

Government of Himachal Pradesh
Finance(IF) Department

No.Fin-IF-A(1)-2/2020

Dated:Shimla-171002

22nd August, 2020

NOTIFICATION

In exercise of the powers conferred by Articles 243-1 & 243-Y of the Constitution of India read with Section 98(1) of the Himachal Pradesh Panchayati Raj Act 1994 (Act No. 4 of 1994), Section 79 of the Himachal Pradesh Municipal Corporation Act, 1994 and Section 64 of Himachal Pradesh Municipal Act, 1994, the Governor, Himachal Pradesh, is pleased to constitute the 6th 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.

(i)	Sh. Satpal Singh Satti, (He will enjoy the status of a Cabinet Minister)	Chairman
(ii)	ACS/ Principal Secretary/ Secretary Rural Development & Panchayati Raj Department	Member(ex-officio) (He/She will look after this work in addition to his/her own work)
(iii)	ACS/ Principal Secretary/ Secretary Urban Development Department	Member(ex-officio) (He/She will look after this work in addition to his/her own work)
(iv)	The Advisor Planning will function as Ex officio Member Secretary of the 6 th Finance Commission. He/She will look after this work in addition to his/her own work)	

2. The Commission shall make recommendations to the Government as to:-

- a) The principles which should govern:-
- i) The distribution between the State, Panchayats and ULBs 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 Panchayats/ Municipalities of their respective shares 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 grant-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 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 local body 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;
 - 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 6th H.P. State Finance Commission by the Government in the interest of sound finance of the Panchayats/ Municipalities.
3. Suggest measures to reduce revenue deficit of the local bodies by drawing a monitorable Fiscal Reforms Programme. The Reforms Programme should clearly suggest a mechanism for incentives to local bodies within the devolution framework linked to achievement of well-defined milestones to exploit the available and the potential sources of the revenue in addition to the State Finance Commission and Central Finance Commission grants.
4. Suggest measures to ensure accountability in utilising the resources raised or received from the State and Central Governments and other agencies and also the maintenance of local body accounts and database based on the recommendations of Central Finance Commission, for effective operation of these recommendations and linking a part of the grants with the performance.
5. 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.

6. The period of the Commission shall commence from the date of issuance of this notification and the Commission shall make its report available by 31st December, 2021 covering a period of 5 years commencing from 1st April, 2022 to 31.03.2027.

By order

(Prabodh Saxena)
Principal Secretary (Finance) to the
Government of Himachal Pradesh

Endst No. No.Fin-IF-A(1)-2/2020 dated, Shimla-171002 22nd August, 2020

Copy is forwarded for information and necessary action to:-

1. Chairman, HP State 6th Finance Commission.
2. All Administrative Secretaries to the Govt. of H.P.
3. The Pr. Secretary to Governor, Himachal Pradesh, Shimla-2.
4. The Secretary (Rural Development) to the Govt. of H.P.
5. The Secretary (Urban Development) to the Govt. of H.P.
6. The Secretary, H.P. Vidhan Sabha, Shimla-4.
7. The Advisor (Planning), Himachal Pradesh, Shimla-2
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.

(Rajesh Sharma, IAS)
Special Secretary (Finance) to the
Government of Himachal Pradesh