

11. STATE FINANCE COMMISSION

11.19 Constitution of State Council for rural and urban Local Bodies to discuss Issues common to both urban and rural Local Bodies based on the recommendation of the Second SFC

Rural Development and Panchayat Raj (C2) Department

G.O. (Ms) No. 139

Dated : 9.10.2006

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. From the Director of Rural Development letter RC.No.62061/04/PRI.I.1, dated 4.8.2004.

ORDER

As per the provisions laid down in 73rd and 74th Constitutional amendments, the Second State Finance Commission was constituted in the G.O. first read above, to review the financial position of rural and urban local bodies in Tamil Nadu and to make its recommendations. In the G.O. 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 then Governor of Tamil Nadu on 21.5.2001.

2. As per the decision taken by the High Level Committee formed to examine the recommendation of the Second State Finance Commission, the Finance Department has placed the action taken report on the recommendations of the Second State Finance Commission in respect of Chapter VII, VIII, X, XI, XII (Para 21.6 and 21.7 only) and XIII of the report in the Legislative Assembly on 8.5.2002. As decided by the High Level Committee, Rural Development and 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 the Second State Finance Commission.

3. The Second State Finance Commission in paras 3.4, 3.5 and 3.6 of its report has recommended that a State Council may be constituted as follows to discuss general policy issues common both to Urban and Rural Local Bodies.

1.	Chief Minister	Chairman
2.	Minister of Finance	Member
3.	Minister of Local Administration	Member
4.	Minister of Law	Member
5.	Mayor of Chennai Corporation	Member
6.	Mayor of Municipal Corporation other than Chennai	Member
7.	2 representatives from Municipal Chairmen	Members
8.	2 representatives from Town Panchayat Chairmen	Members
9.	2 representatives from District Panchayat Chairmen	Members
10.	2 representatives from Panchayat Union Chairmen	Members
11.	2 representatives from Village Panchayat Presidents	Members
12.	Chief Secretary	Member Secretary

4. After careful examination of the above recommendation of the Second State Finance Commission, the Government constitute a State Council as follows.

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1.	Chief Minister	Chairman
2.	Minister of Finance	Member
3.	Minister of Local Administration	Member
4.	Minister of Law	Member
5.	Mayor of Chennai Corporation	Member
6.	Mayor of Municipal Corporation other than Chennai	Member
7.	2 representatives from Municipal Chairmen (Director of Municipal Administration to select)	Members
8.	2 representatives from Town Panchayat Chairmen (Director of Town Panchayats (erstwhile Special Village Panchayats to select)	Members
9.	2 representatives from District Panchayat Chairmen (The Director of Rural Development and Panchayat Raj to select)	Members
10.	2 representatives from Panchayat Union Chairmen (The Director of Rural Development and Panchayat Raj to select)	Members
11.	2 representatives from Village Panchayat Presidents (The Director of Rural Development and Panchayat Raj to select)	Members
12.	Chief Secretary	Member Secretary

5. The terms of reference of the Council are as follows -

- I. To review and sort out the delays and discrepancies, if any, arising in the distribution of the net proceeds of taxes, duties, tolls, fees, etc, between the State and Local Bodies (both Rural and Urban) and inter-se distribution among the local bodies as per the recommendations of State Finance Commission.
- II. To discuss issues relating to increase or decrease in the rates of taxation towards, 'Assigned Revenue' which will have bearing on the local bodies, before bring a policy decision by the Government.
- III. To consider changes if any, on the issues relating to the fiscal or any functional to be brought about after the acceptance of the State Finance Commission Recommendations.
- IV. To deliberate upon other issues arising between State Government and the local bodies as may be referred to by the Chairman of the Council.

6. The Council shall meet annually in January / February on the eve of the presentation of the budget in the Assembly.

(By order of the Governor)

K.ASHOK VARDHAN SHETTY
SECRETARY TO GOVERNMENT