



सत्यमेव जयते

Devolution to Panchayats in India

Ranking Functional Environment at Sub-National Level

Empirical Assessment 2011-12



Ministry of Panchayati Raj
Government of India
www.panchayat.gov.in



The Indian Institute of Public Administration
New Delhi
www.iipa.org.in

Active Gram Sabha – for Empowered People and Accountable Panchayats

**Devolution to Panchayats in India:
Ranking Functional Environment at Sub-National Level**

Empirical Assessment - 2011-12

March 2012



Sponsored by
Ministry of Panchayati Raj
Government of India



The Indian Institute of Public Administration
New Delhi

**Devolution to Panchayats in India:
Ranking Functional Environment at Sub-National Level**

V N Alok

**The Indian Institute of Public Administration
New Delhi**

Foreword

It is nineteen years since “The Panchayats” and “The Municipalities” were incorporated into the Constitution through the 73rd and 74th Amendment Acts. Since then, while the mandatory provisions of the Constitution such as conducting regular elections to Panchayats, reservations etc. have been fulfilled, the devolution of powers and responsibilities to Panchayats, which vests with the States has been highly uneven across States. A strong Panchayati Raj system is vital for every State to promote sensitive and accountable governance and improve service delivery. The huge untapped potential of local initiative needs to be unlocked in every District, Block and Village, for speedy and context relevant socio-economic development.

To encourage States to devolve powers and responsibilities to Panchayats, the Ministry of Panchayati Raj commissions a study through an independent institution every year to rank States on a 'Devolution Index' (DI). Under the Panchayat Empowerment and Accountability Incentive Scheme (PEAIS), a small incentive is provided to States and UTs in accordance with their performance as measured on the DI.

For the last three years, the Indian Institute of Public Administration (IIPA) has conducted the DI study. There has been continuous refinement in the concept as well as methodology over these years. Since 2010-11, States have been ranked not only on their cumulative performance but also on their incremental performance i.e. initiatives taken during the year. This has created an opportunity for States that have not had strong Panchayati Raj systems historically, to win an award under the PEAIS. In 2011-12, Kerala, Karnataka, Maharashtra and Sikkim are the frontrunners and have been awarded on the basis of their performance on the cumulative DI. Maharashtra, Haryana, Rajasthan and Karnataka have been similarly recognized for initiatives taken during the year 2011-12.

The study “Devolution to Panchayats in India: Ranking Functional Environment at Sub-National Level Empirical Assessment 2011-12” gives an insight into the parameters shortlisted and methodology used to compare the performance of States in empowering Panchayati Raj Institutions and promoting transparency, accountability and effectiveness in their functioning. It is hoped the study would benefit States and help bring about more and more initiatives for strengthening Panchayats during 2012-13

New Delhi
19 April 2012



Loretta M Vas
Secretary to the Government of India
Ministry of Panchayati Raj

Acknowledgements

The volume is based on the report of the study on "Construction of a Devolution Index in respect of Panchayats Empowerment and Accountability Incentive Scheme (PEAIS) for 2011-12 entrusted to the Indian Institute of Public Administration (IIPA) by the Ministry of Panchayati Raj, Government of India. Chapter 2 draws heavily on the work the author did in the year 2006 and 2011. The author of this volume began working on the subject in 2003 during his stint in Local Bodies Finance Division of the 12th Finance Commission. He also developed a concept paper on the devolution index jointly with Laveesh Bhandari and presented the same in the fifth round-table on "Annual Reports on the State of the Panchayats including preparation of a 'Devolution Index' held at Srinagar on October 28-29, 2004. The paper formed the basis in the subsequent work undertaken at the NCAER and the IIPA. Studies for the last three years undertaken in IIPA have benefited a great deal from the sage advice and support of Mrs Rashmi Shukla Sharma, Joint Secretary, Ministry of Panchayati Raj. I owe a great debt to her.

I'm especially thankful to Ms Loretta M Vas, Secretary to the Government of India, Shri Hrushikesh Panda, Additional Secretary, Shri Avtar Singh Sahota, Advisor, Ministry of Panchayati Raj, Government of India who extended full support and offered constructive comments as and when needed. Mrs Kiran Dhingra also offered valuable suggestions when she had a brief stint as Secretary, Ministry of Panchayati Raj. Shri A.N.P. Sinha, then Secretary to the Government of India, Dr. Sudhir Krishna, then Special Secretary, Ministry of Panchayati Raj also supported in the recent past. Shri H. G. Upreti, Shri Rajesh Sinha and others helped us at various stages.

I wish to record my sincere thanks to the Chief Secretaries of the States/UTs, Principal Secretaries/Secretaries in charge of Panchayats and other officers in the state governments or SIRDs for their support and assistance in making the data available to us. Officials dealing with the local finance in Office of the Comptroller and Auditor General and Office of the Accountant General in states were also consulted. I'm grateful to elected representatives and officials at various panchayats for their valuable inputs in the validation of data. Thanks are due to Indicus Analytics particularly its President Dr. Laveesh Bhandari for the conduct of the survey in 23 states. Dr. Dripto Mukhopadhyaya, Vice President, Indicus Analytics guided the survey team

In addition, I wish to thank all the State Secretaries and State Nodal Officers who participated in the National Workshop organized on 18 January 2012. In writing this volume, I have benefited from the wisdom and generosity of many domain experts and senior officers of the Ministry and multilateral institutions who participated and offered comments in various National Workshops organized in the past with the UN Solution Exchange. Their comments are of immense value to the study. The study draws upon the previous two study reports that were brought out in the form of a book co-authored with Prof. P.K. Chaubey who took keen interests on the subject.

Ms Ramandeep Kaur, Ms Neha Goyal, Shri Naveen Kumar, Ms Akanksha Sharma provided good research support. Shri Dinesh Sharma helped in the production of the volume. Shri Surendra Pal Sharma, Shri M.S. Bisht and Shri Ashok Bhardwaj provided Secretarial support. Other units of the Institute provided critical inputs at various stages of the study. I'm thankful to all of them. None of them is however responsible for the remaining errors.

Finally, sincere thanks are due to Dr Rakesh Hooja Director, IIPA for his guidance and support.

V N Alok

Abbreviations

ACA	Additional Central Assistance
AEO	Agriculture Extension Officer
AEW	Agriculture Extension Worker
ANERT	The agency of non-conventional energy and rural technology
ARWS	Accelerated Rural Water Supply Programme
ASHA	Accredited Social Health Activist
ATR	Action Taken Report
AWW	Anganwadi Worker
BDO	Block Development Officer
CAA	Constitution Amendment Act
CAG	Comptroller and Auditor General
CHC	Community Health Centre
CPI	Consumer Price Index
CSS	Centrally Sponsored Scheme
DDP	DESERT Development Programme
DI	Devolution Index
DP	District Panchayat
DPAP	Drought Prone Area Programme
DPC	District Planning Committee
DRDA	District Rural Development Agency
GDP	Gross Domestic Product
GoI	Government of India
GP	Gram Panchayat
GS	Gram Sabha
HDI	Human Development Index
IAY	Indira Awas Yojana
ICDS	Integrated Child Development Services
IIPA	Indian Institute of Public Administration
ITDA	Integrated Tribal Development Agency
IWDP	Integrated Wasteland Development Programme

LS	Lok Sabha
MDM	Mid Day Meal Programme
MGNREGA	Mahatma Gandhi National Rural Employment Guarantee Act
MMA	Macro Management of Agriculture
MO	Medical Officer
MoPR	Ministry of Panchayati Raj
NCAER	National Council of Applied Economic Research
NFC	National Finance Commission
NRHM	National Rural Health Mission
PDI	Panchayat Devolution Index
PDO	Panchayat Development Officer
PEAIS	Panchayat Empowerment and Accountability Incentive Schemes
PHC	Primary Health Centre
PMGSY	Pradhan Mantri Gram Sadak Yojana
PRI	Panchayati Raj Institution
RS	Rajya Sabha
RTI	Right to Information Act
SC	Scheduled Caste
SDI	State Devolution Index
SEC	State Election Commission
SFC	State Finance Commission
SGSY	Swarna Jayanti Gram Swarojgar Yojana
SSA	Sarva Shiksha Abhiyan
ST	Scheduled Tribe
UN	United Nation
UT	Union Territory
VLW	Village Level Worker
VO	Veterinary Officer
VP	Village Panchayat

Contents

Foreword	iii
Acknowledgements	v
Abbreviations	vii
Chapter 1: Introduction	1-3
Chapter 2: Panchayats in India: History, Organization and Finance	5-42
Chapter 3: Panchayat Devolution Index: The Context	43-48
Chapter 4: Construction of the Index	49-53
Chapter 5: Empirical Assessment and Analysis	55-61
Appendix 5.1 Good Practices initiated by States since April 2010 to Strengthen Panchayats: A Select List	62-63
Annex 1: Scoring Scheme	65-78
Annex 2: Scoring Sheet	79-86
Annex 3: Questionnaire	87-134
References	135-140

Introduction

There is a growing realization around the globe that decentralization of administrative, political and fiscal responsibilities to the local units of Government is one of the best ways of deepening democracy and increasing efficiency. It is also felt that fiscal decentralization can help mobilize resources by introducing local solutions and promote equitable growth by mainstreaming the poor in development.

Many countries including developing countries are turning to various forms of decentralization in the recent past. India is also keeping pace with this trend. New systems of local and intergovernmental finance are being established as part of the evolution. The trend has been noted, particularly since early nineties with the passage of the 73rd Constitutional Amendment that accelerated the process of decentralization with greater devolution and delegation of powers to local governments and the recognition of Panchayats in the book of statute as institutions of self-government.

Consequently, Part IX has been inserted to the Constitution for rural local bodies and state legislature has been made responsible to empower panchayats to function as institutions of self government for the twin purposes of (i) making plans for economic development and social justice, and (ii) implementing schemes for economic development and social justice in their respective areas for matters devolved to the panchayats including those listed in the newly created Eleventh Schedule. The State is also required to transfer the concomitant powers to enable them to carry out the responsibilities

conferred upon them. Under the Constitution Amendment Act (CAA), the state legislature is supposed to devolve responsibilities, powers and authorities to the panchayats to enable them to function as institutions of self-government. The legislature of a state may both authorize the panchayats to levy, collect and appropriate certain taxes, duties, tolls and fees, etc, and also assign to them the revenues of certain state level taxes subject to such conditions as are imposed by the state government. Further, grants-in-aid may also be provided to these bodies.

This necessitate the devolution of functionaries to the panchayats patterned on the devolved responsibilities and the concomitant finances. This includes deputation of state government officials to assist elected authorities of panchayats, creation of positions at panchayats and appointment through state -wide local government board (Mukarji and Datta, 1996).

New fiscal arrangement necessitates every state under Article 243 I to constitute, at regular interval of five years, a finance commission (SFC), and assign it the task of reviewing the financial position of panchayats and making recommendations on the sharing and assignment of various taxes, duties, tolls, fees etc and grants-in-aid to be given to the panchayats from the consolidated fund of the state. The conformity Acts of the CAA are required to provide for the composition of the commission, the qualifications for its members and the manner of their selection. Every recommendation of the commission is to be laid before the legislature of the state.

The Constitution also mandates the state to constitute a district planning committee (DPC) to consolidate the plans prepared by the panchayats and the municipalities in the district. The state needs to make legal provisions for the composition of all the DPCs and the manner in which the seats in each DPC be filled. The DPC is mandated to prepare the draft development plan with respect to matters including spatial planning, sharing of water and other physical and natural resources, the integrated development of infrastructure and environment conservation and available resources of the respective jurisdiction. The chairperson of the DPC is to forward the plan to the Government of the State.

It is more than one and half decade since Part IX was incorporated into the Constitution. During the last eighteen years, one could have found enough reasons to cheer. Conformity Acts have been enacted in all the states¹. With the panchayat election in Jammu & Kashmir in 2011, every indian can proudly say that elections for panchayats have been conducted in all states. All states have constituted state finance commission (SFC). Some states have constituted even their fourth-generation SFC. Notwithstanding, panchayats in almost all states continue to be starved of finances causing major impediment in its growth and effective functioning. The problem is compounded when it is seen with the expanded role and responsibilities of the panchayats after CAA became effective.

Generally, the functional responsibilities are closely linked with the financial powers delegated to the local government, in practice there is a mismatch between these two, leading to a severe fiscal stress at the local level. Own revenues of panchayats are good enough to meet only a part

of their O&M requirements, therefore they largely depend upon the financial support from their respective state governments. Fiscal capacity of the panchayats is critical and needs to be enhanced to undertake the devolved activities. The SFCs are responsible for examining not only the revenue-sharing arrangements between the State governments and the panchayats, but also the entire range of subjects concerning assignment of taxes, transfers of power and such other subjects for improving the fiscal health of the panchayats.

Furthermore, substantial tied funds are being transferred to the panchayats through the centrally sponsored schemes (CSSs) and additional central assistances (ACAs). For long, the CSS transfers were administered and utilized mainly by line departments of state governments through their subordinate offices at local levels. In recent years, the panchayats are being increasingly recognized as implementing institutions for the plan schemes of line ministries. The most important of these is the Mahatama Gandhi National Rural Employment Guarantee Act (MGNREGA), where the panchayats at the district, intermediate and village levels have been given specific responsibilities as principal authorities for planning and implementation.

Many schemes have started assigning a range of responsibilities to the panchayats and depend upon them for grassroots implementations. In addition, there are several important flagship programmes of the Union, which aim at provisioning basic essential services across the country through the panchayats. Institutional mechanism is expected to provide centrality to the panchayats in their planning and implementation.

¹The 73rd Constitutional Amendment Act is the Union Act to establish the third tier of governments and the conformity Acts are state legislations.

Against this backdrop, the study aims at rating the states and union territories (UTs) of India in terms of the atmosphere that the states/UTs have created under the framework of the Constitution that intend to devolve functions, finances and functionaries to various levels of panchayats. In other words, the study attempts to quantify the current enabling environment that the states/UTs have created for panchayats to function. This includes the degree of freedom under which panchayats have to take independent decisions and implement them. However, the actual performance of the panchayats differs and depends upon many other factors. These factors are specific to the state to the different level of the panchayats. Moreover, village level factors which promote accountability of panchayats also determine the enabling environment. To reiterate, the study seeks to measure the environment that State governments have been able to create for the functioning of the panchayats.

The Objectives

In 2005-06, the Ministry of Panchayati Raj, Government of India, had introduced the Panchayats Empowerment and Accountability Incentive Scheme (PEAIS) with the objective to provide incentives to (a) motivate states to empower the panchayats, and (b) motivate panchayats to put in place accountability systems to make their functioning transparent and efficient. Funds under this scheme are allocated to states and UTs in accordance with their performance as measured in the devolution index formulated by an independent institution. A devolution index has been developed since then primarily based on the concept paper by Alok and Bhandari presented in the fifth round-table of Ministers in-charge of panchayats at Srinagar in 2004.

Initially, the index used the “3F” framework and

measured the extent to which the states had transferred functions, finances, and functionaries to the panchayats. In 2008, an important change was introduced in the estimation of DI by including 'framework' as the fourth dimension to the existing 3F structure developed by Alok and Bhandari (2004). The framework dimension tests if states/UTs have fulfilled the mandatory provisions of the Constitution. These mandatory requirements are to be fulfilled by the states/UTs so that they can be qualified to be in the estimation of Devolution Index. This was followed with change in the subsequent study conducted by the Indian Institute of Public Administration, New Delhi in 2009-10.

- (i) Establishing the State Election Commission,
- (ii) Holding regular panchayats elections,
- (iii) Reservation of seats for SCs/STs and women
- (iv) Establishing state finance commissions (SFCs) at regular intervals, and
- (v) Setting up of district planning committees (DPC).

However, the present study uses a two-stage approach for the estimation of those five provisions under framework in the Panchayat Devolution Index. First stage shortlists states that pass all five criteria under the mandatory framework and, second stage calculates the sub-index under the mandatory framework dimension and rank the states/UTs. The primary objective of the Panchayat Devolution Index is to measure the commitment of the State and UT to empower Panchayats and promote the accountability of Panchayat. The focus of all dimensions is on these two key themes of PEAIS.

Panchayats in India: History, Organization and Finance²

The context

Within the Indian federal architecture panchayat is the closest to the notion of direct democracy distinct from the representative democracy of the Union and States, due to its proximity to the community it serves. Panchayat has deep faith in democracy in which the common man in the rural area has huge capacity to have a good living for himself and the community under the healthy environment that the State creates. If a common man appears to be indifferent to the high economic growth, it is because he is devoid of the mainstream national development and has not been provided equal opportunity to participate in activities for his own betterment. The objectives of a panchayat include organizing common men in the process of developing themselves through their own efforts on a continuing basis, at the same time, enhancing their capacity and self-reliance. This begins with 'citizen participation' in political processes and 'service delivery' of local public goods, e.g. potable drinking water, general sanitation, primary health, elementary education, maintenance of public properties etc. Hence, the key objective of the panchayat is to balance the two values of 'citizen participation' and 'service delivery', the basic goals of decentralized democracy³ envisaged in the Report of

Balvantray Mehta Study Team (1957) and the subsequent 73rd Amendment to the Constitution of India. The Amendment arguably envisions citizen participation within service delivery. The spirit echoes the following expression *“removal of various sources of unfreedom, poverty as well tyranny, poor economic opportunities as well as systematic social deprivation, neglect of public facilities as well as intolerance of over-activity of repressive states”* (Sen 1999, p. 3).

In 1959, on Mahatma Gandhi's birth anniversary on 2 October, the first Prime Minister of India, Pandit Jawaharlal Nehru formally launched the new system of Panchayati Raj at Degana village in Nagaur district of Rajasthan. At the same time, a panchayat was created in Andhra Pradesh as well. In 1959, Nehru led Congress Party had an overwhelming majority at the union and was ruling in all states. Hence, appropriate legal provisions for panchayats were made all across rural India. In the subsequent years, during the regimes of Pandit Nehru and his successor – Lal Bahadur Shastri (1964-66) the panchayat evolved. The new system at the local level has undergone many ups and downs thereafter. The panchayat moved, within the Constitution, from the Directive Principles of State Policy in 1950 to Part IX, exclusively devoted to panchayat provisions in 1992.

²This Chapter draws upon Alok 2011.

³Appleby (1962) made the distinction between the two phrases, i.e. 'decentralized democracy' and 'democratic decentralization' V.K.N. Menon, then Director, the Indian Institute of Public Administration, suggested to him the former. Peter R. de Souza (1999, 2000) also made this distinction and clarified that the former is concerned with democratic practices that exist at the base whereas the latter denotes democratic practices which promote the base.

The Foundation

The rural local government in India is called the *panchayat*, which literally means an assembly of five persons⁴. These five elderly, nominated persons, over the course of time, were vested with sacred authority and with judicial and executive powers. These village⁵ communities were the centers of administration and the custodians of social harmony. Evidence suggests that self-governing village communities have always existed in India. Their roots can be traced in the *Rig Veda*⁶ as dating back to approximately 1200 BC. Panchayat in present India has inherited though little from those native local

institutions of Indian society which was predominantly rural in character in the mediaeval period. Urban communities came up due to political or religious factors. The headquarters of governments, essentially an urban area, located at strategic places, expanded in size due to increased political, judicial, economic, administrative and military activities. Agra, Delhi, Hyderabad, Lahore, Lucknow, Multan and Poona (Pune) were among the important cities. Temple cities of Hinduism, such as Kashi (Varanasi), Mathura, Prayag (Allahabad) and Madura are few examples of those religious factors. Most towns were small market places. The Mughals essentially an urban people in

⁴"Panchayat comes from panch, 'five,' but the body so called is not limited to this number. Many castes in towns and villages have also their own panchayats, which deal with business, social, and religious matters common to the caste" (Royal Commission 1909, p 236).

⁵The Royal Commission describes the village in India as under "The typical Indian village has its central residential site, with an open space for a pond and a cattle stand. Stretching around this nucleus lie the village lands, consisting of a cultivated area and (very often) grounds for grazing and wood-cutting. . . . The inhabitants of such a village pass their life in the midst of these simple surroundings, welded together in a little community with its own organization and government, which differ in character in the various types of villages, its body of detailed customary rules, and its little staff of functionaries, artisans, and traders. It should be noted, however, that in certain portions of India, i.g., in the greater part of Assam, in Eastern Bengal, and on the west coast of the Madras Presidency, the village as here described does not exist, the people living in small collections of houses or in separate homesteads."

The villages above described fall under two main classes, viz.:-

- (1) The 'severalty' or raiyatwari village, which is the prevalent form outside Northern India. Here the revenue is assessed on individual cultivators. There is no joint responsibility among the villagers, though some of the non-cultivated lands may be set apart for a common purpose such as grazing, and waste land may be brought under the plough only with the permission of the revenue authorities, and on payment of assessment. The village government vests in a hereditary headman, known by an old vernacular name, such as patel or reddy, who is responsible for law and order, and for the collection of the government revenue. He represents the primitive headship of the tribe or clan by which the village was originally settled.
- (2) The joint or landlord village, the type prevalent in the United Provinces, the Punjab and the Frontier Province. Here the revenue was formerly assessed on the village as a whole, its incidence being distributed by the body of superior proprietors, and a certain amount of collective responsibility still as a rule remains. The village site is owned by the proprietary body, who allow residences to the tenantry, artisans, traders and others. The waste land is allotted to the village and, if wanted for cultivation, is partitioned among the shareholders. The village government was originally by the panchayat or group of heads of superior families. In later times one or more headmen have been added to the organization to represent the village in its dealings with the local authorities; but the artificial character of this appointment, as compared with that which obtains in a raiyatwari village, is evidenced by the title of its holder, which is generally lambardar, a vernacular derivative from the English word 'number.' It is this type of village to which the well-known description in Sir Maine's Village Communities is alone applicable, and here the co-proprietors are in general a local oligarchy with the bulk of the village population as tenants or labourers under them." (Imperial Gazetteer, Vol.IV., p279-80 quoted in Royal Commission of Decentralization 1909, Vol 1 p 236-7)

⁶The Rig Veda is the oldest religious scripture in the world and the most revered of the Vedas. It consists of more than 1,000 hymns addressed to gods. It refers to rituals, such as marriage and funeral rites, that differ little from those practiced today in Hinduism. It is the source of much Indian thought, and many consider its study essential to understanding India

India, preferred to develop urban administration (Saran 1941)⁷. They interfered very little with the ancient customs of village governments. For them the village was a unit for revenue and police.

In that era, each village society made its own laws due to the isolation of each village from the neighboring hamlets. There were threats from the landlord, the robber or the invader. These intimidations strengthened the requirements of a village organization such as panchayat. These bodies took charge of almost all the matters of village including disputes and apportioned taxes. Panchayats gave dignity and order to village life, and their deliberations had the great weight of religion and custom (Drummond 1937). In western terms, these village government have never been 'democratic'. However, the old panchayat whether as a caste tribunal or as a judicial or administrative body, normally conducted its deliberations in the presence of all who cared to attend. All the time the reactions of the listening crowd would be registered and would have their influence. If one of the elders showed partiality or foolishness, this would be remembered by his friends (Tinker 1954). These judicial powers of the panchayats were considerably curtailed under Mughul Rule. In short, the panchayats in ancient India were different in character than the notion advanced in the West:

In ancient India the king was head of the state, but not of the society. He had a place in the social

hierarchy, but it was not the highest place. As a symbol of the state, he appeared to the people like a remote abstraction with no direct touch with their daily life, which was governed by the social organization. (Mookerji 1958, p.4)

Panchayat under British Rule

The British rule in India witnessed the beginning of many modern institutions that sustained and formed the base for the post colonial governments to build upon. The local civic body⁸ cultivated by the imperial government is one such example. The first municipal body in India was created in Madras (now Chennai) through a Royal Charter issued on December 30, 1687 by King James II on the advice of the Governor of the East India Company, Josiah Child to mobilize resources through local taxes and to control the powers of then Governor of Madras, Elihu Yale who amassed a fortune in his lifetime, largely through secret contracts with Madras merchants, against the East India Company's directive⁹. The municipal corporation was made responsible for many civic functions including the upkeep of town-hall and a school. The Corporation could not come up to the expectations as the citizens objected to new taxes. The first experiment with municipal institution did not pay dividends. The second municipal charter was issued in 1726 to set up municipalities for Calcutta and Bombay and to reconstitute the Madras municipality.

Meanwhile, there was a transformation in the British rule from the management of a few

⁷ In the words of Sir Jadunath Sarkar as documented in Saran, 1941, p231-5.

⁸ In British India, rural bodies were 'District Boards', 'District Local Boards' and 'District Councils'. Local authorities were often referred to as 'boards' (Tinker 1954). The phrase 'Provincial Government' had been substituted for the phrase 'local government'. This misled to those not versed with the official terms of British India (Royal Commission 1907).

⁹ See wikipedia for detail.

trading posts into the government of Indian sub-continent. The local bodies developed in a haphazard manner without the legislative sanction or centralized direction. In the North-Western Provinces (now Uttar Pradesh), 'local agencies' were appointed in big towns to assist the District Magistrate in mobilizing the resources for police, conservancy and road repairs. The new systems of rural local government had no connections with the ways of old panchayats. The institution of District¹⁰ Magistrate became the key unit of local governance and was the central institution of the revenue system. However, concern for panchayats were shown by some British rulers which can be traced from the following remarks of Sir Charles Metcalfe, based on his experience as provisional governor general of India from 1835 to 1836,

"The village communities are little republics, having nearly everything they can want within themselves, and almost independent of any foreign relations. They seem to last where nothing else lasts. Dynasty after dynasty tumbles down; revolution succeeds to revolution; ... but the village community remains the same.... This union of the village communities, each one forming a separate little state in itself, has, I conceive, contributed more than any other cause to the preservation of the peoples of India, through all the revolutions and changes which they have suffered, and is in a high degree conducive to their happiness, and to the enjoyment of a great portion of freedom and independence". (Mookerji 1958, p.2).

Subsequently, Sir George Birdwood echoed that earlier expression:

"India has undergone more religious and political revolutions than any other country in the world; but the village communities remain in full municipal vigor all over the peninsula. Scythian, Greek, Saracen, Afghan, Mongol, and Maratha have come down from its mountains, and Portuguese, Dutch, English, French, and Dane up out of its seas, and set up their successive dominations in the land; but the religious trades-union villages have remained as little affected by their coming and going as a rock by the rising and falling of the tide". (Mookerji 1958, p.2).

At the same time in 1936, Sleemen recorded the following quote of an old Mossulman Trooper: *"the British have no pleasure in building anything except factories, courts of justice and jails"*(Sleemen 1893).

The aftermath of 1857 revolt saw severe financial stress in the imperial administration. Public debt was mounting. James Wilson was sent from Britain to deal with the crises as Finance Member. Responsibilities for roads and construction were passed on to municipal bodies. Fiscal Decentralization was one of his solutions. This is reflected in his budget speech of 1861,

"It is of the first importance to break through the habit of keeping everything in dependence on Calcutta and to teach people not to look to Government for things which they can do far better themselves"

The details of the proposal were left to the newly created provincial legislatures. Municipal acts were passed in all the major provinces, viz Bengal, Bombay, Madras, Punjab, North West Provinces and Central Provinces and every

¹⁰ Each district was split up into two smaller areas generally designated tahsils or taluks and in the immediate charge of native officers. British India contained more than 250 districts. The average area of a district was 4,430 square miles, and the average population 9,31,000.

major town became a municipality. Forty nine municipal committees were constituted; twenty eight were elected by trade or caste panchayats. The prime concern of these committees was octroi collection, conservancy and road maintenance. Subsequently, Lord Lawrence decided that the cost of town police forces would be borne by the inhabitants of the town and made the following declaration in his resolution:

The people of this country are perfectly capable of administering their own local affairs. The municipal feeling is deeply rooted in them. The village communities... are the most abiding of Indian institutions. They maintained the framework of society while successive swarms of invaders swept over the country. In the cities also, the people cluster in their wards, trade guilds and panchayats and show much capacity for corporate action... Holding the position we do in India, every view of duty and policy should induce us to leave as much as possible of the business of the country to be done by the people... and to confine ourselves to ... influencing and directing in a general way all the movements of the social machine (Gazette of India 14 September 1864, as in Tinker 1954, p.36).

At the same time, after the Mutiny, the panchayats in rural areas also received an stimulus. Education and road cesses on land revenue were attempted through legislation in many provinces in India. Principle of representation was introduced in rural areas through the Bombay Local Fund Act of 1869. District and Taluk Local Fund Committees, as advisory bodies, were also constituted. District Magistrate was the chairman of District Committees which administered the cesses on land revenue, largely utilized for road construction¹¹. Many believed that hardly any member was elected despite the statutory

provision of election and committees were functional for the convenience of District Magistrate. Funds were too small to be utilized to render appropriate civic services. In 1870 -71, the Government of Lord Mayo made over to the various provinces the financial responsibility for the administration of police, jails, medical services, registration, education, roads and building, and assigned to each a fixed sum from which such expenditure was to be met. It marked a great step in the direction of fiscal and administrative devolution. Lord Mayo's fiscal scheme was deliberately intended to lead to the development of local self-government by means of municipalities and local boards¹². Meanwhile, in 1870, the Bengal Village *Chaukidari* Act created 'unions' comprising about ten or twelve square miles. Panchayats were responsible to raise funds to pay for the village police in these 'unions'. The citizens regarded these panchayats as the agents of the British Government.

Thereafter, Lord Ripon's Resolution on Local Self Government of 18 May 1882 proved to be the most enduring influence on the subsequent debates and discussions on local self-governments in India. Ripon was determined that (i) political education, and (ii) administrative efficiency should be central in the perspective of local self-governments. These two objectives are clearly enunciated in the following paragraphs of the Resolution:

“Political education is the primary function of local government, of greater importance than administrative efficiency (Paragraph 5)

As education advances there is rapidly growing up all over the country an intelligent class of public spirited men who it is not only bad policy but sheer waste of power to fail to utilize (Paragraph 6).

¹¹ District Committee Acts: 1869, Bombay; 1870, Madras; 1871, Bengal, North Western Provinces, Punjab.

¹² Local board was used to denote sub-district boards only while in Madras and Bombay it included both district and sub-district boards.

Rural Boards are to be set up, similar to municipal boards: the units of administration to be small -- the subdivision, tehsil or taluka (Paragraph 10).

All boards should contain a two third majority of non-officials; these should be elected whenever possible. Elections to begin immediately in more progressive towns; gradually and by informal experimental methods in smaller towns and the countryside. (Paragraphs 12, 13, 14)

Systems of election should be adopted to suit 'the feelings of the people' (Paragraphs 14 & 15)

Control should be exercised from without rather than within (Paragraph 17).

The chairmen of all local boards should accordingly be non-officials whenever possible (Paragraph 18)"(Tinker 1954, p.44-8).

Lord Ripon assumed the office of Viceroy after thirty years' experience of Politics in Whitehall. But all his intellect and experience were accompanied by "a lack of stamina, an inner uncertainty" (Tinker 1954, p.43) that created roadblocks for Ripon to bring his ambitious schemes into fruition. Most Englishmen in India argued that his idea of political education should "evolve out of local circumstances; if it has to be created artificially, at least it should be planned in detail by local administrators, and not be imposed ready-made by the central government" (Tinker 1954, p.43). The provincial governments and district officers were reluctant to put Ripon's idea into practice.

O'Malley equated Ripon's language with that of A.O. Hume, Founder of the Indian National Congress, who advocated wider franchise, based upon 'class as well as ward representation'.

"There is a somewhat remarkable similarity in the language used by Lord Ripon and A.O. Hume to describe the situation caused by the impact of western civilization..... It was necessary to provide an outlet for the ambitions and aspirations which had been created by the education, civilization and material progress introduced by the British." (O'Malley 1941, p.745-6)

On the other hand, Wolf in his work on 'Life of Ripon' wrote that Ripon had later realized that the freedom of panchayat would come at the cost of efficiency in a short run. According to Wolf, Ripon was not the great votary of ballot box, he wanted "to revive and extend the indigenous system of the country and to make use of what remains of the village system" (Wolf 1921, p.100).

A network of rural local bodies was part of Ripon's proposal. He proposed to create a 'two tier' system, with district boards¹³, and sub-division or the *tehsil*. The sub-division, *taluk* or *tehsil* would form the maximum area under a local board. The district board was only a supervisory or coordinating authority.

However, district board in all regions except a few was assigned powers with all the funds and almost all the local functions despite provisions in the Acts regarding the delegation of power and responsibility to the local bodies. In practice, the district boards passed some routine works to the sub-district boards.

Lord Ripon's emphasis to build the local self-government upon the ancient foundation of the village system did not work as the local self-government was "imposed from above, and the village was the last place to feel its influence" (Tinker 1954, p.55). However, Gopal Krishna Gokhale, the then Congress President observed in 1906 that local self-government "still remains all over the

¹³District Board was headed by the District Magistrate/Collector in all provinces except the Central Provinces. However, the provision of election did exist in the legislation of most regions.

*country where it was placed by Lord Ripon a quarter of a century ago and in some places it has even been pushed back*¹⁴

The 'Royal Commission upon Decentralization in India' was set up in 1907 to enquire whether the system of government might be improved by measure of decentralization. The Commission was mandated to study the financial and administrative relations between the Government of India, provincial governments and subordinate statutory bodies. The Commission was presided over by Sir Henry William Primrose with five other members who were senior I.C.S. officers. Romesh Chunder Dutt was the only Indian member. Subsequently, C.E.H. Hobehouse, Under-Secretary of State for India became the chairman after the resignation of Sir Henry. The Commission recorded huge evidences and submitted several volumes of its report in 1909.

Once again, development of local self-government was viewed as a sub set of administrative devolution. The Commission, dismissed, the popular demand and affirmed '*we do not think it possible, even it were expedient, to restore the ancient village system*' but "*an attempt should be made to constitute and develop village panchayats for the administration of local village affairs*" (Royal Commission 1909, p.239). The new system should be introduced '*gradually and cautiously*'.

The Commission strongly recommended to keep the panchayat under the district authorities to ensure that "*the movement should be completely under the eye and hand of district authorities*" (Royal Commission 1909, p.240) particularly *tehsildars* and sub-divisional officers. Local officers were entrusted to supervise and guide the panchayat. The sub-district boards were suggested to give

grants to panchayat for village sanitation, the construction of minor public works, the management of village schools and petty civil and criminal jurisdiction.

Urban municipal bodies created by British, on the other hand, received a liberal treatment. The Commission recommended chairman and majority of other members in urban bodies to be non-official. The Report stated, "*the chairman should usually be an elected non-official*" (Royal Commission 1909, p.282). The attempt succeeded to shift the attention from panchayat to urban municipal bodies. Like the Royal Commission (1909), the Report of Montagu and Chelmsford on Constitutional Reforms (1918) and the Government of India Resolution (1918) emphasized monitoring and control and strengthened administrative structure at the district level. All these developments made a mockery of 'political education' - a central idea of Ripon's Resolution.

Legislations for local self government particularly in the early days of Dyarchy, provided inadequate provisions due to poor drafting. Powers of taxation were not well defined. It provided enough scope for confusion about the level of administration to introduce the new taxes or change the existing rates. The working relationship of board and staff as well as the local officers was never defined. Government officers were given emergency powers over boards. There was no provision to enforce the decision of departmental audit.

Many amendments or reforms in the legislation proved to be patchwork and complicated the matter. As a result, local self government found it difficult to hire technically qualified staff and provide efficient services to citizens.

¹⁴Collected speeches of the Hon. G.K. Gokhale (Madras, n.d.), Appendix, p. 149 in Tinker 1954, p. 49.

The first half of twentieth century witnessed freedom movement and little progress in devolution and the economy. In overall, the

average annual growth rate of India, from 1914 to 1947 is calculated between 0.73% to 1.22%. (Chandra 1997, p.12).

Box 1: Milestones in the Evolution of Panchyats in India

1687	Royal Charter for the creation of Madras Municipal body
1842	Act X to provide first formal measure of municipal bodies
1857	The aftermath of Mutiny saw severe financial stress. Fiscal decentralization was considered one of the solution.
1870	Lord Mayo's scheme of fiscal and administration devolution. Enactment of Bengal Chowkidari Act.
1882	Lord Ripon's Resolution on Local Self-Government.
1907	The Royal Commission on Decentralisation was constituted.
1948	Debates between Gandhi and Ambedkar on Gram Swaraj, (self-rule)
1957	Balwantray Mehta Commission –Recommended Panchayat structure at district, block and village levels, elected bodies for 5 year, devolution of powers to panchayats. Post of Block Development Officer (BDO) was created.
1963	K. Santhanam Committee – recommended limited revenue raising powers to panchayats to raise revenue and setting up of State Panchayati Raj Finance Corporations.
1978	Ashok Mehta Committee –Recommended that the District serve as the administrative unit in the Panchayat structure and two tier panchayats be created at district and block levels.
1985	G.V.K. Rao Committee –Recommended that the block development office (BDO) should be strengthened to assume broad responsibility for planning, implementing and monitoring rural development programmes.
1986	L.M. Singvi Committee – recommended that local self-government should be constitutionally enshrined, and the Gram Sabha (the village assembly) should be the base of decentralised democracy.
1993	The 73 rd Amendment to the Indian Constitution – panchayats at district, block and village levels was created through Constitution. Part IX for Panchayats was inserted in the Constitution with 11 th schedule that enumerated 29 matters for panchayats.
1996	PESA– Powers of self-government were extended to tribal communities in 'Fifth Schedule' areas.
2004	Union Ministry of Panchayati Raj was created.
2009	Thirteenth Finance Commission recommended share of panchayats in the Union Revenue Divisible Pool.

Panchayats in Independent India

During the struggle for freedom that culminated with independence on 15 August 1947, Mahatma Gandhi stressed the need for *village swaraj* (independent republic): *“My idea of village swaraj is that it is a complete republic, independent of its neighbors*

for its own vital wants, and yet interdependent for many others in which dependence is a necessity” (Gandhi 1962, p.31).

Gandhi's vision of village swaraj has had perhaps the most powerful influence on the subsequent debates and discussions on panchayats. In the

immediate post independence period, during the debates on the drafting of India's constitution, sharply discrepant views on panchayats were expressed. In the Constituent Assembly on November 4, 1948, Dr. B. R. Ambedkar, chairman of the Drafting Committee, called village community “a sink of localism, a den of ignorance, narrow-mindedness, and communalism” (Malaviya 1956, 97). Panchayats did not find a place in the first draft of India's constitution. At the insistence of a few Gandhians namely Alladi Krishnaswami Aiyar, N G Ranga, K Santhanam, Shibbanlal Saxena and others, a compromise was arrived at, and panchayats were included only in the nonjusticiable part of the constitution, under Directive Principles of State Policy, as Article 40, which reads, “*The state shall take steps to organize village panchayats and endow them with such powers and authority as may be necessary to enable them to function as units of self-government.*” Without any reference to panchayats, the term *local government* also crept into item five of the State List in the constitution. These provisions are, at best, only discretionary.

In the early 1950s, Gandhi's village swaraj was kept on the back burner in the overall development plan, which was deeply committed to industrialization, economic growth, and income redistribution (Kohli 1987). The thrust on local governance started with community development which occupied the central place in rural administration in the Fifties. S.K. Dey was made Minister of Community Development. There were confusion in the Fifties and in Sixties due to ambiguous status of panchayats. Some official documents showed panchayats as a culmination of the process initiated in 1882 by Lord Ripon and consummated in Article 40 of the Constitution. Others considered panchayats to be the offspring of the Community Development Programme (Jain 1962) due to some common features between community development and panchayats. Both emanates from the desire of the “*people to serve their common ends largely through their own efforts*” (Mukherji

1962). It further argues that in the absence of community development programme, panchayat would have been treated as traditional kind of local self-government, under British Rule, to serve the administration of the State Government than as self-governing institutions of the people.

In the late 1950s, community development projects failed to evoke people's participation. On this issue Balvantray Mehta Study Team was appointed to review the working of the Community Development Programme. The Team showed dissatisfaction over the centralized functioning of the programme and recommended that public participation in community work should be organized through statutory representative bodies. Some of the main recommendations are as follows:-

- a) A three-tier structure (village, block and district) of institutions of democratic decentralization, i.e. Gram Panchayat at the village level, Panchayat Samiti (the basic unit of democratic decentralization since the area of jurisdiction of the panchayat bodies should be optimum, not too large and not too small) and Zila Parishad at the district level.
- b) Establishment of elected local bodies for 5 years by indirect elections from the village panchayats.
- c) Devolution of necessary resources, power and authority to these bodies.
- d) These bodies would form part in the implementation of various departmental schemes.
- e) Zila Parishad would play an advisory role under the chairmanship of the District Collector for necessary coordination. All Presidents of panchayat samities, Members of the State Legislature and

Member of the Parliament representing a part or whole of a district whose constituencies lie within the district and district level officers would be members of the Zila Parishad. One of the officers of the District Collector would be the Secretary.

- f) The following would be the main resources of village panchayat:
- *"Property or house-tax as is considered locally suitable;*
 - *Tax on daily, bi-weekly or weekly markets, bazars, hats or shandies, whether located on private land or otherwise;*
 - *Tax on carriages, carts, bicycles, rickshaws, boats and pack animals;*
 - *Octroi or terminal tax;*
 - *Conservancy tax;*
 - *Water rate;*
 - *Lighting rate;*
 - *Income from cattle-pounds;*
 - *Fees to be charged for registration of animals sold within the local area, for the use of Sarais, slaughter house, etc."*(GoI 1957, p.15-16).

A panchayat structure at the district and block levels was also envisioned at this time. An important post of the Block Development Officer (BDO) was created to support old revenue unit of the Tehsil or Taluk and develop every village in the respective block. However , this gave rise to a complex system of multiple controls. In the implementation of rural development schemes, the BDO has to seek directions of (i) elected pradhan (ii) elected zila

pramukh (iii) district collector (iv) chief executive officer , zila parishad (v) district level officers connected with line departments of states (vi) director/commissioner, panchayats (vii) secretary – in- charge of the concerned district (viii) divisional commissioner (ix) elected member of the samiti (x) MLA (xi) M.P (xii) Minister-in-charge of the concerned district.(Hooja 2010). In fact, confusion and tension at the district level administration prevailed during this period (Chaturvedi 1964).

As mentioned earlier, on October 2, 1959, India's first prime minister (Pandit Jawaharlal Nehru) inaugurated independent India's first panchayati raj institution (PRI) at Nagaur in Rajasthan¹⁵. At the same time, a panchayat was created in Andhra Pradesh. By the mid 1960s, PRIs began to be established in all parts of India. To promote decentralized democracy, there was commencement of panchayat elections. By the year 1963, Panchayati Raj legislation had been enacted in 12 States and Panchayat Samities and Zila Parishads had been established in 10 States. By March 1962, 204,000 village Panchayats had been established, and these served about 95 per cent of the rural population. Zila Parishads was considered to be of the utmost importance for the rural development. The Third Five Year Plan (1961-66) laid considerable stress in rural sector to make India self sufficient for food products. Particular attention had been given to the administrative and functional aspects of Panchayati Raj in the initial two years. To carry out the responsibilities entrusted to them, PRIs at each level were in a position to secure adequate resources both from the State Government and at the local level (GoI 1963). An important

¹⁵ During the occasion, Nehru said, "To uplift lakh of villages is not an ordinary task.....The reason for slow progress is our dependence on official machinery. An officer is probably necessary because he is an expert. But this work can be done only if the people take up the responsibility in their own hands.... The people are not merely to be consulted. Effective power has to be entrusted to them..... Real change comes, of course, from within the village, from the very people living in the village, and is not imposed from outside." (Aiyar 2011, p. 11)

contribution of the panchayat movement had been to make available teams of trained workers to serve at block and village level. However, shortage in certain categories particularly women village level workers continued. During this period, four study teams were constituted to study the issues related to a) panchayati raj finances, b) district, block and village plans, c) budgetary and accounting procedures, and d) role and functions of the Gram Sabha.

In a number of States, Panchayati Raj Institutions had set up special committees to look after the interests of weaker sections. Thus, till the end of the third plan in 1966, panchayati raj flourished. The congress lost many seats in early 1967 General Elections. As a result, Prime Minister, Indira Gandhi attempted to consolidate her position by a process of centralization of political and administrative powers. *"In the process panchayat went through a phase of desuetude"*(Aiyar 2011, p. 14).

In the Fourth Five Year Plan (1969-74), an outlay of Rs. 115 crores was provided for the schemes of Community Development and Panchayats. Out of this amount, Rs. 98 crores were allocated for the plan schemes of various States and Union Territories. Among all the central sector schemes, the progress of expenditure had been very slow in many schemes particularly (i) composite programme for women and pre-school children, (ii) orientation of school teachers in Community Development. In the centrally sponsored sector, the scheme relating to the Applied Nutrition Programme was making satisfactory progress (GoI 1971).

Panchayati Raj started declining as most initiatives for developments came from the central leadership and sub-national governments fell in line. The word '*panchayati raj*' almost disappeared in various policy documents. Panchayats were marginalized as elections of

these bodies were seldom held and elected bodies were not allowed to take office or dismissed if allowed.

After the 1975-77 Emergency, Indian National Congress led by Mrs Indira Gandhi lost the General Election in March 1977. Considering the fact that panchayats had not succeeded to the expectations, the Janata Party Government constituted the committee headed by Ashok Mehta to review the working of panchayats and to suggest measures for their strengthening so that an effective decentralized system of rural development could be evolved. The Ashok Mehta identified post 1959 panchayat experience into the following 3 phases:

- (i) panchayat ascendancy (1959-64)
- (ii) panchayat stagnation (1965-69)
- (iii) panchayat decline (1969-77)

The factors including a) absence of political will b) resistant bureaucracy c) lack of involvement in planning d) ambiguity with respect to the role and status of panchayats, and e) the domination of rural elite on panchayats were considered responsible to undermine PRIs (GoI 1978). The main recommendations of the committee as summarized by (Hooja 2010, p.8-9) are as follows:

- (a) "Creation of a two-tier system of Panchayati Raj, with Zila Parishad at the district level and, below it, the Mandal Panchayat consisting of a number of villages and having a population of 15,000 to 20,000
- (b) Nyaya Panchayat, presided over by a qualified judge, to be kept as a separate body;
- (c) Open participation of political parties in PRIs through elections contested on a party basis;

- (d) PRI elections to be organized by the Chief Electoral Officer of the state in consultation with the Chief Election Commissioner of the country;
- (e) Zila Parishad to be made responsible for planning at the district level;
- (f) Reducing the dependence of PRIs on the state funds and, instead, endowing them with powers of taxation;
- (g) Development functions to be transferred to Zila Parishads;
- (h) State Government not to supersede the PRIs on partisan grounds; and
- (i) Appointing in the Council of Ministers of the State Government of a Minister for Panchayati Raj, to look after the affairs of the PRIs”.

There were a number of supplementary even dissent notes appended with the Report. M.G. Ramachandran, a Member, opposed the concept of the Mandal Panchayat and argued that this would reduce effective and widely prevailing Directly Elected People's participation. S.K. Dey echoed similar sentiments in his supplementary note. E.M.S. Namboodiripad, another Member, criticized, among others: the recommendation with respect to the compulsory levy of land cess, surcharge on stamp duty, taxes on commercial crops etc. by the panchayats - *“Making these compulsory for the Panchayati Raj Institutions is a proposition with which I can not agree”* (GoI 1978, p. 170). Siddharaj Dhadda found lacuna due to the absence of village panchayat in the Report. He expressed it strongly in his note of dissent.

The Ashok Mehta Committee was the first to recognize the need of constitutional provisions for panchayats. However, the Report remained the part of the bookshelf due to a shift in priorities of the top leadership amidst hectic political activities that led to the fall of Morarji

Desai's government in July 1979 and the subsequent fall of Charan Singh's government in the same calendar year. Indira Gandhi led Indian National Congress came back to power in January 1980 after the General Election. As usual, powers remained centralized till the assassination of Mrs Gandhi on 31 October 1984.

During the regime of Mrs Indira Gandhi, the panchayat was marginalized and weakened. Programmes for rural development were passed without a reference to panchayats. A conventional chapter on 'Community Development and Panchayat' was absent from the Planning Commission documents. However, the phrase 'community development' was substituted with 'rural development.' The absence of panchayats could not even be noticed in the Seventh Plan (1985-90) document: About 9000 crore outlays was allocated for rural development in the 7th plan and no role was assigned to panchayats even in the Minimum Needs Programmes (MNP) related to rural sanitation, rural roads, rural health, rural housing, rural energy etc.(GoI 1985-90)

After the assassination of Mrs Gandhi, her son Rajiv Gandhi became the Prime Minister. After an early election, he came back to power with more than two third majorities in Lok Sabha. A committee headed by G.V.K. Rao was appointed by the Planning Commission on March 1985 to review the existing administrative arrangements for rural development and poverty alleviation programmes and to recommend structural mechanisms for the planning and implementation of these programmes in an integrated manner. The Committee submitted its report in December 1985 and recommended to activate “Panchayati Raj bodies, viz. the *Zila Parishad, Panchayat Samities, Mandal* or Village Panchayats (GoI, 1985). The Committee emphasized to strengthen the role of block development office in the rural development process.

Another major attempt to regenerate PRIs was made with the appointment of the L. M. Singhvi Committee in 1986. The committee recommended that PRIs should be enshrined in the constitution and 'Gram Sabha' be the base of decentralized democracy. The Committee showed its displeasure over the irregularity of panchayat elections and dealt with the issue of the role of political parties in panchayat elections. The Committee suggested that non-involvement of political parties should be consensual rather than through legislation. On this issue the supporters of panchayats had two opinions. The Gandhians supported party less democracy while others argued the involvement of political parties to support candidates with weak economic background. (Wadhvani and Mishra 1996). Notwithstanding, the democratic momentum did not find pace to cater to the requirements of rural development.

There were various reasons for this such as: (i) political and bureaucratic resistance at the state level to sharing of power and resources with the local level institutions, (ii) under the existing social structure and property relations, the rural elite appropriated a major share of benefits from development schemes, (iii) low capacity at the local level, and (iv) lack of political will of the local political representatives. Local institutions scored well as long as they were concerned with issues such as primary schools, health centers, village roads etc (Rao 1989).

In 1989, Prime Minister Rajiv Gandhi proposed to assign constitutional status to PRIs and introduced the 64th Constitutional Amendment Bill. This bill was opposed, because it was viewed as an instrument for the union government to deal directly with PRIs and bypass the state governments. The bill was passed in the Lok Sabha (lower house of parliament) but failed in

the Rajya Sabha (upper house of parliament) by two votes on October 15, 1989.

Over time, consensus in favor of PRIs grew among all political parties. The National Front government that came into power for a short period introduced a bill for PRIs on September 7, 1990. Finally, the Congress government, led by Narasimha Rao, which came back to power after the assassination of Rajiv Gandhi, introduced a constitutional amendment bill for PRIs in September 1991. After debate and discussion it was passed in the Parliament on 22 December 1992, it became the Constitution (73rd Amendment) Act 1992 (the CAA) on April 24, 1993 after ratification by most State Assemblies.

Panchayats: Organization and Finance

The Legal Framework

With the passage of the CAA, panchayats were recognized in the statute book as institutions of self-government¹⁶. Under the CAA, it became mandatory for each state to enact conformity acts and make the following provisions:

- The establishment of three-tier panchayats with elected members at village, intermediate, and district levels. The intermediate rung need not be constituted in states with a population under 2 million.
- Direct elections to all seats in panchayats at all levels.
- One-third of seats reserved for women and marginalized communities—scheduled castes (SCs) and scheduled tribes (STs)—in all panchayats, according to the population. This provision also applies to the office of chairperson.

¹⁶ Special legal dispensation under the Panchayats (Extension of the Scheduled Area) Act 1996 is given to the panchayats in tribal areas of nine states: Andhra Pradesh, Bihar, Chhattisgarh, Gujarat, Himachal Pradesh, Madhya Pradesh, Maharashtra, Odisha, and Rajasthan. Accordingly, the provisions of the CAA have been extended to those areas, with certain modifications respecting the traditional institutions of the areas and recognizing the rights of tribal population over natural resources (Singh 2000)

- A uniform five-year term in all panchayats, with elections held within six months in cases of premature dissolution.
 - Constitution of a State Election Commission to supervise and organize free and fair elections to panchayats at all levels.
 - Setting up of a State Finance Commission at a regular interval of five years to review and revise the financial position of panchayats.
 - Establishment of district planning committees.
 - Establishment of a Gram Sabha (village assembly) in each village, to exercise such powers and perform such functions at the village level as the state may provide by law.
- The state is also expected to assign responsibilities on various matters including those listed in the 11th Schedule. (see Box 2). The state is also required to devolve concomitant powers and authority to panchayats to carry out the responsibilities conferred on them.

Box 2 Classification of Functions Listed in the 11th Schedule

Core functions
<ul style="list-style-type: none"> • Drinking water • Roads, culverts, bridges, ferries, waterways, and other means of communication • Rural electrification, including distribution of electricity • Health and sanitation, including hospitals, primary health centers, and dispensaries • Maintenance of community assets
Welfare functions
<ul style="list-style-type: none"> • Rural housing • Non-conventional energy sources • Poverty alleviation program • Education, including primary and secondary schools • Technical training and vocational education • Adult and informal education • Libraries • Cultural activities • Family welfare • Woman and child development • Social welfare, including welfare of the handicapped and mentally retarded • Welfare of the weaker sections, and in particular, of the Scheduled Castes and Scheduled Tribes • Public distribution system
Agriculture and allied functions
<ul style="list-style-type: none"> • Agriculture, including agricultural extension • Land improvement, implementation of land reforms, land consolidation, and soil conservation • Minor irrigation, water management, and watershed development • Animal husbandry, dairying, and poultry • Fisheries • Social forestry and farm forestry • Minor forest produce • Fuel and fodder • Markets and fairs
Industries
<ul style="list-style-type: none"> • Small-scale industries, including food processing industries • Khadi, village, and cottage industries.

Note: The 11th National Finance Commission gave these classifications to the functions enumerated in the 11th Schedule

Table: 2.1: Number of Elected Institutions in India by States/UTs

(as on 1 March, 2012)

S. No.	States	Number of Seats in		Number of Municipalities	Number of Panchayats			Area per Village Panchayat (km ²)	Population per Village Panchayat
		Parliament	State Assembly		Village(a)	Intermediate(b)	District(c)		
1	Andhra Pradesh	42	294	124	21807	1097	22	13	2582
2	Arunachal Pradesh	2	60	n.a	1779	161	16	47	601
3	Assam	14	126	89	2202	185	24	35	12162
4	Bihar	40	243	138	8442	531	38	11	10907
5	Chhatisgarh	11	90	162	9734	146	18	14	2014
6	Goa	2	40	14	189	0	2	20	2918
7	Gujarat	26	182	168	13945	223	26	14	2486
8	Haryana	10	90	76	6083	119	21	7	2718
9	Himachal Pradesh	4	68	49	3243	77	12	17	1902
10	Jammu & Kashmir	6	76	82	4139	212	24	54	2207
11	Jharkhand	14	81	39	4423	259	24	18	5661
12	Karnataka	28	224	219	5627	176	30	34	6674
13	Kerala	20	140	58	978	152	14	40	17848
14	Madhya Pradesh	29	230	338	23012	313	50	13	2283
15	Maharashtra	48	288	249	27937	351	33	11	2203
16	Manipur	2	60	28	165	4	6	135	11513
17	Meghalaya(d)	2	60	6	0	0	3	0	0
18	Mizoram(d)	1	40	1	707	0	0	30	748
19	Nagaland(d)	1	60	19	1110	0	0	15	1267
20	Odisha	21	147	103	6236	314	30	25	5605
21	Punjab	13	117	135	12775	143	20	4	1356

22	Rajasthan	25	200	138	9177	248	33	37	5616
23	Sikkim	1	32	12	165	0	4	43	2763
24	Tamilnadu	39	234	719	12524	385	31	10	2969
25	Tripura	2	60	13	511	23	4	21	5303
26	Uttar Pradesh	80	403	628	51914	821	72	5	2988
27	Uttarakhand	5	70	63	7555	95	13	7	930
28	West Bengal	42	294	127	3351	333	18	26	18566
Union Territories									
29	Andaman & Nicobar Island	1	n.a	n.a	69	7	2	120	3542
30	Chandigarh	1	n.a	n.a	12	1	1	10	2417
31	Dadar & Nagar Haveli	1	n.a	n.a	11	0	1	45	16639
32	Daman & Diu	1	n.a	n.a	14	0	1	8	4309
33	NCT of Delhi (e)	7	70	n.a	0	0	0	0	0
34	Lakshadweep	1	n.a	n.a	10	0	1	3	1418
35	Puducherry	1	30	n.a	98	10	0	5	4024
	India	543	4,120	3,797	239946	6174	570	14	167138

Source: Ministry of Panchayati Raj, Government of India and State Governments; Thirteenth Finance Commission Report; Election Commission of India and Census of India, 2011.

a. In almost all states, it is known as the gram panchayat.

b. The name of the intermediate rung differs from one state to another. It is known as Mandal Parishad in Andhra Pradesh, Anchal Samiti in Arunachal Pradesh, Anchalik Panchayat in Assam, Janpad Panchayat in Chhattisgarh and Madhya Pradesh, Taluka Panchayat in Gujarat and Karnataka, Panchayat Union in Tamil Nadu, Block Panchayat in Uttar Pradesh, Uttrakhand and Kerala, and Panchayat Samiti in many states, including Bihar, Haryana, Himachal Pradesh, Jharkhand, Maharashtra, Odisha, Punjab and Rajasthan.

c. It is also known as Zilla Panchayat (ZP)/Parishad in many states.

d. For traditional village and autonomous district councils that exist in these states.

e. Panchayat has yet to be revived.

Note: n.a.: Data not available from given sources or not applicable.

The legislature of a state may authorize the panchayats to levy, collect, and appropriate certain duties and fees and may assign to them the revenues of certain state-level taxes, subject to such conditions as are imposed by the state government. Further, grants-in-aid may also be provided to these bodies. As a result of the CAA, the numbers of panchayats stands at 2,46,690 of which 2,39,946 are village panchayats, 6,174 are intermediate panchayats, and 570 are district panchayats (Table 2.1).

The addition of these democratic institutions has broadened the Indian federal system. The panchayats are seen as the third tier of government. They have also made India the most representative democracy in the world. Today, about 2.8 million representatives stand elected to the three levels of panchayats. About 44.52 per cent are women, and 27 per cent belong to SCs and STs (Table 2.2). At the village panchayat level, each elected person's constituency comprises about 340 people or 70 families (Government of India 2006).

Table 2.2: Representation of Weaker Sections and Women in Panchayats

(as on 1 March, 2012)

S. No.	States/UT	Panchayats at all levels: Number of Elected Representatives								
		General (Non-SC/ST) Categories	SC		ST		OBC	Total	Women	
			No.	%	No.	%			No.	%
1.	Andhra Pradesh*	1,72,136	34,025	15	17,842	8		2,24,003	74,019	33
2.	Arunachal Pradesh	0	0	0	9,355	100		9,355	3,115	33.3
3.	Assam*	23,206	1,344	5	886	3.5		25,436	9,903	39
4.	Bihar	1,15,259	20,502	15	929	0.68		1,36,680	73,807	54
5.	Chhattisgarh	75,191	17,290	11	66,147	42		1,58,628	79,314	50
6.	Goa	1,372	0	0	187	12		1,559	519	33.3
7.	Gujarat	1,26,622	6,664	5	0	0		1,33,286	43,984	33
8.	Haryana	54,522	13,630	20	0	0		68,152	22,695	33.3
9.	Himachal Pradesh	19,484	6,679	24	1,669	6		27,832	14,472	52
10.	Jammu & Kashmir	n.a.	n.a.	n.a.	n.a.	n.a.		n.a.	n.a.	n.a.
11.	Jharkhand	n.a.	n.a.	n.a.	n.a.	n.a.		53,207	n.a.	n.a.
12.	Karnataka	69,098	17,632	19	8,577	9		95,307	47,653	50
13.	Kerala	16,815	2,063	11	229	1.20		19,107	9,553	50
14.	Madhya Pradesh	2,30,214	59,537	15	1,07,167	27		3,96,918	1,98,459	50
15.	Maharashtra	1,79,507	25,643	11	27,974	12		2,33,124	1,16,562	50
16.	Manipur*	1,656	39	2	41	2.36		1,736	758	43.66

17.	Odisha	n.a.	n.a.	n.a.	n.a.	n.a.		1,00,863	n.a.	n.a.
18.	Punjab	57,762	26,194	31	0	0		83,956	27,705	33
19.	Rajasthan	76,761	18,807	17	13,777	12.49		1,09,345	54,673	50
20.	Sikkim	551	70	7	380	38		1,001	400	40
21.	Tamil Nadu	89,550	28,655	24	1,194	1		1,19,399	41,790	35
22.	Tripura	3,878	1,492	26	306	5.40		5,676	2,838	50
23.	Uttar Pradesh	5,45,397	1,72,480	24	790	0.11		7,18,667	3,59,334	50
24.	Uttarakhand	47,748	11,675	19	2,027	3.3		61,450	30,725	50
25.	West Bengal	32,704	14,962	29	3,753	7.30		51,419	17,122	33.3
Union Territories:										
26.	Andaman & Nicobar Islands	876	0	0	0	0		876	291	33.3
27.	Chandigarh	116	33	22	0	0		149	50	33.55
28.	NCT of Delhi*	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
29.	Dadra & Nagar Haveli*	7	3	2	115	92		125	49	39.2
30.	Daman & Diu	85	1	1	11	11.34		97	32	33.0
31.	Lakshadweep*	4	0	0	106	96.36		110	41	37.27
32.	Puducherry*	784	237	23	0	0		1,021	370	36.25
	All India	19,93,628	4,95,664	17.46	2,87,576	10.00		28,38,484	12,63,863	44.52

Source: Ministry of Panchayati Raj, Government of India

Note: Meghalaya, Mizoram and Nagaland are excluded from the purview of 73rd Amendment Act of the Constitution.

Note: * data pertain to previous year

Table: 2.3 Population per Elected bodies in India by States/UTs

(as on 1 March, 2012)

S. No.	States	Number of Elected Representatives to:				Population per Elected Representatives to:					
		Parliament	State Assembly	Village (a)	Panchayats Intermediate (b)	Parliament	State Assembly	Village	Panchayats Intermediate	District	
1.	Andhra Pradesh*	42	294	2,08,291	14,617	1,095	20,15,846	2,87,969	270	3,852	51,426
2.	Arunachal Pradesh	2	60	7,415	1,779	161	6,91,305	23,043	144	601	6,641
3.	Assam*	14	126	22,898	2,148	390	22,26,376	2,47,375	1,169	12,467	68,668
4.	Bihar	40	243	1,23,984	11,534	1,162	25,95,115	4,27,179	743	7,983	79,238
5.	Chhattisgarh	11	90	1,55,524	2,783	321	23,21,836	2,83,780	126	7,044	61,070
6.	Goa	2	40	1,509	0	50	7,28,861	36,443	365	n.a.	11,028
7.	Gujarat	26	182	1,27,399	4,987	900	23,22,447	3,31,778	272	6,952	38,523
8.	Haryana	10	90	64,866	2,891	395	25,35,308	2,81,701	255	5,718	41,852
9.	Himachal Pradesh	4	68	25,899	1,682	251	17,14,127	1,00,831	238	3,667	24,572
10.	Jammu & Kashmir*	6	76				20,91,487	1,65,117			
11.	Jharkhand	14	81	48,339	4,423	445	23,54,731	4,06,990	518	5,660	56,262
12.	Karnataka	28	224	90,635	3,659	1,013	21,83,239	2,72,905	414	10,263	37,070
13.	Kerala	20	140	16,680	2,095	332	16,69,384	2,38,483	1,046	8,331	52,577
14.	Madhya Pradesh	29	230	3,89,245	6,827	846	25,03,364	3,15,641	135	7,695	62,101
15.	Maharashtra	48	288	2,27,752	3,922	1,286	23,41,103	3,90,184	270	15,692	47,858
16.	Manipur*	2	60	1,675	0	61	13,60,878	45,362	1,134	n.a.	31,141
17.	Meghalaya*	2	60				14,82,003	49,400			
18.	Mizoram*	1	40				10,91,014	27,275			
19.	Nagaland*	1	60				19,80,602	33,010			
20.	Odisha	21	147	93,776	6,233	854	19,97,493	2,85,356	372	5,607	40,926
21.	Punjab	13	117	80,920	2,712	324	21,31,095	2,36,788	214	6,385	53,447
22.	Rajasthan	25	200	1,03,052	5,279	1,014	27,44,840	3,43,105	500	9,763	50,828
23.	Sikkim	1	32	906	0	95	6,07,688	18,990	503	n.a.	4,799
24.	Tamil Nadu	39	234	1,11,857	6,856	686	18,49,717	3,08,286	332	5,424	54,211

25.	Tripura	2	60	5,295	299	82	18,35,516	61,184	511	9,063	33,049
26.	Uttar Pradesh	80	403	6,51,163	64,880	2,624	24,94,768	4,95,239	238	2,390	59,112
27.	Uttarakhand	5	70	57,742	3,295	413	20,23,350	1,44,525	121	2,132	17,011
28.	West Bengal	42	294	41,809	8,855	755	21,74,946	3,10,706	1,488	7,025	82,402
Union Territories											
29.	Andaman & Nicobar Islands	1	n.a.	776	69	31	3,79,944	n.a.	315	3,542	7,884
30.	Chandigarh	1	n.a.	124	15	10	10,54,686	n.a.	234	1,933	2,900
31.	Dadra & Nagar Haveli*	1	n.a.	114	0	11	3,42,853		1,605	n.a.	16,638
32.	Daman & Diu	1	n.a.	77	0	20	2,42,911	n.a.	738	n.a.	3,016
33.	NCT of Delhi (a)										
34.	Lakshadweep*	1	n.a.	85	0	25	64,429	n.a.	167	n.a.	567
35.	Puducherry*	1	30	913	108	0	12,44,464	41,482	432	3,651	n.a.
	All India(24 states)	543	4,120	24,26,233	1,45,075	14,745	22,28,717	2,93,736	306	5,118	52,771

Source: Ministry of Panchayati Raj, Government of India and State Governments; Election Commission of India and Census of India, 2011.

Note: n.a.: Data not available from given sources or not applicable.

* - Data pertain to previous year.

(a) Panchayat has yet to be revived in Delhi.

Table 2.4: Representative Democracy in India and Affirmative Action

(as on 1 March, 2012)

S.No.	States/UTs	Elections to Panchayats held	Percentage of Elected Women			Percentage of Elected SCs			Percentage of Elected STs		
			Village	Intermediate	District	Village	Intermediate	District	Village	Intermediate	District
1.	Andhra Pradesh*	1995, 2001, 2006, 2006, 2006	33.0	33.7	33.2	15.0	17.7	17.9	8.0	7.0	8.0
2.	Arunachal Pradesh	2003, 2008	33.3	33.3	32.9	0.0	0.0	0.0	100.0	100.0	100.0
3.	Assam*	2007	39.2	36.8	34.6	5.5	3.7	2.6	3.0	4.0	5.0
4.	Bihar	2001, 2006, 2011	55	49	54	14.0	20.0	16.0	1.0	1.0	1.0
5.	Chhattisgarh	1995, 2000, 2005, 2010	50.0	50.0	49.8	10.9	10.9	10.9	42.0	42.0	41.0
6.	Goa	1997, 2002, 2007, 2007, 2010	33.3	n.a.	32.0	0.0	n.a.	0.0	12.0	n.a.	12.0
7.	Gujarat	1996, 2001, 2006, 2007, 2010	33.0	33.0	33.0	5.1	5.2	4.8	0.0	0.0	0.0
8.	Haryana	1995, 2000, 2005, 2010	33.0	33.3	33.4	20.0	20.0	20.0	0.0	0.0	0.0
9.	Himachal Pradesh	1995, 2000, 2005, 2010	51.1	52.8	52.6	22.3	24.8	24.7	6.0	6.0	8.0
10.	Jammu & Kashmir*	2011	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
11.	Jharkhand	2010	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
12.	Karnataka	1995, 2000, 2005, 2010	50.0	50.0	50.0	18.4	18.4	18.6	11.0	9.0	8.0
13.	Kerala	1995, 2000, 2005, 2010	50.0	50.0	50.0	10.8	10.8	10.5	1.0	1.0	1.0
14.	Madhya Pradesh	1994, 1999-2000, 2004-2005, 2010	50.0	50.0	50.0	15.0	15.0	15.0	29.0	28.0	26.0
15.	Maharashtra	1993, 2010, 2010, 2010	50.0	50.0	50.0	11.0	11.0	11.0	12.0	12.0	12.0
16.	Manipur*	1997, 2002, 2007	43.6	n.a.	45.9	2.2	n.a.	3.3	2.0	n.a.	3.0
17.	Meghalaya*	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

18.	Mizoram*	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
19.	Nagaland*	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
20.	Odisha	1997, 2002, 2007, 2012	33.2	35.4	35.2	15.8	16.9	17.1	24.0	28.0	26.0								
21.	Punjab	1994, 1998, 2003, 2008	33.0	33.0	32.7	31.2	31.2	31.2	0.0	0.0	n.a.								
22.	Rajasthan	1995, 2000, 2005, 2010	50.0	50.0	50.0	17.2	17.2	17.2	13.0	13.0	13.0								
23.	Sikkim	1997, 2002, 2007	40.0	n.a.	40.0	7.0	n.a.	6.3	38.0	n.a.	38.0								
24.	Tamil Nadu	1996, 2001, 2006, 2011	34.0	36.0	34.0	25.0	23.0	23.9	1.0	1.0	1.0								
25.	Tripura	1994, 1999, 2004, 2009	50.0	49.8	50.0	26.3	26.1	25.6	5.0	5.0	5.0								
26.	Uttar Pradesh	1995, 2000, 2005, 2010	39.0	50.0	58.0	24.0	23.0	26.0	0.0	0.0	0.0								
27.	Uttarakhand	1996, 2003, 2008	50.0	50.0	50.1	19.0	19.0	18.9	3.0	3.0	3.0								
28.	West Bengal	1995, 1998, 2003, 2008, 2009	33.3	33.3	33.3	29.0	29.0	29.1	7.0	7.0	7.0								
Union Territories																			
29.	Andaman & Nicobar Islands	1995, 2000, 2005, 2010	33.2	33.3	32.3	0.0	0.0	0.0	0.0	0.0	0.0								
30.	Chandigarh	1999, 2003, 2008, 2005, 2007, 2009	33.3	33.3	33.3	21.8	20.0	20.0	0.0	0.0	0.0								
31.	Dadra & Nagar Haveli*	2005	39.5	n.a.	36.4	2.6	n.a.	0.0	92.0	n.a.	91.0								
32.	Daman & Diu	1995, 2000, 2005, 2010	33.0	n.a.	33.0	1.3	n.a.	5.0	10.0	n.a.	10.0								
33.	NCT of Delhi (c)*	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.								
34.	Lakshadweep*	1997, 2002, 2007	37.6	n.a.	36.0	n.a.	n.a.	n.a.	96.0	n.a.	96.0								
35.	Puducherry*	2006	36.1	37.0	n.a.	23.9	17.6	n.a.	0.0	0.0	n.a.								
	All India(24 states)		41.38	43.0	43.0	17.0	19.0	16.38	10.0	5.0	7.0								

Source: Ministry of Panchayati Raj, Government of India and State Governments and Census of India, 2011.

Note: n.a.: Data not available from given sources or not applicable.

* - Data for the year 2011-12 could not be obtained.

Functional Domain

Article 243G of the Constitution empowers panchayats to function as institutions of self-government for the purposes of preparing plans and implementing schemes for economic development and social justice in their respective areas for various matters, including those listed in the 11th Schedule which is merely illustrative and indicative. Unlike the division of powers and functions enumerated in the Union List and State List, no clear demarcation exists between the state and panchayats. It is for the state legislature to make laws regarding the devolution of powers and functions to the panchayats.

Almost all states and union territories claim that they have transferred responsibilities in varying degrees to the panchayats, by enacting laws in conformity with the CAA. However, the functional domain of panchayats pertains only to traditional civic functions in several states. In those states where either the intermediate panchayats or the district panchayats were absent for decades, the functional domain of panchayats does not include adequate developmental responsibilities. States where panchayats have existed for a long time, have repeated the provisions of the old statutes in their new laws with few adjustments. Moreover, many state governments have not framed relevant rules or guidelines as a follow-up measure. A few states realized that the transfer of additional functions requires the transfer of concomitant funds and functionaries to panchayats, enabling them to perform the

specified responsibilities. However, panchayats are not very clear about the role they are expected to play in the new federal setup. Almost all of the subjects enumerated in the 11th Schedule are state concurrent, involving duplication and overlapping.

Another challenge before the state government has been the allocation of activities to the appropriate tier of the panchayat system. Traditionally, the lowest-level panchayat—the village panchayat—has been the most active in almost all states. Generally, the village panchayats carry out major functions, including core functions, whereas intermediate and district panchayats in most states are “allotted supervisory functions or act mainly as executing agents for the state government” (Jha 2004, 3). A task force of the Union Ministry of Rural Development on devolution of powers and functions to Panchayats has developed an activity-mapping model on the principle of subsidiarity, which states that any activity that can be undertaken at a lower level must be undertaken at that level¹⁷ in preference to being undertaken at any higher level.

In most states, the functions devolved to Panchayats are subjects rather than activities or sub activities. Only some states like Andhra Pradesh, Kerala, Gujarat, Karnataka, Madhya Pradesh have broken the 29 subjects into activities and sub activities. In Kerala, complementary legislation has even been issued to change the roles of key line agencies (World Bank 2004).

¹⁷The Union Ministry of Panchayati Raj, created on May 27, 2004, responsible for the monitoring of the implementation of the CAA, provides technical assistance and expertise if sought by state governments to accomplish activity mapping within the timeframe there was a consensus, during the roundtables, among all states to complete activity mapping.

Source: Updated from Alok (2006)

Note: NA: Data not available from given sources or Data not reliable

Table 2.5: Per Capita Expenditure in Panchayats (All Tiers)

S. No	State	Per capita (Rs.)			Annual Growth of Total Expenditure 2003--2008 (%)
		1990-91	2000-01	2007-08	
1	Andhra Pradesh	205.7	792.9	345.6	14.5
2	Assam	1.1	3.2	800.3	29.6
3	Bihar	18.2	4	43.0	38.2
4	Chhattisgarh	NA	360.8	1202.5	23.7
5	Goa	30.1	198.2	153.7	-7.8
6	Gujarat	399.4	1,293.5	1929.6	10.3
7	Haryana	54.7	142.1	585.1	31.6
8	Himachal Pradesh	8.6	41.2	397.9	16.3
9	Jharkhand	NA	NA	1.9	1.4
10	Jammu & Kashmir	NA	750	NA	n.a.
11	Karnataka	402.6	1,296.2	2827.4	20.9
12	Kerala	46.1	644.9	823.3	17.4
13	Madhya Pradesh	44.5	113.9	1031.2	84.7
14	Maharashtra	298.4	685.8	2141.2	10.7
15	Manipur	7	25.5	493.1	10.4
16	Meghalaya	81.6	51.6	379.8	15.3
17	Nagaland	NA	NA	557.5	46.3
18	Odisha	65	37	544.1	18.4
19	Punjab	70	85	130.9	5.4
20	Rajasthan	218.9	361.6	66.9	10.9
21	Sikkim	NA	78.6	198.8	27.5
22	Tamil Nadu	59.7	164.7	1325.2	11.7
23	Tripura	5.3	186.1	1320.8	27.3
24	Uttar Pradesh	40.9	46.9	165.6	14.9
25	Uttarakhand	NA	49.3	0.4	-34.3
26	West Bengal	24.5	107	539.9	25.9
	All (26 States)	148	324	327.8	17.7

It is a general perception that panchayats are financially and technically under equipped to perform even the core functions, much less the welfare functions and other economic functions related to agriculture and industries (see Box 2). Hence, many of the core functions that traditionally belonged to panchayats—drinking water, rural roads, street lighting, sanitation, primary health, and so forth—have not been transferred fully in some states; they are being performed by the line departments of the state Government or the parallel parastatals. As a result, the per capita total expenditure of panchayats remains abysmally low in all states except Andhra Pradesh, Chhattisgarh, Goa, Gujarat, Karnataka, Kerala, Maharashtra, and Tamil Nadu (Table 2.5)¹⁸.

Own-Source Taxes

The power of panchayats to impose taxes was considered imperative to enshrine in the constitution under article 243H, to impart certainty, continuity, and strength to panchayats. The Union Minister of State for Rural Development, G Venkat Swamy said while moving the Constitution (73rd Amendment) Bill in Parliament,

“Constitution (Seventy-third) Amendment cast a duty on the centre as well as the states to establish and nourish the village panchayats so as to make them effective self-governing institutions....We feel that unless the panchayats are provided with adequate financial strength, it will be impossible for them to grow in stature”.

Devolution of taxes to panchayats can easily be linked with the activities assigned to them, which

vary from state to state. From various lists including the list of the 11th Schedule, certain basic functions could be said to be in the exclusive domain of panchayats. Even these essential services require huge funds. To this end, the devolution of taxes to the three tiers of the panchayats needs to be linked to the activity mapping for the devolution of functions and functionaries.

Table 2.6 shows that a variety of taxes have been devolved to different levels of panchayats. The relative importance of these taxes varies from state to state. The intermediate and district panchayats are endowed with powers to collect very few taxes, whereas village panchayats are given substantial taxing powers. In a number of cases, under the tax rental arrangement, the village panchayats collect taxes and pass them on to the higher level of panchayats (Jha 2004). Property tax, cess on land revenue, surcharge on additional stamp duty, tolls, tax on professions, tax on advertisements, non-motor vehicle tax, octroi, user charges, and the like contribute the maximum to the small kitty of own-source revenue, which contributes only 6 to 7 per cent of the total expenditure of panchayats (Alok 2006). In most states, the property tax contributes the maximum revenue. However, this tax remains inelastic because of inefficient administration in its collection. Its assessment is based on the annual rental value of taxation and its associated evil: under declaration of rentals. However, some progressive states have reformed the tax structure and use the unit area method in determining the tax base.

¹⁸ However, the data pertaining to local governments in the reports of National Finance Commissions are not consistent. It must be kept in mind that fiscal data for Panchayats from any two sources are not comparable.

Table 2.6: Revenue Power of Panchayats in States at Each Tier

Tax or Fee/States	Andaman & Nicobar Islands	Chandigarh	Goa	Haryana	Himachal Pradesh	Karnataka	Kerala	Maharashtra	Madhya Pradesh	Rajasthan	Sikkim	Tamil Nadu	Tripura	Uttar Pradesh	Uttarakhand	West Bengal
House/Property Tax	V	V	V	V	V	V	V	V	V,I	V,I,D	V	V	V,I,D	D	D	V
Surcharge on house / property tax	V			V		V	V	V	V	V,I,D	V					
Tax on agriculture land for specific purpose				I		V				V,I,D	V	V				
Cess on land revenue or surcharge								I,D		V,I,D	V				V	
Surcharge on additional stamp duty					V					V,I,D		V,I,D	V,I,D			
Tax on professions, trades, calling, and so forth	V		V	V,I			V	V	V,I		V	V		D	D	V,I
Octroi			V	V,I,D				V								
Entertainment tax	V		V	V,I,D		V	V	V	I	V,I,D	V	V,I,D	V,I,D	V	V	
Pilgrim tax or fees	V		V	V,I,D	V	V		V	V	V,I,D	V	V				V,I
Tax on advertisements			V			V	V	V,I,D	V	V,I,D	V	V				V
Education cess				V,I,D		V				V,I,D					D	
Tolls				V,I,D		V				V,I,D		V				V,I,D
Tax on sale of firewood and slaughter houses			V	D		V		V,D	V	V,I,D	V				V	I
Tax on goods sold in a market, haat, fair, and so forth	V		V	I,D		V	V	V,D	V,I	V,I,D	V		V,I,D	V,D	V,D	V
Tax on shops and services	V		V	V,I,D		V	V	V	V,I	V,I,D	V,D			V,D	D	V,I
Vehicle tax				V,I,D		V		V,D	V	V,I,D			V,I,D			V,I,D
Animal tax	V		V	V,I,D	V	V			V,I	V,I,D					V,D	
Conservancy rate						V		V		V,I,D						V,I
Lighting rate	V		V		V	V		V	V	V,I,D			V,I,D			V,I,D
Water rate				V	V	V		V,D	V,D	V,I,D	V,D	V	V,I,D	V		V,I,D
Drainage rate	V			V	V	V			V	V,I,D						V
Special tax for community civic services or works			V		V	V	V		V							V,I,D
Surcharge on any tax imposed by village panchayat			V	V		V	V	V		V,I,D	V					
Shops Lease	V					V	V	V,I,D	V,I,D	V,I,D	V					
Pond/Tank Lease						V	V	V,I,D	V,I,D	V,I,D						
Sand Collection Charge						V	V	D		V,I,D						
Minor Minerals Tax						V	V			V,I,D						

Devolution to Panchayats in India

Village land lease						V	V	V,I,D		V,I,D						
Fees for license for hat or market																I
Fees for running trade																V
Fees for running dangerous and offensive trade																I
Fees for license for fair or mela																D

Source: Ministry of Panchayati Raj.

Note: V=Village Panchayat, I=Intermediate Panchayat, D=District Panchayat. More than one sign indicates the concurrent power of Panchayats for the respective tax.

After own-source revenues, assigned revenues are the most efficient in the dispensation to panchayats. Such revenues are levied and collected by the state government and are passed on to panchayats for their use. Some states deduct collection charges. The practices in assigning revenue are marked by large interstate variation. However, typical examples of assigned revenue are the surcharge on stamp duty, cess or additional tax on land revenue, tax on professions, and entertainment tax. In many states, these taxes form part of the own-source revenue of panchayats.

Borrowing

No reference is made in the CAA to loans and borrowing by panchayats. Urban local governments, with the approval of their state governments, have floated bonds in the market. In contrast to the general belief that panchayat are not empowered to raise loans (Gulati, 1994,

Oommen 1995, Rajaraman 2003 and Jha 2000), Local Authorities Loans Act, 1914, a Central Act does exist enabling the grants of loans to local authorities including panchayats (Alok 2009).

Intergovernmental Fiscal Transfers

Proceeds from internal sources contribute an abysmal share to the panchayat pool (Table 2.7). Panchayats rely more on fiscal transfers from the state government in the form of shared taxes and grants (Tables 2.8 and 2.9). State taxes are shared according to the recommendations of the State Finance Commission (SFC). Constitution of the SFC at a regular interval of five years is a mandatory requirement for states¹⁹. Besides tax sharing, the SFC is assigned the task of reviewing the financial position of panchayats and making recommendations on the assignment of various taxes, duties, tolls, fees, and grants-in-aid to be given to panchayats from the consolidated fund of the state (See Alok 2004, 2008 for details).

¹⁹The Conformity Acts of the CAA provide for the composition of the SFC, the qualifications of its members, and the manner of their selection. Every recommendation of the commission is to be laid before the state legislature. However, many states have not taken these provisions seriously. The 12th and 13th Finance Commission and the National Commission to Review the Working of the Constitution have advised those states to provide criteria for the membership of the SFC similar to the provisions of the Union Finance Commission (Alok 2004). Poor treatment of the SFC by many states compelled the prime minister to make this statement: “As far as funds are concerned, the awards of the State Finance Commissions should be fully honored. There are reports that State Finance Commissions are not constituted, of them not giving awards in time, and of these awards not honored when given, all of which erode panchayat raj” (Government of India 2004b). However, almost all states have received their first SFC report, and a few states have even received their fourth commissions report.

Table 2.7: Own Revenue of Panchayats (all tiers) as % of Respective State Own Revenue

(Rs. Crore)

S. No.	State	Sum of Own Revenues (2005-08)	States Own Revenue (2005-08)	Own Revenue of Panchayats as % of State Own Revenue
1	Andhra Pradesh	415.4	30057.0	1.38
2	Arunachal Pradesh	NA	465.0	NA
3	Assam	13.1	5176.0	0.25
4	Bihar	5.5	4639.8	0.12
5	Chhattisgarh	26.3	6472.4	0.41
6	Goa	13.2	2156.2	0.61
7	Gujarat	111.5	22986.6	0.49
8	Haryana	270.4	14590.2	1.85
9	Himachal Pradesh	6.1	2986.8	0.20
10	Jammu & Kashmir	0.8	2653.4	0.03
11	Jharkhand	0.4	4566.1	0.01
12	Karnataka	198.0	26419.8	0.75
13	Kerala	292.7	12824.4	2.28
14	Madhya Pradesh	56.4	13070.3	0.43
15	Maharashtra	582.3	50523.1	1.15
16	Manipur	0.3	273.7	0.12
17	Meghalaya	54.3	468.7	11.59
18	Mizoram	NA	194.7	NA
19	Nagaland	NA	221.1	NA
20	Odisha	10.1	8232.3	0.12
21	Punjab	125.9	15147.2	0.83
22	Rajasthan	15.2	14995.1	0.10
23	Sikkim	NA	838.3	NA.
24	Tamil Nadu	258.5	30014.6	0.86
25	Tripura	1.3	427.4	0.30
26	Uttar Pradesh	88.0	27364.8	0.32
27	Uttarakhand	6.9	3000.8	0.23
28	West Bengal	58.0	12983.4	0.45
	All States	2610.6	313749.3	0.83

Source: Basic data obtained from Panchayati Raj Department of various States, the XIII Finance Commission and Finance Accounts of the C&AG

Note: NA: Data not available from given sources

Table 2.8: Per Capita Own Revenue of Panchayats (All Tiers)

	State	Per capita (Rs.)		
		2005-06	2006-07	2007-08
1	Andhra Pradesh	62.4	65.7	83.4
2	Assam	3.8	5.3	6.7
3	Bihar	0.0	0.8	1.2
4	Chhattisgarh	14.0	14.6	15.6
5	Goa	170.3	201.5	202.0
6	Gujarat	25.7	31.5	41.6
7	Haryana	163.1	173.8	165.6
8	Himachal Pradesh	10.2	10.5	10.8
9	Jammu & Kashmir	0.3	0.3	2.2
10	Jharkhand	0.2	0.2	0.2
11	Karnataka	34.8	44.4	83.8
12	Kerala	121.5	126.4	105.8
13	Madhya Pradesh	13.7	9.7	11.2
14	Maharashtra	92.0	98.4	107.5
15	Manipur	1.9	1.9	2.0
16	Meghalaya	259.7	267.8	292.8
17	Orissa	3.0	3.1	3.1
18	Punjab	91.8	107.2	27.9
19	Rajasthan	3.2	3.4	3.0
20	Tamil Nadu	73.1	83.2	80.2
21	Tripura	3.7	5.2	5.0
22	Uttar Pradesh	6.1	5.5	6.5
23	Uttrakhand	14.2	16.0	0.4
24	West Bengal	12.1	16.3	NA
	All (24 States)	31.0	33.5	34.1

Source: Updated from Alok (2006)

Note: NA – data not available in given source

Table 2.9: Own Revenue of Panchayats (All Tiers)

(Rs. Crore)

	State	2005-06	2006-07	2007-08	Annual Growth in 2003-08 (%)
1	Andhra Pradesh	363.7	386.8	495.7	11.4
2	Assam	9.4	13.1	16.7	13.1
3	Bihar	0.0	6.7	9.7	-
4	Chhattisgarh	24.8	26.0	28.1	5.2
5	Goa	11.6	13.8	14.1	12.0
6	Gujarat	86.0	106.5	142.2	13.9
7	Haryana	260.2	280.6	270.3	24.1
8	Himachal Pradesh	5.9	6.1	6.3	0.4
9	Jammu & Kashmir	0.2	0.2	1.8	58.7
10	Jharkhand	0.4	0.4	0.5	14.1
11	Karnataka	125.8	161.5	306.7	29.6
12	Kerala	299.1	313.8	265.0	7.5
13	Madhya Pradesh	66.0	47.5	55.8	1.0
14	Maharashtra	535.0	577.0	635.0	2.1
15	Manipur	0.3	0.3	0.3	10.2
16	Meghalaya	51.0	53.2	58.8	18.7
17	Orissa	9.9	10.1	10.4	2.5
18	Punjab	152.2	178.8	46.7	-9.5
19	Rajasthan	14.9	16.2	14.5	1.8
20	Tamil Nadu	242.9	273.0	259.6	5.3
21	Tripura	1.0	1.5	1.4	27.4
22	Uttar Pradesh	87.2	80.5	96.2	7.6
23	Uttarakhand	9.5	10.9	0.3	-33.0
24	West Bengal	73.7	100.3	-	-
	All (24 States)	2430.7	2664.6	2736.4	8.4

Source: Updated from Alok (2006) with the data from Panchayati Raj Department of various states and the XIII Finance Commission

Table 2.10: SFC Recommendations for share in State Resources

State Finance Commission of	%	Share of Panchayats and urban Bodies	Basis of Distribution
Total Revenue of State			
Andhra Pradesh (I)	39.24	70% and 30%	Development criteria
Arunachal Pradesh(I)	50.00	Not Mentioned	Population, Geographical area, own income efforts, distance from highest per capita income and composite index of backwardness
Assam(I)	2.0	Not Mentioned	Population.
Goa (I)	36.0	75% and 25 %	Population, Geographical area, Performance
Own Revenue of State:			
Andhra Pradesh(II)*	10.39*	65% and 35%	Development Criteria
J & K (I)	13.5	67% and 33%	Not Mentioned.
Kerala (I)	1.0	Not Mentioned	Population.
Karnataka (III)	30.0	70% and 30 %	Not Mentioned
Madhya Pradesh(I)	11.57	25.13 % and 74.87%	Population, area, tax efforts.
Odisha (II)	10.0	80% and 20 %	Population, density, number of holdings, revenue efforts
Sikkim(I)	1.0	100% and 0 %	ULB does not exist in the state.
Sikkim (III)	2.0	Not Mentioned	Population, area of panchayats
Uttarakhand(II)	10.0	60 % and 40 %	Population, area, deprivation index , remoteness index, tax efforts.
Uttar Pradesh (I)	10.0	30% and 70 %	Population (80%); Area (20%).
Uttar Pradesh (II)	12.5	40% and 60 %	Population and area.
Non- Loan gross own revenue:			
Karnataka (I)	36.0	85% and 15 %	For panchayats, population, area, index of decentralization and for ULBs population 67% and illiteracy rate 33%
Karnataka (II)	40.0	80% and 20 %	[kar II has followed it]
State Own Taxes:			
Assam(II)	3.5	Based on 1991 census	Population, area, Net District Domestic product
Chattisgarh(I)	4.79	Not Mentioned	Population
Goa(II)	2.0	Not Mentioned	Not Mentioned
Haryana(III)	4.0	65% and 35%	Population , SC Population, Number of Villages,

Kerala (II)	9.0	78.5 % and 21.5 %	Population
Kerala (III)	25.0#	Not Mentioned	Not Mentioned
Kerala (IV)	19.7	Population	Population, area, deprivation index, tax efforts
Madhya Pradesh (II)	4.0	77.33% and 26.67%	Population
Maharashtra (II)	40.0	80% and 20%	Distance from Highest Per Capita Income District, Backwardness, Population, Area, Proportion of Agricultural Income in Total Income of the District, Inverse Primary Income
Odisha(III)	15.0	75% and 25%	Expected Population 25.8 % and 29.17 % respectively.
Punjab(II)	4.0	67.50% and 32.50%	Population, per capita, revenue, SCs
Punjab(III)	4.0	34% and 66%	Population
Rajasthan(I)	2.18	77.33 % and 22.7%	Population
Rajasthan (II)	2.25	76.6% and 23.4%	Population
Rajasthan(III)	3.5	75.7% and 24.3%	Population
Tamil Nadu(I)\$	8.0	60 % and 40 %	Population
Tamil Nadu (II)	10.0	58% and 42 %	Population, SCs and STs, Per capita own revenue, area, asset maintenance, resource gap.
Uttarakhand(II)	10.0	60 % and 40 %	Population, area, deprivation index , remoteness index, tax efforts.
Uttar Pradesh (I)	10.0	30% and 70 %	Population (80%); Area (20%).
Uttar Pradesh (II)	12.5	40% and 60 %	Population and area.
Non- Loan gross own revenue:			
Karnataka (I)	36.0	85% and 15 %	For panchayats, population, area, index of decentralization and for ULBs population 67% and illiteracy rate 33%
Karnataka (II)	40.0	80% and 20 %	[kar II has followed it]
State Own Taxes:			
Assam(II)	3.5	Based on 1991 census	Population, area, Net District Domestic product
Chattisgarh(I)	4.79	Not Mentioned	Population
Goa(II)	2.0	Not Mentioned	Not Mentioned
Haryana(III)	4.0	65% and 35%	Population , SC Population, Number of Villages,
Kerala (II)	9.0	78.5 % and 21.5 %	Population
Kerala (III)	25.0#	Not Mentioned	Not Mentioned
Kerala (IV)	19.7	Population	Population, area, deprivation index, tax efforts

Madhya Pradesh (II)	4.0	77.33% and 26.67%	Population
Maharashtra (II)	40.0	80% and 20%	Distance from Highest Per Capita Income District, Backwardness, Population, Area, Proportion of Agricultural Income in Total Income of the District, Inverse Primary Income
Odisha(III)	15.0	75% and 25%	Expected Population 25.8 % and 29.17 % respectively.
Punjab(II)	4.0	67.50% and 32.50%	Population, per capita, revenue, SCs
Punjab(III)	4.0	34% and 66%	Population
Rajasthan(I)	2.18	77.33 % and 22.7%	Population
Rajasthan (II)	2.25	76.6% and 23.4%	Population
Rajasthan(III)	3.5	75.7% and 24.3%	Population
Tamil Nadu(I)\$	8.0	60 % and 40 %	Population
Tamil Nadu (II)	10.0	58% and 42 %	Population, SCs and STs, Per capita own revenue, area, asset maintenance, resource gap.
Tamil Nadu (III)	10.0	58% and 42%	Population, resources, potential, needs
Tripura (I)	50.0	Not Mentioned	Population, Socio-economic backwardness
Tripura (II)	25.0	Not Mentioned	Population
Tripura (III)	20.0	Not Mentioned	Population
Uttarakhand(I)	11.0	42.23 and 57.77	Population and Distance from Rail Head
West Bengal (I)	16.0	Breakup as per population, district wise	Population and % of SC/ST, non literates
West Bengal(II)	16.0	Breakup as per population , district wise	Population 50 % and 7% to other variables, population density, SC/ST, non -literate, IMR, rural population per capita income
West Bengal (III)	2.0	Not Mentioned	Not Mentioned

Notes: \$ In Tamil Nadu, the divisible pool called pool B consists of sales tax, motor vehicle tax, state excise revenue and other state taxes. The other pool A consists of levies which rightly belong to local bodies i.e. surcharge on stamp duties, local cess and local cess surcharge and entertainment tax. The entire proceeds of pool at taxes are recommended to be distributed to the local bodies.

* Second SFC of Andhra Pradesh recommended 10.39% share as additional devolution over and above the existing annual devolution.

The most critical function of the SFCs is to determine the fiscal transfer from the state to local governments in the form of revenue sharing and grants-in-aid. Since the 80th Constitutional amendment, following the recommendation of the 10th Finance Commission (1995–2000), a certain percentage of all union taxes has been devolved to the states. Many SFCs have also adopted this system for the following reasons: First, the system has a self-policy feature; the local body automatically shares in the buoyancy of state taxes and levies. Second, the system has built-in transparency, objectivity, and certainty; local bodies can anticipate, at the beginning of each fiscal year, their share in the divisible pool. Third, the system enables local bodies to understand the entire economy and take considered views to make their own annual budgetary exercises. In other words, it induces local bodies to generate their own revenue generation and to mobilize additional resources. Fourth, the state government can be neutral in pursuing tax reforms without considering whether a particular tax is sharable with local bodies.

National Finance Commission

So that the SFC does not deter the state legislatures in transferring responsibilities and revenue to the local governments, the CAA goes out of the way to provide that the National Finance Commission should suggest measures to augment states' consolidated funds in light of the recommendations of SFCs. So far, four National Finance Commissions (the 10th, 11th, 12th and 13th) have made their recommendations²⁰. All these commissions were severely constrained for reasons emanating partly from the practice and partly from the design of the new fiscal arrangement: the lack of synchronization of the periods covered by the SFCs with those covered by the National Finance Commission; the absence of a timeframe for action by the state government on the recommendations of the SFC; a lack of clarity in assigning functions, finances, and functionaries to local governments; and heterogeneity in

approach, content, and period covered by the various SFCs.

Nevertheless, all the Commissions except the 13th Finance Commission recommended ad hoc lump sum grants to panchayats. The 10th National Finance Commission made a provision for Rs 4381 crore, at Rs 100 per capita, to be passed on to panchayats between 1996 and 2000. In the absence of formal disbursement certificates by the state governments, the Central government could release only Rs 3570 crore. Further, the 11th National Finance Commission recommended a grant of Rs 10000 crore for its award period, on the basis of a formula given in Table 2.9. Certain institution-building activities such as maintenance of accounts, creation of databases, and audits were made the first charge of the fund. The intention of the grant was to induce the panchayats to act as institutions of self-government. The Central government accepted the recommendations, with a caveat compelling panchayats to raise suitable matching resources.

The grant could not be fully utilized. Many state governments and panchayats raised this point during their interactions with the 12th National Finance Commission²¹. The commission had to emphasize the issue in its report: “*The central government should not impose any condition other than those prescribed by us, for release or utilization of these grants*” (Government of India 2004d, 262). In its recommendations, the commission attempted to adopt the equalization principle and allocated Rs 20000 crore to improve service delivery by the panchayats primarily for water supply and sanitation. The grants of the National Finance Commission are generally ordained for operation and maintenance and therefore differ from those of the union ministries and the Planning Commission. Through this transfer, the commission intended for the panchayats to take over all of the central schemes related to drinking water, including Swajaldhara, which had not been operational because funds were not available for operation and maintenance.

²⁰The 10th National Finance Commission was not mandated to make recommendations for local governments. Because the CAA became effective before the commission submitted its report, it made recommendations for the newly inserted sub clauses of article 280(3) regarding local governments.

²¹ State governments also raised this point in the memoranda that they submitted to the 12th National Finance Commission (see <http://www.fincomindia.nic.in>).

Table 2.10 Criteria Adopted by National Finance Commissions for Distribution of Grants to States for Panchayats

Criteria	Weight assigned by		
	11th National Finance Commission	12th National Finance Commission	13th National Finance Commission
Population	40	40	50
Area	10	10	10
Distance	20	20	20
Decentralization/ Devolution index	20	Not adopted	15
Revenue efforts	10	20	Not adopted
Deprivation index	Not adopted	10	Not adopted
SC/STs Population	Not adopted	Not adopted	10
FC grants utilization index	Not adopted	Not adopted	5

Source: Government of India 2000, 2004d, 2009.

The 13th Finance Commission made a major departure from the ad hoc practice adopted by the previous commissions of recommending lump sum grants to local governments both panchayats and municipalities. According to the recommendation of the 13th Finance Commission, the grant would be calculated from the volume of the Union divisible pool of the previous year. In this context, the percentage share would gradually increase from 1.5 per cent in 2010-11 to 2.28 per cent in 2010-15. The respective population of panchayats and municipalities would determine their share in the grant.

The grant as recommended by the Commission has two components – a basic component and a performance-based component. The basic is equivalent to 1.50 per cent of the previous year's divisible pool. All states are entitled to have access to this grant for all the five years, as per the criteria and weights recommended by the Commission. The performance grant-effective from 2010-12 was 0.50 per cent for the year

2011-12 and one per cent thereafter, up to 2014-15. Only those states which meet the nine stipulations outlined by the Commission have access to the performance grant (Government of India 2009).

This is a major development with regard to the predictable devolution of finances to panchayats. This is also a positive step towards creating/enhancing the fiscal capacity of Panchayats. In a memorandum to the 13th Finance Commission, the Ministry of Panchayati Raj pleaded the 13th Finance Commission to recommend five per cent share in the union divisible pool to the states for panchayats that could be earmarked, *inter alia*, for operation and maintenance of panchayats. Similarly, the Ministry of Urban Development also urged three per cent share to the states, for municipalities in the divisible pool to meet the O&M costs of municipalities. Interestingly, seven states made the same request in their official memoranda. Similar views were expressed in a number of seminars and

conferences organized by the 13th Finance Commission (Alok, 2008, 2009; IIPA 2009; Shylendra and Rajput 2009).

Vertical Schemes

The Union Government, through the state governments, provides a majority of panchayat finances in most states. These grant-based transfers from the Planning Commission or union ministries are made in the form of centrally sponsored schemes (CSSs)²². These schemes are quite large in number. Many pertain to the 29 subjects being implemented by different ministries and departments of the union government. The viability of many schemes has been questioned time and again. The Task Force of Officials in Charge of Panchayati Raj in States has given the following summary of the shortcomings of the implementation of CSSs (Government of India 2004c, 3):

- Rigid conditionalities
- Inconsistent approach to institutional arrangements—CSSs could be panchayat friendly, panchayat parallel, panchayat ignorant, or panchayat unfriendly
- Obsession with financial presentations
- Inefficient and ineffective monitoring and evaluation of outcomes
- Administrative overload on departments leading to inefficiency in processing requests for funding and delayed financial releases
- Lack of transparency in financial releases

It has been argued that CSSs should be converted to block transfers. The request of the prime minister, in his speech to all chief ministers on 29 June, 2004, to “consider if we should adopt a system of providing block grants to districts based on their incidence of poverty to plan and implement strategies that optimize their resource potential” (Government of India 2004b, 8) can be seen in that perspective.

In a landmark development on September 7, 2005, the government of India enacted the National Rural Employment Guarantee Act, to ensure employment of adult unskilled manual workers for a minimum of 100 days in a financial year. With the union and state governments, panchayats at all levels participate actively in the implementation of the Act. Hence, substantial tied funds are being transferred to the panchayats through the centrally sponsored schemes (CSSs) and additional central assistance (ACAs). For long, the CSS transfers were administered and utilized mainly by the line departments. In recent years, the panchayats are being increasingly recognised as implementing institutions for the plan schemes of line ministries. The most important of these is the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), where the panchayats at the district, intermediate and village levels have been given specific responsibilities as principal authorities for planning and implementation. Village panchayats are required to take minimum 50 per cent value of the works. Progress reports from states show an even more encouraging number of 72 per cent

²² The states' contribution to the CSSs was generally 50 per cent in the eight decades, which was reduced to one-fourth in the 1990s because of the tight fiscal situations of the states. The share of the states is being reduced further. Some of the schemes are entirely funded by the national government.

Table 2.11: Allocation of Each Scheme that Entails a Role of the Panchayats

Scheme	2004-05	2008-09	2010-11
National Rural Employment Guarantee Scheme/SGRY	10,000	16,000	40,000
National Rural Health Mission(NRHM)		11,974	15,672
Mid Day Meal (MDM)	1,507	8,000	9,440
Sarva Shiksha Abhiyan (SSA)	4,754	13,100	15,000
Pradhan Mantri Gram Sadak Yojana (PMGSY)	2,468	7,530	18,996
Accelerated Rural Drinking Water Supply Programme (ARDWSP)	2,900	7,300	9,000
Integrated Child Development Scheme (ICDS)	1,934	5,665	470.12
Indira Aawas Yojana (IAY)	2,500	5,400	9,333.5
Swarnjayanti Gram Swarojgar Yojana (SGSY)	1,000	2,150	2,683
Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY)		5,055	5,500
Backward Region Grant Fund (BRGF)		4,670	7,300

Since 2004, schemes, as shown in the Table 2.11, have started assigning a range of responsibilities to the panchayats and depend upon them for grassroots implementation. In addition, there are several important flagship programmes of the Union, which aim at provisioning basic essential services across the country through the panchayats. Since 2004, the allocations to the programmes, entailing the involvement of the panchayats, have shown a substantial growth. It is a good augury that the institutional mechanisms tend to provide centrality to the panchayats in their planning and implementation.

Uneven Development

Over a period of time panchayats evolved differently across states with respect to its structure, achievements and accountability. Since panchayat is the derivative of the state, it is the responsibility of the sub-national governments to devolve its power and authority, functions and functionaries, rights and duties, and the funds to the structure below, and thus bring the government to the doorstep of the people. It has been done in a variety of ways since states vary in their complexion. The subsequent sections deal with these issues.

Panchayat Devolution Index: The Context²³

Devolution

The devolution of responsibility, powers and resources to panchayats is essential for sustainable decentralisation. The word devolution is used in many contexts. It is both compared and contrasted with decentralization, delegation and deconcentration. Some scholars have articulated that decentralization involves devolution, delegation and deconcentration. Other feels that decentralization may proceed without devolution whereas devolution necessarily leads to decentralization. Passing down or descent through successive stages can easily be defined as any of these four processes.

In the context of governance devolution is concerned with passing on of powers, authority and rights and/or duties and responsibilities or even funds from a higher level of jurisdiction to a lower level jurisdiction and making them autonomous in decision-making. Many a time the lower level jurisdiction is referred to as subordinate or substitute, which may not always be true. For example, in India, much of transfer of funds takes place from the Union to the States under the direction of the Constitution and yet the States are not necessarily subordinate to the Union. This phenomenon is termed as downscaling government to bring government closer to the people or elected to the electorate (Chaudhri, 2007). It may be noted that the discussion revolves around a situation of extant centralized polity.

The Commission on Scottish Devolution (2008) defines devolution as a process of decentralization in which power and responsibility is moved outwards and downwards and hence closer to the people. This definition comes closest to our purpose as in India the State, comprising the Union and the states, have tried to move the governance closer to the people by putting the third tier of government on a firmer footing by bringing in 73rd and 74th Constitutional Amendments which mandate the States to carry out Conformity Acts. Since the Scottish parliament is a body without legislative power it is akin to our gram sabha which can deliberate on every single issue concerning the public affairs and such affairs which can be considered public good in a larger context, like social justice.

However, in a federal structure like ours, the local governments draw and derive their authority from superior legislative bodies and do not have any legislative power of their own (though they may enjoy considerable decision-making power). The theory of State preeminence over local governments was pronounced by John Forrest Dillon in a judgement in Iowa Supreme Court as early as 1868 that, to quote,

Municipal corporations owe their origin to, and derive their power and rights wholly from, the legislature. It breathes into them the breath of life, without which they cannot exist. As it creates, so it may destroy. If it may destroy, it may abridge and control.

²³ This Chapter draws upon the 3rd Chapter of the previous MoPR-IIPA Report 2010-11

Dillon's rule contrasts the powers of states, which are unlimited but for restrictions imposed by the constitution, local governments have only those powers which have expressly been granted to them by their state. This strong opinion did not go unchallenged. Thomas Cooley did not agree with Dillon and in a judgement in Michigan Supreme Court in 1871 argued that 'local government is matter of absolute right' (of the people) and 'State cannot take it away'. But the fact of the matter is that local governments are being established and treated according to Dillon's principle. Much we may talk of Gandhi and ancient panchayats in India our local governments, panchayats and municipalities, continue to derive not only their powers but also functions from their respective States.

Devolution to Panchayats

Situation in India is slightly different from that of countries like the USA. Unlike the USA, local governments in India do not derive rights from a state constitution as there is none. All governments including local governments draw their existence from the Constitution. Though the Constitution of India has granted most of the subject matters related with local public affairs to the States, local governments do enjoy certain constitutional rights, which make it obligatory for the States to move forward, through legislative and administrative channels, on devolution of power and authorities as well as duties and responsibilities.

The Article 243G has specifically asked the legislature of a State to endow the panchayats, by law, 'such powers and authority as may be necessary to enable them to function as institutions of self-government' and, further, 'such law may contain provisions for the devolution of powers and responsibilities upon Panchayats, at appropriate level'. But the same Article does suggest 'subject to such conditions

as may be specified therein'. It has further circumscribed the local domain in terms of preparation of plans for economic development and social justice and implementation of economic development and social justice, as may be entrusted to them. Therefore, there is a lot of scope for the States, as ought to be the case in consistency with federal principles, to play around. They can make or mar local governments, and more so the panchayats. But there is a little role for the Union too but it has to move through the State only even though by way of a formality.

It is verily expected that outcomes would depend a great deal on the steps taken by the States to empower, enable and facilitate the local governments in their functioning as also the interest shown by the latter. In a real context where a lot of funds are collected at higher levels and country-wide schemes are launched in areas of national importance, it becomes equally important to see the extent to which local people and representatives are involved and allowed to participate.

In a survey-based work Shah and Shah (2006) find out that the trend of governance in the matters of local public affairs is reversing though slowly but steadily from 'local to central' to 'central to local' and holds that twenty-first century local governance would be based on a new view and vision wherein leadership role would be assumed in a multi-centered, multi-order or multi-level system.

Dimensions of Devolution

The Union Government has a role to play in ensuring that the Constitutional Amendments are followed in letter and spirit and it has shown willingness to help and provide incentives for States to follow the principle of subsidiarity in place of residuality.

The *raison de etre* for federalism and decentralization lies in the fact of diversity and plurality of cultures, tastes and preferences on the one hand and geography, topography and resources on the other. Yet there are reasons, history apart, that people choose to be governed by one political dispensation as distinguished from others.

Some scholars working in the area of devolution have often considered political, fiscal and administrative matters (Kearney, 1999) whereas others have thought it fit to consider funds, functions and enabling institutions. Then there are scholars to suggest dimensions of political, functional and financial devolutions in Indian context (Chaudhuri, 2007). Within the political dimension, Chaudhuri points to the issues of voice, autonomy and accountability but discusses representation of weaker sections, regularity of elections, etc. A Working Group constituted by the Government of India (2001) has compiled information in terms of number of items from Schedule XI transferred on functions, functionaries and funds along with the status of District Planning Committee. They have put emphasis on the aspects of regularity and conditionality in the devolution of powers and funds.

John and Chatukulum (2003) made an attempt to measure the level of attempt of decentralization made in Kerala by six indicators through around 20 variables. The indicators they considered were: scope, intensity, commitment, demand for decentralization, effects in society and theory-practice congruity. Based on qualitative assessment and knowledge of experts they rate Kerala at 2.0 out of a maximum of 4.0. One may note that some are demand side factors and others are supply side ones.

World Bank (2000) also tried to assess the status of rural decentralization in seven selected States

of India in which three dimensions of devolution, viz., political, administrative and fiscal were considered. There were 17 broad indicators and 34 specific indicators. The Eleventh Finance Commission also used an index of decentralization, based on 10 parameters, as a criterion with 20 per cent weight for devolving its grants to states for onward transfer to panchayats.

Chaudhuri (2007) rates Indian States on political devolution, functional devolution and financial devolution. He accords positive and negative marks for their achievements in various subdimensions within these dimensions. Four indicators included in political devolution are: regular elections, women's representations, dalit/ adivasi representation and political autonomy. Within functional autonomy are included: transfer of functions, transfer of functionaries, district planning committee and expenditure autonomy. Within financial devolution are considered: transfer of funds, flow of funds and share of funds. The scores across States vary from (-)10 for Bihar to (+) 8 for Kerala while indicators receive score in integers.

Still others look from the perspective of local autonomy. Wolman (1990) and Wolman et al (2008) summarized the arguments for local autonomy as resting upon values of economic efficiency, political responsiveness and accountability, policy diversity and consequent innovation and learning opportunities. From the citizens viewpoint, they indicate a political participation, civic education and leadership development.

For the sake of operationalizing and measuring local autonomy, Wolman et al (2008) have considered three dimensions, viz., local government importance, local government discretion, and local government capacity. For

determining the level of local government importance, they have considered five variables—two within fiscal, one within economic and two related with personnel, detailing the extent to which local governments share the space of the State of which they are derivative organ. For determining the level of second dimensions (discretion) as many as eleven variables are considered. Some of them are structural home rule, functional home rule, range of municipal authority for handling key governmental services (public health, public works, public school management), legal limits on fiscal activities of local governments (property assessment limits, property tax limits, revenue/expenditure limits, state imposition on debt limits). For the third dimension of local government capacity, the factors taken into account were personnel capacity (per thousand citizens), revenue stability (proxied through measures of revenue diversity).

These authors had used factor analysis to convert the variables into factors. Many qualitative variables were assigned the values based on value judgments.

It is possible to critically review these exercises for their deficiencies, however, that would not serve our purpose; for we intend to provide a context for the dimensions and indicators which have gone in consideration for the kind of exercises undertaken in this work.

The variables used in this study for creating indicators are not totally dissimilar but definitely anchored in our specific context.

Need for an Index

Given the nature of civilized man, we are inclined to make comparison of situations,

events, phenomena, processes and episodes—sometimes for pure curiosity and more often for influencing the results and outcomes which are more likely to be universal. Practically, every simple idea we pick up is multi-dimensional. Even if each dimension can be given a number, it is not easy to make a comparison between two situations or call them state of affairs. For any kind of comparison across time and of or space, we need to reduce the multi-dimensional variety into (real) numbers by constructing an index. GDP for instant can be cited as an example.

It is in this context that the exercise of evolving devolution index initiated. The express purpose is to see how 'free' the panchayats are to take independent decision in the spheres devolved to them and to gauge the extent to which they are involved and are able to participate in the decision-making process. Since, again, local governments— panchayats in the present context, are derivative of the States, it is the State which has to decentralize itself and devolve its powers and authority, its functions and functionaries, its rights and duties, and its funds and accountability to the structures below and thus bring the government to the doorstep of the people. It has to be achieved in a variety of ways since States vary in their complexion. For example, some States have Schedule V areas and some have Schedule VI areas and others have regional reference in the Constitution²⁴. This variety of ways, itself diverse by in approaches, forms and contents across the States.

Yet comparisons are often made though at the cost of losing the specificities. It was remarked by Whitehead, a mathematician, that whenever a comparison is made, at least one dimension has to be missed, which makes one entity different

²⁴This refers Article 244 of the Constitution.

from another. But we all tend to do it. With the advances in civilization and quantification of things, index making has been on increase. Even words 'much' and 'less' need to be assigned some numbers.

Context of Index Making

Devolution formulae for horizontal distribution of resources among States from the Union have been in vogue for long in India whether they were under the recommendations of the Finance Commissions or the Planning Commission Resources under many of the centrally sponsored schemes are likewise devolved to the States.

However, when a separate Ministry of Panchayati Raj was set up in 2004, the Prime Minister convened a meeting of the Chief Ministers on 29 June 2004 and decided to have seven roundtable deliberations with the State Ministers In-charge of panchayats. The theme of the fifth roundtable held at Srinagar was on the annual reports of panchayats including a devolution index. V N Alok and Laveesh Bhandari presented a concept paper on rating the policy and functional environment of PRIs in different States of India, which incorporated the views of a large cross-section of stakeholders, while retaining ease of analysis and index creation. This work takes a cue from a comment in the report of the Eleventh Finance Commission, made in the context of centrally sponsored schemes, that the transfer of functions along with that of funds and functionaries does not create any extra financial burden, they delineated a number of variables under three dimensions viz., functions, funds and functionaries.

For operationalizing the concept of such an index, the work was assigned to the National Council of Applied Economic Research

(NCAER) in 2006-07, 2007-08 and 2008-09. NCAER (2007a, 2007b) found that data was not available from the given sources on some of the indicators suggested by Alok and Bhandari (2004). While data from States was needed under the Alok-Bhandari (2004) framework, field research was needed from the States under the World Bank (1999) framework, and experts opinion was enough for John and Chatukulam (2003).

In the very first exercise the NCAER used three dimensions delineated in Alok and Bhandari (2004) but in the later exercises they also included a fourth dimension and called it framework. The framework dimension essentially incorporates the constitutionally mandatory requirements which a State must adhere to. However, they used it as an exclusionary criterion rather than to assess the progress a State made within the scope provided in the mandatory provisions.

In fiscal 2009-10 and 2010-11, the Indian Institute of Public Administration was commissioned to carry out the work of measuring the level of devolution carried out the States. Information was officially received from the State governments that was cross-validated. The cross-validation was done in a selection of best PRIs (as informed to the team by the state governments) across all tiers of PRIs. Further validations were introduced such as referring to the reports of important institutions such as the CAG and the Thirteenth Finance Commission. An index was constructed each year and the top ranked states were awarded by the Prime Minister on Panchayat Day celebrated on the 24th April at Vigyan Bhawan. In 2010-11, Kerala was ranked the first State in the index followed by Karnataka. The Planning Commission used the index in the Third Chapter of the Mid Term Appraisal for the Eleventh Five Year Plan, 2007-2012.

This year in 2010-11, we use a similar framework for ranking and rating the various States of India. Though some changes were made in the variables and indicators used and the weighting system, the broad framework and consistency checks have been retained. The central theme is to measure the commitment of the State and UT to empower panchayats and promote the

accountability of panchayat. The focus of all dimensions is on these two key themes of PEAIS. In addition, an incremental devolution index has also been computed, which is based on the initiatives undertaken by states in several areas of devolution. The detailed methodology is given in later sections.

Construction of the Index²⁵

Construction of an index has three essential steps: one of theory (field), another of mathematics (formulation) and finally that of statistics (estimation). In actual practice all three interact in some way. Theory in the present context helps us in choice of variables. Mathematics is about method of normalizing the variables and deciding the aggregation scheme. Many aggregation schemes also use linear weights.

Theory

The devolution from a state to its panchayats in our consideration has four dimensions which we designate as framework, functions, finances and functionaries. The framework is related to institution building as mandated largely in the Constitution and need to be followed by each State. It is intended to be a qualifying criterion. The framework needs to be seen at two levels. We sought information on details of the functioning of the constitutional institutions set up under the framework and quantified them to find out how various states differed in observance of this dimension under the spirit of the Constitution. For example, sub clause Article 243 I (4) related to the submission of the report of the State Finance Commission (SFC) with an explanatory memorandum before legislature is silent on the time frame without intention. As per the spirit of the Constitution, we assume that six months should have been the ideal time frame for each State government to consider the recommendations of its SFC. We even accorded negative marks for lapses in observance to build

in discriminatory power into the index. Autonomy of panchayats has also been considered in this block.

Functions known as expenditure assignment in the literature of public finance have been given less weight than the dimension of finances. We read the Article 243G more thoroughly than it is usually done with a fixation on the 29 items enumerated in the XI Schedule of the Constitution. We thought it proper to ascertain in details about empowerment for functions, involvement in schemes, functioning of gram sabha and transparency mechanism devolved to panchayats. Formulating a detailed score sheet that assigned of descending weights to empowerment, enablement and facilitation and preferring legislative action to executive action, for each of the indicators within the dimension, the scores for States were arrived.

Finances were taken as the most important dimension in our reckoning. This was also the consensus view of the domain experts who participated in the National Workshop on 15 March 2011. We again made a score sheet, using the principle of descending importance to empowerment, enablement and facilitation and preference for legislative action over executive action, for various possible taxes—where major local taxes, e.g. property tax were accorded a value higher than others. But the prevailing reality that a transfer of funds, with preference over untied to tied, is a good substitute for empowerment. Grants under the National Finance Commission both the 12th and the 13th

²⁵ This Chapter draws upon the 4th Chapter of the previous MoPR-IIPA Report 2010-11.

were given specific place as the provisions for them had removed the encumbrances imposed by states.

Functionaries have been getting attention for long from scholars and practitioners alike. The extent the government employees working with panchayats have been made accountable to panchayats' political executives and whether panchayats have their own employees were weighty considerations. Capacity building of functionaries— both elected and selected, and infrastructure are also considered.

The primary objective in all the dimensions is to measure the commitment of the State and UT to empower panchayats and promote the accountability of Panchayat. The focus of all dimensions is on these two key themes of PEAIS.

Framework

- State Election Commission (Art. 243 J)
- Holding regular Panchayats elections (Art. 243 E)
 - Gap, bye-elections and dissolution
- District Planning Committees and their working (Art. 243 ZD)
 - Regular Meeting
 - Regular submission of plans
 - Consolidation of plans and its integration with State plan
- Autonomy of Panchayats (Art 243F)
- Reservation of Seats for SC/ST and Women prescribed in the Conformity Acts (Art. 243D)

Functions

- Functions Assigned to Panchayats (Art. 243G)
 - Involvement Status of Panchayats
- Involvement Status of Panchayats in Important Schemes

- Functioning of *Gram Sabha* (Art. 243A)
 - Number and minutes of meetings,
 - Approval of plans, budget, UCs and beneficiary lists
- Transparency in Panchayats
 - Mechanism to deal with RTI and corruptions
- Initiatives undertaken since April 2010

Finances

- Empowerment of Panchayats to impose and collect revenue (Art. 243H)
 - Share of own revenue of Panchayat in State own revenue
- Fund availability with Panchayats (last two years)
- State Finance Commission (Art. 243 I)
 - Qualification of members in the Act?
 - Constitution at regular interval?
 - Acceptance of recommendations?
 - Timeliness of actions thereon?
 - Fiscal transfers to panchayats on account of SFC?
- Operation of Panchayat *Nidhi*/Fund (receipt & expenditure)
- Release of National Finance Commission grants to the Panchayats
- Set of criteria, weight to allocate fund to the Panchayats
- System of fiscal management, monitoring and evaluation
- Initiatives undertaken since April 2010

Functionaries

- Accountability of functionaries to Panchayats
 - Appointment
 - Transfer
 - Disciplinary matter
- Panchayat own officials

- Role of Panchayats in Parallel Bodies
- Capacity building of elected representatives
- Capacity building of official functionaries
- Infrastructure for efficient & effective management of Panchayats
- Initiatives undertaken since April 2010

Mathematics

Simple indices are known to be linear. In other words, they are weighted sums or averages of the constituents or components that go into making the index. They can be categorized in to two broad groups—one having a unit of measurement and the other without having a unit. An example of the former is Gross Domestic Product and that of the latter is Consumer Price Index. Components are first converted into such quantities that they can become comparable so that they can be aggregated by adding together. In the case of Gross Domestic Product, quantities are multiplied by their respective prices so that they are all converted into monetary values which can be added together. In the case of Consumer Price Index, price relatives are prepared, which are generally weighted by their expenditure share in the total expenditure.

Similarly, achievements in several dimensions can also be aggregated into a single whole by appropriately designing the index making procedure. Present level of achievement of an entity, like country or state or district, can be divided by the maximum possible achievement. This kind of exercise would confine the range of index between 0 and 1. However, certain index makers feel that achievement should be measured over the minimum possible achievement and therefore should also be divided by the maximum achievable range. In simple words, excess of actual achievement over minimum achievement should be divided by the

maximum excess possible which is maximum achievement minus minimum achievement. This practice is followed by the scholars, organizations and agencies engaged in the business of computation of human development index. One advantage of this procedure is that better discrimination is built-in in the index, particularly when an entity is compared with another rather than when it is compared with itself over time. And an index if used for rating and ranking entities must have it.

Once achievement components are converted into such comparable quantities, they can be aggregated by assigning separate weights or the same weights. While differentially weighted aggregation is called weighted index (average) equally weighted aggregation is often called un-weighted index. Technically speaking, they are cases of linear aggregation.

Many exercises conducted in this area have adopted, following the principle of insufficient information, equally weighed aggregation procedure. It is not a principle of non-discrimination. However, we differed from adopting equal weights as we from 3F framework to 4F framework. We raised the weight of finances from 35.0 percent last year to 40.0 percent. This was also the view of the experts' group participated in the National Workshop on 15 March 2011. We assigned 30.00 percent weight to functions 10 percent more than what we assigned last year. The rest of the weights available, that is 30.0 percent, we divided between functionaries and framework in the ratio of 2:1 as functionaries include some elements of infrastructure and capacity inducement/enhancement etc whereas framework was given quantitative frame as was done in last two years.

However, the exercise is conducted not only for overall devolution but also for dimensions. So, there are three levels of constructs: several

achievement indicators within each of the dimensions, four dimensional indices of devolution and one overall, or call it, composite index of devolution. Weights for achievement indicators within the relevant dimension follow the order of decreasing importance from empowerment, enablement and facilitation.

There is a specific characteristic that needs to be maintained in creating such indices. The components of the final index need not to be complementary if the right results are to be achieved. We know fully well that functions and finances are more complementary in nature than substitutes whereas formulas adopted consider them substitutes. We have taken care in introducing mutually complementing elements in designing questions which build the indicators for different dimensions.

Statistics

Questionnaire/Instrument; Canvassing

Besides secondary statistics primary data have been collected from the State governments, panchayats, office of the Accountant General and office of the State Local Fund through a well designed questionnaire.

The study was commissioned in October 2011. A questionnaire was prepared in consultation with the Ministry of Panchayati Raj (MoPR), Government of India. Inputs received from the study conducted previous years were also used. The questionnaire was canvassed to the state through post and email on 29 November 2011. The Ministry of Panchayati Raj, Government of India also followed up. In addition, a number of documents were also sought so that we could make sound judgements about certain qualitative questions.

The questionnaire had four distinct blocks on framework, functions, finances and functionaries. By and large questions were structured but some open options were also provided, mostly to capture state specific traits. The block pertaining to functions and finances also provided scope for clubbing questions in a matrix form. Yet there was a provision for giving 'qualitative' supplements.

States/UTs Covered in the Study

Following 24 states in table 4.1 participated in the Devolution Index Survey Tripura could not qualify as State Election Commission has not been constituted. The State of Andhra Pradesh, Assam, and Jammu & Kashmir are notable for their absence as the States did not respond despite several reminders. It is to be noted that panchayat elections have been conducted in Jammu & Kashmir. Mizoram, Meghalaya and Nagaland had been kept out of the purview of the 73rd Amendment Act under Article 243 (M), hence they have not been considered in the study. The NCT of Delhi is out of reckoning as panchayats were superceded in 1990 and have not yet been revived.

Investigators visited 23 States and data was obtained and validated. Survey team in the States collected data from a few Panchayats. These Panchayats were selected on the basis of the information provided by States. Officials dealing in local finance in the C&AG were consulted. Data obtained by the XIII Finance Commission from States and Finance Accounts published by the C&AG have been taken into consideration for various analysis. Secondary data from the official website of the Ministry of Panchayati Raj, Government of India, State Panchayati Raj Departments, Reserve Bank of India, Comptroller & Auditor General of India and State Accountant Generals have also been used.

Table 4.1 States/UTs from which Survey Responses received as on March 20, 2012.

States	
1	Arunachal Pradesh
2	Bihar
3	Chhattisgarh
4	Goa
5	Gujarat
6	Haryana
7	Himachal Pradesh
8	Jharkhand
9	Karnataka
10	Kerala
11	Madhya Pradesh
12	Maharashtra
13	Odisha
14	Punjab
15	Rajasthan

States	
16	Sikkim
17	Tamil Nadu
18	Tripura
19	Uttar Pradesh
20	Uttarakhand
21	West Bengal
Union Territories	
1	Andaman & Nicobar
2	Chandigarh
3	Daman & Diu

The methodology was presented in the National Workshop of State Secretaries and State Nodal Officers on 18 January 2012 . The data, results and the other features of the study were presented and discussed on 16 March 2012 at the Ministry of Panchayati Raj before *inter alia* the Secretary, Additional Secretary and the Joint Secretary Ministry of Panchayati Raj.

Empirical Assessments and Analysis

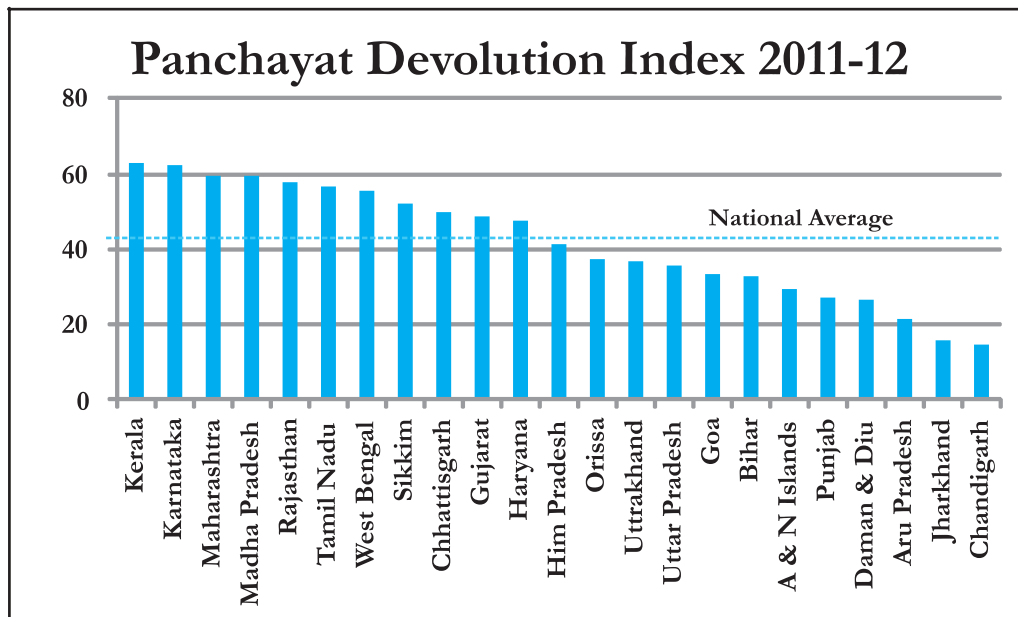
Introduction

In this final chapter, an empirical assessment of devolution to panchayats by the states is presented. Results are presented for each of the four dimensions of devolution *viz.*, framework, functions, finances and functionaries and their respective indicators. The enabling environment and accountability framework created by a state is compared with that of others in terms of various indicators identified in the study. National average for each of the indicators and dimensions has also been computed. First, a description of computation for each dimension or sub index is presented in a table along with the values of their respective indicators. States are ranked according to overall devolution index as well as by each of four dimensions. All values are shown in percentage term to make comprehension easy. This is followed by a comparative analysis of dimension wise achievements in devolution by states.

We have computed two sets of indices. One relates to cumulative performance and the other to incremental performance. We had canvassed in the state questionnaire some closed ended and some open-ended questions about the initiatives undertaken by the states towards devolution to Panchayats since April 2010. Further, we have chosen to divide the Tables by treating the North Eastern States and Union Territories separately.

Cumulative Index: Overall

On cumulative exercise there are two Tables 5.1 and 5.2. Table 5.1 gives the values of sub-indices or dimensional devolution indices as well as the overall Panchayat Devolution Index (PDI). However, states have been ranked by the overall PDI. The Table 5.2 has been designed in such a manner that states are ranked according to individual dimensions.



Sr. No.	States	Framework	Functions	Finances	Functionaries	PDI
1	Kerala	85.50	62.43	63.01	52.94	63.07
2	Karnataka	92.50	65.65	59.38	47.24	62.15
3	Maharashtra	75.63	65.43	59.89	42.96	59.74
4	Madhya Pradesh	80.63	64.50	57.73	44.65	59.43
5	Rajasthan	89.50	62.36	54.65	41.89	57.90
6	Tamil Nadu	82.50	58.58	55.59	44.18	56.90
7	West Bengal	85.50	53.93	54.96	42.75	55.27
8	Chhattisgarh	73.13	49.51	51.15	35.33	49.69
9	Gujarat	46.88	55.52	47.09	42.31	48.64
10	Haryana	88.13	53.04	38.63	35.74	47.32
11	Himachal Pradesh	73.63	41.11	36.53	35.44	41.39
12	Odisha	80.63	39.85	29.03	28.26	37.28
13	Uttarakhand	53.63	49.35	24.90	33.25	36.78
14	Uttar Pradesh	71.13	47.29	28.15	16.39	35.84
15	Goa	68.63	35.15	31.36	18.05	33.56
16	Bihar	82.50	43.00	23.79	10.21	32.71
17	Punjab	73.63	46.42	6.16	17.34	27.22
18	Jharkhand	51.25	15.20	5.39	18.53	15.55
North- Eastern States						
19	Sikkim	85.00	54.60	52.26	31.00	51.98
20	Arunachal Pradesh	68.63	24.22	10.94	14.01	21.31
Union Territories						
21	Andaman & Nicobar Islands	95.00	32.32	18.23	13.30	29.15
22	Daman & Diu	77.50	31.35	16.55	13.08	26.39
23	Chandigarh	30.00	24.38	7.93	7.13	14.91
National Average		74.39	46.75	36.23	29.83	41.92

Based on weighted aggregation of the four dimensional sub-indices, the composite Panchayat devolution index shows that Kerala is ranked first with value close to 63 (63.07) percent followed by Karnataka (62.15), Maharashtra (59.74) and Madhya Pradesh (59.43). The next three states in order, viz. Rajasthan, Tamil Nadu

and West Bengal have also scored over 50 percent.

It may be noted that among the North Eastern States, Sikkim secured well above the National average of 41.92 percent but actually ranks after West Bengal and better than Chattisgarh.

Table 5.2: States/UT with Devolution Sub-indices according to Ranks and Values

Rank	States	D1	States	D2	States	D3	States	D4
1	Karnataka	92.50	Karnataka	65.65	Kerala	63.01	Kerala	52.94
2	Rajasthan	89.50	Maharashtra	65.43	Maharashtra	59.89	Karnataka	47.24
3	Haryana	88.13	Madhya Pradesh	64.50	Karnataka	59.38	Madhya Pradesh	44.65
4	Kerala	85.50	Kerala	62.43	Madhya Pradesh	57.73	Tamil Nadu	44.18
5	West Bengal	85.50	Rajasthan	62.36	Tamil Nadu	55.59	Maharashtra	42.96
6	Tamil Nadu	82.50	Tamil Nadu	58.58	West Bengal	54.96	West Bengal	42.75
7	Bihar	82.50	Gujarat	55.52	Rajasthan	54.65	Gujarat	42.31
8	Madhya Pradesh	80.63	West Bengal	53.93	Chhattisgarh	51.15	Rajasthan	41.89
9	Odisha	80.63	Haryana	53.04	Gujarat	47.09	Haryana	35.74
10	Maharashtra	75.63	Chhattisgarh	49.51	Haryana	38.63	Himachal Pradesh	35.44
11	Himachal Pradesh	73.63	Uttarakhand	49.35	Himachal Pradesh	36.53	Chhattisgarh	35.33
12	Punjab	73.63	Uttar Pradesh	47.29	Goa	31.36	Uttarakhand	33.25
13	Chhattisgarh	73.13	Punjab	46.42	Odisha	29.03	Odisha	28.26
14	Uttar Pradesh	71.13	Bihar	43.00	Uttar Pradesh	28.15	Jharkhand	18.53
15	Goa	68.63	Himachal Pradesh	41.11	Uttarakhand	24.90	Goa	18.05
16	Uttarakhand	53.63	Odisha	39.85	Bihar	23.79	Punjab	17.34
17	Jharkhand	51.25	Goa	35.15	Punjab	6.16	Uttar Pradesh	16.39
18	Gujarat	46.88	Jharkhand	15.20	Jharkhand	5.39	Bihar	10.21
North Eastern States								
19	Sikkim	85.00	Sikkim	54.60	Sikkim	52.26	Sikkim	31.00
20	Arunachal Pradesh	68.63	Arunachal Pradesh	24.22	Arunachal Pradesh	10.94	Arunachal Pradesh	14.01
Union Territories								
21	Andaman & Nicobar Islands	95.00	Andaman & Nicobar Islands	32.32	Andaman & Nicobar Islands	18.23	Andaman & Nicobar Islands	13.30
22	Daman & Diu	77.50	Daman & Diu	31.35	Daman & Diu	16.54	Daman & Diu	13.08
23	Chandigarh	30.00	Chandigarh	24.38	Chandigarh	7.93	Chandigarh	7.13

Cumulative Index: Dimensional

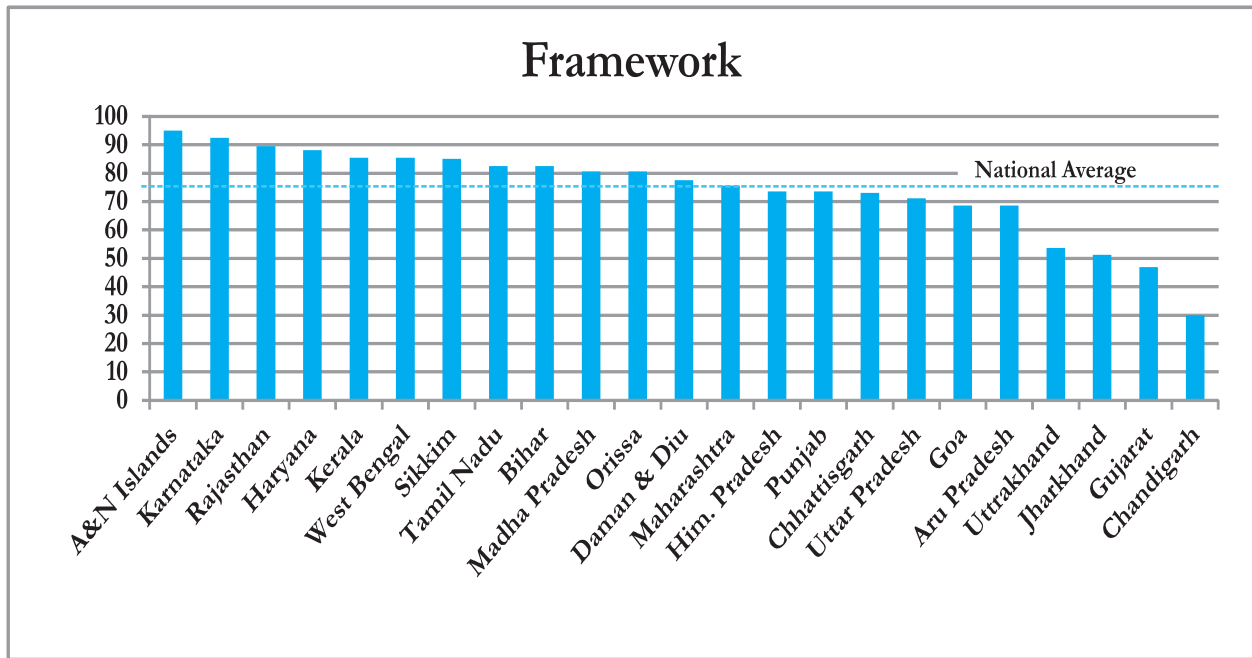
Table 5.2 presents the dimensional indices or devolution sub-indices. States have ranked in each of the dimensions and values have also been presented for instant comparison.

Framework Dimensional Index

In the Framework dimension, an attempt is made to include indicators related to the mandatory framework of the Constitution. The Table shows that Karnataka ranks first and is followed by Rajasthan (89.50), Haryana (88.13) and Kerala (85.50). The next three states in order, viz. West

Bengal, Tamil Nadu and Bihar follow them. Ten non-NER and one NER state are above the national average. A few indicators figured in our previous exercises have been moved to other dimensions due to their relative importance in those dimensions. For example indicator related to State Finance Commission has been moved to the Finance Dimension in this exercise. It may be reiterated that the Article 243 I related to State Finance Commission is a mandatory provision in the Constitution.

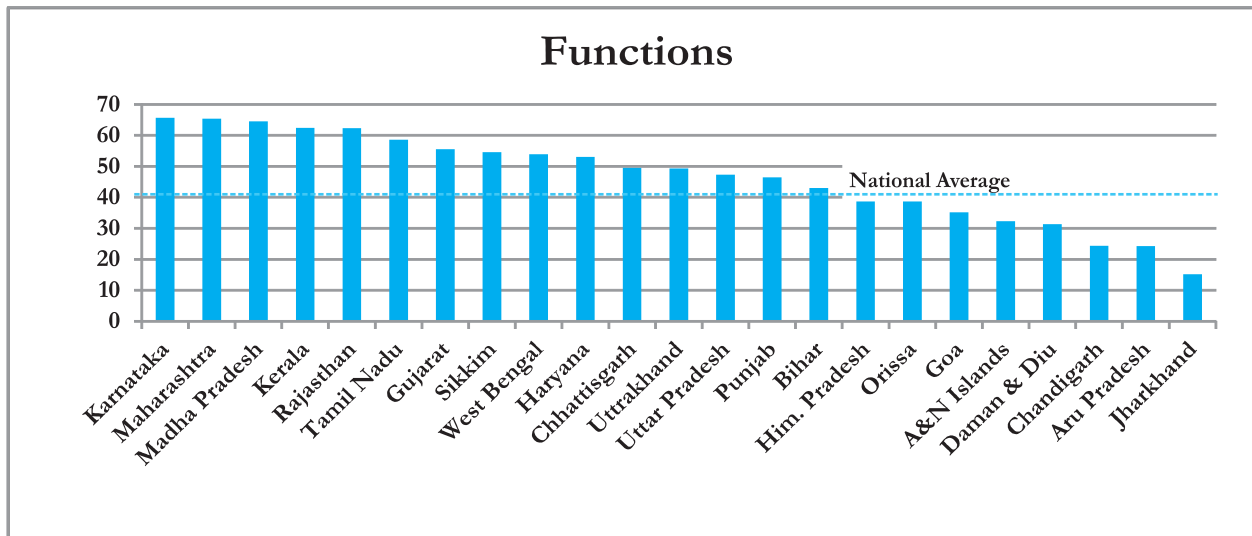
Framework



Functions

In the dimension of Functions, Karnataka tops the list with an index value of 65.65. Maharashtra and Madhya Pradesh closely follow with scores

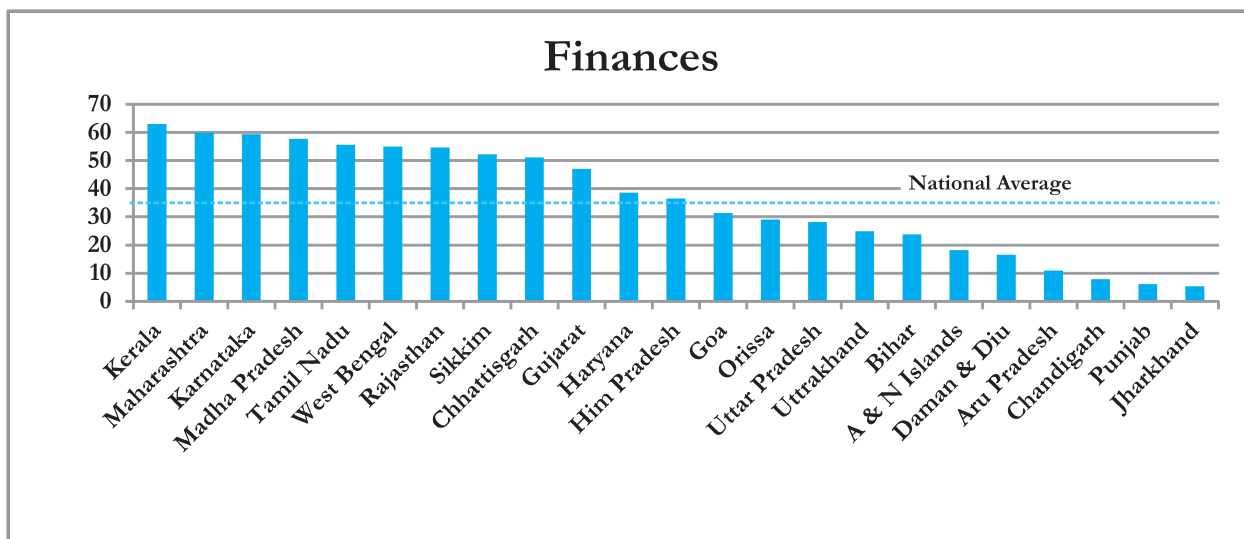
of 65.43 and 64.50 respectively. Kerala, Rajasthan, Tamil Nadu and Gujarat follow them with scores over 55.0. West Bengal with score close to 54 is doing better than even Sikkim (54.60).



Finances

In this most important dimension, it is Kerala with index value close to 63 (63.01) lead followed by Maharashtra, Karnataka, and Madhya Pradesh with values of 59.89, 59.38 and 57.73

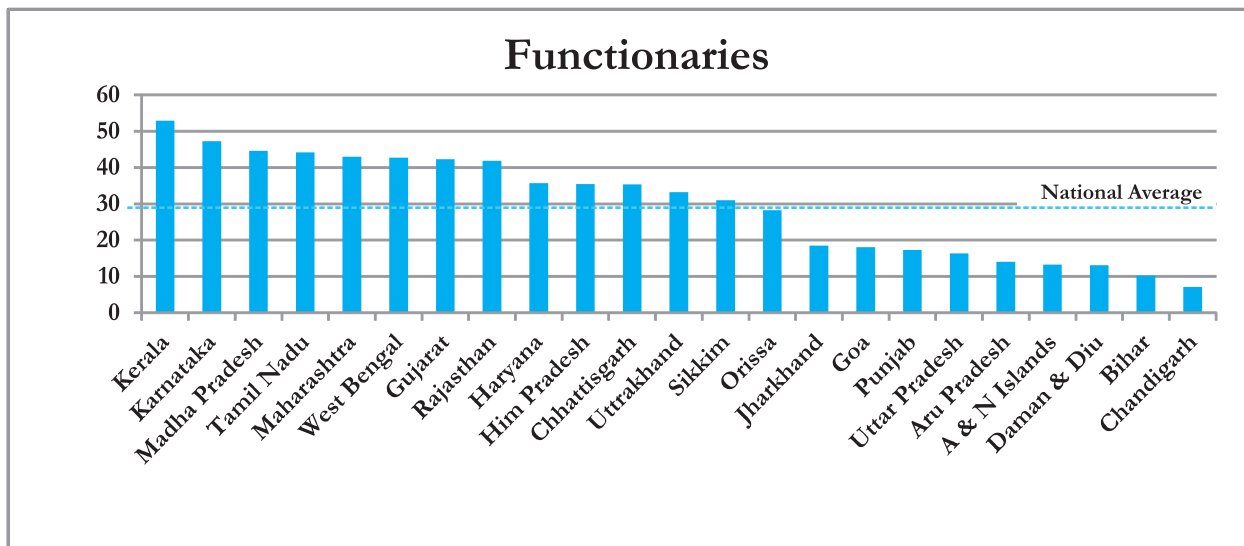
respectively. This dimension comprising the maximum indicators registers a low national average of 36.23. Twelve states are above the national average. Only eight states are around or over 50.0.



Functionaries

Kerala ranks the highest in dimension of Functionaries with a value of 52.94. Karnataka has emerged as number two in this dimension

with a score of 47.24. Madhya Pradesh, Tamil Nadu, Maharashtra, West Bengal, Gujarat and Rajasthan are in line with scores above 40. This dimension registers a fairly low national average, i.e. 29.83.



It can be inferred from a comparative analysis of the dimensions of functions and finances that devolution in financial domain, in general, falls short of that in functional domain. It clearly indicates that panchayats are starved of finances. It is also found that the achievement in all the dimensions except mandatory framework is below par.

Ranking of States

From table 5.1 and 5.2, it is clear that Kerala is ranked at the top in the composite devolution index, as well as in the key sub indices of finances and functionaries. It may be noted that the dimension of finance carries maximum weight in the study. Overall indicator analysis shows that the state has performed pretty well in almost all

indicators included in the study. The state has devolved the maximum number of functions as compared to other states and assigned good role to the vertical schemes designed by the upper levels of governments. Hence, the state ranked top in the indicator of assignment of functions to panchayats. The State Government, among the general category states, is the best in releasing the Union Finance Commission grant in time. The State Finance Commission is found to be the best as in Tamil Nadu. The state has good system of fiscal management and monitoring. In the functionaries dimension, the state provides the best physical infrastructure to panchayats. As observed during field visits, systems including political system, so far, in Kerala are conducive for the sustainability of panchayats in the state.

Karnataka follows Kerala in the composite devolution index. Karnataka is at the top in the sub-index for framework and also occupies the first place in functions and second place in functionaries dimension. Panchayats in Karnataka have the maximum role, second to Maharashtra, in the vertical schemes. The state has also devolved a good number of functions to panchayats, in that respect the state is fourth next to West Bengal. Panchayats in the state present an example in their good effective role in parallel bodies and control over line department functionaries. Interestingly, panchayats in the state enjoy maximum taxing power, and has the best system of fiscal management and monitoring among all states.

Maharashtra is ranked third in the overall devolution index and ranked second in the most important sub-indices of functions and finances. The provisions related to *Gram Sabhas* in the state are considered the best among all states. Functioning of panchayats in the state is most transparent. Panchayats in the state have greatest involvement in the vertical schemes and has the good system of fiscal management and

monitoring among all states. Panchayats in Maharashtra utilize funds adequately and share the top slot with their counterparts in few other states, insofar, as the indicator related to fund utilization is concerned.

Madhya Pradesh is ranked fourth in the overall index and third in the sub-index of functions and functionaries. The state scores high and secures fourth rank in the sub-index of finances. The State Finance Commission in Madhya Pradesh is found to be effective. The state is one of the best in fund flow management system. In the indicator of 'Transparency in Panchayats' the state is next to Maharashtra and shares second position with two other states. *Gram Sabha* also performs its role efficiently in this state and secures third rank in that indicator. Panchayats in the state have the authority to keep their own officials. The state is rated the best in the capacity building of panchayat functionaries.

Incremental Index: Overall

The Incremental Devolution Index is based on the new initiatives the states have undertaken since April 2010. The index is created on two categories of initiatives. Firstly, the initiatives are listed by the states under various heads of Framework, Functions, Finance and Functionaries. Then, they are scored on three parameters that reflect the commitment of the State to empower panchayats and promote the accountability of panchayats: (1) Institutional Strengthening of panchayats, (2) Improvement in Process and (3) Improvement in Delivery of Services and Accountability of Panchayats

Each initiative is awarded one to three marks for each of the parameters. Thus, it can score a maximum of nine points if the initiative qualifies the best for all parameters. We have taken a maximum of nine initiatives under taken by the states. Henceforth, each state can be awarded

with a maximum of eighty one marks. The exercise has been undertaken on the basis of data provided by each State.

Secondly, using the six parameters induced by the 13th Finance Commission report, each state has been awarded one mark for each parameter fulfilled. Each state is awarded a maximum of six marks if these were fulfilled only in previous year. The six parameters are the following:

- a. Supplement to State Budget for Panchayats.
- b. Placing the Annual Report of Panchayat Audit before the State Legislation.
- c. Electronic funds transfer system for Panchayats.
- d. Prescribing qualifications of SFC members following central legislation and rules meant for National Finance Commission (NFC).
- e. Strengthening Panchayat to levy Property Tax.
- f. Setting standard for the delivery of essential civic services.

Each state therefore has received scores on nine major initiatives as given by each state as well as 6 initiatives under the 13th Finance Commission

report. These scores are then aggregated using an equal weights approach. This has yielded the final scores on the basis of which states have been ordered.

Results of the incremental exercise are presented in Table 5.3. There are in all 10 States which have taken some measures. We can see from this table, Maharashtra has done the best. Haryana and Rajasthan follow in this regard. Other significant scorers are Karnataka, Chattisgarh, Sikkim. Some good practices are illustrated in Appendix 5.1. The initiatives, that were undertaken only since April 2010 tile December 2011 have been considered. The good initiatives made public before and after the period have not been considered in the present analysis.

Table 5.3: Incremental Panchayat Devolution Index

S. No.	State	Total Score	Rank
1	Maharashtra	24.69	1
2	Haryana	20.98	2
3	Rajasthan	14.81	3
4	Karnataka	13.58	4
5	Chattisgarh	7.4	5
6	Sikkim	6.1	6
7	Madhya Pradesh	4.9	7
8	Himachal Pradesh	3.7	8
9	Tamil Nadu	1.23	9
10	Uttar Pradesh	1.23	9

Good Practices initiated by States since April, 2010 to Strengthen Panchayats: A Select List

Maharashtra: Joint Forest Management Committee rooted under Gram Sabha

A Joint Forest Management Committee (JFMC) is set up as branch under Gram Sabha. JFMC is constituted under Rule 49 of Mumbai Gram Panchayat Act, 1958 as per circular dated 5th October, 2011 of the Government of Maharashtra. Gram Sabha will constitute this committee and the tenure of this committee will be matching to that of Panchayat tenure. The powers and scope of work of this committee will be set by Gram Sabha after discussion with Panchayat. Gram Sabha has to monitor and regulate working of this committee under control of Panchayat. This committee will have 12 to 24 members. 1/3rd of these members will be from Panchayat and women members should not be less than half. Duties and responsibilities of JFMC are as under:

- To protect and conserve forest, forest species and biodiversity.
- To cooperate forest officers for controlling forest crimes
- To implement micro-plans properly
- To coordinate with other departments for planning and implementing rural development schemes.
- To manage cleanliness, sanctity and nature balance, JFMC can charge entrance fees and nuisance charges from tourists at Hills, Forts, fall and Ponds in Forest Tourist destination.

Haryana devolved Funds and Functionaries

The President, Zila Parishad would be assigned

the power to be the Chairman of DRDA and Deputy Commissioner to be Executive Chairman.

Most funds/ Grants-in-Aid under most of the schemes will be transferred directly to GPs.

Administrative Approval for the works (except HRDF) would be given by GPs, without any capping.

For works estimated upto Rs.10 lac, the GP will have the discretion to either execute the works itself (directly or through a local contractor) or entrust the work to the PR Engineering Wing and for works estimated beyond Rs.10 lac, the GP shall get the work executed through the Panchayati Raj Engineering Wing, which may get the work executed either departmentally or through a contractual agency.

In view of the limited resources of income and precarious financial position of Panchayat Samitis, it has been decided that a grant to the tune of Rs. 50.00 lacs every year would be given to each Panchayat Samiti.

Rajasthan admitted Minor Sub-heads in the State Budget

As per circular dated 2nd Oct 2010 of the budget division of Rajasthan Government, Minor Sub-heads 196,197,198 of Panchayati Raj Institutions have been created under the budget head of five devolved departments for activities & salary w.e.f. 01.04.2011.

Allotment of Untied Funds of Rs 802.54 Crore to PRIs in 2011-12 Budgets for the first time and issue of simple guidelines for its timely utilization to fulfill needs.

Karnataka enacted Guarantee of Services to Citizens and used EVM

10 services of Rural Development & Panchayati Raj Department have been included in the recently enacted The Karnataka Guarantee of Services to Citizens Bill, 2011 to bring more accountability in service delivery to the people.

The General election to the 30 Zilla panchayats and 176 Taluka Panchayats during December 2010 were conducted through electronic voting machines (EVM) for the first time in Karnataka. The KPR Act, were suitably amended by incorporating provisions regarding this.

Chattisgarh honored power to generate own revenue

The Panchayats are conferred with powers to generate revenue from the sources such as a) Fine charges on stray cattle kept at Kanji House b) Model activities such as removal of grass-biomass; trade of pigs etc.

c) Fees charged for basic services such as giving copy of residence certificate, caste certificate, income certificate etc.

Madhya Pradesh allocated funds

Rs. 2.5 lakhs is allocated for the construction of an additional room in the gram panchayat where space is scarce.

Annex 1 Table 1.1 D1: Framework

	Variable	Score Matrix	Weight	Maximum Score	Minimum Score
I: Framework					
	1A: Elections conducted post 73rd Amendment 1992				
	Is the State Election Commission (SEC) in place for conducting Panchayat Elections?	Qualifying			
		Emoluments Yes=1		1	0
		Emoluments No=0			
	Whether, provision for removal of the SEC is same as that of a Judge of High Court?	Service conditions Yes=1		1	0
		Service conditions No=0			
		Removal Yes=3		3	0
		Removal No=0			
	General elections conducted by SEC post 73rd Amendment- (For newly created states, 1st and 2nd elections will be deemed as 2nd and 3rd elections respectively)	1st Election=4		10	4
		2nd Election=6			
		3rd Election=8			
		4 th Election=10			
	Gap between two General Elections < 5 years+6 months at least once	Qualifying			
		Gap > 6 & 1/2 yrs - score = (-)3		0	(-)3
		Gap > 6 yrs, ≤ 6 & 1/2 yrs -score = (-)2			
	Gap between two general elections (Table 1.2)	Gap > 5 & 1/2 yrs, ≤ 6 yrs - score = (-)1			
		Gap < 5 & 1/2 yrs - score = 0			

IB: Dissolutions and Bye Elections							
	Total number of Panchayats for which election not conducted in the same period as percentage of total number of above dissolutions.	Elections not conducted					
		50 - 100%-score=(-)5		0			(-)5
		25 - 49%-score = (-)4					
		15 - 24%-score = (-)3					
		5 - 14%-score = (-)2					
		0 - 4%- score = (-)1					
	0%-score = 0						
	IA & IB on Election Matters	Maximum Score = 15 = equivalent to 5% weight	0.05	15			-4
IC: Autonomy of Panchayats							
	Dismissal/ Dissolution of Gram Panchayats (lowest level)	State Legislature, score=10		10			0
		State Government, score=8					
		Intermediate/ District Panchayat, score=5					
		District Magistrate, score=3					
		Lower than District Magistrate, score=0					
	Dismissal of Representatives of Gram Panchayats (lowest level)	State Legislature, score=10		10			0
		State Government, score=8					
		Intermediate/ District Panchayat, score=5					

Annex 1 Table 1.2 D2: Functions

	Variable	Score Matrix	Weight	Maximum Score	Minimum Score
II: Functions					
	II A: Functions Assigned to Panchayats and Actual Involvement Status of Panchayats (Table 2.1)	Sum of score as per separate table= 600= equivalent to 9% weight	0.09	600	100
	New Initiative(s) that has/have been undertaken since April 2009			5	0
	II B: Actual Involvement Status of Panchayats in Important Schemes (Table 2.2)	Sum of score as per separate table= 200 = equivalent to 9% weight	0.09	200	50
	New Initiative(s) that has/have been undertaken since April 2010			5	0
	II C: Functions of Gram Sabha				
	Whether minutes of the meetings of Gram Sabhas are prepared.	Yes=3 No= 0		3	0
	Whether minutes of the meetings of Gram Sabhas are available to public	Yes=2 No= 0		2	0
	New Initiative undertaken since April 2010 to strengthen "Gram Sabha"			10	0
	Minutes Preparation	2			
	Number of meetings	2			
	Conduct of Training Programmes.	2			
	Incentives/ Prizes for good Gram Sabha	2			
	Any Other, Please specify	2			
	Average number of Meetings per	≥ 10 - score=5		5	0

	Gram Sabha in the year 2010-11	9 - 7 - score=4				
		6 - 4 - score=3				
		3 - 1 - score=1				
		No meeting – score=0				
	Whether it approves Plan	Yes=2	2			0
		No=0				
	Whether it approves UC	Yes=2	2			0
		No=0				
		≥ 2, score=2	2			0
	Whether it approves Beneficiary List	One beneficiary, score=1				
		No=0				
	Any Other, Please specify	Yes=2	2			0
		No=0				
	Any Other, Please specify	Yes=2	2			0
		No=0				
	New Initiative(s) that has/have been undertaken since April 2010		5			0
	II C: Functions of Gram Sabha	Maximum Score = 30= equivalent to 6% weight	0.06			0
	II D: Transparency in Panchayats					
	Whether Panchayats provide information under RTI Act	Yes=5	5			0
		No=0				
	Who is the Information Officer under RTI Act	Panchayat secretary, Score=5	5			0
		Any Other Authority, Score=3				
		None, Score=0				
	Who is the 1st Appellate Authority under RTI Act	Panchayat Sarpanch, Score=5	5			0

			Any Other Authority, Score=3			
			None, Score=0			
			State Information Commission, Score=5	5		0
		Who is the 2nd Appellate Authority under RTI Act	Any Other Authority, Score=3			
			None, Score=0			
			Yes=5	5		0
		Whether details of different Schemes are displayed in Panchayat Building/ other Public Places	No=0			
			Ombudsman or Lokayukta, Score=5	5		0
		Which institution undertakes the complaints of Panchayat	Govt. Agency, Score=3			
			Any Other, Score=1			
			No Institution, score=0			
		New Initiative(s) that has/have been undertaken since April 2010		5		0
		II D: Transparency in Panchayats	Maximum Score = 30 = equivalent to 6% weight	35	0.06	0
			Total Weight	0.30		

Annex 1 Table 1.3 D3: Finance

	Variable	Score Matrix	Weight	Maximum Score	Minimum Score
	III: Finances				
	III A: Empowerment of Panchayats to Impose and Collect Revenue (Table 3.1)	Sum of score as per separate table= 250 = equivalent to 10% weight	0.1	250	20
	New Initiative(s) that has/have been undertaken since April 2010			5	0
	III B: Fund Available with Panchayats				
	Panchayats Own Revenue as percentage of sum of Panchayats Own Revenue and State's Own Revenue	≥ 2.5%, score=10		10	0
		2 - 2.4%, score=8			
		1.9 - 1.5%, score=6			
		1.4 - 1%, score=4			
		0.9 - 0.5%, score=2			
		0.4 - 0.1%, score=1			
	Nil, score=0				
	III C: Panchayat Nidhi/ Fund Receipt & Expenditure				
	Utilization/ Expenditure as percentage of the total Fund available (Average of 2009-10 & 2010 - 11) Table 3.3	90 - 100%, score=5		5	1
		89 - 80%, score=4			
		79 - 60%, score=3			
		59 - 40%, score=2			
	less than 40%, score=1				
	New Initiative(s) that has/have been undertaken since April 2010			5	0
	IIIB & IIIC on Fund Available and Utilization	Maximum Score = 15 =equivalent to 10% weight	0.05	15	1

III F: Criteria of Allocation of Grants to the Panchayats					
	Standardized Formulae for Allocation of TFC/SFC and other Grants to Panchayats	Subjective evaluation, score in a scale of 10 to 0.		10	0
	Whether State allocates untied funds to Panchayats for local plans	Yes=10 No=0		10	0
	III F: Criteria of Allocation of Fund to the Panchayats	Maximum Score = 20 = equivalent to 5% weight	0.05	20	0
III G: System of Fiscal Management, Monitoring and Evaluation					
	Whether there is a Panchayat window/ Head in the budget of development departments	Yes=5 No=0		5	0
	If Yes, whether such funds are finally transferred to and spent by Panchayats.	Yes=5 No=0		5	0
	Whether Budget & Account format for Panchayats as prescribed by C&AG is followed	Yes= 5 No= 0		5	0
	Number of Panchayats audited during one (latest available) financial year as percentage of the total number of Panchayats (all tiers taken together)	100 - 80 % - Score = 5		5	1
		79 - 60 % - Score = 4			
		59 - 40 % - Score = 3			
		39 - 20 % - Score = 2			
	Whether there is Performance Audit for Panchayats?	19 - 0 % - Score = 1			
	If Yes, Performance Audit conducted for Panchayats during the last financial year, 2010 - 11	Yes=5 No=0		5	0
		Yes=5 No=0		5	0

		Maximum Score = 30 = equivalent to 5% weight	0.05	30	1
III G: System of Fiscal Management, Monitoring and Evaluation					
	New Initiative(s) that has/have been undertaken since April 2010			5	0
III H: State Finance Commission (SFC)					
	Establishing State Finance Commission	Qualifying			
	Whether qualifications and manner of selection of members of SFC are prescribed in the Act/ Rules	Yes=5 No=0		5	0
	SFC Constituted- (For new states, 1st SFC, 2nd SFC, & 3rd SFC will be deemed as 2nd, 3rd, & 4th SFC respectively)	1st SFC=2 2nd SFC=5 3rd SFC=8 4th SFC=10		10	2
	Gap is more than 5 year in the constitution of two SFCs (Table 1.3)	Gap>6 & ½ yrs - score = (-)3 Gap >6 yrs, ≤ 6 & ½ yrs - score = (-)2 Gap >5 & ½ yrs, ≤ 6 yrs - score = (-)1 Gap<5& ½ yrs, - score = 0		0	(-)3
	Submission of report by the SFCs from the date of constitution(Table 1.4)	> 4years-score=(-)1 > 3years, ≤4years-score= 0 > 2years, ≤3years-score= 1 <2years – score= 2		2	(-)1
	ATR laid before the Legislature from the date of submission of report by SFC(Table 1.5)	> 1 & ½ year -score=(-)1 > 1year, ≤1 & ½ year-score=0		2	(-)1

Annex 1 Table 1.4 D4: Functionaries

	Variable	Score Matrix	Weight	Maximum Score	Minimum Score
IV: Functionaries					
	IV A: Functionary-wise Accountability to the three tiers of Panchayats (Table 4.1)	Sum of score as per separate table= 150 = equivalent to 6% weight	0.06	150	20
	New Initiative(s) that has/have been undertaken since April 2010			5	0
	IV B: Panchayat's Own Officials				
	Whether there is State Panchayat Service	Yes=25 No=0		25	0
	Actual number of employees as percentage of the total sanctioned strength (see table 4.2)	100 - 75% - Score = 25		25	0
		74 - 50% - Score = 20			
		49 - 25% - Score = 15			
		24 - 5% - Score = 10			
		5 - 1% - Score = 5			
		0% -score =0	0		
	IV B: Panchayat's Own Officials	Maximum Score = 50 = equivalent to 3% weight	0.03	50	0
	IV C: Capacity Building of Functionaries				
	Number of elected representatives of all levels undergone training as percentage of total number of elected representatives	100 - 50% - Score = 10		10	0
		49- 40% - Score = 8			
		39 - 30% - Score = 6			
		29 - 20% - Score = 4			
		19 - 10% -Score =2			
		9-0% -score =0			
	Whether training institutes exist at	Yes=5		5	0

	number of Gram Panchayats	24 - 5% - Score = 4			
		5 - 1% -Score =2			
		0% -score =0			
		100 - 75% - Score = 10	10		0
	Number of Gram Panchayats having Community Toilets as percentage of the total number of Gram Panchayats	74 - 50% - Score = 8			
		49 - 25% - Score = 6			
		24 - 5% - Score = 4			
		5 - 1% -Score =2			
		0% -score =0			
		100 - 75% - Score = 10	10		0
		74 - 50% - Score = 8			
		49 - 25% - Score = 6			
		24 - 5% - Score = 4			
		5 - 1% -Score =2			
		0% -score =0			
		Maximum Score = 60 = equivalent to 3% weight	0.03	60	0
	IV D: Physical Infrastructure of Panchayats				
	IV E: Role of Panchayats in Parallel Bodies/Institutions (TABLE 1.1)	Sum of score as per separate table= 100= equivalent to 5% weight	0.05	100	0
	New Initiative(s) that has/have been undertaken since April 2010			5	0
	Total Weight		0.20		

ANNEX 2 Table 1.1: 1 D: Role of Panchayats in Parallel Bodies/Institutions

Status/Parallel Bodies	Parallel body merged with Panchayat Institution	Parallel body made an unit of Panchayat Institution	Function of parallel body limited to Fund/accounts Management	Parallel body is Presided/ Chaired by Elected Representatives of Panchayats	Elected Representatives of Panchayats are represented in Board of the body	Parallel Body remains separate, but under the control of Panchayat	Parallel Body remains separate and not under the control of Panchayat Institutions	Total Score
DRDA	20	15	10	5	5	5	0	20
ITDA	10	8	5	2	2	2	0	10
District unit of Water & Sanitary Mission	10	8	5	2	2	2	0	10
District unit of NRHM	10	8	5	2	2	2	0	10
District Agriculture Corporation	10	8	5	2	2	2	0	10
District unit of SSA Mission	10	8	5	2	2	2	0	10
Other	10	8	5	2	2	2	0	10
Other	10	8	5	2	2	2	0	10
Total Score								100

Annex 2 Table 2.1: II A Functions Assigned to Panchayats and Actual Involvement Status of Panchayats

	Functions	Delegated by Legislature	Executive Order Issued	Activity Mapping Done	Panchayats Actually Undertaking			Total Score
					GP	IP	DP	
1	Drinking Water, Water Supply for Domestic Purpose	2	2	2	1	1	2	10
2	Water supply for Agriculture Purpose, Minor Irrigation, Water Management	2	2	2	1	1	2	10
3	Water supply for Commercial and Industrial Purpose	2	2	2	1	1	2	10
4	Watershed Development	2	2	2	1	1	2	10
5	Agriculture & Agricultural Extension	2	2	2	1	1	2	10
6	Land Improvement	2	2	2	1	1	2	10
7	Implementation of Land Reforms	2	2	2	1	1	2	10
8	Land Consolidation	2	2	2	1	1	2	10
9	Soil Conservation	2	2	2	1	1	2	10
10	Animal Husbandry	2	2	2	1	1	2	10
11	Dairying	2	2	2	1	1	2	10
12	Poultry	2	2	2	1	1	2	10
13	Fisheries	2	2	2	1	1	2	10
14	Social Forestry	2	2	2	1	1	2	10
15	Farm Forestry	2	2	2	1	1	2	10
16	Minor Forest Produce	2	2	2	1	1	2	10
17	Poverty Alleviation Programme	2	2	2	1	1	2	10
18	Family Welfare	2	2	2	1	1	2	10

19	Women & Child Development	2	2	2	2	1	1	2	10
20	Social Welfare, Welfare of Handicapped & mentally retarded	2	2	2	2	1	1	2	10
21	Welfare of the weaker sections, and in particular, of the Scheduled Castes & the Scheduled Tribes	2	2	2	2	1	1	2	10
22	Public Distribution System	2	2	2	2	1	1	2	10
23	Vital Statistics Including Registration of Births & Deaths	2	2	2	2	1	1	2	10
24	Roads	2	2	2	2	1	1	2	10
25	Culverts	2	2	2	2	1	1	2	10
26	Bridges	2	2	2	2	1	1	2	10
27	Ferries	2	2	2	2	1	1	2	10
28	Waterways	2	2	2	2	1	1	2	10
29	Other means of Transportation	2	2	2	2	1	1	2	10
30	Building Control	2	2	2	2	1	1	2	10
31	Land Use and Building Regulation	2	2	2	2	1	1	2	10
32	Maintenance of Community Assets	2	2	2	2	1	1	2	10
33	Elementary Education	2	2	2	2	1	1	2	10
34	Adult & non-Formal Education	2	2	2	2	1	1	2	10
35	Secondary Schools	2	2	2	2	1	1	2	10
36	Technical Training & Vocational Education	2	2	2	2	1	1	2	10
37	Libraries	2	2	2	2	1	1	2	10
38	Promotion of Cultural , Educational and Aesthetic Aspects	2	2	2	2	1	1	2	10
39	Street Lighting, Parking Lots,	2	2	2	2	1	1	2	10

Annex 2 Table 2.2: II B Actual Involvement Status of Panchayats in Important Schemes

	GP	IP	DP	Total Score
Central Government Schemes				
National Horticulture Mission	6	2	2	10
Macro Management of Agriculture (MMA) Scheme	6	3	3	10
Micro Irrigation	6	2	2	10
Accelerated Rural Water Supply Programme (ARWS)	6	2	2	10
Central Rural Sanitation Programme (CRSP)	6	2	2	10
National Programme of Nutritional Support to Primary Education (MDM)	6	3	3	10
Sarva Shiksha Abhiyan	6	3	3	10
National Rural Health Mission (NRHM)	6	3	3	10
Integrated Watershed Management Programme (DPAP, DDP & IWDP)	6	3	3	10
Mahatma Ghandhi National Rural Employment Guarantee Programme (MNREGA)	20	10	10	40
Rural Housing / IAY	6	2	2	10
SGSY	6	2	2	10
Pradhan Mantri Gram Sadak Yojana (PMGSY)	6	3	3	10
Integrated Child Development Services (ICDS)	6	2	2	10
State Government Schemes				
Pension Scheme	6	2	2	10
Other (Specify)	6	2	2	10
Total Score				200

Annex 2 Table 3.1: III A: Empowerment of Panchayats to Impose and Collect revenue

Serial Number	Name of Revenues	Collected by State agencies on behalf of Panchayats	Panchayats Actually		Total Score
			Empowered to Collect	Actually collecting	
1	House or property tax	6	10	10	20
2	Surcharge on house or property tax	3	5	5	10
3	Tax on agriculture land for specific purpose	3	5	5	10
4	Cess on land revenue or surcharge	3	5	5	10
5	Surcharge on additional stamp duty	3	5	5	10
6	Tax on professions, trades, calling, and so forth	3	5	5	10
7	Octroi	1	3	2	5
8	Entertainment tax	3	5	5	10
9	Pilgrim tax or fees	1	3	2	5
10	Tax on advertisements	3	5	5	10
11	Education cess	1	3	2	5
12	Tolls	3	5	5	10
13	Tax on sale of firewood and slaughter houses	1	3	2	5
14	Tax on goods sold in a market, haat, fair, and so forth	1	3	2	5
15	Tax on shops and services	1	3	2	5
16	Vehicle tax	3	5	5	10

17	Animal tax	1	3	2	5
18	Conservancy rate	3	5	5	10
19	Lighting rate	3	5	5	10
20	Water rate	3	5	5	10
21	Drainage rate	3	5	5	10
22	Special tax for community civic services or works	1	3	2	5
23	Surcharge on any tax imposed by Gram panchayat	1	3	2	5
24	sand collection charge	1	3	2	5
25	Minor Minerals Tax	1	3	2	5
26	Pond/Tank Lease	1	3	2	5
27	Village Land Lease	1	3	2	5
28	Shops lease	1	3	2	5
29	Any Other (Please Specify)	3	5	5	10
30	Any Other (Please Specify)	3	5	5	10
31	Any Other (Please Specify)	3	5	5	10
	Total Score				250

Annex 2 Table 4.1: IV A: Functionary-wise Accountability to the three tiers of Panchayats

Serial Number	Functionaries	Panchayats Control			Total Score	
		Appointment	Transfer	Disciplinary matter Others		
1	Primary School Teacher	4	3	2	1	10
2	Secondary School Teacher	4	3	2	1	10
3	High School Teacher	4	3	2	1	10
4	Para Teachers	4	3	2	1	10
5	CDPO or equivalent in ICDS	4	3	2	1	10
6	Angan Wadi Worker (AWW)	4	3	2	1	10
7	Medical/Veterinary Officer (MO/VO)	4	3	2	1	10
8	Primary Health Worker	4	3	2	1	10
9	Accredited Social Health Activist (ASHA)	4	3	2	1	10
10	Agriculture Extension Officer (AEO)	4	3	2	1	10
11	Agriculture Extension Worker (AEW)	4	3	2	1	10
12	Block Development Officer	4	3	2	1	10
13	Village Level Worker (VLW)	4	3	2	1	10
14	Any Other (Please Specify)	4	3	2	1	10
15	Any Other (Please Specify)	4	3	2	1	10
	Total					150

Devolution Index Survey for States-2011 –12
As on December 31, 2011.

(To be answered by the State Government)

Name of the State : _____
 Nodal Officer's Name : _____ Designation: _____
 Nodal Officer's Phone Numbers : (office) _____ (mobile) _____ Email: _____

Instructions:

1. Please read carefully the following notes as well as note (s) against each question.
2. Please **tick (✓)** the appropriate box against each question/ information sought, unless mentioned otherwise. **Tick (✓)** indicates **'Yes'** (means positive selection). Please make multiple selections, if needed. If a box is not ticked, it will be treated as **'No'** filled in that box.
3. Please provide figure in rupees lakh wherever amount is to be mentioned.
4. Please add more rows if need arises and give explanatory notes/observations wherever required. Please read the following table for acronyms.
5. The information sought in this exercise is for research and index making purpose only.

Acronym	Expansion	Acronym	Expansion
AEO	Agriculture Extension Officer	ITDA	Integrated Tribal Development Agency
AEW	Agriculture Extension Worker	IWDP	Integrated Wasteland Development Programme
AG	Chief Auditor General	MDM	Mid Day Meal Programme
ARWS	Accelerated Rural Water Supply Programme	MIS	Management of Information System
ASHA	Accredited Social Health Activist	MMA	Macro Management of Agriculture
ATR	Action Taken Report	MO	Medical Officers
AWW	Angan Wadi Worker	MNREGA	Mahatma Gandhi National Rural Employment Guarantee Act
BPL Card	Below Poverty Line Card	NRHM	National Rural Health Mission
C&AG	Comptroller and Auditor General	PHC	Primary Health Center
CHC	Community Health Center	PMGSY	Pradhan Mantri Gram Sadak Yojana
CRSP	Central Rural Sanitation Programme	RTI	Right to Information Act
DDP	Desert Development Programme	SEC	State Election Commission

DP	District Plan	SFC	State Finance Commission
DPAP	Drought Prone Area Programme	SGSY	Swarna Jayanti Gram Swarajgar Yojana
DPC	District Planning Committee	Sl. No.	Serial Number
DRDA	District Rural Development Agency	SSA	Sarva Siksha Abhiyan
FY	Financial Year	UC	Utilisation Certificate
IAY	Indira Awas Yojana	VLW	Village Level Worker
ICDS	Integrated Child Development Scheme	VO	Veterinary Officers

Documents Sought: Please send the following reports/ documents/ any other relevant material and questionnaire duly filled in to Prof. V N Alok, The Indian Institute of Public Administration, IP Estate, New Delhi, 110002. Please email soft copies of reports/ documents/ any other relevant material and questionnaire to vnalok@gmail.com.

Sl No.	Documents	Whether such Act/ document made	Year of Publication/ Enactment/ Order	Sending all document	
				Yes	Some
1	Panchayat Act of State				
2	Amendments on State Panchayat Act				
3	Enactment/notification on SFC				
4	Amendment on SFC				
5	Report of SFCs				
6	ATR on report of SFCs				

Sl No.	Documents	Whether such document made	Act/ Enactment/ Order	Sending all document	
				Yes	Some
7	Office orders on the ATRs				
8	Act on SEC				
9	Amendments on SEC				
10	Circulars on and by SEC				
11	Election Notification by SEC				
12	Act on DPC				
13	Amendment on DPC				
14	Circulars on DPC				
15	Annual Report on Panchayats for the year 2010 - 2011				
16	Panchayat Rules				
17	Compilation of Acts/Amendments/ Rules				
18	Any other (please specify)				
19					
20					
21					

Section I: Framework

I A: Elections conducted post 73rd Amendment 1992

Please fill up the boxes as per the questions in respective rows.		Please answer in "Yes" or "No"	
Is the State Election Commission in place for conducting Panchayat Elections?			
Whether, the SEC (state election commissioner) is at par with a Judge of High Court with respect to:			
		Emoluments	Service Conditions
		Removal	

Sl. No.	Constitutional Provisions	Gram Panchayat	Intermediate Panchayat	District Panchayat
1	Please write here the name of each level of Panchayat as mentioned in State Act			
2	Number of Panchayats at each level			
3	Number of elected representatives for the entire state at each level of Panchayats			
4	What is the percentage of reservation for Women?			
5	What is the percentage of reservation for Scheduled Castes (SC)?			

Sl. No.	Constitutional Provisions	Gram Panchayat	Intermediate Panchayat	District Panchayat
1	Please write here the name of Panchayat as mentioned in State Act			
2	Number of Panchayats at each level			
3	Number of elected representatives for the entire state at each level of Panchayats			
6	What is the percentage of reservation for Scheduled Tribes (ST)?			
7	Panchayat elections conducted by SEC (Please mention Month/ Year).	1 st Election		
		2 nd Election		
		3 rd Election		
		4 th Election		
8	Date of which previous/last election was due			
9	Date of which previous/last election was held			
10	Please mention reason(s) if there was a delay in the conduct of election.			
11	Please write the nomenclature of 'Gram Sabha' as mentioned in the State Act.			

I B: Dissolutions and Bye Elections

Please give numbers in the following table.

Items	Gram Panchayat						Intermediate Panchayat						District Panchayat					
	2006-7	2007-8	2008-9	2009-10	2010-11	2011-till present	2006-7	2007-8	2008-9	2009-10	2010-11	2011-till present	2006-7	2007-8	2008-9	2009-10	2010-11	2011-till present
Number of Panchayats dissolved before the completion of five year terms since 1 st April 2006																		
Of which, the number of bye elections conducted within 6 months																		
Number of Head/Member of Panchayat suspended																		
Number of Head /Member removed.																		

<p>Was the Bye Election for Panchayat due in the year 2011 ending 31st December?</p>	<p>If so, which date it was due?</p>	<p>Was the Bye Election conducted by the date?</p>	<p>If not, reason thereon.</p>
---	--------------------------------------	--	--------------------------------

I C: Autonomy to Panchayats

Please write the designation(s) of the authority (ies) who has/have the power to Suspend or Super cede (Dissolve) Panchayats/ Suspend or Dismiss Representatives of Panchayats/ resend the resolutions for reconsideration or quash such resolutions.[Please name the authority/ official whose approval is needed.]

Category	Level of Panchayats	Suspend representatives/ Panchayats	Resend for reconsideration of resolutions	Dismiss/Super cede/ Dissolve/Quash
Representatives of	District		*****	
	Intermediate		*****	
	Gram		*****	
Panchayat Bodies of	District		*****	
	Intermediate		*****	
	Gram		*****	
Resolutions of	District			
	Intermediate			
	Gram			
Please mention new initiative(s) that has/have been undertaken since April 2010.				

ID: Role of Panchayats in Parallel Bodies/Institutions

Please tick in appropriate box to show the nature of control of Panchayats on parallel bodies? The list is only indicative. Please add other important parallel bodies.

Status/Parallel Bodies	DRDA	ITDA	District unit of Water & Sanitary Mission	District unit of NRHM	District Agriculture Corporation	District unit of SSA Mission	Other	Other	Other
Parallel body merged with the Panchayat Institution									
Parallel body made an unit of the Panchayat Institution									
Function of parallel body limited to Fund/accounts Management									
Parallel body is Presided/ Chaired by Elected Representatives of the Panchayat									
Elected Representatives of Panchayats are represented in Board of the parallel body									
Parallel Body remains separate, but under the control of the Panchayat.									
Parallel Body remains separate and not under the control of the Panchayat Institution									

Status/Parallel Bodies	DRDA	ITDA	District unit of Water & Sanitary Mission	District unit of NRHM	District Agriculture Corporation	District unit of SSA Mission	Other	Other	Other
Please mention new initiative(s) that has/have been undertaken since April 2010.									

I E: State Finance Commission (SFC)

		Please answer in "Yes" or "No"	
Whether qualifications and manner of selection of members of SFC are prescribed in the Act/ Rules			
	Period Covered	MM/YY of Formation	MM/YY of Submission of Report
1 st SFC			MM/YY of ATR laid before the Legislature
2 nd SFC			
3 rd SFC			
4 th SFC			
Please state the reasons, if the gap is more than 5 years in the constitution of two SFCs, if there is substantial delay in submission of report by the SFCs or there is substantial delay in laying of the same in the Legislature.			
Please list 5 most important recommendations of last SFC on which ATR is laid before the legislature. Also illustrate the ATR on those recommendations. Please state, if major recommendations of (e.g. Resource Sharing, Assignment of Tax Proceeds, and Grants) have been accepted.			
Whether any fresh allocation, on the basis of SFC, has been made for Panchayats since April 2010?			

Fiscal Transfers to Panchayats on account of the SFC recommendations (Rs. Lakhs)

Year	Amount Recommended	Amount Budgeted	Amount Sanctioned	Amount Released
2007 - 08				
2008 - 09				
2009 - 10				
2010 - 11				
2011-12 (till date)				

I F: Constitution and Function of District Planning Committee (DPC)

Please answer question no. 1 to 3 in “Yes” or “No”. Please mention numbers in question no. 4 and 5

Sl. No.	Questions	Responses
1	Whether notification/order for DPC is issued by the State Government?	
2	Whether DPCs is actually functional, e.g. holding meetings for planning purposes; integrating grass root rural and urban plans to District Plans?	
3	Whether Chairperson of DPC is an elected representative of Panchayats/ Municipal bodies?	
4	How many DPCs submitted integrated plan to state government in 2010 – 11?	
5	How many DPCs have submitted integrated plan to state government in 2011 – 12 till date?	
Please write the composition of DPC. Please mention, from which background nominated members are taken. What is the ratio of elected representatives of Panchayats and Municipalities in the total membership of DPC?		

Section II: Functions
III A: Functions Assigned to Panchayats and Actual Involvement Status of Panchayats

Please tick the appropriate box, if answer is “Yes”. Add other important functions but not the revenue collecting functions in this table at the end.

Sl. No.	Functions	Delegated by Legislature	Activity Mapping with date	Executive Order Issued with date	Level of Panchayats Actually Undertaking (Please tick the appropriate box)		
					Gram Panchayats	Intermediate Panchayats	District Panchayats
1	Drinking Water, Water Supply for Domestic Purpose						
2	Water supply for Agriculture Purpose, Minor Irrigation, Water Management						
3	Water supply for Commercial and Industrial Purpose						
4	Watershed Development						
5	Agriculture & Agricultural Extension						
6	Land Improvement						
7	Implementation of Land Reforms						

Sl. No.	Functions	Delegated by Legislature	Activity Mapping with date	Executive Order Issued with date	Level of Panchayats Actually Undertaking <i>(Please tick the appropriate box)</i>		
					Gram Panchayats	Intermediate Panchayats	District Panchayats
8	Land Consolidation						
9	Soil Conservation						
10	Animal Husbandry						
11	Dairying						
12	Poultry						
13	Fisheries						
14	Social Forestry						
15	Farm Forestry						

Sl. No.	Functions	Delegated by Legislature	Activity Mapping with date	Executive Order Issued with date	Level of Panchayats Actually Undertaking (Please tick the appropriate box)		
					Gram Panchayats	Intermediate Panchayats	District Panchayats
16	Minor Forest Produce						
17	Poverty Alleviation Programmes						
18	Family Welfare						
19	Women & Child Development						
20	Social Welfare, Welfare of Handicapped & mentally retarded						
21	Welfare of the weaker sections, and in particular, of the Scheduled Castes & the Scheduled Tribes						
22	Public Distribution System						

Sl. No.	Functions	Delegated by Legislature	Activity Mapping with date	Executive Order Issued with date	Level of Panchayats Actually Undertaking <i>(Please tick the appropriate box)</i>		
					Gram Panchayats	Intermediate Panchayats	District Panchayats
23	Vital Statistics Including Registration of Births & Deaths						
24	Roads						
25	Culverts						
26	Bridges						
27	Ferries						
28	Waterways						
29	Other means of Transportation						
30	Building Control						

Sl. No.	Functions	Delegated by Legislature	Activity Mapping with date	Executive Order Issued with date	Level of Panchayats Actually Undertaking (Please tick the appropriate box)		
					Gram Panchayats	Intermediate Panchayats	District Panchayats
31	Land Use and Building Regulation						
32	Maintenance of Community Assets						
33	Elementary Education						
34	Adult & non-Formal Education						
35	Secondary Education						
36	Technical Training & Vocational Education						
37	Libraries						
38	Promotion of Cultural, Educational and Aesthetic Aspects						

Sl. No.	Functions	Delegated by Legislature	Activity Mapping with date	Executive Order Issued with date	Level of Panchayats Actually Undertaking <i>(Please tick the appropriate box)</i>		
					Gram Panchayats	Intermediate Panchayats	District Panchayats
39	Street Lighting, Parking Lots, Bus Stops						
40	Public Conveniences						
41	Parks, Gardens, Playgrounds (Civic Amenities)						
42	Market & Fairs						
43	Cremation & Burial						
44	Public Safety (Noxious Vegetation, Pests & Vermins)						
45	Slum Improvement & Up gradation						
46	Public Health (PHCs, CHCs)						

Sl. No.	Functions	Delegated by Legislature	Activity Mapping with date	Executive Order Issued with date	Level of Panchayats Actually Undertaking (Please tick the appropriate box)		
					Gram Panchayats	Intermediate Panchayats	District Panchayats
47	Sanitation & Solid Waste Management						
48	Regulation of Slaughter Houses						
49	Prevention of Cruelty to Animals						
50	Fire Services						
51	Small Scale Industries						
52	Food Processing Industry						
53	Khadi, Gram & Cottage Industry						
54	Rural Housing						

Sl. No.	Functions	Delegated by Legislature	Activity Mapping with date	Executive Order Issued with date	Level of Panchayats Actually Undertaking <i>(Please tick the appropriate box)</i>		
					Gram Panchayats	Intermediate Panchayats	District Panchayats
55	Rural Electrification & Distribution						
56	Non-conventional Energy						
57	Others-Please Specify						
58							
59							
60							
61							

Please mention new initiative(s) that has/have been undertaken, with respect to the devolution of functions, since April 2010.



II B: Actual Involvement Status of Panchayats in Important Schemes

Please tick the appropriate box (es) indicating respective activities undertaken by Panchayats under each scheme.

Sl. No	Important Union Government Schemes	Levels of Panchayats Actually undertaking in each scheme		
		Gram Panchayats	Intermediate Panchayats	District Panchayats
1	National Horticulture Mission			
2	Macro Management of Agriculture (MMA) Scheme			
3	Micro Irrigation			
4	Accelerated Rural Water Supply Programme (ARWS)			
5	Central Rural Sanitation Programme (CRSP)			
6	National Programme of Nutritional Support to Primary Education (MDM)			

Sl. No	Important Union Government Schemes	Levels of Panchayats Actually undertaking in each scheme		
		Gram Panchayats	Intermediate Panchayats	District Panchayats
7	Sarva Shiksha Abhiyan (SSA)			
8	National Rural Health Mission (NRRHM)			
9	Integrated Watershed Management Programme (DPAP, DDP & IWDP)			
10	Mahatma Gandhi National Rural Employment Guarantee Programme (MNREGA)			
11	Rural Housing / IAY			
12	Swarna Jayanti Gram Swarajgar Yojana (SGSY)			
13	Pradhan Mantri Gram Sadak Yojana (PMGSY)			
14	Integrated Child Development Services (ICDS)			
	State Government Schemes			

Sl. No	Important Union Government Schemes	Levels of Panchayats Actually undertaking in each scheme		
		Gram Panchayats	Intermediate Panchayats	District Panchayats
15	Pension Schemes			
16	Health and Sanitation			
17				
18				
19				
20				

II C: Functions of Gram Sabha

		Please answer in “Yes” or “No”
	Whether minutes of the meetings of Gram Sabhas are prepared.	
	Whether minutes of the meetings of Gram Sabhas are available to public	
	New initiatives undertaken since April 2010 to strengthen “Gram Sabha”	
	If so, please state with respect to the following.	
a	Minutes Preparation	
b	Number of meetings	
c	Conduct of Training Programmes.	
d	Incentives/ Prizes for good Gram Sabha	
e	Any Other, Please specify	

In the following table, please mention number in first column. Please answer in “Yes” or “No” in other columns.

Average number of Meetings per Gram Sabha in the year 2010 -11	Whether it approves Plan	Whether it approves UC	Whether it approves Beneficiary List		Any Other- Please specify	Any Other- Please specify	Any Other- Please specify
			BPL	IAY Other			
			BPL	IAY Other			

II D: Transparency in Panchayats?

Please mention the designation against the question starting with 'Who'. In case of others, please answer in "Yes" or "No".

	Gram Panchayat	Intermediate Panchayat	District Panchayat
Whether Panchayats provide information under RTI Act?			
Who is the Information Officer under RTI Act?			
Who is the 1st Appellate Authority under RTI Act?			
Who is the 2nd Appellate Authority under RTI Act?			
Whether details of different Schemes are displayed in Panchayat Building/ other Public Places			
Which institution undertakes the complaints of Panchayat?			
a) Ombudsman			
b) Lokayukta			
c) Govt Agency			
	Gram Panchayat	Intermediate Panchayat	District Panchayat
d) Any Other (Please specify)			
Please describe, if any new initiatives have undertaken since April 2010 with respect to the transparency in Panchayats.			

Section III: Finances

III A: Empowerment of Panchayats to Impose and Collect revenue (Taxes/ Fee/ Duties/ Cess/ Toll/ Rent etc.)

Please tick appropriate boxes, if Panchayats are empowered and/or actually collecting taxes. Please name any other important Panchayat revenue not in the table.

Sl. No.	Name of Revenues	Please tick only those revenues collected by state agencies on behalf of Panchayats	Please tick only those revenues collected by the state but transferred to panchayat	Gram Panchayats		Intermediate Panchayat		District Panchayat	
				Empowered to collect	Actually collecting	Empowered to collect	Actually collecting	Empowered to Collect	Actually collecting
1	House or property tax								
2	Surcharge on house or property tax								
3	Tax on agriculture land for specific purpose								
4	Cess on land revenue or surcharge								

Sl. No.	Name of Revenues	Please tick only those revenues collected by state agencies on behalf of Panchayats	Please tick only those revenues collected by the state but transferred to panchayat	Gram Panchayats		Intermediate Panchayat		District Panchayat	
				Empowered to collect	Actually collecting	Empowered to collect	Actually collecting	Empowered to Collect	Actually collecting
5	Surcharge on additional stamp duty								
6	Tax on professions, trades, callings, etc								
7	Octroi								
8	Entertainment tax								
9	Pilgrim tax or fees								
10	Tax on advertisements								
11	Education cess								

Sl. No.	Name of Revenues	Please tick only those revenues collected by state agencies on behalf of Panchayats	Please tick only those revenues collected by the state but transferred to panchayat	Gram Panchayats		Intermediate Panchayat		District Panchayat	
				Empowered to collect	Actually collecting	Empowered to collect	Actually collecting	Empowered to Collect	Actually collecting
12	Tolls								
13	Tax on sale of firewood and slaughter houses								
14	Tax on goods sold in a market, haat, fair, etc								
15	Tax on shops and services								
16	Vehicle tax								
17	Animal tax								
18	Conservancy rate								
19	Lighting rate								

Sl. No.	Name of Revenues	Please tick only those revenues collected by state agencies on behalf of Panchayats	Please tick only those revenues collected by the state but transferred to panchayat	Gram Panchayats		Intermediate Panchayat		District Panchayat	
				Empowered to collect	Actually collecting	Empowered to collect	Actually collecting	Empowered to Collect	Actually collecting
20	Water rate								
21	Drainage rate								
22	Special tax for community civic services or works								
23	Surcharge on any tax imposed by Gram Panchayat								
24	Sand Collection charge								
25	Minor Minerals Tax								
26	Pond/Tank Lease								
27	Village Land Lease								

Sl. No.	Name of Revenues	Please tick only those revenues collected by state agencies on behalf of Panchayats	Please tick only those revenues collected by the state but transferred to panchayat	Gram Panchayats		Intermediate Panchayat		District Panchayat	
				Empowered to collect	Actually collecting	Empowered to collect	Actually collecting	Empowered to Collect	Actually collecting
28	Shops Lease								
29	Any other								
30									
31									
Please describe, if any new initiatives have undertaken since April 2010 to improve the own revenue of Panchayats:									

III B: Fund Available with Panchayats

Please give figures in Rs. Lakh. Please enter the figures only against the appropriate level of Panchayats.

Sl. No.	Break up of Revenue	Panchayats			
		District	Intermediate	Gram	Total
		FY 2009 – 10			
1	Revenue transferred to Panchayats by State				
2	Panchayats Own Revenue including collection from rental, lease, etc.				
3	Plan Grant transferred by state to Panchayats united to any scheme				
4	Plan Grant transferred by state to Panchayats tied to schemes				
5	Non-Plan Grant transferred by state to Panchayats united to any scheme				
6	Non-Plan Grant transferred by state to Panchayats tied to schemes				
7	Any other transfer-Please specify				
8	Any other transfer-Please specify				
	Total				
		FY 2010 – 11			
1	Revenue transferred to Panchayats by State				
2	Panchayats Own Revenue including collection from rental, lease, etc.				

Sl. No.	Break up of Revenue	Panchayats			
		District	Intermediate	Gram	Total
3	Plan Grant transferred by state to Panchayats untied to any scheme				
4	Plan Grant transferred by state to Panchayats tied to schemes				
5	Non-Plan Grant transferred by state to Panchayats untied to any scheme				
6	Non-Plan Grant transferred by state to Panchayats tied to schemes				
7	Any other transfer-Please specify				
8	Any other transfer-Please specify				

III C: Panchayat Nidhi/Fund Receipt & Expenditure

	2009-10	2010 - 11
Total Fund Available (from all sources) in all Panchayats of the state		
Total Expenditure made by all Panchayats of the state		
Any Government orders issued to improve the funds of Panchayats; if so, please describe.		

III D: Release of National Finance Commission (NFC) Grants to the Panchayats

Please furnish amount in Rs. Lakh and Date/ Month/Year in the format DD/MM/YYYY.

Instalments of NFC Grants	NFC Grants Released by Govt of India		Released by State	
	Amount	Received by state on DD/MM/YYYY	Amount	Released to Panchayats on DD/MM/YYYY
1 st for the year 2007-08				
2 nd for the year 2007-08				
1 st for the year 2008-09				
2 nd for the year 2008-09				
1 st for the year 2009-10				
2 nd for the year 2009-10				
1 st for the year 2010 – 11				
2 nd for the year 2010 – 11				
1 st for the year 2011-12				
2 nd for the year 2011-12				

III E: New Initiatives

Please mention new initiatives undertaken since April 2010 with respect to the following:

a. Supplement to State Budget for Panchayats	
b. Placing the Annual Report of Panchayat Audit before the State Legislation	
c. Electronic funds transfer system for Panchayats	
d. Prescribing qualifications of SFC members following central legislation and rules meant for National Finance Commission (NFC).	
e. Strengthening Panchayat to levy Property Tax.	

<p>f. Setting standard for the delivery of essential civic services.</p>	
<p>III F: Criteria of Allocation of Funds to the Panchayats</p>	
<p>Please write a note on the allocation mechanism of fund between Panchayats and Municipalities and among various levels of Panchayats. If standardised formulae are adopted for different revenue/ fund allocation, then please give the criteria and the respective weights of major revenue/ fund distribution.</p>	
<p>1.</p>	
<p>2.</p>	
<p>3.</p>	
<p>4. Whether State allocates untied funds to Panchayats for local plans</p>	<p>Please answer in "Yes" or "No".</p>

III G: System of Fiscal Management, Monitoring and Evaluation

Please answer in "Yes" or "No".

Sl. No.	Questions	Responses
1	Whether there is a Panchayat window/ Head in the budget of line departments? If Yes, whether such funds are finally transferred to and spent by Panchayats.	
2	Whether Budget & Account format for Panchayats as prescribed by C&AG is followed?	
3	Number of Panchayats audited during financial year	
4	Whether there is Performance Audit for Panchayats?	
5	If Yes, Performance Audit conducted for Panchayats during the last financial year, 2010 - 11	
Please mention the name of Departments having Panchayat Window/ Head:		
Please describe, if any new initiatives have been undertaken in this respect since April 2010.		

Section IV: Functionaries

IV A: Functionary-wise Devolution to the three tiers of Panchayats.

The list is only indicative. Please alter and/or add designations. Please tick in appropriate box. Please specify other controls if any.

Sl. No	Functionary	District Panchayats				Intermediate Panchayats				Gram Panchayats								
		Appointment	Transfer	Disciplinary matter	Others	Appointment	Transfer	Disciplinary matter	Others	Appointment	Transfer	Disciplinary matter	Others					
1	Primary School Teacher																	
2	Secondary School Teacher																	
3	High School Teacher																	
4	Para Teachers																	
5	CDPO or equivalent in ICDS																	
6	Angan Wadi Worker (AWW)																	

Sl. No	Functionary	District Panchayats				Intermediate Panchayats				Gram Panchayats			
7	Medical/Veterinary Officer (MO/YO)												
8	Primary Health Worker												
9	Accredited Social Health Activist (ASHA)												
10	Agriculture Extension Officer (AEO)												
11	Agriculture Extension Worker (AEW)												
12	Block Development Officer (BDO)												
13	Village Level Worker (VLW)												
14	Any other												
15													

Sl. No	Functionary	District Panchayats			Intermediate Panchayats			Gram Panchayats				
16												
Any new developments in this regard since April 2010?												

IV B: Panchayat Officials

Whether there is State Panchayat Service	
If yes, which year it was introduced	

Please give sanctioned and actual staff position of Panchayat's own office only (not other officials under its control) for the entire State/UT.

Sl. No.	Designation of Employee	Designation of Recruiting Authority	Sanctioned Strength	Actual Number
	Gram Panchayat			
1				
2				
3				
4				

Sl. No.	Designation of Employee	Designation of Recruiting Authority	Sanctioned Strength	Actual Number
5				
6				
7				
8				
Intermediate Panchayat				
1				
2				
3				
4				
5				
6				
7				
8				

Sl. No.	Designation of Employee	Designation of Recruiting Authority	Sanctioned Strength	Actual Number
	District Panchayat			
1				
2				
3				
4				
5				
6				
7				
8				

IV C: Capacity Building of Functionaries

(a) Please fill up numbers with respect to elected representatives.

Level and Year	Number of elected representatives	Number of elected representatives trained	Number of Mandays trained
District			
2007-08			

Level and Year	Number of elected representatives	Number of elected representatives trained	Number of Mandays trained
2008-09			
2009-10			
2010-11			
Intermediate			
2007-08			
2008-09			
2009-10			
2010-11			
Gram			
2007-08			
2008-09			
2009-10			
2010-11			

(b) Please write the numbers with respect to officials at Panchayat secretariat.

Level and Year	Number of officials at Panchayat Secretariat	Number of Officials trained	Number of Mandays trained
District			
2007-08			
2008-09			
2009-10			
2010-11			
Intermediate			
2007-08			
2008-09			
2009-10			
2010-11			
Gram			
2007-08			
2008-09			

Level and Year	Number of officials at Panchayat Secretariat	Number of Officials trained	Number of Mandays trained
2009-10			
2010-11			
(c) Name of the Nodal Institute at the State:			
Whether training institutes exist at division/district level?			
Whether in-house faculty (training staff) exist in the institutes?			
Training initiatives undertaken since April 2010 with respect to			
(i) Faculty Development			
(ii) Infrastructure development			

IV D: Physical Infrastructure of Panchayats

Please write numbers. The list is only indicative. Please add other most important infrastructures in last rows.

Sl. No.	Equipments & Applications	District Panchayats	Intermediate Panchayats	Gram Panchayats
1	How many Panchayats have Own Building			
2	How many Panchayats have Computers & Printers			
3	How many Panchayats have Telephone			
4	How many Panchayats have Internet			
5	How many Panchayats have Accounting Tools/ Software's			
	Any other			
	Any other			
	Any other			
	Any other			
	Any other			
6	How many Gram Panchayats have created Piped Drinking Water Supply Facilities			
7	How many Gram Panchayats have created Community Toilets			
	Any other			
	Any other			

References

- Aiyar, Mani Shankar, 2004. Towards Time-bound Panchayati Raj, Tenth Anniversary Plan of Action, in D Bandyopadhyay and Amitava Mukherjee (ed) *New Issues in Panchayati Raj*, New Delhi, Concept.
- 2011. Inclusive Governance for Inclusive Development: The Political Economy of Panchayati Raj (mimeo).
- Alok, V. N. 2004. "State Finance Commissions in Indian: An Assessment." *Indian Journal of Public Administration* 50 (3): 716–32.
- 2006. "Local Government Organization and Finance: Rural India" in Shah, Anwar (ed).
- 2008. The Role of State Finance Commissions in Fiscal Decentralization in India, in M A Oommen (ed) *Fiscal Decentralisation to Local Governments in India*, Newcastle upon Tyne, Cambridge Scholars Publishing.
- 2009. "Share of Local Governments in the Union Divisible Pool: An Option before the 13th Finance Commission, *Indian Journal of Public Administration*, 55(1).
- 2011. "Role of Panchayat Bodies in Rural Development since 1959", Theme paper presented in the IIPA Annual Conference on 29 October 2011, New Delhi, Indian Institute of Public Administration.
- Alok, V. N. and Laveesh Bhandari. 2004. "Rating the Policy and Functional Environment of PRIs in Different States of India—A Concept Paper." Paper presented at the Fifth Roundtable of Ministers in Charge of Panchayati Raj, Srinagar, India, October 28–29. <http://www.panchayat.gov.in>.
- Alok, V. N. and P.K. Chaubey. 2010. *Panchayats in India: Measuring Devolution by States*, New Delhi, Macmillan.
- Agranoff, Robert, 2008. A review of the architecture of government: Rethinking political decentralisation by Daniel Treisman. *Publius* 38(4):739-741.
- Ahmad, Ehtisham, Giorgio Brosio, and Vito Tanzi. 2008. Local service provision in selected OECD countries: Do decentralised operations work better? In *Smart growth policies: An evolution of programmes and outcomes*, eds., Gregory Ingram and Yu-Hung Hong. Cambridge, MA: Lincoln Institute of Land Policy.
- Appleby, Paul H, 1962 "Some Thoughts on Decentralised Democracy" in *The Indian Journal of Public Administration*, Vol VIII, No. 4, Oct -Dec: 443-459.
- Bardhan, Pranab and Dilip Mookherjee, 2007. "The Rise of Local Governments : An Overview" in Bardhan and Mukherjee (eds).
- "Decentralization and Local Governance in Developing Countries : A comparative perspective, New Delhi, Oxford.
- Bahl, Roy 1999. Implementation Rules for Fiscal Decentralization, Georgia State University, Atlanta, Georgia.
- 2008. Opportunities and risk of fiscal decentralisation. In Gregory Ingram and Yu- Hung Hong (eds) *Smart Growth Policies: An evaluation of Programmes and Outcomes*, Cambridge, MA: Lincoln Institute of Land Policy.
- Bardhan, P. and D. Mookherjee 2007. 'The Rise of Local Governments: An Overview' in Bardhan; P. and D. Mookherjee (eds) *Decentralisation and Local Governance in Developing Countries: A Comparative Perspective*, New Delhi, Oxford.

Bird Richard and Christine Wallich 1993. Fiscal Decentralisation and Intergovernmental Relations in Transition Economies, Policy Research Working Papers (Public Economics) No 1122, The World Bank.

Census of India. 1991. *Final Population Totals*. New Delhi: Government of India.

——— 2001. *Final Population Totals*. New Delhi: Government of India.

Chandra, Bipin, 1997. "The Colonial Legacy" in Bimal Jalan (eds) .

Chaudhuri, Shubham 2007. What Differences Does a Constitutional Amendment Make? The 1994 Panchayati Raj Act and the Attempt to Revitalise Rural Local Government in India, in *Decentralisation and Local Governance in Developing Countries: A Comparative Experience*, edited by Pranab Bardhan and Dilip Mookherjee, Oxford University Press, New Delhi

Chaturvedi, T.N. 1964, "Tensions in Panchayati Raj : Relations Between Officials and Non-Officials", *The Economic Weekly*, May 30, p. 921.

——— 2007. Message under Article 200 of the constitution of India to the Karnataka Legislative Assembly and the Karnataka Legislative Council in respect of the Karnataka Panchayat Raj (Amendment) Bill, 2007 (L.A. Bill No. 29 of 2007).

de Souza, Peter R. 1999. "Democratic Decentralization of Power in India", in D.D. Khanna and G.W. Kueck (eds) *"Principles, Power and Politics"*, New Delhi, Macmillan.

——— 2000. Multi State Study of Panchayati Raj Legislation and Administrative Reform, Background Paper No.1 in *The World Bank Unpublished Overview of Rural Decentralization in India*, Vol 3.

Drummond, J. H, 1937. *Panchayats in India*, Bombay.

Ebel, Robert and Serdar Yilmaz. 2003. On the measurement and impact of fiscal decentralisation. In *Public finance in developing and transitional countries*, eds. J. Martinez Vazquez and J. Alm. London: Edward Elgar

Gandhi, M.K. 1962. *Village Swaraj*. Ahmedabad, India: Navajivan Publishing House.

Gulati, I S 1994. Financial Devolution to Local Bodies: Role of State Finance Commissions in *Economic and Political Weekly*, XXIX, No. 9 of 1994.

Government of India, Committee on Plan Projects. 1957. Report of the Team for the Study of Community Projects and National Extension Service. Vol. I, II and III, New Delhi: National Development Council. (Chairman: Balvantray Mehta).

——— 1963. *Mid Term Appraisal of the Third Five Year Plan*, November. Planning Commission

——— 1978. *Report of the Committee on Panchayati Raj Institutions*, August, New Delhi, The Ministry of Agriculture and Irrigation, Department of Rural Development (Chairman: Ashok Mehta)

——— 1985. *Report of the Committee to Review the Existing Arrangements for Rural Development and Poverty Alleviation Programmes (CAARD)*, December, Department of Rural Development, Ministry of Agriculture (Chairman: G.V.K. Rao).

- (undated), *Mid Term Appraisal*, Seventh Five Year Plan, 1985-90, Appendix 1A, Planning commission.
- 2000. *Report of the Eleventh Finance Commission for 2000–2005*. Government of India, New Delhi.
- 2001. *Report of the Task Force on Devolution of Powers and Functions upon Panchayati Raj Institutions*. Ministry of Rural Development, New Delhi.
- 2004a. “Background Note and Action Points.” Paper prepared for the Chief Ministers' Conference on *Poverty Alleviation and Rural Prosperity through Panchayati Raj*, New Delhi, June 29. <http://www.panchayat.gov.in>.
- 2004b. “Inaugural Address by the Prime Minister.” Chief Ministers' Conference on *Poverty Alleviation and Rural Prosperity through Panchayati Raj*, New Delhi, June 29.
- 2004c. “Report of the Task Force of Officials in Charge of Panchayati Raj in States to Examine the Centrally Sponsored Schemes.” Ministry of Panchayati Raj, New Delhi.
- 2004d. *Report of the Twelfth Finance Commission (2005–10)*. Government of India, New Delhi.
- 2004e. Resolution of the First Round Table of Ministers in Charge of Panchayati Raj, Kolkata, July 24–25. <http://www.panchayat.gov.in>.
- 2005. *Indian Public Finance Statistics, 2004–2005*. New Delhi: Ministry of Finance.
- 2006. *Annual Report 2005–2006*. New Delhi: Ministry of Panchayati Raj.
- 2007. Second Administrative Reforms Commission. (Sixth Report) Local Governance. New Delhi, GoI.
- 2009. 13th Finance Commission. “Volume I Report and Volume II Report. (2010-2015).
- 2010. Compilation of Important Correspondence and Minutes of Major Meetings, Ministry of Panchayati Raj.
- Gulati, I S 1994. Financial Devolution to Local Bodies: Role of State Finance Commissions in Economic and Political Weekly, XXIX, No.9 of 1914.
- Hooja, Rakesh, 2010. “The Rural Delivery System and the Various Entities Involved in Rural Development”, *Indian Journal of Public Administration* Vol.LVI, No. 2, April-June.
- 2010. “ The Functioning and Role of Panchayats : Reflections on the fiftieth anniversary of the introduction of Statutory Panchayati Raj” in Hooja and Dutt(eds).
- Hooja, Rakesh and Sunil Dutt (Eds) 2010. *Fifty Years of Panchayati Raj and Decentralized Development*, New Delhi, IIPA and Kanishka.
- IIPA 2009. Report of the Technical Committee of the Ministry of Panchayati Raj to prepare Draft Joint Memorandum on behalf of Panchayats to the 13th Finance Commission, New Delhi, Indian Institution of Public Administration(Chairman : V Ramachandran).
- Jain, L.C. 1962, Panchayati Raj and Co-operatives in *The Indian Journal of Public Administration*, p. 597-601.
- Jalan, Bimal (eds.) 'The Indian Economy: Problems and Prospects, New Delhi, Penguin.

- Jha, Shikha. 2000. "Fiscal Decentralization in India: Strengths, Limitations, and Prospects for Panchayati Raj Institutions." Background Paper 2, *Overview of Rural Decentralization in India*, vol. 3. Washington, DC: World Bank.
- . 2004. "Panchayats—Functions, Responsibilities, and Resources." Paper presented at the National Institute of Rural Development, Hyderabad, India, January 23.
- John, M S and Chathkulam, J. 2003 Measuring Decentralisation: The case of Kerala, *Public Administration and Development*, 23: 347-360.
- Johnson, Craig. 2003. "Decentralisation in India: Poverty, Politics, and Panchayati Raj." Working Paper 199, Overseas Development Institute, London.
- Kearney, Christine 1999. Decentralisation Index, www.econ.brown.edu/faculty/henderson/decentralisation.pdf.
- Kohli, Atul. 1987. *The State and Poverty in India: The Politics of Reform*. Cambridge, U.K.: Cambridge University Press.
- Lok Sabha 2002. Thirty Seventh Report, Standing Committee on Urban and Rural Development, Implementation of Part IX of the Constitution, New Delhi, Lok Sabha Secretariat.
- Malaviya, H. D. 1956. *Village Panchayats in India*. New Delhi: Economic and Political Research Department, *All India Congress Committee*.
- Manor, James. 1999. *The Political Economy of Democratic Decentralization*. Directions in Development Series. Washington, DC: World Bank.
- Mahi, Pal. 2004: "Panchayati Raj and Rural Governance", *Economic and Political Weekly*, January, p.137-142.
- Ministry of Panchayati Raj and IIPA 2011. *Empowerment of Panchayats by the States through Devolution: An Empirical Assessment 2010-11*, New Delhi. Ministry of Panchayati Raj. (Report by V N Alok and P K Chaubey).
- Mookerji, Radhakumud. 1958. *Local Government in Ancient India*. Delhi: Moti Lal Banwari Dass.
- Mukherji, B. 1962. "Community Development and Panchayati Raj", in *The Indian Journal of Public Administration*.
- Mukarji, Nirmal and Abhijit Datta 1996. New Perceptions on Local Government, Institute of Social Sciences, ISS Occasional Paper Series- 20.
- NCAER 2007. Working Index of Devolution for Assessing Environment for Panchayati Raj Institutions in the States: Empirical Assessment (January) submitted to UNDP and Ministry of Panchayati Raj. (Mimeo).
- 2008. Working Index of Devolution for assessing Environment for Panchayati Raj Institutions in the States: Empirical Assessment.
- 2009. An Index of Devolution for Assessing Environment for Panchayati Raj Institutions in the States (March) prepared for Ministry of Panchayati Raj. (Mimeo).
- O'Malley, L.S.S (ed) 1941 *Modern India and the West*, London.
- Oommen, M. A. 1995. "Panchayat Finances and Issues Relating to Inter-Governmental Transfers." In *Panchayats and Their Finance*, ed. M. A. Oommen and Abhijit Datta, 1-54, New Delhi: Institute of Social Sciences.
- . 1999. "Panchayat Finance and Issues Relating to Inter-governmental Transfers." In *Decentralisation and Local Politics: Readings in Indian Government and Politics*, vol. 2, ed. S. N. Jha and P. C. Mathur, 142–72. London: Sage.

- 2004. “Basic Services, Functional Assignments, and Own Revenue of Panchayats—Some Issues in Fiscal Decentralization for the Consideration of the Twelfth Finance Commission.” Paper presented at National Institute of Rural Development, Hyderabad, India, January 23. Processed.
- 2009. Devolution Index, Ranking of States and the Ministry of Panchayati Raj, Economic and Political Weekly, Volume 44 July 18-25.
- Ramachandran, V (Undated). Towards Time Bound Panchayati Raj : Tenth Anniversary Plan of Action. Do's and Don't, (Mimeo).
- Rao, C.H. Hanumantha 1989. 'Decentralized Planning: An overview of Experience and Prospects', *Economic and Political Weekly*, February 25.
- Rajaraman, Indira. 2003. *Fiscal Domain for Panchayats*. New Delhi: Oxford University Press.
- Royal Commission 1907. General Memorandum on the Development of British Administration in India , and on the origin and functions on the Indian Government by W.S. Meyer, C.I.E , I.C.S., Government of India
- Royal Commission 1909. *Report of the Royal Commission upon Decentralization in India*, London (Vol I) .(Chairman : C.E.H.Hobhouse).
- Saran, P.1941. *Provincial Governments of the Mughuls*, Allahabad.
- Sen, Amartya 1999. *Development as Freedom* . New Delhi: Oxford University Press
- Shah, Anwar (ed.) 2006. *Local Governance in Developing Countries*, Washington . D.C., The World Bank.
- Shah, Anwar and Sana Shah 2006. The New Vision of Local Governance and the Evolving Roles of Local Governments in Anwar Shah (ed) *Local Governance in Developing Countries*, The World Bank.
- Shylendra H S and S S Rajput, 2009. Issues before the Finance Commission: Empowering the Panchayati Raj Institutions (Report of the Conference Organised during December 22-23, 2008 at IRMA), Anand, IRMA.
- Singh, S. K. 2000. “Panchayats in Scheduled Areas.” In *Status of Panchayati Raj in the States and Union Territories of India*, ed. George Mathew, 23–33. Delhi: Institute of Social Sciences.
- Singh, S. S., Suresh Mishra, and Sanjay Pratap. 1997. *Legislative Status of Panchayati Raj in India*. New Delhi: The Indian Institute of Public Administration.
- Sleemen, Sir W.H. 1893, *Rambles and Recollections of an Indian Official*, 3rd edition, 2 volumes, London.
- Tiebout, C. 1961. An Economic Theory of Fiscal Decentralisation in Public Finance: Need, Sources and Utilisation, Princeton, New Jersey, Princeton University Press.
- Tinker, Hugh. 1954. *The Foundations of Local Self-Government in India, Pakistan and Burma*, University of London, London , Athlone Press.
- Wadhvani, M and S.N. Mishra (eds) 1996. *Dreams and Realities: Expectations from Panchayati Raj*, New Delhi, IIPA.
- Wolf, L. 1921, *Life of Ripon*, London.
- Wolman, Harold. 1990. Decentralisation: What it is and why we should care. In Decentralisation, local governments, and markets, ed. Robert J. Bennett. Oxford (England): Clarendon Press.

-----2008. Comparing local governments across countries: Conceptual and methodological challenges to building a field of comparative local government studies. *Environment and Planning of Government and Policy* 26(February):87-103.

Wolman, Hal, Robert McManmon, Michael Bell and David Brunori, 2008, Comparing local governments across states, GWIPP working paper, Washington, The George Washington University.

World Bank. 2000. *Overview of Rural Decentralisation in India*, Delhi.

----- 2004. *India: Fiscal Decentralisation to Rural Governments. Vol. I*. Washington, DC: World Bank.

-----2007, *West Bengal Fiscal Decentralisation to Rural Governments: Analysis and Reform Options* (unpublished).



Ministry of Panchayati Raj
Government of India
www.panchayat.nic.in