



കേരള ഗസറ്റ് KERALA GAZETTE

അസാധാരണം EXTRAORDINARY

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14th Thulam 1195

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GOVERNMENT OF KERALA Finance (SFC-A) Department

NOTIFICATION

G. O. (P) No. 146/2019/Fin.

Dated, Thiruvananthapuram, 31st October, 2019

S. R. O. No. 796/2019

14th Thulam, 1195.

Under clause (1) of Article 243-I of the Constitution of India and section 186 of the Kerala Panchayat Raj Act, 1994 (13 of 1994), read with clause (1) of Article 243-Y of the Constitution of India and section 205 of the Kerala Municipality Act, 1994 (20 of 1994), the Governor of Kerala is pleased to constitute a Finance Commission consisting of Sri S. M. Vijayanand, former Chief Secretary of Kerala as the Chairman and the following two persons as Members, namely:—



1. Sri T. K. Jose, IAS, Additional Chief Secretary to Government, Local Self Government Department, Government of Kerala.
2. Sri Manoj Joshi, IAS, Additional Chief Secretary to Government, Finance Department, Government of Kerala.

2. The Chairman and Members of the Commission shall hold office for a period of two years from the date of this notification.

3. The Finance Commission shall review the financial position of the Panchayats and the Municipalities and make recommendations as to —

(a) The principles which should govern,—

- (i) the distribution between the State, Panchayats and Municipalities of the net proceeds of the taxes, duties, tolls and fees leviable by the State, which may be divided between them under Part IX and Part IX-A of the Constitution and the allocation between the Panchayats at all levels and the Municipalities of their respective shares of such proceeds;
- (ii) the determination of the taxes, duties, tolls and fees which may be assigned to or appropriated by, the Panchayats and the Municipalities;
- (iii) the grants-in-aid to the Panchayats and the Municipalities from the Consolidated Fund of the State.

(b) The measures needed to improve the financial position of the Panchayats and the Municipalities with reference to,—

- (i) enhancing the resource raising capacity through taxes and non-tax revenues, both by broadening the base and by improving assessment and collection and preventing evasion;
- (ii) enabling them to raise funds from financial institutions and the market, suggesting a framework for achieving this potential;
- (iii) mobilizing additional resources through contributions in cash and kind, sponsorships, Corporate Social Responsibility funds, etc.;
- (iv) providing incentives for higher own resource mobilization;
- (v) achieving proper convergence of resources across programmes and schemes to improve outcomes;
- (vi) improving financial management and achieving economy and efficiency in expenditure, and achieving fiscal responsibility.



4. The Finance Commission shall make recommendations to,—

- (a) streamline flow of funds including carryover of funds;
- (b) ensure settlement of claims and dues of Local Governments vis-à-vis Government and Governmental agencies;
- (c) improve the processes and systems with respect to budgeting, accounting and auditing;
- (d) create a database for local level planning including spatial and fiscal aspects and its systematic use;
- (e) improve the quality of planning by Local Governments including regular upkeep of assets;
- (f) enhance the quality of assets created by Local Governments including the use of appropriate construction technologies;
- (g) improve efficiency of governance including e-governance in Local Governments especially in managing the institutions of service delivery, using social enterprises in providing affordable services, etc.;
- (h) enable Local Governments to contribute effectively to disaster management;
- (i) enhance accountability including social accountability of Local Governments;
- (j) improve the monitoring of performance of Local Governments;
- (k) strengthen the performance accountability mechanism of institutions supporting Local Governments like Information Kerala Mission, Suchitwa Mission, Kerala Institute of Local Administration, State Poverty Eradication Mission etc.

5. The implementation of the accepted recommendations of the earlier five State Finance Commissions may be reviewed and appropriate suggestions may be given on fully operationalising them.

6. The overall performance of Local Governments since 1995 vis-à-vis their objectives may be assessed and suggestions may be given for enhancing their efficiency.

7. The Finance Commission may give its recommendations regarding devolution by end of December, 2020 and the recommendations on the non-devolution aspects in instalments and complete the work by August, 2021.

By order of the Governor,

MANOJ JOSHI,
Additional Chief Secretary to Government.



Explanatory Note

(This does not form part of the notification, but is intended to indicate its general purport.)

As per clause (1) of Article 243-1 of the Constitution of India and section 186 of the Kerala Panchayat Raj Act, 1994 (13 of 1994) read with clause (1) of Article 243-Y of the Constitution of India and section 205 of the Kerala Municipality Act, 1994 (20 of 1994) the Governor shall constitute a Finance Commission to review the financial position of the Panchayats and Municipalities and make recommendations. Accordingly, the Governor of Kerala has been pleased to constitute the Finance Commission.

The notification is intended to achieve the above object.

