

P.K. Bora IAS (Retd.)
Chairman, Fourth Assam
State Finance Commission,
C.M. Block, Ground Floor
Assam Secretariat, Dispur.

No.FEA (SFC) 110/2009/133
Dated Dispur August 31, 2010.

Dear Sir/Madam

As you may be aware, Government of Assam has constituted the Fourth Assam State Finance Commission by notification dated 23rd of April, 2010 in pursuance of the provisions of Article 243-I and 243-Y of the Constitution of India read with provisions of Section 2(I) of Assam Finance Commission (Miscellaneous Provisions) Act, 1995 with the following terms of reference :

1. *The Commission shall make recommendation as to the following matters:*
 - (a) *The principles, which should govern-*
 - (i) *the distribution between the State of Assam and the Panchayats/Municipalities of the net proceeds of the taxes and duties, levied and collected by the State;*
 - (ii) *the determination of the taxes, duties, tolls and fees, which may be assigned to, or appropriated by, the Panchayats/ Municipalities;*
 - (iii) *the grants-in-aid to the Panchayats/Municipalities from the Consolidated Fund of the State;*
 - (b) *The measures needed to improve the financial position of the Panchayats/Municipalities with special emphasis on rationalization of properties tax, collection of user charges and innovative realization methods.*
 - (c) *Examine the feasibility and make recommendations on raising of resources by the Urban Local Bodies through issuance of bonds.*
 - (d) *Examine the feasibility and make recommendations on creation of urban infrastructure and other civic amenities by the Urban Local Bodies through Public-Private partnership and exploring avenues of viability gap funding.*
 - (e) *Any other matter referred to the State Finance Commission by the Governor in the interests of sound financial position of the Panchayats /Municipalities.*
2. *The Commission may make an assessment of (a) the actual debt position of each of the Local bodies as on 31-03-2010 and (b) estimated debt position of each Local bodies as on 31-03-2011 and suggest suitable measures relating to the debts as are deemed necessary, keeping in view the financial requirements of the State Government also.*
3. *In making its recommendations the Commission shall have regard, among other Considerations, to: -*
 - (i) *the objective of balancing the receipts and expenditure on revenue account of both the Local Bodies as a whole and the State Government and each Local Body;*
 - (ii) *the resources of State Government and demands thereon, in particular, on account of expenditure on maintaining of law and order, civil administration, debt servicing and other committed expenditure;*

(iii) the revenue of the resources of the Local Bodies for the five years commencing on 1st April, 2011 on the basis of the level of collection made during 2008-09 from taxes, duties, tolls, fees cess etc. levied by them;

(iv) the potential for raising additional revenue from the existing sources available to them; and

(v) the scope for better financial management consistent with efficiency and economy in expenditures.

4. In making its recommendations on the various matters aforesaid, the Commission shall adopt the population figures of latest Census available in all cases where population is regarded as a factor for determination of devolution of taxes and duties and grants-in-aid.
5. The Commission shall indicate the basis on which it has arrived at its finding and make available the Local Body wise estimates of receipts and expenditure.
6. The Commission shall make its report available to the Governor of Assam by 31st December, 2010 on each of the matters aforesaid, covering period of five years commencing on the 1st April, 2011.

State Government has provided one additional term of reference later vide Notification No. FEA (SFC) 110/2009/119 dated May 14, 2010 as below :

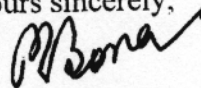
" 6 (A) Having regard to the need for revised pay structure of the employees of the Local Bodies following pay revision of the State Government employees as per RoP, 2010, the Commission shall examine and recommend appropriate staffing pattern of the employees for the PRIs and ULBs and also recommend revised structure of pay and allowances for their employees corresponding to the staffing pattern. The Commission may ask the concerned Departments to submit reports of the Study Groups relating to staffing pattern of the employees of PRIs and ULBs to the Commission. The Commission may also look into and make appropriate recommendation with regard to provincialisation of the services of the employees of the Local Bodies having reference to the provisions of the 73rd and 74th Amendments of the Constitution of India. The Commission shall submit an Interim report on the matter within 4 (four) months. "

With your vast experience in the field of public administration you are no doubt not only aware of the issues involved but must have had occasions to contemplate them from different points of view. The Commission will be greatly benefited if we could have had your valued responses to the issues relating to the terms of reference and also to the few brief points indicated in the enclosed sheet.

I would, therefore, earnestly request you kindly to spare some of your valuable time to send us your responses at your earliest convenience. It will be convenient to us if we can get the responses latest by 7th October, 2010.

With regards.

Yours sincerely,



(P.K. Bora)

Enclosure:

- a) a copy of a brief questionnaire.

All MPs/MLAs of Assam

The Questionnaire

1. The National Commission for Review of the Constitution were of the view that the Constitution be amended and subjects listed in Schedules XI and XII be mandatorily assigned to rural and urban local bodies respectively, so that these subjects could statutorily form a distinct fiscal domain of the local bodies. What are your views in the matter?
2. What in your opinion should be the right size of population for constitution of Gaon Panchayat and a Town Committee?
3. Is provincialization of the services of the employees of PRIs and ULBs tenable in the context of the 73rd and 74th Constitutional Amendments the basic thrust of which is to give functional and financial autonomy to PRIs and ULBs?
4. What role can be visualized for NGOs in delivery of core civic services? Will privatization of municipal services like conservancy, solid waste management, street lighting etc. bring about economy and efficiency in the delivery system?
5. There is need for strengthening the resource base and collection machinery of the Local Bodies. What are your suggestions?
6. Do you think there is need to revise user charges in keeping with the operation and maintenance requirements of various schemes? If so, what should be the priority of each revision?

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