



GOVERNMENT OF SIKKIM

**MEMORANDUM
TO THE
FIFTEENTH FINANCE COMMISSION**

VOLUME – IV

(LOCAL BODIES)

FINANCE, REVENUE & EXPENDITURE DEPARTMENT

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Part 1 - Memorandum on Local Bodies

I. Introduction

The last two decades has witnessed remarkable trend towards increasing decentralization throughout the world. The focus was towards devolution of political, administrative and fiscal authority to local units. India has also kept pace with this global trend.

In 1993, the Government of India passed a series of constitutional reforms (the 73rd and 74th Constitutional Amendment Acts), which were intended to empower and democratise local bodies both in the rural and urban areas. The 73rd and 74th Constitutional Amendment Acts provided constitutional status to local bodies in the country which are seen as the third tier of the government. The passage of these Acts indicates a fundamental restructuring of the governance and administrative system of the country, based on the philosophy of decentralization and power to the people.

Sikkim introduced its Panchayati Raj Act in 1993 to conform to the 73rd Constitutional Amendment. The State has also conformed to the 74th Constitutional Amendment Act by bringing in the enabling legislation. The Sikkim Municipalities Act 2007 was introduced in March 2007 for setting up of Urban Local Bodies in the state.

Evolution of Local-Self Governance in Sikkim

Though Sikkim introduced its Panchayati Raj Act in 1993 to conform to the 73rd Amendment Act, the roots of Panchayati Raj in the State dates back to the time when Sikkim was a kingdom under the Namgyal Dynasty. During this period there were landlords or *Zamindars* who were also called *Kazi*. Under the *Kazi* there were *Mandals* and *Karbaris* whose job was to look after the workings in the field and collect taxes in the form of *Dhuri Khazana*. But the first recorded attempt to establish Panchayats in the State was made as early as 1948¹ immediately after the abolition of *Zamindari* and *Addas* under the landlords. To begin with, an attempt was made to create Panchayats, consisting of the landlords or his representative and four other members from the block, selected by the people in a meeting convened for the purpose. These Panchayats filled the gap created by the abolition of *Addas* and were essentially quasi-judicial or *Nyaya* Panchayats, as is evident from the functions entrusted to them.

The Sikkim Panchayat Act, 1965 came into force in December 1965. It was promulgated to consolidate and amend laws relating to Panchayats in Sikkim. The objective of establishing these Panchayats was to facilitate rural development and to enable participation by all communities at the village level. The term of such Panchayats was three years and each of these Panchayats was assigned 16 duties and functions. To fulfill these duties, the

¹Vide Notification No.3054-254/PS dated the 24th January 1948

Panchayats had resources comprising house tax, a proportion (10 percent) of the land revenue of the block, matching grants by the *Darbar* for original work (for which public contribution was collected), sanitation cess and water cess. The Sikkim Panchayat Act, 1965, also provided reservations for minorities.

In 1982 a new Act was enacted for decentralizing the work at district levels. This Act envisaged the constitution of Zilla Panchayats (ZP) at the district level.

Sikkim ushered in the new age of decentralization by implementing the Constitution 73rd Amendment Act, 1993. In doing so, it enacted the Sikkim Panchayat Act which was notified in October 1993. Sikkim follows a two-tier system of Panchayati Raj with the Zilla Panchayat at the district level and Gram Panchayat (GP) at the village level. The Sikkim Panchayat Act, 1993, enabled the Gram Panchayats and the Zilla Panchayats to have the authority to levy taxes, rates and fees. The duties cast by the constitution to the State Government viz. periodic holding of local elections, bringing out enabling legislations for the transfer of funds, functions and functionaries, constitution of State Finance Commission has been fully adhered to by the State in case of Rural Local Bodies (Panchayat Raj Institutions or PRIs).

The State has also implemented the 74th Constitutional Amendment Act with the setting up of Urban Local Bodies (ULBs) and the enabling legislation. The Sikkim Municipalities Act 2007 was enacted by the Legislative Assembly in March 2007. Though the Act was brought in 2007, the urban local bodies were formed only in 2010-11. Sikkim follows a three tier structure for the urban local bodies namely Municipal Corporation, Municipal Council and Nagar Panchayats. The State has adhered to all the provisions of the 74th Amendment Act.

At present Sikkim consists of 4 Zilla Panchayats and 185 Gram Panchayats Units comprising of 984 wards. Of the 185 Gram Panchayats there are 2 traditional institutions of self-governance at Lachung and Lachen, also known as the Dzumsas. The Dzumsas were deemed to be Gram Panchayat Units (GPU) for the purpose of Sikkim Panchayat Act, 1993 and exercise its traditional powers and functions in addition to those of the Gram Panchayats. On the urban local body front there are 1 Municipal Corporation, 3 Municipal Council and 3 Nagar Panchayats in Sikkim. Table 1 shows the number local bodies –both rural and urban, in Sikkim as on 1 April 2018.

Table 1: Local Bodies in Sikkim

| | | |
|---|-----------------------|-----|
| Rural Local Bodies (as on 01.04.2018) | Gram Panchayat (GP) | 185 |
| | Zilla Panchayat (ZP) | 4 |
| Urban Local Bodies (as on 01.04.2018) | Municipal Corporation | 1 |
| | Municipal Council | 3 |
| | Nagar Panchayat | 3 |

The district wise distribution of Gram Panchayats along with their total area, population and average population per GP is given below. The list of GPs and their population is given in **Annexure-I**.

| Sr. No | Name of the District | No. of Gram Panchayats | Population (2011 Census) | Average Population |
|--------|----------------------|------------------------|--------------------------|--------------------|
| 1 | South District | 48 | 122022 | 2542.13 |
| 2 | West District | 61 | 131168 | 2150.30 |
| 3 | North District | 25 | 40253 | 1610.12 |
| 4 | East District | 51 | 153986 | 3019.33 |
| | Total | 185 | 447429 | 2418.54 |

The seven Urban Local Bodies in Sikkim along with their total area and population (as per the 2011 census) is given below

| Sl. No. | Urban Local Body | Population | Area (sq. km.) |
|---------|-----------------------------------|----------------|----------------|
| 1 | Gangtok Municipal Corporation | 1,00,286 | 19.29 |
| 2 | Namchi Municipality | 12,190 | 6.50 |
| 3 | Nayabazaar Jorethang Municipality | 10,350 | 2.60 |
| 4 | Gyalshing Municipality | 4,742 | 3.80 |
| 5 | Singtam Nagar Panchayat | 5,868 | 0.20 |
| 6 | Rangpo Nagar Panchayat | 10,450 | 2.67 |
| 7 | Mangan Nagar Panchayat | 4,644 | 1.76 |
| | Total | 148,530 | 36.82 |

The average area and population covered by the PRIs and UBLs at each level as per the 2011 census is given below:

| | Area (hectares) | Population |
|--------------------|-----------------|-------------|
| Gram Panchayat | 879.57 | 2,418.54 |
| Zilla Panchayat | 40680.25 | 1,11,857.25 |
| Urban Local Bodies | 526 | 21,218.57 |

II. Status of Decentralized Governance and Devolution

One of the remarkable achievements of the State government is the degree of decentralization of power in rural areas. Power has been transferred to villages through Panchayats, to make the people partners in finalizing schemes and implementing them at the grassroots level. Sikkim has routinely been acknowledged as the best state in the country in the category of smaller states for its outstanding performance in strengthening and developing the Panchayati Raj institutions. The state government has adopted a strategy that mixes power decentralization, people's involvement and benefit centric activities. Developmental schemes are finalized and implemented at the grassroots level.

One of the landmark decisions the state Government has taken towards the rejuvenation of Panchayati Raj in Sikkim was to ensure that the people of the villages are totally involved in the process that affects them and their future. Primary schools, health centres, libraries, community information centres and small scale irrigation projects have already been transferred to the Panchayats. Local problems are resolved through Panchayats and NGOs, and training workshops are organized to increase the expertise of the villagers.

Since the process of empowerment began, there has been a sustained effort to make the Panchayats effective institutions of local governance through training of the elected members, providing them funds for development and setting up various supporting bodies and institutions such as the State Election Commission, State Finance Commission, Block Administrative Centres (BAC) (These have now been renamed as Gram Bikash Kendras), District Planning Committees (DPC), Social Audit-cum-Vigilance Committees and the Gram Planning Forums (GPF).

Activity mapping was taken up which provides clarity with regard to the delegation of functions between the State Government, the Zilla Panchayats and the Gram Panchayats. It further provides for allocation of funds and functionaries to effectively discharge such functions.

The state government has taken several steps to help women who are socially, politically and economically underprivileged. In 2005, the Sikkim Panchayat Act was amended to insert a provision for one-third reservation for women in Gram and Ward Sabhas to ensure active participation of women in all decision making. Later, in 2007, this was increased to 40 percent reservation for women. In the Panchayat elections held in November 2012, the reservation for women was raised to 50 percent.

These efforts made by the Sikkim Government have benefited the people of the state. One of the indicators of the progress made by Sikkim is the various national awards conferred to the State for transferring power to the people. Sikkim was judged as the 3rd Best State in Panchayati Raj in 2006-07, 2nd Best State in Panchayati Raj in 2008-09, 3rd Best State in 2009-10 and 2010-11. It received the State Award for Devolution Index Rashtriya Gram Swaraj Abhiyaan (RGSA) for appraisal year 2013-14, was ranked 1st on Cumulative Devolution Index in the North East Region for the year 2014-15, ranked 2nd on Incremental

Devolution Index in the Country 2014-15 and was the Best Performing State for e-Panchayat in 2015-16.

1. Devolution of Powers & Activity Mapping

A. Devolution of Functions to Rural Local Bodies

The Eleventh Schedule added to the Constitution by the 73rd Amendment lists twenty-nine functions which are devolvable to the Panchayati Raj Institutions (PRIs). States were free to set the speed and design of their approach to decentralization under the general framework of the Constitutional mandate. In order to operationalize administrative decentralization of funds, functions and functionaries among the PRIs, the Ministry of Rural Development (MoRD), Government of India in July 2001 constituted a Central Task Force for suggesting the manner of transfer to each tier of the Panchayats so that devolution of all the 29 functions enlisted in the Eleventh Schedule can be completed by 2002.

The Sikkim Panchayat Act, 1993 has provision for transfer of these functions to the PRIs. Accordingly the State Government through Executive orders (Notification no. 03/RMDD/P dated 29.04.2008 issued by Rural Management & Development Department, Government of Sikkim) transferred functions to the ZPs and GPs as detailed below. However, for effective functioning of both the State Government and the PRIs, it is necessary to delineate the role and responsibilities of the State Government and each tier of the PRIs for each of the subjects transferred. This exercise was done through activity mapping in April 2010.

| S. No. | Name of Sector/Department | Activities under Zilla Panchayat | Activities under Gram Panchayat |
|---------------|----------------------------------|--|--|
| 1 | Agriculture & Food Security | <ul style="list-style-type: none"> a) Identification of areas for all programmes. b) National Agricultural Insurance Scheme. c) Extension & demonstration on organic farming d) Conducting crop competition demonstration. e) Deconstruction program (identification of area and beneficiaries). f) Compensation for crop loss due to natural calamities. g) Establishment of storage facilities. h) Generate crop statistics. | <ul style="list-style-type: none"> a) Selection of beneficiaries for demonstration and organic manure production. b) Assist in organizing crop competitions & exhibition. c) Selection of beneficiaries for special program of organic farming. d) Generating yield data. Reporting of crop loss. e) Maintenance of infra-structures. f) Organizing & motivation for agriculture production. |
| 2 | Horticulture and Cash Crops | <ul style="list-style-type: none"> a) Extension & demonstration on organic farming related to horticulture. b) Conducting crop competition & exhibition. c) Training & demonstration of horticulture crops including | <ul style="list-style-type: none"> a) Extension & demonstration on organic farming related to horticulture and development of local entrepreneurs for production of organic manures. b) Assist in organizing crop |

| S. No. | Name of Sector/Department | Activities under Zilla Panchayat | Activities under Gram Panchayat |
|--------|--|--|---|
| | | <ul style="list-style-type: none"> fruits, Vegetables, potato, ginger & cardamom. d) Create awareness in floriculture as commercial venture. e) Assessment, verification and compensation of horticulture crop losses due to natural calamities. f) Establishment of storage facilities. g) Generate horticulture crop statistics. h) Motivation and implementation of crop insurance | <ul style="list-style-type: none"> Competitions & exhibitions. c) Training & demonstration of horticulture crops through selection of right beneficiaries and areas. d) Assessment and reporting of horticulture crop losses. e) Maintenance of storage facilities. f) Generate horticulture crop statistics. g) Motivation of crop insurance programme. |
| 3 | Animal Husbandry, Livestock, Veterinary Services | <ul style="list-style-type: none"> a) Rabies control, vaccination & elimination of affected animals. b) Distribution of preventive materials for control of animal diseases Preventive measures. c) Compilation of reports & dissemination of information. d) Identification of areas for different types of animal development programme. e) Quality monitoring. Meat inspection & certification. f) Programmes for fodder production. g) Management of marketing of animal product. Assessment of production. Processing centres. h) Training & awareness of animal husbandry related programmes. i) Organizing district-level training, workshops & programmes. j) Cross breeding – management of artificial insemination programmes. k) Execution of works between Rs.2.00 to Rs. 5.00 lakhs. Identifying areas for various types of fisheries. | <ul style="list-style-type: none"> a) Reporting incidents & supervising implementation of works. b) Reporting incidents & supervising implementation of works. c) Supervision & local level survey. Implementation of programmes. d) Monitoring & regulation of wastes. e) Identification of beneficiaries. Distribution of fodder. f) Collection of products for large markets. g) Assessment of production-collection centres. h) Supervision of delivery of government services. i) Identification of training needs of farmers. j) Requisition of training programme. k) Distribution of high-bred varieties of farm animals. l) Execution of works up to Rs.2.00 lakh. m) Supervision of implementation |
| 4 | Education | <ul style="list-style-type: none"> a) Overall supervision of JHS except appointment and transfer of teachers. b) All repairs & maintenance of | <ul style="list-style-type: none"> a) Overall supervision of functioning of PS and LPS except appointment and transfer of teachers. |

| S. No. | Name of Sector/Department | Activities under Zilla Panchayat | Activities under Gram Panchayat |
|--------|---------------------------|--|---|
| | | <p>JHS.</p> <p>c) Supporting State authorities in survey & related projects.</p> <p>d) Literacy programmes.</p> <p>e) Monitoring the programmes.</p> <p>f) Construction of mid-day meal kitchen and its maintenance.</p> | <p>b) All repairs & maintenance work up to Rs.10 lakh.</p> <p>c) Identification of learner's assisting in literacy survey.</p> <p>d) Supervision of programmes.</p> |
| 5 | Health & Family Welfare | <p>a) To facilitate the formation of village health and sanitation committees at the gram Panchayat level.</p> <p>b) To ensure and help District Health Mission under NRHM to prepare need based demand driven socio demographic plans at the district level.</p> <p>c) To oversee effective implementation of health and family welfare programmes at the district level by monitoring and supervising the functions and functionaries, by training, equipping and empowering Panchayat members suitably to manage and supervise the functioning of health care infra-structure and man-power and further co-ordinate works of different departments such as Health & Family Welfare, Social Welfare, Public Health Engineering, Rural Development, etc., at the district level.</p> <p>d) To ensure un-biased selection of ASHA in each village by Panchayat members and to devise mechanism at the district level for monitoring of ASHA.</p> <p>e) Awareness generation regarding all health and family welfare related issues and generate demand from the community regarding available services provision under different National Health Programmes and State Service Provision. To increase service utilization at different levels through different</p> | <p>a) Form village health and sanitation; committee comprising of ANM/MPHW (M), ASHA, MSS, adequate representation for women members (Existing village sanitation committees under Total Sanitation campaign may be re-designated as Village Health and Sanitation Committees).</p> <p>b) To ensure and help village level health committees under NRHM to prepare area specific, need based, demand driven, socio-demographic plans at the village/sub-centre level.</p> <p>c) To grant approval and ensure proper utilization of funds earmarked as untied funds under NRHM.</p> <p>d) To ensure selection of sincere and dedicated ASHA in villages. To promote access to improved health care at the household level through female health activist (ASHA).</p> <p>e) To demonstrate exemplary performance in compulsory registration of births, deaths, marriages and pregnancies. Ensuring safe deliveries to bring reduction in Infant Mortality Rate (IMR) and Maternal Mortality Rate (MMR).</p> <p>f) Identification of people in need of services and facilitate providing services in collaboration with village level health workers in respect of National Programmes like Reproductive and Child</p> |

| S. No. | Name of Sector/Department | Activities under Zilla Panchayat | Activities under Gram Panchayat |
|--------|---------------------------------|---|---|
| | | effective locally acceptable approaches. | Health, Blindness, TB Control, STD/HIV/AIDS, etc. g) Keeping provision of fund for maternal and child health activities (referral of high risk cases, etc.) in PRI budget. h) Awareness generation regarding all health and family welfare related issues and to generate demand from the community for services under different National and State Health Programmes. |
| 6 | Forests, Environment & Wildlife | <ul style="list-style-type: none"> a) Facilitation for marketing of saplings for government & private plantation. b) Providing marketing facilities for medicinal plants & other forestry products. c) Training for cultivation. Protection support to Smriti Van. d) Support for control of forest fire. Prevention & control. e) Awareness on grazing-regulated grazing. f) Promotion of NTFP-bamboo plantations. g) Promotion of timber substitutes marketing. h) Identification of gram Panchayats for the programme. i) Monitoring of the programme. Identification of gram Panchayats for the programme. j) Harvesting & distribution of fuel wood. | <ul style="list-style-type: none"> a) Establishment of community nurseries. b) Establishment of medical plants gardens for commercial purpose. c) Establishment of Smriti vans. d) Control of forest fires. e) Co-ordination with JFMC. f) Control of grazing on forest land. g) Implementation of regulated grazing. h) Plantation of NTFP-production. i) Micro-planning & implementation of soil conservation works. j) Planning & implementation of Green Mission works. k) Planning & implementation of fuel wood plantation in community lands. l) Identification of sites. Upkeep of parks & gardens. |
| 7 | Commerce & Industries | <ul style="list-style-type: none"> a) Providing assistance to trained beneficiaries to start their own units including credit support. b) Organizing entrepreneurial development programmes. c) Providing marketing facilities for cottage and village products. d) Identifying locations for specific industrial & commercial activity. | <ul style="list-style-type: none"> a) Identification of beneficiaries for training. b) Distribution of raw materials. c) Promotion of cottage industries based on locally available materials. |
| 8 | Disaster Management | <ul style="list-style-type: none"> a) Assisting in assessment of damages during natural | <ul style="list-style-type: none"> a) Mobilizing community organization for relief and |

| S. No. | Name of Sector/Department | Activities under Zilla Panchayat | Activities under Gram Panchayat |
|--------|---------------------------|---|---|
| | | <p>calamity. Providing training on rescue and relief operation.</p> <p>b) Coordinating with District Relief Committee and Village Relief Committee.</p> <p>c) Investment in preventive measures and also preparedness.</p> <p>d) Maintenance & minor repairs between Rs.10 to Rs.20 lakh</p> | <p>rescue.</p> <p>b) Organizing rescue and relief through the Gram Panchayat and Ward Disaster Management committees.</p> <p>c) Temporary restoration of village road, water supply, schools & health centers. Identification of victims and providing relief</p> |
| 9 | Irrigation | Creation of minor irrigation channels | Identification of locations for minor irrigation channels. All repairs of minor irrigation channels |
| 10 | Cultural Activities | Identification and preservation of heritage sites. | Promotion of folk art. Preservation of traditional culture and customs. Rural (village) libraries. |
| 11 | Rural Water Supply | All maintenance and new schemes between Rs.10.00 to Rs.20.00 lakh | Minor repairs and new schemes up to Rs.10.00 lakh. |
| 12 | Rural Bridges | All maintenance and new schemes between Rs.10.00 to Rs.20.00 lakh | Minor repairs and new schemes up to Rs.10.00 lakh. |
| 13 | Rural Sanitation | <p>a) Promoting environment friendly means of disposal of solid and liquid waste.</p> <p>b) Maintenance of environmental hygiene.</p> <p>c) Construction and maintenance of institutional and community latrines and bathing places.</p> | <p>a) Conducting environment friendly waste management through Gram Panchayat level Water and Sanitation Committees.</p> <p>b) Construction and maintenance of Individual Sanitary latrines and bathing cubicles.</p> |
| 14 | Cooperatives | Promotion of cooperative movement | Generating awareness of cooperatives |
| 15 | Misc. | <p>a) Regulating building construction. Rural street lightning and its maintenance.</p> <p>b) Establishment & maintenance of crematoriums and burial places.</p> <p>c) Regulating disposal of carcasses.</p> <p>d) Construction of ICDS Centres.</p> <p>e) Disbursement of OAP & SA.</p> <p>f) Small Family Benefit Scheme.</p> <p>g) National Family Benefit Scheme.</p> <p>h) Promotion of eco-tourism.</p> | <p>a) Enforcing regulation for building construction.</p> <p>b) Establishing facilities for generation of renewable energy sources.</p> <p>c) Reporting on presence of dead carcasses.</p> <p>d) Supervision and maintenance of ICDS Centres.</p> <p>e) Maintaining tourist infrastructure and amenities at the village level.</p> <p>f) Regulating the use of haat sheds at the Sub-Divisional level markets not falling</p> |

| S. No. | Name of Sector/Department | Activities under Zilla Panchayat | Activities under Gram Panchayat |
|--------|---------------------------------|--|---|
| | | i) Maintaining tourist infrastructure and amenities at the district level. j) Promotion of use of renewable energy sources. k) Maintaining haat sheds at the Sub-Divisional level markets not falling under the jurisdiction of ULBs. l) Assisting the State Government in collection of data/ survey/ maintenance of law & order and IEC activities. | under the jurisdiction of ULBs. g) Collection of data for the state Government and reporting to the District Administration of the law & order situation including potential dangers and disturbances. |
| 16 | All Centrally Sponsored Schemes | As per guidelines given by GOI | As per guidelines given by GOI |

B. Devolution of Functions to Urban Local Bodies (ULBs)

Similarly the Twelfth Schedule added to the Constitution by the 74th Amendment lists eighteen functions are to be devolved to the urban local bodies. States were free to set the speed and design of their approach towards decentralization under the general framework of the Constitutional mandate. The Sikkim Municipalities Act, 2007 provides for devolution of all the 18 functions included in the Twelfth Schedule to the Municipal Corporations, Municipal Councils and Nagar Panchayats.

Following are the details of functions transferred to the urban local bodies in Sikkim.

| S. No. | Name of function / service | Whether function transferred | Tier to which transferred | Remarks |
|--------|---|------------------------------|---------------------------|--|
| 1 | Urban planning including town planning. | No | – | |
| 2 | Regulation of land-use and construction of buildings. | Yes | Corporation | Only regulation of construction and approval of BPP. |
| 3 | Planning for economic and social development. | No | – | |
| 4 | Roads and bridges. | – | – | |
| 5 | Water supply for domestic, industrial and commercial purpose. | – | – | |

| S. No. | Name of function / service | Whether function transferred | Tier to which transferred | Remarks |
|--------|--|------------------------------|---------------------------|--|
| 6 | Public health, sanitation conservancy and solid waste management. | Yes | All Tiers | Sanitation conservancy & solid waste is transferred. Sewerage is still being looked after by PHED. |
| 7 | Fire services. | No | – | |
| 8 | Urban forestry, protection of the environment and promotion of ecological aspects. | No | – | |
| 9 | Safeguarding the interests of weaker sections of society, including the handicapped and mentally retarded. | No | – | |
| 10 | Slum improvement and up-gradation. | No | – | |
| 11 | Urban poverty alleviation. | Yes | All Tiers | |
| 12 | Provision of urban amenities and facilities such as parks, gardens, playgrounds. | No | Corporation and Councils | Only Parks and gardens |
| 13 | Promotion of cultural, educational and aesthetic aspects. | No | – | |
| 14 | Burials and burial grounds; cremations, cremation grounds; and electric crematoriums. | No | – | |
| 15 | Cattle pounds; prevention of cruelty to animals. | No | – | |
| 16 | Vital statistics including registration of births and deaths. | Yes | Corporation | |
| 17 | Public amenities including street lighting, parking lots, bus stops and public conveniences. | Yes | All Tiers | Only Parking & Public conveniences |
| 18 | Regulation of slaughter houses and tanneries. | Yes | Nagar Panchayats | Only Rangpo Nagar Panchayat |

2. Own Revenues of Local Bodies

In order to functions as institutions of self-governance, the local bodies (both rural and urban local bodies) in Sikkim are empowered to raise tax and non-tax revenues. Sikkim Government vide notification no. 05/RM&DD/P dated 27/09/2010 has fixed the taxes, their rates and the fees to be levied by the Gram Panchayat (see **Annexure-II** for the notification). The department is actively involved not only in sensitizing Panchayat representatives for raising own resources but is also monitoring their efforts in this direction.

As per the Government's notification the taxes and non-taxes levied by the GPs in Sikkim are as follows:

- a) Household Tax
- b) Water and Sanitation Tax

- c) Village Road and Environment
- d) Sale of Tender Forms
- e) Building Construction fee
- f) Other Miscellaneous Receipts (Bank interest, donation, disposal of unserviceable items, charges for use of Panchayat Gars/ Conference Halls/ other properties etc.) (As per Panchayat resolution duly approved by Gram Sabha)
- g) Trade License fees and hawker license fees
- h) Fees on Mela / Picnic etc. in rural area
- i) Fees for construction of temporary sheds for any kind of social gathering in public property
- j) Fees for minor dispute redressal

As the ULBs have recently been formed in the State in 2010-11, the transfer of functions is taking place progressively. Sikkim Municipalities Act, 2007 empowers the Municipalities in the State to raise resources by way of levying taxes and non-taxes.

Table 2 and 3 gives the own revenue mobilization by the PRIs and ULBs respectively during the period 2012-13 to 2016-17. (For details on own revenues relating to different tiers of local bodies refer to Schedules and Statements).

Table 2: Own Revenues of Rural Local Bodies in Sikkim

| | | (Rs. in lakh) | | | | |
|----------|-----------------------------|---------------|--------------|---------------|---------------|---------------|
| | | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
| A | Own Revenues (1+2) | 13.71 | 85.29 | 106.12 | 125.08 | 142.24 |
| 1 | <i>Own tax (a+b)</i> | <i>0.00</i> | <i>0.00</i> | <i>0.00</i> | <i>0.00</i> | <i>0.00</i> |
| a | Immovable Property Tax | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| b | Other Taxes | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 2 | <i>Own non-tax (a to e)</i> | <i>13.71</i> | <i>85.29</i> | <i>106.12</i> | <i>125.08</i> | <i>142.24</i> |
| a | Water Charges | 1.03 | 0.54 | 2.04 | 6.01 | 5.54 |
| b | Fees/User charges | 9.75 | 20.54 | 24.42 | 23.07 | 31.70 |
| c | Irrigation Charges | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| d | Any other | 0.00 | 25.79 | 38.18 | 30.95 | 39.54 |
| e | Trade License | 2.93 | 38.42 | 41.48 | 65.05 | 65.46 |

Table 3: Own Revenues of Urban Local Bodies in Sikkim

(Rs. in lakh)

| | | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
|----------|-----------------------------|---------------|---------------|---------------|---------------|---------------|
| A | Own Revenues (1+2) | 490.43 | 491.28 | 579.27 | 637.17 | 822.14 |
| 1 | <i>Own tax (a+b)</i> | <i>67.32</i> | <i>32.61</i> | <i>54.75</i> | <i>55.76</i> | <i>90.50</i> |
| a | Immovable Property Tax | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| b | Other Taxes | 67.32 | 32.61 | 54.75 | 55.76 | 90.50 |
| 2 | <i>Own non-tax (a to g)</i> | <i>423.11</i> | <i>458.67</i> | <i>524.52</i> | <i>581.41</i> | <i>731.64</i> |
| a | Water Charges | 343.16 | 356.69 | 403.50 | 462.26 | 558.94 |
| b | Fees/User charges | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| c | Irrigation Charges | 67.09 | 81.85 | 101.84 | 107.11 | 123.84 |
| d | Rental Income | 7.33 | 9.96 | 5.28 | 6.64 | 15.96 |
| e | Sales & Hire Charges | 0.10 | 0.63 | 0.14 | 0.13 | 20.36 |
| f | Other Income | 5.43 | 9.54 | 13.76 | 5.27 | 12.54 |
| g | Any other (Bank Interest) | 343.16 | 356.69 | 403.50 | 462.26 | 558.94 |

3. Financial Performance of PRIs

The tables 4 and 5 present respectively the sources of revenue and expenditures of Zilla Panchayats in Sikkim for the period 2012-13 to 2016-17 while tables 6 and 7 shows the sources of revenue and expenditure of Gram Panchayats in Sikkim for the above mentioned period.

Table 4: Revenues of Zilla Panchayats in Sikkim

(Rs. in lakh)

| Item | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
|--|---------------|----------------|---------------|----------------|----------------|
| Own Tax | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Own Non-Tax(incl. user charges) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total Own Revenue | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Assignment + Devolution | 119.00 | 142.00 | 159.00 | 268.00 | 633.00 |
| Grants-in-Aid from Stat Govt. | 340.00 | 299.00 | 410.00 | 912.00 | 660.00 |
| Transfer from 13 th FC/ 14 th FC | 484.00 | 829.00 | 105.00 | 202.00 | 0.00 |
| Total Revenue | 943.00 | 1270.00 | 674.00 | 1382.00 | 1293.00 |

Table 5: Expenditures of Zilla Panchayats in Sikkim

(Rs. in lakh)

| Item | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
|--------------------------|---------------|----------------|---------------|----------------|----------------|
| Revenue Expenditure | 943.00 | 441.00 | 569.00 | 1180.00 | 1293.00 |
| Capital Expenditure | 0.00 | 829.00 | 105.00 | 202.00 | 0.00 |
| Total Expenditure | 943.00 | 1270.00 | 674.00 | 1382.00 | 1293.00 |

Table 6: Revenues of Gram Panchayats in Sikkim

(Rs. in lakh)

| Item | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
|--|----------------|----------------|----------------|----------------|----------------|
| Own Tax | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Own Non-Tax (incl. user charges) | 13.71 | 85.29 | 106.12 | 125.08 | 142.24 |
| Total Own Revenue | 13.71 | 85.29 | 106.12 | 125.08 | 142.24 |
| Assignment + Devolution | 274.00 | 328.00 | 367.00 | 625.00 | 1412.00 |
| Grants-in-Aid from Stat Govt. | 240.00 | 63.00 | 151.00 | 88.00 | 1319.00 |
| Transfer from 13 th FC/ 14 th FC | 1124.00 | 1893.00 | 2215.00 | 2317.00 | 2511.00 |
| Total Revenue | 1651.71 | 2369.29 | 2839.12 | 3155.08 | 5384.24 |

Table 7: Expenditures of Gram Panchayats in Sikkim

(Rs. in lakh)

| Item | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
|--------------------------|----------------|-----------------|-----------------|-----------------|-----------------|
| Revenue Expenditure | 2110.18 | 3018.62 | 3280.90 | 3623.90 | 6073.70 |
| Capital Expenditure | 7193.82 | 10177.38 | 6923.10 | 7346.10 | 10805.30 |
| Total Expenditure | 9304.00 | 13196.00 | 10204.00 | 10970.00 | 16879.00 |

Similarly tables 8 (a and b) and 9(a and b) presents the sources of revenue and expenditures of Gangtok Municipal Corporation, Municipal Councils and Nagar Panchayats in the State for the period 2012-13 to 2016-17.

Table 8a: Revenues of Gangtok Municipal Corporation

(Rs. in lakh)

| Item | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
|---|---------------|---------------|---------------|---------------|----------------|
| Own Tax | 25.51 | 25.52 | 26.80 | 31.50 | 53.10 |
| Own Non-Tax (incl. user charges) | 291.76 | 296.05 | 324.22 | 374.94 | 423.03 |
| Total Own Revenue | 317.27 | 321.57 | 351.02 | 406.44 | 476.13 |
| Assignment + Devolution | 162.44 | 195.22 | 221.39 | 145.20 | 165.17 |
| Grants-in-Aid from Stat Govt. | -- | -- | -- | -- | 129.44 |
| Transfer from 13 th FC/14 th FC | 16.79 | 1.84 | 8.86 | 155.82 | 499.02 |
| Others | 10.46 | 8.85 | 4.30 | 218.7 | -- |
| Total Revenue | 506.96 | 527.48 | 585.57 | 926.16 | 1269.76 |

Table 8b: Revenues of Municipal Councils and Nagar Panchayats in Sikkim

(Rs. in lakh)

| Item | Municipal Council | | | | | Nagar Panchayats | | | | |
|---|-------------------|--------------|---------------|---------------|---------------|------------------|---------------|---------------|---------------|---------------|
| | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
| Own Tax | 9.00 | 0.00 | 0.00 | 5.15 | 4.60 | 32.81 | 7.09 | 27.95 | 19.11 | 32.80 |
| Own Non-Tax (incl. user charges) | 41.99 | 49.08 | 49.94 | 108.02 | 158.72 | 89.36 | 113.54 | 150.36 | 98.45 | 149.89 |
| Total Own Revenue | 50.99 | 49.08 | 49.94 | 113.17 | 163.32 | 122.17 | 120.63 | 178.31 | 117.56 | 182.69 |
| Assignment + Devolution | 34.46 | 41.42 | 47.03 | 40.89 | 46.52 | 78.18 | 93.06 | 106.66 | 37.09 | 42.18 |
| Grants-in-Aid from Stat Govt. | 0.00 | 0.00 | 0.00 | 0.00 | 25.76 | 0.00 | 0.00 | 0.00 | 0.00 | 32.07 |
| Transfer from 13 th /14 th FC | 3.81 | 4.14 | 5.09 | 43.88 | 140.53 | 3.02 | 3.29 | 4.05 | 39.80 | 127.45 |
| Others | 6.74 | 2.27 | 2.80 | 217.92 | 0.00 | 10.11 | 1.87 | 2.29 | 199.82 | 0.00 |
| Total Revenue | 96.00 | 96.91 | 104.86 | 415.86 | 376.13 | 213.48 | 218.85 | 291.31 | 394.27 | 384.39 |

Table 9a: Expenditure of Gangtok Municipal Corporation

(Rs. in lakh)

| Item | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
|--------------------------|---------------|---------------|---------------|---------------|---------------|
| Revenue Expenditure | 408.03 | 448.83 | 493.72 | 543.09 | 597.40 |
| Capital Expenditure | 68.14 | 74.95 | 82.45 | 90.69 | 99.76 |
| Total Expenditure | 476.17 | 523.79 | 576.17 | 633.78 | 697.16 |

Table 9a: Expenditure of Municipal Councils and Nagar Panchayats in Sikkim

(Rs. in lakh)

| Item | Municipal Council | | | | | Nagar Panchayats | | | | |
|--------------------------|-------------------|--------------|--------------|---------------|---------------|------------------|---------------|---------------|---------------|---------------|
| | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
| Revenue Expenditure | 71.24 | 79.53 | 95.44 | 251.51 | 293.02 | 122.94 | 172.25 | 233.24 | 201.97 | 225.37 |
| Capital Expenditure | 1.55 | 7.90 | 4.14 | 22.02 | 17.45 | 44.09 | 43.81 | 190.57 | 52.32 | 99.29 |
| Total Expenditure | 72.79 | 87.43 | 99.58 | 273.53 | 310.47 | 167.03 | 216.06 | 423.81 | 254.29 | 324.66 |

4. Elections

As envisaged in the Amendment Act the State Government is regularly holding elections for its local bodies. The State Election Commission of Sikkim was constituted in 1992 as an independent constitutional body in pursuance of the 73rd and 74th Amendment of the Constitution of India and is vested the responsibility for superintendence, direction and control of preparation of electoral rolls for and conduct of all elections to local bodies in a free and fair manner.

The last elections of the Rural Local Bodies in Sikkim were held on 3 November 2017 while that of Urban Local Bodies was held on 15 October 2015.

5. Audit of Accounts

In keeping with the recommendations of Eleventh Finance Commission and guidelines issued by Ministry of Finance, the Government of Sikkim has entrusted the task of audit of accounts of Panchayati Raj Institutions to C&AG under Section 20(1) of C&AG's DPC Act 1971 in August 2001. Accordingly, audit of the GPs is being conducted biannually and ZPs annually by the office of the Principal Accountant General since May 2003 as per the methodology and procedure enshrined in Auditing Standards and the Guidelines issued by C&AG from time to time. Accounts of PRIs are also audited by the Director, Local Fund Audit and by a Chartered Accountant hired for this purpose. The state Government has adopted the revised format prepared by CAG for accounting purposes. Latest year up to which the accounts of the rural local bodies have been audited is 2016-17.

The account of ULBs are maintained by ULB themselves (Senior Finance Officer at the Gangtok Municipal Corporation and Municipal Executive Officer in all other ULBs). Statutory Audit of the financial statement is carried out by Chartered Accountants. The Technical Guidance & Support (TG&S) is being provided by the AG Office and the audit is also being carried out by the Director, Local Fund Audit, FRED (i.e. Finance, Revenue and Expenditure Department).

The ULBs follow Sikkim Municipal Accounting Manual which is based on National Municipal Accounting Manual being provided to all the States by the Ministry of Urban

Development, Government of India for uniform procedure. Audit of the urban local bodies in Sikkim has been carried out up to 2016-17.

6. Market Borrowings

Though the Sikkim Municipalities Act, 2007 has some provisions to raise loans by the ULBs, the ULBs have not raised any loans or borrowings (for details refer to Chapter XII, Sections 68 to 80 of the Act).

As regards the PRIs, there is no such enabling provision in the Sikkim Panchayat Act, 1993, which empower the rural local bodies to raise loans.

7. State Finance Commissions

Constitution of a State Finance Commission every five years is mandated in Article 243I (1) and 243Y (1) of the 73rd and 74th Constitutional Amendment Act (CAA) of India, 1993. The State Finance Commissions are assigned the task of reviewing the financial position of local bodies and making recommendations on the sharing and assignment of various taxes, duties, tolls, fees etc. and grants-in-aid to be given to the local bodies from the consolidated fund of the State.

Following the Constitutional obligation, Sikkim set up its first Commission on 22nd July 1998. The Commission submitted its Report on 16th August 1999. The Second State Finance Commission was notified on 5th July 2003. This Commission deliberated over a year and submitted its Report on 30th September 2004.

Third Finance Commission of the State was constituted in March 2009 and it submitted the report in February 2010. The report of the Commission covered the five years period 2010-11 to 2014-15. The Fourth Finance Commission of Sikkim was constituted in June 2012 and it submitted the report in May 2013.

The Fifth SFC of Sikkim was constituted in the month of August 2016. The Commission submitted its report in July 2017. The recommendations of the Fifth State Finance Commission of Sikkim are for the five year period from 2020-21 to 2024-25. The details of the recommendations of the different State Finance Commissions along with the Action taken by Government of Sikkim are dealt with in the next section.

The dates of constitution of the different State Finance Commissions, dates of submission of their reports and the period of coverage of each of tall the Five SFCs along with the date of submission of the Action taken Report (ATR) by the State Government is presented in table 10.

Table 10: Status of State Finance Commissions

| Round | Date of Constitution of SFC | Date of Submission of Report | Period of coverage of SFC | Date of Submission of ATR |
|--------------|------------------------------------|-------------------------------------|----------------------------------|----------------------------------|
| First SFC | 22.07.1998 | 16.08.1999 | 2000-01 to 2004-05 | June 2000 |
| Second SFC | 05.07.2003 | 30.09.2004 | 2005-06 to 2009-10 | 25.2.2006 |
| Third SFC | 04.03.2009 | 27.02.2010 | 2010-11 to 2014-15 | 23.03.2010 |
| Fourth SFC | 15.06.2012 | 15.05.2013 | 2015-16 to 2019-20 | November 2014 |
| Fifth SFC | 17.08.2016 | 31.07.2017 | 2020-21 to 2024-25 | 10.03.2018 |

It may be noted that the urban local bodies in the State were set up only in 2010-11. As a result the recommendations of the first three State Finance Commissions of the State relate only to the Panchayat Raj Institutions (PRIs).

III. Recommendations of State Finance Commissions and Action Taken by the Government

In this section we present the recommendations of the 3rd, 4th and the 5th State Finance Commissions of Sikkim and the Action taken by the State Government on these recommendations.

A. Recommendations of the 3rd State Finance Commission and Action Taken by the Government

| | Recommendations of the 3rd State Finance Commission | Action Taken |
|---|--|---|
| 1 | <ul style="list-style-type: none"> • Household Tax @ Rs. 5/-, Rs, 10/- and Rs.15/- per month from each household- small, medium, and bigger respectively. • For Resorts, hotel, restaurant, guest houses @ Rs. 5000/- per annum. • Water and Sanitation Tax @ Re. 1/- per month from each household. • Village Road and Environment Tax @ Rs. 2/- per month from each household. • Panchayat Recommendation /Clearance Certificate Fees @ Rs. 20/- per case. Sale of Tender Forms as per Government norms. • Building Construction fee @ Rs. 2/- per Sq. ft. for RCC building and @ Re. 1/- per sq. ft. for Ekra /Kacha structure. • Other Miscellaneous Receipts (Bank interest, donation, disposal of unserviceable items, charges for use of Panchayat Ghars/ Conference Halls/ other properties etc.) (As per Panchayat resolution duly approved by DPC). • Trade License fees and hawker license fees as per UD&HD rates. • Fees on Mela/Picnic etc. in rural area. (As per Panchayat resolution duly approved by DPC). • Fees for construction of temporary sheds for any kind of social gathering in public property. • Fees @ Rs. 20/- per application/case for minor dispute redressal. (Such redressal forum should be created in GPs). | Accepted with modification, i.e. Household Tax for resorts, hotels, restaurant & guest houses to be Rs.2500 per annum in place of Rs.5000 per annum |
| 2 | <p>Annual administrative expenditure of 163 Gram Panchayats and 4 Zilla Panchayats has been estimated at Rs. 600.00 lakhs for the year 2010-11 and it is estimated that this expenditure will increase by 8% per annum therefore; the total administrative expenditure for a period of 5 years i.e. 2010-2015 is estimated at Rs. 3667.00 lakhs.</p> <p>Gap between the administrative expenditure and own revenue of the PRIs is 418.00 lakhs for the year 2010-11 and Rs. 2600. lakhs for a period of 5 years i.e. 2010-15.</p> <p>It is recommended that this gap in the administrative expenditure and revenue can be met by sharing of net proceeds of following revenue (Land Revenue, Stamps and registration, Tax on Sale, Trade etc., Animal Husbandry, Forestry and Wildlife, Minor Irrigation, Village and small industries, and Tourism) of the State Government and duly</p> | Accepted but subject to the availability of adequate funds |

| | Recommendations of the 3rd State Finance Commission | Action Taken |
|---|---|---|
| | supplemented by grants-in-aid by the State Government. It is recommended that for the financial year 2010-11, 2% of the net proceeds of State revenue from the above sources which comes to Rs. 117.10 lakhs may be transferred to the PRIs. | |
| 3 | Distribution of share of revenue as recommended above in between the ZPs and the GPs will be in the ratio of 40:60 and the internal allocation in-between the ZPs and GPs will be on share percentage based on population figures of 2001 | Accepted with modification in the ratio as 30:70 |
| 4 | It is recommended that for a five year period of 2010-15 the State Government may provide Specific Purpose Grant from the following 15 Sectors (Agriculture, Horticulture, Animal Husbandry, HRDD, Health, Forest, Commerce & Industries, Disaster Management, Irrigation, Culture, Rural Management & Development, Co-operative, Social Welfare, Tourism, and Power) at a percentage rate ranging from 2% to 35% (approx). In addition to the above recommendations, salary provisions upto Junior High School level shall continue to be released to GPs by HRDD. The total annual allocation under this head comes to Rs. 7679.30 Lakh. For 5 years it works out to Rs. 46882.88 lakhs (2010-2015) excluding Teacher's salaries. The distribution of above fund between the ZPs and the GPs will be in the ratio of 30:70. The horizontal distribution among the 4 ZPs will be on the basis of population and area. The internal distribution between the GPs will be on the basis of population figure of 2001 | Accepted but subject to the availability of adequate funds |
| 5 | In addition to the Specific Purpose Grant given by various departments to PRIs, it is further proposed that a General Purpose Grant at an approx 20% of State Plan budget under RMDD sector should be made available to the PRIs as Untied Fund. It is estimated that annual allocation of this General Purpose Grant would come to Rs. 2439.00 lakhs and for 5 years this grant would come to Rs. 14891.00 lakhs. It is further recommended that the internal distribution of this grant between ZPs and GPs may be in the ratio of 10:90, and the horizontal distribution among the various GPs may be based on population | Accepted but subject to the availability of adequate funds and review based on performance |
| 6 | Municipalities will impose and collect the following revenues: <ul style="list-style-type: none"> • Property tax, • Toll tax, • Other taxes, • Sanitation charges, • Parking, • Rent from premises, • Other charges, • Blueprint fee, • License fee, • Other fees& Fines. | Accepted, but UD&HD shall devise appropriate methodology to impose & collect the revenue. Devolution is limited to 1.5% of net collection. Grants release is subject to performance review of ULBs. |

| | Recommendations of the 3rd State Finance Commission | Action Taken |
|---|--|--|
| | <p>Anticipated collection for 2010-11 is Rs. 316.00 lakhs and accordingly Rs. 1919.00 lakhs will be collected for 5 years (2010-15). Administrative expenses for ULBs are estimated at Rs. 767.00 lakhs for 2010-11 and Rs. 4678.00 lakhs for 2010-15. The gap between the administrative expenses and the own revenue of the ULBs comes to Rs. 451.00 lakhs for 2010-11 and Rs. 2759.00 lakhs for 5 years (2010-15).</p> <p>Out of net proceeds of the States revenue under Entertainment Tax and Trade Tax /VAT, it is recommended to share Rs. 125.00 lakhs for 2010-11 and Rs. 685.00 lakhs for 5 years (2010-15). There would still be a gap of Rs. 326.00 lakhs in 2010-11 and Rs. 2074.00 lakhs in 2010-15.</p> <p>This gap may partially be met from anticipated savings out of existing administrative expenditure of UD&HD. The CFC/Government of India may be requested to provide special funds of Rs. 1850.00 lakhs for meeting the committed liability of ULBs for effective devolution of powers as per 74th Amendment.</p> <p>Beside this, for carrying out the different functional activities of the Municipalities, grant @ Rs. 2000.00 lakhs annually with 10% increase i.e. Rs. 12210.00 lakhs for 5 year (2010-15) should be provided.</p> | |
| 7 | As per provision under Art.280 (3) (bb) of the Constitution, the 12th CFC had allocated Rs. 1400.00 lakhs to Sikkim for PRIs and ULBs. It is recommended that CFC/Government of India may allocate such grant @ Rs. 150 per capita per annum. The annual allocation would thus be Rs. 871.00 lakhs and for 5 years it comes to 4355.00 lakhs (2010-15) | 13th FC has given recommendation, and transfer of funds to be made as provided. |
| 8 | Monitoring and evaluation of performance of the PRIs shall be undertaken by Directorate of Panchayats. Special incentive grant of Rs. 20.00 lakhs to each of top 3 GPs and Rs. 30.00 lakhs to the top ZP annually may be provided | Accepted with modification: Rs. 2.00 lakhs to each of top 4 GPs. Rs. 5.00 lakhs to one top ZP annually |
| 9 | Every GP and ZP shall have a separate account for Non-plan grant including collection of revenue. All the revenue collected or levied etc will be deposited in this account. The Non Plan Grant of Government shall also be deposited in this account. Accordingly it is recommended that the Panchayat Act and Finance rules should be amended to allow for different account one for Plan and other for Non plan by the respective GPs. This fund should be used for expenditure on salary, honorarium, expenditure on maintenance, purchase of stationary, equipment, etc. and to meet expenditure of Gram Prasashan Kendra. This account may be operated by Panchayat President and Secretary. All withdrawal from this account for any specific purpose can be made based on format prescribed by DLFA. Such expenditure should conform to the budget of the GP approved | No action is required since the simplified accounts formats prescribed by C & AG for PRIs addresses this issue |

| | Recommendations of the 3rd State Finance Commission | Action Taken |
|----|--|---|
| | by DPC. The monthly bank statement of this account indicating the receipt and expenditure should be submitted to respective DPO who will compile such bank statement of the District and submit the report to DLFA bi-monthly. DLFA will take up auditing of accounts of the GPs and ZPs from time to time and see that the expenditure is as prescribed and approved by District Planning Committee | |
| | Other Recommendations: | |
| 10 | As per the Sikkim Panchayat Act, Section 40, at present, the rates of levy of Taxes, fees are to be approved by the State Government. This approval of the rates by the State Government is resulting delay in implementation of this provision. As such, it is recommended that the authority to approve the rates for levying of taxes and fees may be delegated to the DPC. The Commission is recommending minimum rates for various fees and taxes in the report. However, representatives of GP may revise these rates upwards with the prior approval of the Gram Sabha and submit to the DPC for approval | Power retained by the Govt., since DPC is a statutory body specifically constituted to supervise the formulation of plans at GPs/ ZPs & ULBs. However, Govt. decided to constitute an appropriate mechanism to oversee this. |
| 11 | It is recommended that the Sikkim Panchayat Act may be suitably amended and provide for creation of a Directorate of Local Fund Audit under the Finance, Revenue and Expenditure Department. This Directorate shall be responsible for conducting audit of all the Gram Panchayats, Zilla Panchayats and Urban Local Bodies | Accepted, since, one of the conditions for release of General Purpose Grant awarded by 13th FC is that the Annual Report of DLFA must be placed before the State Legislature. Modalities relating to the constitution of the body will be prescribed by the Government. |
| 12 | DPC should be under direct administrative control of Planning Department. District Planning Officers shall also be under the control of Planning Department. The Planning Department should create a separate cell in the Planning Department to monitor the functions of DPC | Accepted. Separate Demands No. 43 & 46 are proposed to be opened for PRIs & ULBs respectively under the administrative control of Development Commissioner, DPER & NECAD |
| 13 | All the plan funds of the various LDs reflected in the respective | This recommendation |

| | Recommendations of the 3rd State Finance Commission | Action Taken |
|----|--|--|
| | budget of various Line Departments should be placed at the disposal of the Development Commissioner who will re-allocate the fund to the District Planning Officers | may not be acted upon in view of the fact that from this current financial year a separate head of demand for grants has been created for PRIs in the Government budgets |
| 13 | Every GP should prepare Annual Budget which will take into consideration the sectoral allocation for GPs. The budget of GP will be placed in Gram Sabha and after approval of Gram Sabha will be submitted to DPC. DPC will examine the budget (in prescribed format) of GPs and will approve the budget or return it to the GP with observation if any. If the budget is returned back to the GP by the DPC, the GP should rectify the budget and obtain the approval of the Gram Sabha and re-submit to the DPC. Every ZP and ULB will also follow the same procedure in regard to their Annual Budget as recommended above. The District Plan may be consolidated taking into account the annual budget of all the GPs of the particular district, annual budget of the ZP and annual budget of ULBs of the District. Such District Plan may be sent to DPER & NECAD by DPC and same will form part of the State Plan | Accepted by the Government |
| 14 | All the fund whether pertaining to certain revenue, taxes etc. must be accounted for in the budget and no drawal from any of the GP account should be made which is not in consonance with the approved budget. DPC may constitute a Sub-committee to examine the budget of two or three GPs and Sub-committee will submit their report to the General Body of DPC. The member of the Sub-committee may be selected in the DPC meeting for the period as determined by DPC. DPC may invite Government officials of various Departments with having knowledge of finances to be member of Sub-committee | Accepted by the Government |
| 15 | Commission has recommended that the PRIs should follow the GP Financial Rules & ZP Financial Rules strictly & prepare annual statement of Accounts, Monthly Statement of accounts; Annual Budgets etc. Directorate of Panchayat should conduct effective monitoring & supervision of the respective Panchayats | Model Accounting System be adopted by all the GPs |
| 16 | The Commission has recommended that a permanent State Finance Commission Cell may be set up within FRED | Accepted by the Government. Finance Commission Division under FRED shall be entrusted with the work of the State Finance Commission Cell |

| | Recommendations of the 3rd State Finance Commission | Action Taken |
|----|---|---|
| 17 | Commission has recommended that one accountant & one Chowkidar to each GP may be provided. The GPs may be empowered to select & appoint suitable candidates on suitable pay. The GPs will meet up the expenditure from their own revenue | Posting of accounts personnel to each of the GPs will be taken up by FRED. GPs may appoint Chowkidar for the Gram Prasashan Kendras provided they are able to meet the wage component from their own resources |
| 18 | Commission has recommended that the Salary of Rural Development Assistant & Gram Rojgar Sahayaks posted under GPs should be paid through respective GPs. Similarly, the honorarium of GP members should be paid through concerned GPs | Accepted by the Government |
| 19 | It is recommended that the quantum of grants that will be available to each GP and ZP should be predictable and specific. No re-appropriation from Sectoral funds earmarked for PRIs should be allowed | Accepted by the Government |
| 20 | It is recommended that grants to PRIs should be released in two installments. Various Line Departments should place the entire earmarked PRI funds at the disposal of Development Commissioner through letter of allotment at the beginning of the year. The Development Commissioner may re-allocate the fund to DPOs who will transfer the funds to the PRIs. | Entire budget of the PRIs is being reflected in a separate head of account from the current FY. Therefore, no action on this is required. Since, the fund from GoI is released in monthly installment; grants to PRIs will be released in 4 installments as usual |
| 21 | It is recommended that the PRIs should submit the Utilization Certificates on annual basis to District Planning Officer (DPO), who will forward copies to all concerned Line Departments and Directorate of Local Fund Audit (DLFA). | Accepted by the Government. However, there is no need to forward the copies of Utilization Certificates to all concerned Line Departments. Since a separate demand for PRIs is proposed from this financial year |

| | Recommendations of the 3rd State Finance Commission | Action Taken |
|----|--|----------------------------|
| 22 | It is recommended that the SFC should be constituted in advance in such a manner that the report of the SFC is available for consideration of the CFC. Accordingly the 4th SFC may be constituted in November 2011 i.e. 1 year in advance of the 14th CFC, which is likely to be constituted in November 2012 | Accepted by the Government |
| 23 | Concerned Line Departments should depute/handover the officials/personnel/ infrastructure engaged fully in various CSSs as per the activity mapping at the disposal of the ZPs/GPs. Their salary etc may continue to be paid by the Line Departments. ACRs of all these officials/ personnel will be written /countersigned by the ZPs/GPs | -- |
| 24 | Activity mapping of all Centrally Sponsored Schemes would be taken up/ reviewed | -- |

B. Recommendations of the 4th State Finance Commission and Action Taken by the Government

| | Recommendations of the 4th State Finance Commission | Action Taken |
|----|---|--|
| 1. | The Commission recommended that a web portal and online MIS is essential for not only having a ready to use database but also for tracking and updating the fund transfers and utilization certificates received on a monthly basis. The Commission recommended that (ATRs)/status on recommendations must be updated annually, and include mandatory write up on the changes/improvements being achieved in local finances and governance due to SFC/CFC recommendations. The ATRs along with the implementation status of the recommendations should be uploaded, annually, on the web portal. | Installation of Panchayati Raj Institute Accounting Software (PRIASoft) subject to improvement of poor network connectivity in all GPs and also necessary training for official functionaries. Similar standard software for ULBs also to be developed, strengthening manpower and connectivity. |
| 2. | The Commission recommends that constitutionally mandated DPCs should be given their rightful ownership in deciding the decentralized district development planning priorities through their involvement as parties to the agreement as per the relevant guidelines. (Para 2.15) | Accepted by the Government. |
| 3. | The Commission recommends that District Plans should invariably be integrated into State Plan as per the guidelines in force. (Para 2.16) | Accepted by the Government. |
| 4. | The Commission recommended that a suitable mechanism be devised by the concerned departments to include Sabhapatis of Gram Panchayats as grassroots level representatives of the citizens in the DPCs. | Accepted. Notification to be issued by competent authority in line with the Notification 27/ |

| | Recommendations of the 4th State Finance Commission | Action Taken |
|----|---|--|
| | | RM&DD/P dated 13.04.2013. |
| 5. | Commission recommended that fund transfers meant for GPs should be made directly to them, with intimation of such fund transfers communicated to Additional District Collector (Development) and other relevant functionaries. | Accepted and FRED will issue suitable Notification. |
| 6. | The Commission recommended that the plan proposals for activities transferred to the Rural Local Bodies (i.e. GPs and ZPs) should be prepared by themselves. However, to facilitate the preparation of plan proposals by Rural Local Bodies (RLBs) the concerned Line Department must provide GP and ZP wise fund allocations, as an annual practice, and the timely release of these funds directly to the RLBs need to be ensured by DPER&NECAD and FRED. | Government accepted the recommendation subject to preparation of plan proposal based on actual expenditure of last financial year with certain growth acceptable to the Planning Commission. |
| 7. | The Commission recommended that officials and field functionaries should be deputed to the GPs to the extent possible, and they shall have lien to their concerned parent departments, but shall be directly under the administrative control of the GPs for the period of their posting. | Government has accepted to maintain status quo till such time requisite infrastructure is created. |
| 8. | <p>The Commission, after consultations with various Line Departments, GPs, and ZPs on the existing devolution and review of the activity mapping vis-à-vis the list of matters in the Eleventh Schedule, and duly examining the limited but valuable information/views shared by them, has decided to recommend the following:</p> <ol style="list-style-type: none"> i. Payment of salaries of employees of PHSC through GP by fund transfer from the concerned Line Department. ii. Payment of honorarium to ASHA workers through GPs. iii. Issue of certificate of birth and death by GPs. iv. Maintenance & minor repairs of PHSC and PHC through GPs. v. Community fodder bank/pasture development through GPs. vi. Silage preparation at farmer's level in the GPs. vii. Implementation of drought relief through GPs. viii. Functionaries from veterinary dispensaries and stockman centres under direct administrative control of GPs. ix. Renting of houses for veterinary centres in villages through ZPs. x. Bull maintenance through ZPs. xi. Although payment and disbursement of salaries of teachers under Primary and Junior High Schools are made by PRIs, the Assistant Directors, HRDD, posted to BACs are entrusted with the administrative matters of the teachers under PRIs. The Commission recommends that GPs should also have the responsibility over administrative/ disciplinary matter of Primary School teachers. xii. The Commission recommends release of grants-in-aid (from | Government has accepted the recommendations except Sl. No. iii and xiii. |

| | Recommendations of the 4th State Finance Commission | Action Taken |
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| | <p>NRHM) to Village level Health & Sanitation Committees (VHSCs) through respective GPs, and utilization of untied fund of NRHM by PHSCs and PHCs through GPs.</p> <p>xiii. Collection of irrigation tax shall be assigned to the GPs.</p> <p>xiv. Transfer repair works of Minor Irrigation Channels to the GPs.</p> <p>xv. 10% funds of National Rural Drinking Water Supply Program (NRDWP) should be transferred to PRIs as O&M fund, as per the program guidelines.</p> <p>xvi. Review of the Activity Mapping of all Central Sponsored Schemes (CSSs) wherein the GPs are a centrality to the implementation of such schemes, and assign functions & functionaries to PRIs as per the CSSs guidelines. (Para 4.6)</p> | |
| 9. | <p>Regarding the power and functions of Panchayats, the Commission recommends that the GPs should have the responsibility over the disciplinary matter of the following officials:</p> <p>i. Anganwadi Worker.</p> <p>ii. Primary Health Worker.</p> <p>iii. Village Level Worker.</p> <p>iv. Rural Development Assistant.</p> <p>v. Gram Rozgar Sahayak.</p> <p>vi. Accredited Social Health Activist (ASHA)</p> <p>vii. Primary Teacher (Para 4.7)</p> | Accepted by the Government. |
| 10. | The Commission recommended that all GPs and ZPs prepare budgets for each year as stipulated in Sikkim Panchayat Act, which will enable them to spend on revenue and capital accounts as per the sanctioned funds by the State Government against the approved budgets of PRIs. | Accepted by the Government. |
| 11. | The Commission recommended that an administrative functionary be appointed as the Secretary of Gram Panchayat, as is the practice in other States, to streamline the grassroots activities of GPs, and to have a functionary who can be held accountable as well. The concerned line department shall also make necessary amendment to the Panchayat Act to facilitate such appointment. | The recommendation is being implemented vide Notification No. 100/RM&DD dated 10.06.2013. |
| 12. | Commission recommended that DPO shall be the district level nodal official for Local Bodies and their planning activities. DPO should be an official of DPER&NECAD posted in the district, which would enable DPO to optimally perform the role of Member Secretary-DPC, and thus allow him/her to coordinate with Local Bodies and State Planning Department - DPER&NECAD, in a streamlined manner. | Accepted by the Government. |
| 13. | <p>After consultation with Line Departments and ULBs on existing devolution of functions and functionaries, and review of activity mapping vis-à-vis the list of matters in the 12th Schedule, and after deliberating on the information/views shared by them, the Commission recommended:</p> <p>i) To strengthen administrative capacities of Nagar Panchayats, an Under Secretary or a suitable official be deputed to each of Nagar</p> | Accepted the recommendations except Sl. No ii, in view of inadequate experienced manpower which may be regulated with |

| | Recommendations of the 4th State Finance Commission | Action Taken |
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| | <p>Panchayat for functioning as full-fledged Municipal Executive Officer and efficient discharge of the duties and functions.</p> <p>ii) Matters/activities related to other line departments as listed in 12th Schedule should be fully devolved to ULBs, particularly since ULBs will be in their fifth year of existence, and have gained requisite operational experience and administrative strength.</p> <p>iii) DPO shall be the district level nodal official for all ULBs and for all decentralized planning activities/functions arising from the ULBs. DPO should be an official of DPER&NECAD posted in district, which would enable the DPO to optimally perform the role of Member Secretary-DPC and thus allow him/her to coordinate with Local Bodies and State Planning Department -DPER&NECAD, in a streamlined manner.</p> <p>iv) Ward Committees should be constituted in all ULBs for effective implementation of development schemes as per the subjects listed in the Twelfth Schedule.</p> | proper studies. |
| 14. | In the interest of the Nagar Panchayats, the Commission recommended that a suitable accounts official be transferred to them, which will not only enhance their capacities to deal with various transactions, but state of financial accountability will also be enhanced. | Not Accepted the recommendation of the Commission. It however advised Nagar Panchayats to appoint suitable people as per their requirements. |
| 15. | The Commission recommended that, in the spirit of true decentralized governance framework, GPs should be the final issuing authority for trade license at grassroots level. This will not only give higher accountability to GPs but also provide a platform to them to perform, conclusively, on the function devolved. | Accepted the recommendation of the Commission. |
| 16. | The Commission recommended that accounting personnel at ZPs be trained on financial accounting and management, so that reliable and meaningful information on finances of ZPs is available at all times. | Accepted by the Government. |
| 17. | The Commission recommended that in-house capacities of accounting personnel of ULBs need to be enhanced on accrual accounting and other financial accountability processes. | Accepted by the Government. |
| 18. | The Commission recommended that the levy of taxes and charges should be made after passing resolution in the Gram Sabhas. | Accepted subject to maintaining uniformity in levying taxes and charges. |
| 19. | The Commission recommended that the concerned Line Department and GPs to work in tandem for finalizing a mechanism to enable collection of Irrigation Tax by the GPs. | Accepted subject to maintaining uniformity in levying taxes and charges. |
| 20. | Commission recommended that a minimum of Rs.5.00 per tourist can be collected by ULBs, and GMC shall develop a mechanism for collection of tourist tax from the tourists. | Not Accepted. |

| | Recommendations of the 4th State Finance Commission | Action Taken |
|-----|---|---|
| 21. | Commission recommended that existing activity mapping be revisited by State Government, and all the functions be devolved fully to PRIs and ULBs along with necessary functionaries and funds, so that all Local Bodies will be in a position to maximize their own revenues. | Accepted by the Government. |
| 22. | Recommended that in revenue heads/functions where cost of collection is more than actual collection of revenue/income, the concerned Line Departments may involve Local Bodies for collection of such revenues duly paying them necessary service charges, and wherever it is practicable to assign entire function to Local Bodies, the concerned Line Depart may transfer such functions, as well. | Status quo to be maintained as this may cause further loss of revenue. |
| 23. | Considering the historical inflows to the Local Bodies against the share of taxes from State Government, the Commission recommended sharing 2.5% of the divisible pool of taxes with Local Bodies with a premise that State Finances will be elastic enough to transfer the recommended minimal percentage of funds out of the divisible pool of taxes, duties, tolls, and fees, and thus the need for State Government to further reduce the fund transfers against the recommendations of the Commission may not crop up. | Accepted, subject to: Net Tax Revenue based on actual collection (net of Cess, as Cess is collected based on certain Act and its accounting procedure is different. |
| 24. | The allocation of share of taxes to PRIs and ULBs is made on the basis of provisional rural and urban population figures of Census 2011, which is in the ratio of 75:25. | Government accepted the recommendation with modification in the sharing ratio from 75:25 to 80:20. |
| 25. | Commission recommended that the Grants-in-Aid to be split into two- 'Primary Grant' and Improvement Grant' – in the ratio of 70:30. Both Grants would be disbursed to all the Local Bodies on the basis of their respective population figures for all the years during the award period 2015-20. | Government accepted disbursement of both grants in the ratio of 70:30 to Local Bodies. |
| 26. | Commission recommended following conditions to be met by for LBs to qualify for Improvement Grant. These are (a) Utilization Certificate for SFC grants should be submitted in time and jointly signed by the Elected Representative heading the concerned local body and Secretary/Executive Officer of that particular body. (b) schemes/plans of Local Bodies intending to utilize the SFC grants must be approved by the Gram Sabhas for PRIs, and the Area Sabhas for ULBs, and such schemes/plans should be included in the District Annual Plan for the year 2016-17 which shall have the approval of the District Planning Committee (DPC), in accordance with the guidelines on preparation of District Plans issued by the Planning Commission, Government of India. Same mechanism should be followed for the subsequent years. (c) Each Local Body should prepare GP/ZP/Municipal budget, as relevant, for 2016-17 and seek approval of State Government for sanction of funds by March 2016, as per the provisions of Sikkim Panchayat Act and Sikkim Municipalities Act. Similarly, the Local Bodies should prepare their respective budgets for the next year and seek approval of the State Government by March | The Government has accepted the recommendation. The budget should be as prescribed in the Accounting manual of PRIs and ULBs. |

| | Recommendations of the 4th State Finance Commission | Action Taken |
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| | 2017, for claiming its Improvement Grant for the year 2017-18, and so on. | |
| 27. | Commission recommends that the concerned Line Departments shall ensure that Local Bodies satisfy these conditions for the release of Improvement Grant. In the event wherein a Local Body is unable to meet these conditions by 31st March of a particular financial year, it will only be entitled to the Primary Grant for the succeeding financial year. All Local Bodies which do not qualify the conditions will forfeit their share of Improvement Grant, and such forfeited grants for non-performance by Local Bodies will be retained by State Government, and will not be adjusted or re-allocated to any other Local Body, for that particular year. | Government accepted the recommendation. |
| 28. | The Commission recommends that GVAs should be given responsibility for GPs under their jurisdiction to satisfy the conditionality for availing the Improvement Grant. | Government accepted the recommendation and same shall apply for ULBs as well. |
| 29. | Commission suggested that on the basis of per capita expenditure, the award of grant under Article 280 (3) (BB) from 14th CFC towards augmenting the Consolidated State Fund for supplementing the resources of Panchayats and Urban Local Bodies, to be at least Rs. 900.00 per capita annually for the award period 2015-20. | Government accepted the recommendation and this has been incorporated in the Memorandum to the 14 th FC. |
| 30. | Commission suggested that 14th CFC should consider Census 2011 population figures while ascertaining the allocations to Local Bodies, wherever population is the criterion considering the demographic changes that have occurred after Census 1971, primarily for the reason that the State of Sikkim became part of the Indian Union only in 1975, and the population explosion in the State occurred mainly during the last four decades. Hence, the Commission believes that the population figure as of 1971 becomes inapplicable for determination of devolution of taxes and grants for the State of Sikkim. | The matter is already in the State's view. It has been reiterated in the MOU submitted to 14th Finance Commission. |
| 31 | Commission recommended that the nomenclature of Block Development Officer (BDO) be replaced with Block Administrative Officer. | Block Development Officers are re-designated as Gram Vikash Adhikari vide Notification No.155/ Gen/Dop dated 29.05.2013 and Block Administrative Centre as Gram Vikash Kendra |
| 32 | The Commission urges the Central Finance Commission/ Planning Commission/ concerned Central Line Ministries to devise a 'budgetary and fund transfer' mechanism that will allow the State Line Departments to invariably communicate the resources envelopes, well | No action regarding this is required as the matter pertains to Central Government. |

| | Recommendations of the 4th State Finance Commission | Action Taken |
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| | in advance, to the Local Bodies and the DPCs. The Commission, further suggests that BRGF allocations to the Districts/States may be made partly conditional, and substantially incentivize (both in District and State components) those States, which have standardized processes in place to provide timely resource envelopes to the Local Bodies / DPCs. | |
| 33 | The Commission suggests that in line with the Plan Plus software, the Central Plan Scheme Monitoring System (CPSMS) should also have an option for the Citizens to publicly view the funds received by the implementing agencies and beneficiaries through treasury and society modes on various plan and non-plan schemes. The Commission feels that the age of 'Open Governance' with advent of e-modules for many a scheme has set in, and this is an appropriate time to facilitate such facilities to the Citizens (even without Aadhar number). This may even be considered as a step in the right direction towards maximum public disclosure. | The e- Panchayats module (Panchayats Enterprise Suite Application software) designed by Ministry of Panchayati Raj, GoI which includes 8 application software including Plan plus, PRIA soft, National Asset Directory, Action Soft etc. are available in the public domain. |
| 34 | The Commission feels that issues/recommendations pertaining to the Local Bodies in the SFC/ CFC reports should be widely disseminated and percolated down to them through focused knowledge transfer and capacity enhancement initiatives. The 14th CFC may allocate special grants to the districts for undertaking such capacity enhancement and knowledge dissemination initiatives across all the PRIs and ULBs. | Included in the public domain of the 14th Finance Commission. |
| 35 | Commission recommended that suitable legislative provision be introduced to empower SFCs to address those accepted recommendations (pertaining to the award period of immediate/previous SFC) but not being implemented with corrective measures, as subsequent SFC is being constituted for its report submission, well in advance of termination/lapse of the previous SFC award period. | This recommendation cannot be acted upon. |
| 36 | Commission recommended that Social Audit– cum–Vigilance Committee should also perform Social Audit for works/schemes of all Line Departments as per the activity mapping, irrespective of whether the works/schemes are implemented by Local Bodies or directly by the Line Departments. ULBs should also adhere to similar social audit mechanism. | Government accepted the recommendation. |
| 37 | Commission recommended that SFC funds/ grants may be transferred in four tranches in a particular financial year, preferably, in the months of April, July, October, and January, to lend a degree of certainty on timely fund transfers to the Local Bodies. | Government accepted the recommendation with minor modification. Transfer of funds to be in four tranches during May, August, November |

| | Recommendations of the 4th State Finance Commission | Action Taken |
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| | | and February. |
| 38 | Commission recommended that impact assessment study covering various parameters through utilization of SFC/CFC grants by Local Bodies be carried out by State Finance Commission Division, as a mid-term evaluation measure, the results /findings of which can be further used to streamline various systemic processes and identify areas for improvement within the decentralized governance and devolution framework. | Government accepted the recommendation. |
| 39 | Commission recommended that Panchayat Account Assistants (PAAs) for GPs, and similar accounting personnel for ZPs and ULBs should be intensively trained in the preparation of budgets, maintenance of accounts, and database management. | Government accepted the recommendation. |
| 40 | <p>Commission would like to record the following small yet critical points for the consideration of the State Government.</p> <p>i. The 12th FC has recommended a lifespan of 18 months for the SFCs. This Commission realized that the SFC tenure - in Sikkim - should be atleast for duration of 12 months, if not 18 months, as against the current practice of 6 months, for the fact that a detailed report addressing all the topics as per the model templates, needs to be prepared. The Commission recommends that the Fifth State Finance Commission (5th SFC) may be constituted, by all means, in April 2017.</p> <p>ii. Commission recommended that suitable budgetary allocation be made in State budget for 2017-18 so that requisite funds can be allocated in advance to the 5th SFC for its effective functioning.</p> <p>iii. Commission recommended that State Finance Commission Cell/Division be suitably strengthened for maintaining and updating financial data of local bodies, atleast, on a monthly basis. SFC Division should also be given the overall responsibility for processing of SFC /CFC grants, and related utilization and impact reports for the PRIs and ULBs in coordination with the concerned Line Departments. The SFC Division should devise mechanisms for monitoring the growth related to revenue receipts and expenditure of the State, PRIs, and ULBs.</p> <p>iv. Commission recommended that hard and soft copies of its report and ATR be circulated to all GPs, ZPs, and ULBs by SFC Division.</p> <p>v. Commission recommended that its report and ATR be uploaded on the State and National web portals.</p> <p>vi. Commission recommended that requisite dissemination of its recommendations and ATR should be taken up through focused knowledge and capacity enhancement initiatives by the institutions such as SFC Division, DLFA, and SIRD.</p> | Government accepted the recommendation and sl. no. ii to be included under State Finance Department at the appropriate time and Sl. No. v will be upload on the State portal. |

C. Recommendations of the 5th State Finance Commission and Action Taken by the Government

| | Recommendations of the 5th State Finance Commission | Action Taken |
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| 1 | Commission recommended to appropriately increase the devolution of resources to the LBs and emphasized on enhancing local resources mobilization through various initiatives. | Government accepted the recommendation as it is desirable but is constrained due to limited scope of resource mobilization. The matter is to be pursued with the 15th Finance Commission and Central Government Agencies. |
| 2 | Considering the unsustainable financial strengthening of the LBs the commission recommended to build an appropriate financial and functional accountability mechanisms. | The Prescribed procedure is already in place and the Government accepted the recommendation. However, the State is constrained due to its small resource base to provide appropriate powers and financial resources to fulfil people's expectations and Constitutional mandates. The Government approves the recommendation for pursuing the matter with the 15th Finance Commission and Central Government Agencies as recommended by the Government Committee. |
| 3. | Taking note on the financial deficiency of LBs the Commission recommended them to scale up their efforts and they should be provided appropriate powers and financial resources to fulfil people's expectations and the Constitutional mandate | Government accepted the recommendation. However, the issues involved are too large in so far as addressing the financial deficiencies of LGs. The Government agrees with the recommendation of the Commission to pursue these matters with the 15th Finance Commission and Central Government Agencies. |
| 4. | The Commission recommended to prepare an output oriented Responsibility Matrix in order to map the responsibility of PRIs and the ULBs as well as responsibility of the State government in relation to responsibilities of the PRIs/ULBs. | Government accepted the recommendation. |
| 5. | Commission recommended that an amount of at least 4.5% of the net proceeds of State's taxes, fees and levies should be devolved to PRIs and ULBs for the period of 2020-25. | Government accepted this recommendation. |
| 5a | The share of PRIs and ULBs from the above devolved resource should be in a ratio of 70:30 respectively which roughly corresponds to the expected rural and urban population during 2020-25. The resources between GPs and ZPs should be devolved in a ratio of 65:35 respectively. This ratio is suggested after understanding the current challenges of ZPs in accessing any other external resources. | |
| 6. | Commission recommended that an amount of 0.5% of the net proceeds of the State's Own Resources should be allocated | Government accepted this recommendation. |

| | Recommendations of the 5th State Finance Commission | Action Taken |
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| | for the State Level Capacity Building Fund. This Fund should be utilized by RM&DD and UD&HD for accessing specific capacity inputs from the market. | |
| 7. | Commission recommended that an additional 0.5% of the net proceeds should be allocated as Special Incentive Grant for special support to a certain number of PRIs and ULBs which are constrained by topography as well as inaccessibility and other peculiarities. | Government accepted this recommendation. |
| 8. | Commission recommended for the formation of a SFC Cell within FRED for monitoring of resource transfer and resource utilization. | The recommendation is ideal and desirable but the State is constrained with non-availability of required man power. Therefore, the present FCD of the FRED will continue to manage and function as SFC Cell. |
| 9. | Commission recommended for enhanced collection of taxes, fees and levies by PRIs and ULBs which may vary in different PRIs and ULBs in different regions. (i) nodal departments should fix a minimum and maximum amount for different rates at State or regional levels. (ii) While LGIs must be encouraged to deliberate upon innovative sources for generating their own resources, these charges must not be imposed irrationally. (iii) nodal departments should continuously monitor tax/charge collections and review and revise their rates at least once in two years. | Government accepted this recommendation. |
| 10. | State government should provide infrastructure and facilities available with them on concessional or subsidized rates to the PRIs and the ULBs for carrying out any activities related to their own resource mobilization. | Government accepted this recommendation. |
| 11. | Commission recommended that those PRIs and ULBs that are not in a position to access appropriate sources for generating their own revenue, due to their remoteness or certain peculiar circumstances, should be considered for remedial or compensatory measures by State Government. | Government accepted this recommendation. |
| 12. | Commission recommended that RM&DD in rural areas and UD&HD in urban areas in consultation with respective departments must identify/map constructions like Rural Marketing Centres and Tourism Wayside Amenities. Such infrastructure must be handed over to the respective LGs for optimal utilization. | Government accepted this recommendation. |
| 13. | Commission recommended that the terms and conditions associated with any such transfer and services associated with it should not be financially detrimental to financial or non-financial functions of PRIs. | Government accepted this recommendation. |
| 14. | Commission recommended that PRIs/ULBs and local corporate should develop project partnerships as part of the Clause 1 of Section 135 of the Indian Companies Act 2013. | Government accepted the recommendation. RMDD and UDHD may formulate operation and management guidelines in consultation with Commerce and Industries Department and Energy and Power Department and, notify them before the commencement of financial year 2020. |

| | Recommendations of the 5th State Finance Commission | Action Taken |
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| 15. | Commission recommended a collective of GPs to federate to develop joint business opportunities with a clear-cut division of labour and sharing of resources and to provide appropriate technical guidance and support in this regard such as organic farming for floriculture and horticulture. The role of GPs and ZPs would be in marketing the farm produce collectively. | Government accepted the recommendation however, without disturbing the existing parameter laid down in the Organic Mission and Village Tourism. |
| 16. | Commission recommended promoting village tourism through the concept of home stays by forming clusters of interested GPs. PRIs will play a role as a marketing agent of these home stays and therefore ensure the quality of services provided to the tourists. | Government accepted this recommendation. |
| 17. | Commission recommended implementation of a participatory consolidation process under the GPDPs within the control of the DPC. Financial federation of GPs will usher healthier relations between GPs and ZPs. | This is not viable as each of the GPs as well as ULBs is independent entities. |
| 18. | Commission recommended that intra organization coordination for participatory consolidation is important. This is visualized between PRIs and ULBs for proper development of urban business models and ultimately, coordination should be maintained to keep the supply chain intact between UD&HD, RM&DD, PRIs and ULBs and a holistic development model will be created. | Organic Mission and Village Tourism are already in place and may be strengthened. |
| 19. | For the purpose of incentivizing PRIs and ULBs, the Commission recommended for an increase in the current honorarium rates keeping in mind the workload, social obligations, and inflation of the elected representatives and government officials. Commission suggested that the honorarium amount should be arranged from the Consolidated Fund of the State. | Government has already announced enhancement of honorarium and the present system of financial assistance from the consolidated fund of the State should continue via devolution. |
| 20. | Commission recommended incentivizing coordination between GPs, ZPs and ULBs. This includes: Meetings and supports. | Government accepted the recommendation. The Administrative Departments' concerned may coordinate and provide the required support. |
| 21. | Commission recommended creation of Panchayats and Municipal Cadres, and Directorate of ULBs. | Government accepted the recommendation. Panchayat Cadre is already in existence and the formation of Municipal Cadre is under process. Administrative Departments may initiate necessary action. |
| 22. | Commission recommended that the Capacity Building arrangements in the State should be reviewed to explore their convergence for undertaking integrated capacity building approaches. | Government accepted this recommendation. |
| 23. | Commission recommended that the strategies for capacity and training and capacity building efforts must aim at making delivery of services quick, cost effective and responsive to people's requirements. | Government accepted the recommendation and the Administrative Departments concerned may take necessary steps. |
| 24. | The Commission recommends more such state level training centres for capacity building and developing soft skills of the citizens for increasing employment opportunities for them. For this purpose, linkages with national level institutions can | Government accepted the recommendation and the Administrative Departments concerned may take necessary steps. |

| | Recommendations of the 5th State Finance Commission | Action Taken |
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| | also be considered for improved quality. | |
| 25. | Commission recommended for an unambiguous and efficient accountability mechanism for all financial expenditures done at the level of PRIs and ULBs as well as expenses incurred by nodal departments for PRIs and ULBs. All such expense related data should be made available in one place for scrutiny of State audit authorities. | Government accepted the recommendation. UD&HD may also develop uniform accounting software for all ULBs as done by PRIs with “PRIA Soft” Accounting Software which has Audit Tools feature. |
| 26. | Commission expressed its concerns on state of accountability system in LBs and recommends the mandatory annual audit for them. | Government accepted the recommendation. As per the recommendation of 13 th Finance Commission annual auditing of Local Bodies are mandatorily being carried out by both office of the Accountant General and Directorate of Local Fund Audit under FRED and reports thereof placed before the State Legislative Assembly. |
| 27. | Commission recommended preparing and implementing a Result Based Monitoring System on the basis of Responsibility Matrix for LBs. The nodal departments must annually publish a summary report on experiences of RBM for public consumption and use. | In view of the administrative constrains reported by the concerned administrative departments the Responsibility Matrix has not been implemented to the desired effect. The concerned administrative departments may initiate required action for preparation of Responsibility Matrix broadly prescribed by the Commission. |
| 28. | Commission recommended the Central Government to address issues that are too large for the State to handle, such as, issue of connectivity, Strategic linkages by government for professional capacity building, Disaster mitigation/ management etc. | Government accepted the recommendation and agrees with the Commission that these issues are too large for the State to handle. These are to be pursued with the Central Government Agencies and 15 th FC. |
| 29. | Commission requests the 15th Finance Commission to look into above recommendation and suggest appropriate measures for institutionalization of such special supports from Central Government for PRIs and ULBs in Sikkim. | Government accepted the recommendation and agrees to pursue with the Central Government Agencies and 15th FC. |
| 30. | The Central Finance Commission should also consider a grants for Zilla Panchayats as ZPs in Sikkim play important role being the only second tier of two tier system of PRIs in Sikkim and the only elected bodies to take care of any development needs above the Gram Panchayat. | Government accepted the recommendation. RMDD may analyze the flow of fund to ZPs as per the recommendation of 13 th FC and the resulting gap due to discontinuation by the 14th FC with present status on their actual requirement of fund to be incorporated in the Memorandum for placing before the 15th FC and to any other agencies of Central Govt. |
| 31. | After discussions with ULBs and UD&HD of Sikkim, it was found that no ULBs have buildings/separate offices for their proper functioning. Currently, they are renting out buildings belonging to private owners and other Government offices. Hence, there is a need to build their offices in order to | Government accepted the recommendation. UD&HD may prepare a detailed project report immediately so that this may be placed before 15th FC for |

| | Recommendations of the 5th State Finance Commission | Action Taken |
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| | improve their efficiency and effectiveness. However, the cost for these buildings is not in the capacity of the State to spend. Central Government can support them in providing funding for the same. Thus, it is proposed that 15th FC should suggest appropriate institutional mechanism for financial supports to construct separate offices for each of the ULBs in the State. | consideration or any other agencies of Central Government. |

IV. Status of Implementation of Recommendations of Central Finance Commissions

A. Thirteenth Finance Commission

The Thirteenth Finance Commission recommended local body grant of Rs.18685.27 lakhs to Sikkim during the 5 years of its award period from 2010-11 to 2014-15. Of this Rs.18461 lakhs was for the rural local bodies while Rs.224.27 lakhs was for the urban local bodies in the State. The Thirteenth Finance Commission divided its local body grants into an unconditional basic grants and performance grants for which the State Government had to fulfill certain conditions. Of the local body grants meant for Sikkim Rs.12240.10 lakhs were basic grants and Rs.6445.17 lakhs were performance grants. Table 11 presents the details of local body grants recommended by the Thirteenth Finance Commission.

Table 11: Local Body Grants Recommended by the 13th FC

(Rs. in lakh)

| Year | Basic Grant | | | Performance Grant | | |
|------------------------|-----------------|---------------|-----------------|-------------------|--------------|----------------|
| | PRIs | ULBs | Total | PRIs | ULBs | Total |
| 2010-11 | 1716.00 | 24.07 | 1740.07 | 0.00 | 0.00 | 0.00 |
| 2011-12 | 1992.00 | 27.94 | 2019.94 | 680.00 | 0.00 | 680.00 |
| 2012-13 | 2327.00 | 32.63 | 2359.63 | 1598.00 | 6.37 | 1604.37 |
| 2013-14 | 2761.00 | 38.71 | 2799.71 | 1883.00 | 22.40 | 1905.40 |
| 2014-15 | 3275.00 | 45.75 | 3320.75 | 2229.00 | 26.40 | 2255.40 |
| Total (2010-15) | 12071.00 | 169.10 | 12240.10 | 6390.00 | 55.17 | 6445.17 |

Table 12 shows the local body grants actually received by Sikkim. From the table one can see that of the total basic grants which were unconditional and did not require submission of Utilization Certificate (UC), the State received only Rs.10745.90 lakhs which was 65.22 percent of its share of its basic local body grants (for both rural and urban local bodies). The total local body grants received by Sikkim during the award period of the 13th Finance Commission (i.e., for the period 2010-11 to 2014-15) was Rs.12121.01 lakhs.

Table 12: 13th FC Local Body Grants Received by Sikkim

(Rs. in lakh)

| Year | Basic Grant | | | Performance Grant | | |
|------------------------|-----------------|--------------|-----------------|-------------------|-------------|----------------|
| | PRIs | ULBs | Total | PRIs | ULBs | Total |
| 2010-11 | 858.00 | 12.04 | 870.04 | 0.00 | 0.00 | 0.00 |
| 2011-12 | 2672.53 | 11.77 | 2684.30 | 0.00 | 0.00 | 0.00 |
| 2012-13 | 1501.86 | 15.00 | 1516.86 | 106.00 | 1.66 | 107.66 |
| 2013-14 | 2721.77 | 15.00 | 2736.77 | 344.16 | 3.12 | 347.28 |
| 2014-15 | 2920.79 | 17.14 | 2937.93 | 915.00 | 5.17 | 920.17 |
| Total (2010-15) | 10674.95 | 70.95 | 10745.90 | 1365.16 | 9.95 | 1375.11 |

The 13th Finance Commissions funds have being utilized by PRIs in Sikkim for the following purposes:

- Strengthening of Gram Sabhas & IEC activities.
- Maintenance of basic civic services by the panchayats including Disaster Management.
- Creation of physical infrastructure for the panchayats.
- Strengthening e-panchayat & new accounting structure.

A permanent SFC Cell has been set up under FRED (Finance and Revenue Department, Government of Sikkim).

The State Government were required by the Commission to put in place a supplement to the budget documents for local bodies, showing details of plan and non-plan wise classification of transfers separately for all categories of Urban Local Bodies and all tiers of PRIs, from major head to object head, which have been depicted in the main budget under the minor heads 191, 192 and 193; and 196,197 and 198, respectively. Sikkim has introduced a supplement to the main budget depicting information for the local bodies under the Demand No. 43 and 46 for PRIs and ULBs.

For PRIs, an accounting framework and codification pattern consistent with the Model Panchayat Account System was prescribed. Besides this, eight data based formats prescribed by C&AG were to be compiled. Similarly for ULBs, an accounting framework consistent with the accounting format and codification pattern, suggested in National Municipal Accounts Manual, was recommended.

The accounting framework & codification pattern consistent with model Panchayat Account system as prescribed by C&AG has been put in place. The accounting framework of ULBs is as per the National Municipal Accounting Manual and has been recorded as Sikkim Municipal Accounting Manual.

Accounts of local bodies were required to be prepared and audited on a regular basis in a uniform manner across all states. For this, C&AG were to be given Technical Guidance and Support (TG&S) over the audit of all the local bodies and his Annual Technical Inspection Report and Annual Report of the Director of Local Fund Audit were to be placed before the state legislature.

The above statements were prepared and placed before the State Legislature. The dates of placement of these statements in the State Legislature are given below for Rural Local Bodies.

| Year | Date of report placed before state legislature |
|-------------|---|
| 2010-11 | 28.02.2013 |
| 2011-12 | 05.10.2013 |
| 2012-13 | 28.06.2014 |
| 2013-14 | 28.03.2016 |
| 2014-15 | 18.03.2017 |
| 2015-16 | 30.01.2018 |

The accounts of ULBs are being audited by the office of the CAG and also by Director, Local Fund Audit. The details of placement of Annual Technical Inspection Report (ATIR) in the State Legislature are as follows:

| Year | Date of Placing of ATIR by CAG | Date of placing of ATIR by LFA |
|-------------|---------------------------------------|---------------------------------------|
| 2011-12 | 05.10.2013 | - |
| 2012-13 | 28.06.2014 | - |
| 2013-14 | 28.03.2016 | - |
| 2014-15 | 18.03.2017 | 04.02.2015 |
| 2015-16 | 30.01.2018 | 16.03.2016 |
| 2016-17 | - | 14.03.17 |
| 2017-18 | - | 28.02.18 |

As regards the recommendation relating to the passing of the legislation for putting in place a system of independent local body ombudsmen to look into complaints of corruption and maladministration against the functionaries of local bodies, both elected members and officials, the State Government has passed the legislation vide Notification no. 6/LD/P14 dated 27/02/2014 regarding The Sikkim Lokayukta Act, 2014 for putting in place a system of independent local body ombudsmen. The State Government, through a notification No.21/RMDD/P dated 20.01.2014, has appointed Inquiring Ombudsman for both ULBs and PRIs.

As per the guidelines issued by Ministry Finance, Government of India (No. 12 (2) FCD/2010 dated 23.09.2010) States have to put in place a system to electronically transfer local body grants provided by the 13th FC to the respective local bodies within a stipulated time. Grants to Local Bodies are being transferred to elected local bodies within 10 days on receipt of grant from Central Government. However, in places where easily accessible banking infrastructure is not available attempts are being made through alternative channels to transfer these funds on a timely manner. However, due to the compulsions of election related norms and in some cases due to technical reasons delay in remittance of Grant in aid happened on a few occasions in case of both PRIs and ULBs. The total amount paid as

interest on account of delayed transfer of funds in case of Rural Local Bodies was Rs.13,67,688/- and the total number of days of delay is 106 days. In the case of ULBs, there were 4 instances of delays in the transfer of funds. The total number of days delayed in the release of funds to ULBs by Government of Sikkim in case of ULBs was 106 days.

As recommended by the 13th Finance Commission, Sikkim Government has notified (vide Gazette Notification No. 35(1)93-94/20/RDD/P dated 3rd November, 1995) qualifications of persons eligible for appointment as members of the SFC, consistent with Article 243 I (2). This is placed at **Annexure III**.

As regards standards for delivery of all essential services provided by the urban local bodies is concerned, out of the four basic functions to be benchmarked, only Solid Waste Management has been transferred to ULBs till date. Therefore, only this function has been benchmarked and the Service Level Benchmarking is notified through Government Gazette. The latest notification is placed at **Annexure IV**.

B. Fourteenth Finance Commission

The Fourteenth Finance Commission recommended local body grant of Rs.19839.00 lakhs to Sikkim during the 5 years of its award period from 2015-16 to 2019-20. Of this Rs.14849.00 lakhs was for the rural local bodies and Rs.4990.00 lakhs was for urban local bodies. The Fourteenth Finance Commission also divided its local body grants into an unconditional basic grants and a conditional performance grants. Of the total local body grants for Sikkim Rs.17356.00 lakhs was for the basic grant and Rs.2483 lakhs were for performance grants.

Unlike the previous Central Finance Commissions, the local body grant of the Fourteenth Finance Commission meant for rural local bodies was for Gram Panchayats only. As a result the Zilla Panchayats in the State did not receive any grants from the Fourteenth Finance Commission.

Till date (i.e., till 2017-18) the State government has received Rs.9114.00 lakhs as local body grants (Rs.8297 lakhs as Basic grants and Rs.817 lakhs as Performance grants). Table 13 presents the details of local body grants recommended by the Fourteenth Finance Commission.

Table 13: Local Body Grants of the 14th Finance Commission

(Rs. in lakh)

| Year | Grants Recommended | | | | Actual Grant Received | | | |
|---------|--------------------|----------------|-------------------|---------------|-----------------------|----------------|-------------------|---------------|
| | Basic Grant | | Performance Grant | | Basic Grant | | Performance Grant | |
| | PRIs (GPs) | ULBs | PRIs (GPs) | ULBs | PRIs (GPs) | ULBs | PRIs (GPs) | ULBs |
| 2015-16 | 1603.00 | 479.00 | 0.00 | 0.00 | 1604.00 | 479.00 | 0.00 | 0.00 |
| 2016-17 | 2220.00 | 663.00 | 291.00 | 196.00 | 2220.00 | 663.00 | 291.00 | 196.00 |
| 2017-18 | 2565.00 | 766.00 | 330.00 | 221.00 | 2565.00 | 766.00 | 330.00 | 0.00 |
| 2018-19 | 2967.00 | 886.00 | 374.00 | 252.00 | - | - | - | - |
| 2019-20 | 4009.00 | 1198.00 | 490.00 | 329.00 | - | - | - | - |
| 2015-20 | 13364.00 | 3992.00 | 1485.00 | 998.00 | 6389.00 | 1908.00 | 621.00 | 196.00 |
| | 17356.00 | | 2483.00 | | 8297.00 | | 817.00 | |

The process of implementation of recommendations of the Fourteenth Finance Commission has been undertaken by the State Government and is under process.

V. Suggested Approach for the Fifteenth Finance Commission for Local Bodies in Sikkim

A. Rural Local Bodies

Sound finance of panchayats is a constitutional obligation. As the Panchayats are heavily dependent on grants from both the Central and State, revenue transfers from the Central and State Government to them is very crucial. Though the Panchayats in Sikkim have been vested with increased powers to raise revenues, their capacity to generate resources for carrying out the responsibilities assigned to them is weak and grossly inadequate. It is therefore important that adequate finances be available with the Panchayats to match the transferred functions based on the activity mapping for the devolution of funds, functions and functionaries (3Fs).

In Sikkim, the PRIs are a two-tier system comprising of ZPs and GPs. The ZPs play important role in Sikkim. Being the second tier of two tier system of PRIs in Sikkim, ZPs are the only elected bodies to take care of any development needs above the Gram Panchayats. Moreover, ZPs in Sikkim have historically been quite active in rural development planning in the district. The 14th Finance Commissions recommended local body grants for GPs. The higher two tiers of local self-governments, the ZPs and Block Panchayats did not receive any grant from the 14th FC. The transfers received by ZPs from the State Government on the recommendations of the State Finance Commission (in this case 4th SFC) is not adequate. As a result they are not able to perform their constitutionally mandated roles. This has also affected the efficiency in functioning of the PRI system as a whole in the state. It is, therefore, requested to the 15th FC to consider the financial needs of ZPs and like the earlier Central Finance Commissions (10th, 11th, 12th and 13th FCs) provide (local body) grants for the ZPs.

Human Resource support in the PRIs.

The following table give the details of manpower in place in Sikkim at different levels for carrying activities related to the PRIs and also the source of funding for these personnel.

| Sl. No | Level | Manpower/Type posted | No. | Funded through |
|--------|----------------|---------------------------|-----|---|
| 1. | State | State Project Coordinator | 1 | Rashtriya Gram Swaraj Abhiyan as State Resource Group |
| 2. | State | Office Helper | 2 | Rashtriya Gram Swaraj Abhiyan |
| 3. | District | Panchayat Coordinators | 8 | Rashtriya Gram Swaraj Abhiyan as State Resource Group |
| 4. | Block/ Cluster | Information Technical | 32 | Was funded through Rajiv Gandhi Panchayat |
| | | | | Sashaktikaran Abhiyan (RGPSA). However, |

| Sl. No | Level | Manpower/Type posted | No. | Funded through |
|--------|----------------|---------------------------------------|-----|--|
| | | Assistant (ITA) | | the HR component under the scheme was delinked. |
| 5. | Gram Panchayat | Panchayat Development Assistant (PDA) | 185 | <ul style="list-style-type: none"> Due to their nature of work and experience earned and the sheer investment made on them for training, the State took the decision to retain them and are being paid through the 10 per cent administrative funds of Panchayat (FFC) at a reduced salary. |
| | | Panchayat Accounts Assistant (PAA) | 185 | |

The existing manpower stationed at various levels are playing a vital role in implementation of e-Panchayat application, Gram Panchayat Development Plan (GPDP) and various Central & State schemes / programme in Panchayati Raj. Their efforts have been recognized at the National Level. Awards such as Devolution Awards, e-panchayat Award, PSP & RGGS are testimony to the diligence of the various levels of Panchayat Functionaries posted at the grass-root level.

With the delinking of the HR component of the under the scheme either the State Government has to fund the salaries of these personnel or the PRIs have to generate own resources which is highly unlikely given the meager source of own revenues of local bodies in the State.

Any Gram Panchayat requires services of Panchayat Accounts Assistant (PAA) and Panchayat Development Assistants (PDA) while in each Block/Cluster there is a need for Information Technical Assistants (ITA). There are 185 GPs and 32 Blocks/Clusters in Sikkim which require adequate manpower to manage their mandated task efficiently.

The total funds required every year for providing salary to the personnel deployed in the PRIs in Sikkim would be around Rs. 20.00crores. The total funds required for this would be Rs. 100 crores for the 5 year period of the 15th Finance Commission.

Infrastructural support in the PRIs.

In order to improve their efficiency, effectiveness and to carry out their administrative functions, the Panchayat Ghar (Village Administrative Centre) is one of the most important infrastructures of the Gram Panchayat.

Many GPs in the State do not have their own premises and operate from rented accommodations. While the in other GPs that have own premises, they require considerable repair and maintenance.

It is propose that a sum of Rs.1000 crores be provided to the State so that construction of new Panchayat Ghars and repair and maintenance of old Panchayat Ghars in the state can be undertaken.

It is proposed that the 15th Finance Commission consider providing financial assistance to the Rural Local Bodies towards

| | | |
|----------|--|------------------------|
| 1 | Provisioning of Human Resources in the PRIs (for a period of 5 years) | Rs. 100 crores |
| 2 | Construction of Panchayat Ghars in GPs in the State that do not have own premises and also for repair and maintenance of old Panchayat Ghars in other GPs | Rs. 1000 crores |
| | Total Requirement for PRIs (for 5 year award period of the Commission) | Rs. 1100 crores |

B. Urban Local Bodies

The 14th FC recommended Basic Grants to local bodies with the objective of supporting and strengthening delivery of basic civic services provided by them. These basic civic services include water supply, sanitation including septic management, sewage and solid waste management, storm water drainage, maintenance of community assets, maintenance of roads, footpaths, street-lighting, burial and cremation grounds and other basic services within the functions assigned to them under relevant legislations. Although the 14th FC did not distinguish between O&M and capital expenditure within the components of basic services, the guidelines issued by Ministry of Finance required that the cost of technical and administrative support towards O&M and capital expenditure should not exceed 10 percent of the allocation to a local body (Gram Panchayat or Municipality).

It is important to build capacity of the elected representatives and other functionaries of the local governments by imparting training. It is submitted to the Commissions that funds may be allocated for enhancing the capacity of elected representatives and executives of the urban local bodies.

With increased focus on digitization by the government, there is a need for provisioning and strengthening of basic infrastructure like computers, furniture and other peripherals in the ULBs. It is urged that the Commission to provide assistance so that the basic infrastructure like computers, furniture and other peripherals could be supplemented as one time measure.

The tentative requirement on basic infrastructure for ULBs in Sikkim are as follows:

| Sl. No. | Name of the ULB | Tentative Requirement for Basic Infrastructure <i>(Rs. in crores)</i> |
|----------------|---------------------------------------|---|
| 1. | Gangtok Municipal Corporation | 2.20 |
| 2. | Namchi Municipal Council | 1.40 |
| 3. | Nayabazar-Jorethang Municipal Council | 1.40 |
| 4. | Gyalshing Municipal Council | 1.40 |
| 5. | Rangpo Nagar Panchayat | 1.20 |
| 6. | Singtam Nagar Panchayat | 1.20 |
| 7. | Mangan Nagar Panchayat | 1.20 |
| | Total | 10.00 |

Most of the ULBs in Sikkim do not have proper offices and town halls for their efficient functioning. This has also been highlighted by the 5th State Finance Commission.

The Department urges the 15th Finance Commission to provide one time grant of Rs. 500 crores towards construction of local body offices in these ULBs.

The Commission is also requested to provide a onetime grant of Rs. 100 crores for construction of town halls these ULBs. The tentative requirement under this is as follows:

| Sl. No. | Name of the ULB | Requirement for Town Hall <i>(Rs. in crores)</i> |
|----------------|---------------------------------------|--|
| 1. | Gangtok Municipal Corporation | 25.00 |
| 2. | Namchi Municipal Council | 15.00 |
| 3. | Nayabazar-Jorethang Municipal Council | 15.00 |
| 4. | Gyalshing Municipal Council | 15.00 |
| 5. | Rangpo Nagar Panchayat | Being Constructed through State funding |
| 6. | Singtam Nagar Panchayat | 15.00 |
| 7. | Mangan Nagar Panchayat | 15.00 |
| | Total | 100.00 |

The Department also urges the Commission to provide financial assistance of Rs.50 crore for setting up Training Institute for providing training to the elected representatives and officials of the local bodies in Sikkim and other neighboring states.

It is proposed to the 15th Finance Commission to consider providing financial assistance to Urban Local Bodies in Sikkim towards

| | | |
|---|--|-------------------|
| 1 | Provisioning of basic infrastructure like computers, furniture etc. (one time requirement) | Rs. 10.00 crores |
| 2 | One time grant for construction of Office of urban local bodies | Rs. 500.00 crores |
| 3 | One time grant for construction Town Halls in ULBs in Sikkim | Rs. 100.00 crores |
| 4 | One time financial assistance for setting up a Training Institute in Sikkim | Rs. 50.00 crores |

The following table summarizes the proposal of Government of Sikkim for provision of grants for local bodies in the State by the 15th Finance Commission during its 5 year award period from 2020-21 to 2024-25.

| Sl. No. | Department | Particulars | Amount (Rs. crores) | Total (Rs. crores) |
|--------------------|-------------------|--|---------------------|--------------------|
| 1 | ULB | 1) Provisioning of Basic Infrastructure | 10.00 | |
| | | 2) Construction of ULB Office | 500.00 | |
| | | 3) Construction of Town Halls | 100.00 | |
| | | 4) Setting up of Training Institute | 50.00 | |
| | Total ULBs | | | |
| 2 | RLB | 1) Provisioning of Human Resources | 100.00 | |
| | | 2) Construction of new Panchayat Ghars and also repair and maintenance of old Panchayat Ghars in GPs | 1000.00 | |
| | Total RLBs | | | |
| GRAND TOTAL | | | | 1760.00 |

1. Projected Resource Requirement for Local Bodies from the 15th Finance Commission

The tables 14 and 15 respectively show the projected expenditure of Rural Local Bodies (RLBs) and the Urban Local Bodies in Sikkim for the award period of the 15th Finance Commission (i.e., 2020-21 to 2024-25).

The total projected expenditure for the both the tiers of Rural Local Bodies in Sikkim for the award period of the 15th Finance Commission is Rs.1,35,682.11 lakhs of which Rs.74,766.21lakhs is capital expenditure meant for creation of buildings and community assets in the rural areas in Sikkim. Around Rs.34,572.67 lakhs would be required for meeting the expenditure towards maintenance of infrastructure for water supply, buildings and community assets, roads, and sanitation (incl. Strom Water Drainage and Solid Waste Management) in the rural Sikkim. The other components of expenditure relates to salary and wages of the panchayat functionaries including the honorarium to the elected members of the local bodies (i.e., Establishment expenditures) and expenditures towards welfare of citizens.

Table 14: Projected Expenditures of RLBs

(Rs. in lakh)

| | Rural Local Bodies | Projections for 15 th FC | | | | | Total |
|---|----------------------------------|-------------------------------------|-----------------|-----------------|-----------------|-----------------|------------------|
| | | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | |
| 1 | Establishment | 4249.70 | 4538.66 | 4855.00 | 5201.52 | 5581.01 | 24425.90 |
| 2 | Maintenance | 6007.76 | 6423.19 | 6874.83 | 7366.11 | 7900.78 | 34572.67 |
| 3 | Capital Expenditure | 12246.53 | 13471.18 | 14818.28 | 16300.11 | 17930.12 | 74766.21 |
| 4 | Welfare Expenditure for citizens | 368.11 | 375.28 | 382.86 | 390.91 | 399.45 | 1916.62 |
| 5 | Any other (pl. specify) | 0.12 | 0.13 | 0.14 | 0.16 | 0.17 | 0.72 |
| | Total | 22872.22 | 24808.43 | 26931.12 | 29258.80 | 31811.53 | 135682.11 |

The urban local bodies in Sikkim were formed only in 2010-11. They are still in their early stages and hence require adequate funds for carrying out functions and responsibilities entrusted to them properly. The grant given to the urban local bodies in Sikkim by the 13th Finance Commission was negligible (Rs. 169.10 lakhs as Basic grants and Rs.55.17 lakhs as Performance grants) as there was no urban local body in Sikkim during time of the 13th Finance Commission. However, the grants recommended by the 14th Finance Commission for ULBs in Sikkim was considerably higher at Rs. 4990 lakhs (Rs.3992 lakhs as Basic grants and Rs.998 lakhs as Performance grants) for the five years 2015-16 to 2019-20.

Table 15: Projected Expenditures of ULBs

(Rs. in lakh)

| | Urban Local Bodies | Projections for 15 th FC | | | | | Total |
|---|----------------------------------|-------------------------------------|----------------|----------------|----------------|----------------|-----------------|
| | | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | |
| 1 | Establishment | 1178.54 | 1296.39 | 1426.03 | 1568.63 | 1725.49 | 7195.08 |
| 2 | Maintenance | 240.88 | 264.96 | 291.46 | 320.61 | 352.67 | 1470.57 |
| 3 | Capital Expenditure | 307.18 | 337.89 | 371.68 | 408.85 | 449.74 | 1875.34 |
| 4 | Welfare Expenditure for citizens | 1.82 | 2.00 | 2.20 | 2.43 | 2.67 | 11.12 |
| 5 | Any other (pl. specify) | 468.38 | 515.22 | 566.74 | 623.42 | 685.76 | 2859.53 |
| | Total | 2196.79 | 2416.47 | 2658.12 | 2923.93 | 3216.32 | 13411.63 |

The total projected expenditure requirement for the urban local bodies for the 5 year award period of the 15th FC (i.e., 2020-21 to 2024-25) works out to Rs.13411.63 lakhs. The detailed statement for each of the urban local body is given in Schedule 6B.

Thus total projected expenditure requirement for

- **both the tiers of Rural Local Bodies in Sikkim for the award period of the 15th Finance Commission is Rs.1,356.8211 cores and**
- **urban local bodies in Sikkim for the 5 year award period of the 15th FC (i.e., from 2020-21 to 2024-25) works out to Rs.134.1163 crores**

The 15th FC should keep the projected expenditures of the both the rural and urban local bodies in view while considering the devolution of grants to the State.

2. Issues Raised by the 5th SFC for Consideration by the 15th Finance Commission

The State Finance Commission wanted to draw attention of the 15th Finance Commission about the special needs of the PRIs and ULBs in hilly and resource constrained states such as Sikkim. The Commission pointed out that Sikkim depends heavily on the central grants to provide its citizens the much-needed public services. The PRIs and the ULBs have special needs, which cannot be fulfilled by the State alone without the additional supports from Central Government. The Commission, after discussions with the different departments of the State Government as well as local self-governments in the State has identified challenges that it wants Central Government to address. These are

A. Issues of Connectivity:

- All weather road connectivity***: Due to erratic weather conditions road connectivity often gets disrupted. This leads to hampered road connectivity and thus a lack of coordination and communication between institutions of local self-government. Thus, there is a need for all weather road connectivity. As this is an issue too large for the State to handle, the Commission recommends the Central Government and the 15th FC to address this issue.
- Internet connection (For e-governance and e-literacy)***: Another challenge that is faced by the State is lack of good internet connectivity. With increasing need for digitization as can be seen by the Central Government's schemes and programmes, the need for internet based development has increased. E-governance and e-literacy have taken the forefront and payments through internet are promoted. However, internet connectivity at such a large scale is difficult for the State Government to address. Hence, the Commission suggests the Central Government to pitch in for funding to improve the internet connectivity

- B. Strategic linkages by government for professional capacity building:** The Commission suggests that specialized institutions should be established by Central Government. These should focus on building professional capacity building skills such as soft skills for youth in the hospitality sector, in order to cater to the growing needs for employment and necessary capacity building skills in the State and also in line with the skill development projects undertaken by the Central Government.
- C. Disaster mitigation/management:** With extreme weather conditions, disasters tend to occur. Due to lack of accurate weather reports, Panchayats have reported disruptions in farm activities and functionality of the Panchayat systems. There is thus a need for improved meteorological mechanisms and accurate weather reports to prevent damage and destruction. This meteorological infrastructure deficiency requires the State to check for mechanisms required for disaster mitigation. This will not only help to avoid damage during disasters but also help farmers to plan their crops. However, the State is not equipped with the appropriate technology and thus the Centre should provide financial input to provide technological support to understand the weather for early warning systems.
- D. Special UD&HD training institutes:** As per demand of ULBs and after consultation with ULB officers, the commission feels it is important to have special UD&HD training institutes which the Centre should provide assistance for. The Centre must support the State's initiative by providing funds to create institutions for training.

The Commission requests the 15th FC to look into the challenges highlighted above and suggest appropriate measures for institutionalization of such special supports from Central Government for the PRIs and the ULBs in Sikkim.

Additionally, the Commission wants the 15th FC to consider the following needs of local self-governments in Sikkim:

- 1. Grants for Zilla Panchayats:** The ZPs play important role in Sikkim. Being the only second tier of two tier system of Panchayati Raj Institutions in Sikkim, the ZPs are the only elected bodies to take care of any development needs above the Gram Panchayat. Moreover, ZPs in Sikkim have historically been quite active in rural development planning in the district. ZPs did not receive any grant from the 14th FC. Due to the absence of financial support from the Centre, the ZPs in Sikkim are in dire need of resources if they are to play their constitutionally mandated roles. It has also affected the efficiency in functioning of the PRI system as a whole in the state. The Commission therefore requests the 15th FC to consider the financial needs of ZPs and make appropriate recommendations for them.

2. **Infrastructural support:** After discussions with ULBs and UD&HD of Sikkim, it was found that no ULBs have buildings/separate offices for their proper functioning. Currently, they are renting out buildings belonging to private owners and other Government offices. Hence, there is a need to build their offices in order to improve their efficiency and effectiveness. However, the cost for these buildings is not in the capacity of the State to spend. The Central Government can support them in providing funding for the same. Thus, it is proposed that the 15th Finance Commission should suggest appropriate institutional mechanism for financial supports to construct the separate offices for each of the ULBs in the State.

Annexure-I

List of GPUs in East District

| Sl No | GPU | Population | Sl No | GPU | Population |
|-------|-------------------------|------------|-------|-------------------------|--------------|
| 1 | Aho Yangtam | 4395 | 27 | Nandok Saramsa | 3145 |
| 2 | Amba | 2157 | 28 | Pachey Samsing | 2272 |
| 3 | Aritar | 3780 | 29 | Pakyong Yaakten | 2960 |
| 4 | Assam Lingzey | 3355 | 30 | Patuk Singbel | 3494 |
| 5 | Beng-Phegyong | 3959 | 31 | Premlakha Subaneydara | 1782 |
| 6 | Bering Tareythang | 1721 | 32 | Rakdong Tintek | 3692 |
| 7 | Bhusuk Naitam | 2641 | 33 | Ranka | 1360 |
| 8 | Budang Kamerey | 2172 | 34 | Rawtey Rumtek | 3747 |
| 9 | Central Pendam | 5588 | 35 | Regoh | 2170 |
| 10 | Chalamthang Pacheykhani | 4789 | 36 | Rey Mendu | 4272 |
| 11 | Chisopani | 2213 | 37 | Rhenock | 6097 |
| 12 | Chujachen | 3120 | 38 | Riwa Machong | 2270 |
| 13 | Dalapchen | 2855 | 39 | Rolep Lamaten | 1819 |
| 14 | Dung Dung Thasa | 2279 | 40 | Rongay Tathangchen | 3334 |
| 15 | East Pendam | 2730 | 41 | Rongli Chengeylakha | 2310 |
| 16 | Gnathang | 2352 | 42 | Samdong Kambal | 4148 |
| 17 | Khamdong | 3084 | 43 | Samlik Marchak | 2116 |
| 18 | Kopibari Syari | 3075 | 44 | Simik Lingzey | 2105 |
| 19 | Kyongnosla | 1546 | 45 | Sirwani | 2739 |
| 20 | Latuk Barapathing | 2078 | 46 | Sudunglakha | 1775 |
| 21 | Lingtam Phadamchen | 2025 | 47 | Sumin Lingzey | 3057 |
| 22 | Linkey Parakha | 2805 | 48 | Tarpin | 4387 |
| 23 | Luing Perbing | 2689 | 49 | Taza | 2135 |
| 24 | Martam Nazitam | 4787 | 50 | Tumin | 3136 |
| 25 | Namcheybong | 3561 | 51 | West Pendam | 5179 |
| 26 | Namli | 2729 | | Total Population | 78485 |

List of GPUs in North District

| Sl no | GPU | Population | Sl no | GPU | Population |
|-------|------------------|------------|-------|-------------------------|--------------|
| 1 | Barfok Lingdong | 1261 | 14 | Namok Sheyam | 1313 |
| 2 | Hee Gyathang | 1636 | 15 | Navay Shotak | 2736 |
| 3 | Lachen | 1956 | 16 | Passindang Saffo | 1012 |
| 4 | Lachung | 2356 | 17 | Phensong | 1165 |
| 5 | Lum- Gor-Sangtok | 1638 | 18 | Ramthang Tangyek | 1265 |
| 6 | Sakyong Pentong | 704 | 19 | Ringhim Nampatam | 2602 |
| 7 | Chungthang | 2247 | 20 | Rongong Tumlong | 1695 |
| 8 | Kabi | 923 | 21 | Ship Gyer | 797 |
| 9 | Lingchom Tingda | 738 | 22 | Singhik | 2403 |
| 10 | Lingdok Nampong | 2726 | 23 | Tingchim Chadey | 1467 |
| 11 | Lingthem Lingdem | 1051 | 24 | Tingvong | 903 |
| 12 | Mangshila-Tibuk | 2308 | 25 | Toong Naga | 2134 |
| 13 | Men Rongong | 1217 | | Total Population | 42559 |

List of GPUs in North District

| Sl no | GPU | Population |
|-------|---------------------|------------|
| 1 | Assangthang | 1665 |
| 2 | Barfung-Zurung | 3623 |
| 3 | Barnayak Tokal | 2685 |
| 4 | Ben Namphrik | 3991 |
| 5 | Boomtar salleybong | 1746 |
| 6 | Borong Phamthang | 2978 |
| 7 | Chuba Phong | 1546 |
| 8 | Damthang | 1868 |
| 9 | Kateng Pamphok | 1696 |
| 10 | Kewzing-Bakhim | 3073 |
| 11 | Kitam Manpur | 1219 |
| 12 | Kolthang Tokday | 2486 |
| 13 | Lamting Tingmo | 2338 |
| 14 | Legship | 2156 |
| 15 | Lingi | 2271 |
| 16 | Lungchok Kamarey | 1749 |
| 17 | Mamley Kamrang | 2569 |
| 18 | Maniram Phalidara | 1871 |
| 19 | Mellidara Paiyong | 5946 |
| 20 | Mikkhola Singithang | 1463 |
| 21 | Nagi Karek | 3106 |
| 22 | Namphing | 6248 |
| 23 | Namthang Maneydara | 2584 |
| 24 | Niya-Mangzing | 2603 |
| 25 | Paiyong | 2484 |

| Sl no | GPU | Population |
|-------|-------------------------|--------------|
| 26 | Perbing Dovan | 1767 |
| 27 | Poklok Denchung | 3154 |
| 28 | Ralong-Namlung | 2168 |
| 29 | Rameng-Nizrameng | 1533 |
| 30 | Rateypani | 1749 |
| 31 | Ravang-Sangmo | 3082 |
| 32 | Rong Bul | 1340 |
| 33 | Sadam Suntoley | 4505 |
| 34 | Salghari | 1695 |
| 35 | Sanganath | 977 |
| 36 | Sorok Shyampani | 2234 |
| 37 | Sripatam-Gagyong | 4227 |
| 38 | Sumbuk Kartikey | 2212 |
| 39 | Tanzi Bikmat | 1934 |
| 40 | Tarku | 2413 |
| 41 | Temi | 3744 |
| 42 | Tingrithang | 1383 |
| 43 | Tinik Chisopani | 2511 |
| 44 | Tinkitam Rayong | 1597 |
| 45 | Turuk Ramabung | 3015 |
| 46 | Turung Mamring | 2931 |
| 47 | Wak Omchu | 1923 |
| 48 | Yangang-Rangang | 3964 |
| | Total Population | 65964 |

List of GPUs in West District

| SI No | GPU | Polulation | SI No | GPU | Polulation |
|-------|------------------------|------------|-------|-------------------------|--------------|
| 1 | Arithang Chongrang | 2455 | 32 | Sangkhu Radukhandu | 3961 |
| 2 | Bongten Sapong | 2139 | 33 | Sardong-Lungzik | 1898 |
| 3 | Burikhop | 1318 | 34 | SiktamTikpur | 2716 |
| 4 | Chakung | 1946 | 35 | Singling | 1699 |
| 5 | Chingthang | 3558 | 36 | Singyang-Chumbong | 2803 |
| 6 | Chota Samdong Arubotey | 1533 | 37 | Suldung-Kamling | 3326 |
| 7 | Chumbong | 1870 | 38 | Tadong-Rinchenpong | 2705 |
| 8 | Darap Nambu | 3198 | 39 | Taktothang | 1936 |
| 9 | Dentam | 3278 | 40 | Tashiding | 3552 |
| 10 | Deythang | 1359 | 41 | Tharpu | 1056 |
| 11 | Dhupidara Narkhola | 1257 | 42 | Thingle-Khachodpalri | 2476 |
| 12 | Dodak | 1659 | 43 | Timburbong | 2187 |
| 13 | Gerethang | 2326 | 44 | Yangten | 3190 |
| 14 | Gyalshing-Omchung | 2828 | 45 | Yangthang | 2801 |
| 15 | Hee | 2730 | 46 | Yuksum | 2848 |
| 16 | Karchi Mangnam | 550 | 47 | Zoom | 1296 |
| 17 | Karmatar-Gitang | 1934 | 48 | Bermiok-Barthang | 3337 |
| 18 | Khaniserbong Suntaley | 1546 | 49 | Bhudang | 1584 |
| 19 | Kongri Labdang | 1134 | 50 | Gelling Baiguney | 1251 |
| 20 | Lingchom-Tikjya | 2993 | 51 | Karthok Bojek | 1409 |
| 21 | Lower Fambong | 2676 | 52 | Maneybung | 3182 |
| 22 | Lungchok Salyangdang | 2050 | 53 | Mangsari Mangurjung | 1527 |
| 23 | Mabong-Segeng | 2329 | 54 | Martam | 2060 |
| 24 | Malbasey | 1410 | 55 | Parengoan | 1464 |
| 25 | Meliaching | 1041 | 56 | Pecherek Hee Patal | 1833 |
| 26 | Mendogaon Berbotey | 1053 | 57 | Rimbi Tiingbrum | 1620 |
| 27 | Okhrey | 1773 | 58 | Samsing Pipalay | 1516 |
| 28 | Ribdi Bhareng | 1305 | 59 | Sopakha | 1173 |
| 29 | Rumbuk | 1971 | 60 | Soreng | 1633 |
| 30 | Samdong | 3772 | 61 | Upper Fambong | 3280 |
| 31 | Sangadorji | 2858 | | Total Population | 63849 |

SIKKIM GOVERNMENT GAZETTE



EXTRAORDINARY

PUBLISHED BY AUTHORITY

Gangtok

Thursday 30th September, 2010

No. 543

**GOVERNMENT OF SIKKIM
RURAL MANAGEMENT & DEVELOPMENT DEPARTMENT
GANGTOK**

NO: 05/RM&DD/P

DATED: 27 / 09 /2010.

NOTIFICATION

In exercise of the powers conferred by Sub-Section (1) of Section 40 of the Sikkim Panchayat Act 1993 (6 of 1993), the State Government hereby fixes the taxes, rates and fees to be levied by the Gram panchayat as under, namely:

1. Household Tax @ Rs. 5/-, Rs. 10/- and Rs.15/- per month from each household- small, medium, and bigger respectively. For Resorts, hotel, restaurant, guest houses @ Rs. 2500/- per annum.
2. Water and Sanitation Tax @ Re. 1/- per month from each household.
3. Village Road and Environment Tax @ Rs. 2/- per month from each household.
4. Sale of Tender Forms as per Government norms.
5. Building Construction fee @ Rs. 2/- per Sq. ft. for RCC building and @ Re. 1/- per sq. ft. for Ekra /Kacha structure.
6. Other Miscellaneous Receipts (Bank interest, donation, disposal of unserviceable items, charges for use of Panchayat Ghars/ Conference Halls/ other properties etc.) (As per Panchayat resolution duly approved by Gram Sabha).
7. Trade License fees and hawker license fees as per UD&HD rates. (The licenses will be issued by GPs on fulfillment of required conditions as per Trade License rules).
8. Fees on Mela / Picnic etc. in rural area. (As per Panchayat resolution duly approved by Gram Sabha).

9. Fees for construction of temporary sheds for any kind of social gathering in public property. (As per Panchayat resolution duly approved by Gram Sabha).
10. Fees for minor dispute redressal. (Such redressal forum should be created in GPs.@ Rs. 20/- per application/case)

2. Terms of reference:

1). All the above rates are recommended by the State Finance Commission and approved by the State Government. The Gram Panchayats may revise these rates on the recommendation of the Gram Sabha and approval of the State Government.

2) All receipt from fees, taxes or user charges shall be booked under the head prescribed to facilitate distinction of receipt as per the new Accounting procedure. No separate account shall be opened for the purpose.

Sd/-

A.K. Ganeriwala, IFS

Secretary



GOVERNMENT OF SIKKIM
RURAL DEVELOPMENT DEPARTMENT
TASHILING, GANGTOK

No.35(1)93-94/20/RDD/P

Dated; Gangtok, the 3rd November 1995.

NOTIFICATION

In exercise of the powers conferred by Article 2431 and 243 Y of the Constitution of India read with Chapter X of the Sikkim Panchayat Act, 1993 (6 of 1993) and section 185 of the Sikkim Municipalities Act, 1995(6 of 1995) the State Government hereby makes the following rules regulation the constitution of a Finance Commission in the State of Sikkim, namely:-

1. Short title & commencement.

- (1) These rules may be called the Sikkim (Constitution of Finance Commission) Rules, 1995.
- (2) They shall come into force at once.

2. Definitions.

- (1) In these rules, unless the context otherwise requires;
 - (a) "Act" means either the Sikkim Panchayat Act, 1993(6 of 1993) or the Sikkim Municipalities Act,1995 (6 of 1995) as the case may be;
 - (b) "Commission means the Finance Commission constituted under rule 3.
- (2) The expressions used in these rules and not otherwise defined shall have the same meaning as respectively assigned to them in the above two Acts.

3. Constitution of Finance Commission.

(1) The Governor shall within one year from the commencement of the Constitution (Seventy- Third) Amendment Act, 1992 and thereafter at the expiration of every fifth year constitute a Finance Commission for the purpose of the provision as laid down in chapter X of the Act.

(2) The Governor shall, by notification, appoint one person as Chairman and two other persons as members of the Commission who are citizens of India and have attained the age of 35 years and also have the requisite qualifications as laid down in section 97 of the Sikkim Panchayat Act,1993 :

Provided that if any officers of the Central and State Government or of Autonomous Bodies are appointed as Chairman or members of the Commission, he shall not be below the rank of Secretary of the State Government and shall not be below the rank of Joint Secretary of the State Government respectively.

(3) The Commission shall submit its recommendations to the Governor within six months of its constitution unless the Governor extends the period for the purpose.

(4) The term of the Commission shall expire immediately after the submission of its final report.

(5) The State Government shall by notification ,appoint an Officer of the State Government not below the rank of Deputy Secretary to act as the Secretary to the Commission. The Officer so appointed shall be relieved of governmental duties so long as he performs the duty of the Secretary to the Commission.

4. Headquarters, accommodation, etc of the Commission.

The Headquarters of the Commission shall be at Gangtok.

The State Government shall provide office accommodation necessary staff and officers and also other amenities as may be required by the commission for its functioning.

5. Condition of service, salaries, allowances & other facilities.

(1) The Chairman and Member Secretary shall render full time service and either members shall render part time service.

(2) The Chairman shall be paid consolidated pay of Rs.10,000.00 (Rupees Ten

thousand) per month and TA/DA at the scale payable to the Commissioner-cum- Secretary to the State Government.

Provided that this shall not prevent the Chairman from drawing pay in the scale of his last pay drawn on the date of retirement or immediately before his appointment as such, in lieu of the consolidated pay prescribed for the Chairman. Option once exercised shall be final.

Provided further that the Chairman who was in service of the Central or any State Government, Local Body, University or any other body wholly or substantially owned or controlled by the Central or State Government immediately before his appointment as member and was drawing pay more than the consolidated pay prescribed, his pay shall be fixed in the same stage of pay he would have drawn had he not been appointed as a member ;

Provided further that in the case of an appointment, as the Chairman, a person who has retired from service under the Central or a State Government, local Bodies, a University or any other body wholly or substantially owned or controlled by the Central or a State Government and who is in receipt of, or has received or has become entitled to receive any retirement benefits by way of pension, gratuity in respect of previous service, the pay in the event plus gross amount of pension (including any portion of the pension which may have been commuted) shall not exceed the last pay drawn at the time of retirement as the case may be.

(3) The Chairman shall be entitled to free furnished governmental accommodation and conveyance as admissible to Commissioner –cum - Secretary to the Government.

6. Function of the Commission.

(1) The Commission shall review the financial position of the Zilla Panchayats, Gram Panchayats, Municipalities and Municipal Councils and make recommendations to the Governor as to:-

(a)determination of the principles which should govern :-

(i) the distribution between the State Government and the Zilla Panchayats, Gram Panchayat, Municipalities and Municipal Councils of the net proceeds to taxes, duties, tolls and fees levied by the Government which will be divided between them and the allocation between the Zilla Panchayat, Gram Panchayat , Municipalities and Municipal Councils 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 Zilla Panchayats, Gram Panchayats, Municipalities and Municipal Councils from the consolidated fund of the State

(iii) the grants-in-aid to the Zilla Panchayats, Gram Panchayat, Municipalities and Municipal Councils from the consolidated fund of the State;

(b) the measures needed to improve the financial position of the Zilla Panchayat, Gram panchayat Municipalities and Municipal Councils.

(c) The Commission shall also :-

(i) examine and make suggestions on the extent to which and the manner in which the resources available to the local bodies could best utilized for meeting the expenditure of the bodies;

(ii) make a detailed analysis of the repayment of loans and advances extended by the Government from time to time to the local bodies and make suitable recommendation for payment of Government dues and make the possibility of adjusting the dues against future devolution of revenue from Government to these bodies;


(d) in making its recommendations, the Commission shall have with regard to among other things, resources of the State Government and the demands thereon account of expenditure on civil administration, debt servicing, development and other committed expenditure.

7. Removal of difficulties.

If any difficulties arises in giving effect to the provisions of these rules, as occasion may arise, the State Government may by order do anything not inconsistent with the provisions of the Act or these Rules, which appear to necessary for the purpose of removing the difficulties.

Sd/-
Secretary
Rural Development Department.

SIKKIM



GOVERNMENT **GAZETTE**

**EXTRAORDINARY
PUBLISHED BY AUTHORITY**

Gangtok Thursday 31st August, 2017 No. 398

GOVERNMENT OF SIKKIM
URBAN DEVELOPMENT AND HOUSING DEPARTMENT
GANGTOK, SIKKIM

No: 05/GOS/UDHD/2015-16/10

Date:-10/06/2017

NOTIFICATION

One of the conditions laid down by the 14th Central Finance Commission for release of Performance Grants to Urban Local Bodies is benchmarking of services being provided by the ULBs. Presently only the solid waste management is being looked after by ULBs. The service level benchmarking targeted by the Urban Local Bodies in Sikkim for Solid Waste Management services for the year 2017-18 is hereby notified as follows.

GANGTOK MUNICIPAL CORPORATION:

| Particulars | Coverage % | Collection Efficiency % | Extent of Segregation % | Extent of Recovery % | Extent of Scientific Disposal % | Complaint Redressal Efficiency % | Cost Recovery% |
|-------------------------|------------|-------------------------|-------------------------|----------------------|---------------------------------|----------------------------------|----------------|
| Original Target 2016-17 | 70 | 75 | 55 | 65 | 50 | 100 | 60 |
| Revised Target 2016-17 | 80 | 75 | 40 | 40 | 30 | 100 | 25 |
| Achievement 2016-17 | 80 | 75 | 50 | 40 | 35 | 100 | 27 |
| Target 2017-18 | 85 | 85 | 40 | 50 | 40 | 100 | 50 |



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NAMCHI MUNICIPAL COUNCIL:

| Particulars | Coverage % | Collection Efficiency % | Extent of Segregation % | Extent of Recovery % | Extent of Scientific Disposal % | Complaint Redressal Efficiency % | Cost Recovery% |
|-------------------------|------------|-------------------------|-------------------------|----------------------|---------------------------------|----------------------------------|----------------|
| Original Target 2016-17 | 80 | 98 | 30 | 30 | 40 | 100 | 100 |
| Revised Target 2016-17 | 70 | 80 | 30 | 30 | 0 | 100 | 70 |
| Achievement 2016-17 | 80 | 90 | 30 | 10 | 0 | 100 | 80 |
| Target 2017-18 | 80 | 85 | 35 | 20 | 10 | 100 | 75 |

NAYABAZAR-JORETHANG MUNICIPAL COUNCIL:

| Particulars | Coverage % | Collection Efficiency % | Extent of Segregation % | Extent of Recovery % | Extent of Scientific Disposal % | Complaint Redressal Efficiency % | Cost Recovery% |
|-------------------------|------------|-------------------------|-------------------------|----------------------|---------------------------------|----------------------------------|----------------|
| Original Target 2016-17 | 100 | 80 | 25 | 40 | 40 | 100 | 60 |
| Revised Target 2016-17 | 80 | 80 | 20 | 20 | 0 | 100 | 60 |
| Achievement 2016-17 | 80 | 85 | 20 | 15 | 0 | 100 | 70 |
| Target 2017-18 | 90 | 90 | 25 | 20 | 10 | 100 | 80 |

GYALSHING MUNICIPAL COUNCIL:

| Particulars | Coverage % | Collection Efficiency % | Extent of Segregation % | Extent of Recovery % | Extent of Scientific Disposal % | Complaint Redressal Efficiency % | Cost Recovery% |
|-------------------------|------------|-------------------------|-------------------------|----------------------|---------------------------------|----------------------------------|----------------|
| Original Target 2016-17 | 70 | 80 | 30 | 30 | 20 | 100 | 50 |
| Revised Target 2016-17 | 80 | 80 | 30 | 25 | 0 | 100 | 40 |
| Achievement 2016-17 | 75 | 75 | 30 | 30 | 0 | 100 | 40 |
| Target 2017-18 | 85 | 80 | 40 | 30 | 20 | 100 | 50 |



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RANGPO NAGAR PANCHAYAT:

| Particulars | Coverage % | Collection Efficiency % | Extent of Segregation % | Extent of Recovery % | Extent of Scientific Disposal % | Complaint Redressal Efficiency % | Cost Recovery% |
|-------------------------|------------|-------------------------|-------------------------|----------------------|---------------------------------|----------------------------------|----------------|
| Original Target 2016-17 | 100 | 90 | 55 | 85 | 50 | 100 | 70 |
| Revised Target 2016-17 | 80 | 70 | 40 | 30 | 30 | 70 | 50 |
| Achievement 2016-17 | 75 | 65 | 30 | 25 | 40 | 80 | 50 |
| Target 2017-18 | 85 | 75 | 40 | 35 | 40 | 85 | 50 |

SINGTAM NAGAR PANCHAYAT:

| Particulars | Coverage % | Collection Efficiency % | Extent of Segregation % | Extent of Recovery % | Extent of Scientific Disposal % | Complaint Redressal Efficiency % | Cost Recovery% |
|-------------------------|------------|-------------------------|-------------------------|----------------------|---------------------------------|----------------------------------|----------------|
| Original Target 2016-17 | 100 | 90 | 55 | 85 | 70 | 100 | 80 |
| Revised Target 2016-17 | 100 | 80 | 40 | 35 | 40 | 90 | 60 |
| Achievement 2016-17 | 85 | 70 | 30 | 30 | 35 | 75 | 60 |
| Target 2017-18 | 100 | 85 | 50 | 40 | 40 | 80 | 65 |

MANGAN NAGAR PANCHAYAT:

| Particulars | Coverage % | Collection Efficiency % | Extent of Segregation % | Extent of Recovery % | Extent of Scientific Disposal % | Complaint Redressal Efficiency % | Cost Recovery% |
|-------------------------|------------|-------------------------|-------------------------|----------------------|---------------------------------|----------------------------------|----------------|
| Original Target 2016-17 | 75 | 100 | 50 | 50 | 0 | 100 | 25 |
| Revised Target 2016-17 | 75 | 80 | 40 | 25 | 25 | 85 | 65 |
| Achievement 2016-17 | 75 | 80 | 40 | 25 | 25 | 80 | 80 |
| Target 2017-18 | 80 | 85 | 50 | 30 | 30 | 90 | 85 |

By order and in the name of the Governor.

PCE-cum-Secretary,
Urban Development & Housing Department



S.G.P.G. - 398/ Com. 2/Gazette /100 Nos./ Dt:- 31.08.2017.

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