

11. STATE FINANCE COMMISSION

11.11 Decisions taken and orders issued on certain recommendations of Second State Finance Commission

Rural Development (C2) Department

G.O. (Ms) No. 98

Dated : 16.6.2004

Read :

1. G.O.(Ms) No. 518, Finance (Resources) Department, dated 1.12.1999.
2. G.O. (Ms) No. 103, Finance (Resources) Department, dated 3.3.2000.
3. G.O.(Ms) No. 371, Finance (FC.IV) Department, dated 11.11.2002.

ORDER

As per the provisions laid down in 73rd and 74th Constitutional amendments, the Second State Finance Commission was constituted in the Government Order first read above, to review the financial position of rural and urban local bodies in Tamil Nadu and to make its recommendations. In the Government Order second read above, the Terms of Reference to the Commission were issued in which the Commission was requested to make its report available by 31.10.2001. The Commission submitted its report to Her Excellency the Governor on 21.5.2001.

2. As per the decision taken by the High Level Committee, Finance Department had placed the action taken report on the recommendations of Second State Finance Commission in respect of Chapter VII, VIII, X, XI, XII (Para 21.6 and 21.7 only) and XIII of its report in the Legislative Assembly on 8.5.2002. As decided by the High Level Committee, Rural Development / Municipal Administration and Water Supply Departments were also requested to prepare action taken report and issue Government Orders in respect of recommendations covered in other Chapters of the report of Second State Finance Commission.

3. Accordingly the following recommendations of Second State Finance Commission relating to rural local bodies are examined carefully by the Government and the following orders are issued as indicated against each of them.

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Chapter IV – Resource Base

Sl.No.	Para No.	Gist of Recommendation	Orders issued
1.	Para15.2	The Second State Finance Commission recommends that during the award period of Second State Finance Commission, i.e. 2002-2007. In respect of Village Panchayats the own income shall be about 25%.	<p><u>Accepted by the Government:</u></p> <p>The objective behind this recommendation is to motivated the local bodies to raise their own resources and to wean them away from dependency syndrome. All Village Panchayats shall ensure that their own income excluding assigned revenues shall be 25% of their total income, in each year. Director of Rural Development shall develop a database on these information and monitor the achievement by each Village Panchayat on this target. In cases of Panchayats lagging behind this target, Director of Rural Development shall call for the details on the own income of such Panchayats, examine the possibility of augmenting their own resources and issue necessary instructions to them.</p>

Chapter V – Assessment of Civic needs and finance

2.	Para 7.1	The Commission recommends that Director of Rural Development should ensure that the aspects and safeguards for allocation of funds with priority to the Village Panchayats should be followed while executing any work under any scheme. This Commission suggests that all the works before being taken up under any Programme should be placed in the Grama Sabha meeting with all detail where the works are urgently to be executed, in such exceptional cases, the list may be placed in the next ensuring Grama Sabha without fail.	<p><u>Accepted by the Government:</u></p> <p>The Commission observed while executing works under State / Central Schemes, the choice of work is done without ascertaining the felt needs since they are conceived by the executing agencies. Director of Rural Development shall ensure that the executing agencies of any work under any scheme follow the following aspects and safeguards;</p> <ol style="list-style-type: none"> 1. Prioritisation among various types of works. 2. Location of work in the light of competing claims among various habitations in same area. 3. Periodicity of inspection. 4. Time frame for completion of works 5. Correct allocation of funds 6. Integration of scheme without any overlapping. 7. Documentation of work. 8. Inter-departmental co-ordination where different agencies are involved. <p>The executing agencies shall examine the above aspects while allocating funds for different types of works under different programmes.</p> <p>2. The Director of Evaluation and Applied Research has made a study on the Employment Assurance Scheme and</p>
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			his observations annexed to this Government Order shall also be considered for adherence.
	Para 7.2	A Committee at district level with Collector as Chairman, Senior Engineer (Tamil Nadu Water and Drainage) as Member Convener and Assistant Director (Panchayat) as member may be constituted to suggest and monitor the Water Supply Schemes including location etc.	<p>Accepted by the Government:</p> <p>Government direct that a Committee in respect of Water Supply as recommended by the Commission shall be constituted in each district by the District Collector. The Committee shall examine the choice of habitation, type of work and other aspects mentioned in para 7.1/SI.No.2 of this order and also given in annexure and suggest and monitor the water supply works including location etc. Tamil Nadu Water and Drainage shall act as executing agency only.</p>
4.	Para 12.1	The Commission recommends that a guideline committee for fixing Operation and Maintenance norms under the Chairmanship of Commissioner of Rural Development may be formed to monitor the expenditure and budget framing for each sector, within the scarce available resources.	<p>Accepted by the Government:</p> <p>The Commission has observed that the expenditure towards maintenance on certain sectors are far in excess of the norms prescribed and that the maintenance of roads has been neglected in Panchayat unions since most of the funds were spent on payment to gang coolies etc., Hence, in order to monitor the expenditure on the maintenance based on certain fixed norms, the government decided to constitute a monitoring committee and accordingly pass the following orders:</p> <p>i) A Guideline committee for Operation and Maintenance consisting of Commissioner / Director of Rural Development as Chairman and with the following members shall be constituted:</p> <p>a) Superintending Engineer in the o/o the Director of Rural Development</p> <p>b) One selected Chairman of Panchayat Union Council</p> <p>c) One selected President of Village Panchayat.</p> <p>ii) Taking the Operation and Maintenance cost norms adopted by the Second State Finance Commission as the starting point, and based on field realities, resources, constraints etc., the Committee shall suggest Operation and Maintenance cool norms for each basic service rendered by Panchayat Raj Institutions.</p> <p>iii) The norms so suggested by the Committee shall be initially valid for two years from the date of its</p>

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		<p>recommendation.</p> <p>iv) Subsequently the norms shall be updated by the committee based on the various factors influencing the norms.</p> <p>v) All Panchayat Raj institutions shall fix their Operation and Maintenance budget based on the guidelines given by the Committee and also on the factors specific to it.</p> <p>vi) However, cash rich Village Panchayats who may be deriving higher income from mines and minerals etc. can have higher norms. The Committee shall take this into consideration and give suitable guidelines fixing higher norms.</p> <p>vii) The Assistant Director of Panchayats who is responsible for approving Budget Estimates before presenting them to the Council shall take into account the conditions of the assets and the need for providing operation and maintenance expenses.</p> <p>viii) In respect of new assets, the need for Operation and Maintenance shall be pegged at the minimum level.</p> <p>ix) The Committee shall also take into consideration the recommendations of the District Level Committee on the level of investment and the Operation and Maintenance needed for rendering qualitative services/delivery of services, for reviewing the norms and monitoring the expenditures.</p> <p>2. Government direct the Director of Rural Development to constitute the Committee as ordered above nominating a selected Chairman of Panchayat Union Council and a selected President of Village Panchayat and to convene a meeting to fix the cost norms for Operation and Maintenance. The norms decided by the Committee along with guidelines shall be circulated to all Panchayat Raj Institutions after getting the approval of the Government. Subsequently, monitoring of the Operation and Maintenance expenditure of Panchayat Raj Institutions. Based on the norms fixed by the Committee and approved by the Government shall be done by the Committee on a quarterly basis.</p>
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5.	Para 12.2	<p>The Commission recommends that a monitoring mechanism at the district level under the Chairmanship of the Collector, the Project Officer, (District of Rural Development Agency) and the Assistant Director (Panchayats) as members may be evolved to look into the level of investment and the Operation and Maintenance needed for rendering qualitative services / delivery of services.</p>	<p><u>Accepted by the Government:</u></p> <p>Government direct that a monitoring committee shall be constituted by each District Collector under his Chairmanship and with the Project Officer (District of Rural Development Agency) and the Assistant Director (Panchayats) as members. The committee shall look into the level of investment and the Operation and Maintenance needed for rendering qualitative services / delivery of services. The Committee shall forward its recommendations to the State Level Committee constituted with reference to para 12.1/Chapter V of the recommendations of Second State Finance Commission, for its review.</p>
6	Para 57	<p>The Commission recommends that whenever Investments exceeding Rs.50 lakhs for Village Panchayats take place, such projects should be monitored personally by the District Collector and Commissioner of Rural Development to ensure that the local bodies do not act as hindrance but actively cooperate in such projects. Further, the Director of Rural Development should see that the local bodies accord clearance for new projects within the time limit set so as to push through the pace of development.</p>	<p><u>Accepted by the Government:</u></p> <p>In Tamil Nadu huge investment has been taking place recently by various industrial houses which will provide employment opportunities to the people and also improve the quality of life in those areas. Some local bodies eagerly invite such investments and cooperate in establishing those projects in their areas and some are not cooperative. The entrepreneurs, apart from getting environmental clearance, registration under Factories Act, Health, Fire Service Act etc., are expected to get local bodies clearance. The Commission observed that the local bodies approval gets delayed since they raise some objections at the fog end of the time limit of 30 days for clearance.</p> <p>The Director of Rural Development is therefore directed to ensure that the local bodies do not act as hindrance but actively cooperate in the establishment of projects in respect of private entrepreneurship exceeding Rs.50 lakhs in Village Panchayat areas. The Director of Rural development shall also enforce the 30 days period for giving clearance to such projects by local bodies so that the pace of development could be pushed through, the Director of Rural Development shall send suitable instructions to all Panchayat Raj Institutions and also a compliance report on this to the Government.</p>

Chapter XII – Issues to Terms of Reference

7.	Chapter XII, Para 5.2(3)	3) The quality of faculty in state Institute of Rural Development Rural Extension Training Centre may be enriched by having suitable linkage with reputed, accredited "Non Governmental Organizations and faculty of the nearest University/reputed academic institution.	<p>Accepted by the Government:</p> <p>The linkage of State Institute of Rural Development /Rural Extension Training Centres with reputed academic institutions / Universities shall be made by conducting in service training programme on management and educational pedagogy to the faculty of State Institute of Rural Development / Rural Extension Training Centres or by sending them for training to those institutions for the said purpose.</p> <p>The Director of Rural Development shall send necessary proposals to the Government in this regard in consultation with institutions like Anna Institute of Management, Chennai University and other Non Governmental Organisations. The expenditure towards this training package shall be met from the regular grants sanctioned to State Institute of Rural Development /Rural Extension Training Centre.</p>
8.	Para 5.2(4)	<p>4) The Commission recommends constitution of district level training committee as follows:</p> <p>i) Collector-Chairman ii) Personal Assistant (Panchayat Development) – Member Secretary iii) Principal, Rural Extension Training Centre - Member. iv) Assistant Director (Panchayats)-Member v) One Non Governmental Organisations at District level identified by Collector – Member vi) One Panchayat Union Chairman nominated by Collector – Member. vii) Two Village Panchayat Presidents nominated by Collector – Members. viii) Gandhigram Rural Institute Nearest University Faculty – Member.</p>	<p>Accepted by the Government:</p> <p>The Government direct that a Committee for each district as recommended by Second State Finance Commission shall be constituted immediately.</p> <p>The Committee shall draw training plan every year and review the training programme once in 3 months. District Collector shall forward the minutes of the committee meeting to Commissioner for Rural Development (Training) Director of Rural Development and the Government. The Commissioner of Rural Development (Training) shall also review at State level that district plans are prepared well before February every year and programmes are organized as per plan. Director of Rural Development shall also review the minutes of district level committee meetings and action thereon once in 3 months.</p>
9.	Para 5.2(5)	This Commission also recommends 10% special allowance of basic pay for the trainers of Rural Development Department also in the training institutions.	<p>Not accepted by the Government:</p>

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10.	Para 14.4.2(ii)	Tamil Nadu Electricity Board should insist on production of registered document or patta, any proof of legitimate ownership of property before giving electricity connections to individual properties.	<p><u>Accepted by the Government:</u></p> <p>Tamil Nadu Electricity Board shall insist on production of registered document or patta, any proof of legitimate ownership of property before giving electricity connections to individual properties.</p>
11.	Para 14.4.2(iii)	The service charges payable to the electricians by Village Panchayats may be fixed by Chairman, Tamil Nadu Electricity Board uniformly in consultation with the Commissioner of Rural Development.	The Commission observed that the service charges payable to the electrician for replacing defective bulbs, tube lights etc. varied from region to region as they are fixed by Superintending Engineers of Tamil Nadu Electricity Board of concerned region. Hence, the Government direct that the service charges payable to the electricians of Tamil Nadu Electricity Board by Village Panchayats shall be fixed by Chairman, Tamil Nadu Electricity Board in consultation with Director of Rural Development.
12.	Para 20.4 (ii)	On the lines of the State anti-disaster plan and District wise anti-disaster plan, detailed anti-disaster plans with due rolls for local bodies, for Panchayat Unions, Town Panchayats, Municipalities and Corporations may be prepared.	<p><u>Accepted by the Government:</u></p> <p>Director of Rural Development shall send the anti-disaster plan for Panchayat Raj Institutions on lines with the State anti-disaster plan and district wise anti-disaster plan for consideration under regular calamity Relief Fund.</p>
13.	Para 20.4(iii)	All elected representatives and officials connected with local bodies may be sent periodically to the State Institute of Rural Development / Tamil Nadu Institute for Urban Studies, Coimbatore for training in disaster management.	<p><u>Accepted by the Government:</u></p> <p>Director of Rural Development shall include "Disaster Management" as one of the curriculums in State Institute of Rural Development's training programme and depute all elected representatives and officials concerned in a phased manner to State Institute of Rural Development for taking training in Disaster Management. Specialists in Disaster Management shall be invited from Universities / reputed educational institutions for giving lecture on the subject.</p>
14.	Para 26	The Commission suggests that a list of Non-Governmental Organisations may be prepared and accredited on an annual basis by Collectors, Commissioner of Municipal Administration, Commissioner of Rural Development, Director of Town Panchayat, Commissioner of Social	<p><u>Accepted by the Government:</u></p> <p>Director of Rural Development shall prepare a list of accredited Non-Governmental Organisations district wise (after blacklisting the Non-Governmental Organisations with bad track record and communicating the same to other Head of Departments) and direct them to actively participate in the meetings of Grama Sabhas particularly when budget and accounts</p>

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		Welfare, Chairperson and Managing Director, Tamil Nadu Corporation for Development of Women Ltd., and Commissioners of Corporations. Those Non-Governmental Organisations with a bad track record may be blacklisted by the respective Head of Departments and the list passed on to other Head of Departments. The accredited Non-Governmental Organisations need to be actively involved in meetings of Grama Sabhas and urban sabhas, particularly when budgets and accounts are placed before them.	are placed before Grama Sabha.
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The Director of Rural Development and the District Collectors are directed to ensure that all the orders are implemented with immediate effect and send proposals to the Government wherever considered necessary.

(By order of the Governor)

SANTHA SHEELA NAIR
SECRETARY TO GOVERNMENT