



25.10.2016

To,
The Chairman
Karnataka State Finance Commission
Khanija Bhavan, Racecourse Road
Bengaluru – 560001.

Dear Sir,

Sub: Recommendations to the Commission for Laying Down Conditions for Devolution of Funds

The State Finance Commission must evolve a standard and transparent devolution formula for distributing the State funds to the 228 ULBs. This devolution formula must be done with wide consultation with experts and public. This should be modelled along the lines of Central Finance Commission along with state specific parameters. This must include the performance efficiency of the ULBs, Implementation of reform measures and enhanced accountability.

BRACE and NBF proposes special emphasis to be laid on the implementation of following Reform Measures and Enhanced Accountability by ULB's.

- (a) Mandating Annual Audit of Finances, Tax Revenues and Expenditures of ULBs, stipulating Ward Wise Annual Audit and publishing of Audit Reports within the defined timeframe. In case of BBMP, it must efficiently widen the property tax net by identifying the new areas which have merged with the Palike and due to absence of which details, thousands of crores of tax revenues have been lost.
- (b) Approval of Multi-Year Investment plan becoming statutory, legal and binding on ULBs including the BBMP. The Constitution's 74th amendment mandates cities to create a Metropolitan Planning Committee - a statutory body that is responsible for planning function in a transparent and consultative manner. The SFC should mandate the implementation of MPC and ULBs should be bound to execute such plans. Citizen engagement should be mandatorily given greater prominence in planning new infrastructure and service delivery level assessments.
- (c) Ensuring Transparency in all Contracts by ULBs and Disclosure of Contract Terms and Conditions including mandatory disclosure of use of public assets through maintenance of an Assets Register.
- (d) The SFC should enable an environment of devolution that generates healthy competition between each ward, zone, ULB making them constantly strive towards continual improvements.
- (e) ULBs must put in place a mechanism to digitise and make available all data (including historical and legacy data), information, and plans on their programs and projects such

as water supply and sewerage etc such that citizens are aware of these and can assess improvements.

- (f) Stipulating ULBs to adopt the National Municipal Accounting Manual or the Karnataka Municipal Accounting and Budget Rules and developing online Municipal Finance Information Systems.
- (g) A third party verification ie.an audit by the Comptroller & Auditor General, provisioned under Section 14(2) of the C&AG Act, 1971 must be mandated and the Government of Karnataka made responsible to execute such Audit periodically.

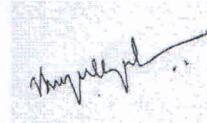
Sincerely,



Sridhar Pabbisetty
Namma Bengaluru Foundation



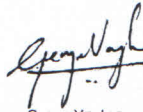
T Vidyadhar
Forward Federation



N S Mukunda
Citizen Action Forum



Ramesh C Dutt
Federation of RWAs – Sanjay Nagar



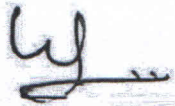
George Varghese
HPAS



Ravindranath Guru
Coalition Against Corruption



Muralidhar Rao
PRAJA – RAAG




M S Shankar
RERA Karnataka



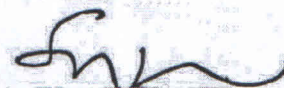
Adv Aiyer VLV
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