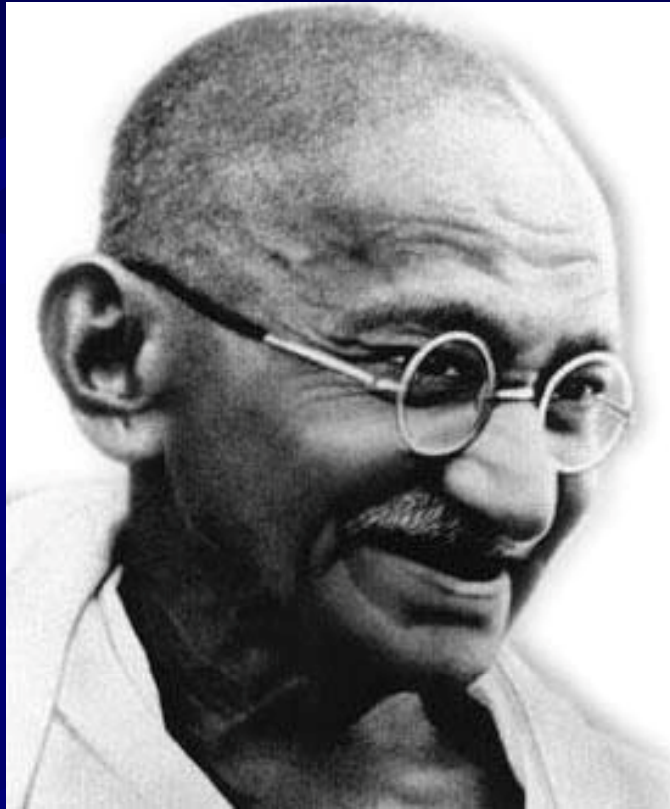




# Democratic Decentralisation and Panchayat Raj Institutions in India

Sri K.Chandramouli, I.A.S.,  
Commissioner, AMR-APARD  
Hyderabad



“Independence must begin at the bottom. Thus, every village will be a republic or panchayat having full powers.”



# Structure of Presentation


## ★ Local Governance –

- Pre and Post independence Period
- Pre 73<sup>rd</sup> Constitutional Amendment
- Post 73<sup>rd</sup> Constitutional Amendment
- Post 2004 Scenario
- Panchayat Raj System in Andhra Pradesh



# Local Governance Pre-Independence Period

- ✴ Traditional ResSystem of Panchayats  
(Assembly of 5 persons)  
Caste Panchayats
- ✴ Local Bodies - Towns (Nominated)  
1687 Madras Municipal Corporation  
1870 Lord Mayo olution for town based  
local bodies

- 
- ★ 1882-Lord Rippon Resolution - Local Self-Government (Municipal Functions) May 18, 1882
  - ★ In the 1930s and 40's Gandhiji's Gram Swaraj - Village Republics
  - ★ Self-Reliant but interdependent
  - ★ Gram Swaraj idea was in the forefront of independence movement



# Ideological Differences

“What is the village but a sink of localism, a den of ignorance, narrow mindedness and communalism” - Ambedkar

“My idea of gram swaraj is that a complete republic independent for many others in which dependency is necessity....” -Gandhiji



# Constitutional Support

- ✴ Indian Constitution - Directive Principles -Part IV Article 40 – Organisation of Village Panchayats

“The State shall take steps to organise village panchayats and endow them with such powers and authority as may be necessary to enable them to function as units of self-government”



# Seeds to New Panchayat Raj

- ✱ Grow More Campaign (1951)
- ✱ Community Development Programme (1952)
- ✱ National Extension Service (1953)
- ✱ Balwantrai Mehta Committee 1957
- ✱ 3 Tier PR System in 1959
- ✱ Ashok Mehta Committee (1977)



# Backdrop of 73rd CAA

- ★ 1989: 64<sup>th</sup> Constitution Amendment bill introduced on 15<sup>th</sup> May in Lok Sabha was defeated in Rajya Sabha on 15<sup>th</sup> October
- ★ 1992: Lok Sabha Passes 73<sup>rd</sup> and 74<sup>th</sup> Constitution Amendment Bills on 22 Dec.
- ★ 1993: 73rd Amendment Act, 1992 comes into force on 24 April, 1993.
- ★ 74th Amendment Act, 1992 comes into force on 1 June, 1993.



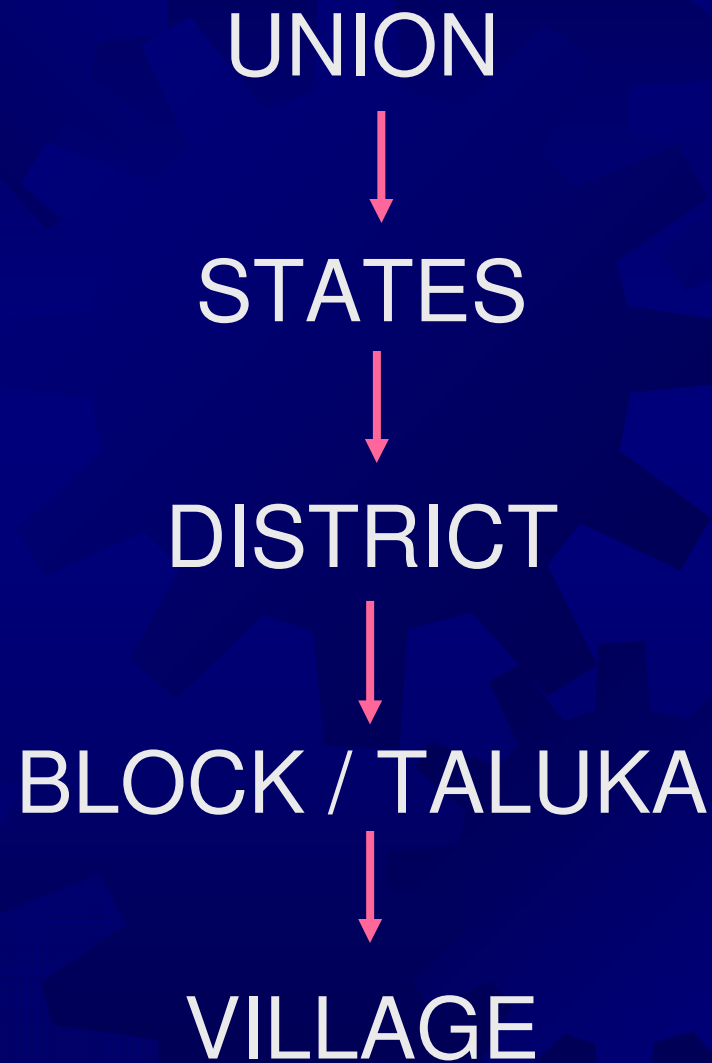
## **The New Phase Leaders:**

- ✴ West Bengal (1978)
- ✴ Karnataka (1987)
- ✴ Andhra Pradesh (1987)
- ✴ Kerala (1997)

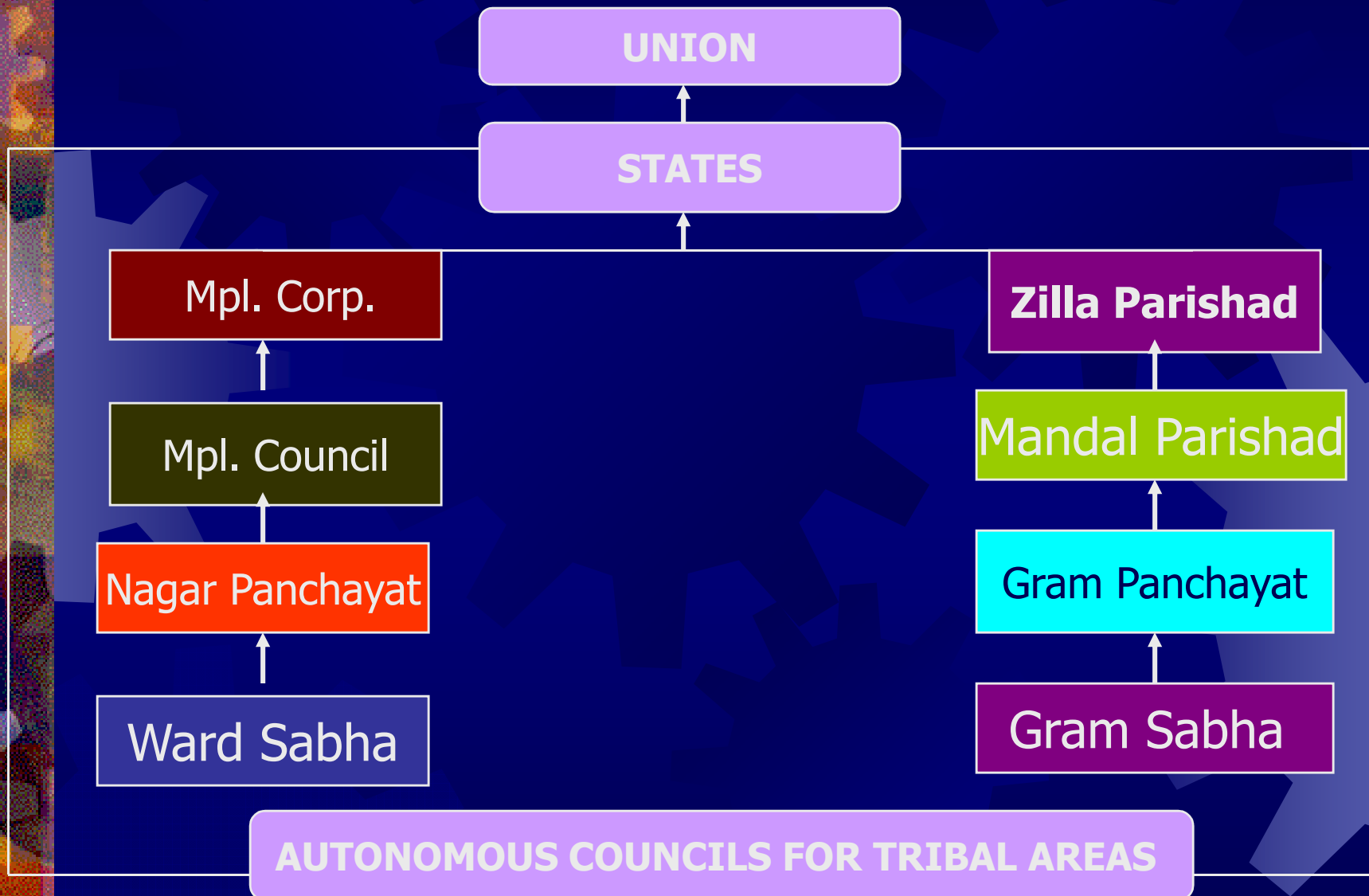
## **Milestones:**

- ✴ District Government Idea debate( mid 80's)
- ✴ Panchayats and Municipalities became Institutions of Self-Government in Part IX and Part IXA of the Constitution :
- ✴ April 24, 1993
- ✴ June 1, 1993
- April 23, 1994, May 31, 1994 - States passed conformity legislations
- ✴ Panchayats extended to Schdule V areas (1996)

# India's Federal Structure till 1990s



## POST 73<sup>rd</sup> & 74<sup>th</sup> AMENDMENT SCENARIO



Autonomous Councils are created in some States like West Bengal, Bihar, Jammu & Kashmir and Assam for administration and development of certain areas with special features. But they also have statutory local bodies

# Local government structures in India

## Panchayats & Nagarpalikas

- 24 States,
- 5 Union Territories

## Fifth Schedule Areas

Areas of  
9 States

- AP,
- Chhattisgarh
- MP
- Rajasthan
- HP
- Jharkhand
- Maharashtra
- Gujarat
- Orissa

## Sixth Schedule Areas

Areas of  
Assam,

- Meghalaya,
- Mizoram,
- Tripura

## Others systems established through State laws

- Hill areas of Manipur,
- Nagaland,
- Darjeeling Gorkha Hill Council;  
(Exempt from ZPs)
- J&K

Environmentally sensitive or resource rich areas have diverse LG structures



## **Salient Features of the 73rd and 74th Constitution Amendment Acts (1992)**

- **Three-tier system of panchayats at village, intermediate and district levels. Smaller states with population below 2 million only two tiers**
- **Regular Conduct of Gram Sabhas (Rural) and Ward Committees (Municipalities) comprising all persons enrolled in the voters list .**
- **Direct election to MPTC, ZPTC, Sarpach, Ward Members and indirect election to MPP/Chairman ZP**
- **Seats reserved for Scheduled Castes (SCs) and Scheduled Tribes (STs) on population basis**

# Salient Features of the 73rd and 74th Constitution Amendment Acts (1992)

- Chairpersons of the Panchayats at all levels also shall be reserved for SCs and STs in proportion to their population
- One-third reservation for women in all categories
- Reservation to Backward Classes
- Ordinary Elections for every 5 years. In the event of dissolution, elections compulsorily within six months.
- Constitution of Election Commission in each state for superintendence, direction and control of the electoral rolls.
- Constitution of State Finance Commission to determine the principles on the basis of which adequate financial resources would be ensured for panchayats and municipalities

## **The Panchayats (Ext. to Scheduled Areas) Act, 1996**

- ★ Panchayati Raj extended to Tribal areas with
- ★ State legislation enjoined to give primacy to communities to manage their affairs in accordance with traditions and customs.
- ★ Gram Sabhas given extensive powers to
  - ★ safeguard and preserve traditions, customs, cultural identity, community resources and customary mode of dispute resolution.
  - ★ to approve the plans, programmes and projects for social and economic development,
  - ★ Identify beneficiaries under poverty alleviation and other programmes,
  - ★ certify utilization of funds by the Gram Panchayat,
  - ★ Protect common property resources, including minor forest produce,
  - ★ Be consulted prior to land acquisition.



# PESA

## *Constitution within the constitution which attempts to bring together....*

- *The simple system of tribal communities governed by their respective customs and traditions*
- *The formal system of the state governed exclusively by laws*

## *Self Governance*

- *Paradigm shift of power from State and Political elite to community (Grama Sabha)*

## *PESA envisages*

- *Development delivery to empowerment*
- *Implementation to planning*
- *Circumscribed involvement to participation*



## ★ Constitutional Status

- ★ Constitutional Status for Stability and Continuity
- ★ Timely election
- ★ Representation for weaker sections
- ★ Framework for 4 “Fs”
  - ★ Functions
  - ★ Functionaries
  - ★ Funds
  - ★ Freedom



# Article 243 G reads as under,

## Powers, authority and responsibilities of Panchayats.-

Subject to the provisions of this Constitution, the Legislature of a State *may, by law, endow* the Panchayats with **such powers and authority as may be necessary to enable them to function as institutions of self-government** and such law may contain provisions for the **devolution of powers and responsibilities** upon Panchayats at the appropriate level, subject to such conditions as may be specified therein, with respect to-

- (a) the preparation of plans for economic development and social justice;
- (b) the implementation of schemes for economic development and social justice as may be entrusted to them including those in relation to the matters listed in the Eleventh Schedule.

# 29 Subjects listed in Eleventh Schedule

**Agriculture, incl.  
extension**

**Land improvement,  
land reforms, consolidation  
soil conservation.**

**Minor irrigation,  
water management  
watershed devpment**

**Animal husbandry,  
dairying and poultry**

**Fisheries**

**Social forestry  
farm forestry**

**Minor forest  
produce**

**Fuel and fodder**

**Maintenance of  
community assets**

**Rural housing**

**Drinking water**

**Poverty  
alleviation programme**

**Public distribution  
system**

**Education,  
including primary  
and secondary schools**

**Technical training  
vocational education**

**Adult and non-formal  
education**

**Libraries**

**Cultural  
activities**

**Welfare of the weaker sections,  
in particular of SCs and STs**

**Social Welfare,  
Welfare of handicapped and  
mentally retarded**

**Women and  
Child development**

**Health and sanitation  
hospitals. Primary health centres  
dispensaries**

**Family welfare**

**Roads, culverts, bridges,  
ferries, waterways  
other means of communication**

**Non-  
conventional  
energy**

**Markets  
Fairs**

**Khadi, village and  
cottage industries**

**Small scale industries,  
food processing industries**

**Rural electrification,  
distribution of  
electricity**

# Twelfth Schedule lists 18 Subjects to Municipalities

**Urban Planning & Town Planning**

**Regulation of Land use and construction of building**

**Planning for Social and Economic development**

**Water Supply for domestic Industrial and commercial**

**Public Health, sanitation Conservancy and solid waste Management**

**Fire Service**

**Urban Forestry, protection of the Environment and promotion of Ecological aspects**

**Safeguarding the interest of weaker sections of society, including the handicapped and Mentally retarded**

**Slum improvement And upgradation**

**Urban Poverty Alleviation**

**Roads and Bridges**

**Provision of Urban Amenities**

**Provision of Cultural, Educational and Aesthetic Aspects**

**Burial, Cremations and its Grounds, electric crematorium etc**

**Cattle Ponds; Prevention of Cruelty to Animals**

**Registration of Births and Deaths**

**Public amenities including street Lighting, Parking Lots, bus stops and public conveniences**

**Regulation of Slaughter Houses and Tanneries**

# State Finance Commissions - SFCs

**State Finance Commission to be appointed every 5 years:**

- review the financial position of the Panchayats,
- recommend principles to govern distribution of State taxes, duties, etc between State and Panchayats,
- Allocation between the Panchayats of their respective shares of such taxes etc.,
- determination of taxes, duties, etc. which may be assigned to, or appropriated by, the Panchayats;
- Recommend grants-in-aid to Panchayats from State Consolidated Fund;
- Recommend measures needed to improve the financial position of the Panchayats;

# Central Finance Commission - CFC

- ★ **The Central Finance Commission shall recommend:**

- The measures needed to **augment** the Consolidated fund of a State
- to **supplement** the resources of Panchayats in the State,
- On the basis of the recommendations made by the Finance Commission of the State



## Recommendation of Thirteenth Finance Commission (2010-2015)

- ★ Local bodies will get Rs. Rs.87,519 crores during the period of 2010-2015.
- ★ PRIs will get Rs.63,050 crores
- ★ AP will get Rs.5,226 crores during this period





# Elements of good design for decentralisation

- ✱ Role clarity,
- ✱ Finance to follow function,
- ✱ Rules of devolution to be clear,
- ✱ Clear accountability for devolved responsibilities,
- ✱ institutions able to respond to the emerging demand for capacity support,
- ✱ a minimum level of capacity to absorb a program of capacity building,

# The difference between real and not-so-real decentralisation

## Real decentralisation:

- ☀ Clear role assignment,
- ☀ Power to spend money,
- ☀ Power to tax,
- ☀ Discretion in spending money,
- ☀ Power to hire fire and control staff,
- ☀ Direct Accountability.

## Not-so-real decentralisation:

- ☀ Scheme bound expenditure,
- ☀ Staff on deputation,
- ☀ Limited power to collect resources
- ☀ Somebody else (above or below) acting for the Panchayats
- ☀ Somebody else (above or below) responsible for Panchayat performance



# Why Decentralisation Does not happen?

- ✱ Normal fear about devolution: PRIs do not have the capacity to manage enhanced powers.
- ✱ Skeptics feel that capacity building of Panchayats should *precede* devolution .



# Devolution Index

- ✱ It is developed by the National Council of Applied Economic Research (NCAER)
- ✱ The index uses the 3F framework and measures the extent to which States had transferred Finances, Functions and Functionaries to the PRIs.
- ✱ Pre-requisites for estimation of Devolution Index – Establishing the State Election Commission, 2) Holding PRI elections every five years. 3) Establishing State Finance Commissions and 4) setting up District Planning Committees.
- ✱ The Devolution index was calculated as simple average of three sub-indices corresponding to the 3Fs i.e functions, funds and functionaries.

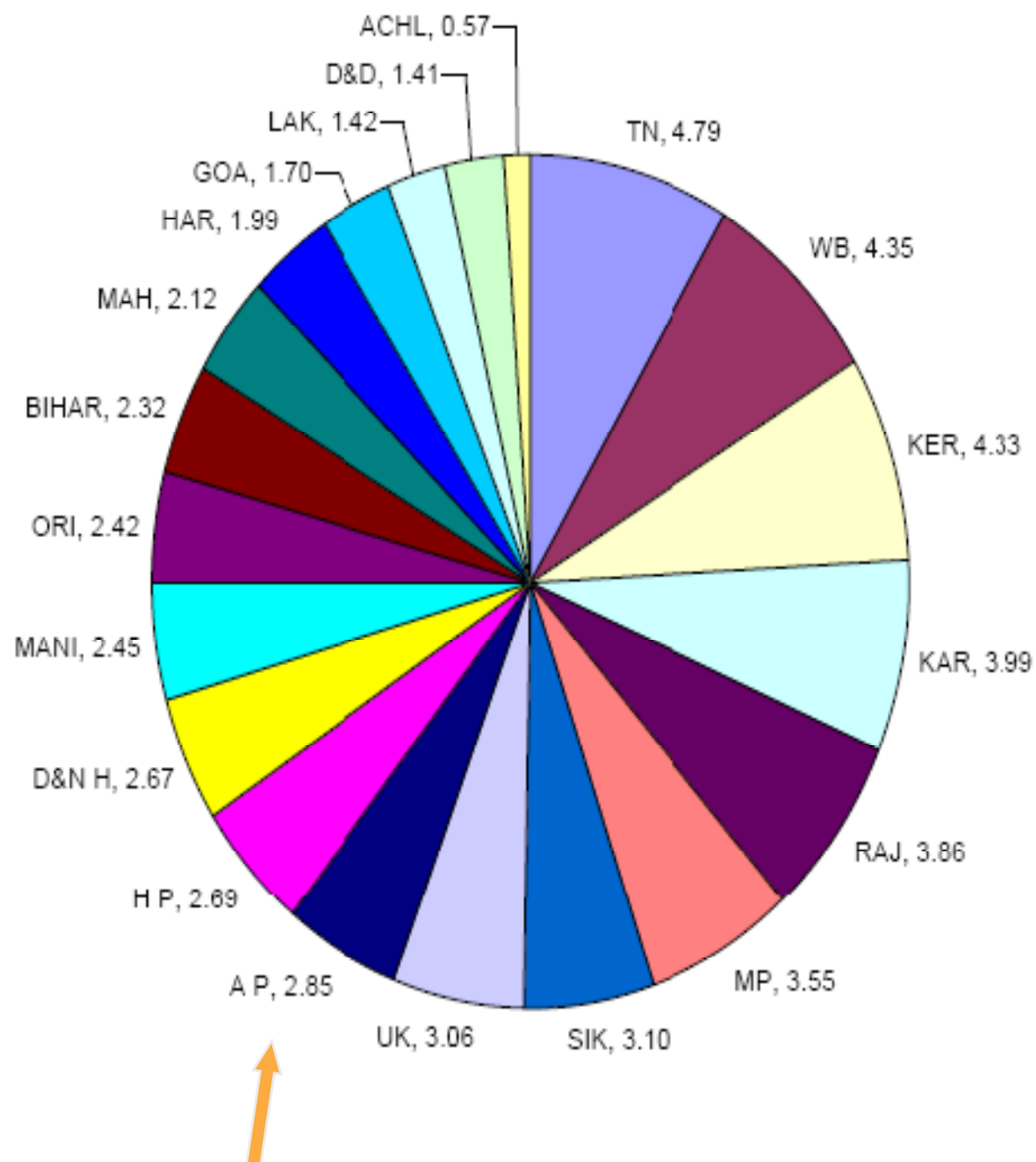
# Sub indices of Devolution Index

Functions	Finances	Functionaries
<p>1)De facto transfer of 29 functions listed in 11<sup>th</sup> Schedule.</p> <p>2)Detailed Activity Mapping conducted for these 29 functions.</p>	<p>1)Authorization of PRIs to collect taxes, duties, tolls etc.</p> <p>2)PRIs own revenue as % of PRIs expenditure</p> <p>3)Timely action on latest SFCs major recommendations</p> <p>4)Percentage of funds devolved to PRIs that are untied</p> <p>5)Promptness with which TFC funds are transferred to PRIs.</p> <p>6)Allocation of funds to PRIs based on apportionment formula.</p>	<p>1)Expert Institutions and entities to support PRIs for the preparation of their Annual Plans specified.</p> <p>2)Expert institutions and entities to support capacity building / training of elected officials of PRIs specified</p> <p>3)Amount of money provided for the capacity building/training of elected officials of PRIs.</p> <p>4)Amount of money provided for the capacity building/training of appointed officials of PRIs.</p> <p>5)Annual report for last fiscal year released.</p>

# Milestones

1995	MoRD Guidelines on Devolution
2001 July	Conference of State Panchayat Raj Ministers
2001	Task Force on Dev. Powers to PRIs-Guidelines on Activity Mapping
2004	Creation of MoPR
2004 November	Conference of CMs
2004-2005	7 Round Table Conferences
2005	Working Group on Democratic Decentralisation and PRIs by Planning Commission & MoPR
August 2006	Planning Commission Guidelines on District Planning
2008	Manual on Integrated District Planning

## Devolution Index-National Council of Applied Economic Research 2007-08





# Weaknesses

- ✱ Lack of political will of political parties for decentralisation
- ✱ Lack of public awareness and vigilance
- ✱ Lack of orientation of officials for working with LGs
- ✱ Elite capture in highly unequal societies
- ✱ Bias against women
- ✱ Bureaucracy has not learnt to work with the local government
- ✱ Downward accountability mechanism not yet developed
- ✱ Decision-making not yet broad-based
- ✱ Rules & procedures not adequately framed














# The Ministry of Panchayati Raj

## ★ The Panchayat Empowerment Incentive Scheme

- ★ This scheme is intended to incentivise State Governments to undertake reforms and devolve more powers on the panchayats.
- ★ To measure the extent of devolution of powers in States, a devolution index has been developed.

# MoPR has initiated a new deal....

## **Rashtriya Gram Swaraj Yojana**

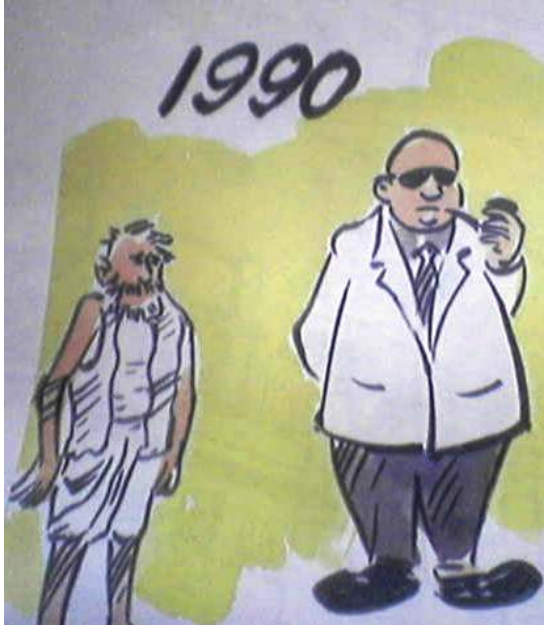
-  **This is to assist States to improve the capacity of Panchayats and provide necessary administrative and infrastructure support. There are several components in this scheme:**
-  **1. Improving infrastructure at panchayat level**
-  **2. Support minimum staff requirement**
-  **3. Training and capacity building of elected representatives**
-  **4. E-Governance**
-  **5. Capacity building at the state level to manage devolution**
-  **6. Panchayat Mahila Shakti Abhiyan**
-  **7. Panchayat Yuva Shakti Abhiyan**
-  **8. Rural business hubs**



## MoPR has initiated a new deal....

- ✱ Ministry is providing support for capacity building of elected women representatives
- ✱ Lumpsum provision to benefit North Eastern States including Sikkim
- ✱ The Backward Regions Grants Fund (BRGF) for 250 Districts (Rs. 4670 crores)

# DIVIDE BETWEEN RICH&POOR

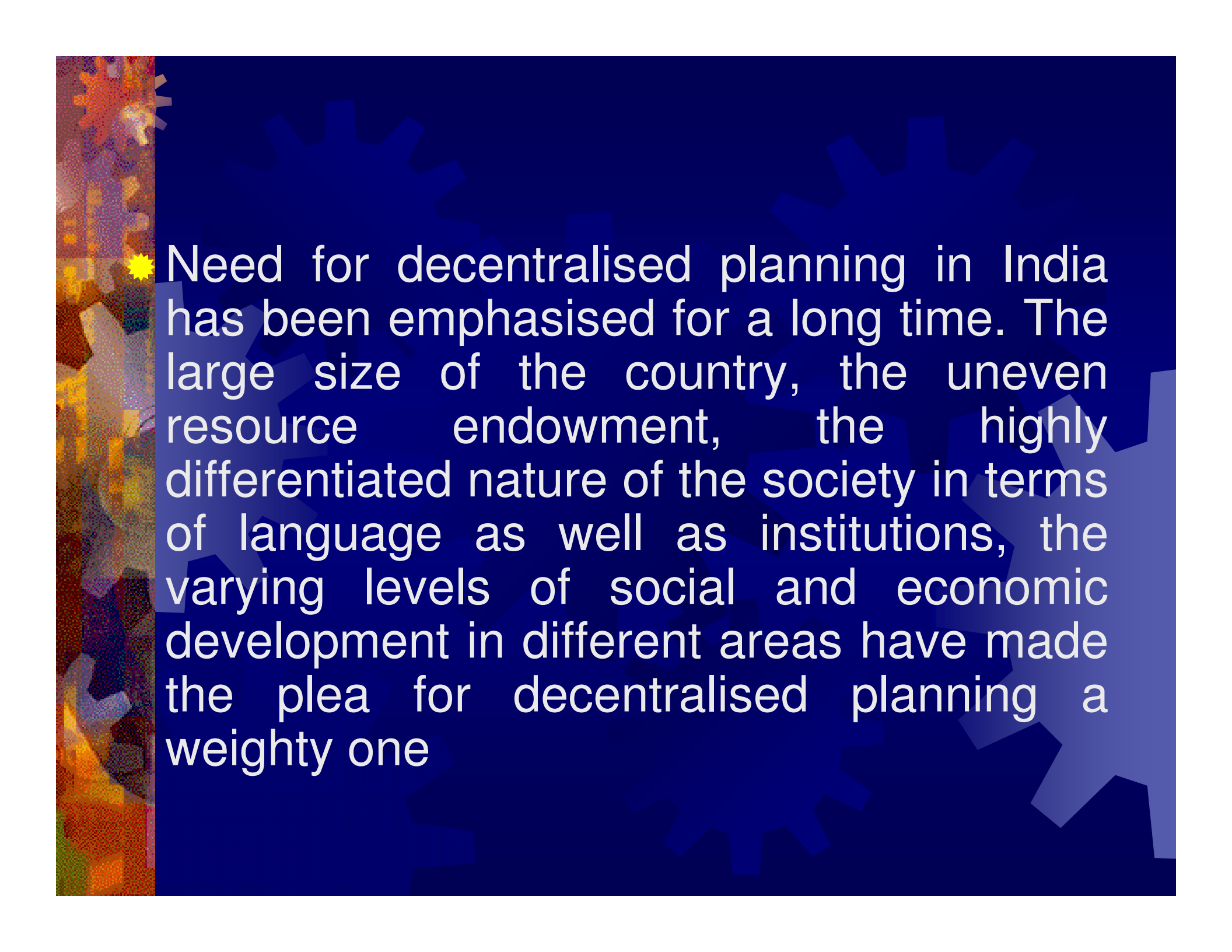






# Decentralised Planning

- ✦ Decentralization suggests a system of multi-level planning, where the lowest unit is allowed to plan and implement everything that can be performed most effectively at that level and only the residual is left to the higher levels



★ Need for decentralised planning in India has been emphasised for a long time. The large size of the country, the uneven resource endowment, the highly differentiated nature of the society in terms of language as well as institutions, the varying levels of social and economic development in different areas have made the plea for decentralised planning a weighty one



# Article 243 ZD-DPC

“There shall be constituted in every State at the district level a District Planning Committee to consolidate the plans prepared by the Panchayats and the Municipalities in the district and to prepare a draft development plan for the district as a whole.”

- The Legislature of a State may, by law, make provision with respect to -
  - the composition of the District Planning Committees
  - the manner in which the seats in such Committees shall be filled



# Eleventh plan (2007-2012) Objectives

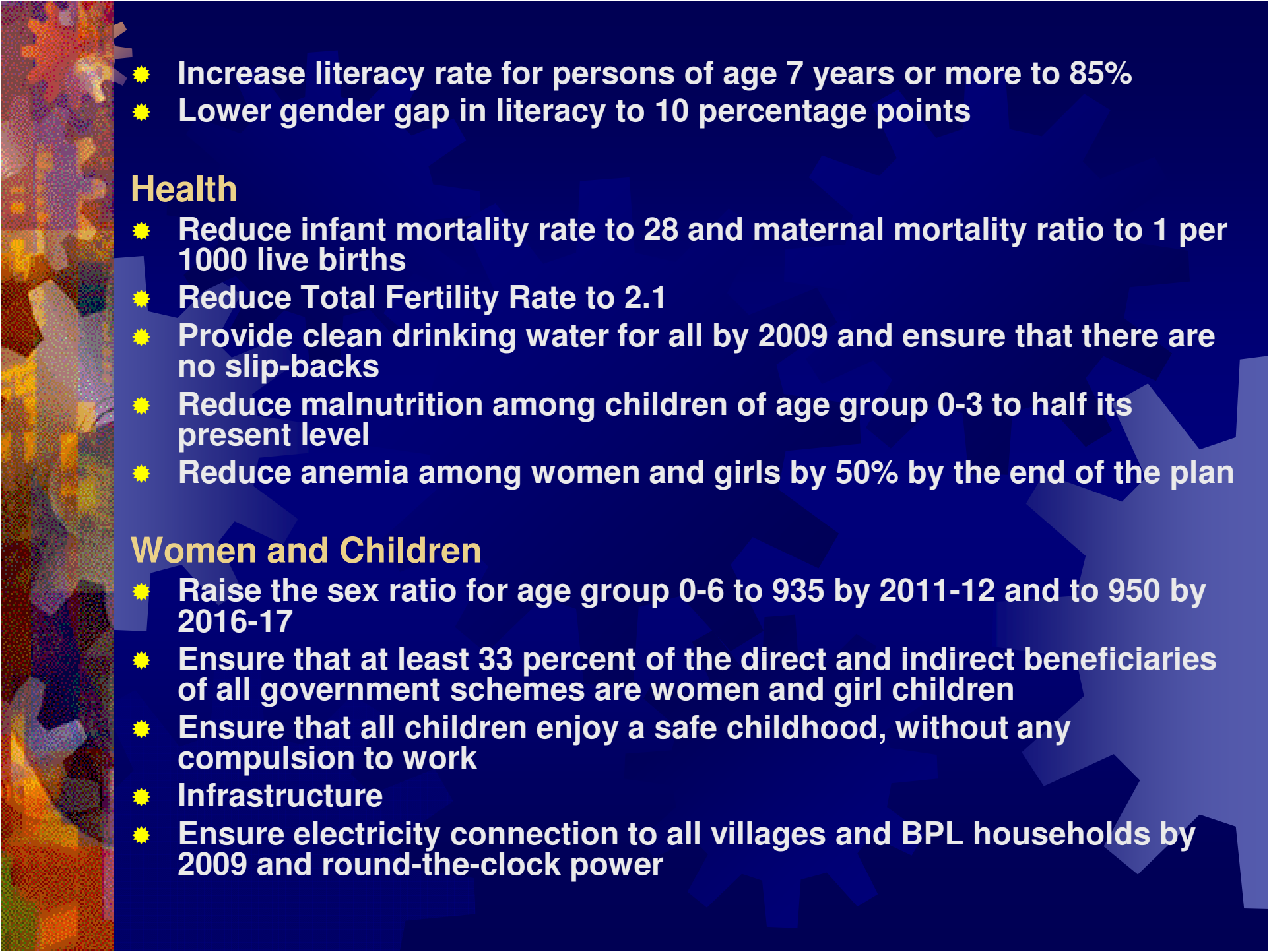
## Income and Poverty:

- ✱ Accelerate GDP growth from 8% to 10% and then maintain at 10% in the 12th Plan in order to double per capita income by 2016-17
- ✱ Increase agricultural GDP growth rate to 4% per year to ensure a broader spread of benefits
- ✱ Create 70 million new work opportunities.
- ✱ Reduce educated unemployment to below 5%.
- ✱ Raise real wage rate of unskilled workers by 20 percent.
- ✱ Reduce the headcount ratio of consumption poverty by 10 percentage points.

## Education

- ✱ Reduce dropout rates of children from elementary school from 52.2% in 2003-04 to 20% by 2011-12
- ✱ Develop minimum standards of educational attainment in elementary school, and by regular testing monitor effectiveness of education to ensure quality



- 
- ✱ Increase literacy rate for persons of age 7 years or more to 85%
  - ✱ Lower gender gap in literacy to 10 percentage points

## **Health**

- ✱ Reduce infant mortality rate to 28 and maternal mortality ratio to 1 per 1000 live births
- ✱ Reduce Total Fertility Rate to 2.1
- ✱ Provide clean drinking water for all by 2009 and ensure that there are no slip-backs
- ✱ Reduce malnutrition among children of age group 0-3 to half its present level
- ✱ Reduce anemia among women and girls by 50% by the end of the plan

## **Women and Children**

- ✱ Raise the sex ratio for age group 0-6 to 935 by 2011-12 and to 950 by 2016-17
- ✱ Ensure that at least 33 percent of the direct and indirect beneficiaries of all government schemes are women and girl children
- ✱ Ensure that all children enjoy a safe childhood, without any compulsion to work
- ✱ Infrastructure
- ✱ Ensure electricity connection to all villages and BPL households by 2009 and round-the-clock power





# Evolution of PRIs in Andhra Pradesh



# Andhra Pradesh –An Overview

- 5<sup>th</sup> Largest State in India in terms of pop.
- 72.7% of State Population lives in rural areas
- 2<sup>nd</sup> State that has brought PR System in 1959
- State with biggest number of Intermediate Panchayats (1096)
- One of the nine States belonging to V Schedule areas
- Comes under the purview of PESA
- 4<sup>th</sup> Largest State in terms of PRI Elected Representatives

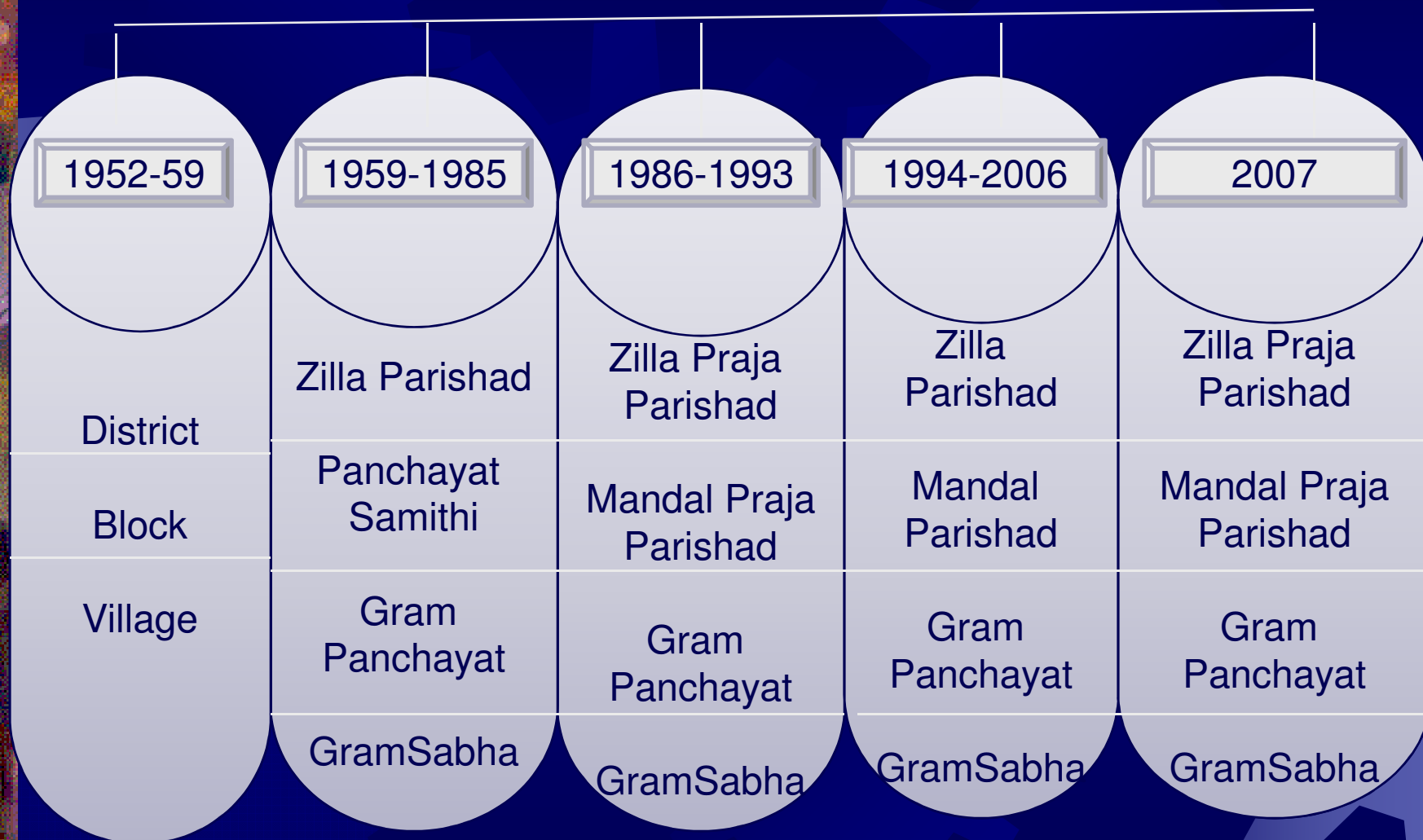
# Milestones in AP PR

- ✴ Madras Local Boards Act 1920
- ✴ Madras Village Panchayats Act 1950
- ✴ Madras District Boards Act 1950
- ✴ A P Village Panchayats Act 1950 (Andhra Area)
- ✴ AP Village Panchayats Act 1950 (Telangana Area)
- ✴ Hyderabad Gram Panchayat Act 1956
- ✴ PR system evolved in 1959 after BR Mehta Committee Report
- ✴ Andhra Pradesh Panchayat Samiti and ZP Act 1959
- ✴ Andhra Pradesh GP Act 1964
- ✴ Andhra Pradesh MPP, ZPP, ZASM Act 1986
- ✴ Andhra Pradesh PR Act 1994
- ✴ Andhra Pradesh PESA Act 1998
- ✴ AP DPC ACT 2005

# Various Committees on PR

- ★ MR Pai (1963)
  - Reconstitution of Samithis
  - Backward Blocks
  - Forward Blocks
  - Tribal Blocks
- ★ MT Raju (1967)
  - District Development Boards under the chairmanship of Collector
- ★ Jalagam Vengala Rao (1968)
  - Abolition of DDB
- ★ C Narasimham Committee (1971)
  - Reservations to Women
  - Party based elections for Panchayat Samithis/Zilla Parishads
  - Removing membership of DC from ZP Standing Committees
- ★ C. Narasimham Committee (1978)
  - Constitutional Status to PRIs
  - Regular Conduct of Elections
  - State Finance Commission
  - Devolution of functions, funds
  - Reservations to Samithi, Sarpanch, ZP Chairperson posts to SC/STs
- ★ BPR Vithal Committee (1991)

# Evolution of Panchayat Raj in AP





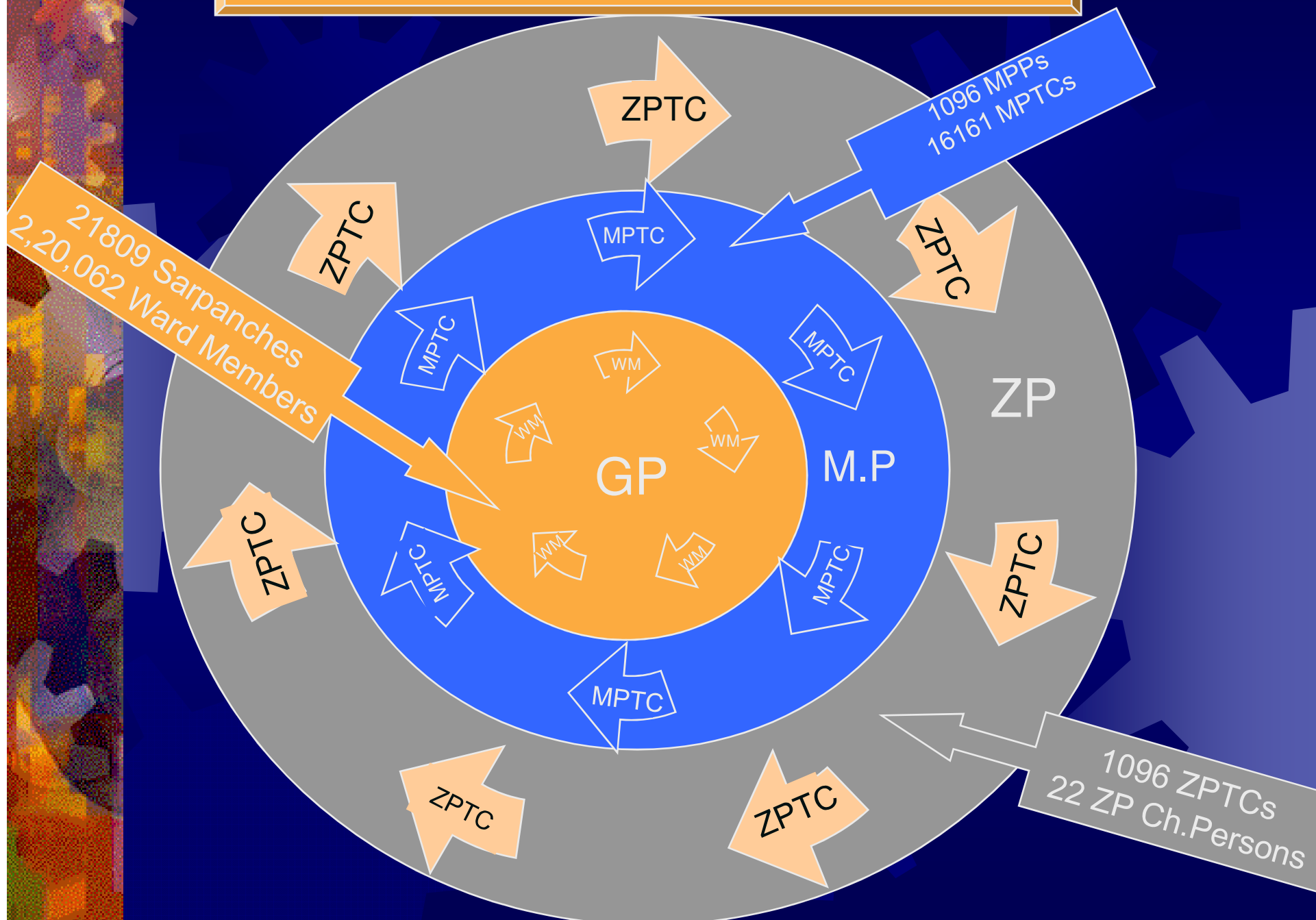


# Role of Panchayat Raj Bodies

- ★ To encourage Participative decision-making at the micro social level by involving people relating to activities affecting them
- ★ Look after day-to-day administration of local areas by mobilizing internal resources
- ★ Formulating Micro level Plans
- ★ Management of Common Property Resources
- ★ Making the people aware of their plight and rights
- ★ Capacity building of communities for fair earning and self dependence



# REPRESENTATION IN PANCHAYAT RAJ



# Empowerment of PRIs in AP- Post 73<sup>rd</sup> & 74<sup>th</sup> Amendments

PESA ACT 1996  
AP PR (Amendment) Act, 1998  
(Act No.7 of 1998)  
AP PESA Rules, 2011

DEVOLUTION OF FUNCTIONS  
FUNDS IN 10 CORE DEPTS.2008

CONSTITUTION OF DISTRICT  
PLANNING COMMITTEES 2007

ACTIVITY MAPPING

STATE FINANCE COMMISSION

STATE ELECTION COMMISSION

RESERVATION OF SEATS  
TO SC/ST/BC

A.P. PANCHAYAT RAJ ACT 1994

# RESPONSIBILITIES OF PRIs

	<b>Zilla Parishad (District level)</b>	<b>Mandal parishad (Intermediate)</b>	<b>Gram Panchayat (Village level)</b>
1)	District (Rural Planning)	Mandal Level Planning based on Gram Panchayat Micro Plans	Gram Panchayat planning based on felt needs of people- bottom up from Gram Sabha – Participatory Planning
2)	Coordination with line depts. and supervision of Mandal Parishads in managing Rural Development Programmes	Implementation and Monitoring of Rural Development programmes	Providing civic amenities to the villagers
3)	Policy framework within the National & State Policies	Providing technical assistance to GP	Mobilisation and management of local resources
4)	Fund allocation to Mandal & Gram Panchayat. Monitoring & Evaluation	Organic linkage with Zilla Parishad & Gram Panchayat	Selection of beneficiary, Vigilance Committee etc.

# Standing/ Functional Committees

ZILLA PARISHAD

MANDAL PARISHAD

GRAM PANCHAYAT

PLANNING & FINANCE  
RURAL DEVELOPMENT  
AGRICULTURE  
EDUCATION & HEALTH  
WOMEN WELFARE  
SOCIAL WELFARE  
WORKS

NATURAL RESOURCES  
HUMAN RESOURCES  
INFRASTRUCTURE

AGRICULTURE  
COMMUNICATIONS  
WATER SUPPLY  
HEALTH  
FINANCE

# Panchayat Finances in Andhra Pradesh

- ★ Under the provisions of AP PR Act. 1994 Only the Gram Panchayats are empowered to levy & collect taxes.
- ★ The ZP/MP have no taxation powers.
- ★ However the ZP/MP get some revenue through Assignments and Rents/ Leases etc.
- ★ MP/ZP are permitted to impose surcharge on the taxes levied by GPs

# Gram Panchayat Finances

<b>Own Resources</b>	<b>Assigned Revenues</b>	<b>State/Central Government Grants</b>	<b>Others</b>
<b>House tax collection</b>	<b>Surcharges and stamp duty</b>	<b>Per capita grant (Rs. 4/-)</b>	<b>Deposits</b>
<b>Kolagaram</b>	<b>Entertainment tax</b>	<b>State finance commission grants</b>	<b>Public Contributions</b>
<b>Tax on Advertisements and others</b>	<b>Cable Tax</b>	<b>Best GP Salary grants</b>	
<b>User charges - Water Charges, Lighting tax, Drainage etc.</b>	<b>Professional tax</b>	<b>NREGS/TFC</b>	
<b>Licence fee and Lay out/Building permission fees other fee as per Act</b>	<b>Seignorage</b>	<b>BRGF</b>	
<b>Income from fruit bearing trees, auctions etc</b>			
<b>Any other income</b>			

# Classification of Panchayats

INCOME SLAB	No of GPs In the slab	% in each slab to the Total GPS
Income Above Rs 10 lakhs	748	3.4
Between 5 and 10 lakhs	938	4.3
Between 2 and 5 Lakhs	2755	12.6
Between 1 and 2 lakhs	3373	15.5
Below 1 lakh	13,995	64.2
Total GPs	21,809	100

Computed from the Report of the Third SFC –GoAP 2008-P.220

# Mandal / Zilla Parishad Finances

Own Resources	Assigned Revenues	State/Central Government Grants	Others
Market Cess	<b>Surcharges and stamp duty (2%) 3GP:1MP:1ZP Ratio</b>	<b>Per capita grant (Rs. 8/-)</b>	Deposits
Shopping Complexes	<b>Entertainment tax [ 90% ET-60GP:40MP</b>	<b>State Finance Commission grants</b>	Endowments
Ferry Rents	<b>Seignorage (25:50:25)</b>	Any Other grants (Salary grants)	Surcharge on GP Taxes
Rents on staff quarters		Education Contingencies	Contributions from GPs
Lapsed deposits		<b>NREGS/TFC</b>	
Income from fruit bearing trees, auctions etc			
Any other income			



# State Grants to PRIs

Sl.No	Year	Income of the State from Taxes and Non Taxes	Grants released to PRIs including the share of grant from GOI	% of grants released to the income of the State
1	1997-1998	8901.00	2123.65	23.9
2	1998-1999	9808.00	2412.29	24.6
3	1999-2000	11450.00	2681.77	23.4
4	2000-2001	13294.00	3563.16	26.8
5	2001-2002	14469.00	2316.84	16.0
6	2002-2003	16145.00	2456.94	15.2
7	2003-2004	17411.00	2760.18	15.9
8	2004-2005	20011.00	2506.16	12.5

## **Demand, Collection & Balance of Taxes**

*(Rs.in Crores)*

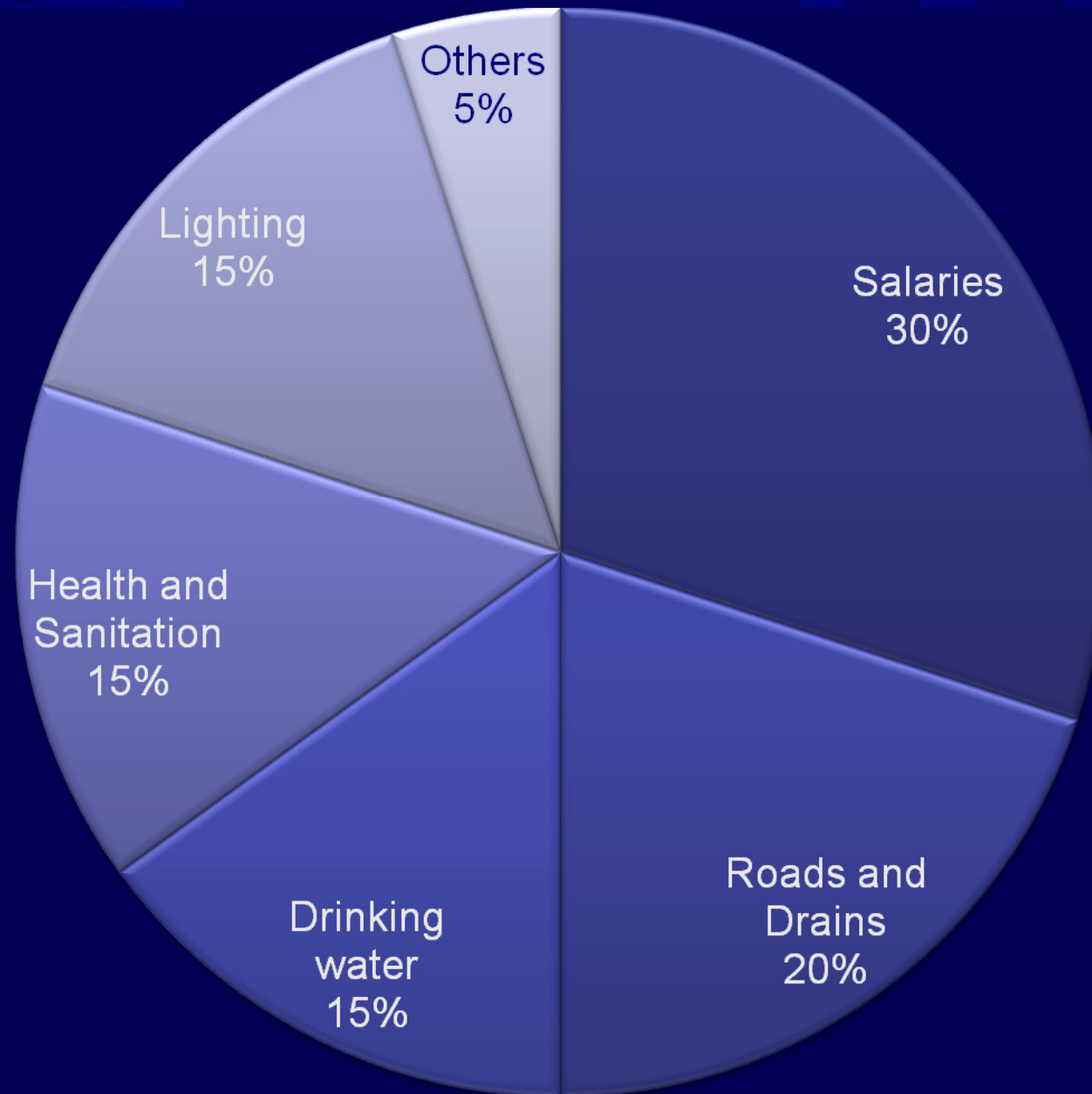
Year	Demand	Collection	%
2002-03	170.63	57.56	33.70%
2003-04	217.40	59.56	27.40%
2004-05	252.10	111.18	44.10%
2005-06	261.53	180.99	69.20%
2006-07	296.79	167.86	56.56%

## **Demand, Collection & Balance of Non-Taxes**

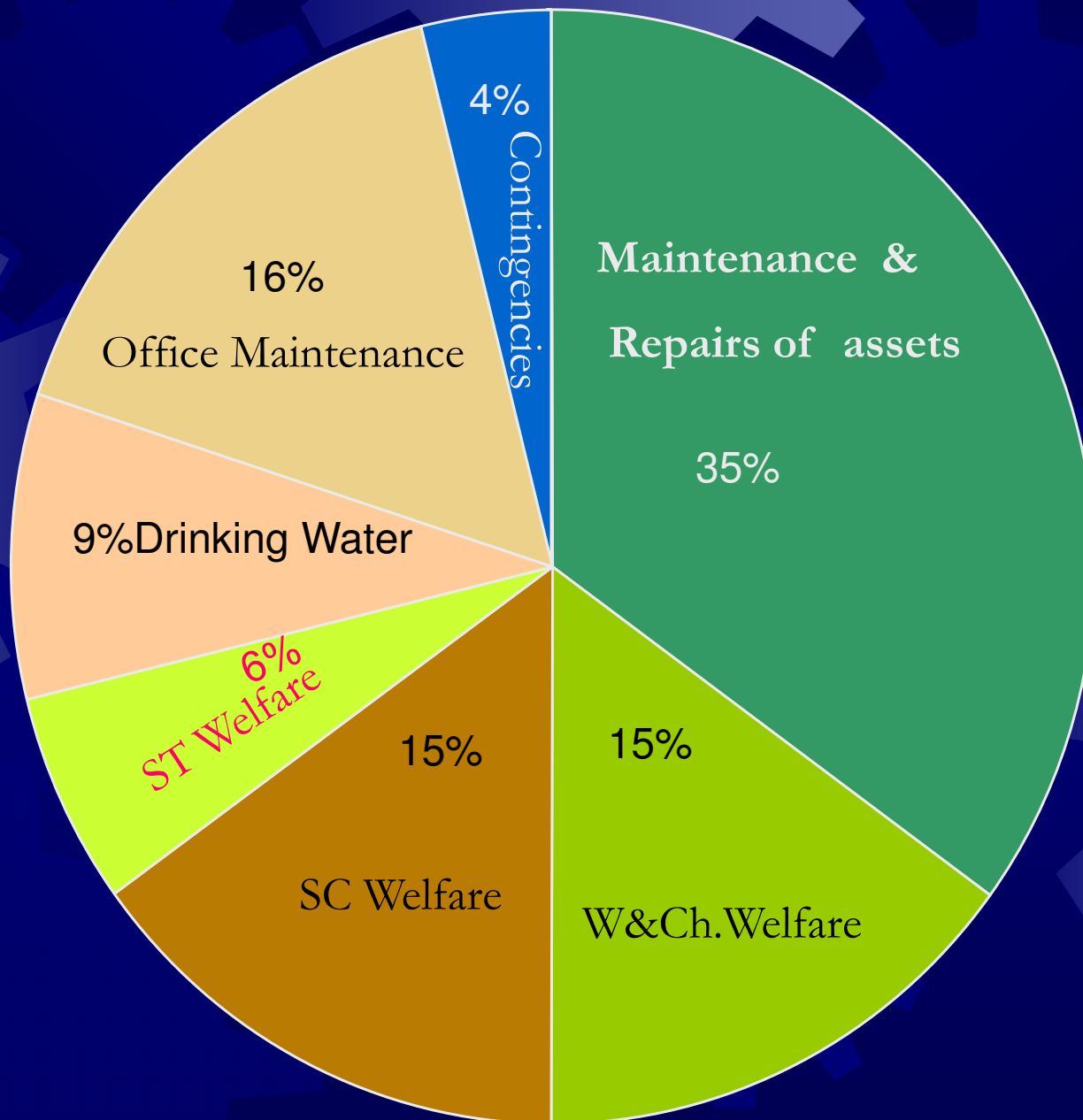
*(Rs.in Crores)*

Year	Demand	Collection	%
2002-03	109.07	55.96	51.30%
2003-04	135.20	60.33	44.60%
2004-05	152.74	82.11	53.70%
2005-06	141.98	112.88	79.51%
2006-07	152.83	114.29	74.78%

# Expenditure Norms-Gram Panchayat



# YEAR MARKING OF FUNDS MP and ZP



# Per Capita Grants to PRIs (in Cr)

Year	ZPs	MPs	GPs	Total
2002-03	20.76	41.52	20.76	83.04
2003-04	15.57	31.14	20.76	67.47
2004-05	20.76	41.52	20.76	83.04
2005-06	15.57	31.14	20.76	67.47
2006-07	15.57	31.14	20.76	67.47

# 1<sup>st</sup> SFC Recommendations

- ★ 84 Recommendations
- ★ 60 Accepted fully
- ★ 5 Accepted partially
- ★ 44.37 % of Total Finances only accepted

Institute	Amount Recommended	Amount Accepted
PRI	818.84	363.95
ULB	160.32	70.47
Total	979.16	434.42

## 2<sup>nd</sup> SFC Recommendations

- ★ 82 Recommendations
- ★ 46 Accepted fully
- ★ 14 Under Consideration
- ★ 16.73 % of Total Finances only accepted

Institute	Amount Recommended in Cr	Amount Accepted in Cr
PRI	1163.33	200.00
ULB	626.61	100.00
Total	1793.94	300.00



## 2<sup>nd</sup> SFC Grants to PRIs

Sl.No	Year	Zilla Parishad	Mandal Parishad	Gram Panchayat	Total
1	2003-2004	30.00	18.75	101.25	150.00
2	2004-2005	30.00	18.75	101.25	150.00
3	2005-2006	20.00	12.50	167.50	200.00
4	2006-2007	17.56	25.55	126.34	169.45

# 3<sup>rd</sup> SFC Recommendations

Sl.No	Description of the items	Amount Recommended
1	Enhancement of per capita grants Rs.4 to 8 for GPs Rs 8 to 16 for MPs Rs 4 to 8 for ZPs	Rs 88.64 Cr
2	Grants for providing core amenities	Rs 200.00 Cr
3	Grants for RWS Schemes	Rs 220.00 Cr
4	Grants for Rural Sanitation	Rs 215.00 Cr
5	Rural Roads (MNP)	Rs 153.00 Cr
6	Rs. 1 lakh Special Grants to 3064 Panchayats having >1000 Population	Rs 30.64 Cr
7	Apportioning of Excise income	Rs 42.08 Cr
8	Construction of Panchayat Offices	Rs 18.00 Cr.
9	Apportioning of income from Market Committees	Rs 7.40 Cr
10	Education Contingency Grant	Rs. 3.63 Cr
11	Drinking Water Facilities in the Schools	Rs. 1.42 Cr
	Total	@ Rs. 979.81 Cr

## 3rd SFC Recommendations Maintenance Grants

Sl.No	Description of the items	Amount Recommended
1	Maintenance of School Buildings	Rs. 15.00 Cr
2	Cyclone shelters	Rs 5.35 Cr
3	Rural Road Maintenance	Rs 200.00 Cr
4	Maintenance of Mandal Parishad Bldgs	Rs 18.00 Cr
5	RWS Schemes maintenance	Rs 31.18 Cr
6	Hand Pumps maintenance	Rs 25.00 Cr
	Total	Rs. 294.53 Cr

Normal + Maintenance Grants Grand Total = Rs.1274.34 Cr

## Recent Initiative in AP Activity Mapping

- Government of A.P Entered an MOU with MoPR, GOI And taken up the activity mapping in 10 Core Depts.

Agriculture

Rural Development

Animal Husbandry

Women and Ch.Welfare

Fisheries

Medical, and Health

B.C.Welfare

Rural Water Supply

Education

Social Welfare

- Government of A.P has devolved certain Powers, Functions and Finances to local bodies in the month of Jan 2008



# Salient Features of the G.Os

- ✦ Prepare and approve the annual action plan of plan schemes devolved
- ✦ Funds flow through PRIs for devolved functions
- ✦ Functionaries concerned shall report to PRIs in respect of devolved functions.
- ✦ PRIs to review, inspect and monitor the department activities in their jurisdiction. The line department to send an ATR to PRIs concerned

# Status of Devolution of Powers in AP

Subjects mentioned in 11<sup>th</sup> Schedule

Subjects Devolved	Subjects To be devolved
<b>Social Forestry and Farm Forestry</b>	Poverty Alleviation Programmes
Markets and fairs	Cultural Activities
Agriculture including Agriculture Extension	Libraries
Land Improvement and Soil Conservation	Minor Forest Produce
Minor Irrigation, Watershed management	Small Scale industries including food processing
Animal Husbandry and Dairying and Poultry, Fodder	Khadi, Village and Cottage Industries
Fisheries	Rural Housing
Drinking Water	Fuel
Education including primary and secondary schools	Technical Training and Vocational education

# Status of Devolution of Powers in AP

Subjects Devolved	Subjects To be devolved
<b>Adult and non formal Education</b>	<b>Rural Electrification including distribution of electricity</b>
<b>Roads, Culverts, Bridges, Ferries,</b>	Public Distribution system
Health Sanitation, including hospitals, PHCs and dispensaries	Maintenance of Community Assets
Family Welfare	
Social Welfare, including the welfare of the PHC, and MR	
Welfare of the weaker sections and in particular of the SC/STs	
Women and Child Welfare	
<b>Non Conventional Energy</b>	

As per Activity Mapping Total 15 out of 29 Subjects Devolved as an initial measure, the government inclined to devolve the other in a phased manner





## Devolution of Finances to PRIs During 2007-08 Financial Year

Rural Development	821.79 Cr
Agriculture Dept	1.13 Cr
Animal Husbandry	22.90 Cr
Fisheries Department	2.10 Cr
RWS	289.00 Cr
Social Welfare	7.70 Cr
BC Welfare	0.77 Cr



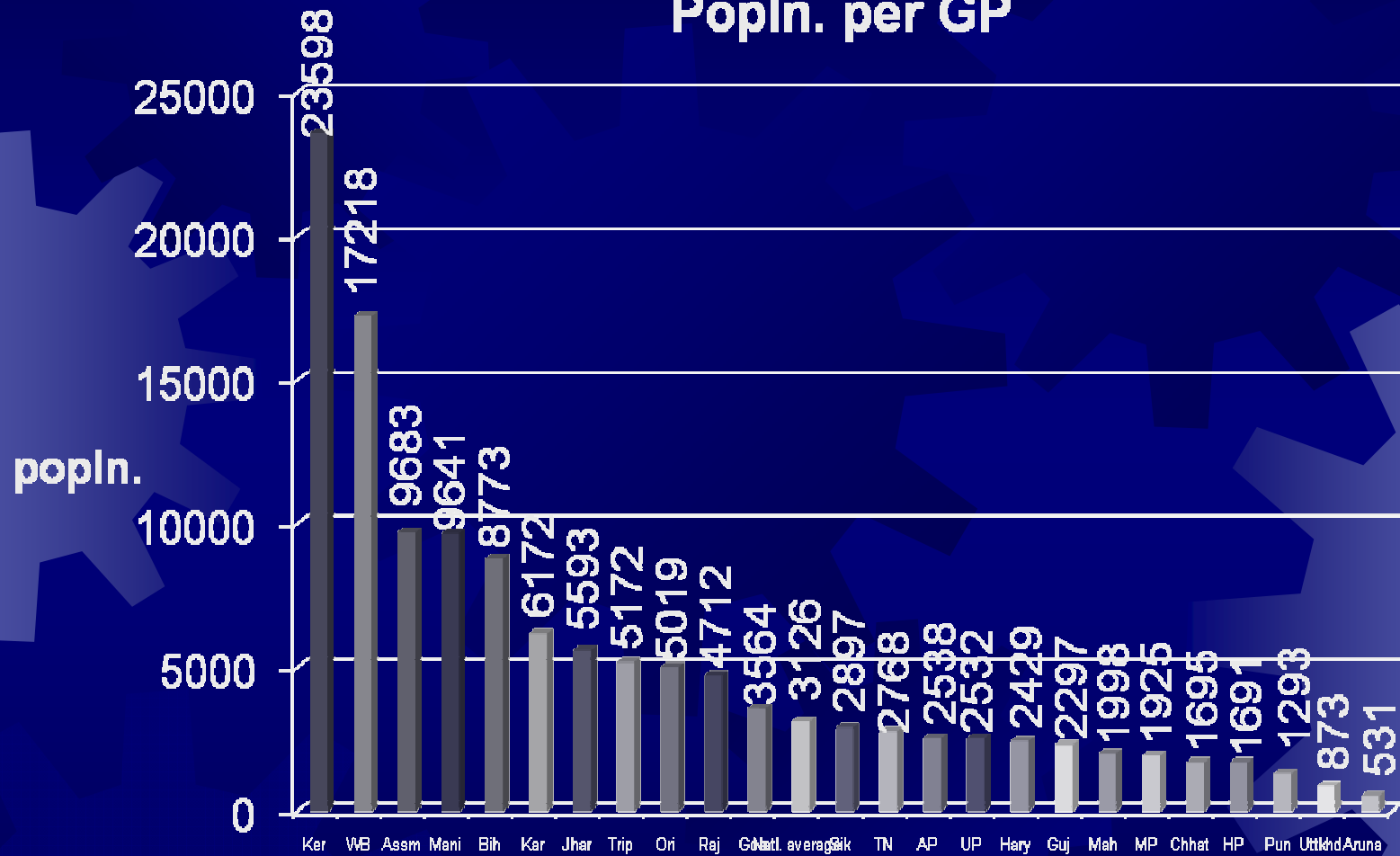
## Limitations of the GOs

- Peripheral functions of the departments have only been devolved
- Education Department, Medical, Health & Family Welfare departments do not comply with Activity Mapping
- Transfer of funds to PRIs remained on paper only
- Transfer of Line department functionaries did not take place
- Protests from Teachers and Anganwadi workers to work with PRIs

# Status of Decentralization-Functionaries

Item	G.P	M.P	ZP
Functionaries	Secretary	MPDO Asst.Engr MEO E.O.PR&RD	EEs (PR&RW S) PEO

## Popln. per GP



State



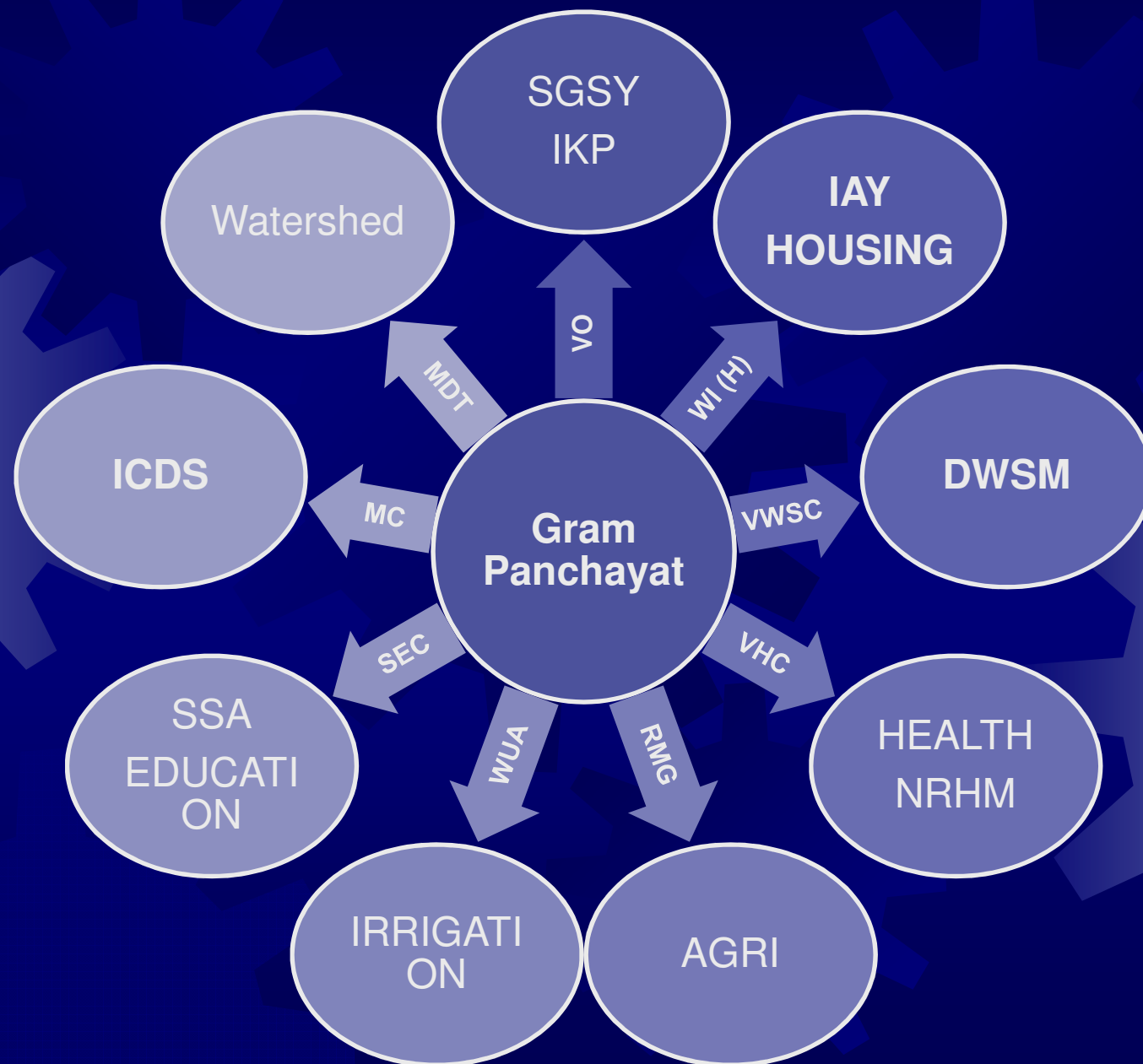
# Village Administrative Structure

- ★ Revamped village administrative structure and disbanded Unified Panchayat Secretary system in 2007
- ★ Introduced VRO set up again in 2007
- ★ Co-terminus clusters of Revenue and Panchayats Created in 2008
- ★ A cluster of Panchayats is created for every 5000 population and 5 Km radius in plain areas and 2.5 Km radius in hill areas
- ★ 12395 Clusters for 21809 Panchayats. Yet to be Operationalised



# THREATS TO PANCHAYAT RAJ SYSTEM

# Parallel Organizations







Statutory	Programme
Village Education Committees	Mothers Committees
Water Users Associations	Village Organisations
	Village Health Committees
	Village Water Sanitation Committees
	Vana Samrakshana Samithi



# MLA LADS/Minister Grants

- ★ **MLA LADS 50 Lakhs per Constituency**
- ★ **In 2008 Government Launched a new scheme for Integrated Development of Internal C.C. Roads and C.C. Drains**
- ★ **Rs. 992.70 crores @ Rs.90 lakhs per rural Mandal has been provided in the year 2008-09.**
- ★ **District in charge Minister Finalises the list of works and accords sanctions**




# Power to Supersede PRIs

- ✴ Section 246 : Suspending the resolution of GP/MP/ZP
- ✴ Section 247
- ✴ Section 248:
- ✴ Section 249: Power to suspend or remove the Sarpanch/MPP/ChairmanZP

# Few Suggestions....

- ★ Panchayat Window in Departmental Budgets
- ★ Earmarking 25-30% of Budget allocations to Local Bodies
- ★ Release of more Untied Grants to Local Bodies similar to BRGF
- ★ Implementation of all Centrally Sponsored schemes through Local Bodies only, if necessary the scheme guidelines may be modified
- ★ Intensive and continuous Capacity building to Elected Representatives to raise local resources
- ★ Implementation of PESA
- ★ Strengthening of DPCs



“The greater the power of the  
panchayats the better for the  
people...”

-M.K.Gandhi



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