

## **11. STATE FINANCE COMMISSION**

### **11.12 Decisions taken and orders issued on certain recommendations of Second SFC**

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Rural Development (C2) Department

G.O. (Ms) No. 158

Dated : 14.10.2004

Read :

1. G.O. (Ms) No. 518, Finance (Resources) Department , dated 1.12.1999.
2. G.O. (Ms) No. 103, Finance (Resources) Department , dated 3.3.2000.
3. G.O. (Ms) No. 371, Finance (FC.IV) Department , dated 11.11.2002.
4. G.O. (Ms) No. 98, Rural Development Department , dated 16.6.2003.

#### **ORDER**

As per the provisions laid down in 73<sup>rd</sup> and 74<sup>th</sup> Constitutional amendments, the Second State Finance Commission was constituted in the G.O. first read above, to review the finance position of rural and urban local bodies in Tamil Nadu and to make its recommendations. In the G.O. second read above, the Terms of Reference to the Commission were issued in which the Commission was requested to make its report available by 31.10.2001. The Commission submitted its report to Her Excellency the Governor on 21.5.2001.

2. As per the decision taken by the High Level Committee, the Finance Department has placed the action taken report on the recommendations of the Second State Finance Commission in respect of Chapter VII, VIII, X, XI, XII (Para 21.6 and 21.7 only) and XIII of the report in the Legislative Assembly on 8.5.2002. As decided by the High Level Committee, Rural Development / MAWS Department were also requested to prepare action taken report and issue Government Order in respect of recommendations covered in other Chapters of the report of Second State Finance Commission.

3. Accordingly, the following recommendations of Second State Finance Commission relating to rural local bodies have been examined carefully by the Government and the following orders are issued as indicated against each of them:

**Chapter IV  
Resource Base**

S.No	Rec.No.	Gist of recommendations	Orders of the Government
1	3.8.4	The Rule enabling postponement of general revision of house tax may be deleted especially when the Government expects the Local Bodies to exploit and mobilize local resources to maximum extent.	Accepted. Director of Rural Development shall send proposals to amend Tamil Nadu Panchayats Act 1994, to the Government.
2	6.4.2	The amount entitled for apportionment from the Motor vehicle tax collection and the actual amount adjusted may be reconciled and the dues at least for the period 1997-2002 may be adjusted in the financial years 2002-2003 and 2003-2004 and used for road development schemes in rural areas.	Accepted. Commissioner of Transport shall examine the entitlement as per the provisions in the Tamil Nadu Motor Vehicle Taxation Act and actual adjustments for the said period towards Tamil Nadu Rural Road Development Fund and send necessary proposals to the Government on the adjustment of dues, if any, to the fund.
3	8.3	The Government have amended the Section 159 (2) of the Tamil Nadu Panchayats Act 1994 suitably to enable the Village Panchayats themselves to levy and collect Dangerous and Offensive Trade License fees. However, this has not been implemented in several districts and Panchayat Unions continue to collect the D&O License fees at the old rate. The rates under D&O License fee have been fixed long back and have not been revised. The First State Finance Commission had recommended the revised rates for adoption. The SSFC reiterates that the Village Panchayats should be empowered to adopt the revised rates in respect of D&O License fee and collect the fees after due notification issued through the Collector of each district.	Accepted. Director of Rural Development shall monitor the levy and collection of D&O License fees exclusively by Village Panchayats and also send proposals on the revision of rates, to the Government.
4	8.4	In respect of 2c Patta trees, the Commission makes the following recommendations -  1) Wind fallen trees should be auctioned by a committee consisting of representatives of	1) Accepted. Director of Rural Development / District Collectors shall arrange to

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		<p>Panchayat, Panchayat Union Commissioner and Revenue official concerned. The auction should be decided by the Committee to ensure better price.</p> <p>2) The auction amount may be remitted to the Panchayat Union Council Treasury for credit to the Village Panchayat Funds.</p> <p>3) In case of dead trees, the Panchayats should be given powers to report the fact and initiate action to remove them from the roads and sell them, ensuring quick disposal of the trees and realization of better revenues.</p>	<p>constitute such Committees and monitor the realization of revenue.</p> <p>2) The auction amount should be directly credited to the Village Panchayat account.</p> <p>3) Accepted, Director of Rural Development shall send necessary proposals so as to issue further orders in this regard.</p>
5	8.7.2	<p>Regarding the sharing of revenue from Social Forestry, SFC recommends that:</p> <p>1) A Committee may be formed including Village Panchayat President and Forest department officials for conducting auction periodically and fixing upset price.</p> <p>2) The share of the Village Panchayat and Forest department may be fixed in the ratio of 70:30 after deducting actual working expenses.</p> <p>3) The Village Panchayat share may be directly credited to their account after the conduct of auction to avoid delay.</p> <p>4) The above system, as also timely adjustment may be monitored annually by a Committee consisting of Secretary to Government, Environment and Forest Department, PCCF &amp; DRD.</p>	<p>1) Not Accepted.</p> <p>2) Accepted with modification The share of Village Panchayats and Forest Department shall be 50:50 on gross basis at source.</p> <p>3) Accepted by the Government.</p> <p>4) Not Accepted.</p>

**Chapter V**

**Assessment of Civic needs and finances**

S. No	Rec.No.	Gist of recommendations	Orders of the Government
6	10.1	The Commission recommends that when the major tanks are going to be handed over to Water Users Association as contemplated in the Tamil Nadu Farmers Management of Irrigation System Act 2001. M.I. Tanks can also be handed over to Water Users Association. Till such time and as this is an agency function, grants to cover not less than 50% of the expenditure may be given outside the devolution.	Accepted in principle. Director of Rural Development shall send detailed proposals to the Government on the handing over of minor irrigation tanks maintained by Panchayat Unions to Water Users Association. Public Works Department shall examine the issue and decide on the modalities to be adopted. Till such time Director of Rural development shall send proposal to allocate funds from Equalisation Fund of SFC devolution for the maintenance of minor irrigation tanks, depending on the need.
7	10.2	Government may take over the rural dispensaries and ayahs working in maternity centres and till such time grants to cover 50% of the expenditure may be sanctioned outside the devolution.	Not Accepted. The subject 'Health' covering rural dispensaries is one of the functions of rural local bodies envisaged in the Eleventh Schedule of the Constitution of India.
8	50.9	To go into various aspects of Rain Water Harvesting, the State Finance Commission constituted a Committee on Rain Water Harvesting, which has submitted its recommendations, kept in the appendix-8 of the report. Based on the report of the RWH committee, State Finance Commission recommends that;	Accepted with modification.
		i) Government may set apart Re.1 crore as incentive fund for being distributed to the local bodies who have provided R.W.H structure in 90% of lands / buildings owned by these local bodies, as per modalities to be worked out by Government.	i) Orders have already been issued sanctioning 50% of Reserve Fund of SFC devolution toWards RWH.
		ii. Tax incentives should be made available to the public for having constructed the R.W.H structure in their houses (rebate on the first and second half yearly assessment)	ii) Not accepted since the construction of RWH Structures in individual houses – is – made mandatory.

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		iii. Public Works Department, TamilNadu Housing Board, TamilNadu Slum Clearance Board and TamilNadu Co-op. Housing Federation should ensure the provision of R.W.H structures in the projects executed by them.	iii) Accepted.
		iv. The technical universities like Tamilnadu Anna University, TNAU, IIT, etc., should be funded by Government and separate department should be created for these universities for doing research in RWH. The technical Universities must incorporate RWH as part of the syllabus for civil engineers, hydrological engineers, diploma holders (civil) etc., A separate training cell should be created in these research institutes and universities, who can in turn give training to masons and help the trained masons to put up more number of RWH structures.	iv) Accepted. The Departments concerned shall take necessary action in this regard.

### Chapter VI

#### Better Fiscal Management

S.No	Rec.No.	Gist of recommendations	Orders of the Government
9	9.9	Regarding the power supply to street lights in rural areas, the commission suggests that the central cable needs to have earth connection in many places so as to reduce the low voltage problem as power supply in earth connection is high during 6.00 p.m. to 10.00 p.m. when three phase power supply has been stopped for rural transformers.	Accepted. Energy Department shall issue instructions to Tamil Nadu Electricity Board suitably in this regard.
10	9.21	In respect of roads and buildings, presently the schedule of rates is fixed by Public Works Department applicable to the State as a whole and does not take into account local conditions. To remedy this, Second State Finance Commission recommends that schedule of rates may be fixed district-wise annually by a committee of	Accepted. The district wise variable schedule of rates has since been adopted in districts. However to revise the schedule of rates annually, a Committee as recommended by the Commission under the Chairmanship of District Collector shall be constituted by District Collectors.

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		respective S.E (PWD), S.E (Highways) and S.E (TWAD) taking into account lead and availability of raw materials locally.	
11	9.23	The Second State Finance Commission recommends that the Director of Rural Development may prescribe the life of a vehicle /norms for condemnation, ceiling on maintenance / repair and purchase so as curb wasteful expenditure in local bodies.	Accepted. The Government had earlier fixed the ceiling limit on the expenditure on repairs and replacement for all types of Government vehicles. The Director of Rural Development shall prescribe norms in this regard on par with the norms for Government vehicles.
12	13.(i) to 13 (iv)	<p>i) Defaulter's list may be published through mass media such as local newspapers, cable T.V., cinema slide etc., highlighting the names of the biggest defaulters in property tax, similar to the provision in the Income Tax Act, 1961 and Tamil Nadu General Sales Tax Act,1959.</p> <p>ii) Legal proceedings and criminal prosecution may be pursued to their logical conclusion and revenue realized.</p> <p>iii) (a) In case of collection of cycle stand fees they may be given to TEXCO to prevent unscrupulous elements from fleecing the public and pocketing the difference.</p> <p>(b) In case of pay and use latrines reputed NGOs, Trusts like Sulabh International may be granted the lease for similar reasons.</p> <p>iv) The sealed tender – cum – auction method may be implemented for leasing out properties of Local Bodies and advance rent can be collected before leasing out the premises. (Pagadi System).</p>	<p>Accepted.</p> <p>Accepted. DRD shall send proposal to amend the Act with reference to recommendations No.13(i) and (ii) above.</p> <p>Accepted.</p> <p>Accepted</p> <p>Accepted. Director of Rural Development shall send suitable instructions to all concerned so as to follow recommendation no 13(iii) and (iv) above, subject to satisfying the provisions in the relevant Act / Rules.</p>
13	18.2	In order to streamline the system of maintenance of provident fund accounts the State Finance Commission recommends that the depositing of the Provident fund contribution to the respective account should be	Accepted with modification. The Second State Finance Commission observed that the Provident Fund contributions of the employees of local bodies are not credited to the concerned account resulting in

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		<p>verified by the Financial Adviser &amp; Chief Accounts officer from the concerned Office of the Head of Department once in six months, and with the computerization of accounts, the backlog in interest calculation should be brought to current.</p>	<p>non-payment of dues to the retired employees. Hence the Commission made this recommendation.</p> <p>The Government direct that the Director of Rural Development shall derive the dues on Provident Fund contribution to be put in 'T' deposit, from the estimates to be given by Director of Local fund Audit based on his audit and to deduct the same from SFC devolution intended to such defaulting local bodies, at source.</p>
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### Chapter IX

#### Basis of Classification

S.No	Rec.No.	Gist of recommendations	Orders of the Government																		
14	3.4	<p>The Commission recommends that a staff norm of one per thousand population in a Panchayat Union may be adopted. The excess and surplus may be set off in each district and redeployed suitably.</p>	<p>Accepted. Director of Rural Development shall advise the District Collectors to do this exercise based on 2001 census and redeploy the excess the excess staff within each district.</p>																		
15	3.8	<p>State Finance Commission recommends five-fold classification of Panchayat Unions based on per capita Land Revenue as indicated below:.</p> <p>Table IX – 9</p> <p>Category</p> <p>Per capita</p> <p>No. of Panchayat Unions</p> <table border="0"> <tr> <td>I</td> <td>Above Rs.4</td> <td>37</td> </tr> <tr> <td>II</td> <td>Between Rs.3&amp;4</td> <td>25</td> </tr> <tr> <td>III</td> <td>Between Rs.2&amp;3</td> <td>42</td> </tr> <tr> <td>IV</td> <td>Between Rs.1&amp;2</td> <td>129</td> </tr> <tr> <td>V</td> <td>Below Re.1</td> <td>152</td> </tr> <tr> <td></td> <td><b>Total</b></td> <td><b>385</b></td> </tr> </table>	I	Above Rs.4	37	II	Between Rs.3&4	25	III	Between Rs.2&3	42	IV	Between Rs.1&2	129	V	Below Re.1	152		<b>Total</b>	<b>385</b>	<p>Since the horizontal distribution formula for Panchayat Unions accepted already by the Government does not accommodate per capita land revenue as one of the criteria, this recommendation was not accepted.</p>
I	Above Rs.4	37																			
II	Between Rs.3&4	25																			
III	Between Rs.2&3	42																			
IV	Between Rs.1&2	129																			
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**Chapter XII**

**Issues Germane to Terms & Reference**

S. No	Rec.No.	Gist of recommendations	Orders of the Government
16	2.6	As the National Population Policy 2000 has envisaged involvement of Zilla Parishads and Panchayats for population control, we recommend that Government may constitute a Committee in which demographers, eminent NGOs / persons involve in health and population control may be involved, who can develop guidelines for involving local bodies in reducing population.	Accepted.
17	2.7.1	For our aWard period, we recommended that Government of Tamil Nadu in Public (Census) Department as a neutral authority may issue a G.O. classifying 2001 Census figures as under - (in lakhs)  Rural: Village Panchayats population Village Panchayats deemed as census towns  Total Rural Population.	Accepted. Public Department shall do this exercise.
18	2.7.2	This Commission recommends that the population (including SC / ST population) as arrived in the above statement may be adopted for the following purposes -  i) Reclassification of local bodies (vide the chapter thereon)  ii) Allocation to Panchayats, after reclassification, if any, of Town Panchayats.	Accepted.
19	6.5	To cut down delay and consequential cost escalation in the execution of works, the Commission recommends that necessary amendments may be made to Tamil Nadu Panchayat Act so as to consolidate the gains that may accrue by virtue of the turnkey system.	Not accepted. Status quo shall continue.

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20	6.7.1	<p>The Second State Finance Commission recommends that funds be routed through the heads of department and not directly given to TWAD. Provisions for water supply may be made in the budgets of CMA, CRD and DTP in regard to respective local bodies. Further, a coordination committee may be formed with the following members to monitor the progress and release of funds.</p> <ul style="list-style-type: none"> <li>i) Commissioner of Municipal Administration – Convenor</li> <li>ii) Commissioner of Rural Development</li> <li>iii) Director of Town Panchayats</li> <li>iv) Managing Director, TamilNadu Water Supply and Drainage Board</li> <li>v) Joint Secretary, Municipal Administration and Water Supply Department – Members.</li> </ul>	<p>Recommendation was not accepted in view of the practical difficulty in the field.</p>
21	15.5	<p>The Commission recommends the following course of action to streamline the area of their operation.</p> <ul style="list-style-type: none"> <li>a) Rural road wing of Highways and Rural works Department may be disbanded and all the local body roads should be executed only through local bodies through their Rural engineering wing of Commissioner of Rural Development.</li> <li>b) Since, ODRs are not getting adequate attention in Highways and Rural Works Department, for want of funds, ODRs can be transferred to District Panchayats and the present engineers and staff of RR wing at the District level may be placed under District Panchayat as a part of Rural engineering wing. District Panchayat will maintain ODRs from out of their devolutionary grants or from the funds received under centrally and state sponsored programmes.</li> </ul>	<p>Accepted with modification. The Government observe that the entire Other District Roads (ODR) are not rural roads and they contain bus route roads also. Moreover, all roads do not emanate and end within the same Union; some roads ends in other Union and some in the neighboring districts also. Hence, there will be practical difficulties in the implementation of this recommendation.</p> <p>The Government also consider that as of date, enough activity is there for the Highways and Rural Works Department.</p> <p>The Government therefore decided that the transfer of function 'rural roads' to rural local bodies shall be made in a phased manner.</p>

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		<p>Government of India guidelines permitting ODRs as part of rural roads under the newly launched PMGSY may be taken note of and this will eventually benefit and improve these roads under PMGSY.</p> <p>c) If the Government feels that a segment of Rural roads wing of Highways and Rural Works Department, could continue it may be entrusted with all the bridge works exceeding 12 metre span which are executed in local body roads since Rural Engineering Wing at present is not having sufficient expertise and design cell. Such works have to be executed as deposit works based on the resolution of the respective local bodies without any centage charges. Further, if any local body roads are to be taken up and executed by RR Wing either under NABARD or any other programme, these also have to be taken as deposits works only. The list of works so taken up for implementation by RR Wing shall be approved by respective local body as well as committee headed by the Collector consisting of Project Officer, District Rural Development Agency, Divisional Engineer (Rural Roads), Assistant Director (Pt) with a view to avoid overlapping.</p> <p>d) In any case to avoid confusion and to ensure role clarify the Commission feels that it would be appropriate to have the nomenclature "Highways Department", deleting the words "rural works".</p>	<p>Accordingly, the Government direct that the Director of Rural Development shall send proposals to transfer the rural roads which emanate or originate in the Panchayat Unions and ends in the same Panchayat Union, to that Panchayat Union for further examination and issue of orders.</p> <p>Accepted in principle. The recommendation would be given effect as and when the rural roads are transferred to local bodies in their entirety.</p>
22	16.7.3	<p>The District Planning Committee requires a secretariat with due expertise to formulate District Plan and to take follow up action on the issues on which decisions were taken. For this, the Commission recommends that instead creating a new establishment, the present officers and staff in the office of</p>	<p>Not accepted. Status quo shall continue.</p>

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		District Panchayat and office of the Regional Deputy Director of Town and Country planning may be made the secretariat of the District Planning Committee. This Secretariat along with the Collector concerned may follow up with both Heads of Government departments and the local bodies and see that the District Plan is dovetailed into the Annual Plan of the State and the budgets of local bodies concerned.	
23	19.13	The Second State Finance Commission recommends that the following networking envisaged in para 19.9 to 19.11 may be put into operation during the aWard period of Second State Finance Commission.	Accepted. Government Orders have already been issued for the creation of data base by utilizing the Eleventh Finance Commission Grants. Director of Rural Development shall ensure that the data enlisted in para
	19.9	It will be useful for HODs, if the data base is stored in internet / website with a home page as suggested below: a. Income b. Expenditure – Salary and O&M Capital Debit Servicing. c. Dept and total liabilities d. Service levels e. Work details f. Gaps g. DCB of tax and non-tax h. Total assets i. Schemes in pipeline j. Perspective plan for the next 10 years k. Staff details	19.9 could be complied from the accounts and data base formats, going to be compiled through NIC.
	19.10	In the wake of enactment of cyber-laws, piracy of software is considered as offence. Hence the local body institutions are advised to have licensed version of software to avoid files being corrupted and thereby their data-base.	

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	19.11	<p>Panchayat Raj Institutions:</p> <p>a) Recently Government has announced that all Panchayat Unions will be computerized in a phased manner. Panchayat Unions should be the local center for computersing its own operations as well as that of Village Panchayats. Transfer of data may be by way of floppies to Districts. Districts may create Date base based on Floppies and transfer the data through NICNET to State Government / CRD.</p> <p>b) The CRD after receiving the data may host a website for periodical monitoring.</p>	
24	25.1	<p>The Chairman / Mayor is responsible for the conduct of meetings in Urban Local Bodies. In respect of Panchayat Raj Institutions, the Village Panchayat President, Panchayat Union Chairman and District Panchayat Chairman are responsible for the conduct of meetings. The job of the Chairperson has become an unenviable one in the wake of composition of the Councils. A small provocation results in violence in Council meetings. In one urban local body it is a recurring feature. Besides the following impediments are also brought to out notice.</p> <p>a) Executives talk about pressures from elected representatives even against the collective decision of the Municipal Councils.</p> <p>b) Budgets are not respected.</p> <p>c) Meetings could not be held for two to three months and hence the decisions on vital issues get held up.</p> <p>d) Filling of cases in courts in one's name / or in benami name to challenge the collective decision of the Council.</p>	<p>Accepted. Director of Rural Development shall send necessary proposals for the issue of Code of Conduct for the elected representatives of rural local bodies along with proposal to amend the Act/ Rules.</p>

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		<p>e) Taking contracts in the names of relatives thereby violating the Rules.</p> <p>These are only samples. These need to be addressed as they have bearing on finances of local bodies. The remedy lies in evolving a code of conduct for elected representatives. Those who violate the code may for the first time be admonished. Subsequent violations need to be dealt with by way of disqualifications.</p>	
25	27	<p>State Finance Commission suggests that established industrial houses may be encouraged to involve themselves under Namakku Name Thittam by offering incentives. If a Corporate body / Industry comes for Ward with 50% of project cost, 25% could be funded by Government and the remaining 25% by the local public. Provision for maintenance of assets created has to be adequately made while releasing funds. As regards payment instead of check measurement by the concerned local bodies it can be done on certification by the Corporate body / NGOs subject to the condition that these bodies engage qualified Engineers. In order to encourage industrial houses to adopt Villages, tax concession may be made available for creating basic amenities and creation of infrastructure similar to incentives given earlier under 'TARRA' scheme implemented through Director of Rural Development. This may be taken up with the Center.</p>	<p>Accepted. Director of Rural Development shall instruct all the rural local bodies to encourage the industrial houses to participate in public participatory projects and also adoption of Villages by them so as to uplift the rural community.</p> <p>Director of Rural Development shall also examine the issue of giving tax concession to those industrial houses which adopt Villages with reference to the earlier Government of India Scheme, as well the existing Centrally Sponsored Schemes and Send necessary proposals to the Government so as to approach Government of India.</p>
26	26.2	<p>The Second State Finance Commission suggests that in future all such group housing schemes implemented by any Government department will have to ensure that the habitations so</p>	<p>Accepted. The Commission observed that the unplanned group housing schemes implemented by various departments in a haphazard manner would create</p>

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		<p>created by these departments are in close proximity to an existing habitation or colony as far as practicable and thereby ensure the harmonious integration of the rural communities and thereby effect economy in expenditure. Haphazard mushrooming of colonies needs to be discouraged. Such isolated colonies can be provided facilities only under Schemes like 'Namakku Naame'.</p>	<p>habitations in isolated pockets and not integrated with the main Village. This would put severe strain on the slender finances of the State and local bodies who would find it very difficult to provide basic civic amenities to the residents of these habitations. Hence, the Commission made this recommendation. While formulating proposals on group housing schemes, Director of Rural Development shall consult other departments who developed habitation and select areas integrated with the existing habitations and the main Village and then send proposals to the Government for sanction.</p>
27	28.3	<p>The Commission suggests that a committee may be constituted under the Chairmanship of Commissioner of Rural Development and Managing Director, Tamil Nadu Water Supply &amp; Drainage Board, as Member, At the district level, a committee may be formed with Collector as Chairman and PO/ DRDA, Assistant Director (Panchayats), DRO, and EE (TWAD) as members. If needed, separate norm could be adopted for providing habitation: this norm shall not however apply to other amenities and infra structure.</p>	<p>Recommendation was not accepted in view of the difficulties envisaged in fresh delimitation of existing habitation / revenue Villages.</p>
28	29.1	<p>While enacting the legislation, the Parliament in its wisdom decided to confer on State Finance Commissions the same status as enjoyed by Central Finance Commission. In fact, the wordings of Article 280 &amp; 281 have been repeated in Article 243 I (4) and Art 243 Y (2). In other words the relation between Central Finance Commission and the Centre and the State Finance Commissions and respective States are the same. In the above context the expectation is the State Government, in the normal course, would not make any substantive changes but accept in to the recommendations of State Finance Commission.</p>	<p>The Government have taken note of this recommendation for guidance.</p>

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29	29.3	The State Finance Commission has suggested a Council with representatives of Government on one side and elected representatives of local bodies on the other side similar to Inter State Council. In such a Council, the changes envisaged by government need to be debated and after such a debate, the Government can certainly make suitable changes to the recommendations of State Finance Commission in exceptional cases. The legislature may be kept informed of such changes.	Accepted. High Level Committee headed by Honourable Chief Minister will perform this function.
30	30	This Commission suggests that the remaining Rules may be notified at the earliest so that the next batch of elected representatives would have the Rules with them when they take charge in October 2001.	Accepted. Director of Rural Development shall expedite action in this regard.
31	31.2	After a careful consideration of both the views expressed for the retention and the abolition of Section 205 of the Tamil Nadu Panchayats Act 1994, this Commission suggests that the Section may be suitably amended to enable the formation of a committee consisting of i) District Collector, ii) District Panchayat Chairman, iii) Chairman of the concerned Panchayat Union to decide on the issue of removing a Village Panchayat President. The Commission also suggests that the Legislative Assembly may be kept informed about the removal of a Village Panchayat President.	Not accepted. Status quo shall continue.

4. The Director of Rural Development and District Collectors are directed to ensure that all the orders are implemented with immediate effect and send proposals to the Government wherever considered necessary.

5. Other line Departments are requested to co-ordinate in implementing the recommendations of Second State Finance Commission as accepted by the Government. The Act / Rules relating to those Departments shall be amended wherever required in consultation with Rural Development Department.

(By order of the Governor)

**SANTHA SHEELA NAIR**  
SECRETARY TO GOVERNMENT