

**SECOND FINANCE COMMISSION TELANGANA
GOVERNMENT OF TELANGANA**



**PRESENTATION BY - MR. RAJIAH SIRICILLA
CHAIRPERSON**

**DEVOLUTION TO DEVELOPMENT
MEETING WITH UNION FINANCE COMMISSION**

14th NOVEMBER, 2024

NEW DELHI

RURAL LOCAL BODIES(PRIs) IN TELANGANA

No. of Rural Districts:	32
No. of Zilla Praja Parishads:	32
No. of Block Panchayats	540
No. of Gram Panchayats :	12769
Rural Population :	2,04,59,164

Comparison of 6 SFC with Telangana State Finance Commission										
#	Particular		Telangana	Andhra Pradesh	Kerala	Karnataka	Maharashtra	Tamil Nadu	Punjab	Bihar
1	Population		33.4 million, 2.9% of population across all States	49.6 million, 4.2% of population across all States	33.4 million, 2.8% of population across all States	61.1 million, 5.1% of population across all States	112.4 million, 9.4% of population across all States	72.2 million, 6.1% of population across all States	27.7 million, 2.3% of population across all States	104.1 million, 8.7% of population across all States
2	Per Capita GSDP (INR 1.4L average across all states)		INR 2,25,047	INR 1,68,083	INR 2,25,484	INR 2,32,874	INR 2,16,376	INR 2,15,784	INR 1,71,907	INR 44,652
3	Tax to GSDP (6.3% average across all States)		7.5%	6.70%	6.5%	6.3%	7.1%	6.5%	6.0%	5.5%
4	Urbanisation Rate (31.1% All India average)		31.1%	33.50%	47.7%	38.6%	45.2%	48.5%	37.5%	11.3%
5	Functions Devolved	Under 11 th Schedule, RLBs	10 of 29 functions	10 of 29 functions	All 29 functions	All 29 functions	All 29 functions	All 29 functions	9 of 29 functions	17 of 29 functions
		Under 12 th Schedule, ULBs	17 of 18 functions	17 of 18 functions	All 18 functions	All 18 functions	All 18 functions	All 18 functions	All 18 functions	All 18 functions
6	Devolution Index Rank across All States	Functions Rank	6	10	2	1	5	7	15	15
		Functionaries Rank	12	10	1	9	2	5	15	15
		Finances Rank	4	16	1	2	5	3	16	16
		Aggregate Devolution in Policy Rank	5	13	1	2	3	4	18	20
7	# of times SMC Formulated		1 st SFC		6 th SFC	6 th SFC	5 th SFC	6 th SFC	6 th SFC	6 th SFC

SECOND TELANGANA FINANCE COMMISSION - TRIAGE OF ACTION

The Second Telangana Finance Commission decided to adopt a three pronged strategy to prepare the inputs based on the following.

- a. **Academic Research** - Engagement with Think Tanks like CESS(Centre for economic and social studies) and ASCI(Administrative staff college of India).
- b. **Field visits and interactions with Grassroots stakeholders**- Collectors, Additional Collectors(Local Bodies), ZP Chairpersons & Mandal Parishads Presidents, Sarpanches, ZPTCs, MPTCs, Department HODs.
- c. **The public participation and engagement driven activities - eg. Ideathon.**

Based on the above, preliminary reports are being gathered. The aim is to submit a three point report which focuses on

- a. **Rural Local Bodies with focus on Tribal & Backward Gram Panchayats**
- b. **Urban Local Bodies**
- c. **Exclusive report on GHMC**(Greater Hyderabad Municipal Corporation) - Tremendous revenue and resource potential due to its unique Juxtaposition.

Rural Local Bodies(RLBs) - Potential areas for Resource mobilisation in Telangana

- a. Religious tourism (Jatras, festivals, local fair markets)
- b. Land based resource mobilization to get informal market transactions from **G -abadi and Grama kantam** into registration department network and create revenue for the state
- c. **Solar Power**
- d. **Cluster of potential SHGs** which can run micro industries (1 per district with basic investment of 30-50L)
- e. Accessing local produce and creating a constant and well established supply chain models
- f. Extensive focus on Devolution index - Funds, Functions & Functionaries

Rural Local Bodies(RLBs) - Potential areas for Resource mobilisation in Telangana

- a. Clear linkages between Telangana Finance Commission's suggestions and on ground implementation- Action take reports(ATR).
- b. Partnerships with special focus on untapped potential of CSR(100 CR INR) and also Technology transfer.
- c. Extensive use of **SCADA- Supervisory Control and Data Acquisition.**
- d. Focus on Expenditure management.
- e. Clear focus on Professional tax(80% of the private not being compliant on this and hence its huge revenue loss to the government exchequer), Commercial taxes, Seigniorage, Trade license.
- f. Sunset clause for local schemes- will lead to savings.
- g. Rationalization of property tax based on profitability and business potential is the need of the hour.

SUSTAINABLE DEVELOPMENT GOALS & ITS LINKAGE WITH RURAL DEVELOPMENT

- Ensure healthy lives
- Quality education.
- Clean water and Sanitation (SCADA system has to be focussed)
- Affordable and green energy
- Industry, Innovation and Infrastructure
- Reduced Inequality
- Sustainable cities and communities
- Responsible Consumption and production
- Life below water and on land
- Partnerships

RECOMMENDATIONS BY TELANGANA TO UFC

1. Telangana seeks to submit an idea of regular alerts from the Central Government to the State Finance Commissions on the metrics for all grants including the performance grants disbursement and qualification on a regular basis.
2. Adding to the above, every subject related to Local Bodies should be marked to State Finance Commission
3. Regions (Local) specific flexibility should be provided which can to use the tied grants for better and qualitative interventions.
4. Special metric on grant disbursement for Disaster Preparedness & Management with ,more effective utilisation of SDMA funds locally.
5. Incentive approach to Green, clean and panchayats which deserve national recognition.
6. Regular workshops or knowledge transfer meetings with different states on best practices.

WAY FORWARD

- Telangana Finance commission is committed to bringing in clear projections for the next five years- 2025-2030 in addition to continuing the SFC without dissolving, to conduct real time monitoring of LBs in the state.
- The ad hoc nature of State Finance Commission needs to be revisited and make it a full time functional body to augment multiple ways of support for the Local Bodies.
- We aim to have institutional, governance & policy continuity for robust decentralisation.
- We aim to establish **a *clear continuity of provisional and current estimates and suggest expenditure management strategies with special focus on Devolution indices.***
- SFC's clear focus is on suggesting improvements in augmentation of resources and also responsibilities of Local Bodies in Telangana.