



**PRESENTATION OF  
3<sup>RD</sup> STATE FINANCE COMMISSION  
GOA BEFORE  
16<sup>TH</sup> UNION FINANCE COMMISSION  
14.11.2024**

**A TRUST BASED APPROACH TOWARDS LOCAL SELF GOVERNMENTS**

# 1. CONSTITUTION OF STATE FINANCE COMMISSION

- As per the clause (I) of Article 243-I (1) and 243-Y (1) of the 73<sup>rd</sup> and 74<sup>th</sup> Constitutional Amendment Act (CAA), 1992, read with section 199 of the Goa Panchayat Raj Act 1994, the State Government has **constituted afresh 3<sup>rd</sup> State Finance Commission Goa on 31.12.2021** under the Chairmanship of Shri D.A. Hawaldar, IAS (Rtd) with Shri Gurunath S Potekar Ex-Director of Accounts as a member and Dr. Y. Durga Prasad as Member Secretary, to review the financial position of local bodies and to make recommendations as per the terms and Conditions.

## Award Period:

- The award period for the 3<sup>rd</sup> SFC is 2024-25 to 2028-29,



## 2. METHODOLOGY ADOPTED BY THE 3SFC GOA

- The commission has taken the decision to adopt Central Finance Commissions approach.
- The Commission has implemented bottom up approach to assess the functions, functionaries and funds of the local bodies.
- The 3SFC Goa had primary interactions with the Directorate of Panchayats, Urban Development, Finance Department and State level administrative Training Institute i.e. GIPARD.
- The 3SFC Goa has collected, studied and analyzed the Annual financial statements, audit reports of all local bodies for the period 2011-12 to 2022-23 before visiting the local bodies.

## 2. METHODOLOGY ADOPTED BY THE 3SFC GOA (CONTD..)

- The Commission has collected the information from all Local bodies on functions, functionaries, facilities available, service delivery, own resource of receipts, expenditure, utilization of grants released by the state for various purposes such as matching grants, tribal grants, Stray cattle grants, RDA grants, infrastructure grants, Golden Jubilee grants, 60 years Goa Liberation grants, etc., utilization of Central grants/funds and utilization of XII<sup>th</sup>, XIII<sup>th</sup>, XIV<sup>th</sup> and XV<sup>th</sup> Finance Commission grants through pre- designed questionnaires.



## 2.METHODOLOGY ADOPTED BY THE 3SFC GOA (CONTD..)

- The 3SFC Goa has visited all 191 RLBs, 14 ULBs, 2ZPs had consultations with the elected representatives and also had interaction with the local people in local languages.
- 70% of rural local bodies representative, 80% of the urban local bodies representatives and 86% of ZP elected representatives have participated in the consultations.
- The Commission has also had consultations with the major stakeholders like, line departments like Agriculture, Fisheries, Education, Health, Women and Child, Social welfare, Tribal welfare, RDA; Chamber of Commerce & Industry, Travel and Tourism Association, labour union and NGOs who are involved in the development of the local bodies.

### 3. MAJOR RECOMMENDATIONS-FINANCIAL

#### I: Financial Recommendations

- The existing devolution of funds both revenue and capital is approximately 10 percent of the Goa State's own tax revenue. **The existing devolution shall be continued during the award period 2024-25 to 2028-29.**
- An additional budget provision of **Rs. 50.00 crore per year** with an annual increase of 10 percent every year during the award period (2024-25 to 2028-29) **to compensate the local bodies in lieu of revenue forgone due to implementation of GST.**






### **3. MAJOR RECOMMENDATIONS-FINANCIAL(CONTD..)**

#### **I: Financial Recommendations**

- Introduction of Professional tax by the local bodies in Goa.**
- Climate change fund of Rs. 10.00 crore per year during the award period for the urban and rural local bodies.**
- The budget provision for the IDC compensation to local bodies may be kept in the respective Directorates of Municipal Administration and Panchayats. The compensation may be disbursed in two installments.**

### 3. MAJOR RECOMMENDATIONS-FINANCIAL(CONTD..)

#### I: Financial Recommendations

- The **Wage grants pattern of assistance** for workers engaged in **solid waste management in Municipal Administration** may be **extended for Village Panchayats**.
  - The disbursement of GIA grants may be streamlined and shall be equitable covering all weaker Panchayats and Municipal Authorities. The grants on priority may be released for revenue generating assets. The **devolution criteria of Central Finance Commission** may be adopted.
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## 4. MAJOR RECOMMENDATIONS-NON-FINANCIAL

### II: Non-Financial Recommendations

- The solid waste management in Panchayat areas need a further State support. Majority of the Panchayats have not started to collect wet garbage. **The 30% of the tied grants earmarked by Central Finance Commission (CFC) for solid waste management needs to be utilized with the assistance of Goa Waste Management Corporation (GWMC).**
- The urban and rural local bodies may **revive traditional water resources** like, lakes, ponds, wells, etc., from the funds available under Central Finance Commission. **The Commission suggests to utilize 30% of tied grants earmarked for water and sanitation for revival of traditional water bodies** by following due procedure. It is also **suggested that the local bodies can take the help of the line departments (PWD/WRD) of the Government for proper and timely utilization of CFC grants.**

## 4. MAJOR RECOMMENDATIONS-NON-FINANCIAL (CONTD..)

- The auctioning of newly constructed commercial properties of the rural as well as urban local bodies have been delayed due to poor response for the PWD assessed base rent in the rural areas, where the economic activity is very low. The State Government may relax the base rates of auctioning in such areas.
- **The District Planning Committee shall coordinate the annual plans of both rural and urban local bodies and monitor its implementation.** The works undertaken under District Mineral fund and Rural Development Agency may be included in the GPDP plan and may be decided by the consultative process in the gram sabha.


## 4. MAJOR RECOMMENDATIONS-NON-FINANCIAL (CONTD..)

### II: Non-Financial Recommendations

- The State may carry **necessary amendment to the Code of Comunidade for lease of land to urban and rural local bodies**
- The **Accounts manual shall be prepared** for Zilla Panchayats and shall finalize its accounts annually and also prepare its annual plans regularly.
- The **Technical cell in BDO office shall be further strengthened** particularly for **Bardez and Salcete blocks** for speedy disposal of development proposals of the Panchayats.



## 4. MAJOR RECOMMENDATIONS-NON-FINANCIAL (CONTD..)

- The management of stray cattle pounds by both urban and rural local bodies is unsatisfactory. The State Government through Animal Husbandry and Veterinary Services department needs to intervene to keep check on stray cattle.
  - All the Village Panchayats and Municipalities may **provide space for libraries**. The annual grants may be released by Art and Culture Department.
  - The **Funnel zone shall be notified at** the newly commissioned **MOPA airport** covering adjoined Village Panchayats.
  - The State may **appoint the High Level Committee to monitor the fund flow of Central Finance Commission grants** and its timely utilization and submission of utilization certificates.
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## 4. MAJOR RECOMMENDATIONS-NON-FINANCIAL (CONTD..)

- The State Government may develop customized Accounting Software for real time monitoring of Accounts/expenditure of the local bodies.
- The major recommendations of the 3<sup>rd</sup> SFC Goa were placed before State Cabinet on 05.02.2024. The State Cabinet has approved all the recommendations and the action taken report was placed by the State Government in the State Legislative Assembly on 08.02.2024.
- The 3SFC Goa has submitted its Final report on 28.06.2024.
- The 3<sup>rd</sup> SFC Goa has demitted of its office on 30.09.2024.



## 5. OTHER SUBJECTS STRESSED IN THE REPORT

The SFC has also stressed the following subjects in its main report.

- **Capacity building and Training needs**
- **Lack of Financial discipline**
- **Deficit in Revenue Account**
- **Revenue recoveries & revenue enhancement**
- **Forest Rights cases, Stray cattle management and Cattle Pounds**
- **Involvement of NGOs, CSO in timely preparation of GPDP**
- **Ease of living & ease of doing business**
- **Capacity in utilization of Grants**
- **Non-Maintenance of Salary Reserve Fund**
- **Double Accounting System**
- **Financial Position not Reviewed periodically**
- **User Charges, Digitizaion**
- **Rainwater harvesting, utilization of Renewable energy**
- **Preserve local customs and traditions**







**NAMASKAR**

