

**Government of West Bengal**  
**Finance Department**  
**Budget Branch**

**EXPLANATORY MEMORANDUM AS TO THE ACTION TAKEN ON THE  
RECOMMENDATIONS MADE BY THE FOURTH STATE FINANCE  
COMMISSION, WEST BENGAL, IN ITS REPORT SUBMITTED TO THE  
GOVERNMENT ON FEBRUARY 2, 2016.**

In pursuance of Article 243 I (4) and Article 243 Y (2) of the Constitution of India, the recommendations of the Fourth State Finance Commission (hereinafter referred to as the Commission) constituted under Notification No. 121-F.B. dated 30th April, 2013 together with the Explanatory Memorandum on the action taken thereon are being laid on the table of the House. The Summary of Recommendations of the Commission relating to devolution of State taxes, Grants-in-aid and other matters is contained in Chapter XV of the report of the Commission. The decisions of the Government on the recommendations of the Commission are indicated in the following paragraphs.

**Fiscal Devolution:**

The Commission has recommended that grants to the tune of Rs 1103.80 crore for the financial year 2015-2016 and progressive enhancement at the rate of 15% per annum from 2016-2017 to 2019-2020 (vide Para Nos. 14.5 & 14.15 of Part-I of the Report).

***The State Government agreed to devolve Rs. 900 crore to the Local Bodies for the year 2016-2017 from its Own Tax Revenues and an annual increase of 3% from 2017-2018 to 2019-2020. Necessary budget provisions were made accordingly.***

**Fiscal Devolution:**

The Commission has recommended that 60% of recommended grant should be spent towards creation of new assets and 40% of the grant should be spent as expenditure towards payment of electricity bills, O & M, cost of water supply schemes, street lights and regular maintenance of other assets created by the Urban Local Bodies (vide Para No. 14.20 of Part-I of the Report).

***The State Government accepted the recommendation of the Commission.***

**Other recommendations:**

In addition to the above the Commission has made other recommendations. These relate to improvement of the functioning of the Rural Local Bodies (RLBs) and Urban Local Bodies (ULBs) like institutional strengthening, structural changes and resource generation. The Commission has suggested that an Empowered Committee under the Chief Secretary may be set up

consisting of Secretary in charge of Panchayats & Rural Development Department, Secretary of Municipal Affairs Department, Secretary of Finance Department & Secretary of Law Department to follow up the accepted recommendations and full implementation (Chapter VI to Chapter XII and Para Nos. 14.8, 14.11, 14.17, 14.21, 14.35, 14.36 & 16.11 of Part-I of the Report).

***A State Level Committee of Secretaries under the Chairmanship of the Chief Secretary, Government of West Bengal and comprising of Additional Chief Secretary, Panchayats & Rural Development Department, Principal Secretary, Finance Department and Secretary, Urban Development & Municipal Affairs Department was constituted to look into other measures recommended by the Commission.***

***The Committee held meeting and deliberated over several issues viz. inclusion of solid waste management as an obligatory duty of the Gram Panchayats, issue of notification relating to minimum standard of service delivery, waste management by the Urban Local Bodies, ward level vigilance for prevention of pollution, recovery of unpaid tax, handing over of operation and maintenance of motor supply projects to concerned municipalities by the Public Health Engineering Department, revitalizing the Gram Samsads, Gram Sabha and Ward Sabhas, regular interval audit, revitalizing the statistical cells of the Directorate Offices of P&RD Department etc.***

Howrah  
6th June, 2022

**CHANDRIMA BHATTACHARYA**  
Minister of State, Finance (Independent Charge)  
Government of West Bengal