

**Appendix No.1**

**G.O.Ms.No.350, Finance (Resources) Department, Dated 23rd April 1994**

**(Chithirai 10, Bhava, Thiruvalluvar Aandu 2025)**

**COMMISSION - Finance Commission - To study the financial position of panchayats - Constitution of Finance Commission - Tamil Nadu Panchayats Act 1994 (Tamil Nadu act 21 of 1994) - Orders - Issued.**

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**Order-No.350, Finance (Resources) department, dated 23rd April 1994.**

The appended Notification will be published in an Extra Ordinary issue of Tamil Nadu Government Gazette, dated the 23rd April 1994.

**(BY ORDER OF THE GOVERNOR)**

**T.V. VENKATARAMAN,  
CHIEF SECRETARY TO GOVERNMENT**

**NOTIFICATION**

In exercise of the powers conferred by the sub-section(1) of Section 198 of the Tamil Nadu Panchayats Act, 1994 (Tamil Nadu Act 21 of 1994), the Governor of Tamil Nadu hereby constitutes a Finance Commission referred to in Article 243-I of the Constitution, with a Chairman and four other Members. Thiru M.A.Gowrishankar, I.A.S. is appointed as a Member who will be the Member-Secretary of the Commission.

2. The Chairman and other members of the Commission shall hold office from the date on which they respectively assume office upto the 31st day of October 1995.

3. The Commission shall review the financial position of the panchayats and make recommendations as to:-

(a) the principles which should govern,-

(i) the distribution between the State and panchayats of the net proceeds of the taxes, duties, tolls and fees leviable by the Government which may be divided between them, and allocation between the district panchayats panchayat union councils and village panchayats 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;

(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.

4. In reviewing the financial position of the panchayats, the Commission shall,-

(i) assess the financial position of the Panchayat unions as on 31st March 1994 with reference to revenue receipts and expenditure and the debt position;

(ii) assess, as far as may be practicable, the financial position of the village panchayats as on 31st March 1994 with reference to revenue receipts and expenditure.

5. In making its recommendations, the Commission shall have regard, to the resources of the State Government, the demand thereon and the need to generate adequate surplus on revenue account for State's commitments on capital account.

6. The Commission shall also have regard to:-

(i) the existing level of devolution of resources to the Panchayats and the adequacy of such devolution;

(ii) the maintenance and upkeep of capital assets owned by, or entrusted to, the panchayats;

(iii) the tax efforts of the panchayats and incentives to increase such tax efforts.

7. The Commission may suggest changes, if any, in the existing classification of panchayat unions on the basis of their financial position.

8. The Commission may suggest measure to improve financial management of panchayats and to reduce unproductive expenditure in Panchayats.

9. The Commission shall make its report available by 31st October 1995, covering the period of five years commencing on 1st April 1997.

**T.V. VENKATARAMAN,**  
Chief Secretary to Government

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