

[952] - Governance.

3. Local self government in the country are financially starved.
Do you agree with this view? Analyse.

2023 will be 30th anniversary, of 73rd
and 74th amendment, bringing constitutional status
to Local self government. yet nothing has
changed substantially. one of issue is lack of
financing.

Financing to Local self government.

According to Act 243 I - State finance commission
is responsible to i) Devolve taxes between

States and Local bodies

ii) Recommend for Measures to generate own
tax & non-tax revenues

iii) Grants in aids to ~~State~~ Local bodies by
States

Financial starvation - due to 5 key issues

1. State finance commission - ideally formed
in 1994, currently must be 5th in all states.

• But some states not even formed 3rd/4th
State finance commission e.g. Andhra only recently

proposed to form 5th Commission after court's decision.

2. Devolution of taxes to local bodies is not charity but constitutional obligation.

State finance commission → non-permanent body
due to lack of infrastructure, lead to several extensions to submit reports. eg: Haryana - submitted report only in 2014 [instead of 2011]

3. The Recommendations not based on updated data, but on ad hoc recommendations

4. States - not concerned to consider or submit report in the legislature or answer for not complying eg: Karnataka, Maharashtra

5. Though States consider the recommendations but are not implementing. eg: Bihar has not devolved funding for Financial year 2015-2020.

Way forward.

Decentralization as concept to generate Inter governmental competition will only be realized with adequate financial resources at bottom of pyramid