

Hyderabad
8th November, 2016

PRESS NOTE

Need for State Finance Commission

Article-280 of Constitution of India provides for forming of Central Finance Commission. The Commission shall make recommendations regarding sharing of union taxes, principles, governing Grant-in-aid to states and transfer of resources to local bodies. The Commission's recommendations cover a period of Five years.

As per article 243 – I (and 243-Y) the Governor of the State shall, constitute a Finance Commission (S.F.C.) for the state to review the financial position of the Gramapanchayats and Urban Local Bodies and to make recommendation regarding sharing of taxes, grant in aid to G.P.s and U.L.B.s and the measures needed to improve the financial position of G.P.s and U.L.B.s.

The Governor shall cause every recommendation made by the S.F.C. together with action taken there on to be laid before the legislature of the State. To assess the financial possession of P.Rs and U.L.B.s the commission will tour districts obtain information, likewise the Commission obtains information from the government about its budget availability and the commitments. In making its recommendations the Commission shall have regard to the resources of the State Government, the demands there on, in particular the expenditure of the state. Balancing these demands the S.F.C. recommends the transfer of funds from state budget to P.Rs and U.L.B.s.

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Government of Telangana vide G.O. Ms. No. 31, dated 16-03-2015 have constituted the State Finance Commission for the State of Telangana. The Commission consists of Chairmen and 4 members. The Commission period is for 5 years from the issue of G.O. i.e. 16-3-2015). Having taken a decision to constitute the Finance Commission it is expected that the government will appoint the chairmen and members so that they carry out their expected work.

To show to Government of India, the state government have issued G.O. constituting S.F.C. but in practice for last 20 months no action has been taken to appoint the Chairperson and members. Information obtained by filing R.T.I. application reveals that the file is pending with minister for Panchayat Raj.

Without the State Finance Commission the G.P.s and U.L.B.s in the state of Telangana are starved of funds and not able to take up any works. Now and then government is releasing some grants to these bodies as charity, what is required is sharing of tax revenue and grants-in-aid as a right as specified in 73rd and 74th Constitutional amendment. The civic amenities required by a common man like potable water, good roads and drainage, street lights, waste disposals etc. are provided by G.P.s and U.L.B.s. and to function effectively sufficient funds have to be placed at their disposals.

Forum for Good Governance requests the Government of Telangana to immediately take steps to constitute the State Finance Commission so that the G.P.s and U.L.B. get their due funds as a right.

Yours Sincerely

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Secretary
Forum for Good Governance