outstanding Liabilities	38.82	36.76	35.76	36.59	36.24	36.05	34.80

Note: Deficit (-) / Surplus (+)

The total outstanding liabilities of the state government as percentage of GSDP have been higher than 35 percent during the entire period between 2012-12 and 2015-16. However, there has also been a reduction in outstanding liabilities during this period from 38.82 percent in 2011-12 to 35.76 percent in 2013-14, although an increase in outstanding liabilities is observed during 2014-15. The outstanding liabilities are budgeted to decline to 36.05 percent in 2016-17RE and further to 34.80 percent in 2017-18BE.

UDAY

Government of Himachal Pradesh joined UDAY on 8 December 2016. The outstanding debt of the DISCOMs in Himachal Pradesh as on 30.09.2015 was Rs.3,854 crore. As per UDAY, Government of Himachal Pradesh is required to take over 75% of the DISCOM debt as on end September 2015 which amounts to Rs.2890.50 crore in the year 2016-17.

The borrowing made by the state government to take over the DISCOM debt during 2016-17 shall not be reckoned against the normal permissible net borrowing ceiling of the state determined by the Department of Expenditure, Ministry of Finance under the recommendations of the Fourteenth Finance Commission. However, any borrowing made by the state after 31.03.2017 to take over DISCOM debt shall be reckoned as part of the net borrowings ceiling of the state.

The Himachal Pradesh government can raise funds for providing Grant/loan/equity to the DISCOM by issuing non-SLR bonds including SDL bonds.

6.2 The above analysis of NIPFP is in terms of percentage of GDP

The overall financial position of the State Government in absolute numbers is depicted in the following table:-

Table 6.4

		2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	
		Actual	Actual	Actual	Actual	RE	BE	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
				Amoun	ts in Crore			
1	Tax Revenue	6908.17	7612.44	8584.33	10306.98	11550.70	12764.99	
1a	State's Own Tax Revenue	4626.15	5120.92	5940.16	6695.81	7217.07	7945.78	
1b	Share in Central Taxes	2282.02	2491.52	2644.17	3611.17	4333.63	4819.21	
2	Non Tax Revenue	8689.95	8098.64	9259.12	13133.50	15126.00	14948.90	
2a	State's Own Non-Tax Revenue	1376.88	1784.53	2081.45	1837.15	1510.82	1602.06	
2b	Grants	7313.07	6314.11	7177.67	11296.35	13615.18	13346.85	
3	Total Revenue Receipts	15598.12	15711.07	17843.45	23440.48	26676.70	27713.89	
4	Non Debt Capital Receipts (including recovery of loans)	21.10	16.75	690.56	25.90	25.30	18.59	
5	Total non-debt Receipts (3+4)	15619.22	15727.82	18534.01	23466.38	26702.00	27732.48	
6	Revenue Expenditure	16174.25	17352.49	19787.05	22302.81	27613.27	28755.22	
	of which					T		
	i) Subsidies	566.93	467.15	801.34	1346.08	911.17	1037.52	
6a	Plan Revenue Expenditure	2079.02	2386.99	3203.83	3492.64	5352.93	4918.30	
	of which							
	i) Salaries	210.94	194.65	191.67	278.66	301.74	299.08	
6b	Non Plan Revenue Expenditure	14095.23	14965.49	16583.22	18810.18	22260.34	23836.92	
			of whic			ı		
	i) Interest Payments	2369.90	2480.86	2849.14	3155.00	3329.77	3500.00	
	ii) Pensions	2746.84	2855.08	2914.49	3836.44	4133.67	4950.00	
	iii) Salaries	5918.79	6083.74	6774.87	6528.18	8662.91	9328.53	
7	Capital Expenditure (8+9)	2423.38	2386.91	2947.08	3327.65	4361.05	3923.09	
7a	Plan Capital Expenditure (8a+9a)	2307.39	2327.25	2883.96	2764.02	3866.36	3603.74	
7b	Non Plan Capital Expenditure (8b+9b)	115.99	59.67	63.12	563.63	494.69	319.36	
8	Capital Outlay	1954.80	1855.86	2472.89	2864.49	3823.68	3475.36	
8a	Plan Capital Outlay	1859.27	1814.62	2430.83	2568.34	3413.24	3167.43	
8b	Non Plan Capital Outlay	95.53	41.24	42.06	296.15	410.44	307.93	
9	Loans & Advances	468.58	531.05	474.19	463.17	537.38	447.74	
9a	Plan Loans & Advances	448.12	512.63	453.13	195.69	453.12	436.31	
9b	Non Plan Loans & Advances	20.46	18.43	21.06	267.48	84.26	11.43	
10	Total Expenditure (6+7)	18597.63	19739.40	22734.13	25630.47	31974.32	32678.31	
10a	Plan Total Expenditure (6a+7a)	4386.41	4714.24	6087.79	6256.66	9219.29	8522.04	
10b	Non Plan Total Expenditure (6b+7b)	14211.23	15025.16	16646.34	19373.81	22755.03	24156.27	
11	Revenue Deficit (6-3)	576.13	1641.41	1943.60	-1137.66	936.57	1041.33	
12	Fiscal Deficit (10-5)	2978.41	4011.58	4200.12	2164.09	5272.32	4945.84	
13	Primary Deficit [12 + 6(b)(i)] Total Outstanding Liabilities (as at the end of the year)	608.51 28707.29	1530.72 31442.56	1350.98 35151.60	-990.91 38567.82	1942.55 42304.82	1445.84 46545.82	
15	GSDP (at current prices) -	76259.00	85841.00	95587.00	113667.00	124570.00	141387.00	
	2004-05 series							

Source: State Budget Documents.

6.3 Main Issues Impacting State Finances

The abolition of Planning Commission has not impacted the revenue surplus States but has impacted the precarious finances of revenue deficit States like Himachal. During the financial year 2014-15 Himachal had received Rs. 2,896 crores from Planning Commission. This important source of substantial funds to special and other hill states is no longer available. NITI Ayog, which in a way replaced Planning Commission, is not a source of funding. Here, it would be pertinent to recapitulate that the conferment of statehood to Himachal and other hill states was not on account of their abilities to exist as viable fiscal and economic unit but in recognition of special needs of these Border States and aspiration of the people. Therefore, the need for continued financial support and nurturing from the Central Government was inherent in the rationale for conferment of statehood to the hill States.

It is also important to recapitulate how the Central Finance Commission broadly functions. Firstly, it assesses the expenditure needs and the revenue receipts of all sates. The gap between this assessed expenditure and receipts is called pre devolution gap for a state. Thereafter, the share of central taxes (divisible pool) is calculated for each state by a formula, and is added to this gap. The states for which the share of central taxes is more than the pre devolution gap become revenue surplus and are termed Revenue Surplus States. In the award of Fourteenth Finance Commission Gujarat was revenue surplus by over 2.20 lac crore and Rajasthan by about 2.10 lac crore. And those states, whose share of central taxes does not cover this gap, are called Revenue Deficit States. Himachal has always been a revenue deficit state. Let us examine what it means. An mathematical analysis provides a simple and easy

method to comprehend the overall picture. Mathematically, for all revenue deficit States, the increase or decrease in share of Central Taxes is totally inconsequential because the sum total of share of Central Taxes plus RGD exactly equals the pre-devolution deficit. And, therefore, the increase or decline in share of central taxes is of no consequence to revenue Deficit State like Himachal.

In the award of 14th Finance Commission, except Andhra Pradesh being a nascent State; and Kerala and West Bengal which are revenue deficit for few years, all states that are revenue deficit for all the 5 years are hill States.

For Himachal, the 14th FC, assumed a tax buoyancy of 1.5 on SGDP growth of the 13.79 % which is unattainable tax growth of 20.69% year on year for this State with extremely narrow tax base and inelastic nature of taxes.

UDAY scheme of GOI has further hugely enhanced committed liabilities of the state. Simply put, under this scheme, the government took over the huge debt liabilities of the DISCOM.

From the above analysis it is obvious that as revenue deficit state Himachal has no fiscal space. So its finances are always under stress. The finances of the State shall further worsen after the revision pay and allowances as also pensions.

CHAPTER-7

STATUS OF PANCHAYATI RAJ INSTITUTIONS, CALCULATIONS OF COMMITTED LIABILITIES AND RECOMMENDED DEVOLUTION FOR THE AWARD PERIOD

7 Background

Panchayati Raj system in Himachal Pradesh was established under a statute named Himachal Pradesh Panchayati Raj Act, 1952. There were 280 Gram Panchayats prior to this Act of 1952. After the enactment of this Act, 466 Gram Panchayats were established in the year 1954; and the number of Gram Panchayats increased to 638 during the year 1962. On 1st November, 1966, when the hilly areas of Punjab were merged with Himachal Pradesh the number of Gram Panchayats rose to 1,695. In the areas which were merged from Punjab, a three tier Panchayati Raj system existed under the provisions of Punjab Panchayat Samiti and Zila Parishad Act, while a two tier system was prevalent in the State of Himachal Pradesh. To bring uniformity in the Panchayati Raj system of the old and the newly merged areas, the Himachal Pradesh Panchayati Raj Act, 1968 was enacted on 15th November, 1970 in this State; and two tiers Panchayati Raj system was established throughout the State. Moreover, separate Nayaya Panchayats existed for judicial functions. Therefore, to bring uniformity, in the year 1977 the Nayaya Panchayats were abolished and judicial functions of Nayaya Panchayats were transferred to Gram Panchayats. After the enactment of the Act in 1970 the existing Gram Sabhas were reorganized from time to time and new Gram Sabhas/Gram Panchayats were established. At present there are 3,226 Gram

Panchayats/Sabhas, 78 Panchayat Samitis and 12 Zila Parishads in the State.

1. Position after the enactment of Constitution Seventy-third Amendment Act:

The Constitution Seventy-third Amendment Act, 1992 was enacted on 24th April, 1993 to restructure, rejuvenate, and to give constitutional protection to Panchayati Raj Institutions. Essentially, this constitutional Amendment Act lays down certain ground rules which constitute the basic structure and core features of local bodies. These constitutional provisions provide for well defined duration, safeguards interference also against executive as against prolonged for regular election. supersession, provision appropriate representation of weaker sections and women, and provides for devolution of powers and authority. The Act, constitutionally, provides for State Election Commission and State Finance commission. However, a lot of discretion is still available with the State Government.

Himachal Pradesh has been one of the pioneering States which enacted a new legislation, in conformity with and as mandated by the 73rd Constitutional Amendment Act, 1992. This Act is Himachal Pradesh Panchayati Raj Act, 1994, effective from 23rd April, 1994. Simultaneously, the State Election Commission and the State Finance Commission were constituted by the Government. The two tiers in the Panchayati Raj system, namely Gram Panchayat and Panchayat Samiti, which were already constituted in the State, gave way to the establishment of three-tier Panchayati Raj system of Gram Sabhas, Panchayat Samitis and Zila Parishads.

The salient features of 73rd Constitutional Amendment Act, 1992 are in table 7.1:

Table 7.1

243(A)	Constitution of Gram Sabha
243(B)	Constitution of three tier Panchayat Raj System
243(C)	Mandatory for the States to enact laws
243(D)	Reservation policy (SCs, STs, OBCs and Women)
243(E)	Term of PRIs (5 years)
243(F)	Disqualification of Member
243(G)	Assignment of functions –Eleventh Schedule
243(H)	Assignment of taxing powers, grants-in-aid
243(I)	State Finance Commission and its terms of reference
243(J)	Maintenance of accounts
243(K)	Elections and constitution of Election Commission
243(L)	Application of provisions to the Union Territories
243(M)	Exclusion of Scheduled Areas
243(N)	Status of previous laws relating to Panchayats
243(O)	Validity of law relating to delimitation and allotment of seats

2. Main Features of the H.P. Panchayati Raj Act, 1994:

Gram Sabha is a body consisting of persons registered or qualified to be registered in the electoral roll of legislative assembly relating to a village.

- 1. Every Gram Sabha shall hold four general meetings in a year in the months of January, April, July and October. The District Panchayat Officer notifies the dates for the Gram Sabha meetings for the District. Family is taken as the unit to determining the quorum of a Gram Sabha meeting. Apart from the Gram Sabha, there is also a Mahila Gram Sabha in every Gram Sabha. The Mahila Gram Sabha holds two meetings, first on 8th March and second on the first Sunday of September each year.
- 2. For every ward an Up-Gram Sabha is constituted which meets twice a year. The meetings of the Up-Gram Sabha are presided over by the member of that ward. Up-Gram Sabha besides discussing the local issues also nominates 50% of the families for the general Gram Sabha meeting one-half of which have to be women.
- 3. This Act provides for the establishment of three tier system of Panchayati Raj ,Gram Panchayat at village level, Panchayat Samiti at intermediate level and Zila Parishad at District level.
- 4. This Act provides for the direct elections for Pradhans, Up-Pradhans and the members of Panchayats at all the three levels. However, Chairpersons and Vice-Chairperson of Panchayat Samiti and Zila Parishad are elected indirectly from amongst their members by the elected members for these 2 PRIs.

- 5. 50% reservation to women in PRIs.
- 6. In all the Panchayats seats of members and offices of chairpersons are required to be reserved for Scheduled Castes and Scheduled Tribes in proportion to their population. One half of the total number of seats and offices would be reserved for women. Enabling provision has also been made for reserving the seats of members of Panchayat Samitis and Zila Parishads and offices of Chairpersons at all the three levels to the persons belonging to Other Backward Classes. Reservation for Backward Classes is required to be provided in proportion to their population in the Panchayat subject to the maximum of 15%.
- 7. The number of members in a Gram Panchayat is determined on the basis of population. The number of members in Gram Panchayat can range from 5 to 13 excluding Pradhan and Up-Pradhan. Members of Panchayat Samiti representing a part or whole of the Gram Sabha area are also the member of concerned Gram Panchayat(s) and have right to vote. One member of Panchayat Samiti is for a population of 3,500 and part thereof subject to minimum of 15 members. The members of Zila Parishad, representing the ward which comprises wholly or partly the Panchayat Samiti area are also the member of concerned Panchayat Samiti. In Zila Parishads a member is usually for a population of 25,000 or part thereof subject to minimum 10 members.
- 8. Every Panchayat, unless sooner dissolved, has a 5 year term and elections to constitute new Panchayats have to be completed before the expiry of the term of the existing Panchayats. Dissolved Panchayats are to be reconstituted

- within a period of 6 months from the date of dissolution; and the reconstituted Panchayat is only for the remaining tenure of the Gram Panchayat.
- Disqualifications for being chosen as, and for being office bearers of Panchayats have been provided in section 122 of the Act.
- 10. Enabling provisions have been made in the Act for delegation of Powers, functions and responsibilities to the PRIs.
- 11. Empowerment of Panchayats to levy, collect an appropriate taxes, duties, tolls and fees.
- 12. A Finance Commission is constituted to determine the principles on the basis of which adequate financial resources are to be devolved and the devolution amount for 5 years for PRIs.
- 13. Independent State Election Commission has been established for superintendence, direction and control of the electoral process and preparation of electoral rolls.
- 14. One fifth of the Pradhans of gram Panchayat, by lot and by rotation, are the members of Panchayat Samitis.
- 15. The MPs, MLAs representing constituencies which comprise wholly or partly the Panchayat Samiti, the members of Council of States where they are registered as voters within the Panchayat samiti area are also the members of Panchayat Samitis besides other elected members. Similarly all chairpersons of Panchayat Samiti, MPs and MLAs representing a part or whole of the district whose constituencies lie within the district and members of Council of State where they are registered as voters within the district are the members of the Zila Parishad besides other

- elected members. Representation of members of higher body to the lower body has been provided.
- 16. Every member, whether directly elected or not, has right to vote except in the meeting convened for the election and removal of chairpersons.
- 17. Every district has a District Planning Committee. Minister, Speaker/Deputy Speaker of Vidhan Sabha can be the Chairperson of District Planning Committee.
- 18. PRIs at all the 3 levels prepare development plan for their area which is to be submitted to the District Planning Committee which consolidates the plans prepared by the urban and rural bodies; and prepares a draft development plan for the district and forwards it to the State Government.
- 19. For the efficient functioning of the PRIs provision has been made for the constitution of standing committees.
- 20. Various functions and powers of the PRIs have been defined in the Act.
- 21. Registration of cattle in the Panchayat area has been made compulsory.

7.1 Structure of the Panchayati Raj:

A. <u>Gram Sabha/ Up-Gram Sabha</u>: Gram Sabha is the most important unit of the democratic decentralization, and needs to be given utmost attention. Therefore, the state government has taken steps to strengthen the institution of Gram Sabha. Gram Sabhas have been empowered to form vigilance committee(s) from amongst its members to supervise Gram Panchayats works, schemes and other activities, No member of the Gram Panchayat

shall be eligible to become member of the vigilance committee. It has been made mandatory for every Gram Sabha to hold four general meetings in every year, besides special meetings. Special meetings are required to be held in January, April, July and October.

- B. **Gram Panchayat**: Gram Panchayats in the state are usually constituted for a village or group of villages having population ranging from 1,000 to 5,000. In Scheduled and other far flung areas Gram Panchayats have also been constituted for the population of less than 1,000. The number of members of Gram Panchayat is determined on the basis of population, and ranges from 5 to 13 excluding Pradhan and Up-Pradhan.
- C. Panchayat Samiti: Intermediate body of the three-tier Panchayati Raj system, in the State, is called Panchayat Samiti. The jurisdiction of Panchayat Samiti is co-terminus with the territorial jurisdiction of the development blocks. Members of Panchayat Samitis are elected directly whereas the Chair-Person and Vice-Chairperson are elected indirectly by the elected members. The numbers of elected members of Panchayat Samiti are determined by the Government, usually a member for every 3,500 population or part thereof subject to a minimum of 15 members. There is no separate office of Panchayat Samitis. The office of the block development officer also functions as Samitis office. Block Development Officer is ex-officio Chief Executive Officer of the Panchayat Samiti; and Panchayat Inspector is the Secretary of the Panchayat Samiti.
- D. <u>Zila Parishads</u>: This is uppermost body of the Panchayati Raj System. In Himachal, Zila Parishads were constituted for each of its 12 Districts for the first time after the enactment of new

Panchayati Raj Act consistent with 73rd Constitutional Amendment Act. There are 12 Zila Parishads for each of the 12 Districts. The members of Zila Parishad are elected directly by the people. But the Chairperson and Vice-Chairperson are indirectly elected by the elected members of Zila Parishad. The numbers of members of Zila Parishad are determined by the Government, usually a member represents population of 25,000 or part thereof subject to a minimum of 10 members as provided in the Act. The members of Lok-Sabha and the Members of State Legislative Assembly representing a part or whole of the District and the members of council of States where they are registered as voters and chairpersons of Panchayat Samiti of the Distt are also the members of Zila Parishad. Additional Deputy Commissioner/ Additional District Magistrate; and Project Officer ITDP in scheduled areas have been designated as Chief Executive Officer of Zila Parishad; and District Panchayat Officer is the Secretary of Zila Parishad. In addition to this, District Planning officer is Planning Secretary.

Present structure of Panchayati Raj system is summarized in the Table 7.2:-

Table 7.2

Level of Panchayat	Name used	Numbers
District Panchayat	Zila Parishad	12
Intermediate Panchayat	Panchayat Samiti	78
Village Panchayat	Gram Panchayat	3,226
Ward Panchayat	Up-Gram Sabha	20,348

7.2 Elections and establishment of three tier PR System:

Consistent and in consonance with the provisions of the Constitutional Amendment Act and the State Panchayati Raj Act, 1994, the three tiers Panchayati Raj system was established in the State during the year 1995-96. Fifth General Elections of PRIs were held during the year 2015-16.

The details of elected representatives of PRIs are as under:-

Particulars	Total	Total Seats reserved for Seats								
	Seals		sc		ST		ВС	Gen Women	Total Women	ed od un-
		Gen.	Women	Gen.	Women	Gen	Women	women	Women	Women elected un- reserved
Members G.P.	19413	1587	3412	394	622	0	0	7283	11317	352
Pradhan G.P.	3243	390	421	97	104	109	127	987	1639	32
Members P.S.	1682	192	226	47	56	48	67	514	863	25
Chairman P.S.	77	5	13	3	4	1	5	20	42	3
Members Z.P.	251	28	34	8	11	8	10	73	128	4
Chairman Z.P.	12	1	2	1	1	0	1	2	6	2

Particulars	Percentage of reservation							
	sc	ST	ВС	Women				
Members G.P.	25.77%	5.26%	0%	58.33%				
Pradhan G.P.	25.01%	6.20%	7.28%	50.54%				
Members P.S.	24.79%	6.18%	6.90%	51.55%				
Chairman P.S.	23.38%	9.09%	9.09%	54.55%				
Members Z.P.	24.70%	7.57%	7.17%	51%				
Chairman Z.P.	25%	16.67%	8.33%	50%				

7.4 Panchayati Raj in Scheduled Areas:

The districts of Kinnaur and Lahaul-Spiti and Development

Blocks of Pangi and Bharmour of Chamba District comprise the Schedule-V area in this State.

• There are 2 Zila Parishads of Kinnaur and Lahaul-Spiti and a part of Chamba District of Zila Parishad Chamba, 7 Panchayat Samitis namely Kalpa, Nichar, Pooh, Lahaul, Spiti, Bharmour, Pangi and 151 Gram Panchayats constituted in this State in the Scheduled-V areas. Following are the number of Gram Panchayats, development block wise in the Schedule-V area:-

Kinnaur : 65	1.	Kalpa : 23 Nichar : 18
	2	Nichar : 18
	3.	Pooh : 24
Lahaul-Spiti : 41	1	Lahaul : 28
	2.	Spiti : 13

- The seats of members are being reserved for the persons belonging to the Scheduled Tribes and the Scheduled Castes in the Schedule-V areas as per the provisions of the PESA.
- State Government has provided 100% reservation in the offices of Chairpersons of Panchayats at all the three levels for the persons belonging to the Scheduled Tribes in Schedule-V areas of the State and 50% of the total offices are further reserved for women belonging to the Scheduled Tribes.

7.5 Status regarding the devolution of powers, functions and responsibilities to the Panchayati Raj Institutions:

Under the provisions of the Himachal Pradesh Panchayati Raj Act, 1994, the Panchayati Raj institutions, have been assigned powers and functions mentioned hereinafter. To strengthen democracy at the grass root level and to make the PRIs viable institutions of self governance, the State Government has devolved powers, functions and responsibilities relating to 15 departments Agriculture, Animal Husbandry, Ayurveda, Education, Food & Supplies, Forest, Health & Family Welfare, Horticulture, Industries, Irrigation & Public Health, Public Works, Revenue, Rural Development and Social & Women Welfare to the Panchayati Raj Institutions by a notification on 31st July, 1996. These powers relate mainly to planning process, execution and monitoring of works/schemes at different levels of the three tier system of PRIs.

Besides, some more powers and functions have also been devolved to the PRIs; and some of the important devolved powers and functions listed below.

- Gram Sabhas have been vested with the powers to select the beneficiaries under BPL and also beneficiary under Pradhan Mantri Awas Yojna and other housing schemes as per the guidelines of Government.
- It has also been decided that the development works costing up to Rs.5,00,000/- will be executed by the Gram Panchayats.(Ref. Sl. No. 12(i) of Appendix-A of the Himachal Pradesh Panchayati Raj(Finance, Budget, Accounts, Audit, Works, Taxation and Allowances) Rules, 2002).
- Gram Panchayats will also assist in identification and selection of beneficiaries under NMBS & NFBS as per the guidelines issued by the Rural Development Department, Himachal Pradesh.
- Zila Parishads have been empowered to evaluate all the Poverty alleviation Programmes and coverage of women, SCs, STs and other

BPL families in these programme as per the guidelines issued by the Government of India and notification No. SMS-19/95-RDD, dated 3rd April, 1999.

• Chairpersons of Zila Parishads have been designated as the Chairpersons of the Governing Body of the respective DRDAs vide notification No.SMT-10/98-RDD, dated 4.10.1999.

In addition to above, the State Government, with a view to strengthen the role of Panchayati Raj Institutions, has also taken following specific decisions which have been conveyed vide D.O. letter No. PCH-HA(3)2/96, dated 5th November, 1999:-

- 1. Gram Panchayats shall prepare micro-plans proposing development interventions that reflect the felt needs in their area by way of improving rural connectivity, schooling, health and veterinary care facilities, drinking water, sanitation etc. indicating the order of priority of the same. The micro-plan will be approved by the Gram Sabha. Thereafter at least 75% of the funds available under decentralized planning, relief funds and small savings prize money shall be earmarked by the Deputy Commissioner for funding the micro-plans in the order of priority indicated by the Gram Panchayat.
- 2. The Gram Panchayats have been empowered to decide the location of institutions/facilities for Public Welfare such as:-
 - (i) Schools (Reference letter No. EDN-II(2)B(8)1-2000, dated 26th August, 2000).
 - (ii) Angan Wari Centers (Reference letter No.WLF-F(10)31/2000, dated 10.1.2000).
 - (iii) Health Institutions

- (a) Allopathic (Reference Notification HFIN-B(F)7-10/92-II, dated 22.5.2002).
- **(b)** Ayurvedic (Ref. Notification Ayur.-GA(1)-3/97, dated 30.1.2001).
- (iv) Veterinary Institutions (Reference letter No.AHY.-A(4)1/95, dated 19.5.2001).
- (v) Fair Price Shops (Reference Notification No.PCH-HA(1)12/87, dated 31.7.1996).
- (vi) Hand Pumps transferred to Gram Panchayats(Reference Notification No.PBW (PH)A(3)9/96.I, dated 28.2.2001).
- (vii) Public Water Taps.
- 3. The Gram Panchayats shall have powers to report on physical attendance in their assigned areas of work with regard to grass root level functionaries such as Pump Operators, Helpers, Fitters, Linemen, Water Distributers, Kohlis and Beldars of I & PH Department(Reference Notification No.PBW(PH)A(3)-9/96.I, dated 6.1.2001), staff posted in Veterinary Dispensaries(Ref. Letter No.AHY(4)-1/95, dated 9.1.2001 and the guidelines issued by the AH Department vide letter No. AHY-H(II)(F).2 (20)88, 19.10.2000) Pharmasist, ANM and Class-IV employees attached with Ayurvedic Health Centers(Reference Notification School Teachers, No. Ayur-GA(i)-3/97, dated 30.1.2001), Male/Female health Workers(Ref. Notification HFW-B(F)7-10/92-II, Dated 22.5.2000), Grass root level functionaries of Education Department (Reference letter No. Shiksha(H)(Pry.)(4)-32.96, dated 12.12.1996), Anganwari Workers, Anganwari Helpers (Reference Notification WLF-B(14)-3/87, dated 7.9.2000), Tailoring Teachers, Panchayat

- Sahayak, Takniki Sahayak as these are the functionary appointed by the Gram Panchayat.
- 4. Vide Fisheries department Notification No. Fish.A(3)-1/98, dated 20.1.2001, Pradhan or Up-Pradhan of Gram Panchayats have been empowered for issuing fishing licence to anglers for sport fishing and Chairperson and Vice-Chairperson Panchayat Samitis for issuing licence to professional fishermen for general and trout water fishing and the money realised as licence fee would be retained by the concerned Panchayats as its revenue.
- Cess of Rs.1/- per bottle of liquor sold in the rural area will be collected and transferred to the Gram Panchayats for utilization in developmental activities (Reference letter 7-51/98,-EXN, dated 19.3.1999).
- Before grant of any lease for mining any minerals a resolution from the concerned Panchayat has been made compulsory. (Ref. Letter No. Udyog-II(Kha)11-2/95-II-loosed, dated 9.2.2001).
- 7. Vide Education department notification No.EDN-C-B(2)-1/99, dated 2.3.2001 all the Primary School Buildings have been transferred to the Gram Panchayats and the maintenance/repair and control of Primary School buildings would be the responsibility of Gram Panchayats.
- 8. Zila Parishad and Panchayat Samitis have been empowered to supervise the duties and functions regarding revenue matter, to assist the revenue officials in identification of landless/houseless persons and formulation of policies for utilization of government land and giving no objection certificates for such land on lease at

- district and Block level. Instruction issued vide letter No.Rev.B.A(4)1/2001, dated 30.1.2001
- Vide Revenue department notification No.Rev.d(f)14-3/94,
 Dated 6.5.2000 Gram Panchayats have been empowered to collect and use the land revenue from the land owners/right holders.
- 10. In the event of establishment of new veterinary institutions the Animal Husbandry department will submit a proposal for construction of buildings under R.N.S. in case the funds are allotted by the State Government the construction of buildings will be allotted to Zila Parishad and construction will be done under the supervision of Zila Parishad and Zila Parishads have been empowered for maintenance of existing veterinary institutions buildings, the annual maintenance budget under minor works will be allotted to Zila Parishads. Panchayat Samitis have been empowered for maintenance of veterinary buildings falling under the Panchayat Samitis areas, funds for construction and maintenance of veterinary dispensary buildings will be allotted to the Panchayat Samiti on the recommendation of the Zila Parishad.
- 11. Gram Sabha resolution has been made compulsory before granting of any area on money lease and installation of mineral based industry. The Gram Panchayats have also been given powers to issue permits for the personal bonafide use for extraction of sand, stone, bajri and slates.
- 12. Gram Panchayats have been authorised to levy duty on Mobile Communication Service providers for installation of Mobile Communication Towers.

- 13. Pradhans have been empowered to issue Below Poverty Line Certificates and non employment certificate.
- 14. Up Pradhans have been authorized to attest the certificates on the basis of record.
- 15. Under section 23 of the Himachal Pradesh Panchayati Raj Act, 1994, there shall be two committees constituted by the Gram Panchayats i.e Works Committee and Budget Committee. UP Prahdhan shall be the chairman of one of the said Committee.

7.6. Staff of PRIs:-

The rates of remuneration of the employees of the Panchayats have been increased from time to time. The existing rates are as under:-

S.N	Category of employees	Rates of mo	onthly Remuneration
		Contractual	Regular
1.	Panchayat Sahayak	Rs.7,000/-	-
2.	Panchayat Secretary Contractual	Rs.7,810/-	-
3.	Panchayat Secretary (Regular)		5,910 – 20,200 + 1,900
4.	Junior Accountant		5,910 – 20,200 + 1,900
5.	Junior Engineer	Rs.14,100/-	10,300 - 34,800 + 3,800
6.	Junior Stenographer		5,910 – 20,200 + 2,800
7.	Assistant Engineer	Rs.21,000/-	15,660 - 39,100 + 5,400
8.	Data Entry Operator (Contract)	Rs.9235/-	-
9.	Peon/Chowkidar (Contract)	Rs. 8178/-	-
10.	Tailoring Teacher	Rs.6300/-	-
11.	Panchayat Chowkidar	Rs.3050/-	-
12.	Water Carriers	Rs. 2500/-	-

7.7 Financial Resources of Panchayats:

- i) Grant in aid from the Government.
- ii) Property tax.
- iii) Tax on extraction and export of sand, stone, Bajri and slates.
- iv) Excise cess.
- v) Land revenue.
- vi) Duty, Fees and Fines
- vii) 1% contingency.
- viii) Interest money.
- ix) Teh-Bazari from the shopkeeper.
- x) Service fee.
- xi) Income from own assets such as shops orchards etc.
- xii) Income from installation of Mobile Communication Towers.

7.8. Imposition of taxes by Gram Panchayats:

Presently Zila Parishad and Panchayat Samitis are not levying any tax, fees, cess etc. However, a Gram Panchayat, through a resolution and after previous publication, may levy:-

Property tax: A Gram Panchayat may, through a resolution and after previous publication, levy property tax at such rates and in such manner as it may deem fit on residential and commercial buildings, in the Sabha area.

(i) **Profession Tax:** with the prior approval of the Government, a tax on persons carrying on any profession, trade, calling and employment other than agriculture in the Sabha area; provided such tax has not been levied in the Sabha area by any other local authority under any law for the time being in force;

- (ii) Duty on transfer of property: if so authorized by the Government, a duty on transfer of property in the form of a surcharge on the duty levied under the Indian Stamp Act, 1899, in its application to Himachal Pradesh, on instruments of sale, gift and mortgage with possession of immovable property situated in the Sabha area at such rate as may be fixed by the Government not exceeding two percent on, as the case may be, the amount of the consideration, the value of the property or the amount secured by the mortgage, as set forth in the instrument;
- (iii) Other Taxes: if so authorized by the Government, any other tax, duty or cess which the Legislative Assembly of Himachal Pradesh has power to levy.
- (iv) Fees: A Gram Panchayat may, through a resolution and after previous publication, levy following fees at such rates and in such manner as it may deem fit in the Sabha area, namely:-
 - (a) Teh-Bazari from the shopkeepers in the fairs.
 - (b) Service fee for cleaning of streets, lighting of streets, sanitation, solid and liquid waste management, parking of vehicles, as the case may be;
 - (c) Fee for registration of animals sold in the Sabha area; and
 - (d) Water rate where water is supplied by the Gram Panchayat.
- (v) Land Revenue: Gram Panchayats have been empowered to collect the land revenue from the land owners/right holders and Gram Panchayats will use the collected land revenue at their own level.

(vi) Liquor Cess: Cess of Rs.1/- per bottle of liquor sold in the rural area will be collected and transferred to the Gram Panchayats for utilization in developmental activities.

(vi) Duty on Mobile Communication Service providers:

Gram Panchayats have been authorised to levy duty on Mobile Communication Service providers for installation of Mobile Communication Tower at the rate of Rs.4,000/- per tower and annual renewal fee at the rate of Rs.2000/- per annum per tower with the following conditions:-

- (a) An option for lump sum payment of renewal fee may be given in blocks of 5 years (with 40% discount for upfront payment of the entire amount including renewal fees for 5 years).
- (b) There shall be periodic increase in renewal fee by 25% after every 5 years.
- (c) An additional amount at the rate of 60% shall be levied for every additional antenna which shares the same tower.

7.9. Accountability and transparency in the functioning of PRIs:

To make grass root level democratic institutions more responsive, accountable and to ensure transparency in their day to day functioning, instructions have been issued with respect to, access to information, publicity, accountability, promptness in dealing with public etc. It has been decided that any voter of the Panchayat area can inspect the record of the Panchayat and can have copy thereof after paying the nominal fee prescribed for the purpose. Permanent as well as variable information including list of beneficiaries and list of schemes along with sanctioned amount thereto will be displayed on the notice boards of the Panchayats. Besides this, attendance of the

Panchayat Secretary in a particular Panchayat will be verified by the concerned Pradhan. This provision is in addition to the provision of RTI Act which were prevailing prior to the enactment of RTI Act.

7.10 Maintenance of Accounts by Panchayats:

Accounts of Gram Panchayats are being maintained by the Panchayat Secretary appointed by the Director and Panchayat Sahayak appointed on contract basis by the Gram Panchayat. In the case of Panchayat Samiti accounts are maintained by the Accountants appointed by the State Government and in the event of vacancy the Accountants appointed by the Panchayat Samiti on contract basis. Accounts in respect of Zila Parishads are maintained by the Government officials of the office of DPO-cum-Secretary, Zila Parishad. Monthly statements of accounts are placed before the Panchayat concerned for approval in their meeting. Accounts of Panchayats are audited on annual basis and audit reports are required to be placed before the Panchayat concerned in the meetings for compliance. There are no arrears in maintenance of accounts and there already exists accounting cadre as mentioned above.

7.11. Audit of PRIs:

In the light of Article 243 J of the Constitutional Amendment Act, 1992 a provision of separate and independent Audit Agency under the control of Director Panchayati Raj has been made under section 118 of the Himachal Pradesh Panchayati Raj Act, 1994 to perform the Audit of the Accounts of Panchayati Raj Institutions. In the light of the 11th Finance Commission report the audit of PRIs is being done under the technical guidance and supervision of CAG. The CAG has provided training to the audit staff of this department for upgrading the

skills of audit at regional centers during the year 2004. Presently there are 3,243 Gram Panchayats, 78 Panchayat Samitis and 12 Zila Parishads and for conducting of audit of these institutions there is one post of Deputy Controller, 13 posts of DAOs 88 posts of Auditors. The annual audit target of Panchayati Raj Institutions has been fixed 60% in order to bring qualitative improvement in the audit reports.

The formats prescribed by the CAG for maintenance of accounts by the Panchayati Raj Institutions has been adopted by making the suitable amendment for this purpose in the Himachal Pradesh Panchayati Raj (Finance, Budget, Accounts, Audit, Works, Taxation and Allowances) Rules, 2002.

7.12 Constitution of District Planning Committees and Participatory Planning through Panchayats:

The Chairperson of the District Planning Committees is the Minister or Speaker or Deputy Speaker chosen by the State Government. The Deputy Commissioner is the Secretary of the respective District Planning Committee under the provision of section 185 of the Act.

As per the decision of the State Government, existing District level Planning Institutions of Planning Department have been placed under the technical control of the concerned Zila Parishad for strengthening structures of DPCs. The District Planning Institutions will also give technical assistance in respect of formulation, implementation and monitoring and review of District Plan and Plan schemes. The Planning Institutions at concerned district will function as Planning Secretariat for Zila Parishad. In addition to this it has also been decided that Backward Region Grant Fund (BRGF) of the two

Districts namely Chamba and Sirmour will be utilized for augmenting resources for DPC proposals.

As per the intention of Article 243 G of the Constitution of India the activities followed by transfer of related funds and functionaries have yet to be devolved upon PRIs, as such, in the absence of transfer of functions, funds and functionaries Panchayats are unable to prepare plan for onwards submission to the District Planning Committee. Presently, the Plans are being prepared by the PRIs in respect of two districts namely Chamba and Sirmour and these plans are being consolidated and approved by the District Planning Committees for BRGF funds. The plans for these two districts have been prepared on the software developed by the GOI namely PLANPLUS. However, Panchayats at present are preparing plans in respect of untied funds available with them and these plans are approved by the Gram Sabha.

The fourth term of the Panchayats was completed on 22nd January, 2011 and the general election for the Fifth terms of the Panchayats have been conducted in December, 2015 and January, 2016 and the present Panchayats have started functioning with effect from 23rd January, 2016. As per the requirement of Article 243 ZD read with section 185 of the Himachal Pradesh Panchayati Raj Act, 1994 the State Government has issued notification on 29th March, 2011 published in official Gazette on 1st April, 2011 (copy of the said notification is available on our official website *hppanchayat.nic.in*) for determination of members of the District Planning Committees of all the 12 Districts and to include the Cabinet Minister/ Ministers, Speaker and Deputy Speaker to be member and chairman of the DPC.

7.13 Honorarium to elected representatives of Panchayati Raj Institutions:

Himachal Pradesh is perhaps one of the few states in India which is providing monthly honorarium to all the elected representatives of Panchayati Raj Institutions. State Government is providing honorarium of Rs.8,000/- for Chairpersons, Rs.6,000/- for Vice-Chairpersons and Rs.3,500/- per member of the Zila Parishads. For Panchayat Samitis the rates of honorarium for Chairpersons, Vice-Chairpersons and Members is Rs.5,000/-, Rs.3,500/- and Rs.3,000/- per month,, respectively. The rates of honorarium at Gram Panchayat level are Rs.3,000/- for Pradhan, Rs.2,200/- for Vice-Pradhan, whereas the member of the Gram Panchayat is given as sitting fee of Rs.225/- per meeting up to two meetings in a month.

CALCULATIONS OF THE COMMITTED LIABILITIES AND THE <u>DEVOLUTIONS</u>

This commission is of the opinion that the calculations which form the basis of the award amount should form an integral part of the report for total transparency and ready reference.

The Commission adopted the methodology of gap filling grant rather than a share of states own revenues for the following reasons:

 Own resources and incomes of all PRIs are very low and show wide variations in the incomes of different Panchayats. Therefore, an average of the income of 3,226 Panchayats, or 78 Panchayat Samitis 12 Zila Parishad will obviously be misleading and meaningless.

- Therefore, it is impossible to forecast the future incomes of over 3,300 PRIs.
- States own Revenues also show variations from year to year.
 Therefore, a share of taxes is not at all an appropriate method to meet the committed liabilities.
- Most of the committed expenditures of Zila Parishad, Panchayat Samiti and village Panchayat relate to honorarium to elected members; and salaries and wages of their employees.
- Moreover, it is not at all possible to predict with any certainty as
 to when and how much the salaries and the wages of the
 employees will be enhanced; and when and how much the
 honorarium of the elected members would be raised.
 - In the above background the committed liabilities of PRIs have been calculated with following assumptions and conditions.
- The resources and the income of all the 3 levels of PRIs are low; and are a very small fraction of their committed liabilities.
 Therefore, like previous Commissions, this Commission has not considered own income of PRIs while calculating their committed liabilities.

THE CRUCIAL ASSUMPTIONS FOR CALCULATIONS ARE:-

• The salaries and wages have been calculated at the existing rates with a 10% hike for each succeeding year based on the assumption that (a) increment will be 3% and (b) DA increase in a year will be 7%.

The office expenses of PRIs have also been worked out with 10% hike for each succeeding year.

- The honorarium of elected members has been calculated, for the entire award period at the existing honorarium rates.
- The Commission has also recommended a grant of 15 crore from 2018-19 to 2021-22 for repair, maintenance, addition and alteration of the buildings of all the three levels of the PRIS.

Committed Financial Liabilities-Calculations there of

		De	etail of expen	diture o	n payment	of Salaı	ry of Z	ila Paris	shad e	mployee	for the	Financ	ial yea	r 2018	-19				0-21 2021-22
Sr. No.	Name of post	Sanct ion post	Pay Scale	Basic Pay	GP	DA	IR	HRA	CA	Total	EPF @ 10%	Medi cal	TE	FTE	Total (per month per person)	Grand Total (2018-19)	2019-20 2020-2	2020-21	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
1	Assistant Engineer (Regular)	4	15600- 39100+5400	19200	5400	32964	2214	1000	200	60978	6098	400	1800	0	69276	3325248	3657772.80	4023550.08	4425905.09
2	Assistant Engineer (Contract)	8	15600- 39100+5400	15600	5400 +4050 (75% GP)	0	0	0	0	25050	0	0	1800	0	26850	214800	236280.00	259908.00	285898.80
3	Junior Engineer (Regular)	180	10300- 34800+4800	12180	4800	22753	1528	600	200	42061	4206	400	2400	0	49067	105984720	116583192.0	128241511.2	141065662.3
4	JE (Contract)	80	10300+3800	12180	3800 +2850 (Addl. 75% GP)=	0	0	0	0	19630	0	0	2400	0	22030	21148800	23263680.0	25590048.00	28149052.80
5	Jr. Scale steno (Regular)	12	10300- 34800+3600	11960	3600	20850	1400	600	200	38610	3861	400	320	0	43191	6219504	6841454.40	7525599.84	8278159.82
6	Jr. Accountant (Regular)	12	10300- 34800+4400	10710	3200	18639	1252	600	200	34601	3460	400	320	0	38781	5584464	6142910.40	6757201.44	7432921.58
7	Data entry operator (Contract)	15	5910+1900+ 950=8760	5910	1900+1425	0	0	0	0	9236	0	0	390	0	9626	1732680	1905948.0	2096542.80	2306197.08
8	Peon/ Chowkidar	13	7300/-	4900	1650+1238	0	0	0	0	6138	0	0	390	0	6528	1018368	1120204.80	1232225.28	1355447.81
9	Panchayat Secretary (Regular)	1870	10300- 34800+3200	6150	1900	10787	725	400	200	20162	2016	400	<u>1300</u>	150	24028	539188320	593107152	652417867.2	717659653.9
10	Panchayat Secretary (Contract)	505	5910+1900	6378	1900+1425	0	0	0	0	9703	0	0	<u>1300</u>	150	11153	67587180	74345898.00	81780487.80	89958536.58
11	Panchayat Sahayak	585	7000/- fix	7420	0	0	0	0	0	7420	0	0	1300	150	8870	62267400	68494140.00	75343554.00	82877909.40
													Total			814271484	895698632.4	985268495.6	1083795345

	Detail o	f expen	diture of hor	orarium	1 to elected	represe	entativ	es of Zi	la Pari	shad for	the fin	ancial y	ear 201	18-19					
1	Chairman	12								8000					8000	1152000	1152000	1152000	1152000
2	Vice Chairman	12								6000					6000	864000	864000	864000	864000
3	Member	226								3500					3500	9492000	9492000	9492000	9492000
													Total			11508000	11508000	11508000	11508000
	TA DA																		
	Dotail of o	vnondit	ure of honor	rarium t	o alacted re	nrocont	tativos	of Pan	chavat	Samiti f	or the f	inancia	l voar 2	2019 10	1				
	Detail Of e	xpenun	ure or monor	anunn u	o elected le	presem	lalives	OI Fail	Ciiayai	Jannu	or the r	illalicia	ıı yeai z	2010-13					
1	Chairman	78								5000					5000	4680000	4680000	4680000	4680000
2	Vice chairman	78								3500					3500	3276000	3276000	3276000	3276000
3	Member	1517								3000					3000	54612000	54612000	54612000	54612000
												Total		62568000	62568000	62568000	62568000		
		Detail o	f expenditur	e on pay	yment of Gr	am Pan	chaya	t emplo	yee fo	r the fina	ancial y	ear 201	8-19						
1	Tailoring Teacher	2048	6300 fixed	-	-	-	-	-	-	6300	-				6300	154828800	178053120	204761088	235475251.
2	Panchayat Chowkidar	3226	4000 fixed							4000					4000	154848000	178075200	204786480	235504452
3	Water guard	4557	2500/fixed	-	-	-	-	-	-	2500					2500	136710000	157216500	180798975	207918821.
													Total			446386800	513344820	590346543	678898524.
	Detail of e	expendit	ture of hono	rarium t	o elected re	presen	tatives	of Gra	m Pan	chayat f	or the f	inancia	l year 2	2018-19)				
1	Pradhan	3226								3000					3000	116136000	116136000	116136000	116136000
2	Up-Pradhan	3226								2200					2200	85166400	85166400	85166400	85166400
3	Member	20348								450					450	109879200	109879200	109879200	109879200
																311181600	311181600	311181600	311181600
												G	rand Tota	al		1645915884	1794301052	1960872639	214795147

- 1. The detailed calculations for each item of expenditure are in the preceding calculation sheets.
- 2. The outcome of these calculations is summarized below for the 3 levels of PRIS under different heads of establishment expenses.

	ESTABLISHMENT EXPENDITURE C	F PANCHAY	ATI RAJ INS	ITUTION		
	EXISTING AND PROJECTED:					Rs. In Lakh
ESTABILISHMEN	IT	EXISTING				
	1. ZILA PARISHAD	2017-18	2018-19	2019-20	2020-21	2021-22
	CHAIRMAN	11.52	11.52	11.52	11.52	11.52
HONORARIUM	VICE CHAIRMAN	8.64	8.64	8.64	8.64	8.64
	MEMBER	94.92	94.92	94.92	94.92	94.92
TA/DA	CHAIRMAN/VICE CHAIRMAN/MEMBER	3.67	3.67	3.67	3.67	3.67
Salary	ASSISTANT ENGINEER (REGULAR)	33.25	33.25	36.58	40.23	44.26
	ASSISTANT ENGINEER (Contract)	25.78	25.78	25.78	25.78	25.78
	JUNIOR ENGINEER(REGULAR)	1059.85	1059.85	1165.84	1282.42	1410.66
	JUNIOR ENGINEER (CONTRACT)	211.49	211.49	232.64	255.90	281.49
	KANSHIT LEKHAPAL (Regular)	55.85	55.85	61.44	67.58	74.34
	JUNIOUR SCALE STENOGRAPHER	62.20	62.20	68.42	75.26	82.79
	DATA ENTRY OPERATOR	17.33	17.33	19.06	20.97	23.07
	PEON/CHOWKIDAR(Contract)	12.76	12.76	14.04	15.44	16.98
	PANCHAYAT SECRETARY (Regular)	5391.88	5391.88	5931.07	6524.18	7176.60
	PANCHAYAT SECRETARY (Contract)	675.87	675.87	743.46	817.80	899.58
	PANCHAYAT SAHAYAK	622.67	622.67	684.94	753.44	828.78
OFFICE EXPENDITURE	ZILA PARISHAD	296.13	325.74	358.31	394.14	433.55
	(1). Total For Zila Parishad	8583.82	8613.43	9460.31	10391.89	11416.62
2	2. <u>PANCHAYAT SAMITIS</u>					
	CHAIRMAN	46.80	46.80	46.80	46.80	46.80
HONORARIUM	VICE CHAIRMAN	32.76	32.76	32.76	32.76	32.76
	MEMBER	546.12	546.12	546.12	546.12	546.12
TA/DA	CHAIRMAN/VICE CHAIRMAN/MEMBER	8.35	8.35	8.35	8.35	8.35
OFFICE EXPENDITURE	PANCHAYT SAMITI	60.78	66.86	73.54	80.90	88.99
	(2). Total For Panchayat Samitis	694.81	700.89	707.57	714.93	723.02
	3. GRAM PANCHAYAT:-					
	PRADHAN	1161.36	1161.36	1161.36	1161.36	1161.36
HONORARIUM	UP-PRADHAN	851.66	851.66	851.66	851.66	851.66
	MEMBER	1098.80	1098.80	1098.80	1098.80	1098.80
TA/DA	PRADHAN/UP-PRADHAN /MEMBERS	214.04	214.04	214.04	214.04	214.04
	PANCHAYAT CHOWKIDAR	1180.72	1548.48	1780.75	2047.86	2355.04
STAFF	LEVERY ALLOWNCE TO CHOWKIDAR	27.10	27.10	27.10	27.10	27.10
HONORARIUM	TAILORING TEACHAERS	1548.29	1548.29	1780.53	2047.61	2354.75
	I .	I	1	1	1	1

	3. GRAM PANCHAYAT:-	EXISTING	PROJEC TED	EXISTIN G	PROJEC TED	EXISTING
		2017-18	2018-19	2017-18	2018-19	2017-18
OFFICE EXPENDITURE	GRAM PANCHAYT	571.00	806.50	887.15	975.87	1073.45
	7582.60	8623.33	9373.56	10232.29	11215.39	
	Grand Total (1)+(2)+(3)	16861.23	17937.64	19541.45	21339.10	23355.03
	Grant For Repair, Maintenance, Addit	ions and Alter	ation of PRI	Buildings		
(4) Fixed Grant fo	r Repair of PRI Buildings	0	1500	1500	1500	1500
GRAND TOTAL Ir	ncluding (4)	16861.23#	19437.64	21041.45	22839.10	24855.03

*The commission was apprised that each Panchayat has to incur expenditure of Rs one thousand per month on Internet. Besides, there are four mandatory meetings of Gram Sabha; and there are also special meetings. There are minimum two meetings of gram Panchayat each month. Considering all these expenses the Commission decided that office expenses for the year 2018-19 is taken as Rs 25,000/- Per Panchayat with a 10% hike for each succeeding year.

(#)This amount of 168.61 crore for 2017-18 will not be taken for the devolution as this period has been covered in interim report as 143.35 crore.

Total Devolutions Recommended for 3 levels of PRIs

Figures in crore

Year	2017-18	2018-19	2019-20	2020-21	2021-22	Total
Devolution Amount	143.35*	194.38	210.41	228.39	248.55	1025.08

^{*} The devolution for 2017-18 has been taken at 143.35 crore as recommended in the Interim report for 2017-18.

The Commission's devolutions are based on the assumptions mentioned before the calculations. Therefore, the Commission recommends to the Government that:-

- (1) If and when, rates of honorarium of any category are revised upwards, the Government will provide for additional enhanced liability over the recommended devolution.
- (2) Likewise, in the event of pay/wages revision of any category of employees, the Government will provide additionality to the department for enhanced future liabilities and also for arrears over recommended devolutions.
- (3) Above devolutions also include a fixed grant of 15 crore from 2018-19 to 2021-22 for repair/ maintenance/additions/ alterations of office buildings of all the three layers of PRIs.
- (4) In the eventuality of employees of PRIs being redeployed within different categories of PRIs, the department shall be competent to reappropriate within the overall limit of devolution amount mentioned above.

CHAPTER-8

DEVELOPMENTAL GRANTS TO ZILA PARISHADS AND PANCHYAT SAMITIS: ISSUE, LIMITATION AND SUGGESTION.

The 14th Finance Commission had allocated funds to all the three levels of Urban Local Bodies. However, in PRIs, the 14th FC recommended grants only for Gram Panchayats mentioning in the first line of para 9.72 of its report that " *The grant we recommend should go to gram panchyats, which are directly responsible for the delivery of basic services, without any share for other levels*"However the 14th FC in the immediately succeeding line of the para 9.72 has also mentioned"*We expect that the State Government will take care of the needs of the other levels*"

Thus, the relevant first two lines of para 9.72 read together are "The grant that we recommend should go to gram panchyats, which are directly responsible for the delivery of basic services, without any share for other levels. We expect that the State Government will take care of the needs of the other levels".

Numerous elected representatives of Zila Parishad and Panchayat Samiti had met the Chairman and the Members and Officers of this Commission, and suggested that both Zila Parishads and Panchayat Samitis must get some developmental grants otherwise these two levels of rural local bodies will lose their relevance.

The Commission is well aware that the contours of the recommendations of the State Finance Commission are clearly

demarcated and confined by the TOR. Thus, the scope, role and remit of this Commission, like previous four Commissions, is gap-filling revenue grants after assessing the committed expenditure needs and incomes of PRIs and ULBs.

However, in view of the second line of para 9.72 of the report of the 14th FC; and the demands of the elected representatives of Zila Parishad and Panchayat Simiti, the Commission suggests to the Government that it may consider to provide developmental grants to these two levels of Panchayati Raj Institutions.

The Commission was informed by the Department of Panchayati Raj that based upon similar suggestion of this Commission at para 3.8 of its Interim Report for 2017-18; the Government had allocated an amount of Rs. 43 crore for Zila Parishads and Panchayat Samitis.

CHAPTER-9

EVOLUTION AND STATUS OF URBAN GOVERNANCE IN HIMACHAL PRADESH, CALCULATION OF COMMITED LIABILITIES, OWN RESOURCES AND YEARWISE DEVOLUTIONS

Evolution of Urban Local Governance

- 9.1 In the pre-independence era, there were mainly four categories of Municipalities in India. These were Municipal Corporations, City Municipalities, District Municipalities and Town Municipalities. The Municipal Corporation was distinguished by its large area and population. The Municipal Corporation had more powers and greater autonomy. The characteristic features of a City Municipality were the large population as well as the greater amenities of city life.
- 9.2 After independence, with prevailing ethos of democratization, many Governments decided that the civic bodies should be run by elected representatives and not by nominated councilors. The Punjab Municipal Act, 1911 was applicable to the Punjab Hill States; and therefore, in Shimla Hill States. As a result of the reorganization of Punjab with effect from 1st November, 1966, the Municipal Committees were governed by the Punjab Municipal Act, 1911 and Town Committees by Punjab Small Town Act, 1921. The governance of Small Town Committees was repealed by the Punjab Municipal (Second Amendment) Act, 1954, whereas the Cantonments were governed by the Cantonment Act, 1924.
- 9.3 Under the above Acts, the State Government had supervisory power over the municipalities. To give independence to these bodies, the State Government passed the Himachal Pradesh Municipal Act, 1968. The State Government also enacted a separate legislation by

passing the Capital of Himachal Pradesh (Development and Regulation) Act, 1968 (22 of 1969), for the development of Shimla town and its suburbs.

- 9.4 The Government of Himachal Pradesh provided separate Municipal Acts for Municipal Corporation and Municipal Committees. These were: Himachal Pradesh Municipal Act, 1968 and the Himachal Pradesh Municipal (Amendment and Validation) Act, 1980 and Himachal Pradesh Municipal Corporation Act, 1979.
- 9.5 The 74th constitutional amendment envisaged greater decentralization of administrative, legislative and financial functions to the Urban Local Bodies with enhanced functional autonomy to municipalities. The salient features of 74th Constitutional amendment are as under:

243(Q).	Constitution of Municipalities									
	·									
243(R)	Composition of Municipalities									
243(S)	Constitution and composition of Wards Committees									
243(T)	Reservation of Seats (SCs, STs, OBCs and Women)									
243(U)	Term of Municipalities,									
243(V)	Disqualifications for Membership									
243(W)	Powers, Authority and Responsibilities of Municipalities									
243(X)	Power to Impose Taxes by, and Funds of, the									
	Municipalities									
243(Y)	State Finance Commission and its Terms of Reference									
243(Z)	Audit of Accounts of Municipalities									
243(ZA)	Elections to the Municipalities									
243(ZB)	Application of Provisions to the Union Territories									
243(ZC)	Exclusion of Scheduled Areas									
243(ZD)	Constitution of District Planning Committees									
243(ZE)	Committee for Metropolitan Planning									
243(ZF)	Continuance of Existing Laws and Municipalities									
243(ZG)	Bar to interfere by Courts in Electoral Matters									

- 9.6 In compliance of and in consonance with the provisions of the 74th Constitutional Amendment Act, the State Government enacted the following Acts:
 - 1. Himachal Pradesh Municipal Act, 1994.
 - 2. Himachal Pradesh Municipal Corporation Act, 1994.
 - 3. Himachal Pradesh Municipal Services Act, 1994.
- 9.7 These new Acts have bestowed upon the Municipalities numerous additional functions which are in conformity with the 12th Schedule of the Constitution. The 12th Schedule in Article 243W enumerated 18 functions out of which three functions are as under:
 - a) Urban Planning including Town Planning.
 - b) Regulation of land use and construction of buildings.
 - c) Planning for economic and social development.
- 9.8 The above three functions in the past were not part of the previous Municipal Acts of 1968 probably as these obligatory responsibilities of the municipal bodies were being derived from the State Town Planning Act of 1977 under which the implementation of plans/schemes are being done by them in their respective areas. Now the above functions are being performed as part of the obligatory functions of the municipalities. It is now being realized that Urban Local Bodies should not only provide civic services for the welfare of local people but also carry out the task of the urban planning and development.

Structure of the Urban Governance in Himachal Pradesh

9.9 Section 3 of the Himachal Pradesh Municipal Act, 1994 provides the classification of the municipalities. There are three classes of Urban Local Bodies in the State (a) Nagar Panchayats (b) Municipal Councils and (c) Municipal Corporation. These 3 classes of Urban

Local Bodies are generally formed on the basis of population, area, the revenue generated/generation capacity and employment in non-agricultural activities and the economic importance of the area. The criteria for the classification of Urban Local Bodies are given as under:

- (i) "Nagar Panchayat" for a transitional area is constituted for a population exceeding two thousand and generating annual revenue exceeding Rs. five lakh for the local administration;
- (ii) "Municipal Council" for a smaller urban area is constituted for a population exceeding five thousand and generating the annual revenue exceeding Rs. ten lakh for the local administration;
- (iii) "Municipal Corporation" is for a large urban area, and is constituted for a population exceeding fifty thousand and generating annual revenue exceeding Rs. two crore for the local administration and which has been declared to be a municipal area under section 3 of the Himachal Pradesh Municipal Corporation Act.
- 9.10 Presently, there are 54 Urban Local Bodies in the State, comprising 2 Municipal Corporations 31 Municipal Councils and 21 Nagar Panchayats. Municipal Corporation Shimla has a population of 1.69 lakh and 46,000 households. The average households per Municipal Council and Nagar Panchayat are 7,200 and 500, respectively.
- 9.11 However, the above mentioned, population and revenue raising capacity norms have, most often, not been applied while upgrading or creating an Urban Local Body.

Powers, Duties and Responsibilities of ULBs

(A) Powers and Duties specified under the Municipal Acts and the Rules there under are:

- 9.12 Section 48 of the Himachal Pradesh Municipal Act, 1994 empowers the State Government to issue Notification to determine various functions of the Municipalities. In the repealed Municipal Act, 1968 the following normal functions were performed by the Municipalities under section 51(2):
 - (a) Construction, maintenance, improvement, cleaning and repair of all public streets, bridges, town-halls, town-gates, embankments, drains, privies, latrines, urinals, tanks and water courses and setting up of solid waste management projects, productions and marketing of compost;
 - (b) Watering and lighting of such streets or any of them;
 - (c) Construction establishment and maintenance of schools, hospitals, and dispensaries and other institutions for the promotion of education for the benefit of the public health and Rest Houses, Sarais, poor-houses, markets, stalls, encamping grounds, ponds and other works of public utility and the control and administration of public institutions of any of these descriptions;
 - (d) Grant-in Aid to schools, hospitals, dispensaries, poor-houses, lepers asylum's and other educational or charitable institutions;
 - (e) Training of teachers and the establishment of scholarships;
 - (f) Giving of relief and the establishment and maintenance of relief works in time of famines or scarcity;

- (g) Supply, storage and preservation from pollution of water for the use of human beings and animals.
- (h) Planting and preservations of trees; and the establishment and maintenance of public parks and gardens;
- (i) Taking of a census, the registration of births, marriage and deaths, public vaccination and any sanitary measures;
- (j) Holding of fairs and industrial exhibitions;
- (k) Preparation and maintenance of a record of rights of immovable property.
- (I) All acts and things which are likely to promote the safety, health or convenience of the inhabitants or expenditure whereon may be declared by the committee with the sanction of the State Government to be an appropriate charge on the Municipal Fund;
- (m) Construction of buildings and sale thereof with the prior approval of the State Government.
- 9.13 Similarly, section 43 and 44 of the HP Municipal Corporation Act, 1994 provides the obligatory and discretionary functions to be performed by the Municipal Corporation. These functions are identical reproduction of section 43 and 44 of the repealed Act, the Himachal Pradesh Municipal Corporation, Act, 1979.
- 9.14 But Section 42 of the Himachal Pradesh Municipal Corporation Act, 1994 empowers the State Government to issue Notification to determine various additional functions of the Corporation on the subject itself indicated under section 42(i)(a) & (b) and further heads (i) to (xviii) and the twelfth Schedule of the Constitution corresponding to Article 243-W.

9.15 Since, the provisions under section 42(1) (a) & (b) of the Himachal Pradesh Municipal Corporation Act, 1994 and section 48(1) (i) & (ii) of the Himachal Pradesh Municipal Act, 1994 are identical, therefore, the State Government vide two separate Notifications No. LSG-A(2)-2/94 of 30th August 1994 devolved the following additional functions to the Urban Local Bodies in the State:

(i) Urban Planning including Town Planning:

Implementation of land use map notified by the State Government.

Provided that where no such map is notified, the concerned local body will prepare and implement the local land use map;

(ii) Planning for Economic and Social Development

- (a) Formulation of schemes for the upliftment of poor,
- (b) Generation of employment.
- (c) Implementation of Poverty Alleviation programmes.

(iii) Roads and Bridges:

Construction and maintenance of roads and bridges, except the roads and bridges on National Highways and State Highways within municipal areas.

(iv) Water Supply:

Planning, construction and maintenance of water supply schemes for domestic, commercial and industrial purposes within the municipal areas. Provided the execution of new schemes will be in accordance with the decision of Government in each case.

(v) Public Health:

- (a) Provision of drains and Sewerage and sewerage disposal and nallahs.
- (b) Provision for public latrines and urinals and their upkeep.

(vi) Urban Forestry, Protection of the Environment and Promotion of Ecological aspects:

- (a) Creation, maintenance and regulating the use of urban forest blocks.
- (b) Plantation, maintenance and preservation of trees both ornamental and economic within the municipal areas.
- (c) Regulating the plantation preservation and felling of trees.
- (d) To establish and maintain refuse disposal sites and apparatus.
- (e) To regulate the pollution, establishment and maintenance of electric crematoriums.

(vii) Safeguarding the interests of Weaker Sections of society, including the Handicapped and Mentally Retarded:

Establishment of orphanage, mental hospitals, administration and care of mentally retarded children and women homes.

(viii) Slum Improvement and Up-gradation:

Identification of slum areas; and formulation of schemes for the rehabilitation of the people living in slums.

(ix) Urban Poverty Alleviation:

- (a) Identification of urban poor and localities pre-dominantly occupied by them.
- (b) Formulation and execution of schemes for their upliftment.

- (x) Provision of Urban Amenities and Facilities such as Parks, Gardens and Playgrounds etc.
- (xi) Promotion of Cultural, Educational and Aesthetics aspects.
- (xii) Burials and Burial Ground, Cremations, Cremation Grounds and Electric Crematoriums.

(xiii) Cattle Ponds and Prevention of Cruelty to Animals:

- (a) To provide for care and upkeep of old and injured cattle,
- (b) To establish and maintain veterinary hospitals.
- (c) To take action against persons causing cruelty to animals.

(xiv) Vital Statistics including registration of Births and Deaths:

To keep population record of the municipal areas and annual publication of population statistics including male, female, SCs, STs and handicapped persons living below poverty line.

(xv) Public Amenities including Street Lighting, Parking lots, Bus Stops and Public Conveniences:

Bus stands, bus stops rain shelters, loading and unloading points.

(xvi) Regulation of Slaughter Houses and Tanneries:

Establishment, maintenance, regulation and control of slaughter houses and tanneries.

9.16 The above given functional status depicts that the Urban Local Bodies are not only providing civic services for the welfare of local people but also carry out the task of the Urban Planning and Development. The Commission feels that if the Urban Local Bodies have to serve as agencies of plan preparation, enforcement and

implementation as envisaged in the constitutional amendment it is absolutely necessary that effective infrastructure is built in the urban areas. For this, investment friendly enabling environment needs to be created in ULBs so that investment from private investors could be attracted.

(B) Devolution of Powers to Urban Local Bodies to Levy Taxes, Fees and Cess.

9.17 The Urban Local Bodies have been given adequate powers to levy tax, tolls, fees under section 66 of H.P. Municipal Act, 1994 and various sections of Chapter-VIII of the Municipal Corporation Act, 1994. To further the process of empowerment, the H.P. Municipal Corporation (Amendment) Act, 2011 and H.P. Municipal (Amendment) Act, 2011 provided more teeth to the ULBs. The following provisions have been incorporated vide sections 85 and 66 respectively regarding collection of fee, tolls and user charges:

Section 85 & 66

"Fee, tolls and users charges- the municipality may impose fee, tolls and user charges for the services provided by it at such rate and in such manner as may be determined by the municipality from time to time."

9.18 The Urban Local Bodies at all the three levels have been empowered to levy taxes/ fees in their area of jurisdiction. In order to boost the resource mobilisation efforts by tax collection and to bring efficiency in coverage, the Government of Himachal Pradesh has made necessary amendments in section 86 of Himachal Pradesh Municipal Corporation Act, 1994 and under section 65 of Himachal Pradesh Municipal Act, 1994, which were notified in February, 2012 to

give free hand for imposing House Tax by the Urban Local Bodies and realize the Property Tax.

1. Taxes/Fees that can be levied and collected by the Urban Local Bodies.

9.19 As per the provisions made under the Himachal Pradesh Municipal Act, 1994, the municipalities may impose the following taxes and fees.

- (I) Property Tax: The imposition of House Tax is statutory binding upon the municipalities under the provision of section 65 of H.P. Municipal Act, 1994 and section 86 of H.P. Municipal Corporation Act, 1994. House Tax is being imposed by almost all the Municipalities in the State. Municipal Corporation Shimla is charging House tax on unit area method, rates of which are different for different categories of properties/houses.
- (II) Other Taxes, Tolls and Fees: Subject to any general or special orders of the State Government in this behalf and to the rules, a municipality may, from time to time, impose in the whole or any part of the municipality any of the following taxes, tolls and fees:
- (i) a tax on profession, trades, callings and employments;
- (ii) a tax on vehicles, other than motor vehicles, plying for hire or kept within the municipal area;
- (iii) a tax on animals used for riding, draught or burden kept for use within the municipal area, whether they are actually kept within or outside the municipal area;
- (iv) a tax on dogs, kept within the municipal area;
- (v) a show tax;

- (vi) a toll on vehicles other than motor vehicles, and other conveyances entering the municipal area.
- (vii) a tax on boats moored within the municipal area;
- (viii) a tax on the consumption of electricity at the rate of one paise for every unit of electricity consumed by any person within the limits of the municipal area;
- (ix) a tax on advertisements other than advertisements published in the newspapers;
- (x) a tax on buildings payable alongwith the application for sanction of the building plans;
- (xi) a fee with regard to pilgrimages;
- (xii) a fee with regard to drainage;
- (xiii) a fee with regard to lighting;
- (xiv) a fee with regard to scavenging;
- (xv) a fee for cleaning of latrines and privies;
- (xvi) a fee in the nature of costs for providing internal services under the scheme framed under section 205.
- (xvii) an education cess;
- (xviii) a local rate on land revenue;
- (xix) with the previous sanction of the State Government, any other tax, toll or fee which the State Legislature has power to impose in the State under the Constitution of India.

The rates of any tax, toll or fee under above taxes except that mentioned under item no. (viii) shall be determined by the municipality; provided that such rates shall not exceed the maximum limits notified by the State Government from time to time.

9.20 Similarly, section 84 of Himachal Pradesh Municipal Corporation Act, 1994 empowers the Municipal Corporation to levy the following taxes:

- (i) taxes on buildings and land; and
- (ii) such other taxes, at such rates as the State Government may, by notification, in each case direct.
- 9.21 In addition to above, section 84(2) empowers the Municipal Corporation to levy the following taxes subject to the prior approval of the State Government:
 - (i) a tax on profession, trades, callings and employment;
 - (ii) a tax on vehicles other than motor vehicles and animals;
 - (iii) a tax on the increase in urban land values caused by the execution of any development or improvement work;
 - (iv) show tax;
 - (v) tax on consumption of energy at a rate not exceeding 2 paise for every unit for electricity consumed by any person within the municipal area;
 - (vi) sewerage tax on commercial buildings;
 - (vii) any other tax that may be imposed under the provisions of the Himachal Pradesh Municipal Act, 1994 (13 of 1994).

Provided that no tax shall be imposed under this sub-section unless an opportunity has been given in the prescribed manner to the residents of the municipal area to file objections and the objections, if any, thus received have been considered.

2. Assigned Taxes/Fees.

(i) Electricity Tax: The Municipalities are imposing electricity tax@ 1 paisa per unit on consumption of electricity from the

- consumers whereas the Municipal Corporation, Shimla is imposing this tax @ 9 paisa per unit w.e.f. 1st April, 2012.
- (ii) Cess on Liquor: The cess @ Rs. 2.00 per bottle of liquor sold in municipal areas will be collected and transferred to the Urban Local Bodies by the Excise and Taxation Department.
- (iii) Grants in Lieu of Octroi: The State Government is providing development grants in lieu of abolition of Octroi to the Urban Local Bodies.

9.22 However, the devolution of financial powers to the Urban Local Bodies is a continuous process. As per the status reported by the Department of Urban Development, the Urban Local Bodies are also facing problems in imposition of certain taxes and levies. The Commission also observed that exemptions granted by the State Government on levy of certain urban taxes led to a considerable dip in the actual realization vis-à-vis the potential.

(C) Powers of Urban Local Bodies to Recruit Employees and their Power as Disciplinary Authority.

9.23 As per the provisions contained in section 306 of the Himachal Pradesh Municipal Act, 1994, the municipality may with the previous approval of the State Government or any other officer authorized in this behalf, appoint such officers and servants as it considers necessary for the efficient discharge of its duties. The qualifications, method of recruitment, salaries, leave, allowances and other conditions of service including disciplinary matter of such officers and servants shall be such as may be prescribed by the State Government.

9.24 The Himachal Pradesh Ministerial /Non-Ministerial, Municipal Level Services, Recruitment & Promotion and Other Conditions of Services Rules, 2005 notified by the Government vide Notification dated 29th July, 2005, empowers the Municipal Councils or Nagar Panchayats as Appointing Authority of the staff and the Executive Officer or Secretary is the Disciplinary Authority in respect of posts existing in Municipal level categories.

Status of Devolution to Urban Local Bodies.

- 9.25 Section 48 of the Himachal Pradesh Municipal Act, 1994 and section 42 of the Himachal Pradesh Municipal Corporation Act, 1994 provides that the State Government shall by notification endow the Municipalities/Municipal Corporation with such powers and authorities as may be necessary from time to time to enable them to function as institutions of Local Self Government. In exercise of the powers conferred under these sections, the State Government vide Notification No. LSG-A (2)3/94 dated 30th August, 1994 notified detailed functions to be performed by these Local Bodies which are already mentioned in earlier para 6.14.
- 9.26 A study of the functions listed in the above referred notification reveals that majority of the functions pertain to the Department of Urban Development. However, only functions listed as Item No (iv), (v), (vi) and (xi) are the functions, where the transfer is to be made to the Urban Local Bodies by the Public Works, Irrigation and Public Health, Forest, Language and Culture and Education departments, respectively.
- 9.27 It is sufficient to mention, in brief, that the Departments are unwilling and very reluctant to shed their domains; and therefore the status of functions to be progressively assigned to Urban Local Bodies

has not made any significant progress. The Departments of the Government are unwilling to provide functions, functionaries and funds for a meaningful delegation of many remaining functions.

CALCULATIONS OF THE COMMITTED LIABILITIES AND THE DEVOLUTIONS

This commission is of the opinion that the calculations which form the basis of the award amount should form an integral part of the report for total transparency and references.

This Commission also adopted the methodology of gap filling grant rather than a share of states own revenues for the following reasons:

- States own Revenues show variations from year to year.
 Therefore, a share of taxes is not at all an appropriate method to meet the committed liabilities.
- Own resources and incomes of ULBs are fairly significant. The income and expenditure of Municipal corporation Shimla from 2010-11 to 2015-16 is depicted separately.
- The consolidated income and expenditure of Municipal councils and Nagar panchayats from the year 2012-13 to 2015-16 are detailed in the data sheets following these narrations. However, in these consolidated statements the income and expenditure of Shimla Municipal Corporation has been shown as zero, which is why the Income and Expenditure of M.C. Shimla is depicted separately.
- The details of the income and expenditure of newly constituted Municipal Corporation of Dharamshala are obviously not available. However the income and expenditure of Dharamshala Municipal Council from the year 2012-13 to 2015-16 are

- available in the consolidated statement of income and expenditure of Municipal Councils and Municipal panchayats.
- The expenditure of all the filled posts in Shimla and Dharamshala Municipal Corporation and all the Municipal Councils and Nagar Panchayats have been considered.

THE CRUCIAL ASSUMPTIONS FOR CALCULATIONS ARE:-

- The salaries and wages are calculated with the existing rates and with a 10% hike for each succeeding year. This is based on an assumption that (a) increment will be 3% and (b) DA increase in a year will be 7%.
- The office expenses of ULBs have also been worked out with 8% hike for each succeeding year.
- The honorariums of elected members have been calculated, for the entire award period at the existing honorarium rates.

		Revenue Re	ceipts of Mun	icipal Corpor	ation Shimla		
S.N	Detail/Years	2010-11 (In Rs.)	2011-12 (In Rs.)	2012-13 (In Rs.)	2013-14 (In Rs.)	2014-15 (In Rs.)	2015-16 (In Rs.)
1	Total Tax Revenue	87140905	101906118	112357032	130541759	88679000	248386000
2	Income from Rent	19087768	22168247	22817429	48614962	24341000	22459000
3	Fees & User Charges	114143540	137735890	180222505	246763669	227301000	277009000
4	Sale & Hire Charges	545252	664568	3472457	1440889	1104000	892000
5	Other Income	13262800	23434393	21611094	25012012	17153000	37090000
	Total (1+5)	234180265	285909216	340480517	452373291	358578000	585836000
		Expendit	ure of Munici	oal Corporation	on Shimla		
S.N	Detail/Years	2010-11 (In Rs.)	2011-12 (In Rs.)	2012-13 (In Rs.)	2013-14 (In Rs.)	2014-15 (In Rs.)	2015-16 (In Rs.)
1.	Establishment Expenses	278144562	334238852	374842346	384916442	501363000	436282000
2.	Administrative Expenses	8518918	19377020	23168876	19413953	18976000	12731000
3.	O & M Expenses and Repair & Maintainences)	249533810	294544898	310988703	369096426	133057000	109605000
	Total (1+3)	536197290	648160770	708999925	773426821	653396000	558618000
	Total of Col. (1+2) (Establishment Expenses+Admn. Exp.)	286663480	353615872	398011222	404330395	520339000	449013000

				s	HIMLA MUNICIPA	L CORPOR	ATION				
	CATEGO	RY WISE ESTIMATED E	XPENDI	TURE ON STA	FF FOR THE YEA	R 2016-17			Estir	nated	
Sr. No	Name of Post	Pay Scale	Total Posts	Filled Up posts on regular basis	Filled Up posts on Contract/Daily Wages basis	Vacant Posts	Total Estimated Annual Expenditure on Salary of Staff {Rs.}	2017-18	2018-19	2019-20	2020-21
1	2	3	4	5	6	7	8	9	10	11	12
1	Commissioner	IAS/HAS Scales	1	1	0	0	1263936	1390330	1529363	1682299	1850529
2	Assistant Commissioner	HAS Scale	1	1	0	0	771960	849156	934072	1027479	1130227
3	Addl. Commissioner (Legal)	15600-39100 + 8400 Grade Pay	1	1	0	0	1291092	1420201	1562221	1718443	1890288
4	Dy.Controller(F&A)	15600-39100 + 8400 Grade Pay	1	1	0	0	914748	1006223	1106845	1217530	1339283
5	Executive Engineer	On Secondment	3	3	0	0	3503520	3853872	4239259	4663185	5129504
6	Corporation Health Officer	On Secondment	1	1	0	0	1700004	1870004	2057005	2262705	2488976
7	Veterinary Public Health Officer	On Secondment	1	1	0	0	1700004	1870004	2057005	2262705	2488976
8	Architect Planner	On Secondment	1	1	0	0	1315656	1447222	1591944	1751138	1926252
9	Assistant Architect Planner	On Secondment	1	0	0	1	0	0	0	0	0
10	Assistant Engineer	On Secondment	5	3	0	2	2331864	2565050	2821555	3103711	3414082
11	Junior Engineer	10300-34800+3800 Grade Pay	29	10	15	4	10833480	11916828	13108511	14419362	15861298
12	Draughtsman	10300-34800+3800 Grade Pay	3	2	0	1	1338936	1472830	1620113	1782124	1960336

1	2	3	4	5	6	7	8	9	10	11	12
13	Surveyor	5910-20200+2400 Grade Pay	2	0	0	2	0	0	0	0	0
14	Patwari	5910-20200+1900 Grade Pay	1	1	0	0	440280	484308	532739	586013	644614
15	Electrician	5910-20200+1900 Grade Pay	1	1	0	0	276480	304128	334541	367995	404794
16	Superintendent Grade-I	10300-34800+5400 Grade Pay	2	0	0	2	0	0	0	0	0
17	Superintendent Grade-II	10300-34800+4800 Grade Pay	6	6	0	0	4037832	4441615	4885777	5374354	5911790
18	Chief Accountant	10300-34800+5400 Grade Pay	1	0	0	1	0	0	0	0	0
19	Senior Assistant	10300-34800+4400 Grade Pay	36	33	0	3	18156600	19972260	21969486	24166435	26583078
20	Computer Assistant	10300-34800+3200 Grade Pay	3	3	0	0	1368000	1504800	1655280	1820808	2002889
21	Junior Assistant/ Clerk	5910-20200+1900 Grade Pay	76	35	0	41	13451340	14796474	16276121	17903734	19694107
22	Private Secretary	10300-34800+5400 Grade Pay	1	1	0	0	876048	963653	1060018	1166020	1282622
23	Personal Assistant	10300-34800+4800 Grade Pay	1	1	0	0	666144	732758	806034	886638	975301
24	Steno Typist	5910-20200+2000 Grade Pay	1	1	0	0	432972	476269	523896	576286	633914
25	Secretary(SJSRY)	10300-34800+4800 Grade Pay	1	1	0	0	715908	787499	866249	952874	1048161
26	Sanitary Inspector	10300-34800+3600 Grade Pay	9	6	0	3	2771280	3048408	3353249	3688574	4057431

1	2	3	4	5	6	7	8	9	10	11	12
27	Male/Female Health Worker	on secondment basis	2	1	0	1	608652	669517	736469	810116	891127
28	Aya	4900-10680+1300 Grade Pay	1	0	0	1	0	0	0	0	0
29	Daftri/Jamadar	4900-10680+1800 Grade Pay	5	5	0	0	1791120	1970232	2167255	2383981	2622379
30	Mali	4900-10680+1800 Grade Pay	5	2	0	3	804696	885166	973682	1071050	1178155
31	Notice Server	4900-10680+1800 Grade Pay	1	1	0	0	392172	431389	474528	521981	574179
32	Roneo Operator	4900-10680+1800 Grade Pay	1	1	0	0	385404	423944	466339	512973	564270
33	Driver	5910-20200+2000 Grade Pay	33	33	0	0	11591316	12750448	14025492	15428042	16970846
34	Laboratory Assistant	10300-34800+3800 Grade Pay	2	1	0	1	675648	743213	817534	899287	989216
35	Peon/Chowkidar	4900-10680+1300 Grade Pay	51	43	2	6	16335012	17968513	19765365	21741901	23916091
36	Ferro Printer	5910-20200+1900 Grade Pay	1	0	0	1	0	0	0	0	0
37	Veterinary Pharmacist	10300-34800+4200 Grade Pay	1	1	0	0	513504	564854	621340	683474	751821
38	Mate	4900-10680+1300 Grade Pay	18	18	0	0	6268752	6895627	7585190	8343709	9178080
39	Coolie	4900-10680+1300 Grade Pay	1	1	0	0	411816	452998	498297	548127	602940
40	Rat Beldar	4900-10680+1300 Grade Pay	7	7	0	0	2253804	2479184	2727103	2999813	3299794

1	2	3	4	5	6	7	8	9	10	11	12
41	Boiler Man	4900-10680+1300 Grade Pay	1	1	0	0	321972	354169	389586	428545	471399
42	Saffai Jamadar	4900-10680+1400 Grade Pay	30	24	0	6	10368000	11404800	12545280	13799808	15179789
43	Saffai Karamchari	4900-10680+1300 Grade Pay	471	368	4	99	146583168	161241485	177365633	195102197	214612416
44	Orderly	4900-10680+1300 Grade Pay	1	1	0	0	321972	354169	389586	428545	471399
45	Foreman(Electric)	5910-20200+2800 Grade Pay	1	0	0	1	0	0	0	0	0
46	Foreman(Water Supply)		6	6	0	0	2730240	3003264	3303590	3633949	3997344
47	Assistant Foreman		1	1	0	0	448692	493561	542917	597209	656930
48	Fitter Grade-I		13	13	0	0	5669664	6236630	6860293	7546323	8300955
49	Fitter Grade-II		23	13	0	10	4977180	5474898	6022388	6624627	7287089
50	Mason		18	18	0	0	5049432	5554375	6109813	6720794	7392873
51	Blacksmith	5910-20200+1900 Grade Pay	3	1	0	2	373680	411048	452153	497368	547105
52	Mazdoor		384	380	4	0	122349360	134584296	148042726	162846998	179131698
53	Assistant Pump Driver	5910-20200+1900 Grade Pay	9	9	0	0	3445740	3790314	4169345	4586280	5044908
54	Carpenter		7	5	0	2	2653500	2918850	3210735	3531809	3884989
55	Tailoring Teacher	5910-20200+3000 Grade Pay	1	1	0	0	462708	508979	559877	615864	677451
56	Work Supervisor		18	18	0	0	5706936	6277630	6905393	7595932	8355525
57	Project Co-ordinator	10300-34800+5000 Grade Pay	1	1	0	0	720000	792000	871200	958320	1054152
58	Mortar Mate	5910-20200+1900 Grade Pay	1	1	0	0	295524	325076	357584	393342	432677
	GRAND TOTA	L ANNUAL ESTIMATE	D EXPEN	IDITURE ON SA	ALARY (Rs.)		424667748	467134523	513847975	565232773	621756050

	Prop	osed exper	diture on	salary and terminal benef	its of Municip	al Corporation	, Dharamsha	la in HP		
Sr. No	Category	No. of Sanctio	No. Of filled up	Pay Scale	Monthly Emolumen	Yearly Emolument		Estir	mated	
NO		ned Posts	posts		ts per posts	s total posts	2017-18	2018-19	2019-20	2020-21
1	COMMISSIONER	1	1				2244000	2468400	2715240	2986764
2	ASSISTANT COMMISSIONER	1	1	H.A.S. Scale	150000	1800000	1980000	2178000	2395800	2635380
3	HEALTH OFFICER	1	1	15600-39100+ 7600 G.P.	150000	1800000	1980000	2178000	2395800	2635380
4	EXECUTIVE ENGINEER	1	1	15600-39100+ 7600 G.P.	150000	1800000	1980000	2178000	2395800	2635380
5	LAW OFFICER	1	0	10300-34800+ 4400 G.P.	65000	0	0	0	0	0
6	TOWN PLANNER	1	1	15600-39100+ 7600 G.P.	140000	1680000	1848000	2032800	2236080	2459688
7	SUPERINTENDENT GR-II	1	1	10300-34800+4800 G.P.	70000	840000	924000	1016400	1118040	1229844
8	PERSONAL ASSISTANT	1	1	10300-34800+4800 G.P.	70000	840000	924000	1016400	1118040	1229844
9	ASSTT. ENGINEER (M.E.)	2	2	15600-39100+ 5400 G.P.	85000	2040000	2244000	2468400	2715240	2986764
10	SENIOR.ASTT.	1	1	10300-34800+ 4400 G.P.	65000	780000	858000	943800	1038180	1141998
11	JUNIOR ENGINEER	2	2	10300-34800+ 4800 G.P.	70000	1680000	1848000	2032800	2236080	2459688
12	STATISTICAL ASTT.	1	0	10300-34800+ 4400 G.P.	65000	0	0	0	0	0
13	SANITARY INSPECTOR	1	0	10300-34800+ 3600 G.P.	54000	0	0	0	0	0
14	ASTT. DRAUGHTSMAN	2	2	5910-20200+ 2400 G.P.	50000	1200000	1320000	1452000	1597200	1756920
15	CLERK / JR ASTT.	5	4	10300-34800+	45000	2160000	2376000	2613600	2874960	3162456

				3200/3600 G.P.						
16	JUNIOR OFFICE ASSISTANT(IT)	2	2	5910-20200+ 1900 G.P.	30000	720000	792000	871200	958320	1054152
17	COMMUNITY ORGAINSOR	1	0	5910-20200+ 1900 G.P.	38000	0	0	0	0	0
18	WORK SUPERVISOR	6	5	5910-20200+ 1900 G.P.	45000	2700000	2970000	3267000	3593700	3953070
19	SANITARY SUPERVISOR	1	1	5910-20200+ 1900 G.P.	45000	540000	594000	653400	718740	790614
20	PATWARI	1	0	5910-20200+ 1900 G.P.	38000	0	0	0	0	0
21	DRIVERS	4	3	5910-20200+ 2000 G.P.	40000	1440000	1584000	1742400	1916640	2108304
22	MASON	8	6	5910-20200+ 1900 G.P.	38000	2736000	3009600	3310560	3641616	4005777.6
23	MATE	2	2	4900-10680+ 1650 G.P.	35000	840000	924000	1016400	1118040	1229844
24	PEONS	3	2	4900-10680+ 1400 G.P.	30000	720000	792000	871200	958320	1054152
25	MALI	1	1	4900-10680+ 1400 G.P.	30000	360000	396000	435600	479160	527076
26	CHOWKIDARS	2	1	4900-10680+ 1400 G.P.	30000	360000	396000	435600	479160	527076
27	BELDARS	86	70	4900-10680+ 1400 G.P.	30000	25200000	27720000	30492000	33541200	36895320
28	HEAD JAMDAR	1	0	4900-10680+ 1650 G.P.	38000	0	0	0	0	0
29	TECHNICIAN	1	1	4900-10680+ 1400 G.P.	38000	456000	501600	551760	606936	667629.6
30	HELPER	1	1	4900-10680+ 1400 G.P.	38000	456000	501600	551760	606936	667629.6
31	SAFAI KARAMCHARIS	31	16	4900-10680+ 1400 G.P.	30000	5760000	6336000	6969600	7666560	8433216
32	PLUMBER	1	1	5910-20200+ 1900 G.P.	38000	456000	501600	551760	606936	667629.6
	TOTAL:-	174	130			61404000	67544400	74298840	81728724	89901596. 4

S.	Category	No. of	No. Of posts	Pay Scale	Monthly Emolumen	Yearly		Estim	nated	
N.	- Canagory	Posts	filled-in	. 5, 555	ts per posts	Emoluments total posts	2017-18	2018-19	2019-20	2020-21
1	Executive Officers	30	19	10300-34800+ 4800 G.P.	80000	18240000	20064000	22070400	24277440	26705184
2	Assistant Engineers	5	1	10300-34800+ 5400 G.P.	85000	1020000	1122000	1234200	1357620	1493382
3	Junior Engineers	34	27	10300-34800+ 4800 G.P.	70000	22680000	24948000	27442800	30187080	33205788
4	Sr. Assistants	20	9	10300-34800+ 4400 G.P.	65000	7020000	7722000	8494200	9343620	10277982
5	Superintendent GrII	5		10300-34800+ 4800 G.P.	70000	0	0	0	0	0
6	Statistical Assistants	17	2	10300-34800+ 4400 G.P.	65000	1560000	1716000	1887600	2076360	2283996
7	Asstt. D.M.	4	4	5910-20200+ 2400 G.P.	50000	2400000	2640000	2904000	3194400	3513840
8	Draughtsman	3	1	10300-34800+ 4400 G.P.	58000	696000	765600	842160	926376	1019013.6
9	Dy. Forest Ranger	2	2	10300-34800+ 3800 G.P.	55000	1320000	1452000	1597200	1756920	1932612
10	Sanitary Inspector	17	4	10300-34800+ 3600 G.P.	54000	2592000	2851200	3136320	3449952	3794947.2
11	Clerk	157	93	10300-34800+ 3200/3600 G.P.	45000	50220000	55242000	60766200	66842820	73527102
12	Community Organizer	28	13	5910-20200+ 1900 G.P.	38000	5928000	6520800	7172880	7890168	8679184.8
13	Work Supervisor	20	19	5910-20200+ 1900 G.P.	45000	10260000	11286000	12414600	13656060	15021666
14	Bill Distributor	2	2	4900-10680+1400 G.P.	30000	720000	792000	871200	958320	1054152
15	Carpenter	1	1	5910-20200+ 1900 G.P.	38000	456000	501600	551760	606936	667629.6

16	Computer Operator	1	1	10300-34800+ 3200 G.P.	45000	540000	594000	653400	718740	790614
17	Daftri/ Record Keeper	4	3	4900-10680+1650 G.P.	38000	1368000	1504800	1655280	1820808	2002888.8
18	Driver	55	43	5910-20200+ 2000 G.P.	40000	20640000	22704000	24974400	27471840	30219024
19	Electrician	2	1	5910-20200+ 1900 G.P.	38000	456000	501600	551760	606936	667629.6
20	Fee Collector	8	8	4900-10680+1400 G.P.	32000	3072000	3379200	3717120	4088832	4497715.2
21	Fitter	8	1	5910-20200+ 1900 G.P.	38000	456000	501600	551760	606936	667629.6
22	Forest Guard	7	7	5910-20200+ 1900 G.P.	42000	3528000	3880800	4268880	4695768	5165344.8
23	Head Mali	1	1	4900-10680+1650 G.P.	38000	456000	501600	551760	606936	667629.6
24	Mason	50	33	5910-20200+ 1900 G.P.	38000	15048000	16552800	18208080	20028888	22031776.8
25	Mate	13	9	4900-10680+1650 G.P.	35000	3780000	4158000	4573800	5031180	5534298
26	Meter Mechanic/Reader	4	4	5910-20200+ 1900 G.P.	38000	1824000	2006400	2207040	2427744	2670518.4
27	Patwari	2	1	5910-20200+ 1900 G.P.	38000	456000	501600	551760	606936	667629.6
28	Sanitary Jamadar	21	8	4900-10680+1650 G.P.	38000	3648000	4012800	4414080	4855488	5341036.8
29	Sanitary Supervisor	21	6	5910-20200+ 1900 G.P.	45000	3240000	3564000	3920400	4312440	4743684
30	W.W.H. Attendant	3	3	4900-10680+1400 G.P.	30000	1080000	1188000	1306800	1437480	1581228
31	Toll Guard	36	19	4900-10680+1400 G.P.	30000	6840000	7524000	8276400	9104040	10014444
32	Tax Attendant	6		4900-10680+1400 G.P.	30000	0	0	0	0	0
33	Safai Karamchari	722	522	4900-10680+1400 G.P.	30000	187920000	206712000	227383200	250121520	275133672
34	Plumber	2		5910-20200+ 1900 G.P.	38000	0	0	0	0	0
35	Peon	77	52	4900-10680+1400 G.P.	30000	18720000	20592000	22651200	24916320	27407952

36	Mali	41	27	4900-10680+1400 G.P.	30000	9720000	10692000	11761200	12937320	14231052
37	Library Attendant	6	2	4900-10680+1400 G.P.	30000	720000	792000	871200	958320	1054152
38	Keyman	12	5	4900-10680+1400 G.P.	30000	1800000	1980000	2178000	2395800	2635380
39	Helper	5	3	4900-10680+1400 G.P.	30000	1080000	1188000	1306800	1437480	1581228
40	Cook	5	2	4900-10680+1400 G.P.	30000	720000	792000	871200	958320	1054152
41	Cleaner	2	2	4900-10680+1400 G.P.	30000	720000	792000	871200	958320	1054152
42	Chowkidar	35	25	4900-10680+1400 G.P.	30000	9000000	9900000	10890000	11979000	13176900
43	Cattle Pound Attendant	4		4900-10680+1400 G.P.	30000	0	0	0	0	0
44	Cart Man	5	1	4900-10680+1400 G.P.	30000	360000	396000	435600	479160	527076
45	Bishthi	10	6	4900-10680+1400 G.P.	30000	2160000	2376000	2613600	2874960	3162456
46	Beldar	443	372	4900-10680+1400 G.P.	30000	133920000	147312000	162043200	178247520	196072272
47	Adda Muhharar	2	2	4900-10680+1400 G.P.	30000	720000	792000	871200	958320	1054152
Total		1958	1366		1939000	559104000	615014400	676515840	744167424	818584166

			No. of							
S. N.	Category	No. of Posts	posts	Pay Scale	Monthly	Yearly		Est	imated	
N.		Posts	filled in	-	Emoluments per posts	Emoluments total posts	2017-18	2018-19	2019-20	2020-21
1	Secretary	22	4	10300-34800 + 4600 G.P.	75000	3600000	3960000	4356000	4791600	5270760
2	Junior Engineers	22	15	10300-34800 + 4800 G.P.	70000	12600000	13860000	15246000	16770600	18447660
3	Sr. Assistants	1	0	10300-34800 + 4400G.P.	65000	0	0	0	0	0
4	Clerk	59	33	10300-34800 + 3200/3600 G.P.	45000	17820000	19602000	21562200	23718420	26090262
5	Community Organizer	18	8	5910-20200+ 1900 G.P.	38000	3648000	4012800	4414080	4855488	5341036.8
6	Jr. Office Assistant	1	1	5910-20200+ 1900 G.P.	30000	360000	396000	435600	479160	527076
7	Work Supervisor	4	4	5910-20200+ 1900 G.P.	45000	2160000	2376000	2613600	2874960	3162456
8	Driver	7	6	5910-20200+ 2000 G.P.	40000	2880000	3168000	3484800	3833280	4216608
9	Mason	6	6	5910-20200+ 1900 G.P.	38000	2736000	3009600	3310560	3641616	4005777.6
10	Sanitary Supervisor	21	4	5910-20200+ 1900 G.P.	45000	2160000	2376000	2613600	2874960	3162456
11	Toll Guard	1	1	4900-10680+1400 G.P.	30000	360000	396000	435600	479160	527076
12	Safai Karamchari	146	55	4900-10680+1400 G.P.	30000	19800000	21780000	23958000	26353800	28989180
13	Peon	41	19	4900-10680+1400 G.P.	30000	6840000	7524000	8276400	9104040	10014444
14	Chowkidar	19	5	4900-10680+1400 G.P.	30000	1800000	1980000	2178000	2395800	2635380
15	Beldar	29	29	4900-10680+1400 G.P.	30000	10440000	11484000	12632400	13895640	15285204
Total		397	190	0	641000	87204000	95924400	105516840	116068524	127675376

				Urban Local Bo	odies Wise Inco	me & Expe	nditure for th	e year 2012-1	3			
		Income of th	ne Urban Local	Bodies			Exp. Of the	Urban Local B	odies			
0	Name of ULBs						Expenditure	out of Own Ir	come & SFC Gr	ant	Expenditur	
Sr. No	Name of OLBS	Own Sources	SFC Grant	Other Grant	Total	%age own income	Estt . Exp.	Exp .on delegated functions	Exp.on Maintenance /Repair of Assets	Any Other Expendit ure	e out of Other Grants	Total
1	2	3	4	5	6	7	8	9	10	11	12	13
1	Municipal Corporation, Shimla	0	0	0	0		0	0	0	0	0	0
2	Municipal Council, Rampur	18208965	6057775	1398665	25665405	71	10156458	7970150	2037933	5572464	2171997	27909002
3	Municipal Council,Theog	5263427	3814884	3158519	12236830	43	5545489	728040	127778	2651124	2106124	11158555
4	Municipal Council, Rohroo	1752409	7489538	0	9241947	19	3924356	157553	6361305	0	7674322	18117536
5	Nagar PanchayatChopal	530450	842293	1656125	3028868	18	721737	214957	88050	0	1298298	2323042
6	Nagar PanchayatJubbal	702185	1367830	1566301	3636316	19	1598985	228097	70844	0	1170646	3068572
7	Nagar PanchayatKotkhai	1016049	1167635	1683784	3867468	26	1142222	1300647	0	65400	1121734	3630003
8	Nagar PanchayatSunni	416537	521582	1425040	2363159	18	888125	127891	7200	0	477584	1500800
9	Nagar PanchayatNarkanda	2144660	0	635499	2780159	77	3042720	254293	0	137146	635499	4069658
10	Municipal Council,Solan	58314634	34760767	43033695	136109096	43	53374875	23707677	15769752	0	26741153	119593457
11	Municipal Council,Nalagarh	13862444	12503651	1179621	27545716	50	17884491	4595181	11410402	2456397	1079621	37426092
12	Municipal	34004092	14532759	1709841	50246692	68	11573495	3189800	19215582	37536760	4470023	75985660

	Council,Parwanoo											
13	Municipal Council, Baddi	0	0	0	0	0	0	0	0	0	0	0
14	Nagar Panchayat, Arki	2429028	2963434	1621870	7014332	35	3672921	465684	105302	1503142	1816582	7563631
15	Municipal Council,Nahan	13997710	26475538	12421919	52895167	26	39265614	900000	300000	0	7939750	48405364
16	Municipal Council,Paonta	20848317	19399610	25516074	65764001	32	17554340	3139973	1034298	2195458	12518192	36442261
17	Nagar Panchayat Rajgarh	1212087	2567984	4249749	8029820	15	2100289	937493	157988	2839980	3415946	9451696
18	Municipal Council,Bilaspur	13423989	12539943	12816358	38780290	35	15550447	950019	107611	358486	11757697	28724260
19	Municipal Council,Sri Naina Devi Ji	3060299	1179830	17699593	21939722	14	4519903	1683715	154039	440103	5290271	12088031
20	Municipal Council, Ghumarwin	3838462	5813786	5256168	14908416	26	6153492	1851895	473654	0	5431964	13911005
21	Nagar PanchayatTalai	1756549	2043615	17717458	21517622	8	3510254	293684	57484	0	4104843	7966265
22	Municipal Council,Una	19720617	16157873	12154977	48033467	41	18691991	5239190	444761	0	11020058	35396000
23	Nagar Panchayat Gagret	5751233	1800457	4260550	11812240	49	3695491	673704	1287359	1229639	4603845	11490038
24	Nagar Panchayat Daulatpur	4316007	4744197	1883206	10943410	39	4659024	1299675	1857729	0	2058589	9875017
25	Nagar Panchayat Mehatpur	3970182	8584078	2611246	15165506	26	4035797	8369886	0	0	2604954	15010637
26	Nagar Panchayat Santokgarh	2003207	8442743	5314425	15760375	13	4015420	6936575	436807	639755	7241684	19270241
27	Municipal Council,Hamirpur	13663618	15778621	39023766	68466005	20	15998844	11965252	389160	0	51492835	79846091
28	Nagar	6901510	5035390	1847635	13784535	50	6989499	2316953	126385	266460	2482796	12182093

	PanchayatNadaun											
29	Nagar PanchayatSujanpur	3970182	8584078	2611246	15165506	26	4035797	8369886	0	0	2604954	15010637
30	Nagar PanchayatBhota	6418756	4793768	5044457	16256981	39	10105676	1400530	685621	500263	6053363	18745453
31	Municipal Council,Dharamsala	24745885	19434161	28856908	73036954	34	36129117	5237681	607335	524970	17845472	60344575
32	Municipal Council,Kangra	4105618	5464244	0	9569862	43	5102873	2767595	1569160	389471	3831606	13660705
33	Municipal Council,Nurpur	2868704	7914468	5868718	16651890	17	8535583	737388	740025	0	6065705	16078701
34	Municipal Council,Palampur	6387956	4793768	5044457	16226181	39	8745676	1400350	685621	500263	6053363	17385273
35	Municipal Council, Nagrota	3053403	5748748	5759599	14561750	21	7604411	1239426	287635	158620	7688880	16978972
36	Nagar PanchayatDehra	4381308	4406323	5464244	14251875	31	5102873	2767595	389471	0	3831606	12091545
37	Nagar PanchayatJawalamuk hi	10739777	1415800	24625806	36781383	29	10452164	904532	0	0	5382841	16739537
38	Municipal Council,Chamba	9264439	22174672	28184960	59624071	16	22361541	7573491	180101	0	12997074	43112207
39	Municipal Council,Dalhousie	5412971	24835880	9718733	39967584	14	19970239	1810131	0	0	6080371	27860741
40	Nagar PanchayatChowari	2106939	3064915	2626193	7798047	27	3747429	1123273	233832	131261	3506467	8742262
41	Municipal Council,Mandi	25420987	13517875	23791543	62730405	41	14573605	11810007	972438	0	33226864	60582914
42	Municipal Council,Sundernagar	12427466	24375015	30569653	67372134	18	23724427	1425600	4928835	4122152	37705863	71906877
43	Nagar	4305573	3766105	15094423	23166101	19	6238007	9553069	300929	517461	34403621	51013087

	PanchayatSarkaghat											
44	Nagar Panchayat Jogindernagar	1893257	5225636	1455073	8573966	22	7098465	1987858	381388	21390	533204	10022305
45	Nagar Panchayat Rewalsar	1220361	1391203	3209113	5820677	21	2959847	277242	175261	37100	3618680	7068130
46	Nagar Panchayat Karsog.	0	0	0		0	0	0	0	0	0	
47	Municipal Council,Kullu	26564185	16742605	23884497	67191287	40	33171437	7753416	2384744	0	4759065	48068662
48	Nagar PanchayatManali	24208832	23485808	26088942	73783582	33	16849464	25797566	3190035	27926860	7888085	81652010
49	Nagar PanchayatBhuntar	9030895	2460525	5735190	17226610	52	16906256	0	0	0	5735190	22641446
50	Nagar PanchayatBanjar	665634	1364681	789482	2819797	24	1235543	0	0	259958	488937	1984438
Tota	l:-	442301795	421546091	476265321	1340113207	33	524916709	183434620	79733854	92982083	393028218	1274095484

			ι	Jrban Local Bo	dies Wise Inco	me & Ex	penditure o	for the year 201	3-14			
Sr. No	Name of ULBs	Income of th	e Urban Local	Bodies		age of	Exp. Of the	Urban Local Bo	odies			
140		Own Sources	SFC Grant	Other Grant	Total	Own Inco	Expenditur	e out of Own Inc	come & SFC Gr	ant	Expenditu re out of	Total
		Jources		Grant		me	Estt . Exp.	Exp .on delegated functins	Exp.on Maintenanc e /Repair of Assets	Any Other Expen- ditrue	Other Grants	
1	2	3	4	5	6	7	8	9	10	11	12	13
1	Municipal Corporation, Shimla	0	0	0	0		0	0	0	0	0	0
2	Municipal Council, Rampur	23061912	18307744	18307744	59677400	39	13541882	7115928	3539421	13789057	11866792	49853080
3	Municipal Council,Theog	2212538	553013	896571	3662122	60	2932570	421576	166817	110985	3460767	7092715
4	Municipal Council, Rohroo	2753339	9701284	1750000	14204623	19	4895718	134532	7181682	0	6388967	18600899
5	Nagar PanchayatChopal	557035	810967	2397623	3765625	15	1300614	299703	12630	0	1252030	2864977
6	Nagar PanchayatJubbal	974695	738841	905054	2618590	37	1718709	0	1052354	0	833335	3604398
7	Nagar PanchayatKotkhai	1442938	636338	584321	2663597	54	911201	393209	0	0	1320901	2625311
8	Nagar PanchayatSunni	1023453	846419	1813564	3683436	28	1943350	313742	505010	0	3053175	5815277
9	Nagar PanchayatNarkand a	12112538	553013	3460777	16126328	75	2932570	421576	166817	110985	3460777	7092725
10	Municipal Council,Solan	73587027	28721418	30529304	132837749	55	59049701	16198482	29246061	0	35868616	140362860

11	Municipal Council,Nalagarh	25374188	11936394	1419761	38730343	66	21607562	4575878	10458431	2712687	1419761	40774319
12	Municipal Council,Parwanoo	37750735	19518380	903361	58172476	65	15752340	3281087	26624207	21789246	1814344	69261224
13	Municipal Council, Baddi	12142064	8608975	10093102	30844141	39	3127372	14467711	1402263	21897544	6806692	47701582
14	Nagar Panchayat, Arki	2367967	1628392	3322407	7318766	32	4991783	388019	0	0	4014988	9394790
15	Municipal Council,Nahan	18466539	28066339	22289425	68822303	27	44248132	1600000	500000	204000	15040589	61592721
16	Municipal Council,Paonta	13082097	32495274	45116481	90693852	14	13859107	13058623	1456141	0	26667773	55041644
17	Nagar Panchayat Rajgarh	664597	2830211	2849424	6344232	10	2066501	993476	175990	4938793	3624361	11799121
18	Municipal Council,Bilaspur	3645679	8252050	5207498	17105227	21	16333129	1067999	0	404611	1403751	19209490
19	Municipal Council,Sri Naina Devi Ji	7287543	1019913	10309500	18616956	39	4970533	864909	45186	1694405	1860187	9435220
20	Municipal Council, Ghumarwin	5503335	6089587	7233155	18826077	29	6361672	2382617	274707	205800	6910355	16135151
21	Nagar PanchayatTalai	2047583	1138233	15170658	18356474	11	2592949	269741	104733	0	3913809	6881232
22	Municipal Council,Una	14014172	12998905	8125170	35138247	40	16990360	4818551	136687	0	6709590	28655188
23	Nagar Panchayat Gagret	5751233	1800457	4260550	11812240	49	3695491	673704	1287359	1229639	4603845	11490038
24	Nagar Panchayat Daulatpur	5306345	4744197	1883206	11933748	44	5880642	425202	1857729	0	2058589	10222162
25	Nagar Panchayat Mehatpur	2124162	4913745	7166391	14204298	15	4963609	2074298	0	0	4714918	11752825

Nagar PanchayatSantokg arh	2247436	4702356	7041401	13991193	16	4166325	3072338	814339	400515	7888867	16342384
Municipal Council,Hamirpur	15301449	15652717	29249562	60203728	25	13744277	9149315	4380025	0	33234523	60508140
Nagar PanchayatNadaun	6108977	4415145	717004	11241126	54	8846905	2251308	3713042	105246	567004	15483505
Nagar PanchayatSujanpur	5966636	8011211	4995392	18973239	31	5792766	3424628	0	0	4306193	13523587
Nagar PanchayatBhota	682498	833157	2245255	3760910	18	969189	575515	0	0	1766741	3311445
Municipal Council,Dharamsal a	40448071	13923955	128337909	182709935	22	41092203	2343524	7304120	132987	51242242	102115076
Municipal Council,Kangra	12663013	14800588	12866268	40329869	31	10681968	0	8776749	5000000	20763295	45222012
Municipal Council,Nurpur	3673477	3695014	11312925	18681416	20	6110193	2080822	330272	0	9302137	17823424
Municipal Council,Palampur	11410526	0	9251000	20661526	55	9604255	327000	263710	379212	6612256	17186433
Municipal Council, Nagrota	3842270	1874287	5093747	10810304	36	5522020	0	200000	0	6702515	12424535
Nagar PanchayatDehra	5113573	4345952	3040719	12500244	41	6011191	2615276	0	0	2582791	11209258
Nagar PanchayatJawalam ukhi	12183598	2995900	14620886	29800384	41	11883473	1199355	0	375633	6929251	20387712
Municipal Council,Chamba	10288607	23010298	24737194	58036099	18	23297176	8469025	184092	0	15660202	47610495
Municipal Council,Dalhousie	5844366	14732968	6865564	27442898	21	20314824	6238397	0	0	6718705	33271926
	PanchayatSantokg arh Municipal Council,Hamirpur Nagar PanchayatNadaun Nagar PanchayatSujanpur Nagar PanchayatBhota Municipal Council,Dharamsal a Municipal Council,Kangra Municipal Council,Nurpur Municipal Council,Palampur Municipal Council,Nagrota Nagar PanchayatDehra Nagar PanchayatJawalam ukhi Municipal Council,Chamba Municipal Council,Nagrota	PanchayatSantokg arh Municipal Council,Hamirpur Nagar PanchayatNadaun Nagar PanchayatSujanpur See See See See See See See See See Se	PanchayatSantokg arh 2247436 4702356 Municipal Council, Hamirpur 15301449 15652717 Nagar PanchayatNadaun 6108977 4415145 Nagar PanchayatSujanpur 5966636 8011211 Nagar PanchayatBhota 682498 833157 Municipal Council, Dharamsal a Council, Magra 40448071 13923955 Municipal Council, Kangra 12663013 14800588 Municipal Council, Nurpur 3673477 3695014 Municipal Council, Palampur 11410526 0 Municipal Council, Nagrota 3842270 1874287 Nagar PanchayatDehra 5113573 4345952 Nagar PanchayatJawalam ukhi 12183598 2995900 Municipal Council, Chamba 10288607 23010298 Municipal 14750000 14750000	PanchayatSantokg arh 2247436 4702356 7041401 Municipal Council, Hamirpur 15301449 15652717 29249562 Nagar PanchayatNadaun 6108977 4415145 717004 Nagar PanchayatSujanpur 5966636 8011211 4995392 Nagar PanchayatBhota 682498 833157 2245255 Municipal Council, Dharamsal a Council, Dharamsal a Council, Kangra 40448071 13923955 128337909 Municipal Council, Kangra 12663013 14800588 12866268 Municipal Council, Nurpur 3673477 3695014 11312925 Municipal Council, Palampur 11410526 0 9251000 Municipal Council, Nagrota 3842270 1874287 5093747 Nagar PanchayatDehra 5113573 4345952 3040719 Nagar PanchayatJawalam ukhi 12183598 2995900 14620886 Municipal Council, Chamba 10288607 23010298 24737194 Municipal 504488 44730000 2005504	PanchayatSantokg arh 2247436 4702356 7041401 13991193 Municipal Council, Hamirpur 15301449 15652717 29249562 60203728 Nagar PanchayatNadaun 6108977 4415145 717004 11241126 Nagar PanchayatSujanpur 5966636 8011211 4995392 18973239 Nagar PanchayatBhota 682498 833157 2245255 3760910 Municipal Council, Dharamsal a Council, Dharamsal a Council, Kangra 40448071 13923955 128337909 182709935 Municipal Council, Kangra 12663013 14800588 12866268 40329869 Municipal Council, Nurpur 3673477 3695014 11312925 18681416 Municipal Council, Nagrota 3842270 1874287 5093747 10810304 Nagar PanchayatDehra 5113573 4345952 3040719 12500244 Nagar PanchayatJawalam ukhi 10288607 23010298 24737194 58036099 Municipal 5044888 23010298 24737194 58036099	PanchayatSantokg arth 2247436 4702356 7041401 13991193 16 Municipal Council, Hamirpur 15301449 15652717 29249562 60203728 25 Nagar PanchayatNadaun 6108977 4415145 717004 11241126 54 Nagar PanchayatSujanpur 5966636 8011211 4995392 18973239 31 Nagar PanchayatBhota 682498 833157 2245255 3760910 18 Municipal Council, Dharamsal a Ouncil, Dharamsal a Ud448071 13923955 128337909 182709935 22 Municipal Council, Kangra 12663013 14800588 12866268 40329869 31 Municipal Council, Nurpur 3673477 3695014 11312925 18681416 20 Municipal Council, Palampur 11410526 0 9251000 20661526 55 Municipal Council, Nagrota 3842270 1874287 5093747 10810304 36 Nagar PanchayatDehra 5113573 4345952 3040719 12500244 41 Nagar Panchaya	PanchayatSantokg arh 2247436 4702356 7041401 13991193 16 4166325 Municipal Council, Hamirpur 15301449 15652717 29249562 60203728 25 13744277 Nagar PanchayatNadaun 6108977 4415145 717004 11241126 54 8846905 Nagar PanchayatSujanpur 5966636 8011211 4995392 18973239 31 5792766 Nagar PanchayatBhota 682498 833157 2245255 3760910 18 969189 Municipal Council,Dharamsal a Council,Charamsal a Council,Kangra 40448071 13923955 128337909 182709935 22 41092203 and 41092203 a	PanchayatSantokg arth 2247436 4702356 7041401 13991193 16 4166325 3072338 Municipal Council, Hamirpur 15301449 15652717 29249562 60203728 25 13744277 9149315 Nagar PanchayatNadaun 6108977 4415145 717004 11241126 54 8846905 2251308 Nagar PanchayatSujanpur 5966636 8011211 4995392 18973239 31 5792766 3424628 Nagar PanchayatBhota 682498 833157 2245255 3760910 18 969189 575515 Municipal Council, Dharamsal at Quality Alberta at Augusta	PanchayatSantokg arh 2247436 4702356 7041401 13991193 16 4166325 3072338 814339 Municipal Council, Hamirpur 15301449 15652717 29249562 60203728 25 13744277 9149315 4380025 Nagar PanchayatNadaun 6108977 4415145 717004 11241126 54 8846905 2251308 3713042 Nagar PanchayatSujanpur 5966636 8011211 4995392 18973239 31 5792766 3424628 0 Nagar PanchayatBhota 682498 833157 2245255 3760910 18 969189 575515 0 Municipal Council, Dharamsal a Ud448071 13923955 128337909 182709935 22 41092203 2343524 7304120 Municipal Council, Kangra 12663013 14800588 12866268 40329869 31 10681968 0 8776749 Municipal Council, Nurpur 3673477 3695014 11312925 18681416 20 6110193 2080822 330272	ParichayatSantokg arch 2247436 arch 4702356 7041401 13991193 arch 16 4166325 3072338 814339 400515 Municipal Council, Hamirpur 15301449 15652717 29249562 60203728 25 13744277 9149315 4380025 0 Nagar PanchayatNadaun 6108977 4415145 717004 11241126 54 8846905 2251308 3713042 105246 Nagar PanchayatSujanpur 596636 8011211 4995392 18973239 31 5792766 3424628 0 0 Nagar PanchayatBhota 682498 833157 2245255 3760910 18 969189 575515 0 0 Municipal Council, Daramsal a Goundil, Kangra 40448071 13923955 128337909 182709935 22 41092203 2343524 7304120 132987 Municipal Council, Nurpur 3673477 3695014 11312925 18681416 20 6110193 2080822 330272 0 Municipal Council, Palampur 11410526	ParichayatSantokg after a frame of the processing of the parichayatSantokg after a frame of the parichayatSulanpur (Section Libraripur) 4702356 7041401 13991193 16 4166325 3072338 814339 400515 7888867 Municipal Council, Hamirpur 15301449 15652717 29249562 60203728 25 13744277 9149315 4380025 0 33234523 Nagar PanchayatNadaun 6108977 4415145 717004 11241126 54 8846905 2251308 3713042 105246 567004 Nagar PanchayatSujanpur 596636 8011211 4995392 18973239 31 5792766 3424628 0 0 4306193 Nagar PanchayatBhota 682498 833157 2245255 3760910 18 969189 575515 0 0 1766741 Municipal Council, Daramsal a 40448071 13923955 128337909 182709935 22 41092203 2343524 7304120 132987 51242242 Municipal Council, Nargar 12663013 14800588 1286268 40329869

ividi		513137408	382148391	674159171	1569444970	33	520968902	174068733	132176637	87985544	444376720	1359576535
Total	PanchayatBanjar	0	0	0	0		0	0	0	0	0	0
50	PanchayatBhuntar Nagar	6849339	0	4929093	11778432	58	5423487	1234627	1504966	451359	4916093	13530532
49	PanchayatManali Nagar	29901484	18597843	22543500	71042827	42	15054568	21546234	1575167	7078684	16959780	62214433
47	Municipal Council,Kullu Nagar	26054910	2970301	23203364	52228575	50	16122322	12232233	518220	0	9583472	38456247
46	Nagar Panchayat Karsog.	0	0	0	0		0	0	0	0	0	0
45	Nagar Panchayat Rewalsar	1447492	728859	8067041	10243392	14	1472192	729228	109168	0	6711044	9021632
44	Nagar Panchayat Jogindernagar	1575807	6646453	2093240	10315500	15	8339770	2751518	1149760	34812	538938	12814798
43	Nagar PanchayatSarkagh at	2715645	2026608	48321114	53063367	5	5850686	2778651	179058	1323000	21675366	31806761
42	Municipal Council,Sundernag ar	10818584	18850189	78082325	107751098	10	21553206	690488	5482171	3115795	32103856	62945516
41	Municipal Council,Mandi	23230824	10717441	16066659	50014924	46	19266685	13066331	9444169	0	13971417	55748602
40	Nagar PanchayatChowari	1515112	1707060	4482962	7705134	20	3181724	1052357	53384	500549	4571120	9359134

		Urb	an Local E	Bodies Wise	Income &	Expen	diture fo	the year	2014-15			
		İr	ncome of the U	Irban Local Boo	dies				Exp. Of the U	rban Local Bo	dies	
							Expendi	ture out of Ov	vn Income & S	SFC Grant		Total
Sr. No	Name of ULBs	Own Sources	SFC Grant	Other Grant	Total	% of Own Inco me	Estt . Exp.	Exp .on delegated functions	Exp.on Maintena nce /Repair of Assets	Any Other Expen- ditrue	Expenditur e out of Other Grants	
1	2	3	4	5	6	7	8	9	10	11	12	13
1	Municipal Corporation, Shimla	0	0	0	0	0	0	0	0	0	0	0
2	Municipal Council, Rampur	33002435	104315394	105068898	242386727	14	14803626	8975170	2519192	98475697	72184923	196958608
3	Municipal Council,Theog	7872826	4815451	13092185	25780462	31	6872579	1056651	398789	12686270	4643126	25657415
4	Municipal Council, Rohroo	2881607	11990902	175000	15047509	19	6166987	177433	6848579	0	6224467	19417466
5	Nagar PanchayatChopal	1234772	3755142	2414860	7404774	17	1325766	303020	262359	0	1146400	3037545
6	Nagar PanchayatJubbal	1217658	2449632	1068637	4735927	26	2652144	118442	91689	0	878604	3740879
7	Nagar PanchayatKotkhai	1045026	2091105	7704309	10840440	10	1418966	650681	17105	4224	365234	2456210
8	Nagar PanchayatSunni	1674391	2785465	7590067	12049923	14	2391668	643037	299570	0	2710996	6045271
9	Nagar PanchayatNarkanda	2248794	0	3431860	5680654	40	3160792	377516	69289	81714	3431860	7121171
10	Municipal Council,Solan	79472067	53877819	37548096	170897982	47	66314152	17591559	49409115	0	28589632	161904459

11	Municipal Council,Nalagarh	32349546	11840874	75546318	119736738	27	16545231	3862808	15681140	2468349	1486718	40044246
12	Municipal Council,Parwanoo	27456528	20597820	32783620	80837968	34	13272102	6898619	10908905	20597820	33624000	85301446
13	Municipal Council, Baddi	14917458	38992109	238091943	292001510	5	3930830	18226545	1603709	26034131	10462573	60257788
14	Nagar Panchayat, Arki	2097861	5237349	2169275	9504485	22	5417683	469697	0	0	3128650	9016030
15	Municipal Council,Nahan	16670228	33419541	15505398	65595167	25	48596096	880000	400000	204000	16906598	66986694
16	Municipal Council,Paonta	28460191	29487738	17962079	75910008	37	13773085	12238139	1320496	0	51332733	78664453
17	Nagar Panchayat Rajgarh	1008644	4598975	2832071	8439690	12	2453198	888085	155760	5961991	2412936	11871970
18	Municipal Council,Bilaspur	3686665	16750178	2760229	23197072	16	15340619	1413614	224378	849703	463030	18291344
19	Municipal Council,Sri Naina Devi Ji	11868706	162000	2842038	14872744	80	4100591	1678669	0	200681	6534804	12514745
20	Municipal Council, Ghumarwin	5663829	7338624	10749619	23752072	24	7126661	570047	535190	0	9032357	17264255
21	Nagar PanchayatTalai	5244863	3659888	2647719	11552470	45	4171974	513335	73478	387649	2980586	8127022
22	Municipal Council,Una	16154643	25395759	11439119	52989521	30	18487735	3035372	258123	0	5320774	27102004
23	Nagar Panchayat Gagret	4809533	5789212	4407276	15006021	32	3022869	220562	2822687	1055919	4663892	11785929
24	Nagar Panchayat Daulatpur	12036681	0	1537376	13574057	89	5918479	1707799	2451048	0	1747072	11824398

Nagar Panchayat Mehatpur	3147709	15805112	8743687	27696508	11	3461340	8879187	0	0	7700293	20040820
Nagar PanchayatSantokgarh	2795537	15124262	22405780	40325579	7	6022813	10035343	1272656	675944	6813216	24819972
Municipal Council,Hamirpur	17450788	21632824	39780369	78863981	22	17407169	16877474	10305080	0	35854124	80443847
Nagar PanchayatNadaun	6276986	9823717	11271550	27372253	23	9468621	3520573	0	175803	10971550	24136547
Nagar PanchayatSujanpur	4623910	8874072	11930852	25428834	18	7467610	8613302	0	0	4671485	20752397
Nagar PanchayatBhota	899092	2678944	3303596	6881632	13	1456887	1035599	127563	0	3002587	5622636
Municipal Council,Dharamsala	27422447	23980184	191038258	242440889	11	44318365	7358393	3595170	51670	222311832	277635430
Municipal Council,Kangra	16747578	24845783	161660264	203253625	8	16070151	4434391	8515358	1589345	160131227	190740472
Municipal Council,Nurpur	3479978	11629431	21290870	36400279	10	9420967	2441001	1026010	0	19376155	32264133
Municipal Council,Palampur	9725697	4520924	5333100	19579721	50	9828627	2462000	710000	1151224	12632522	26784373
Municipal Council, Nagrota	6834502	8062929	63276821	78174252	9	13518850	319628	740000	165191	63277135	78020804
Nagar Panchaya Dehra	4616448	3002341	1460857	9079646	51	3943297	2159357	322830	147466	1729698	8302648
Nagar PanchayatJawalamukhi	12371437	2860722	13611275	28843434	43	13556405	349842	400000	0	6401230	20707477
Municipal Council,Chamba	18469398	26074503	14599485	59143386	31	27295094	11342284	1579607	0	14943872	55160857
	Nagar PanchayatSantokgarh Municipal Council,Hamirpur Nagar PanchayatNadaun Nagar PanchayatSujanpur Nagar PanchayatBhota Municipal Council,Dharamsala Municipal Council,Kangra Municipal Council,Nurpur Municipal Council,Nagrota Nagar Panchaya Dehra Nagar PanchayatJawalamukhi	Nagar PanchayatSantokgarh Municipal Council,Hamirpur 17450788 Nagar PanchayatNadaun 6276986 Nagar PanchayatSujanpur 4623910 Nagar PanchayatBhota 899092 Municipal Council,Dharamsala 27422447 Municipal Council,Kangra 16747578 Municipal Council,Nurpur 3479978 Municipal Council,Palampur 9725697 Municipal Council, Nagrota 6834502 Nagar Panchaya Dehra 4616448 Nagar PanchayatJawalamukhi 12371437	Nagar PanchayatSantokgarh 2795537 15124262 Municipal Council,Hamirpur 17450788 21632824 Nagar PanchayatNadaun 6276986 9823717 Nagar PanchayatSujanpur 4623910 8874072 Nagar PanchayatBhota 899092 2678944 Municipal Council,Dharamsala 27422447 23980184 Municipal Council,Kangra 16747578 24845783 Municipal Council,Nurpur 3479978 11629431 Municipal Council, Palampur 9725697 4520924 Municipal Council, Nagrota 6834502 8062929 Nagar Panchaya Dehra 4616448 3002341 Nagar PanchayatJawalamukhi 12371437 2860722	Nagar PanchayatSantokgarh 2795537 15124262 22405780 Municipal Council,Hamirpur 17450788 21632824 39780369 Nagar PanchayatNadaun 6276986 9823717 11271550 Nagar PanchayatSujanpur 4623910 8874072 11930852 Nagar PanchayatBhota 899092 2678944 3303596 Municipal Council,Dharamsala 27422447 23980184 191038258 Municipal Council,Kangra 16747578 24845783 161660264 Municipal Council,Nurpur 3479978 11629431 21290870 Municipal Council,Palampur 9725697 4520924 5333100 Municipal Council, Nagrota 6834502 8062929 63276821 Nagar Panchaya Dehra 4616448 3002341 1460857 Nagar PanchayatJawalamukhi 12371437 2860722 13611275	Nagar PanchayatSantokgarh 2795537 15124262 22405780 40325579 Municipal Council,Hamirpur 17450788 21632824 39780369 78863981 Nagar PanchayatNadaun 6276986 9823717 11271550 27372253 Nagar PanchayatSujanpur 4623910 8874072 11930852 25428834 Nagar PanchayatBhota 899092 2678944 3303596 6881632 Municipal Council,Dharamsala 27422447 23980184 191038258 242440889 Municipal Council,Kangra 16747578 24845783 161660264 203253625 Municipal Council,Nurpur 3479978 11629431 21290870 36400279 Municipal Council, Nagrota 6834502 8062929 63276821 78174252 Nagar Panchaya Dehra 4616448 3002341 1460857 9079646 Nagar PanchayatJawalamukhi 12371437 2860722 13611275 28843434	Nagar PanchayatSantokgarh 2795537 15124262 22405780 40325579 7 Municipal Council, Hamirpur 17450788 21632824 39780369 78863981 22 Nagar PanchayatNadaun 6276986 9823717 11271550 27372253 23 Nagar PanchayatSujanpur 4623910 8874072 11930852 25428834 18 Nagar PanchayatBhota 899092 2678944 3303596 6881632 13 Municipal Council, Dharamsala 27422447 23980184 191038258 242440889 11 Municipal Council, Kangra 16747578 24845783 161660264 203253625 8 Municipal Council, Nurpur 3479978 11629431 21290870 36400279 10 Municipal Council, Palampur 9725697 4520924 5333100 19579721 50 Municipal Council, Nagrota 6834502 8062929 63276821 78174252 9 Nagar Panchaya Dehra 4616448 3002341 1460857 9079646 51 Nag	Nagar PanchayatSantokgarh 2795537 15124262 22405780 40325579 7 6022813 Municipal Council, Hamirpur 17450788 21632824 39780369 78863981 22 17407169 Nagar PanchayatNadaun 6276986 9823717 11271550 27372253 23 9468621 Nagar PanchayatSujanpur 4623910 8874072 11930852 25428834 18 7467610 Nagar PanchayatBhota 899092 2678944 3303596 6881632 13 1456887 Municipal Council,Dharamsala 27422447 23980184 191038258 242440889 11 44318365 Municipal Council,Kangra 16747578 24845783 161660264 203253625 8 16070151 Municipal Council,Nurpur 3479978 11629431 21290870 36400279 10 9420967 Municipal Council, Nagrota 6834502 8062929 63276821 78174252 9 13518850 Nagar Panchaya Dehra 4616448 3002341 1460857 9079646 5	Nagar PanchayatSantokgarh 2795537 15124262 22405780 40325579 7 6022813 10035343 Municipal Council, Hamirpur 17450788 21632824 39780369 78863981 22 17407169 16877474 Nagar PanchayatNadaun 6276986 9823717 11271550 27372253 23 9468621 3520573 Nagar PanchayatSujanpur 4623910 8874072 11930852 25428834 18 7467610 8613302 Nagar PanchayatBhota 899092 2678944 3303596 6881632 13 1456887 1035599 Municipal Council, Dharamsala 27422447 23980184 191038258 242440889 11 44318365 7358393 Municipal Council, Kangra 16747578 24845783 161660264 203253625 8 16070151 4434391 Municipal Council, Nurpur 3479978 11629431 21290870 36400279 10 9420967 2441001 Municipal Council, Nagrota 6834502 8062929 63276821 78174252 <t< td=""><td>Nagar PanchayatSantokgarh 2795537 15124262 22405780 40325579 7 6022813 10035343 1272656 Municipal Council, Hamirpur 17450788 21632824 39780369 78863981 22 17407169 16877474 10305080 Nagar PanchayatNadaun 6276986 9823717 11271550 27372253 23 9468621 3520573 0 Nagar PanchayatSujanpur 4623910 8874072 11930852 25428834 18 7467610 8613302 0 Nagar PanchayatBhota 899092 2678944 3303596 6881632 13 1456887 1035599 127563 Municipal Council, Dharamsala 27422447 23980184 191038258 242440889 11 44318365 7358393 3595170 Municipal Council, Kangra 16747578 24845783 161660264 203253625 8 16070151 4434391 8515358 Municipal Council, Nurpur 3479978 11629431 21290870 36400279 10 9420967 2441001</td><td>Nagar PanchayatSantokgarh 2795537 15124262 22405780 40325579 7 6022813 10035343 1272656 675944 Municipal Council, Hamirpur 17450788 21632824 39780369 78863981 22 17407169 16877474 10305080 0 Nagar PanchayatNadaun 6276986 9823717 11271550 27372253 23 9468621 3520573 0 175803 Nagar PanchayatSujanpur 4623910 8874072 11930852 25428834 18 7467610 8613302 0 0 Nagar PanchayatBhota 899092 2678944 3303596 6881632 13 1456887 1035599 127563 0 Municipal Council, Dharamsala 27422447 23980184 191038258 242440889 11 44318365 7358393 3595170 51670 Municipal Council, Kangra 16747578 24845783 161660264 203253625 8 16070151 4434391 8515358 1589345 Municipal Council, Nurpur 3452997</td><td>Nagar PanchayatSantokgarh 2795537 15124262 22405780 40325679 7 6022813 10035343 1272656 675944 6813216 Municipal Council, Hamirpur 17450788 21632824 39780369 78863981 22 17407169 16877474 10305080 0 35854124 Nagar PanchayatNadaun 6276986 9823717 11271550 27372253 23 9468621 3520573 0 175803 10971550 Nagar PanchayatSujanpur 4623910 8874072 11930852 25428834 18 7467610 8613302 0 0 4671485 Nagar PanchayatBhota 899092 2678944 3303596 6881632 13 1456887 1035599 127563 0 3002587 Municipal Council, Dharamsala 27422447 23980184 191038258 242440889 11 44318965 7358393 3595170 51670 222311832 Municipal Council, Kangra 16747578 24845783 181660264 203253625 8 16070151 443</td></t<>	Nagar PanchayatSantokgarh 2795537 15124262 22405780 40325579 7 6022813 10035343 1272656 Municipal Council, Hamirpur 17450788 21632824 39780369 78863981 22 17407169 16877474 10305080 Nagar PanchayatNadaun 6276986 9823717 11271550 27372253 23 9468621 3520573 0 Nagar PanchayatSujanpur 4623910 8874072 11930852 25428834 18 7467610 8613302 0 Nagar PanchayatBhota 899092 2678944 3303596 6881632 13 1456887 1035599 127563 Municipal Council, Dharamsala 27422447 23980184 191038258 242440889 11 44318365 7358393 3595170 Municipal Council, Kangra 16747578 24845783 161660264 203253625 8 16070151 4434391 8515358 Municipal Council, Nurpur 3479978 11629431 21290870 36400279 10 9420967 2441001	Nagar PanchayatSantokgarh 2795537 15124262 22405780 40325579 7 6022813 10035343 1272656 675944 Municipal Council, Hamirpur 17450788 21632824 39780369 78863981 22 17407169 16877474 10305080 0 Nagar PanchayatNadaun 6276986 9823717 11271550 27372253 23 9468621 3520573 0 175803 Nagar PanchayatSujanpur 4623910 8874072 11930852 25428834 18 7467610 8613302 0 0 Nagar PanchayatBhota 899092 2678944 3303596 6881632 13 1456887 1035599 127563 0 Municipal Council, Dharamsala 27422447 23980184 191038258 242440889 11 44318365 7358393 3595170 51670 Municipal Council, Kangra 16747578 24845783 161660264 203253625 8 16070151 4434391 8515358 1589345 Municipal Council, Nurpur 3452997	Nagar PanchayatSantokgarh 2795537 15124262 22405780 40325679 7 6022813 10035343 1272656 675944 6813216 Municipal Council, Hamirpur 17450788 21632824 39780369 78863981 22 17407169 16877474 10305080 0 35854124 Nagar PanchayatNadaun 6276986 9823717 11271550 27372253 23 9468621 3520573 0 175803 10971550 Nagar PanchayatSujanpur 4623910 8874072 11930852 25428834 18 7467610 8613302 0 0 4671485 Nagar PanchayatBhota 899092 2678944 3303596 6881632 13 1456887 1035599 127563 0 3002587 Municipal Council, Dharamsala 27422447 23980184 191038258 242440889 11 44318965 7358393 3595170 51670 222311832 Municipal Council, Kangra 16747578 24845783 181660264 203253625 8 16070151 443

39	Municipal Council,Dalhousie	12073127	13675640	3184514	28933281	42	23596942	0	62180	0	10602127	34261249
40	Nagar PanchayatChowari	2096317	5490327	3428904	11015548	19	3993600	1477706	0	213790	1321428	7006524
41	Municipal Council,Mandi	46862548	33696898	383627392	464186838	10	34304916	10474817	0	0	297406841	342186574
42	Municipal Council,Sundernagar	14792304	32363098	20573536	97481608	15	23502391	770616	12633547	11420253	32206017	80532824
43	Nagar PanchayatSarkaghat	4975888	6744678	105018463	116739029	4	6879957	1280964	0	678927	47875820	56715668
44	Nagar Panchayat Jogindernagar	2060567	11939931	829459	14829957	14	8426875	579542	232952	173989	2324005	11737363
45	Nagar Panchayat Rewalsar	2186166	2491490	24261681	28939337	8	2862531	930757	140120	0	27089562	31022970
46	Nagar Panchayat Karsog.				0	0						0
47	Municipal Council,Kullu				0	0						0
48	Nagar PanchayatManali	34116283	18050228	19077582	71244093	48	17965172	15725126	1957999	5321582	18432825	59402704
49	Nagar PanchayatBhuntar				0	0						0
50	Nagar PanchayatBanjar				0	0						0
	Total:-	567099659	692719015	1729076287	3018647631	19	572032414	193564702	139971673	190773332	1277347516	2373689638

		L	Irban Local	Bodies W	ise Income a	& Expe	nditure for	the year 2	2015-16			
		ı	ncome of the U	rban Local Bo	dies			E	ιρ. Of the Urb	an Local Boo	lies	
							Expendit	ure out of Owi	n Income & S	FC Grant		
Sr. No	Name of ULBs	Own Sources	SFC Grant	Other Grant	Total	% of Own Incom e	Estt . Exp.	Exp .on delegated functions	Exp.on Maintena nce /Repair of Assets	Any Other Expendit ure	Expenditur e out of Other Grants	Total
1	2	3	4	5	6	7	8	9	10	11	12	13
1	Municipal Corporation, Shimla				0	0						0
2	Municipal Council, Rampur	31772050	21716360	128532380	182020790	17	28785168	13558521	660260	40449509	98274669	181728127
3	Municipal Council,Theog	7436379	5748720	3309528	16494627	45	8195228	1122847	259115	3740074	2679726	15996990
4	Municipal Council, Rohroo				0	0						0
5	Nagar PanchayatChopal	1322740	2383517	796118	4502375	29	1675426	570500	3126945	0	3478288	8851159
6	Nagar PanchayatJubbal				0	0						0
7	Nagar PanchayatKotkhai	2770699	1571555	964741	5306995	52	1625305	1103575	184757	257782	1031788	4203207
8	Nagar PanchayatSunni	2192570	3555676	1329018	7077264	31	2540776	426698	990805	0	2627782	6586061
9	Nagar PanchayatNarkanda				0	0						0
10	Municipal Council,Solan	79493664	51842808	69397947	200734419	40	71810588	14743639	44782245	0	39910557	171247029

11	Municipal Council,Nalagarh				0	0						0
12	Municipal Council,Parwanoo	29928568	27539986	32039986	89508540	33	20449666	3126353	8896941	1035377	19597037	53105374
13	Municipal Council, Baddi				0	0						0
14	Nagar Panchayat, Arki	1926394	4480128	3697521	10104043	19	4498764	1804099	43494	0	3279516	9625873
15	Municipal Council,Nahan				0	0						0
16	Municipal Council,Paonta	36505265	33257527	11625058	81387850	45	16123909	56621316	732815	0	19397510	92875550
17	Nagar Panchayat Rajgarh				0	0						0
18	Municipal Council,Bilaspur	3469359	18031938	7874668	37675965	9	18290616	988504	26902	475051	12004546	31785619
19	Municipal Council,Sri Naina Devi Ji				0	0						0
20	Municipal Council, Ghumarwin	9841877	10431689	38866820	59140386	17	7287487	2294850	265097	186188	6809488	16843110
21	Nagar PanchayatTalai	4945712	3132544	1964152	10042408	49	4497541	675840	561644	644328	2351747	8731100
22	Municipal Council,Una	17657037	24724911	14616557	56998505	31	25217166	2540205	527903	5778606	7793604	41857484
23	Nagar Panchayat Gagret				0	0						0
24	Nagar Panchayat Daulatpur				0	0						0

25	Nagar Panchayat Mehatpur	2815158	12132125	4824982	19772265	14	7976377	6183742	0	21717	5302078	19483914
26	Nagar PanchayatSantokgar h				0	0						0
27	Municipal Council,Hamirpur				0	0						0
28	Nagar PanchayatNadaun	7211141	7623504	19494743	34329388	21	8591469	3856940	3300214	81772	915332	16745727
29	Nagar PanchayatSujanpur	5032157	10489796	4641804	20163757	25	8727526	8936303	0	0	3585980	21249809
30	Nagar PanchayatBhota	907276	1918882	1225016	4051174	22	1951620	955798	132838	270250	1682817	4993323
31	Municipal Council,Dharamsala	13552224 2	29878597	57028682	222429521	61	52862731	7995181	3807340	556298	64840550	130062100
32	Municipal Council,Kangra	13630078	12270880	21904074	47805032	29	17265521	1455164	2758886	0	22852425	44331996
33	Municipal Council,Nurpur				0	0						0
34	Municipal Council,Palampur	11743685	4562291	18864800	35170776	33	10528990	915465	487192	2461934	8369832	22763413
35	Municipal Council, Nagrota	7234300	7791741	3343709	18369750	39	12640031	0	1014588	552222	8807319	23014160
36	Nagar Panchaya Dehra				0	0						0
37	Nagar PanchayatJawalamu khi	13113996	2292714	49765841	65172551	20	15850118	513792	23250	10746	29034523	45432429

Total:-		51675357 2	423598827	580987588	1529639987	34	499364526	151988880	88526805	70125427	532459007	1342464645
50	Nagar PanchayatBanjar				0	0						0
49	Nagar PanchayatBhuntar				0	0						0
48	Nagar PanchayatManali				0	0						0
47	Municipal Council,Kullu				0	0						0
46	Nagar Panchayat Karsog.				0	0						0
45	Nagar Panchayat Rewalsar	3193308	2404875	1723321	7321504	44	4445259	1152924	0	0	16383730	21981913
44	Nagar Panchayat Jogindernagar	2361347	9941168	369278	12671793	19	9212130	676889	375943	392662	125065	10782689
43	Nagar PanchayatSarkaghat				0	0						0
42	Municipal Council,Sundernagar	24326043	32149516	39857994	96333553	25	31807776	553300	8751681	1296489	25079162	67488408
41	Municipal Council,Mandi	26093267	34893793	23852701	84839761	31	46342385	9171224	5473451	0	100955393	161942453
40	Nagar PanchayatChowari	1940061	4979591	2319554	9239206	21	5574755	645816	0	172061	3986901	10379533
39	Municipal Council,Dalhousie	20466208	12476596	5481298	38424102	53	23050460	298640	1234750	11742361	1532942	37859153
38	Municipal Council,Chamba	11900991	29375399	11275297	52551687	23	31539738	9100755	107749	0	19768700	60516942

- 1. The data on income and expenditure of Shimla Municipal Corporation for 6 years from 2010-11 to 2015-16 is mentioned in the preceding pages in landscape format.
- 2. Revenue receipts of MC Shimla for 6 years from 2010-11 to 2015-16 are 23.41, 28.59, 34.05, 45.23, 35.85 and 58.58 crore. The decline from 45.23 in 2013-14 to 38.85 in 2014-15, and then a significant rise to 58.58 crore in 2015-16. All these units are in crore. The rise in 2015-16 is a consequence of imposition of sewerage tax. The average revenue for these 6 years is about 37 crore.
- 3. The officers of the Department and Shimla Municipal Corporation apprised the Commission that when full-fledged IPH Circle was established for both pumping and distribution, an MOU was signed between the Government and the Municipal Corporation. MC Shimla shall now have to incur additional expenditure of 10 crore due to this MOU. While estimating expenditures on salary and wage, only the filled up posts in ULBs have been counted.
- 4. The detailed workings of expenditures for MCs of Shimla and Dharamsahala, Municipal Councils and Nagar Panchyats are available in the preceding sheets in landscape form. Likewise the data for each Municipal Council and Nagar Panchayat for 4 years from 2012-13 to 2015-16 is also mentioned in preceding pages in landscape format.
- 5. A close analysis of the data shows that own income as a percentage of total income of Municipal Councils and Nagar Panchayats show wide variations. For instance in the year 2012-13 while at aggregate level, own income as percentage of total income is 33%. While for one Nagar Panchayat it is as high as 77% but for another Nagar Panchayat it is only 13%.

6. The own income of local bodies, other than Shimla MC, is 44 crore for 2012-13, 51 crore for 2013-14, and it is about 56.7 core 2014-15. Thus the average income is about 50 crore. Own income of Municipal Councils and Nagar Panchayats averages about 50 crore. In absolute numbers the income for 2015-16 of MC Shimla is 58.58 crore and of other Local bodies is 55 crore which add up to 113.58 crore.

The average Income of Rs. 113.58 crore cannot be representative of all the municipalities of the State due to a single figure of Rs. 58.58 crore in respect of Municipal Corporation Shimla included in the average Income. Any recommendation made on the basis of the average income may prove to be disastrous for small municipalities. The Commission also took notice of the devolution amount recommended to the ULB's for the year 2017-18 in its interim report. Considering wide variations in the incomes of all Nagar Panchayats, Municipal Councils and Municipal Corporations, the Commission decided to follow incremental approach in recommending devolution Urban Local Bodies. Hence, the Commission recommended a hike of 10 percent in the amount to be devolved to the Urban Local Bodies during 2018-19 over Rs. 111.15 crore which was recommended by the Commission for 2017-18 in its interim report. The Commission has also recommended an annual hike of 10 percent in devolutions during the subsequent years of the award period of the Commission. The Commission has also recommended that the Government may consider incomes of two Municipal Corporations of the State while allocationg recommended devolutions to Urban Local Bodies.

The Devolutions Recommended for Urban Local bodies

Figures in Crore

Year	2017-18	2018-19	2019-20	2020-21	2021-22	Total
Amount Devolved	111.55 *	122.65	134.90	148.41	163.25	680.76

^{*}as per interim report for 2017-18

To provide for any hike, during the award period, in honorarium, wages and salaries, over liabilities worked out by the Commission as per assumptions mentioned, the Commission recommends to the Government that:-

- (1) If and when, honorarium rates of any category are revised upwards, the Government will provide for additional enhanced liability over the recommended devolution.
- (2) Likewise, in the event of pay/wages revision of any category, the Government will provide additional liability to the department for enhanced future liabilities and also for arrears over recommended devolution.
- (3) The above calculations and devolutions are based upon the detailed post wise calculations of only filled posts with expenditures of 2016-17 as base.
- (4) It was brought to the notice of the Commission that there is a strong tendency of the employees of Municipal Councils and Nagar Panchayats to manage posting around the time of their superannuation in a well run and cash rich municipality to get superannuation benefits and pension. Consequently, these well managed municipalities feel they are being punished for performing well.

- (5) Therefore, in view of what is mentioned in para above, this commission has made one time provision of 2 crore each for 4 years from 2018-19 to 2021-22 to compensate mainly those municipalities which had to bear much higher burden of pensions and retirements benefits. This amount will be distributed for the coming four years from 2018-19 to 2021-22 in the ratio of the expenditure incurred on retirement benefits and pensions by various Municipal Councils and Nagar Panchayats from 2013-14 to 2016-17 (3 years). It is categorically clarified that (a) this is only one time provision and (b) there is absolutely no financial obligation of the government either for superannuation benefits or pensioner liabilities of the employees of Urbun Local Bodies.
- (6) In view of para 4 and 5 above, the Commission recommends to the Government that perhaps it needs to evolve a fool proof mechanism whereby retirement benefits and pensionary liabilities of an employee are shared by all those ULBs where the employee had served and exactly in the ratio of the services rendered by the employee in these ULBs.
- (7) The Commission has also recommended creation of a Centralized pension Fund to meet the pension benefits of the State Cadre Officers retired from the Urban Local Bodies who are eligible for pensions by taking contribution from such municipal bodies where such offices have worked. This is essential because, otherwise, the burden of pensionary benefits falls on the Urban Local Body where from the person retires.

(8) The Commission has recommended to put in place a mechanism whereby, better performing Urban Local Bodies are incentivized by providing proportionately greater share in the grants recommended to be devolved by the Commission. This will be a motivation for the Local self Governments to increase their resource base and improve collections. Urban Development department may keep aside at least 5 percent of the grants recommended by the Commission and frame an incentive scheme.

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CHAPTER-10

COMMISSIONS VIEWS ON ToR 2(e)

- 10.1 TOR 2(e) reads "The Commission should appropriate ways to take forward the process of devolution of functions, funds and functionaries to PRIS/Municipalities keeping in view the existing-delivery system and the financial capacity of the State Government. It may make specific suggestions with regard to:
- (i) Support for pilots to handover responsibility for delivery of primary education, water and sanitation and rural roads to appropriate levels of PRIs/Municipalities;
- (ii) Changes in legislations and procedures necessary to enhance the tax and non-tax capacity of the PRIs/Municipalities consistent with accepted principles of taxation at the local level.
- (iii) Strengthening of administrative capacity of PRIs/Municipalities by placing under their control relevant categories of employees either by way of recruitment at the level of relevant tires of the PRIs/Municipalities or by sending of existing State Government staff to them.

Commission deliberated in detail on all aspects relating to the this TOR. Commission also considered the existing status of delegation, prevailing attitudes of the Department and also of the employees of the Government and also of those recruited under PRIs.

The Commission also took notice of the detailed recommendations made by the 3rd State Finance Commission and subsequently, reiterated by the 4th Finance Commission with regard to

taking forward the process of devolution of functions, funds and functionaries to the Panchayati Raj Institutions and Urban Local Bodies. While interacting with various Government officials and also elected representatives of these bodies, the Commission also observed that very little progress has been made in this direction. The 3rd Finance Commission had recommended that following functions of the activities should be entrustd to the local Government Institutions as they could best be delivered to the target groups by them:-

- Primary Education implying primary schools, pre-primary schools or alternative learning centres at the same level and themed-day meals programme;
- 2. Rural heal implying the institutions at the level of health sub centres;
- 3. ICDS Programme implying institutions at the level of Anganwaris; and
- 4. Animal Husbandry implying up to the level of Veterinary Dispensaries and artificial insemination centres.

The 3rd State Finance Commission in Para 15.3 of its report had observed "The Commission felt that the above four services are central to the basic role envisaged for the local government institutions in term of universalisation of primary education (which has been achieved in Himachal Pradesh and the focus now onwards is on the continued enrolment of fresh children getting into the age group and for delivery of quality primary education, beside the maintenance of the primary school infrastructure), universalisation of the maternity and child health care service including immunization, ensuring appropriate provision and guidance for nutritional support and continued monitoring of the pregnancies which could be ensured through appropriate coordination

between the health sub centres and Anganwaris and provision of basic animal health care keeping in view the key role being played by animal husbandry activities in the rural economy as also the nutritional support for pregnant and lactating mothers and pre-school children. The Commission would also like to add that the national flagship programmes of universalisation of elementary education (with special emphasis on primary education), National Rural Helath Mission, universalized ICDS programme and the mid-day meals programme all envisage key responsibility to be entrusted to Panchayati Raj Institutions." The 4th State Finance Commission also in its report while reiterating the recommendations made by the 3rd State Finance Commission stressed upon the need to devolve functions, funds and functionaries to the local Government Institutions at the earliest so as to make these bodies work as per the Constitutional provisions.

The Commission observed the resistance on part of the Government Departments in transferring the funds and functionaries to the Local Government Bodies. Even the Government officials are averse to the idea of reporting to the elected representatives of the Local Bodies. The 5th State Finance Commission has also felt very strongly that the funds, functionaries and functions should be transferred to the Local Government Bodies keeping in the spirit of the Constitutional provisions so as to make public delivery system more effective and efficient.

The Commission has recommended the execution of following three activities/functions to be entrusted with the Panchayati Raj Institutions on pilot basis:-

- Primary Education including Primary Schools, Pre-primary Schools and other similar learning centres including Mid Day meals programme;
- Functioning of Anganwaris under ICDS(these two schemes have convergence in the objectives of ensuring nourishment and preschool and Primay School level learning of the children); and
- 3. Maintenance and operaption of Drinking Water Supply schemes and Minor Irrigation schemes should be handed over to the local Government institutions. The maintenance budget should be passed on to the Panchayati Raj Institutions and they should be made responsible for collecting user charges within the jurisdiction of the local government. At least 50 percent of the user charges hence collected should be transferred to the local governments for day to day maintenance and minor repairs of the Drinking Water Supply schemes and Minor Irrigation schemes operated and maintained by them. The Government may also encourage the local governments to form Water User Associations (WUAs) so as to inculcate the sense of ownership among the users and also the local government bodies.

The budgeted funds lying with the concerned departments in respect of above recommended three activities can be passed on to the local governments with adequate financial powers delegated to these bodies. To begin with, all the staff engaged on contract basis/daily wages involved in implementation of above mentioned functions/activities should be made to report to the local government bodies and gradually, the administrative control of the regular staff working within the jurisdiction of the local government should be handed over to the local bodies. While discharging their responsibilities

in the implementation of above mentioned schemes/activities of three departments, the local government institutions should take on board the local communities to ensure transparency and efficiency in the discharge of these responsibilities. This arrangement should be started from 1st March, 2018 and tried for minimum two years before evaluating the arrangement and getting feedback to plug possible loopholes. The revamped arrangement after incorporating necessary changes may be tried for another year and re-evaluated before replicating it in the implementation of other programmes and schemes/functions of the government starting from 1st March, 2021.

The Commission was also aware of the fact that the delegation has to be balanced with appropriate accountability to enhance effectiveness of execution. Hence, the Commission has also recommended that the social audit may be conducted by the Gram Sabhas in respect of at least 1 percent of the total works executed by the Panchayats in a year. Recognising limitations of the Gram Panchayats and Gram Sabhas in tems of availability of necessary knowledge in conducting social audit, the Commission has recommended empanelment of professionals with commensurate educational qualifications and appropriate experience for conducting social audit. The empanelled experts should be given the task of conducting social audit on assignment basis.

Out of the total devolutions recommended to the Panchayati Raj Institutions, at least 10 percent of the devolutions should be made conditional to devolution of above mentioned functions to the Panchayati Raj Institutions starting from 1st March, 2019. The Commission was of the strong opinion that making grants available to

the local Governments conditionally, can be one of the possible ways for the Government to take action on the recommendations with regard to devolution of functions, funds and functionaries made by the 3^{rd} and 4^{th} State Finance Commissions and reiteratd with slight modifications by this Commission.

CHAPTER-11

COMMISSIONS SUGGESTIONS ON SOME IMPORTANT ISSUES OF LOCAL BODIES

URBAN LOCAL BODEIS

- 11.1 Some Municipal Council brought to the notice of the Commission that, at present, liability for payment of all superannuation benefits like gratuity, pension is of the municipal council or nagar panchayat from which the employee retires. These local bodies also apprised the Commission that the employees of badly managed local bodies, which lack resources, manage their transfers to cash surplus local bodies around the time of their superannuation. Thus such better managed ULBs have to bear disproportionately much higher burden of superannuation benefits. They suggested that all retirement benefits should be shared in the ratio of services rendered by an employee in different ULBs.
- 11.2 The Commission, therefore, suggests to the Government that it may consider appropriating the superannuation financial benefits and pensionary liabilities amongst various Municipalities, strictly in the ratio of the service rendered by the employee in different Municipalities.

PANCHAYATS

11.3 The Commission was apprised by the Department that presently the audit of Panchayat funds is being conducted by three agencies, the Departmental Officers, Accountant Generals' office and the Local Audit Department of the Government. The Commission was apprised that the charges of Local Audit Department are rather high, moreover LAD does not prepare balance sheet. Therefore the audit by LAD does not bring

out enhancement or decline in the own revenue of Panchayats which is a condition precedent to qualify for performance grant. Similar procedure is followed by the audit team of Accountant General.

11.4 The Commission, therefore, is of the opinion that while it may not be possible to dispense with the audit of few Panchayts by Accountant General, the Government may consider empanelment of professionals with necessary qualifications and experience for undertaking audit of accounts of the Panchayati Raj Institutions. These empanelled experts/auditors may then be entrusted with the task of auditing the accounts of these institutions on assignment basis. However, mere hiring of auditors by the Government on assignment basis should not confer the right/entitlement of regular Government service on them.

(Vineet Chawdhry) (Tarun Kapoor) (Dr. R.N. Batta)
Chairman Member Member

Dated: January, 2018

Government of Himachal Pradesh Finance (IF) Department

No.Fin-IF(C)A(3)4/2014

Dated, Shimla-171002, 19 Nov. 2014

NOTIFICATION

In exercise of the powers conferred by Section 98(1) of the Himachal Pradesh Panchayati Raj Act, 1994 (Act No.4 of 1994) read with Articles 243-I and 243-Y of the Constitution of India, the Governor, Himachal Pradesh, is pleased to constitute the 5th H.P. State Finance Commission to review the financial position of the Panchayats and Municipalities and devolution of resources to these institutions and to appoint the following as its Chairman and Members with immediate effect. The Chairman and Members will look after this job in addition to their own work :-

1. Sh. Kuldip Kumar, MLA, Chintpurni Chairman

2. Principal Secretary (RD&PR)

Member (ex-officio)

3. Adviser (Planning),

Member Secretary

(ex-officio) '

- The Commission shall make recommendations to the 2. Government as to:-
- the principles which should govern :
 - the distribution between the State and Panchayats of the net proceeds of the taxes, duties, tolls and fees leviable by the Government which may be divided between them and allocation between all levels of

(11)

Panchayats/Municipalities of their respective shares of such proceeds;

- the determination of taxes, duties, tolls and fees which may be assigned to or appropriated by the Panchayats and Municipalities;
- the grant-in-aid to Panchayats/Municipalities from the consolidated fund of the State;
- to suggest measures needed to improve the financial position of the Panchayats/Municipalities;
- the Commission should make a normative assessment of needs based on the actual devolution of functions to each tier of the PRIs and an assessment of potential fiscal capacity based on the tax and non tax resources available to PRIs in making any recommendations on devolving untied grants or share of State taxes to these bodies;
- d) the Commission should make an assessment of recurring grants for specific schemes of the State Government relating to support for honorarium and expenses of elected representatives and employees of PRIs and suggest improvements in these schemes in order to promote the exercise of fiscal autonomy and responsibility by the PRIs.
- e) the Commission should suggest appropriate ways to take forward the process of devolution of functions, funds and functionaries to the PRIs keeping in view the existing delivery system and the financial capacity of the State Government. It may make specific suggestions with regard to:
 - support for pilots to hand over responsibility for delivery of primary education, primary health, water and sanitation and rural roads to appropriate levels of PRIs;

Dr.

- changes in legislation and procedures necessary to enhance the tax and non-tax capacity of the PRIs consistent with accepted principles of taxation at the local level;
- strengthening of administrative capacity of PRIs by placing under their control relevant categories of employees either by way of recruitment at the level of relevant tiers of the PRIs or by seconding of existing State Government staff to them.
- f) any other matter referred to the 5th H.P. State Finance Commission by the Government in the interest of sound finance of the Panchayats/Municipalities.
- The Commission shall devise its own procedure and appoint such Advisers, Institutional Consultants as it may consider necessary. It may call for such information and take such evidence as it may consider necessary.
- The commission shall make its report available by the 30th.
 April, 2016 covering a period of five years commencing from 1st.
 April, 2017.
- The Planning Department would be the nodal department for functioning of the commission on the pattern of previous State Finance Commissions.

By order

(Dr. Shrikant Baldi) Pr. Secretary (Finance) to the Govt. of H.P.



Endst. No.Fin-IF(C)A(3)4/2004 Dated, Shimla 171002, November, 2014

Copy is forwarded for information and necessary action to :-

- Shri Kuldip Kumar, Chairman, H.P. State 5th State Finance Commission, H.P.Sectt. Shimla-2.
- Principal Secretary (RD&PR) to the Govt. of H.P.
- Adviser (Planning), Himachal Pradesh, Shimla-2.
- All Administrative Secretaries to the Govt. of H.P. 4.
- 5. The Pr.Secretary to Governor, Himachal Pradesh, Shimla-2.
- 6. The Secretary, GAD to the Govt. of H.P, Shimla-2.
- The Secretary, H.P. Vidhan Sabha, Shimla-4. All the Deputy Commissioners in H.P.
- The Deputy Controller, Printing & Stationery, H.P. Shimla-5 9. for publication in the extra ordinary Rajpatra.
- The Director (PR & RD), Himachal Pradesh, Shimla-9.
- 11. The Director, Urban Local Bodies, H.P.
- Guard file.

(Akshay Sood),

Special Secretary (Finance) to the Govt. of Himachal Pradesh.





Government of Himuchal Pradesh Finance (IF) Department

No.Fin-1F(C)A(3)4/2014

Dated, Shimla-171002, 21 Nov. 2014

MEMORANDUM

In continuation to this department's Notification of even No. dated: 19th November, 2014, it is clarified that the staff structure for the office of 5th State Finance Commission would also remain the same as was fixed for the 4th State Finance Commission and the same staff will continue to work for 5th State Finance Commission.

By order

(Dr. Shrikant Baldi) Pr. Secretary (Finance) to the Govt. of H.P.

Endst. No.Fin-IF(C)A(3)4/2004 Dated, Shimla 171002, November, 2014 Copy is forwarded for information and necessary action to :-

- Shri Kuldip Kumar, Chairman, H.P. State 5th State Finance Commission, H.P.Sectt. Shimla-2,
- Principal Secretary (RD&PR) to the Govt. of H.P.
- Adviser (Planning), Himachal Pradesh, Shimla-2, 3.
- 4. All Administrative Secretaries to the Govt. of H.P.
- The Pr. Secretary to Governor, Himachal Pradesh, Shimla-2.
- The Secretary, GAD to the Govt. of H.P, Shimla-2. The Secretary, H.P. Vidhan Sabha, Shimla-4. б.
- All the Deputy Commissioners in H.P. 8
- The Deputy Controller, Printing & Stationery, H.P. Shimla-5 for publication in 9. the extra ordinary Rajpatra.
- The Director (PR & RD), Himschal Pradesh, Shimla-9. 10.
- The Director, Urban Local Bodies, H.P. Н.

Guard file.

(Akshay Sood), Special Secretary (Finance) to the Govt. of Himachal Pradesh.



Government of Himachal Pracesh Finance(IF) Department

No. Fin-IF(C)A(3)4/2014

Dated:Shimla-171002 2 12 2014.

NOTIFICATION

In modification of this department's notification of even number dated 19th Nov., 2014, the Governor, Himachal Pradesh, in exercise of the power conferred by Section 98 (1) of the Himachal Pradesh Panchayati Raj Act, 1994(Act No. 4 of 1994) read with Articles 243-I and 243-Y of the Constitution of India is pleased to appoint Sh. Kuldip Kumur, MLA, Chintpurni as Chairman of the 5th H.P. State Finance Commission in the rank of Cabinet Minister with immediate effect.

By Order

(Dr. Shrikaut Baldi) Principal Secretary(Finance) to the Government of Himachal Pradesh

Eudst No. As above, dated Shimla-171002

2/12/ 2014.

Copy is for a acded for information and necessary action:-

- Shri Kuldip Kumar , Hon'ble MLA, Chintpurni District Una H.P.
- 2. The Pr. Secretary (PR &RD) to the Government of Himachal Pradesh
- 3. All Administrative Secretaries to the Govt. of H.P.
- 4. The Secretary to Governor, Himachal Pradesh Shimla-171002
- 5 The Secretary, H.P. Vidhan Sabha Shimla-171004.
- All Deputy Commissioners in H.P.
- Advisor Planning H.P. Shimla-171002
- 8. The Director, PR and RD Himachal Pradesh Shimla-171009.
- 9. The Director, Urban Local Bodies, HP.
- The Deputy Controller, Printing and Stationery HP Shimla-171005 for publication in the extra ordinary Rajpatra.

(Akshay Sood)
Special Secy.(Finance) to the
Government of Himachal Pradesh



Government of Himachal Pradesh Finance (IF) Department.

No.Fin-IF(C)A(3)-4/2014

Dated: Shimla-171002,

NOTIFICATION

In modification of this department's notification of even No., dated: 19th November 2014, the revised constitution of the 5th State Finance Commission will be as under:-

1. Sh.Kuldip Kumar, MLA, Chintpurni Chairman

Principal Secretary/Secretary(RD&PR)

Member (Ex-Officio) Member (Ex-Officio)

Principal Secretary/Secretary(UD)

Adviser (Planning)

Secretary

By Order

(Dr.Shrikant Baldi), Principal Secretary(Finance) to the Government of Himachal Pradesh. Dated: Shimla171002,

Endst.No.As above.

Copy for information and necessary action to:-

- 1. Sh.Kuldip Kumar, Chairman, 5th State Finance Commission.
- 2. Principal Secretary(PR&RD) to the Government of H.P.
- Principal Secretary(UD) to the Government of H.P.
- 4. Advisor(Planning), Himachal Pradesh, Shimla-2.
- 5. All Administrative Secretaries to the Government of H.P.
- 6. The Principal Secretary to Governor, Himachal Pradesh.
- 7. The Secretary, H.P.Vidhan Sabha, Shimla-4.
- All Heads of Department in H.P.
- 9. All Deputy Commissioners in H.P.
- 10. The Director(PR&RD), Himachal Pradesh.
- 11. The Director, Local Urban Bodies, Himachal Pradesh.
- 12. The Controller, Printing & Stationery, H.P.Printing Press, Shimla-5 for publication in the extra ordinary Rajpatra.

13. Guardfile.

(Akshay Sood),

Special Secretary(Finance) to the Government of Himachal Pradesh.

ANNEXURE-E



Government of Himachal Pradesh Finance(IF) Department

No.Fin-IF(C)A(3)4/2014

Dated: 27. 4. 2016

Notification

In continuation of this Department Notification No.Fin-IF(C)A(3)4/2014 dated 19th November, 2014, the period of 5th State Finance Commission is hereby extended upto 30th April, 2017.

By order

(Tarun Shridhar) Addl. Chief Secretary(Finance) to the Government of Himachal Pradesh

Endst. No. As above,

dated: Shimla-171002, 27-4. 2016

Copy for information and necessary action to:-

- 1.The Chairman, 5th State Finance Commission, H.P. Sectt., Shimla.
- 2. The Secretary (RD & PR) to the Government of H.P.
- 3. Adviser (Planning), Himachal Pradesh, Shimla-171002.
- 4. All Administrative Secretaries to the Govt. of H.P.
- 5. The Pr. Secretary to Governor, Himachal Pradesh, Shimla-2.
- 6. The Secretary, GAD to the Govt. of H.P., Shimla-2.
- 7. The Secretary, H.P. Vidhan Sabha, Shimla-4.
- 8. All the Deputy Commissioners in H.P.
- 9. The Deputy Controller, Printing & Stationery, H.P. Shimla-5.
- 10. The Director (PR&RD), Himachal Pradesh, Shimla-9.
- 11. The Director, Urban Local Bodies, H.P.
- 12. Guard file.

Special Secretary(Finance) to the Government of Himachal Pradesh

Government of Himachal Pradesh Finance (IF) Department

No.Fin-IF(C)A(3)4/2014 Dated Shimla-171002 the 4th Jan., 2017

NOTIFICATION

81

In continuation of this Department's notification of even No. dated 19th November, 2014, the Governor of Himachal Pradesh is pleased to extend the tenure of the 5th State Finance Commission alongwith its employees till 30th November, 2017.

By Order (Dr. Shrikant Baldi) Addl. Chief Secretary (Finance) to the Govt. of Himachal Pradesh

Endst.No.Fin-IF(C)A(3)4/2004 dated Shimla-2 the 4th Jan., 2017

Copy is forwarded for information and necessary action to:-

- Shri Kuldip Kumar, Chairman, HP State 5th State Finance Commission, HP Sectt. Shimla-2.
- 2. All Administrative Secretaries to the Govt. of H.P.
- The Accountant General (Audit), Himachal Pradesh, Shimla-171003.
- The Sr. Deputy Accountant General (A&E), Himachal Pradesh, Shimla-171003.
- The Secretary to Governor, Himachal Pradesh.
- The Secretary, HP Vidhan Sabha, Shimla-4.



- The Special Secretary (GAD) to the Govt. of HP, Shimla-2, in compliance to Cabinet Decision (item NO.13) dated 21.12.2016.
- Secretary, 5th State Finance Commission, HP.
 All the Deputy Commissioners in HP.
- The Deputy Controller, Printing & Stationery, HP Shimla-5 for publication in the extra ordinary Rajpatra.
- The Director (PR&RD), Himachal Pradesh, Shimla-9.
- 12. The Director, Urban Local Bodies, HP.
- Guard file.

Special Secretary (Finance) to the Govt. of Himachal Pradesh

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Minutes of the First Meeting of the Fifth State Finance Commission, Himachal Pradesh held on 16th March, 2015

The first meeting of the Fifth State Finance Commission was held on 16th March, 2015 at 11.00 A.M. under the Chairmanship of Sh. Kuldeep Kumar, Hon'ble Chairman, State Finance Commission, Himachal Pradesh. The meeting was attended by the following:

- Sh. P.C. Dhiman, Addl. Chief Secretary (UD) to the Government of Himachal Pradesh-cum-Member, State Finance Commission, Himachal Pradesh.
- Smt. Manisha Nanda, Pr. Secretary (PR) to the Government of Himachal Pradesh cum-Member, State Finance Commission, Himachal Pradesh.
- Sh. Akshay Sood, Adviser (Planning)-cum-Secretary, State Finance Commission, Himachal Pradesh.
- Sh. Abhay Pant, OSD, State Finance Commission, Himachal Pradesh.
- Dr. Neeta Gautam, Deputy Director, State Finance Commission, Himachal Pradesh.

At the outset, the Secretary, State Finance Commission welcomed the Hon'ble Chairman and the Members of the Commission. Thereafter, the agenda for the meeting was placed before the Commission. The item-wise discussions remained as under:

Survey of Panchayati Raj Institutions and Urban Local Bodies.

The Secretary, State Finance Commission apprised the Commission that the information regarding receipts & expenditure and other related issues, is to be collected from the Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs), for which separate questionnaires for each tier of PRIs and each

Government of Himachal Pradesh "5th State Finance Commission"

No. SFC(B)3-1/2013

Dated: Shimla-2,

21st October, 2017

NOTIFICATION

The Governor Himachal Pradesh is pleased to accept the resignation of Sh. Kuldeep Kumar, Chairman, 5^{th} State Finance Commission from his post.

Sd/-

Additional Chief Secretary (Finance/Planning) to the Government of H.P. Shimla-2.

Endst. No. As Above. Dated Shimla-2 the 2.1^{SF} October, 2017. Copy forwarded for information and necessary action to:-

- 1.PS to Hon'ble Chief Minister/Ministers/Speaker, Vidhan Sabha, CPS, H.P. Shimla.
- 2. Secretary to the Governor of Himachal Pradesh, Shimla-2.
- 3.All Administrative Secretaries/HOD, H.P.
- 4.AGHP, Shimla-3.
- 5. System Analyst, Planning Department, H.P., Shimla-2.
- 6.Secretary 5th State Finance Commission, H.P., Shimla-2.
- 7.Sh. Kuldeep Kumar, Chairman, 5th State Finance Commission Shimla-2
- 8.Deputy Secretary (GAD/Finance) to the Government of H.P. Shimla-2.
- 9.PS to Ex-Chairman, 5th State Finance Commission, Shimla.

Joint Secretary (Finance) to the Government of H.P. Shimla-2.

Government of Himachal Pradesh Finance(IF)Department

No. Fin -IF(C)A(3)4/2014

Dated, Shimla- 171002, 30 Cot, 2017

Notification

In exercise of the powers conferred by Section 98(1) of the Himachal Pradesh Panchayati Raj Act, 1994 (Act No.of 1994) read with Articles 243-I and 243-Y of the Constitution of India, the Governor, Himachal Pradesh, is pleased to appoint Sh. V.C Pharka, Chief Secretary to the Government of H.P. as Chairman of the 5th H.P. State Finance Commission with immediate effect.

The terms and conditions mentioned vide notification of even no dated 19-11-2014 will remain unchanged.

By order

Dr. Shrikant Baldi Addl. Chief Secretary(Finance) to the Government of H.P.

Endst. No. Fin-IF(C)A(3)4/2014 dated, Shimla 171002, 30+ October, 2017 Copy is forwarded for information and necessary action to :-

- 1. Sr. Private Secretary to Chief Secretary to the Government of H.P.
- 2. Principal Secretary (RD & PR) to the Government of H.P.
- 3. Adviser (Planning), Himachal Pradesh, Shimla-2
- 4. All Administrative Secretaries to the Government of H.P.
- 5. The Pr. Secretary to Governor, Himachal Pradesh, Shimla-2
- 6. The Secretary, GAD to the Government, of H.P. Shimla-2
- 7. The Secretary, H.P., Vidhan Sabha, Shimla-4
- 8. All the Deputy Commissioners in H.P.
- The Deputy Controller, Printing & Stationery, H.P. Shimla-5 for publication in the extra ordinary Rajpatra.
- 10. The Director (PR & RD), Himachal Pradesh, Shimla-9
- 11. The Director, Urban Local Bodies, H.P.

(Hans Raj Chauhan) Special Secretary (Finance) to the Govt. of HP

Annexure-I

Government of Himachal Pradesh Finance(IF)Department

No. Fin-IF(C)A(3)4/2014

Dated , Shimla- 171002, 218 Dec. 2017

Notification

In continuation of this Department's notification of even No. dated 19th November, 2014 and 4th January,2017 the Governor of Himachal Pradesh is pleased to extend the tenure of the 5th State Fihance Commission alongwith its employees till 31th December, 2017.

By order

Dr. Shrikant Baldi Addl. Chief Secretary (Finance) to the Government of II.P.

Endst, No. Fin-IF(C)A(3)4/2014 dated, Shimla 171002, 21⁹⁵ December, 2017 Copy is forwarded for information and necessary action to :-

- Sr. Private Secretary to Chief Secretary to the Government of H.P. for the information of the Chairman of H.P. State Finance Commission H.P. Sectt, Shimla-2
- 2. All Administrative Secretaries to the Govt. of H.P.
- 3. The Accountant General (Audit), Himachal Pradesh, Shimla-171003
- 4. The Sr. Deputy Accountant General (A&E), Himahola Pradesh, Shimla
- 5. The Secretary to Governor, Himachal Pradesh.
- The Secretary, IIP Vidhan Sabha, Shimla-4
- 7. The Treasury Officer, Capital Treasury HP. Shimla-2
- 8. The Special Secretary(GAD) to the Govt. of HP, Shimla-2
- 9. Secretary, 5th State Finance Commission, HP.
- 10. All the Deputy Commissioners in HP.
- The Deputy Controller, Printing & Stationery, IIP Shimla-5 for Publication in the extra ordinary Rajpatra.
- 12. The Director (PR & RD), HP Shimla-9
- 13. The Director, Urban Local Bodies, HP.
- 14. Guard file.

(Hans Rad Chauhan) Special Secretary (Finance) to the Govt. of HP

Government of Himachal Pradesh Finance(IF)Department

No. Fin -IF(C)A(3)4/2014

Dated, Shimla-171002, II. January, 2018.

Notification

In exercise of the powers conferred by Section 98(1) of the Himachal Pradesh Panchayati Raj Act, 1994 (Act No.of 1994) read with Articles 243-1 and 243-Y of the Constitution of India, the Governor, Himachal Pradesh, is pleased to appoint Sh. Vineet Chawdhry, Chief Secretary to the Government of H.P. as Chairman of the 5th H.P. State Finance Commission upto 21st January,2018.

The terms and conditions mentioned vide notification of even no dated 19-11-2014 will remain unchanged.

By order

Dr. Shrikant Baldi Addl. Chief Secretary(Finance)to the Government of Himachal Pradesh

Endst. No. Fin-IF(C)A(3)4/2014 dated, Shimla 171002 January,2018. Copy is forwarded for information and necessary action to:-

- 1. Sr. Private Secretary to Chief Secretary to the Government of H.P.
- 2. Principal Secretary (RD & PR) to the Government of H.P.
- 3. Adviser (Planning), Himachal Pradesh, Shimla-2
- 4. All Administrative Secretaries to the Government of H.P.
- 5. The Pr. Secretary to Governor, Himachal Pradesh, Shimla-2
- 6. The Secretary, GAD to the Government, of H.P. Shimla-2
- 7. The Secretary, H.P., Vidhan Sabha, Shimla-4
- 8. All the Deputy Commissioners in H.P.
- 9. The Deputy Controller, Printing & Stationery, H.P. Shimla-5 for publication in the extra ordinary Rajpatra.
 - 9. The Director (PR & RD), Himachal Pradesh, Shimla-9

10. The Director, Urban Local Bodies, H.P.

(Hans Rai Chauhan)
Special Secretary (Finance) to the
Government of Himachal Pradesh



Minutes of the First Meeting of the Fifth State Finance Commission, Himachal Pradesh held on 16th March, 2015

The first meeting of the Fifth State Finance Commission was held on 16th March, 2015 at 11.00 A.M. under the Chairmanship of Sh. Kuldeep Kumar, Hon'ble Chairman, State Finance Commission, Himachal Pradesh. The meeting was attended by the following:

- Sh. P.C. Dhiman,
 Addl. Chief Secretary (UD) to the
 Government of Himachal Pradesh-cum-Member,
 State Finance Commission, Himachal Pradesh.
- Smt. Manisha Nanda, Pr. Secretary (PR) to the Government of Himachal Pradesh cum-Member, State Finance Commission, Himachal Pradesh.
- Sh. Akshay Sood, Adviser (Planning)-cum-Secretary, State Finance Commission, Himachal Pradesh.
- Sh. Abhay Pant, OSD, State Finance Commission, Himachal Pradesh.
- Dr. Neeta Gautam, Deputy Director, State Finance Commission, Himachal Pradesh.

At the outset, the Secretary, State Finance Commission welcomed the Hon'ble Chairman and the Members of the Commission. Thereafter, the agenda for the meeting was placed before the Commission. The item-wise discussions remained as under:

Survey of Panchayati Raj Institutions and Urban Local Bodies.

The Secretary, State Finance Commission apprised the Commission that the information regarding receipts & expenditure and other related issues, is to be collected from the Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs), for which separate questionnaires for each tier of PRIs and each



level of ULBs are to be designed, at the earliest. Taking stock of the earlier initiation of this activity, it was decided that these questionnaires will be designed and forwarded to the quarter concerned, on priority. It was also decided that pre-testing of the schedules will be done by the OSD and necessary modification, if any required will be made based on the pre-testing results.

The Pr. Secretary (PR) to the Government of Himachal Pradesh apprised the Commission that the Panchayati Raj Department has already operationalized number on online software such as PRIA Soft, Plan Plus, National Panchayat Portal (NPP) and National Panchayat Directory (NPD), Area Profiler etc. This will facilitate the online collection of data by the Commission. For this, the Panchayati Raj Department will provide all the necessary support and cooperation to the Commission. Urban Development Department would also give all relevant information to the Commission in an electronic form for seamless flow of information relating to Urban Local Bodies.

Action Taken Report on the recommendations of the State Finance Commissions.

The Deputy Director, State Finance Commission stated that in addition to recommending financial devolutions to the local bodies, all the previous State Finance Commissions have made significant recommendations on additional resource mobilization and strengthening the role of rural and urban local bodies in the State. Therefore, it is important to review the status of implementation of the recommendations made by the previous State Finance Commissions.

In view of this, decision was taken to review status of implementation of the significant recommendations made by the first three State Finance Commissions which have either been partially accepted or have not been accepted, at all by the State Government, as well as the recommendations made by the Fourth State Finance Commission.

Memorandum on Terms of Reference from the Panchayati Raj and Urban Development Departments.

The Panchayati Raj and Urban development Departments are the nodal departments for Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs) respectively. Therefore, it was decided that the Terms of



Reference of the Commission, as notified by the State Government will be sent to these departments for inviting detailed memorandum on Terms of Reference (TOR) giving feedback on implementation of 73rd / 74th constitutional amendment, existing status, implementation of statutory and delegated functions, finances, administrative set up and proposal for further strengthening and devolution of powers and finances to PRIs/ ULBs.

Views from the Persons, Institutions, Non-Governmental Organizations.

In view of cost and time constraints, it would not be possible for the Commission to organize meetings with the individuals, institutions, nongovernmental organizations or elected representatives. So, it was decided to invite views and/or suggestions from the persons, institutions, nongovernmental organizations or elected representatives interested in local body finance, decentralization and strengthening of the local governance system.

5. Study the working of Finance Commissions of other States.

It was observed by the Commission that the State Finance Commissions in certain States like Kerala, Karnataka, Gujarat, Maharashtra and Andhra Pradesh have worked effectively and the models adopted in these States need to be studied. It was also observed that the geo-climatic conditions in Himachal Pradesh are similar to that of Uttrakhand, therefore the approach and methodology adopted by the State Finance Commission of Uttrakhand can also be studied by the Commission.

6. Status of Staff in the Fifth State Finance Commission.

The Secretary, State Finance Commission apprised the Commission that Sh. Abhay Pant, a retired H.A.S. has been appointed as OSD in the Commission and the continuity of the same staff as was fixed for the 4th State Finance Commission has been approved for the 5th State Finance Commission by the State Government. To meet out the expenditure on salaries and other day to day expenses of the Commission, a budget provision of Rs. 39.77 lakh has been proposed under Major Head 2070-Other Administrative Services-00-105-02-Non Plan for the financial year 2015-16.



The staff strength of the office of the Chairman was also discussed and it was observed that a Superintendent/ Sr. Assistant is immediately needed for the smooth functioning of the office. It was decided that the matter to create one post of Superintendent/ Sr. Assistant for the office of the Chairman will be immediately taken up with the Finance (IF) Department.

7. The Hon'ble Chairman, State Finance Commission observed that the State Finance Commission is a constitutional body as the same has been constituted by the State Government by drawing powers from section 98(1) of the Himachal Pradesh Panehayati Raj Act, 1994 (Act No. 4 of 1994) read with Articles 243-I and 243-Y of the Constitution of India. Therefore, the status of facilities given to the Chairperson of the State Finance Commission, with special reference to using red beacon on his vehicle, should be at par with the Chairperson of other constitutional bodies in the State such as Himachal Pradesh Public Service Commission. After a detailed discussion on this issue, decision was taken to take up this matter with State Government, on priority.

The meeting ended with a vote of thanks to and from the Chair.





Minutes of the Second Meeting of the Fifth State Finance Commission, Himachal Pradesh held on 20th May, 2016.

The second meeting of the Fifth State Finance Commission was held on 20th May, 2016 at 2.30 P.M. under the Chairmanship of Sh. Kuldeep Kumar, Hon'ble Chairman, State Finance Commission, Himachal Pradesh. The meeting was attended by the following:

- Sh. Onkar Chand Sharma, Secretary, Panchayati Raj to the Government of Himachal Pradesh-cum-Member, State Finance Commission, Himachal Pradesh.
- Sh. Abhishek Jain, Director, Panchayati Raj, Himachal Pradesh.
- Capt. J.M. Pathania, Director, Urban Development, Himachal Pradesh.
- Sh. Rajesh Sharma, Secretary, State Finance Commission, Himachal Pradesh.
- Sh. Rajinder Chauhan, Statistical Assistant, Urban Development Department, Himachal Pradesh.
- Dr. Neeta Gautam, Deputy Director, Fifth State Finance Commission, Himachal Pradesh.

At the outset, Sh. Rajesh Sharma, Secretary, State Finance Commission welcomed the Hon'ble Chairman, Member of the Commission and other participants of the meeting. Thereafter, the agenda for the meeting was placed before the Commission. The item-wise discussions remained as under:



1. Review of the Status of Survey Work.

The Secretary, State Finance Commission apprised the Commission that due to non-maintaining of proper accounts as well as the weak capacity of Panchayati Raj Institutions to provide information, the response for the information requisitioned on the prescribed formats from these bodies is poor. Taking stock of the situation, worthy Chairman expressed his concern over the stated capacity of Gram Panchayats to furnish data. He observed that the required infrastructure has been provided by the State Government to these bodies long back and number of online softwares have also been developed and made operational by the Panchayati Raj Department. At this, the Secretary, Panchayati Raj -cum -Member State Finance Commission apprised that the existing capacity of the Gram Panchayats has been adversely affected due the discontinuation of the "Rajiv Gandhi Panchayat Sashaktikaran Yojana" by the Union Government from the year 2015-16. After detailed discussions on the issue, it was decided to use both primary and secondary data. In addition to the information provided by the Panchayati Raj Institutions, the secondary data available with the Economics & Statistics Department and sample survey data in respect of Panchayati Raj Institutions, as collected by the Panchayati Raj Department to suffice the requirements of the Fourteenth Union Finance Commission may also be used to assess/forecast the receipts and expenditure of Local Bodies.

However, for collecting online data from the Urban Local Bodies, it was decided to process this matter, on priority.

Non-receipt of Memorandums from the Panchayati Raj and Urban Development Departments.

The Secretary, State Finance Commission stated that detailed memorandums were invited from the Panchayati Raj and Urban Development Departments on the terms of reference of the Commission giving feedback and covering entire ambit of implementation of 73rd / 74th constitutional amendments, existing status, implementation of statutory and delegated functions, finances, administrative set up and proposal for further strengthening and devolution of powers and finances to PRIs/ULBs. But the same are awaited from both the departments.

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Keeping in view the urgency of the requisitioned details, it was decided that both the departments will submit the detailed memorandum to the Commission by 15th June, 2016, positively.

3. Meetings with the Representatives of PRIs and ULBs.

The Commission convened district level meetings with the representatives of Panchayati Raj Institutions and Urban Local Bodies of Una, Chamba and Kangra districts to obtain views and suggestions from the representatives to strengthen the local governance system. The meetings with the representatives of other districts are yet to be convened. It was decided to plan the meetings with the representatives of remaining districts, in a phased manner.

4. Views from the Persons, Institutions, Non-Governmental Organizations.

The views and suggestions were invited from the persons, institutions, nongovernmental organizations or elected representatives interested in local body finance, decentralization and strengthening of the local governance system through a "Public Notice". As the Commission has received response only from one person, therefore, it was decided to take on record the submission made by the individual.

The meeting ended with a vote of thanks to and from the Chair.



Minutes of the Third Meeting of the Fifth State Finance Commission, Himachal Prudesh held on 4th October, 2016

The third meeting of the Fifth State Finance Commission was held on 4th October, 2016 at 2.30 P.M. under the Chairmanship of 8h. Kuldeep Kumar, Hon'ble Chairman, State Finance Commission, Himachal Pradesh. The meeting was attended by the following:

- Smt. Manisha Nanda, Addl. Chief Secretary (UD) to the Govt. of H.P.-cum- Member, State Finance Commission, Himachal Pradesh.
- Sh. Onkar Chand Sharma, Secretary, Panchayati Raj to the Government of Himachal Pradesh-cum-Member, State Finance Commission, Himachal Pradesh.
- Dr. R.K. Pruthi, Director, Urban Development, Himachal Pradesh.
- Sh. Akshay Sood, Secretary, State Finance Commission, Himnohal Pradesh.
- Sh. Kewai Sharma, Joint Director (Panchayati Raj) Himachal Pradesh.
- Sh. Abhay Pant, Officer on Special Duty State Finance Commission, Himachal Pradesh.
- Dr. Neeta Gautam, Deputy Director, State Finance Commission, Himachal Pradesh.

At the outset, Secretary, State Finance Commission welcomed the Hon'ble Chairman, Members of the Commission and other participants of the meeting. Thereafter, the agenda for the meeting was placed before the Commission. The itemwise discussions remained as follows:





Review of the Status of Survey Work.

The Secretary, State Finance Commission apprised the Commission that some data has been received from Panchayatí Raj Institutions (PRIs) and Urban bocal Bodies (ULBs) but more data would be required for forecasting the receipts and expenditure of the Local Bodies. He also informed that Security Audit Certificate for the software developed for collecting information from Urban Local Bodies has been issued by the NIC Head Office and same will be hosted at the website of the Commission, shortly with access to Urban Development Department and Urban Local Bodies. For easy access of the software to the users, a one day training programme in coordination with the Urban Development Department is proposed for providing training to the officers/ officials of the Urban Local Bodies. The Secretary, Panchayati Raj informed that the Panchayati Raj Department has received more information from the Panchayati Raj Institutions and the same will be forwarded to the Commission.

The issue of data entry work was also discussed. In view of the shortage of staff in the Commission, it was decided to outsource the data entry work to DOEACC Society, now National Institute of Electronics and information Technology (NIELIT).

2. Submission of the Report of Fifth State Finance Commission.

The Secretary, State Finance Commission informed that the Financial Year 2016-17 is the last year of the award period of Fourth State Finance Commission and the recommendations given by the Fifth State Finance Commission are to be implemented from 1st April, 2017. The Finance Department has also made a request to the Commission for submitting the report to the State Government by 1st December, 2016.

After taking stock of the situation of information received from the Local Bodies and other activities planned/undertaken by the Commission, it was decided to give an Interim Report for the financial year 2017-18 by 31st December, 2016. It was also decided to prepare the Draft Final Report of the Commission for the award period 2017-22, by 31st May, 2017.

Re-employment of Sh. Umed Ram, retired Private Secretary against the post of Steno-typist/ Data Entry Operator.

The status of the staff provided to the office of OSD, State Finance Commission was discussed in detail and it was observed that there is an urgent need to provide a full time Steno-typist for the office of OSD (SFC). The Commission agreed for the



proposal given by OSD (SFC) to re-employ Sh. Umed Ram, retired Private Secretary against the post of Steno-typist/Data Entry Operator.

Keeping in view the urgency of engaging Stenographic help for the office of OSD (SFC), it was decided to forward the case of re-employment of Sh. Umed Ram to the Finance (IF) Department, the Administrative Department for State Finance Commission, for taking up the matter with the State Government.

The meeting ended with a vote of thanks to and from the Chair.



Proceedings of the 22 meeting of the 5th State Finance Commission held on 9th December, 2016 at 12 Noon in the office chamber of Hon'ble Chairman Sh. Kuldeep Kumar Ji.

The meeting of the 5th State Finance Commission held on 9th December, 2016 at 12 Noon under the Chairmanship of Sh. Kuldeep Kumar, Hon'ble Chairman, State Finance Commission, Himachal Pradesh. The meeting was attended by the following:-

- Smt. Manish_aNanda, Additional Chief Secretary(UD), to the Government of H.P.-cum-Member State Finance Commission, Himachal Pradesh.
- Sh. R. Selvam,
 Director, Panchayati Raj,
 Himachal Pradesh,
 Representative of Secretary(PR).
- Sh. Rakesh Sharma, Secretary, State Finance Commission, Himachal Pradesh.
- Sh. Abhay Pant, OSD, Fifth State Finance Commission Himachal Pradesh.
- Sh. Kewal Sharma, Joint Director, Panchayati Raj, Himachal Pradesh.
- 1. It was informed that the software prepared for collecting data from Urban Local Bodies is in final stage of security check, and is likely to be hosted soon. OSD State Finance Commission will coordinate with Director(UD) to either have interaction between the concerned officials of ULBs of ten districts and Sh. Tilak Raj, Programmer by Video Conferencing or Sh. Tilak Raj will visit ten districts and explain the use of software and clear doubts if any. OSD will coordinate this activity.





- The flow of primary data from Panchayati Raj is fairly good; and the Commission
 was assured that the flow shall be maintained.
- Submission of interim report was discussed and it was decided that interim report for the financial year 2017-18 will be prepared and submitted by the mid of January, 2017.
- 4. The Commission has so far visited three districts of Chamba, Una and Kangra that too before the latest elections to Panchayati Raj Institutions. The Commission has to interact with the elected representatives of the elected local bodies and others district stake holders.
- After taking into consideration all aspects like the budget session and difficulties in visiting Lahaul & Spiti, it was decided that preparation of final draft report may take longer.
- 6. However, it was decided that the term of the Commission, and all public servants associated with it may be extended till 30th November, 2017 by which date the final report of the 5th State Finance Commission shall be submitted to the Government. The Institutional Finance branch may be requested to take prompt action accordingly.
- 7. Chairman, State Finance Commission desired to know as State Finance Commission is a Constitutional body like H.P. Public Service Commission, therefore, Chairman, State Finance commission should also be entitled to fly National Flag on his vehicle on the analogy of Chairman, H.P. Public Service Commission. It was decided that OSD will obtain position prevailing in other States in this regard.

The meeting ended with a vote of thanks to and from the Chair.

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Minutes of the Fifth Meeting of the State Finance Commission, Himachal Pradesh held on 8th February, 2017

The fifth meeting of the State Finance Commission was held on 8th February, 2017 at 12.00 Noon under the Chairmanship of Sh. Kuldeep Kumar, Hon'ble Chairman, State Finance Commission, Himachal Pradesh. The meeting was attended by the following:

- Smt. Manisha Nanda, Addl. Chief Secretary (UD) to the Government of Himachal Pradesh cum-Member, State Finance Commission, Himachal Pradesh.
- Sh. Onkar Chand Sharma, Secretary, Panchayati Raj to the Government of Himachal Pradesh-cum-Member, State Finance Commission, Himachal Pradesh.
- Sh. Akshay Sood, Secretary, State Finance Commission, Himachal Pradesh.
- Dr. D.K. Gupta, Director, Urban Development, Himachal Pradesh.
- 5 Sh. Abhay Pant, Officer on Special Duty State Finance Commission, Himachal Pradesh.
- Sh. Kewal Sharma, Joint Director (Panchayati Raj) Himachal Pradesh.
- Dr. Neeta Gautam, Deputy Director, State Finance Commission, Himachal Pradesh.

At the outset, Sh. Akshay Sood, Secretary, State Finance Commission welcomed the Hon'ble Chairman, Members of the Commission and other participants of the meeting. Thereafter, the Interim Report of the Fifth State Finance Commission for the financial year 2017-18, already circulated to the

Members of the Commission for views and suggestions, was placed before the Commission for approval. After deliberations, the recommendations made in the report for devolution of grants to the Panchayati Raj Institutions and Urban Local Bodies for the financial year 2017-18 were approved. It was brought to the notice of the Commission that number of elected representatives of Zila Parishad and Panchayat Samities have met the Chairman and Members of the Commission to provide funds to them for developmental works. After discussion on the subject, it was observed by the Commission that the Terms of Reference of the Commission only concerns gap filling grants to the local bodies. Therefore, the Commission may suggest to the State Government to consider the point of view given by the elected representatives of Zila Parishad and Panchayat Samities.

The meeting ended with a vote of thanks to and from the Chair.

2

Minutes of the Sixth Meeting of the Fifth State Finance Commission, Himachal Pradesh held on 15th December, 2017.

The sixth meeting of the State Finance Commission was held on 15th December, 2017 at 11.00 AM under the Chairmanship of Shri V.C. Pharka, Worthy Chief Secretary –cum-Ex-officio Chairman, Fifth State Finance Commission, Himachal Pradesh. The Meeting was attended by:-

- Smt. Manisha Nanda, Additional Chief Secretary (UD) to the Government of Himachal Pradesh, cum-Member, State Finance Commission,
- 2. Shri Onkar Chand Sharma,
 Principal Secretary, Panchayati Raj to the
 Government of Himachal Pradesh-cum Member
 State Finance Commission,
- 3. Dr. Basu Sood, Advisor (Planning)-cum-Ex-officio- Secretary, State Finance Commission,
- Shri Abhay Pant,
 Officer on Special Duty,
 State Finance Commission.
- 1. Copies of Draft Report of Fifth State Finance Commission were submitted to the Worthy Chairman and the two Hon'ble Members for their kind perusal, corrections of the contents, calculations, grammar and syntax. After the Worthy Chairman and the Hon'ble Members have scrutinized the Draft Report; and given their suggestions and corrections on this Draft Report, another meeting of the Commission shall be held.
- 2. Based upon the recommendations of this Commission, the term of the Commission; and of all public servants associated with it was



extended till 30th November, 2017. The Model Code of Conduct has been in force from 12th October and is operative till 20th December. Therefore, the Report of the Commission could not be completed and submitted to the Government, by 30th November. Therefore, the Commission recommends to the Government that the term of the Commission and of all employees associated with it, may be extended, ex-post-facto, from 1st December, 2017 till 31st December, 2017.

The meeting ended with a vote of thanks to and from the Chair.



Minutes of the Meeting of Fifth State Finance Commission, Himachal Pradesh held on 19th January, 2018 at 3.00 PM

The meeting to finalize the recommendations of the 5th State Finance Commission was held on 19th January, 2018 at 3.00 PM under the Chairmanship of Sh. Vineet Chawdhry, Worthy Chief Secretary and Ex-officio Chairman, 5th State Finance Commission. The meeting was attended by the following:-

- Sh. Tarun Kapoor, ,Additional Chief Secretary(UD), to the Government of H.P.-cum-Member 5th State Finance Commission, Himachal Pradesh, Shimla-2.
- Dr. R.N. Batta, Secretary (RD) to the Government of H.P.-cum-Member, 5th State Finance Commission, Himachal Pradesh, Shimla-2.
- Sh. Basu Sood, Adviser(Plg.)-cum-Ex-officio Secretary, 5th State Finance Commission, Himachal Pradesh, Shimla-2.

The final draft report of the 5th State Finance Commission was discussed at length by the Commission and all recommendations made in the report were approved by the Commission for recommending them to the Government.

The meeting ended with a vote of thanks to and from the Chair.
