

**GOVERNMENT OF ASSAM  
FINANCE (ECONOMIC AFFAIRS) DEPARTMENT**

**EXPLANATORY MEMORANDUM AS TO THE ACTION TAKEN ON THE  
RECOMMENDATIONS MADE BY THE ASSAM FINANCE COMMISSION IN ITS  
REPORT SUBMITTED TO THE GOVERNOR ON 29<sup>TH</sup> FEBRUARY, 1996.**

1. The Report of the Assam Finance Commission covering the period of five years from 1<sup>st</sup> April 1996 to 31<sup>st</sup> March, 2001 together with Explanatory Memorandum on the action taken on the recommendations of the Commission is being laid on the Table of the House in pursuance of Article 243 I (4) and Article 243 y (2) of the Constitution of India. The summary of the recommendations of the Commission relating to devolution of State Taxes, grants in aid and debt relief to the local bodies and other matters is contained in chapter VIII of the Report of the Commission.

**2. LOCAL FINANCE DATA BASE**

The Commission has recommended that registers and forms for proper accounts and records are to be maintained by each local body with effect from 1<sup>st</sup> April, 1997 in the formats prescribed. Cost of the registers and forms is to be borne by the State Government out of Plan fund as Grants to local Bodies. Recommendation of the Commission to this effect has been accepted by the State Government.

**3. DEVOLUTION OF TAXES**

The Commission has recommended that existing rates and existing units of taxes may continue for transfer as share to local bodies during 1996-2001 with an additional 10% of net proceeds of motor vehicle tax in each year as share to rural local bodies to be distributed on the basis of population of each rural local body as per latest census. The commission has also recommended that the total percentage of share of state taxes for transfer to local bodies should be 2% in each of the years from 1996-97 to 2000-2001. The State Govt. have accepted the recommendation of the Commission in this regard.

**4. GRANTS-IN-AID**

The State Government have accepted the recommendations contained in the report of the Commission regarding the payment of grants in aid to the local bodies for implementing the development programmes of core subjects within the jurisdiction of each local body. The recommendation contains that the fund for the purpose is to be provided by the State Govt. out of plan outlay for the period from 1996-97 to 2000-2001. For the period of four years from 1996-97 to 1999-2000, the fund available to the State Government as grants from the Centre under the award of the 10<sup>th</sup> Finance Commission is to be distributed to each local body on the basis of population as per 1971 census. For 2000-2001 equivalent amount of grant to each local body as in 1999-2000 is to be sanctioned out of plan fund on the same basis.

## **5. AUGMENTATION OF RESOURCES**

The Commission has recommended that assessment of property tax should be made in every five years for periodic revision. Use levy should be imposed on the agricultural pump-set, user charges should be levied for services rendered by the local bodies on parks, public toilets, Public health centers, etc. Fee for sale of animals being a village trade should also be imposed. The Commission has also recommended that issue of birth and death certificates presently administered by the Health and Family Welfare Department should be the responsibility of the local bodies and henceforth such certificates should be issued by the local bodies by collecting necessary registration fee. These recommendations of the Commission have been accepted by the State Government.

## **6. DEBT RELIEF**

The State Government has accepted the recommendation of the Commission with regard to debt relief to the Municipalities/Town Committees and also with regard to the write off of the outstanding loan of the Panchayats.

## **7. IMPLEMENTATION OF THE COMMISSION'S RECOMMENDATIONS REQUIRES :**

- i. Legislative measures
- ii. Executive/Administrative Orders
- iii. Further examination

Necessary action for the amendment/introduction of relevant laws for assessment of property tax in every five years, levying of taxes on agricultural pump-set, fees for sale of animals, user charges on parks, public toilets etc. will be taken up by the concerned Departments of the State Government for necessary legislation for implementing these recommendations.

Recommendations relating to the distribution of grants to local bodies and enhancement of the percentage of share of motor vehicle tax for transfer to rural local bodies and the transfer of the subject in regard to the issue of birth and death certificates will be implemented by executive orders.

Other recommendations of the Commission will be considered in due course.

Guwahati the  
18<sup>th</sup> March, 1996

(Jibakanta Gogoi)  
Finance Minister