

Government of Himachal Pradesh
Finance (IF) Department

No. Fin-IF-(C) A(3)4/2024 Dated: Shimla-171002, 14/02/2025


NOTIFICATION

In continuation to notification of this department of even number dated the 1st March, 2024, the following are appointed as the Members with immediate effect.

(i)	ACS/ Principal Secretary/Secretary, Rural Development & Panchayati Raj Department	Member (ex-officio) (He/ She will look after this work in addition to his/her own work)
(ii)	ACS/ Principal Secretary/ Secretary, Urban Development Department	Member (ex-officio) (He/ She will look after this work in addition to his/her own work)
(iii)	The Advisor Planning will function as Ex-officio Secretary of the 7 th H.P. State Finance Commission. He will look after this work in addition to his own work)	

2. The Commission shall make recommendations to the Government as to: -

- (a) The principles which should govern: -
- (i) The distribution between the State and Panchayats/ Municipalities of the net proceeds of the taxes, duties, tolls and fees leviable by the State which may be divided between them and the allocation between the Panchayats/ Municipalities 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 Panchayats/ Municipalities;
 - (iii) The grants-in-aid to Panchayats/ Municipalities from the consolidated Fund of the State;
- (b) The measures needed to improve the financial position of the Panchayats/ Municipalities;
- (c) The Commission should make a normative assessment of needs based on the actual devolution of functions to each tier of the PRIs and an assessment of potential fiscal capacity based on the tax and non-tax resources available to PRIs in making any recommendations on devolving untied grants or share of State taxes to these bodies;
- (d) The Commission should make an assessment of recurring grants for specific schemes of the State Government relating to support for honorarium and expenses of elected local body representatives and employees of PRIs and suggest improvements in these schemes in order to promote the exercise of fiscal autonomy and responsibility by the PRIs.


14/02/2025

e) The Commission should suggest appropriate ways to take forward the process of devolution of functions, funds and functionaries to the PRIs keeping in view the existing delivery system and the financial capacity of the State Government. It may make specific suggestions with regard to:-

- Support to hand over responsibility for delivery of primary education, primary health, water and sanitation and rural roads of appropriate level of PRIs.
- Changes in legislation and procedures necessary to enhance the tax and non-tax capacity of the PRIs consist with accepted principles of taxation at the local level.
- Strengthening of administrative capacity of PRIs by placing under their control relevant categories of employees either by way of recruitment at the level of relevant tiers of the PRIs or by seconding of existing State Government staff of them.


f) Any other matter referred to the 7th HP State Finance Commission by the Government in the interest of sound finance of the Panchayats/ Municipalities.

3. Suggest measure to reduce revenue deficit of the local bodies by drawing a monitoring Fiscal Reforms Programme. The Reforms Programme should clearly suggest a mechanism for incentives to local bodies within the devolution framework linked to achievement of well-defined milestones to exploit the available and the potential sources of the revenue in addition to the State Finance Commission and Central Finance Commission grants.

4. Suggest measures to ensure accountability in utilising the resources raised or received from the State and Central Governments and other agencies and also the maintenance of local body accounts and database based on the re-recommendations of Central Finance Commission, for effective operation of these recommendations and linking a part of the grants with the performance.

5. The Commission shall devise its own procedure and appoint such Advisers, institutional Consultants as it may consider necessary. It may call for such information and take such evidence as it may consider necessary.

6. The period of the Commission shall commence from the date of issuance of this notification and the Commission shall make its report available by 31st December, 2026 covering a period of 5 years commencing from 1st April, 2027 to 31st March, 2032.


14/02/2025


By order

Principal Secretary (Finance) to the
Government of Himachal Pradesh

Endst. No. Fin-IF-(C)A(3)4/2024 dated: Shimla-171002 14/02/2025

Copy is forwarded for information and necessary action to:-

1. Chairman, 7th HP State Finance Commission, Shimla-2.
2. All Administrative Secretaries to the Govt. of H.P.
3. The Pr. Secretary (Urban Development) to the Govt. of H.P.
4. The Secretary to Governor, Himachal Pradesh, Shimla-2
5. The Secretary (Rural Development) to the Govt. of H.P.
6. The Secretary, H.P. Vidhan Sabha, Shimla-4
7. The Advisor (Planning) -cum- Secretary 7th HP State Finance Commission, Shimla-2.
8. All the Deputy Commissioners in H.P.
9. The Controller, Printing & Stationery, H.P. Shimla-5
10. The Director (PR & RD), H.P. Shimla-9
11. The Director, Urban Local Bodies, H.P. Shimla


14/02/2025
Joint Secretary (Finance) to the
Government of Himachal Pradesh