

## Report on the Brainstorming Session

A Brainstorming Session was organized by the Fifth State Finance Commission on the topic: Autonomy and Accountability- Optimization of Resource Use by the Local Self Governments . Dr. Jyoti Kiran Shukla, chairperson of the Fifth State Finance Commission, chaired the session.

The session was attended by academics, experts and civil servants having invaluable experience in dealing with the Government, Panchayati Raj Institutions and the Urban Local Bodies. Shri CS Barla, Shri Vinod Pandya, Shri SS Bissa, Shri LC Gupta, Prof. Rajeev Saxena, Prof. Rajesh Kothari, Mrs. Aparna Sahai, Prof. MS Rathore, Prof. Kshama Agarwal, Prof. ND Mathur, Shri Suraj Soni, Shri Motilal and Shri Jai Singh constituted the panel of speakers.

At the outset, Shri SC Derashri, Member Secretary of the Commission, welcomed the guests and mentioned that the purpose of the session is to solicit the views and suggestions of the guests which could help in strengthening the commission s mandate.

Dr. Jyoti Kiran Shukla commenced the session by mentioning that the session is a part of the larger consultation process initiated by the commission. She further said that autonomy and accountability are the two indubitable pillars to ensure better fiscal management of the Local Self Governments and their understanding is a prerequisite for optimization of resource use by the LSGs; a wider consultation on this issue was thus required.

During the session which lasted for around three hours, various suggestions surfaced including:

1. The need to reduce the non-development expenditure of Local Bodies by replacing man power with machines to prevent deficit, borrowing and the resultant interest burden.
2. Skill development in districts or blocks that have some crafts at local level can lead to income generation.
3. SWOT analysis needs to be done. There is a need for decentralized planning at the Block and District level.
4. Devolution should be linked to backwardness of the districts.
5. Funds for devolution should not be linked to conditionality. Grants however, can be linked to performance (outcomes).
6. Lack of information on the part of PRIs and ULBs is a constraint and must be looked into.
7. NREGA should be linked to housing and the Clean India Campaign. The Panchayats should be administratively strengthened for the same.
8. A seminar with the heads of PRIs could be organized which would bring the real picture along with innovative ideas to the forefront.
9. Rural tourism needs to be promoted by concentrating on heritage conservation.
10. Capacity building for Gram Panchayats and technical support system should be given a priority.
11. Municipal Bonds, PPP model, Climate Fund and entertainment tax can help increase the resources of local bodies.
12. Non economic division of land needs to be stopped.

13. Devolution should be based on resource gap funding which needs to be identified.
14. Incentives for Make In India, transparency and skill development should be given.
15. Indirect tax will help in collection as local bodies hesitate in imposition and collection of taxes.
16. Proximity between tax payer and tax collector creates hurdles in revenue generation.
17. Cess- surcharge should be levied as it does not require additional machinery for collection.

In the end, the Chairperson thanked the participants for their suggestions and mentioned that the consultation will be a continuous process.

The session concluded with a Vote of thanks to the participants.