

CHAPTER - 9

DEVOLUTION OF FINANCE CONSEQUENT TO DEVOLUTION ENVISAGED UNDER 73RD AND 74TH AMENDMENTS TO THE CONSTITUTION

2.9.1. Under the 73rd Amendment to the Constitution, 29 items have been indicated in 11th Schedule as those to be administered through Rural Local Bodies. The 74th Amendment to the Constitution indicates 18 items in Schedule 12 to be administered through Urban Local Bodies. It has also been indicated that the list is only illustrative and not exhaustive and the State Government can entrust any other item which they deem fit for being implemented through Urban or Rural Local Bodies.

2.9.2. out of the 18 items in Schedule 12 to be transferred to Urban Local Bodies. 9 items are already administered by the Urban Local Bodies either from their own funds or with the assistance of the State Government. Only 9 items now remain to be decided for transfer to the control of Urban Local Bodies. There are no tiers as in the case of Rural Local Bodies and each Urban Local Body is a separate entity. SFC had held elaborate discussions with the Heads of Departments and Secretaries to Government and had also worked out a model package for devolution at the appropriate tiers and if necessary, in a phased manner. The orders of the Government are still awaited. These aspects have been dealt with in greater detail in the Part IV relating to "Streamlining the delivery System".

2.9.3. Pending issue of orders on devolution of functions by the Government, SFC is not in a position to examine the financial impact arising out of these devolutions to the Rural and Urban Local Bodies. Hence, no specific recommendations have now been proposed. However, SFC expects that with the orders of devolution of functions, the funds and functionaries already existing will also be devolved to appropriate Local Body. Any marginal adjustments needed on the financial impact could be examined only after completion of devolution of functions.