

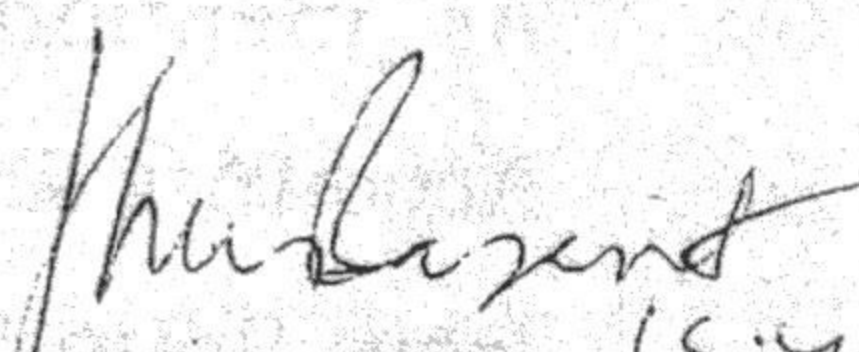
CHAPTER-6

SUMMARY OF RECOMMENDATIONS:-

1. Enact a new Jharkhand Municipal Act containing a 'Municipal Financial Schedule' as per the recommendation of the Development Research Group. RBI (2007) Study as mentioned in Chapter 4. The State Municipal Act should also have a Schedule listing out various functions assigned to the municipalities on the lines of First Schedule of Kerala Municipalities Act, 1994 reproduced in chapter 3. The new Act should free the ULBs from excessive State Control.
2. Keeping in view the present administrative structure and staffing pattern of ULBs in Jharkhand---- which is grossly inadequate and the staffing pattern proposed by an Expert Committee in Andhra Pradesh (staffing pattern at Annexure 5) mentioned in chapter 5 evolve a suitable structure and staffing pattern for ULBs in Jharkhand within a time frame of 90 days.
3. As mentioned in chapter 5 create a distinct pool of Administrative, Accounts and Engineering personnel for ULBs by permanent secondment from State Services or contractual hiring within 6 months for providing a nucleus of Managerial/Accounts/Engineering personnel to all ULBs depending on their size and requirements. In the long run create a Municipal Service on the lines of other states. Exclusive dependence of ULBs on deputationists from other state services will not allow them to become Institutions of Local Self Governance. If nothing else, determine staffing pattern of each ULB in 90 days and allow them to hire and fire. However, smaller ULBs will not be able to attract talent and there will be malpractices in local recruitment because government/semi-government jobs carry a high premium in backward states.
4. Till such time as the 'Municipal Financial Schedule' is created and ULBs are empowered to raise adequate resources from assigned taxes and shares taxes, the ULBs in the state may be given 'A per capita Core Municipal Services Provision Grant of Rs 375' in 2009-10 with annual growth rate of 10% in subsequent 4 years in lieu of Taxes not assigned and Taxes not shared with ULBs. This grant be released in 10 equal monthly installments from May to February. The last installment of February may be linked to ULB achieving the target of 'Own Revenue'

collection reflected in the Annual Performance Contract between the State Department of Urban Development and the concerned ULB. 70% Salary Grant may be subsumed in the above per capita grant after a gap of 2 years allowing the ULBs space to streamline their 'Own Revenue' Collection.

5. Streamline administration of Urban Development/Local Self-Governance. Create an Umbrella Local Self Government Department with one Minister and one Principal Secretary as in the state of Kerala. There should be continuous hand-holding and capacity building of ULBs.
6. Keeping in view scaled up financing available for Urban Infrastructure Development Projects under the Jawaharlal Nehru National Urban Renewal Mission create 'Jharkhand Urban Development Fund' on the lines of Tamil Nadu Urban Development Fund with participation of IL&FS and other national and international Investment agencies for assisting ULBs in project formulation under JNNURUM and accessing capital by issuance of Municipal Bonds.


16.4.09
(SHIV BASANT, I.A.S.)

**Chairman,
First State Finance Commission,
Jharkhand
Raja-Rani Kothi,
Doranda, Ranchi.**

Ranchi:- April 16th, 2009