

DEPARTMENT OF LEGAL AND LEGISLATIVE AFFAIRS PUNJAB

Notification

The 19th April, 1994

No 8-Leg./94.—The following Act of the Legislature of the State of Punjab received the assent of the Governor of Punjab on the 19th April, 1994, and is hereby published for general information :—

THE PUNJAB FINANCE COMMISSION FOR PANCHAYATS AND MUNICIPALITIES ACT, 1994

(Punjab Act No. 8 of 1994)

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ACT

to provide for the constitution of the State Finance Commission to review the financial position of the Panchayats and Municipalities in the State and to make recommendations in terms of the provisions of Article 243-I and Article 243-Y of the Constitution of India.

BE it enacted by the Legislature of the State of Punjab in the Forty-fifth Year of the Republic of India as follows :—

1. (1) This Act may be called the Punjab Finance Commission for Panchayats and Municipalities Act, 1994.

Short title and commencement.

(2) It shall come into force at once.

2. In this Act, unless the context otherwise requires,—

Definitions.

(a) "Finance Commission" means the Punjab Finance Commission for Panchayats and Municipalities constituted under section 3 of this Act ;

(b) "Governor" means Governor of the State of Punjab ;

(c) "Member" means a member of the Finance Commission and includes its Chairman ;

(d) the expressions "Municipality" and "Panchayat" shall have the same meaning as assigned to them under article 243 of the Constitution of India ;

(e) "Prescribed" means prescribed by rules made under this Act ;

(f) "State Government" means State Government of the State of Punjab.

3. (1) As soon as may be within one year from the commencement of the Constitution (Seventy-third Amendment) Act, 1992 and thereafter at the expiration of every fifth year, the Governor of Punjab shall by Notification, constitute a Finance Commission to be called the Punjab Finance Commission for Panchayats and Municipalities for reviewing the financial position of Panchayats and Municipalities and for making recommendations in terms of the provisions of Article 243-I and Article 243-Y of the Constitution of India.

Constitution of Finance Commission.

(2) The Finance Commission constituted under sub-section (1) shall consist of a Chairman and four other Members to be appointed by the Governor of Punjab.

(3) The Finance Commission shall have its headquarters at Chandigarh or at such other place as may be notified by the State Government from time to time.

Qualifications
for appointment
as Chairman
and Members
of Finance
Commission.

4. The person to be appointed as Chairman of the Finance Commission shall have an experience in public affairs and the persons to be appointed as Members thereof shall—

- (a) have special knowledge and experience in economic and financial matters relating to Panchayats ; or
- (b) have special knowledge and experience in economic and financial matters relating to Municipalities ; or
- (c) have wide experience in financial matters and in administration ; or
- (d) have special knowledge of economics.

Persons having
financial or
other interests
not to be appointed
as Members
of Finance
Commission.

5. (1) Before appointing a person as a Chairman or Member of the Finance Commission, the Governor shall satisfy himself that the person to be so appointed has no financial or any other interest as is likely to affect prejudicially his functions as Chairman or Member of the Finance Commission.

(2) After the appointment of Chairman and Members of the Finance Commission, the Governor shall also satisfy himself from time to time with respect to the Chairman and Members of the Finance Commission that they may have no financial or any other interest as is likely to affect prejudicially their functions as Chairman or Members of the Finance Commission and for that purpose the Governor may require the Chairman and the Members to furnish to him such information as he considers necessary with a view to satisfy himself as to whether the Chairman or the Members have any such interests.

Disqualifications
for being member
of Finance
Commission.

6. A person shall be disqualified for being appointed as, or for being a Member, of the Finance Commission,—

- (a) if he is of unsound mind ;
- (b) if he is an undischarged insolvent ;
- (c) if he has been convicted of an offence involving moral turpitude ; or
- (d) if he has such financial or any other interest as is likely to affect prejudicially his functions as a Member of the Finance Commission.

7. Every member of the Finance Commission shall hold office for such period as may be specified in the order of the Governor appointing him as such but shall be eligible for reappointment :

Term of office
of Members.

Provided that he may, by a letter addressed to the Governor, resign his office, at any time prior to the period specified in his appointment letter.

8. The Chairman and Members of the Finance Commission shall render whole time or part time service to the Finance Commission as the Governor may in each case specify and there shall be paid to the Chairman and Members of the Finance Commission such fees or salaries and such allowances as the State Government may, prescribe from time to time.

Conditions of
service and
salaries and
allowances of
Members.

9. The Finance Commission shall review the financial position of the Panchayats and Municipalities and make recommendations to the Governor—

Functions of the
Finance Com-
mission.

(A) in the case of Panchayats as to—

(a) the principles which shall govern—

- (i) the distribution between the State and the Panchayats 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 at all levels 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 ; and
- (iii) the grants-in-aid to the Panchayats from the Consolidated Fund of the State ;

(b) the measures needed to improve the financial position of the Panchayats ; and

(c) any other matter referred to the Finance Commission by the Governor in the interests of sound finance of the Panchayats ;

(B) in respect of Municipalities as to—

(a) the principles which shall govern—

- (i) the distribution between the State and the Municipalities of the net proceeds of the taxes, duties, tolls and fees leviable by the State, which may be divided between them under this Act and the allocation between the Municipalities at all levels 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 Municipalities ; and
- (iii) the grants in aid to the Municipalities from the Consolidated Fund of the State ;
- (iv) the measures needed to improve the financial position of the Municipalities ; and
- (v) any other matter referred to the Finance Commission by the Governor in the interests of sound finance of the Municipalities.

Procedure and Powers of Finance Commission.

10. The Finance Commission shall determine its procedure in the performance of its functions and shall have all the powers of a civil court under the code of Civil Procedure, 1908 while trying a suit in respect of the following matters, namely :—

- (a) summoning and enforcing the attendance of witnesses ;
- (b) requiring the production of any document ; and
- (c) requisitioning any public record from any court or office.

Recommendations of Finance Commission to be laid before the State Legislature.

11. The Governor shall cause every recommendation made by the Finance Commission under this Act together with explanatory memorandum as to the action taken thereon to be laid before the Legislature of the State.

Power to make rules.

12. (1) The State Government may by notification make rules for carrying out the purposes of this Act.

(2) Every rule made under this section shall be laid as soon as may be, after it is made, before the House of the State Legislature, while it is in session for a total period of ten days, which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session in which it is so laid or the successive sessions aforesaid, the House agrees in making any modification in the rule or the House agrees, that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be, so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done or omitted to be done under that rule.

GURDEV SINGH,

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