

**A PARISHAD FINANCES:  
A CASE STUDY OF  
NASIK ZILLA PARISHAD**

**THE THESIS**

**SUBMITTED TO**

**THE UNIVERSITY OF POONA**

**FOR THE DEGREE OF**

**PHILOSOPHIAE DOCTOR**

**IN**

**ECONOMICS**

**UNDER THE FACULTY OF**

**MENTAL, MORAL & SOCIAL SCIENCES**

**BY**

**Y. G. RARAVIKAR**

**IN**

**JUARY 1986**

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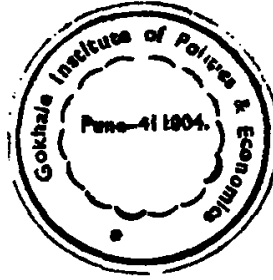
**BY**

**Y. G. RARAVIKAR**

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CERTIFICATE

CERTIFIED that the work incorporated in Thesis:

**"ZILLA PARISHAD FINANCES - A CASE STUDY OF NASIK ZILLA PARISHAD"**

Submitted by Shri/Smt. Y.G. RARAVIKAR

was carried out by the candidate under my supervision. Such material as has been obtained from other sources has been duly acknowledged in the thesis.

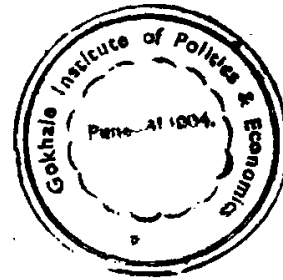
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Supervisor

**ZILLA PARISHAD FINANCES - A CASE STUDY OF  
NASIK ZILLA PARISHAD**

**CONTENTS**

**PAGES**

	Acknowledgements	i
	Introduction	ii
Ch. I	The Theory of Regional Planning.	001 to 033
Ch. II	The Theory of Local Finance.	034 to 057
Ch. III	Panchayati Raj : Concept & Structure.	058 to 095
	Appendix.....	95 (A)
Ch. IV	Panchayati Raj in Maharashtra	096 to 142
	Appendix.....	142 (A)
Ch. V	System & Sources of Revenue & Expenditure for Zilla Parishads	143 to 178
	Appendix .....	178 (A)
Ch. VI	Nasik Zilla Parishad : Trends in Revenue & Expenditure Apendices A,B,C,&D	179 to 203 203(i) to 203(xxxiii)
Ch. VII	Analysis of Revenue - Tax Revenue & Non-Tax Revenue Appendices I to IV.....	204 to 241 241 (i)to 241(xii)
Ch. VIII	Analysis of Expenditure - I (on Revenue Account)	242 to 278
Ch. IX	Analysis of Expenditure - II (on Capital Account) Appendices I,II,III&IV.....	279 to 289 289(i) to 289(xxi)
Ch.X	Major Findings & Suggestions	290 to 314
	Annexure I (a) (b) (c) (d)	315 to 320
	Anexures II - Glossary	321
	Bibliography	323 to 327



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## ACKNOWLEDGEMENT

This Study embodied in the following dissertation was carried on and completed under the competent guidance and supervision of Prof. Dr. S.S. Mutalik-Desai. Dr. Desai himself being a devoted academician is always engaged in academic pursuits. But inspite of his preoccupations with academics he guided me untiringly and unhesitatingly at every step and stage of my research without ever a single frown on his forehead or even a word of weariness. I have no words to express what and how much I owe to him. It would be too formal on my part to thank him for all the strains he has taken for me. Hence I would not thank him; I would only express my gratitude to him and bear the burden of his debt to me on my shoulders for ever. It is pleasure and pride to bear some debts, rather than trying in vain to repay them. Dr. Desai's debt is of this tenor indeed.

I am obliged to Prof. Dr. A.S. Nadkarni, the then Jt.-Director of the Gokhale Institute of Politics & Economics, who had been at pains to go through my work, discuss with me some points therein and make me some valuable suggestions.

I express my thanks to Shri S.P. Phadnis, the then Section-Officer, Rural Development Department, Government of Maharashtra, Bombay, who helped me immensely by providing me the necessary literature.

I express my thanks to Shri M.N. Sonar, Shri K.B. Pachorkar, Shri G.Y. Kelkar and Shri R.B. Dalvi, the officers and section-heads in the Finance Deptt. and General Administration Deptt. in the Nasik Zilla Parishad for sparing their time and discussing and clarifying me some points as also providing me with the required documents like the Z.P. Budgets, ADM Reports, etc.

I have no words to express my gratitude to my learned wife Prof. Mrs.A.Y. Raravikar, Head of the Deptt. of Sanskrit, H.P.T. College, Nasik, who had always been a source of inspiration for me.

(ii)

Lastly, I am thankful to Shri Kulkarni Brothers, Proprietors, Yashashree Typing works, Nasik and his assistant Shri Pravin Panchasara, who set this typing work on electronic type-writer and completed it with day-and-night labour.

  
[Y.G. RARAVIKAR]

## INTRODUCTION

### 1] PURPOSE OF THE STUDY

It is now more than two decades that the Panchayati Raj has been functioning in our country as also in the State of Maharashtra. Since we embarked on economic planning in the early fifties the main plank of our planning policy for rapid development has been to give priority to agriculture and rural development. [The Third Five Year plan aptly laid down that "development of agriculture, based on the utilization of man-power resources of the countryside and the maximum use of local resources, holds a key to the rapid development of the country".<sup>1</sup>] In view of this the Community Development Programme was launched in October 1952 to accelerate the process of social and economic development of the countryside with a reasonable amount of technical and financial assistance from the Government. But since it was realised that the C.D. Programme failed to serve its purpose a Study Team under the Chairmanship of Balwantrai Mehta was appointed in 1957 for investigating the district administrative system so that the growth process could be put on a sound footing. The Team recommended a three-tier model of Panchayati Raj to serve as an instrument of 'development from below'. Different states adopted then the Panchayati Raj system in their own - some exactly as per the recommendations of the Mehta Committee, some with a deviation from the Mehta pattern, suited to the conditions in the States. Panchayati Raj system thus emerged about two and a half decade ago as an instrument and mechanism of rural reconstruction and development. During this period it is now well-established as a form of rural local-government.

In Maharashtra the Panchayati Raj System, with Zilla Parishad as its upper-most and strongest executive tier, came to be established in 1962. It, therefore, struck to the mind of the author of this study that it is high time that a study be undertaken into the finances of this type of rural local-government. For, the efficient functioning of the Zilla Parishads and the socio-economic development of the rural areas of the district under their jurisdiction

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1. Third Five Year Plan, Planning Commission, Government of India, 1961, P.23.

very much depend upon the availability of adequate finances, mobilization of local resources and their proper and optimum utilization through a rational expenditure pattern.. In view of this the author felt that there is a need for an in-depth analysis of the finances of Z.Ps. in Maharashtra which is, of course, a tremendous task and beyond the capacity of a single individual researcher. Hence the author opted for a case study of the finances of the Nasik Zilla Parishad within the broad perspective of the Zilla Parishad finances.

Such a study at the micro-level of one Z.P. rather than at the macro-level of the Panchayati Raj in the State covering all the Z.Ps. is more significant, as it would provide concrete guidelines for the development of District which is accepted by our Government and the Planning Commission as a unit of planning and development.

2] OBJECTIVES OF THE STUDY :

The main objectives of this study are :

(i) To attempt a diagnostic analysis of the problems of the finances of Z.Ps. in general and Nasik Z.P. in particular;

(ii) To trace and analyse the financial trends and developments in the Nasik Z.P. during the period of two decades 1962-82.

(iii) To analyse the change and growth in the pattern of revenue and expenditure of Nasik Z.P. during the period under review.

(iv) To evaluate the physical achievements of the Nasik Z.P. and its functioning in respect of agriculture, animal husbandry, irrigation, education, health and welfare, etc.

(v) To suggest measures, on the basis of the findings of the study, for removing the deficiencies in and improving the finances of this particular Z.P.

3] SCOPE OF THE STUDY :

This study is the analysis of the finances of the Nasik Z.P. This is, in fact, its subject-matter. It is limited to the finances the Zilla Parishad only and does not consider the finances of the Panchayat Samaitis or the Village



Panchayats - which are the second and the third tiers respectively in the Panchayati Raj set-up in Maharashtra. Though the time-span of the Study, as stated earlier, is limited to the period of twenty years 1962-82, it has been updated by considering the finances of the Nasik Z.P. from 1982 to 1986.

4] **METHODOLOGY :**

The present study is conducted in the Nasik District with its Zilla Parishad situated in Nasik, the district Head quarter, 26 panchayat samitis and over 110 village panchayats.

For collecting and analysing the necessary information and data, certain research tools and techniques have been adopted. Besides the official records and reports, State Government Budgets and Nasik Z.P. Budgets, published and up-published documents of the State Government and the Z.Ps., Audit Reports, State Estimates Committee Reports and standard works on the Panchayati Raj have been intensively studied and freely drawn upon. Besides, the Annual Administration Reports of the Nasik Z.P. have been probed into. Clarifications were sought on the problems arising during the course of the study from the concerned Departments of the State Government, particularly the Rural Development Department and the concerned department/sections of the Nasik Z.P.

In order to avoid the unnecessary and superficial details in our study and analysis, attention is concentrated on the budgetary data for the quinquennial years 1962-63, 1967-68, 1972-73, 1977-78 and 1981-82. This has enabled us to highlight the progress and achievements of the Nasik Z.P. and short-falls in its finances.

The study is also updated, as stated earlier, by displaying the finances of the Z.P. right upto 1985-86.

5] **PLAN OF THE THESIS :**

The Theses is presented in Ten chapters. The brief outline of the contents of each chapter is as follows.

**Chapter I** This chapter considers the concept and theory of regional planning. The Panchayati Raj System is adopted as an institutional mechanism

for regional planning with district as a unit of planning. It therefore plays a strategic role in regional planning or planning from below. To understand this role, the principles and practice of regional planning are studied in-depth in this chapter.

**Chapter II.** This chapter is devoted to the discussion of the principles of local finance. While applying the general principles of public finance to local finance they need to be suitably modified in view of the limited jurisdiction, both financial and functional, of local government like the Zilla Parishad. The chapter deals with these issues in local finance and resolves them by laying down certain guideline rules.

**Chapter III.** This chapter brings out the [concept and structure of the Panchayati Raj system] as it is adopted in our country on the recommendations of the Balwantrai Mehta Committee. It brings out the Panchayati Raj institutional structure, functional pattern and its financial arrangements, as recommended by the Committee and also considers the P.R. system as it is brought into practice by different States.

**Chapter IV.** This chapter explains the nature of the Panchayati Raj as it is adopted in Maharashtra State on the recommendations of the Naik Committee on Democratic Decentralisation. It points out how and why Maharashtra deviated from the Mehta pattern and how it is advantageous to make Zilla Parishad as the strong unit of the P.R. Schemes. The chapter also brings out composition, functions and financial arrangements of the three-tiers.

**Chapter V.** This chapter explains in details the [system and sources of revenue at the disposal of the Z.Ps. and also the system and items of their expenditure.] It points out the various sources of revenue at the disposal of the Z.Ps., both the tax sources and the non-tax sources, supported by a scheme of Government grants. It also analyses the system and items of expenditure of Z.Ps.

**Chapter VI** brings out the overall [budgetary position] of the Nasik Z.P. and the trends in its revenue and expenditure. It is divided in three sections :  
Sec. I explains the broad features of the Nasik District and composition of

the Nasik Z.P; Sec. II reviews the budgetary trends and examines the trends in revenue of the Nasik Z.P. Sec. III examines the trends in its expenditure.

**Chapter VII** undertakes an in-depth study of each individual source of revenue, both tax and non-tax, and assesses their role in the revenue structure of the Nasik Z.P. It is divided into two sections : Sec. I analysing threabare the tax sources and Sec. II non-tax sources.

**Chapter VIII** is devoted to the analysis of the expenditure on revenue account of the Nasik Z.P. It analyses in-depth the development expenditure as well as the non-development expenditure of the Z.P.

**Chapter IX** presents the analysis of the Z.P's Capital expenditure. It analyses the capital budgets of the NasikZ.P. Capital expenditure is analysed in terms of developmental capital expenditure and non-developmental capital expenditure. Capital revenue is also analysed with reference to its trends and sources.

**Chapter X** brings out the findings of this study in respect of the revenue structure and expenditure pattern of the Nasik Z.P. and suggestions are made for improving its finances.It points out the measures for increasing the revenue and also the optimum expenditure pattern of the Nasik Z.P.

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## CHAPTER - I

### REGIONAL PLANNING : THEORY & STRATEGY

POINTS	PAGE
01 Introduction	01
02. Need for regional planning	03
03. Meaning & Objectives	07
04. Concept of a Planning Region.	08
05. Resource Development Region	10
06. Strategy for regional planning & development	14
07. Theoretical Framework	19
08. Rehabilitation of the trade theory	22
09. Strategy for regional allocation of resources	31
10. Summary	

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**CHAPTER I**  
**REGIONAL PLANNING : THEORY & STRATEGY**

**1. INTRODUCTION :**

Panchayati Raj Scheme is considered to be an instrument of implementing development planning at the micro level of district economy and thereby to contribute to the upliftment of the rural areas of the district. Though the strategy of regional planning is of recent beginning the Panchayati Raj System started in this country since late 50s and early 60s already created the necessary foundation and institutional agency for regional planning with district as a unit of planning. The Panchayati Raj System with its three-tier structure - the village Panchayat at the village level, the Panchayati Samiti at the Block or Taluka level and the Zilla Parishad at the district level has to play a strategic role in the rural reconstruction programmes under the strategy of regional planning. Hence, before we analyse the Panchayati Raj Scheme proper it is better we understand, by way of background, in general terms, the concept and strategy of regional planning.

**2. NEED FOR REGIONAL PLANNING :**

Different regions of a country are at different stages of socio-economic development. Some are highly developed, some are developing, some have high potentialities of development while others are in the depth of underdevelopment. "Like the natural topography, the cultural topography also has its peaks and valleys and plains and plateaux. There are areas which are full of life and vitality; there are also areas which are dilapidated, deserted, stagnant and poverty-stricken".<sup>1</sup> Just as there are income disparities among the individuals and groups there are spatial or areal disparities in the socio-economic development in a nation. Economic development of a nation may lead to widening rather than reducing these spatial disparities. India bears testimony to this statement. In India after about three and a half decades of development planning and even after the growth

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1. R.P. Misra in "On the concept of Region and Regional Planning" in Regional Planning : concepts, Techniques, Policies and Case Studies (Ed. R.P. Misra), Prasaranga, The University of Mysore, 1969, P.5

of national income and the per capita income the regional disparities have widened. Myrdal's theory of circular and cumulative causation<sup>2</sup> may explain the persistence of areal disparities by arguing that an area is poor because it is poor, but the fact remains that such disparities in no way less than the income disparities, are harmful to the overall national progress. Unless remedial measures are taken to drag the depressed economies of the underdeveloped regions out of their sloth they are likely to threaten the overall economic development of the nation.

It is in this context the regional planning assumes an important role. There will certainly be no two opinions on the point that there should be national approach to economic planning, but, at the same time it should also be admitted frankly that mere national approach to planning and development, devoid of regional considerations, will not do justice to all the constituent regions, in respect of economic growth. And hence, there should be no hesitation in accepting that areal or regional approach to planning is a sine qua non of the overall development of the economy. However, so far, unfortunately this aspect of planning and development has been neglected. For several years region and space remained a neglected dimension of the theory and practice of economic development. Public policy on planning and development has been so far emphasising the choice of sectors and sub-sectors deserving priority for investment of scarce resources. It is only recently realised that regional considerations in the investment of scarce resources are as important as the sectoral considerations. In recent years, regional planning has become a subject of serious public concern. Developing countries are showing interest in regional planning, which is reflected in their economic plans in which emphasis is given on the problems of the backward regions of the economy and the regionalisation of the national economic progress.

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2. Gunnar Myrdal "Rich Land and Poor : The Road to Prosperity". New York; Harper, 1957.

The need and significance of regional planning has been aptly brought out by the United Nations, "Regional Planning would provide the most suitable frame of reference for a balanced integration of development projects of national significance and those based on local initiative. Such comprehensive regional planning would apply to the development of metropolitan areas, to areas in which natural resources are being developed, as well as to rural reconstruction programmes and to the location of industries"<sup>3</sup>.

### 3. MEANING & OBJECTIVES

Regional Planning is a deliberate and organised process of development of a region or regions, which, in its course, brings out the development potentialities of each region, and, taking into consideration the limitations of both human and material resources within each region, suggests strategies for their development, so that the nation as a whole can attain a higher level of economic well-being. Different regions of a country are differently endowed in respect of factor endowments; they also differ in respect of infrastructural facilities; there are also differences in wants, felt-needs, desires and aspirations of the inhabiting people. The national plan prepared from the Capital may not be suited to these factor-endowments of different regions and may not be able to fulfil the aspirations of the people. The regional authorities are, therefore, given the authority to frame the plan for the development of their regions in the context of the availability of resources in their respective regions, their problems and the aspirations and ambitions of the people in the regions.

The main objective behind regional planning is to bring about the development of the region in a systematic and planned manner. Regional authorities are best suited to assess the potentialities as well as the problems of the region. Under regional planning, therefore, the central government devolves its power of plan formulation, decision-making and plan implementation to the regional authorities. Of course, the general policy

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<sup>3</sup> U.N. "Housing, Building, and Planning, Nos 12 & 13, "Regional Planning". New York : U.N. Deptt. of Economic & Social Affairs, 1959. P.1

and framework of planning is laid down by the central government and the regional authorities have to remain within the limits laid down by the central government. Thus, regional planning is opposed to centralised planning in the sense that it is a process of regional decentralisation of the planning process in respect of formulation, implementation and supervision of a national plan.

Another objective of regional planning is to reduce the regional imbalances in the economy. Basically there are differences in different regions of a country due to different factor endowments, natural conditions and resources, etc. Further, under the aegis of national development planning these differences are likely to be widened leading to grave disparities among the regions. These disparities, if allowed to grow, are bound to have harmful effects on the economic development of the nation as a whole. Under regional planning a country is divided into regions and regional plans are prepared and implemented, which contribute to the development of the backward regions and thereby reduce the gap and disparities between the regions. Regional Planning by concentrating on regional development helps to narrow down these regional disparities and thus tends to strengthen national unity. Under regional planning resources are allocated under the overall national plan by the central government to different regions on the basis of and in proportion to the population and the backwardness of the region highly populated and more backward regions getting a larger share of the aggregate plan allocation. This contributes to the rapid economic development of those regions and reduces the regional imbalances and disparities. It thereby contributes to the balanced regional development.

Regional planning is further motivated by the rapid overall development of the national economy. It secures the most efficient utilization of productive resources of the regions of a nation, which are functionally integrated, and brings about their overall development. It treats each region as a part of the system of regions which form a nation and by concentrating on the all-round development of each it contributes to the economic deve-



lopment of the nation as a whole. In this sense, regional planning is an integral instrument of national planning and an indispensable instrument of national economic growth.

However, if regional planning is to secure these objectives and perform positive function it has to be properly related to economic and social development at the national level. It cannot be separated from the broader concept of national economic and social development. The prevailing national economic and social conditions impose a broader framework with which regional planning has to be consistent. Regional planning, in other words, has to be undertaken within this broad framework of a national plan. Regional Plan and regional development programme should not only be consistent with but also contributory to the national economic interest and planning. M. Dutta Chaudhari and Louis Lefebvre have succinctly brought out this aspect of regional planning.

"There is no regional development possible without at the same time affecting, in one way or another, the development of the nation as a whole.- Therefore, to the extent there is a concept of nationhood which is being adhered to by the component regions, regional planning must be undertaken within the framework of a national plan. If a national plan does not exist, a regional plan or development programme must still be undertaken in such a way as to contribute to rather than detract from national interest as defined by the central government or by the political process"<sup>4</sup>In spite of regional planning with regional plans for different regions cohesion, compactness and uniformity in economic planning in respect of the whole nation must be maintained. For this the central government and the central planning authority must lay down a national policy and framework of planning. But for such a broad national policy and framework there will be utter mess and the regional imbalances far from being reduced will go on widening.

Another aspect of regional planning it that is should be of a compre-

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<sup>4</sup> M. Dutta-Chudhari and L. Lefebvre. A Short Summary of Regional Development in South-East Asia : Experiences and Prospects, UNRISD/69/C44

hensive nature and should take into consideration inter-sectoral problems as well as the mutual relations between different patterns that emerge in the process of economic development. The comprehensive nature of regional planning and the regional policy pursued thereunder implies that regional policy is not confined to the problems of economic growth, but it also includes problems of social development. Thus, regional planning is not devoid of social objectives, which are, on the contrary, as important concern of it as the economic development. This has led John Friedmann to define regional planning as ".....regional planning is the process of formulating and clarifying social objectives in the ordering of activities in supra-urban space".<sup>5</sup> Thus, 'economic development and social development in the regional approach are therefore the main subjects of regional policy'<sup>6</sup>.

The third aspect of regional planning is that it is concerned with both allocative and innovative functions. The distinction between these two types of functions is well brought out by J. Friedmann<sup>7</sup>. Regional Planning is concerned with allocation of resources and also contributes to the promotion of socio-economic and techno-managerial innovations.

Besides, regional planning while aiming at the promotion of the growth of the region contributes to the amelioration of the environment of the region making it better for its inhabitants.

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5. J. Friedmann in "Regional Planning as a Field of Study" in "Regional Development & Planning A Reader (EDs. J. Freidmann & W. Alonso) P.64.

6. Committee for Space Economy and Regional Planning, Polish Academy of Sciences, Warsaw, 1969, "Goals in Regional Policies and objectives in Regional Planning (contribution to the discussion based on the Polish experience)".

7. J. Friedmann in "A conceptual Model for the analysis of Planning Behaviour", Administrative Science Quarterly, Vol. 12, Nr. 12, September, 1967.

#### 4. CONCEPT OF A PLANNING REGION :

One of the most formidable problems of regional planning is the adoption of the suitable concept of region and the demarcation of planning regions. There are various types of regions in a country and we can have as many sets of regions as the criteria adopted for the purpose of regionalisation. The concept of a planning region must be such as to be useful as operational concept for demarcating planning regions and for implementing regional plans. Of the various types of regions the functional regions appear to be most suitable for regional planning. But there are certain difficulties in adopting this concept in underdeveloped countries. Firstly, in such countries central or metropolitan regions/places are quite few and most of the areas are marginal or non-regional areas. Hence, while adopting the concept of functional regions and demarcating planning regions every care will have to be taken that such areas are not left out. Secondly, under-developed economies are dual economies with few monetised sectors and market oriented centres and the rest of the country being non-monetised and barter-based. While in the case of the former functional regions can well serve the purposes of regional planning in the case of the latter any search for functional regions is meaningless. In view of these difficulties in underdeveloped countries, planning regions will have to be so demarcated as will take care of both developed and less developed parts. As regards the size of such regions, it will have to be determined with reference to the problem to be dealt with. For the problem or problems of development will have to be tackled at the most appropriate level. And hence, we will have to resort to regional planning at different spatial levels. Such an approach will ensure the full development of the potentialities of even the smallest unit in the planning region and narrowing down of the areal differences in economic development within that region.

When considering regions for planning we have a set of different types of functional regions, macro regions and micro-regions forming a hierarchy and corresponding to each type and hierarchy we can have a regional plan. For example, we have regions of the first order, macro-functional regions which correspond, in the case of India, to states. Then we

have regions of the second order, meso-functional regions, which are metropolitan or river valley regions. Thirdly, within these regions, there are regions of the third order, micro functional regions, which correspond to the administrative areas of a State. Lastly, we have the locality as the area of planning, micro area, which is the fourth order region and comprise a village or a group of villages or a town. Corresponding to these hierarchical regions we can have four tiers of regional plans in a country like India. They are : i. Macro-regional planning, ii. Meso-regional planning, iii. Micro-regional plans, iv. Local planning.

The problem of the concept, choice and demarcating planning regions is a complex one and assumes great analytical as well as practical significance.".....the demarcation of regions itself must be considered an analytical variable"<sup>8</sup>. The planning authorities have to choose the concept of region and also the methods and indices of the demarcation of regions. "It may be observed here that since the regional economic analysis is primarily concerned with the study and solution of practical problems, the approach towards the delineation of regions must be functional, no single scheme of regional classification can claim universal validity"<sup>9</sup>.

##### 5. RESOURCE DEVELOPMENT REGION :

Once the concept of functional region is accepted, regional plan for the region will have to be based on the concept of resource development region. Regional plan will have to be determined by taking into consideration the development potential of the region. For, the economic activities in a region are determined by the extent to which people of the region exploit the available resources and overcome the hindrances put forth

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8. H.S. Perloff, "Problems of Assessing Regional Economic Progress", in *Regional Income, Studies in Income and Wealth*, Vol 21, National Bureau of Economic Research, Princeton, 1957, P.39.

9. A.K. Singh "Demarcation of Planning Regions", in *Regional Planning-Concepts, Techniques, Policies and Case Studies*, Ed. R.P. Misra, Prasaranga, The University of Mysore, 1969. P.88.

by the natural environment. Therefore, the analysis of the problems and the programmes for the development of a region must be based on the consideration of its resource potential. The Planning Commission in India has based regional planning in this country on this concept.

Lastly, in determining the planning regions the administrative considerations play an important role; especially the micro-level and local planning will have to work within the framework of the administrative boundaries and political boundaries. In fact, the ideal is that the administrative boundaries follow the planning of regional boundaries. But, in practice, this is difficult to secure because, firstly, administrative boundaries are permanent, and if administrative boundaries are to follow the planning region boundaries it would involve a reshuffling of administrative boundaries, which is likely to meet considerable opposition from one group/party or the other. Similarly, such reshuffling will be a costly affair too. As against this, adaptation of the existing administrative set-up for the purposes of planning would mean a lot of administrative and financial economies. The planning region boundaries are not permanent, since economic planning is a dynamic process it cannot be bound by a permanent area. Thus, for these reasons, "any scheme of regions to be of use should be adapted to the administrative framework which has minimum boundary anomalies"<sup>10</sup>. A planning region at the micro levels and the local levels will have to work within the framework of administrative boundaries. In India, for these reasons, district has been adopted as the unit of regional demarcation and regional planning by the Planning Commission"<sup>11</sup>

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10. L.S. Bhat, 'Regional Concept and Planning Regions with Special Reference to Planning in India' in *Regional Planning, Concepts, Techniques, Policies and Case Studies*, Ed. R.P. Misra, Prasaranga, The University of Mysore, 1969, P.73.

11. "Resource Development Regions and Divisions of India", Planning Commission, Government of India, New Delhi, 1964.

## 6. STRATEGY FOR REGIONAL PLANNING AND DEVELOPMENT :

### 1. Problem of regional allocation of resources :

With regional considerations in the national economic development, decisions have to be taken not only on how much of a scarce resource shall be allocated for a given project or purpose but also on where this investment or allocation shall be undertaken. But for the spatial viewpoint in allocation of resources the analysis of economic development remains incomplete. "The decision of where to locate a new project is as important as the decision to invest in it".<sup>12</sup>

The policy of regional development has to face the problem of regional development in its two aspects. Firstly, it has to tap and bring out the potentialities of development possessed by the regions and contribute to development of each. Secondly, this regional development has to be consistent with the overall development of the national economy. This implies that the policy of regional development should contribute, at least in the long-run period, to the mitigation of regional imbalances and bring about regional development in a balanced manner. Thus, the policy of regional development has to answer the problem of development of different regions as its immediate objective, and the problem of balanced regional development as its objective in the long-run.

The problem of regional development is essentially a problem of regional allocation of resources and investment activity. Economic development in general and regional development in particular depend upon efficient regional allocation of resources and efficient pattern of regional location of investment projects. The rationale behind this is : The surplus available for investment during any single period is the residual, i.e. what is left after providing for the requirements of current production and consumption. If we could save some amount of our output which is now being used up as current requirements of production by saving on transportation

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12. John Friedman & W. Alonso : Regional Development & Policy : A Reader, Introduction. P1

and by efficient location, the surplus available for investment would be larger, and consequently the rate of growth of the economy would be larger. Regions would also benefit as investment projects for which the regional economy is best suited are located in them. Thus, the generation of this surplus which leads to regional development and national economic development depends upon the efficient allocation of resources regionally and efficient geographical location of investment and economic activity.

Regional allocation of resources and location of a project may be considered from two view-points. It may be considered from the viewpoint of what is best for the project itself, that is, from the consideration of maximum returns to investment on it. Or, secondly, it may be viewed in the broader context of national policy and programmes for regional development and sustained economic development. These two considerations may suggest different patterns of allocation of resources and different locations for the project. The planners will have to take the decision on allocation and location that will strike a balance between these two considerations.

In this context a set of criteria may be laid down to guide the regional allocation of resources and investments. The first criterion is the criterion of national integration. In big underdeveloped countries regions are not sufficiently interrelated and hence their main concern during economic development is to establish a common ethos and an interdependent national economic system. "Such countries look upon their development as a process leading to the progressive internal integration of their national territories"<sup>13</sup>. Hence, regional allocation of economic activity should contribute to such integration. Secondly, regional allocation of resources must be guided by the principle of sustained national economic growth. Sustained growth of the nation as a whole must be the main concern of regional choice of investment; for, regions of a nation cannot make progress when

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13. Friedman & Alonso. Ibid P.5.

the national economy as a whole stagnates. For this purpose regional allocation of investment should be such as to generate opportunities for further growth of the national economy. The third criterion is that of efficiency. It suggests that new projects should be undertaken in such regions where they will be effectively operated and will not require sustained subsidies for their survival. Lastly, there is the criterion of inter-regional balance, which implies that regional allocation of resources should maintain, and not upset a balance between regions in the levels of living. Of course, these criteria cannot be said to have equal values at all times but each of them will have to be assigned different weights in different situations. However, as they comprise the major considerations relevant to developing economies they will be highly useful in making decisions on efficient allocation of resources regionwise.

In deciding on regional investment allocations in the light of the above criteria the growing or increasing three dimensional interdependence in the economy must not be lost sight of. As economy develops integration of national territories also progresses leading to their interdependence. This interdependence is three dimensional : intersectoral, inter regional and intertemporal. Due to this interdependence the efficiency of regional allocation of resources and regional location of investments must be considered not in an isolated manner, but in an intergrated manner. Efficiency in the regional location of projects can be secured by comparison of various feasible locations of each project and by assessing the total impact of each pattern of location on the whole economy from the development point of view. For the economic development of the nation as a whole and for the regional development it is absolutely essential that in any programme of development the efficiency of geographical location of investment must be considered in an intergrated manner together with such other aspects of economic development as intersectoral allocation of investment, rate of capital formation, administrative feasibility of the development programme, etc. For example, the decision whether a particular steel factory in a region is more economical than the one in another region should not be based on the partial equilibrium analysis. It should not be based, in other words, on the consideration of the two



factories in isolation but it must be made after duly considering the interdependence between all the regions for all products and also considering this interdependence over time. When considered in isolation, for instance, a steel factory located in region X is found to be more economical than the one in region Y, yet because of heavy transportation costs may turn out to be more economical to operate the factory in region Y and carry steel to region X and to other regions. Or, it may be possible that the steel factories in both regions X and Y may be operated (even though the factory X is more efficient) in order to have an efficient programme of economic development for the two regions together.

In developing economies the problem of regional allocation of resources becomes more complicated because of the transitional nature of the economy. In such economies during the early period of industrialisation and economic development investments and economic activities are concentrated in a few centres or regions. These centres grow so tremendously that the remaining parts of the country are relegated to a secondary, backward, lagging and the peripheral position. Thus the picture that emerges of these developing economies which may have reached a 'near take-off stage' is this : On the one hand there are a few giant growth centres or metropolitan areas that act as the principal foci of economic activity and on the other there is an extremely primitive hinterland of lagging regions and immature urban complex. Thus there is a deep-seated disequilibrium in the national pattern of regions. The peripheral regions are generally dominant elements, partly because of their magnitude and partly because of some of them having a high growth potential. In course of time, the growing centres, fed as they are on the resources, both human and material, from the lagging regions, acting as they are as suction pumps, experience and enjoy rapid, sustained and cumulative growth; and claim larger shares of national resources both for financing their ever-increasing growth and for relieving their concomitant pains of growth in the form of slums, traffic congestion, shortages of essential services like water, power, means of transport, etc. The lagging periphery also, in course of time, wields pressure on government to turn the development policy in their favour and direct resources to them. Thus they also claim the scanty

national resources in order to establish growth centres in them, to create investment avenues and to initiate their development.

Thus the governments of developing economies are in a fix : Whether to yield to the pressures of the lagging regions or to encourage the growth of the already grown regions. They find themselves, in other words, in a dilemma : whether to adopt the policy of dispersal of investments so that every region will get its fair and due share or to adopt the policy of concentrated investment at the leading centres. The former is consistent with social equity and economic egalitarianism the latter with rapid growth of production and national income. Again, the former bestows immediate and instant benefits the latter postpones them to a future date!

Policy makers on regional planning and development tread in no way on a smooth path. Their task is formidable. They have to weigh these conflicting considerations against each other and frame a strategy of regional development that would meet the claims of the growing centres and at the same time fulfil the aspirations of the lagging periphery, contributing thereby to the regional development in particular and the overall economic development in general. Before we understand this strategy let us consider the guidance provided by theoretical framework on this issue.

#### 7. THEORETICAL FRAMEWORK :

As stated earlier, regional or spatial dimension of the problem of economic planning and development was overlooked for a long time. Correspondingly there had been a lack of conceptual and theoretical framework within which policy formulations and strategies could be attempted. With the realisation of the significance of regional planning attempts have been made to build up theoretical frameworks with which practical solutions to regional imbalances can be sought. The pioneering work was done by such thinkers as Von Thunen, Weber, Losch and Christaller when they postulated location theories.\* Similarly contemporary thinkers like Isard, Garrison, Berry and others have done the empirical research. Trade theories

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\* During the last several decades there has been a growing interest in location theory in developed countries and recently in developing coun-

were also interpreted to offer solutions to the problem of regional imbalances. But these studies contribute more to the formulation of sub-theories of regional planning and development than to the formulation of a general theory of regional planning. Three reasons are responsible for the failure to develop a general theory: i. lack of required data, especially at the regional levels, ii. lack of understanding of the process of regional growth; iii. and lack of knowledge and availability of methodology in handling the various variables.

It is widely held that the theoretical base for regional planning is derived mainly from the locational and trade theories. In fact, the two theories are closely related. The interrelationship between the "pure" Theory

tries of the world. Building on the pioneering works of Thunen, Weber, Losch, Palander and others, a number of economists and geographers have extended the analysis to apply to a wide range of problems and have attempted to synthesize location theory with other fields of economics. For example, refer E.M. Hoover's Location Theory and the Shoe and Leather Industries and the Location of Economic Activity, Bertil Ohlin's Interregional and International Trade; Walter Isard's article "Transportation Development and Building Cycles", in Quarterly Journal of Economics, LVII(November, 1942) PP.90-112.

It was Walter Isard who demonstrated the unity of Weber's theory of the location of the firm with the classical economics of substitution analysis, and an awareness developed of other problems of location and regions beyond the scope of the theory. Consequently scholars have turned elsewhere, and significant contributions to location theory have become rare.

After Weber the location theory received refinements at the hands of later writers. Due to the deficiencies and limitations of the theory the theory of the market areas was developed, which is, in a sense, the culmination of the theory of the firm. The theory of market areas is important in two respects. Firstly, it gave impetus to the formulation of a new theory by Walter Christaller and August Losch, the Central Place theory. It was formulated mainly, by Christaller as a purely general deductive theory designed to explain the size, number and distribution of towns for reasons which also made it the theory of urban trades and institutions. Secondly, the theory of the market areas is implicit also in the modern theories of regional development such as Perroux's growth poles.

It is now held that the central place theory of Christaller and the market area theory of Losch provide a more satisfactory theoretical framework for regional planning, especially in homogeneous areas. Besides, the

of International Trade, i.e. the comparative costs doctrine and the Location Theory has been widely recognised. Even the assertions to the effect that the International Trade Theory is only a part of a General Location Theory, as, for example, made by Bertil Ohlin, have been accepted by the authorities on International Trade Theory. Prof. Gottfried Von Haberler states, "the non-monetary theory of international trade has occasionally been identified as a type of location theory as for example by Ohlin. This is correct in a formal sense, since it is one of the major goals of the theory of Foreign Trade to explain "international division of labour" or in other words, the geographical location of various lines of production"<sup>14</sup>.

Location theorists have also brought out the same point when they assert that trade and location are the two sides of the same coin and that "1) location cannot be explained without at the same time accounting for trade and 2) trade cannot be explained without simultaneous determination of locations"<sup>15</sup>.

Marshall was so much impressed by the trade aspect of growth that he said, "the causes which determine the economic progress of nations belong to the study of International Trade"<sup>16</sup>. It is now widely accepted

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modern trend is also to intergrate the central place theory with the general location theory and the general systems theory of Brian Berry and Von Boverter. The theory, however, suffers from certain major defects, as pointed out by M.F. Dacey (in "A Probability Model for Central Place locations", Annals of the Associations of American geographers Vol. 56, 1966, PP.550-568). i) The Theory does not incorporate urban activities as manufacturing, and mining and forest landscapes, ii) the theory is deterministic rather than probabilistic, iii) the theory is based on controversial assumptions- geometric shape of the service areas and the K factor, iv) the validity of the theory in a developing country like India, with sharp regional contrasts and variations, is doubtful.

14. G. Haberler, A Survey of International Trade Theory, Princeton University, International Finance Section, Special Papers in International Economics, Paper No.1, September 1955, P.5.

15. Walter Isard, Location and Space Economy, Jahn Wiley, 1956, P.207.

16. Quoted by Prof. P.N. Mathur as footnote No. 4 in his paper "An Efficient Path for the Technological Transformation of an Economy", included in Structural Interdependence and Economic Development, edited by T. Barna, Macmillan & Co. London, 1963.

that there is no fundamental difference between the international and inter-regional trade, even from the viewpoint of factor mobility. With the advent of the location theory introducing the dimension of space has elapsed the distinction between the two in toto. Interregional trade and international trade are today regarded as the two sides of the same coin. Besides, disparities in respect of different nations of the world are also present in respect of different regions within a country and of different sub-regions within a region. Hence the theory which explains the trade and economic activity among the nations can well be extended to explain the trade and economic activity among the regions of a nation. The question that is posed before and answered by the pure theory of International trade in respect of trade among nations is similar to that which can be asked in respect of inter-regional trade : Which region should specialise in the production of which commodity? the theory of comparative costs as applied to interregional trade thus holds key to the problems of backward regions of a nation and the disparities between the regions of that nation. With the development of the means of transport and communications interregional linkages are established through the interregional flows of commodities and thus the regions are able to exchange their natural advantages as well as comparative advantages with each other whereby all trading regions benefit. This free and unfettered trade among regions based on the principle of comparative costs paves the way for narrowing down the disparities among them through Factor Prices' equalisation. The free movements of labour and capital (in the form of goods) between the regions leads to equalisation of factor prices interregionally. Such equalisation of prices of factors amounts to the equalisation of standard of living and incomes between trading regions. And thus regional disparities are reduced. Thus, the trade theory as a strategy of economic development in general and regional economic development in particular leads to efficient location of trade, industry and economic activity among regions, narrowing down of regional disparities among them and contributes to the overall development of the economy as a whole.

But the theory did not receive universal acclamation. It has been criticised by various thinkers both on theoretical basis as well as empirical grounds.

Of course, there are several vindications and supporters of the theory. It is vindicated in case of trade relations between equal and unequal partners by Bhardwaj's study of Indo-U.S. trade.<sup>17</sup> Similarly Moroney and Walker have also tested it empirically by applying it to regional situation.<sup>18</sup>

The theory is, however, based on the assumptions which are far from reality and hence it is doubtful whether growing trading relations among regions have beneficial effects on them, as claimed by the theory. Similarly, historically the factor-price equalisation tendency has been belied. In spite of tremendous growth in the means of transport and communications and the growth of interregional linkages through commodity flows the regional disparities, international and interregional, have not been narrowed down. Myrdal has argued<sup>19</sup> that because of the cumulative nature of circular causation internal inequalities between trading partners might, in fact, increase. He has categorically stated that free trade accentuates the differences in the levels of development between the regions. "If left to take its natural course, the economic process will be cumulative instead of equilibrating....and it will then most often tend to create inequalities and not equality, and to increase existing inequalities; trade is an important element in the cumulative process."<sup>20</sup> Specially in backward regions, the 'backsetting' effect is much stronger than the 'spread effect' which is a function of the relative level of development. Myrdal has quoted two conclusions from a study<sup>21</sup> to support his arguments : 1) in Western Europe, regional income

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17. R. Bhardwaj, "Factor Proportions and the Structure of Indo-U.S. Trade," *The Indian Economic Journal*, Oct, 1982, PP.105-116.

18. Moroney & Walker, "A Regional Test of the Heckscher-Ohlin Hypothesis", *The Journal of Political Economy*, Dec. 1966, PP.573-586. They have concluded, "Nevertheless, the Heckscher-Ohlin Hypothesis seems to have some value in predicting regional patterns of industrial development".

19. G.Myrdal, *Rich land and Poor*; Harper, 1957.

20. G. Myrdal, 'Development and underdevelopment, A Note on the Mechanism of National and International Economic Inequality,' *National Bank of Egypt, Fiftieth Anniversary Commemoration Lectures*, Cairo, 1956. P.18.

21. Svend Laursen, "Problem of Development and Industrial Location in Europe", in *Economic Survey of Europe*, 1954, Geneva, 1955.

disparities are much wider in the poorer countries than in the richer ones, and 2) while the regional inequalities have been diminishing in the richer countries of Western Europe, the tendency has been opposite in the poorer countries. Further Leontief's paradox has exposed the incapacity of the trade theory to explain the situation of the developed world. It amounts to saying that the inherent assumption of Hecksher-Ohlin theorem, that there is similar production function for the same commodity in two different regions is wrong. Thus all this criticism of the trade theory has brought out its failure to explain the existing situations of the developed and developing regions, and has led to the searching reexamination of its basic tenets.

#### 8. REHABILITATION OF THE TRADE THEORY :

However, the basic point is that in all this criticism the long-run view of the object of trade itself, in the context of the development of a nation is completely overlooked. The trade pattern according to trade theory brings gains to both parties in the short-run. Economic disparities are nevertheless created because of the possible conflict between short-run and long-run phenomena. In fact, short-run gains from trade co-exists with long-run losses, which are in conformity with trade theory. This fact can explain the reconciliation of the theory with actual facts. Since this aspect of the trade theory is overlooked the trade criteria and growth criteria are posed as alternative criteria for investment decisions,<sup>22</sup> former being considered as static and latter alone as dynamic.

Credit for rehabilitation of the trade theory goes, among Indian Economists,<sup>23</sup> to Dr. P.N. Mathur who has established the dynamic theory of

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22. Chenery H.B., "Comparative Advantage and Development Policy", included in *Surveys of Economic Theory, Growth and Development for the A.E.A. and the Royal Economic Society*, St. Martin's Press, New York, 1965. PP.125-155.

23. Among foreign economists Sodersten, BO, among others, tries to rehabilitate the theory in his *A Study of Economic Growth and International Trade*, Almquist and Wiksell, Stockholm, Goteborg, Uppasala, 1964.

trade.<sup>24</sup> He explains Leontief's paradox by considering growth-oriented impact of trade in U.S.A. by introducing dynamic gains in his study. The dynamic gains of trade are enjoyed by "changing the structure of production within the country in such a way as to reduce the average capital-output ratio by importing commodities which are more capital intensive than those that have to be exported in return. Thus the given rate of investment is enabled to produce a larger product than would have been possible otherwise, increasing in its turn the warranted rate of growth of the economy in the Harrodian sense". He has considered all the possible combinations of static and dynamic gains and losses of trade. He has also given up the unrealistic assumption of similarity of production function for the same commodity in two countries, which has been of great importance to Heckscher-Ohlin. He shows that for trade to be mutually beneficial to the two countries it is necessary that the structure of the two economies be different. Thus, by considering all the possible combinations of static and dynamic gains and losses and emancipating the trade theory from its artificial and redundant assumptions he bridges the gulf between theory and fact. The trade pattern between two regions (and countries) according to this dynamic theory is conducive to balanced regional development. It has also been shown that this trade pattern is also conducive to the 'top level of development' for each one of them.

Thus this rehabilitated trade theory can certainly be said to provide theoretical basis of regional planning and development, capable of providing policy prescripts. In the case of underdeveloped regions or pockets where vicious circle of underdevelopment and its consequent backwash effects are present the corrective step as a policy matter is to ensure that dynamic gains from trade at the margin are equal in all the states. This can be done by examining various alternative commodity composition of trade. At the same time it is also necessary that the production structure and

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24. P.N. Mathur, "Gains in Economic Growth from International Trade - A Theoretical Explanation of Leontief's Paradox" published in *Kyklos*, 1963. PP.609-625.



factor mobility are of the desired form. This will require the consideration of the problem of location of new enterprises and writing off of the old ones if it is so required.

Thus the growth economists have modified and rehabilitated the trade theory. They have relaxed the equilibrium assumptions and allowed for internal and external economies. After so modifying the theory they have, in order to obtain a pattern of trade and production maximizing income over time, recommended the allocation of resources and economic activity in favour of leading regions and leading sections therein. However, while dealing with the details of this policy recommendation the growth economists are divided. Some of them assume an elastic supply of labour and capital and recommend balanced growth which implies that resources should be allocated regionally and sectorally in such a way that there would be simultaneous expansion of several inter-related regions and sectors. Leading among these economists are Rosenstein Roden, Nurkse, etc. Some others assume inelasticities of capital, managerial and administrative talents, technological innovations, markets, etc. and recommend unbalanced growth which implies concentration of resources in a few leading regions and implementing programmes which would stimulate leading sectors within the regions. This strategy of "concentrated decentralisation", as Lloyd Rodwin calls it,<sup>25</sup> is motivated by the achievement of economies of scale and significant initial breakthrough that would induce further development. "It would mean that some regional and sectoral development would be stopped, curtailed, not encouraged until some later stage, because of scarcities of capital, managerial and administrative talent, and markets."<sup>26</sup>

Thus we are now confronted with the same question we have raised earlier in this discussion : What type of strategy of regional development should be adopted? Balanced growth or Unbalanced growth? Since regional

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25. Lloyd Rodwin in 'Choosing Regions for development' in Regional Development and Planning - A Reader, Eds. J. Friedmann & W. Alonso, MIT Press, 1964. P.43.

26. Ibid P.43.

development depends mainly on the regional allocation of resources and economic activity, which "determines the rate of growth of each particular region and thereby the growth of the entire nation",<sup>27</sup> the whole question boils down to the strategy of regional allocation of resources. Hence we will concern ourselves with this issue in the next section.

#### 9. STRATEGY FOR REGIONAL ALLOCATION OF RESOURCES :

During the last two decades consensus is being developed regarding the strategy of regional development, and balance has shifted from "Balanced Growth strategy" to "Unbalanced Growth Strategy". "There is now widespread agreement with Albert Hirschman's view that, in transitional societies, resources should be concentrated in the more promising and the dynamic centres, permitting development to spill to the other regions from these foci."<sup>28</sup>

The very nature of the growth process is such that it leads to interregional inequality of growth. "some areas are better endowed with natural resources than others.....Furthermore, there is a powerful motivation to agglomerate industrial investment at selected areas because of external economies consisting of sharing the same social overhead facilities, service industries, skilled labour pools, and expert management. Then again, markets are also unevenly distributed, requiring uneven development in transportation and market-oriented activities. And in addition to all these there is a natural tendency for agglomeration.....<sup>29</sup> Thus during the process of growth, regions with existing advantages grow at a faster rate than others and emerge as 'growing points' or 'growth poles' or 'growth centres'.

It is because of this peculiar nature of the growth process that there arises a conflict regarding the allocation of resources. Conflicting claims

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27. Louis Lefebvre in Regional allocation of resources in India in the above book. P.644

28. Friedmann & W. Alonso in Introductory note to Part IV in Regional Development & Planning-A Reader. MIT Press 1964. P.492.

29. Louis Lefebvre; Ibid P.645.

are put upon the available scanty resources. On the one hand, each region/state wants to develop its own resources and raise the living standards of its people and hence claim the diversion of resources in its favour; while the rapid national economic growth calls for the concentration of resources in particular developing areas, on the other. In a developing economy, however, national economic growth must take precedence over the regional development. "An economy, to lift itself to higher income levels, must..... develop within itself one or several regional centres of economic strength".<sup>30</sup> Thus development of 'growing centres' is not only a natural concomitant but also a necessary condition of economic growth. This alone can bring about a reconciliation of national economic growth with regional economic development. The question of balance in regional development is, no doubt, important, and it is to be approached side by side by appropriate and deliberate public policy measurers, but never at the cost of overall economic growth.

The growth of the growing areas as a result of concentration of resources in them is in course of time, transmitted to the stagnant areas through the "trickling down effects" (of Hirschman) or the "spread effects" (of Myrdal). Firstly, employment opportunities are created in these regions and labour from the latter is attracted. Thus the growing areas absorb some of the disguised unemployed of the latter and thereby raise the marginal productivity of labour and per capita consumption levels in them. Secondly, the rapidly growing areas yield surpluses, which are initially used in them only to maintain growth in the vigorous centres but which, in course of time, are channelled to the lagging areas, for making purchases and in search of investment outlets there. This ignites development in the heretofore stagnant areas, which gradually come out of their shell of underdevelopment. In course of time new surpluses and resources are created in the backward regions, which create "growing centres" in these stagnant regions. Thus these regions are set on the path of development. As regards balanced regional development, 'in good time the number of growing areas should

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30. A.O. Hirschman "Transmission of Economic Growth" in Regional Planning & Development-A Reader P.623.

increase to a density which is adequate to provide a satisfactory regional balance.<sup>31</sup>

Thus it follows that the strategy of concentrated allocation of resources in a few leading regions, or the strategy of unbalanced growth is necessary for the development of the lagging regions. It is a strategy for reconciling the national objective of rapid over-all national economic growth with the socio-regional objective of regional development.

Gunnar Myrdal is, however, doubtful about the tricking down effects and seems to be in favour of the strategy of balanced growth. In his theory of cumulative and circular causation he argues, "Within broad limits the attractive power today to a centre of commercial and industrial expansion has a main origin in historical accident.....Thereafter the ever-increasing internal and external economies fortified and sustained their continuous growth at the expense of other localities and regions where, instead, relative stagnation or regression becomes the fastened pattern".<sup>32</sup> To him, especially in the backward regions, the 'backwash' effect or "polarization effects (of Hirschman) are much stronger than the "spread effects" or 'trickling down" effects.<sup>33</sup>

However, Myrdal seems to be excessively dismal and pessimistic in his approach and analysis. It is true that once growth takes a firm hold in few growing regions polarization or backwash effects are set in to which the backward regions are exposed. Thus the economic activities in them, though inefficient are exposed to competition with those in the developing regions and are, as a result depressed. Secondly, there will be internal migration of highly qualified labour and capital from these regions to the growing regions. Thus, the lagging regions are denuded of its technicians,

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31. Louis Lefebvre, *Ibid* P. 645.

32. G. Myrdal, Development and Underdevelopment, A Note on the Mechanism of National and International Economic Inequality, National Bank of Egypt, Fiftieth Anniversary Commemoration Lectures, Cairo, 1956 P.18.

33. G. Myrdal, Economic Theory and Underdeveloped Regions, London, 1957.

administrative and managerial talents and entrepreneurs. These polarization effects may be initially so strong that they may render the trickling-down effects ineffective; Besides, checks to the tricking-down effects may at times come into play and may leave the lagging regions in a far worse backwater than before. But this situation cannot be allowed to continue for long. The growing regions will find it difficult to bear the burden of their own development. They will find that their expansion is hampered because of the insufficient size of the home market resulting from the depressed income levels in the backward regions. Besides, balance-of-payments and other supply difficulties will also crop up before them. Ultimately, deliberate economic policy will come into play to correct the situation. Thus the victory of the backwash effects will prove to be short-lived and in the end the spread effects would gain upper hand over the backwash effects. But Myrdal, being preoccupied with the mechanism of cumulative causation could not imagine the emergence of the strong forces making for this turning point in the situation. Secondly, Myrdal failed to have a grasp of the nature of growth process and he could not conceive "that the emergence of growing points and therefore of differences in development between regions is inevitable and is a condition of further growth anywhere".<sup>34</sup>

If under the balanced growth strategy resources are allocated in backward regions and investments located there in an arbitrary manner, these investments would have low yields in the short run and doubtful higher returns in the long run. Such resource allocation and investments would rather bring about redistribution of income than contribute to economic development, and would, in effect, amount to the exhaustion of resources which otherwise would be available for national economic development.

Besides, such allocation of resources will be at the cost of sufficient investment in the developed regions. Insufficient investment in these areas will stifle their growth, lead to insufficient surpluses to be diverted to the backward regions which are already unable to raise their own savings

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34. A.C. Hirschman, *Ibid* P. 627.

and surpluses. This would retard their progress, elongating the period of poverty. Thus the development of retarding regions depends vitally upon a prior development of the dynamic and growing regions. But the concentration of resources in these dynamic regions is not to be a permanent or even long term feature. It is to be continued upto the point of cumulative self-sustained growth of these areas. Once they attain the stage of self-sustained growth policy of dispersal of resources is to be undertaken and investment is to be switched to the newly created growing points in the backward regions.

The balanced growth strategists argue out a case for initiating investment in the less developed areas by dispersal of resources. They argue that concentration of investment in the dynamic regions might lead to diminishing returns to scale with size implying that returns would be higher in the less developed regions. Hence it would be desirable to disperse resources and investment among the latter instead of concentrating on the former. But this view rests on two assumptions, which, as we would show shortly, are unwarranted. Firstly, it is assumed that urbanization costs per capita rise after a certain population size, and secondly, it is also assumed the less developed regions being relatively unexploited must hold promise of better returns.

As regards the first assumption the empirical evidence for German Federal Republic and the United States of America lends substantial evidence to the belief that there are increasing returns to urban scale as per capita income rises much faster than Governmental expenditure with increase in urbanization, suggesting that if an optimal size does indeed exist it is far likelier to depend upon the productivity per capita function than upon the cost per capita function.<sup>35</sup>

As regards the second assumption, empirical evidence is lacking to substantiate that a policy of regional equalisation will maximize the rate of economic development. Such a view is, in fact, based on the classical

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35. W. Alonso, *Economic Development and Cultural Change*, Vol. 17, No.1.

location theory which prescribes regional allocation of investment proportional to resources in order to attain accelerated national economic growth. But the classical location theory, like the classical theory of international trade, is based on rigorous assumptions such as perfect knowledge, predictability, mobility of factors, inexhaustible entrepreneurship and, to a large extent, a fully developed transportation network, is therefore subject to the same strictures to which the classical trade theory had been. The theory, as it is, is ill-suited to the conditions of the developing countries because of its unrealistic assumptions. Like the trade theory it has also to be modified to render it applicable to the developing nations. Once it is so modified and adapted to the conditions in the developing countries it would indicate that efficiency goal is best served, not by the balanced growth strategy but by a policy of "concentrated decentralisation."<sup>36</sup>

There is now widespread agreement that in developing countries resources should be concentrated in the more promising and dynamic regions in the early stages of development and that investment should be diverted to the less developed regions only when the more developed regions have reached a point of self-sustaining cumulative growth.

However, this does not mean that the backward regions be neglected. Investments should be undertaken, at the same time in these regions; but they should be based on low-cost rural labour and locally available materials. They should include local irrigation, land reclamation, reforestation and public works that increase communication and mobility like road building and rural school construction programmes. Such labour intensive projects would certainly bring immediate relief to the retarded regions; but this is necessarily a short-run measure. "Long-run relief can come only from the gradual accumulation of viable, economically efficient industrial and agricultural investments".<sup>37</sup> For this reason rational pricing policy as well as transportation policy should be given greater consideration by the

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36. Lloyd Rodwin, *Metropolitan Policy for Development Areas*, Dordalux Winter, 1961.

37. Louis Lefeber, *Ibid* P.647.

planners. Such policies would bring about efficient allocation of industrial investments in agricultural producing areas. These industrial investments should be undertaken in small-scale industrial projects like local consumers' goods industries and agricultural processing industries.

However, industrial investment is not the only way to bring relief to the retarded regions. Farming policies contributing to agricultural development and encouraging agricultural export and import-substituting output would also be crucial for their development and would result in wider regional distribution of resources.

Besides, social and regional base of middle and higher education should be broadened. Such broad educational base would increase skill requirements of national growth and remove the lack of elementary technical skill in the country side, which is the main hindrance in the rural labour mobilization. This broadened educational base would also contributed to improve income redistribution and equality of opportunity.

State governments and/or regional authorities compete for industrial resources purely and mainly on political grounds. But most of the projects located from this viewpoint are wasteful as they lead to inefficient resources utilization. Hence, the local government especially of less industrialised and backward areas must be convinced that greater concentration of industrial resources in certain limited regions or areas, especially in advanced regions works out to their long-run benefit. But they can be so persuaded only if a comprehensive and rational economic plan is provided for the whole nation "Without such a plan regional governments cannot be expected to sacrifice or to wait patiently for the advancement of their own areas.....<sup>38</sup>

Resources and investments can be efficiently allocated only if there is a suitable norm to channelise them into activities that will maximize the real value of national income for given supply-demand relationships.

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38. Louis Lefebvre, Ibid P.649.



Such a norm is provided by an efficient price mechanism. In this connection, Louis Lefebvre<sup>39</sup> has laid down certain pricing rules which should be taken as criteria for efficient resource allocation. Lefebvre has laid them down for allocation of resources in India.

In India, because of the distortions caused by the shortcoming of free markets and by the prevailing income distribution free market determination of prices would not be desirable. The price system must be adjusted suitably to reflect desirable conditions of production and marketing either in a real or in a 'Shadow' price mechanism. Actually, according to Lefebvre, a combination of the two might be desirable. In this context he has stated the following criteria :

1. Prices of commodities and rates for services should reflect real cost (including real interest and foreign exchange rates) at the place of production and at the place of consumption.

2. Prices of homogeneous goods should be the same at a given location without regard of origin and should differ from location to location by the marginal cost of transportation if the commodity is transported and at most by that cost if not transported between two separate locations.

3. The present discounted value of the investment at the optimal location should be larger than or equal to the present discounted value of the same project computed for any other location (basing the computation on real costs and interest).

If these criteria are followed in resources allocation there would be optimum utilization of resources, increase in savings and generation in surplus for further investment and growth. Deviation from these would, of course, result in utter waste of resources, diminution in saving and retarding further growth.

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39. L. Lefebvre, Ibid PP. 649-651.

Our analysis of the regional allocation of resources would not be complete unless one another angle from which this problem is to be approached is made explicit. In taking decision on allocating investment the differences in the rate of saving among regions are of great significant and must be paid due attention. M.A. Rahman<sup>40</sup> has given a precise and lucid analysis of the logic of regional allocation of investment. When there are differences in regional rates of saving, the strategy of concentration of investment in the more productive regions throughout the planning period will not necessarily lead to maximum rate of growth of national income. Decisions regarding allocation will have to be taken with reference to the rate of saving among regions. If the rate of saving is higher in the more productive region, then the policy of concentration will serve the purpose. If, however, this is not so and the less developed region has the higher rate of saving, then it would be desirable to concentrate investment during the initial years of the plan in this region, if the planning period is long enough so that the loss of income due to this policy would be made good in the course by the higher rate of saving generated in this region.

Technically speaking the decisions on allocation should be taken with reference to the "internal rate of growth" of each region. "The "internal rate of growth" of income in a region is the rate at which its income would grow if it were a closed region so that its income grows out of its own saving only. It can also be called the "increment to saving resulting from unit investment" in the region, and is given by the ratio of the region's saving rate to its capital/output ratio.<sup>41</sup> If the less productive region

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40 "Regional Allocation of Investment" Reprinted in Regional Development & Planning A Reader, Ed. Friedmann & Alonso, from the Quarterly Journal of Economics, Vol.77 (Feb.1963)

Rahman has shown in his Ph. D. Thesis "The Logic of Regional Investment Allocation," Harvard University, 1962, Appendix I, PP, 61-70, that ther analysis pertaining to a two-region economy, given in this article can easily be extended to n-region and the same conclusions would follow.

41. In Algebraic terms internal rate of growth of a region is  $S/K$ , where S is the rate of saving and K is the capital/output ratio in the region.

has a higher internal rate of growth, then optimality would require investment to be concentrated in this region for a number of initial years of the plan, after which the policy should switch in favour of the more productive region. How many initial years would comprise the first phase of such a "switching" program depends, given the length of the planning period, on how high the "internal rate of growth" in the less productive region is in relation to that in the other region, and on how narrow are the political tolerance limits to regional income disparity."<sup>42</sup>

We have thus considered at length the theoretical basis for regional planning and development and strategy therefor. We may now summarize below our observations.

#### 10. Summary.

Interest in regional planning is of recent origin in developing countries. In India, the Panchayati Raj System has been adopted two and half decades ago as an institutional mechanism for regional planning with district as a unit of planning. The need for regional planning in developing countries cannot be overemphasised. It has been their experience that with economic development spatial disparities in the socio-economic development go on widening, which are harmful to the overall national progress. Hence regional approach to planning is a sine qua non of the overall development of the economy. The objectives behind regional planning are quite obvious. Besides systematic development of the region it also aims at reducing the regional imbalances in the economy. However, it cannot be separated from the broader concept of national economic development. It has to be undertaken necessarily within the broad framework of a national plan.

In regional planning the concept, choice and demarcation of planning region assume great significance. Of the various types of regions the functional regions appear to be most suitable for regional planning. Once this concept is accepted the regional plan will have to be based on the concept of resource development region. The Planning Commission in India has based regional planning in this country on this concept. Administrative considerations play an important role in determining the planning regions; especially the

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42. Rahman, Ibid P.655.

micro-level and local planning will have to work within the framework of the administrative boundaries. Any scheme of regions in order to be useful for this purpose will have to be adopted to the administrative framework which has minimum boundary anomalies. For these reasons, in India, district has been adopted as the unit of regional planning by the Planning Commission.

As regards the strategy of regional planning and development, the problem is essentially one of regional allocation of resources. Planners are in a dilemma : Whether to adopt a strategy of concentration in developed regions or a dispersal of investment in lagging regions. In this respect, so far as economic theory is concerned, the theoretical framework for regional planning is provided by the trade theory and the location theory. The dynamic trade theory recommends the allocation of resources in favour of leading regions and leading sectors therein. It is now widely accepted that the strategy of concentration of investment in a few growing regions upto the point of self-sustaining growth of these areas is in the best interest not only of the overall national growth but also of the backward regions. However, backward regions are not to be utterly neglected; investments should be undertaken in them, but they should be based on low-cost rural labour and locally available materials. The decisions on allocations should also pay due attention to the rates of saving in difference regions, and their internal rate of growth.

Regional planning is essential for a large-sized country with several regions and wide regional differences in respect of resources, natural, material and human and requirements of the residents.

Regional planning is essential on another ground also. Planning to be successful requires the whole-hearted co-operation, initiative, enthusiasm, active participation and direct involvement of the people in the formulation and implementation of the plan. This cannot be elicited when plan comes something from above, as is the case under centralised planning, but when the process of plan-making and implementation is decentralised and the regional and local authorities are delegated the necessary powers to formulate plans suited to their requirements. Thus, regional planning secures what is known as planning from below or from grass roots.

Regional Planning is undertaken, in the first stage, at the level of the

constituent states, when the central government delegates its authority to the states which are given freedom to formulate, adopt and implement plans for their states. The State governments, in their turn, further decentralise the authority and delegate powers to the district-level authorities, who are asked and authorised to formulate plans for their districts and implement them. Such decentralisation is essential because just as there are inter-state and inter-regional differences and imbalances, there are also intra-state and intra-regional differences. Not only the different districts in the same state but the difference Talukas and villages in the same district also are in different stages of economic development. The district authorities undertake further decentralisation by delegating some of their powers to the taluka or Block authorities and village panchayat authorities which prepare schemes of development required by their respective taluka or villages.

Thus for successful economic planning and rapid economic development active public co-operation and balanced development are sine qua non. Regional Planning, when implemented on the basis of area-approach leads us to local planning at the district-level and/or village level, or grass roots planning.

Regional planning pre-supposes as a pre-condition the sharing of powers and functions of decision-making, policy-making and implementation by the central government with state governments, and further by the state government with the district administration and further by the district administration with the people at the grass roots level. Thus the whole problem of regional planning and the rapid economic development boils down to the problem of decentralisation of powers and development functions of the state or regional authorities. This is exactly what is sought and secured by the Panchayati Raj mechanism.

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CHAPTER - II

THE THEORY OF LOCAL FINANCE  
(Principles of local finance)

POINTS	PAGE
01. Meaning	34
02. Fundamental Principle of Public Finance	34
03. Principles of Public Finance under a federal set-up.	37
Constitutional base of local finance	39
05. Principal Issues in local finance	40
06. Summing up	55

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**CHAPTER II**  
**THE THEORY OF LOCAL FINANCE**  
**(Principles of Local Finance)**

**INTRODUCTION :**

The previous Chapter dealt with the theory of regional planning and established that Panchayati Raj is a mechanism to implement regional planning. This Chapter purports to discuss the principles of local finance within the broad frame-work of the principles of public finance and lay down certain rules and guidelines for the proper conduct of the fiscal operations of the local government like the Panchayati Raj.

**1. Meaning :**

Local Finance, as a branch of public finance, is concerned with the income and expenditure of local bodies (local self-govt.) and with the adjustment of the one to the other. Its principles are fundamentally the same as those of public finance. Yet, in their application, the general principles of public finance need to be appropriately modified so as, on the one hand, to fit in the limited character of financial and functional jurisdictions of local bodies, may they be municipal bodies or Zilla Parishads, and, on the other hand, to avoid the pitfalls inherent in equating the micro sectoral or sectional and micro national as aspects of the financial activities of governmental bodies and organisations.

A theory of local finance has, therefore, to be built up on a thorough examination of the principles of public finance, their applicability against the background of a federal set-up and of the issues involved in, and arising out of, the special characteristics of local self-government bodies under a federal structure. The theory of local finance resulting from such an analysis (expounded in the following paragraphs), as will be seen, is essentially in the nature of certain rules which represent adjustments, compromises and modifications in the current theory of public finance.

**2. Fundamental Principle of Public Finance :**

The principle which is generally accepted as the fundamental principle of public finance is the principle of maximum social welfare or maximum net aggregate welfare. It aims at maximising the welfare of the society as a whole.

1. This definition and meaning of local finance is adapted from the definition of public finance given by Dalton. Prof. Dalton defined, "Public finance....is concerned with the income and expenditure of public authorities, and with the adjustment of one to other". Dalton, H., Public Finance, George Routledge & Sons Ltd., London, 1939, P.1.

2. "There is one and only one principle of public finance, which applied to all the branches, provincial or federal and that is the principle of maximum social welfare, or, as some would say, the greatest good of the greatest number", Mehta and Agrawal, in Public Finance, Kitab Mahal, Allahabad, 1960, P.563 Prof. Pigou calls it the principle of maximum aggregate welfare, and Dr. Dalton, that of maxi. social advantage while some others as the principle of maximum net aggregate welfare.

This is sought to be achieved by equalising the aggregate marginal disutility of a unit of taxation. The fiscal operations of the State involve a series of transfers of purchasing power among the people through the agency of the state and fall into two broad categories, viz, raising of public revenue and incurring of public expenditure. The utility derived from the successive units of state expenditure tends to diminish while the disutility caused by successive doses of taxation has a tendency to increase. The welfare of the society is maximised only if the fiscal operations of the state are pressed upto the point where the aggregate marginal utility from a unit of expenditure is equal to the aggregate marginal disutility from a unit of taxation. This is the principle of maximum social welfare. Expressed in this way, the principle lays down the optimum sizes of public revenues and public expenditures. It does not tell us as to how the given amounts of public revenues should be raised and public expenditures be incurred so as to maximize the overall welfare of the society. For this, we have to turn to the principles of public revenue or taxation and public expenditure.

Every tax, howsoever light, imposes a sacrifice on the tax payer. Accordingly, on the side of taxation, the aggregate welfare of the society can be maximized only if taxes are so imposed that they inflict the least amount of sacrifice on the society as a whole. This would happen when the marginal sacrifice of individual tax payers is equal.<sup>3</sup> This is called the Principle of Least Aggregate Sacrifice. This principle enables the state to achieve its objective of raising a given amount of revenue at the lowest possible cost in terms of the aggregate sacrifices of tax-payers and thereby promote efficiency in taxation. The aggregate sacrifices of the tax-payers should be viewed not only in their immediate context but in the wider context of the ultimate effects of taxes and expenditure. This, on the basis of the principle of diminishing marginal utility of money (as one has more and more units of money) it can be argued that the least aggregate sacrifice on the community would result from taxing only top incomes where the marginal utility of money is the least. But this would adversely affect future income generation and ultimately would produce harmful effects. Accordingly, the principle suggests a system of progressive taxation which does not neglect the effects of taxation on the willingness and ability of the people to work and to save. It must, however, be emphasised that this principle should not be applied

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3. Of course, this does not mean that the aggregate sacrifices of individual tax payers should be equalised.



to individual taxes, many of which may even be regressive in nature. Instead, it would be used to judge the tax system as a whole<sup>4</sup>

The state incurs expenditure in order to confer benefits upon its citizens. It is, therefore, essential that a given amount of public expenditure should be incurred in such a way as to result in the maximum possible aggregate benefit for the society as a whole. It would be so only when (a) the marginal benefit derived by each person from the given total amount of public expenditure is equal, or as nearly equal as possible, and (b) the marginal benefit conferred by each type of public expenditure is equal i.e. expenditure in different directions is carried so far and only so far as to confer equal or, as nearly equal as possible marginal benefit among each direction. Thus, the principle of public expenditure is the principle of maximum aggregate benefit or, alternatively it may be designated as the principle of equi-marginal social welfare.

From the above analysis it is clear that the principles of taxation (least aggregate sacrifice) and public expenditure (equi-marginal social welfare) are the corollaries of the fundamental principle of public finance (i.e. principle of maximum social welfare). While the principle of public expenditure tries to maximise the aggregate net social benefits from the state expenditure, the principle of taxation endeavours to raise a given amount of resources at the minimum possible cost. When we combine the two principles the result is the maximum social (aggregate) welfare. If these principles are followed faithfully, they would produce a system of public finance which is highly efficient and equitable. The practical application of these principles is, however, a difficult task. For, how are we to compare the sacrifices involved in a large variety of taxes imposed upon

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4. The earlier writers on public finance examined the desirability or otherwise of imposing individual taxes in the light of the well-known canons of ability, certainty, convenience and economy given by Adam Smith and of productivity and elasticity laid down by later writers. They did not consider the tax system as a whole. In this connection, Mrs. Ursula K. Hicks observes, " instead of regarding each tax separately and attempting the impossible task of choosing only those taxes which would pass all the tests, it was suddenly realised that any desired distributional result could be obtained by a compensatory structure of taxes, in which the faults of one would be offset by the virtues of another." U.K. Hicks, Public Finance, Oxford University Press, 1948, P.150.

different individuals or the benefits of different forms of expenditures as accruing to different individual? In a democratic system this may be said to be reflected in the opinions of the elected representatives of the people. But an accurate objective assessment is virtually an impossibility. This has led many people to criticise the principle as unrealistic and impracticable. This difficulty and limitation has to be accepted. And yet, it does not belittle the importance of these of principles of public finance inasmuch as they provide the true bases (or ideal) for the conduct of the fiscal operations of the state.

### 3. Principles of Public Finance under a Federal Set-up

The forgoing analysis of principles of public finance presumes the existence of a unitary state with only one government having the power of raising revenue and incurring expenditure. Let us now consider the modifications, if any, that need to be introduced in the application of these principles in the context of a federal state with Central, state and local governments having their own fiscal powers and functions.

It may be argued that in a federal set-up also the aggregate social welfare would be maximised if only the governments at different layers followed the principles of equating marginal sacrifice and also marginal benefits in the manner explained in the previous paras. There is, however, no guarantee that that will follow automatically, particularly if the level of per capita income in different states or within the jurisdiction of all the local bodies is not the same. Besides, tastes and distribution of incomes between and among the states also show marked differences. Under these circumstances, if now, the Central government tries to equate the aggregate sacrifice of the marginal unit of its taxation with the aggregate benefit derived from its marginal unit of expenditure and so also do the states and local bodies with regard to their fiscal operations, the aggregate welfare of the whole community may not be maximised. For, as the states differ from one another in economic prosperity, the sacrifice imposed by the marginal unit of taxation as also the benefit derived from the marginal unit of State expenditure in the richer states would tend to be lower than in the poorer states. This is because in the richer states,

the incomes of the people being higher, the sacrifice caused by the marginal unit of taxation would be less. Similarly, the benefit derived from the marginal unit of state expenditure would also be less because of the smaller needs of these people for state services. Consequently, the levels at which the Central and the different state governments, will equate the aggregate marginal sacrifice and the aggregate marginal benefit would be different and their fiscal operations taken together would fail to maximise the aggregate net welfare of the country as a whole.<sup>5</sup> There would be scope for increasing the aggregate welfare by raising the level of taxation in the richer states and spending the money thus obtained in the poorer states.

The federal government, acting in co-operation with the other layers of government, should, therefore, levy taxes in a manner that results in the minimum aggregate sacrifice for the nation as a whole by equalising the marginal sacrifice caused by taxes of various governments taken together for every person. This would necessitate taxing the rich states heavily than the poorer ones. Again, in the field of public expenditure, in order to maximise benefit for the country as a whole, it would be necessary to bring about an equality between the marginal benefits derived from a unit of expenditure incurred by every one of the different layers of government and this would be possible only when expenditure is greater in poorer states than in the richer ones where such need is relatively smaller.

From the above discussion it is clear that though there is no fundamental difference between the principles of public finance to be applied in unitary and federal forms of government their application in a federal set-up is a complicated affair. The Central government has to act as co-ordinating link between the various layers of government and, by its complementary and supplementary fiscal operations, has to ensure the

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5. Cf. Dr. R.N. Bhargava, *The Theory and working of Union Finance in India*, George Allen and Unwin Ltd., London, 1956, P.42

application of the principles of public finance for the country as a whole. This is generally made possible by resting the Central government with unfettered powers of taxing all its citizens and by providing for the system of grants-in-aid.

4. **Functional base of local finance :**

The basic functions of local bodies are to provide amenities of modern life in their local communities and to equip them better for promoting the economic and social advancement of the country. This they do by incurring expenditures which are designed to make civic life comfortable by providing such amenities as adequate water supply, housing, provision of public health and sanitation facilities, public safety, facilities for mental and intellectual development, etc. Their activities are such which can be better organised and administered at the local level and do not easily lend themselves to uniform action at the state or central level because of their being greatly influenced and conditioned by physical and other peculiarities of the particular localities. As against this limitation of the scope of their activities, there is the fact of growing notion of the content of modern civic life and amenities and its standards, which tend constantly to widen the scope of the activities & functions which these bodies are called upon to undertake. These factors have certain important bearing on the problem of local finance.

In the first place, in view of the limited area under the jurisdiction of local body and owing to the local character of its operations and activities, citizens under its jurisdiction are prone to seek a greater co-relation between the sacrifices they are called upon to incur in the form of taxes, etc, and the benefits which they derive therefrom, than is the case in regard to the operations of the state and central governments where the activities are of a more generalised character, cover a much wider area and where the balancing role of government in relation to different regions is well established and recognised.

Secondly, while the localised character ties up the available local resources to the development in the particular locality, and thus makes

for a certain amount of inflexibility in local resources, the needs are related not just to local development requirements but also to general social environment and consciousness, in the country as a whole, more so if the locality is not as developed as the others. Thus, While the needs of local bodies may be expanding very fast, the elasticity and productivity of local resources though highly desirable, cannot be solely relied upon to take care of the expanding requirements of local bodies. A flexible system of grants-in-aid is, therefore, necessary ingredient of local finance.

Thirdly while there exists an elaborate state & central tax system and also a well organised collection machinery at such higher levels, the scope for efficiently raising resources purely at the local level is strictly limited. Moreover, the impact of such taxes along with the taxes imposed by superior governments, needs to be closely watched and compared with that in other localities. But the greater the decentralization of taxation powers (and functions), the more difficult it becomes to secure an overall maximization of net aggregate social welfare.

And finally, <sup>in</sup> a democratic set-up, operations at the local level are a strategic instrument in building up a welfare state with the willing and conscious participation of the people since they provide the primary lessons in enlightened citizenship and help develop a wider national perspective in which to view the problems which, in the first instance, appear to be local or sectional in character.

The above analysis shows that even though the broad principles of local finance are not different from those of general finance, there are various complicated issues involved in formulating specific rules and guidelines so far as the raising of financial resources by local bodies is concerned. We, therefore, now turn to an examination of these issues wherefrom we shall seek to deduce the rules of local finance.

##### 5. Principal Issues in Local Finance :

Some of the important issues that arise in relation to the finances of local bodies are :

(a) Should local bodies enjoy independent financial powers under the Constitution or should such powers be delegated to them by their respective state governments in the light of their own financial conditions?

(b) What principles should govern the assignment of financial resources to local bodies, what types of taxes should they be authorised to levy and on whom?

(c) Should local bodies enjoy independent powers to borrow from the general public any time and for any purposes they like or should their power be subject to the approval of superior government in regard to timing, quantum, source and purposes of borrowings?

(d) Should local bodies receive grants-in-aid and, if so, on what bases and terms? and

(e) Should local bodies run commercial enterprises also in order to supplement their resources?

While it is by no means a simple task to provide generally acceptable answers to these questions, a thorough examination of the same in the Indian context is essential for formulating a rational policy for efficient functioning of local bodies in the country. Each of these issues is discussed below.

(a) Should local bodies enjoy independent financial powers under the Constitution?

The financial jurisdiction of local bodies may either be specified in the Constitution of the country or may be left at the discretion of the states. In the latter case, the state legislatures are authorised to delegate such financial powers to local bodies which they deem necessary from time to time. Whether local bodies should receive their financial powers directly from the Constitution or from the State Legislatures has been a debatable question and opinions have been expressed in favour of both the systems.

When taxation powers are assigned to local bodies by the states, the latter normally retain with themselves the power to levy even those taxes which are delegated to local bodies. Moreover, they exercise strict control on the fiscal operations of local bodies. Every change in the rates of the existing local taxes and the imposition and abolition of each new existing tax requires the prior permission of the state government. In some cases, the controls exercised are so stringent that local bodies are reduced to the status of a government department. Clearly, such a system strikes at the root of the principle of local self-government, kills the initiative and alienates the sympathy of the local people and promotes a sense of irresponsibility in local bodies, which instead of trying to raise resources locally, develop a habit of depending upon the state governments for financial assistance. The situation is worse where the state governments and local bodies are controlled by different political parties. This leads to frequent troubles and levelling of charges and counter-charges and the local bodies, instead of acting as the nurseries of self-reliance and self-governance are converted into the breeding grounds of dirty politics, frictions and frustration. What is even worse from the view-point of local finance is that there are frequent encroachments by state governments in the field of local taxation<sup>6</sup>, on the ground that the local authorities fail to utilise their taxation powers properly.<sup>7</sup> Thus, the already limited taxation powers of local bodies are further whittled down in actual practice.

In this connection it is interesting to note the opinion of the Taxation Enquiry Commission (1953-54) on the above subject. The Commission observed

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6. For instance, "states of Madras, Bihar, Gujarat, Assam, M.P. Maharashtra and Punjab are levying urban tax or urban land tax. In the U.P., a special urban property tax has been imposed similar to the municipal house and property tax. In Assam, Bihar, Punjab and some other states, taxes on passengers and goods carried by road are levied by the State Govts. In M.P. Punjab and Assam, Govts are levying a Profession Tax." Rural-Urban Relationship Committee Report, 1966 PP. 87-88. Also see the Zakaria Committee Report, 1963, P. 10.

7. From the study of the tax structure of 100 local bodies, it appeared that as recently as in 1962-63, 21% of the local bodies were levying no property taxes, 54% were levying no service taxes, while about 27% were levying no vehicle tax", Rural-Urban Relationship Committee Report, P.89.

that it was both desirable and necessary that certain taxes should be reserved for being levied exclusively by or for local bodies and recommended a list of such taxes. The Commission, however, did not favour a constitutional amendment with a view to reserving the sources of revenues for local bodies.<sup>8</sup> This recommendation has been endorsed by the Zakaria Committee also which further recommended that "where the states are already levying a tax which is, in fact, a general property tax on urban property, the proceeds of such taxes should be made over to the local bodies instead of being credited to the state revenues."<sup>9</sup> The Rural-Urban Relationship Committee (1960) while agreeing with the Taxation Enquiry Commission that it was neither necessary nor expedient to provide for a constitutional amendment for reserving certain sources of revenue for local bodies, observed that, "if the local bodies are to be made financially self-reliant, they should be assured of adequate sources of revenue to meet the cost of their essential services for a specific period, say five years, after which there should be a re-examination and a new financial arrangement made."<sup>10</sup> The Committee further recommended for the setting up of the Local Finance Commissions in each state on the lines of the Finance Commission for periodically reviewing financial conditions of local bodies and making recommendations in that behalf.

8. Taxation Enquiry Commission Report, 1953-54, P.363. It was appointed by the Central Government. Composed of Six members with the late John. Mathai as its Chairman, Dr. V.K. R.V. Rao, Member, Planning Commission, was also its members, The Report was submitted on 30th Nov. 54. The Commission considered, inter alia, the problems of local finance with particular reference to local taxation.

9. Zakaria Committee Report, 1963, P. 54. The Zakaria Committee was constituted by the Central Council of Local Self. Government (estd. in 1954 & composed of the State Ministers of Local Self-Govt.; it holds annual meetings to discuss the problems in the working of local bodies and their finances) during its 8th Annual Meeting at Calcutta in 1962. The Committee was constituted of the Ministers of Local self-Govt. from Maharashtra, W. Bengal, Punjab, Madras & A.P. with Shri Rafik Zakaria Minister from MH as its Chairman. The Committee submitted report in 1963. The Report is known as "Augmentation of Financial Resources of Urban Local Bodies," Report of the Zakaria Committee.

10. The Rural-Urban Relationship Committee Report, 1966, P.54.



While the setting up of the Local Finance Commission as recommended by the Rural-Urban Relationship Committee would be a step in the right direction, it is difficult to agree with the Zakaria Committee that the proceeds from municipal or local taxes levied by State Governments should be credited to the revenues of municipal or local bodies. This is because this will be allowing the municipal or local bodies to enjoy the benefits of a tax without shouldering the responsibility of levying it. This will amount to a negation of the very principle of local self-govt.

As regards the constitutional amendment, for reserving certain sources of revenues to local self-govt. bodies, the main plank of its antagonists seems to be that in view of the differences between the various categories of local bodies as well as the differences in the degree of development of the same category of local bodies in various states, it would be inappropriate to confer upon them the same powers of taxation on a uniform basis. The objection can very easily be met by granting concurrent powers to state govts. and local self-government bodies in respect of levying of the taxes reserved in the Constitution for the latter with the proviso that if a local body levies these taxes, the state govt will not be entitled to impose the same; and if it has already imposed such a tax, it would have to withdraw the same. It may, therefore, be seen that most of the defects associated with the system of devolution of financial powers by State govts. to local bodies can be removed if those local bodies are granted independent taxation powers by the Constitution and definite rules are laid down with regard to grant-in-aid to be given to them and the same are reviewed periodically by the Local Finance Commission referred to earlier. Once the local self-government bodies are assured of certain sources of income and have a definite idea about the amount of grant-in-aid that they would be getting, they would try to learn to live within their own means and the feeling of dependence on state governments would yield place to a sense of responsibility and self reliance. In such a case, it would no longer be possible for them to avoid taxing the local population for fear of losing popularity, and to put the blame on the state govt. for their financial bankruptcy and poor services.

(b) What principles should govern the assignment of financial resources

to local bodies, what types of taxes should they be authorised to levy and on whom?

Whether local bodies derive their financial powers directly from the Constitution or from the State Legislatures, it is absolutely essential that such powers be delegated to them according to certain well-thought-out principles and no room is left for arbitrariness in that regard. This is particularly necessary in relation to local self-government bodies as, in view of their low political and financial status, their interests are very likely to be sacrificed in any scheme of division of financial powers among different layers of government.

In this connection it is befitting to note the opinions of some of the authorities on public finance regarding the basis of the division of financial powers. According to Seligman, the division of resources should be based upon the principles of efficiency, suitability and adequacy.<sup>11</sup> Prof. Adarkar, on the other hand, mentions three essential features for the efficient functioning of the federal financial system. They are : (a) independence and responsibility, (b) adequacy and elasticity, and (c) administrative economy.<sup>12</sup> According to the Taxation Enquiry Commission (1953-54) the two important criteria for determining the taxes to be transferred to any category of local body should be, firstly, the suitability of the tax, and secondly, the capacity of the local body to levy and administer the tax adequately and suitably.<sup>13</sup>

Of the three sets of principles mentioned above, that given by Prof. Adarkar appears to be most comprehensive. Alongwith the principles of efficiency his criteria would perhaps provide the best guide for an efficient and equitable division of financial resources among various layers of government. It is necessary that such financial resources should be assigned to local bodies as are adequate in relation to their functions and obligations and are at the same time sufficiently elastic so as to provide the necessary

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11. Dr. R.N. Bhargava, the Theory and Working of Union Finance in India, P.75.

12. Ibid, P.81.

13. The Taxation Enquiry Commission Report, 1953-54, para 16, P.363.

revenues to meet their growing requirements. Again, within the broad area of their financial jurisdiction, local self-government bodies should be left free to impose tax and fix its rate and the interference of the state government in this regard is reduced to the minimum. Such independent financial powers of local bodies would develop a sense of responsibility in them. It is also necessary that the scheme of division of financial resources promotes efficiency and administrative economy. This may be ensured by assigning to local bodies only such taxes as have a local base, by preventing leakages in revenues due to tax evasions, etc. by avoiding undue hardships caused by double and multiple taxation and by reducing the cost of collection to the minimum.

As regards the types of taxes that local bodies should be authorised to levy, it is obvious that in the interest of efficiency, they should be allowed to levy only those taxes which have a local base and which can be conveniently administered by them. It is some times suggested that while levying taxes, local bodies should follow the benefit principle of taxation. Thus Dr. B.R. Mishra observes, "while the ability theory has a greater application in national finance, the benefit principle comes into play in local taxation".<sup>14</sup> Dr. K.K. Sharma is similarly of the opinion that "the proper scope for the application of the benefit theory lies in the field of local taxation".<sup>15</sup> This is because, "the services rendered by the local bodies can be properly measured," and, therefore, "....their optional services like water supply and provision of electricity, etc., as also their compulsory services like street lighting, etc. are charged in accordance with the benefit theory".<sup>16</sup> This view appears to be based on the assumption that in the case of Local finance, people are better able to relate the benefits that they receive with the sacrifice that they incur in the form of taxes than is possible in the case of Central and state finances.

This view, however has no universal acceptance. Some economists

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14. Dr. B.R. Mishra, Indian Federal Finance, Orient Longmans Ltd., Calcutta, 1954, P.20.

15. Dr. K.K. Sharma, Public Finance, Bangalore Printing & publishing Co., Bangalore, 1959, P.126.

16. Ibid, P.126.

opine that in both the national and local finance, the basis of assessment is the same viz, the ability to pay. Yet, another principle mentioned in this connection is the cost of service principle according to which a person should pay for the cost of service which he receives.

Neither of these theories is suitable for being adopted as the sole basis of local taxation. Instances of awkwardness and financial disequilibria arising from exclusive reliance on any one of them are too obvious to be mentioned here. Suffice it to say that what is needed is a judicious combination of all these principles so that local taxation taken as a whole and along with the fiscal operations of other governments of the country, results in the maximization of the aggregate social welfare.

Yet another question that confronts local bodies is : on whom should they levy taxes? Normally, the tax jurisdiction of a local body, as indeed of any other type of governments, should be confined to the people residing within its territorial jurisdiction. However, where large number of non-residents keep on coming within local limits for business and other purposes or otherwise enjoy the benefits of local services, it is only fair that they should share a part of the burden of providing such services. This provides justification for the imposition by local bodies of terminal & passenger taxes. Octroi duty imposed on incoming goods is sometimes regarded as a tax on persons, not residing within the local limits. This view of octroi duty does not seem to <sup>be</sup> correct. It would be more appropriate to treat this as a tax on consumers residing within the limits of the local body, who pay the tax for getting the goods from outside.

(c) Should local bodies enjoy independent power to borrow from the general public any time and for any purposes they like or their powers should be subject to the approval of superior governments in regard to the timing, sources and purposes of borrowings? In the field of borrowing also, as in that of taxation, the first issue that needs to be considered is whether local bodies should enjoy independent borrowing powers or their powers to borrow should be subject to the overall control of a superior government. "The most outstanding advantage of the freedom of borrowing is the sense of financial responsibility it creates, for there is no more accurate, sensitive,

and dependable meter of the credit of a borrowing government than the reaction of the securities market."<sup>17</sup> Another argument in favour of the independence of local governments in the matter of raising loans is the fear that the interest of these bodies may be sacrificed and subordinated to those of the superior governments if the latter are also interested in borrowing from the market.

As against this, it may be argued that independent borrowing powers of local self-government may create unnecessary and unhealthy competition among various local bodies as also among the different layers of government who have all to operate in the same market, leading to an increase in the cost of borrowing. Moreover, where the borrowing programmes are used by the national govt. as a counter-cyclical measure independent borrowing powers of state and local government may at times run counter to national interests. Independence in the matter of borrowings may also lead to a measure of extravagance in local government expenditure.

Even if independent borrowing power is conceded to local bodies, it may not prove effective in actual practice. Most local bodies in India have but a poor credit standing in the market and command inadequate assets for being offered as security. Under such circumstances there is a justifiable fear that most of them may fail to borrow anything at all from the open market, and, even if they are able to borrow, the cost would be very high, probably much higher than that at which the superior government can raise the necessary resources from the market.

As a general rule, but for a few large local bodies like municipal corporations, local bodies should not be allowed to approach the market directly for loan. The loans for their purposes may also be raised by the Central or State Govts. in their own name in case they do not have enough funds of their own to lend to these bodies. The superior govt., while granting loans to local bodies, should properly scrutinise and examine each loan proposal with reference to its specific objects and the repaying capacity of local

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17. The Expert Committee on the Financial Provisions of Union Constitution, para 81.

bodies.

As regards the amount of loans to be raised by these bodies, it must be realised that there is no fundamental difference between the nature of a tax and a loan. A loan is essentially a deferred tax which has to be paid in future, while a tax is to be paid in the present. The choice between a tax and a loan is a choice between taxing now or later. Too heavy taxation (and very little borrowing) may reduce consumption leading to a fall in demands for goods and services and ultimately to unemployment of resources and a shrinkage of national income. Heavy reliance on borrowings, on the other hand, may lead to inflationary conditions (for borrowings would impinge on private savings only and would fail to curtail consumption) which may later necessitate heavier doses of taxation. Excessive borrowing may also shake public confidence and may lead to inequity over time. The amount of borrowings should, therefore, be decided in such a manner that together with the amount of taxes, it may maximise the national welfare in the present as well as in the future.<sup>18</sup> This applies with equal force to local bodies as to other layers of government.

Another question which arises in regard to local borrowings is the purpose for which they should be resorted to. It has come to be recognised as "a set dictum of public finance that expenses on items of non-recurring nature and on those which, when furnished, yield a regular income either in money or in services for years to come should, if current income is not available, be met out of borrowed funds."<sup>19</sup> This is because it is felt that it would be inequitable to burden the present generation with the liability that confers benefits upon the succeeding generations. On the same principle, it is considered inequitable to finance expenditure of revenue nature out of borrowings as it would be taxing the future generations with a liability that benefits the present generations alone. While these principles may be accepted as a rough guide to the borrowing operations of local bodies, it may be emphasised that on theoretical grounds, a given amount of borrowing

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18. Cf. Dr. R.N. Bhargava, *The Theory & Working of Union Finance in India*, Op. Cit.; P.134.

19. Dr. Gyan Chand, *Local Finance in India*, Op. Cit., PP. 199-200.

"irrespective of its purpose" would be justified only if alongwith taxes it contributes to the attainment of the maximum national welfare over short as well as long period of time.

(d) Should local government bodies receive grants-in-aid and, if so, on what basis and terms?

Under a federal set-up, the functional jurisdictions of different layers of government are over a wide range clearly demarcated, with concurrent jurisdiction over a limited area and the residuary powers vesting in the Central Government. Such a demarcation is sometimes a matter of historical accident and is based on expediency while in other cases, it may be based on certain principles. It must, however, be emphasised that no demarcation, however scientifically done, can bring about an exact matching of the income and expenditure of the various layers of government without violating the principle of maximum social welfare. This is because of the constantly changing socio-economic and political conditions in the country, necessitating a change in the financial resources of different governments. Moreover, when the division of functions and resources is done on the principle of efficiency, most of the functions go to the inferior governments as they can perform them more effectively while most of the financial resources go to the superior governments in view of their greater ability in the collection of revenues. This often leads to a ~~dise~~ disequilibrium between functions & resources as among the different layers of government; the superior getting more revenues than functions & the inferior governments more functions & less revenues. In addition, there may be disequilibrium of resources as among the various units of the same layer of inferior governments also. This is because while the functions and sources of revenue are assigned to them on a uniform basis their expenditures on similar services & their revenue from similar sources may differ widely owing to differences in their economic, climatic, geographical & other conditions.

The two-fold disequilibrium referred to above may create a situation in which it may be necessary to transfer resources from the superior to inferior govts. in order that the regional disparities in the matter of the

benefit from the state expenditure and the sacrifice imposed by taxation may be reduced to the minimum and the aggregate net welfare of the nation as a whole may be maximised. This calls for a system of grants-in-aid to be given by the superior govt to the inferior govts.<sup>20</sup>

It is some times argued that grants-in-aid undermine the sense of financial responsibility of local bodies and lead to extravagance on their part. It is also argued that they allow superior govts. to unduly interfere with the day-to-day administration of local bodies. These arguments are, however, only in the nature of administrative difficulties which can be taken care of through the evolution of suitable administrable policies & safeguards.

The amt. of grants should, however, not be left at the sweet will of the govt. making the grant. Instead, it should be calculated on certain well-defined bases which should not only be equitable but should also appear to be equitable to the various governments receiving the grants. Grants are generally made on flat basis, unit basis, percentage basis and discretionary basis.<sup>21</sup> While under the flat basis, local bodies are assured of a

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20. Sidney Webb mentions four reasons for giving grants-in-aid. They are "(1) to prevent an extreme inequity of burden between one district and another; (2) to enable the Federal authority to interfere in local administration with a view to improving it; (3) to impress upon local authorities to maintain a national minimum efficiency in administration; and (4) to enable the local authorities to take advantage of the administrative experience of the defederal governments". Of these, while the first provides the economic justification for grants-in-aid, and is covered in our justification above, the other three have administrative importance as they allow the superior govts. to exercise administrative control over the inferior governments.

21. Under the flat basis system, a fixed sum is given to all local bodies qualified to receive a grant. Unit basis is a system in which a grant is calculated according to each unit of service rendered by a local authority such as so many rupees per student or so many rupees per hospital, etc. In percentage basis, grants consist of payment of subventions in a definite proportion to the expenditure on a service or some item of it. Under discretionary basis, the amount of grants depends upon the discretion of the government.



certain amount of money without any interference in their affairs by the superior governments, and are discouraged from being extravagant, its greatest drawback is that it does not provide any reasonable basis for determining the amt. of grants. The unit basis also possesses the advantage of flat basis, but its main shortcoming is that it correlates the amt. of grants with the ability of local bodies to provide services. It may, thus, lead to giving of larger amts. of grants to such local bodies which, on account of a higher level of prosperity of their inhabitants are able to raise more revenues and provide more services in physical terms. The percentage basis of grant<sup>22</sup> may encourage local bodies to devote more funds to such services on which a matching grant is admissible to them and thereby ignore certain other equally essential services and functions. The discretionary grant also suffers from lack of any well defined basis of grant and, in actual practice, leads to heart burning in the case of the local bodies receiving less grants and extravagance in the case of those which succeed in getting larger grants.

The other two bases of grants-in-aid often suggested are the per capita revenue and per capita expenditure of local bodies.<sup>23</sup> Both the per capita revenue and per capita expenditure may be higher either because of a high level of prosperity or because of a high level of effort in the fact of poverty. If the former, grant-in-aid based on these criteria would fail to secure equity between the richer and poorer states and would fail to maximize social welfare. However, if the latter is the case, adoption of either or both these criteria may be justified.

The most equitable basis for grant-in-aid appears to be the needs of different local bodies as reflected by the per capita incomes and the

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22. Cf. Rural-Urban Relationship Committee Report, 1966.

23. For instance, The Rural-Urban Relationship Committee advocates, ".....linking the grant with certain levels of taxation and revenue and expenditure performance." Rural-Urban Relationship Committee Report, 1966, P.103.

number of people living within their jurisdiction.<sup>24</sup> The amount of grants-in-aid should vary directly with the total population of the local bodies & inversely with their per capita income.<sup>25</sup> The purpose of making grants-in-aid is to correct the financial disequilibrium caused by the varying degree of economic prosperity of different regions as also by a system of division of financial resources among different layers of government which, in the nature of things, fail to ensure an exact matching of the incomes and expenditures of various local bodies consistently with the maximization of the aggregate social welfare. This can be achieved only if we accept the per capita income as the basis of grant, for it will automatically take care of providing the necessary levels of service in all the local bodies and would help achieve the objective of public finance, viz, maximization of the aggregate welfare of the people. It may, however, be necessary to relate the grants to certain extent with the effort made by local bodies themselves so as to guard against complacency and extravagance.

Grants-in-aid may be either for general purposes or for specific purposes. Under the former category of grants, no conditions are attached as to the manner in which the grant may be spent and, therefore, it is also known as unconditional grant. Grants given on a flat basis fall into this category. As against this, when grants are given for specific purposes, the same can be spent only for specific purposes. The examples of specific purpose or conditional grants are those given on percentage and unit bases. Specific grants are sometimes made conditional upon the receiving local body making a contribution in stipulated proportion for the financing of the specific service. Such conditional grants, it is suggested, help in the improvement of existing services, in maintaining minimum standards of service and in giving a fillip to new services and at the same time encourage local bodies

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24. According to Prof. Mehta and Agrawal, "....the best method of giving grants is one that does not make local bodies extravagant, induces them to maintain a minimum standard of service, and makes the distributing authority look to their respective need as also their abilities." Mehta & Agrawal, Public Finance, Op. Cit. P.592.

25. Cf. Dr. R.N. Bhargava, The Theory & Working of Union Finance in India, Op. Cit. P.88.

to exploit their own resources to the fullest possible extent.

The main objections against these grants are that they may lead to a distortion of the scheme of local expenditure resulting in too much emphasis or aided services to the neglect of others, and to an accentuation of the existing disparities in the standards of services of different local bodies by enabling the richer ones to get more grants than their poorer counterparts. It is further argued that the so-called advantage of minimum standard of service associated with conditional grants is more apparent than real. This is because minimum standard of service is not a sufficient condition for the achievement of the maximum social welfare as richer local bodies need a much lower level of service than the poorer ones. An unconditional grant, if extravagance can be avoided, is, therefore, to be preferred as a general rule

(e) Should local bodies like Panchayat Raj run Commercial enterprises?

Local bodies in India, by and large, depend upon the traditional sources of revenues which in most cases prove woefully short of their requirements, resulting in their excessive dependence on the state governments for financial help. Under these circumstances, the question of these bodies running certain commercial enterprises to strengthen their finances assumes great importance.

There is a vast scope for the running of commercial enterprises by local bodies such as transport services, milk supply, dairies, water supply, restaurants, cinema, concert halls, flour mills, fisheries, building, market and slaughter houses, sale of manure, rubbish and compost, distribution of consumer goods and local savings banks, etc. If successfully run, these enterprises would not only considerably strengthen the finances of local bodies but will also contribute to an enriching of the life of their citizens. Some of these enterprises would improve the conditions of health & sanitation, add to the convenience of the people, provide right type of goods and services at reasonable prices & make available to the people in general the benefits of running certain monopoly enterprises. The traditional view of public authorities not undertaking commercial activities is no longer accepted & the governments all over the world have, in the post-war period, assumed the

role of producer and employer in a big way.

The arguments that are advanced against the running of commercial enterprises by local self-government bodies are, firstly, that they would impose too heavy an administrative burden on these bodies and, secondly, that it would be difficult for them to arrange for adequate revenues for running these enterprises. These difficulties, though not small, are not insurmountable. Local bodies may be provided with loan capital by the state government to start some of these enterprises. It would, however, be necessary to proceed cautiously in this matter and begin with only modest enterprises involving relatively small amounts of expenditure & administrative ability. As these enterprises prove successful & start yielding reasonable dividends, other enterprises should gradually be added so that the process of expansion of the scope of local activities becomes self financing & re-enforcing.

**(6) Summing up :**

The principles of local finance as they emerge from the foregoing discussion may now be summarised as follows :-

1) Local finance in combination with the financial operations of Central and State governments should aim at maximising the aggregate welfare of the society.

2) It would be desirable to stipulate the financial powers of local bodies in the Constitution.

3) The State govts. and local bodies should have concurrent jurisdiction over the taxes earmarked for the latter with a proviso that if the local bodies levied these taxes, the State govts shall not be entitled to impose them.

4) The division of financial resources between local bodies & other layers of govt should be based on the principles of efficiency, adequacy, elasticity, independence, responsibility & economy.

5) As far as possible, only such taxes should be assigned to local bodies

as have a local base & can be conveniently administered by them.

6) Financial adjustments between local bodies and state governments should be periodically reviewed by an independent body like the Local/Panchayat Raj Finance Commission.

7) Local taxation should neither be based solely on benefit theory nor entirely on ability-to-pay theory nor merely on the cost of service theory but on a judicious combination of all these theories in such a manner that it leads to an attainment of maximum social welfare.

8) The tax jurisdiction of local bodies should extend not only to the residents within their jurisdiction but also to all such people who go to local areas for business & other purposes or otherwise enjoy the benefits of local services

9) The borrowing powers of local bodies should be under the control of superior govts. & should be exercised in close co-ordination with them with regards to need, timing and form of borrowing; and as a general rule, except for a few large corporations the local bodies should not be allowed to approach the markets directly for loans.

10) Local bodies should avoid the excessive reliance on either borrowings or on taxes as alternative modes of raising resources. They may finance their expenditures of capital as well as of revenue nature by borrowings so long as, alongwith taxes they contribute to the attainment of the maximum national welfare over the short as well as the long period of time.

11) Grants-in-aid are a "must" for local bodies in order to correct the disequilibrium of functions & resources as among the different layers of government as also, as among various local governments. The grants should, however, be subject to suitable administrative controls in order to avoid extravagance on the part of these local self govt. institutions.

12) The amounts of grants should be based on needs of the local bodies

as reflected by per capita incomes & the number of people living within the jurisdiction & should vary directly with population & inversely with per capita incomes. To an extent, they may be related to tax-effort of the local bodies as well.

13) Grants may given to finance expenditure both of capital & revenue nature.

14) As a general rule, grants should be unconditional in nature.

15) Local bodies should increasingly involve themselves in running of commercial enterprises, the degree of their involvement depending upon the financial resources & administrative ability at their disposal.

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## CHAPTER - III

### PANCHAYATI RAJ : CONCEPT & STRUCTURE

POINTS	PAGE
01. Background	58
02. Genesis of Panchayati Raj	66
03. Appointment of the Mehta Committee	66
04. Panchayati Raj : Past & Present	71
05. Conceptual Frame-work	72
06. Institutional Frame-work	77
07. Recommended Frame-work	78
08. Panchayati Raj in Practice	83
09. Functional Pattern	85
10. Financial Arrangements of Panchayati Raj	88
Appendix	95 (A)

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### CHAPTER III

#### PANCHAYATI RAJ : CONCEPT & STRUCTURE

##### 1. The Background :

Panchayat Raj as a form of rural local government came into existence in this country in the late fifties and the beginning of the sixties. It may appear to be a revolutionary innovation, yet it cannot be said to be a complete break with the past. Its roots stretch back hundreds of years and it is designed in the light of the past experience, both immediate and historical. Its past historical antecedent is the panchayats - the traditional village unit of government, and its immediate and comparatively modern antecedent is the local self-governing institution established here during the British regime after Lord Ripon's Resolution of 1882. However, the present system of panchayati raj is so different from its traditional predecessors, both in context and contents, that it can be regarded as a novel experiment and experience in local government in rural areas this country has adopted in this latter half of the twentieth century. These predecessors, however, should not be dismissed like that, on this point. They have their own say and share, though in the remote sense, in the emergence of the modern local government. Hence, before we study this experiment it would be better to understand, by way of background, the nature of the local bodies functioning here prior to the panchayat raj. The unusual character of our present experiment of panchayati raj and its novelty will become obvious on such a background.

The ancient village panchayat is "uncertain in substance and obscure as to date of origin."<sup>1</sup> It seems that it dates from the Vedic times in this country. Villages were self-sufficient and self-sustaining under the governance of the panchayats which, as rural local administration, performed all the functions for the village community and collected land revenue for and on behalf of the distant rulers who were interested only in the revenue from them and adopted a policy of indifference and non-intervention. Sir Charles Metcalfe described them as 'little republics'. To quote Metcalfe : "The village communities are little republics, having nearly everything they can want

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1. Henry Maddick, Panchayati Raj - A Study of Rural Local Government in India; Longman, 1970, P.14.



within themselves, and almost independent of any foreign relations....."<sup>2</sup> However, these panchayats were not representative of the villages under their authority, never were they also concerned with their welfare and economic development. "It is to be remembered too that these village bodies were not concerned with the complexities of national development as we understand it today but with the simplest aspects of living within a small space."<sup>3</sup> The shaky political conditions created by the invasions from the North-West started the disruption of these village panchayats. "The disintegration of village corporate life which thus sent in became complete under the highly centralised British rule.....By the middle of the nineteenth century, these ancient village councils had practically disappeared."<sup>4</sup> Attempts were made to revive this traditional village local government unit in the latter half of the nineteenth century and the first half of the present century, but they did not receive much response, especially because of the local taxation power conferred on them.

Thus, even though village panchayats existed in this country from times immemorial they could not be said to have laid down the firm foundation of local self-government. The principle and practice of local self-government owes its origin to Lord Ripon. It was the celebrated Resolution of Lord Ripon of the 18th May 1882 which paved the way for the establishment of local institutions that can be called self-governing institutions. Before that, under the Bombay Act III of 1869 District Local Funds Committees and Taluka Committees were established, but they were mainly bureaucratic bodies. Ripon's resolution enunciated in clear terms the Principle of Local Self-government and advocated the entrustment of local affairs in the hands of the local representatives with their direct involvement. He advocated the Principle mainly on four grounds : Firstly, he looked upon the local self-government "as an instrument of political and popular education."<sup>5</sup> Secondly, he realised

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2. Report of Select Committee of House of Commons, 1832, quoted in Report of the Congress Village Panchayat Committee, New Delhi, 1954.

3. Henry Maddick, Ibid P.15

4. Report of the Committee on Democratic Decentralisation, Co-operation & Rural Development Department, Govt. of Maharashtra, 1961, P.8. (popularly known as and henceforth referred to as Naik Committee).

5. Resolutions of Lord Ripon.

that the intelligent class of public spirited men was not only emerging but also rapidly growing up all over the country, and held that it was "not only bad policy but also a sheer waste of power to fail to utilise"<sup>6</sup> them. Thirdly, he advocated the adoption of the Principle on the grounds of administrative convenience. With the progress of civilization and material prosperity the task of administration was becoming onerous. Ripon found in local self-government a means of relief to the overworked administration. Lastly, he insisted on the practice of local self-government with a view "to develop a capacity for self-help in respect of all matters that have not, for important reasons, to be retained in the hands of the representatives of Governments."<sup>7</sup>

As a result of the Ripon Resolution and the insistence of some successive statesmen of the British regime and also belonging to this country several local bodies came into existence in the country as a whole and in Maharashtra State (former Bombay Province) in particular during the last several years, especially since the inception of the provincial autonomy. Some of these institutions certainly grew in strength and significance. They were successful in solving the problems of their localities and could bring benefice to their inhabitants. But, unfortunately, inspite of Ripon's well-preached principle of local self-government, the growth of these institutions, on the whole, was not well-conceived and well-co-ordinated and was also not with proper spirit. The same remark can be passed, though with a difference of degree, about the local bodies established after Independence.

Thus the local self-government institutions that came to be established both during and after the British regime especially for rural development were neither local nor self-governing to any considerable extent. These bodies suffered from certain basic deficiencies which retained the local self-governing nature of these institutions mostly on paper and hardly in practice. In

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6. Ibid

7. Ibid.

the first place, the powers that were given to them were so inadequate and the functions and the authority delegated to them were so meagre that they could not involve the people in the local development activities and could not offer them any training in self-governing. Especially, the power of decision-making was hardly entrusted in the hands of the rural masses or their leaders. To them, decisions were, as if, thrown and thrust on them from above, to which they were to give passive obedience. Secondly, these bodies suffered from financial stringency. They were not provided with adequate finance either. Their financial resources were so scanty that they could not undertake welfare activities even if they meant to undertake them. Thirdly, and more importantly, the attitude of the administrators towards these bodies was highly indifferent and interfering. The working of these bodies was hampered due to the indifference and interference of the government administrators; by their indifference they failed to assist and guide them in the art of self-government; by their excessive interference they deprived these bodies of their freedom and initiative in managing the local affairs. These bodies were subjected to unnecessarily excessive and stringent controls by the codes, rules and regulations. Consequently, their power to take decisions remained more nominal than real. They were never trusted by the government and were not given opportunity to commit mistakes and learn through committing mistakes. The governmental administration was obsessed more with the considerations of efficiency than with the principle of local self-government laid down by Lord Ripon, and the secretaries always interfered with the activities of the local bodies depriving them of the necessary freedom within their own sphere. Administration was reluctant to part with its power. Thus, there was over-concentration of power and authority in the hands of the bureaucracy. This centralisation of power combined with the distrust with local bodies and the representatives of the people made the local bodies unable to discharge their functions effectively and expeditiously. Thus, bound by the governmental rules and regulations the local bodies during the British regime were never given an opportunity to show initiative, enthusiasm and drive in the management of their local affairs.

The local government institutions that were created after the popular ministries assumed power since 1937 and after Independence in 1947 suffered more or less from these defects - excessive governmental control, no devolu-

tion of real power and inadequate finance. Another disappointing feature of these local bodies was that their growth took place in a more or less haphazard manner. This was because of the peculiar attitude and approach of the Governmental administration towards the various problems of different localities. They attempted a solution of a problem in an isolated manner, instead of in an integrated and comprehensive manner. This led to a creation to multiplicity of local bodies with lack of truly organic link and co-ordination, each working in its own sphere of activity.

After independence also the tendency of creating multiplicity of local bodies, both statutory and non-statutory or ad hoc, continued. But there was some improvement in their organisation, tenor and temper. The statutory bodies were organised on the accepted democratic principles and were given considerable powers. Similarly, government departments started initiating and executing development activities almost in all economic and social spheres with the association of local interests through local bodies or ad hoc committees. But such changes in the nature of the local bodies did not lead to the creation of strong local self-government in this country. What was needed was a real effort to re-organise them, a thorough re-organisation and re-orientation of these bodies with a view to assign them a definite role in the economic development in general and rural development in particular. As the Naik Committee has said, "If the local self-government institutions are to play their proper role in the management of local affairs, it will be essential to evolve a well-conceived, properly co-ordinated and streamlined structure of local administration."<sup>8</sup>

The First Five Year Plan has enunciated the role of local self-government institutions in development programmes and had suggested that they should be encouraged to assume responsibility of administration and development within their local jurisdiction. To quote the Planning Commission : "Local Self-governing bodies have..... a vital part to play in the field of development. We consider that/the general direction of policy should be to encourage them and assist them in assuming responsibility for as large a portion of the admini-

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8. Naik Committee Report, P.25

strative and social services within their areas as may be possible."<sup>9</sup>

But the local bodies were not re-organised on the lines of these recommendations. Instead there was a tendency to create several local bodies and "in some cases even to withdraw certain powers and functions entrusted to the local self-government bodies."<sup>10</sup> No wonder, therefore, the local self-government institutions of such nature and with these deficiencies could hardly be expected to train the people, especially the rural masses, in the art of self-government, to enable them to shoulder their due share of responsibility in nation-building. Rapid economic development demands planning and growth from below which is possible only with a well-structure of local bodies. Such a structure alone can play its due role in the economic development of this nation by laying the foundation of local democracy and grass roots' planning.

Under the Community Development Programmes, started in October 1952 and intensified in 1953, Government established a large number of local bodies<sup>11</sup> at the taluka, district, region and state levels in order to secure public participation in the development programmes. But the C.D. Programme failed to evoke popular participation in the development activities. As the Balwantray Mehta Committee<sup>12</sup> observed attempts made to harness local initiative by the formation of ad hoc bodies which were mostly nominated and advisory in character had not succeeded.

In the Second Five Year Plan the Planning Commission remarked that the recommendations of the First Plan had not been carried out to any great extent. It emphasised the need for creating a well-organised democratic struc-

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9. The First Five year Plan, Govt. of India, Planning Commission, 1952, P. 139.

10. Naik Committee Report. P.43

11. These bodies besides the traditional bodies like District Local Board & District School Boards, were the Block Development Committee, Project Implementing Committee, Taluka/Block Supervising Union, District National Extension Service, Community Development Advisory Committee, etc.

12. Team appointed by the Planning Commission to study Community Projects & National Extension Service, 1957 (popularly known as the Balwantray Mehta Committee after its Chairman, and henceforth referred to as Mehta Committee)

ture of local administration within the district and in this connection it observed : "In this structure village panchayats will have to be organically linked with popular organisations at a higher level".<sup>13</sup> As regards this "popular organisation at a higher level" the Planning Commission had remarked "in some states it may be convenient to have a democratic body at the district level, in others, at the level of sub-divisions."<sup>14</sup> But in either case the Commission had asked to fulfil two conditions : Firstly, the functions of the popular body should consist of the entire general administration and development of the area, and secondly, for smaller areas within the district sub-committees of the popular body should be assigned clear functions in the implementation of local programmes."<sup>15</sup>

However, in spite of these recommendations of the Planning Commission in the successive Five Year Plans the local bodies were not re-organised and continued to exist under the same laws and conditions. There was no "oneness of purpose between the local bodies and the State Govt. or its various agencies which is necessary for co-ordinated development."<sup>16</sup> Besides, these bodies were always short of finance. They had little or no own sources of finance and had to depend mainly on Government grants. Hence they were crippled in their activities and could not have any impact on the rural development or rural population.

Thus, on the eve of the Second Plan and even after the beginning of it we find that the local self-government institutions in this country lacked durable strength or leadership which is necessary to provide the motive force for continuing the improvement of economic and social conditions in rural areas.

The pattern of local administration that was prevalent then was such

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13. The Second Five Year Plan, Planning Commission, Govt. of India 1956, P.7

14. Ibid,

15. Ibid.

16. Naik Committee Report, P. 41.

: There were village panchayats at the base and several statutory and ad hoc bodies at the block, tehsils and district levels. Besides, there were several Committees at regional and State levels set up by the State government to co-ordinate the working of these various bodies. Thus the existence of a plethora of local bodies, statutory and non-statutory, ad hoc and advisory had created a mess in the field of local self-government and rural development. There was overlapping of their functions, there was duplication of staff and diffusion of efforts and responsibilities. These institutions were not able to train the people in the art of self-government nor could they create the necessary enthusiasm and initiative among the people or have any impact on the pace of rural development.

This was the condition of the local self-government institutions right from the British regime down to the establishment of the panchayati raj in the late fifties. It was on this back-ground and with the considerations described above that the Mehta Committee recommended a thorough reorientation and reorganisation of the local administration based on the principle of democratic decentralisation. The Committee observed : "So long as we do not discover or create a representative and democratic institution which will supply the 'local interest, supervision and care necessary to ensure that expenditure of money upon local objects conforms with the needs and wishes of the locality,' invest it with adequate power and assign to it appropriate finances, we will never be able to evoke local interest and excite local initiative in the field of development."<sup>17</sup>

This is then the background on which panchayati raj came into existence in this country. It will be seen after studying its nature and substance in the subsequent paragraphs that it is certainly unusual and novel form of rural local government. Its novelty lies in, in the first place, that its functions include not only usual local government functions such as education, health, sanitation, housing which are commonly known as "municipal functions" but also and more importantantly the developmental functions such as agriculture, rural industry, provision of water and irrigation, rural roads, and secondly,

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17. Mehta Committee Report, Vol. I, P.5, para 2.1, the sub-quotation is from the Bengal Administrative Enquiry Committee, 1944-45.

in that the responsibility for these development functions is vested in one single body, and thirdly, it has brought power to the doors of the rural masses and secured decentralised democracy.

## 2. Genesis of Panchayati Raj :

The scheme of panchayati raj, as christened by the late Prime Minister Jawaharlal Nehru, owes its immediate and direct origin to the recommendations of the Balwantray Mehta Committee. But it also owes its origin, though indirectly, to the discussions on land reforms. In the course of the discussions on land reforms it was realised that it was necessary to reorganise the land tenure systems, administration and the whole rural social structure. The Land Reforms Panel then set up a committee to study this re-organisational aspect and make suitable recommendations in that direction. The Committee drew up a rough sketch of the pattern of re-organisation. The Planning Commission appreciated the view of the committee and appointed the Mehta Committee to go into the problem of re-organisation. It was thus out of the recommendations of the Mehta Committee that the concept of and the whole institutional foliage of the panchayati raj has emerged.

Basically, however, the Mehta Committee and the consequent concept of the panchayati raj arose out of the failure and defects of the Community Development Programme and the National Extension Service. For, it was the shortcoming of these Programmes which led to the appointment of the Mehta Committee which came out with the scheme of panchayati raj.

## 3. Appointment of the Mehta Committee :

The panchayati raj or the system of democratic decentralisation or the system of rural local self-government has a historical, ideological and organizational relationship with the community development programme.\* Community development programme is a national programme covering the entire rural population. Government has created an official machinery to guide and assist the planning and implementation of the community development

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\* Structure & progress of decision-making in p.r. insts, by Dubey & Murdia P.1 (Apr. 1976)



programme. But since there was no participation of the people in the planning and execution of the programme, the C.D. Programmes could not bring about any substantial results. In order to secure such popular participation Government set up a project advisory committee consisting of non-officials in project areas. However, the popular participation through such ad-hoc advisory bodies could not be ensured adequately and the C.D. Programmes instead of being a people's programme with the government's assistance, continued to be the other way round, that is, government's programme with very little or no public participation.

In these circumstances the GOI appointed a study team under the chairmanship of Shri Balwantray Mehta Committee to assess, inter alia, the extent to which C.D. Programme had succeeded in utilising local initiative and in creating institutions to ensure a continuity in the process of socio-economic change. The team recommended a separate set up of institutional arrangements to be statutorily created to make the participation meaningful and effective. It recommended a three-tier organically linked organizational structure for the panchayati raj. This pattern was first adopted in the country in Rajasthan in Oct. 1959 and second by Andhra Pradesh in Nov. 1959. By the late sixties, most of the States in the country adopted the Panchayati Raj System.

Based on the recommendations of the Grow More Food Enquiry Committee (1952) the Community Development Programme and the National Extension Service Scheme were started in October 1952 and October 1953 respectively. Community Development Programme was to be a comprehensive programme of rural upliftment implemented through the vigorous initiative and involvement of the rural people. According to the Report of U.N.O. "The term Community Development has come to connote the process by which the efforts of the people themselves are united with those of government mental authorities to improve the economic, social and cultural conditions of communities, to intergrate these communities into the life of the nation, and to enable them to contribute fully to national progress."<sup>18</sup>

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18. United Nations : Community Development and Economic Development. P.1

The objective of the Community Development Programme was to remove stagnation, lethargy and apathy in the countryside regarding self-development and national economic development and bring about the badly-needed improvement in agriculture, irrigation, education, health, sanitation, etc. in the rural areas with the whole-hearted assistance and active co-operation of the rural people themselves. The Community Development Programme was started with the twin objectives of development and democracy. It is certainly development-oriented because it is expected to administer the programmes of agro-industrial (including technical) development and it attempts to create development conscience among the rural masses. It is based on the basic assumption that the rural community would move from government-motivated self-help to self-motivated self-help.<sup>19</sup> And, "in this basic assumption the movement was essentially democratic as nothing would contribute more to the strengthening of the roots of democracy in India's rural soil than the creation of the developmental conscience."<sup>20</sup>

The Community Development Programme had not utterly failed and certainly had some achievements to its credit. In the beginning it aroused the enthusiasm among the people and elicited response from them. But the initial zeal started waning and the programme could not be said to have lived upto its objectives to the full extent. The successive reports of the Programme Evaluation Organisation set up by the Planning Commission, Government of India have pointed out certain shortcomings in its implementation and achieve-

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19. Following two quotations will bear out this underlying assumption of the C.D. Programme :

a) The Estimates Committee on C.P.A. described it as, "the aided self-help programme or the people's programme with government participation". Estimates Committee on C.P.A., 40th Report, Vol III, 1956, P.21

b) The Second Five Year Plan, outlining the objective stated : "the aim.....is not merely to provide for ample food, clothing, shelter, health and recreation facilities. These are, of course, essential. Equally important is the realisation that what is required is a change in the mental outlook of the people, instilling in them an ambition for higher standards." Second Five Year Plan - A Draft Outline, PP 37-38.

20. Iqbal Narain in Introduction to "Panchayati Raj Planning and Democracy", (Eds. M.V. Mathur and Iqbal Narain), Asia Publishing House, 1969, P.XV.

ments. One of the glaring defects of C.D. Programme was that it was led entirely and only by the bureaucracy which failed to create initiative and enthusiasm among the rural people who, all the while mostly remained passive and looked upon the programme, not as their own but of the government and depended too much on government initiative and assistance. As a result of the successive critical reports of the P.E.O. the government thought it proper to hand over the C.D. Programme and the National Extension service to an expert committee for a thorough study. Accordingly, the Planning Commission, Govt. of India, appointed a Study Team in December 1956 under the Chairmanship of late Shri Balwantray Mehta, M.P. to study the C.D. Programme and N.E. Service. The Mehta Committee suggested certain measures for improving the functioning of the C.D. Programme and N.E. Service, in the light of which the Revised C.D. Programme was prepared and effected by the government. But the main emphasis of the Mehta Committee was on effecting democratic decentralisation by means of devolution of power to the rural local institutions for rapid rural development. The Committee felt that the poor record of the existing local self-governing institutions was due to the inadequate power given to them and woeful lack of funds at their disposal.

Prior to the Committee the Second Five Year Plan had laid down certain principles for re-organising rural local government institutions in order to provide the necessary administrative machinery for implementing development programmes at the levels of district, Taluka and village. It had emphasised "the need for creating within the district a well-organised democratic structure of administration in which the village panchayats will be organically linked with popular organisations at a higher level. In such structure, the functions of the popular body would include the entire general administration and development of the area other than such functions as law and order, administration of justice and certain functions pertaining to the revenue and administration."<sup>21</sup>

The Mehta Committee endorsed the principles mooted in the Second Plan and laid down the scheme of democratic decentralisation. It recommended creation of a three-tier system of local authorities in each district charged

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21. The Second Five Year Plan, Planning Commission, Govt. of India.

with the specific objective of all development work in the area and equipped with the necessary finance and staff organisation. The Committee in this connection observed and recommended : ".....a single representative and vigorous democratic institution should be set up to take charge of all development work in the rural areas. Such a body, if set up, has to be statutory, elective and comprehensive in its duties and functions, equipped with the necessary executive machinery and in possession of adequate resources. It must not be cramped by too much control by the government or by government agencies. It must have the power to make mistakes and to learn by making mistakes, but it must also receive guidance which will help it to avoid making mistakes. In the ultimate analysis, it must be an instrument of expression of the local people's will in regard to local development".<sup>22</sup>

Another factor that contributed to the origination of the panchayati raj was the urge for decentralised democracy and revitalising the village panchayat for that sake, activated in the minds of many thinkers after Independence. It was increasingly realised that if democracy was to be successful it must be based on the active participation of the masses in its running and also that if development of the masses living in abject poverty for decades was to be brought about, these very masses must be made development conscience, in them must be created a shame for their underdeveloped stage and urge for improving their condition. All this cannot be secured simply by parliamentary form of democracy, but by participating democracy.".....the mere creation of parliamentary democracy without participation of the people themselves other than voting, was not likely to be effective in the regeneration of India and in the revitalisation of its rural life."<sup>23</sup> Thus there was an urge for diffused democracy which paved the way to the acceptance of some form of decentralisation.

The constitutional provision for panchayati raj and the pressures to give effect to that provision has also contributed to the creation of panchayati raj. Ironically enough the Constitution nowhere uses the word 'panchayati raj'. What it provides for is the organisation of village panchayat. When it

22. Mehta Committee Report.

23. Henry Maddic, Panchayati Raj - A Study of Rural Local Government in India, 1970, Longman, P.27.

was drafted by the Constituent Assembly, "they had almost forgotten what we now call panchayati raj."<sup>24</sup>

Article 40 of the Constitution provides : 'the State should take steps to organise village panchayats and endow them with such powers and authority as may be necessary to enable them to function as units of self-government.' It does not mention of panchayati raj as such. It provides for villages as self-governing units and that too as an obligation under the Directive Principle. Being placed in Part IV of the Constitution, this is a Directive Principle of State Policy and as such, had been generally included in state legislation. The Constitution in its 7th Schedule under Article 246 lists local government legislation as being reserved to the states : Local government.....village administration. This provision empowers the state legislature to legislate with respect to any subject relating to local government. Thus, constitutionally each state has full powers to legislate in respect of panchayati raj or any local self-government institution for that matter. The Union government has, however, pressed time and again for the system of panchayati raj by indirect methods of influencing such as conferences, consultation etc. Such pressures have certainly contributed to the origination of panchayati raj.

#### 4. Panchayati Raj : Past & Present.

Panchayati raj is an institutional mechanism for rural development through democratic decentralisation. Some people feel that there is nothing new in the present scheme of panchayati raj that we have adopted and that it is only a recreation of the traditional and classical image of the panchayats that existed in India for centuries. While it is true that panchayats have existed in this country from time immemorial it is wrong to regard the present panchayati raj simply as its improved version. In fact, the present concept and image of the panchayati raj is altogether different from its traditional counterpart and it has little to do with its traditional image.

In ancient days every village had a panchayat, known generally as Sabha or Samiti, which consisted of the elderly and affluent persons in the village and which was responsible for the revenue, legislative and judicial functions.

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24. Mathur & Narain, Panchayati Raj, Planning & Democracy, P.79.

The ruler ruled from a distant place, but he was concerned and satisfied with revenue collection by these affluent leaders. In exchange they were assured of autonomy. Thus, under the ancient panchayat system villages were left alone and that ruler was considered to be the best ruler who left the villages to themselves and completely autonomous. These panchayats were a sort of primitive oligarchies of the aristocratic and autocratic village leaders. "The panchayats of the past were rarely representative of the village as a whole : they might be drawn from the members of the founding families or from the Brahmins and superior cultivators. The menials and the landless had almost no say in its affairs, except perhaps in South India".<sup>25</sup> They were neither democratic nor development or welfare-oriented. They were self-perpetuating and self-governing. Village society remained stationary under the traditional panchayat system and the village economy was stagnant with no touch of growth and modernisation.

From this picture of the panchayats of the old it is clear that it has nothing to do with the modern concept of panchayati raj. The modern concept of panchayat has just the opposite implications. The present concept of panchayat has before it the two main and broad objectives of democracy and development. It wants to build up democracy at the village level. It wants to awake the rural masses from their state of stagnation and bring them into the whole vortex of change and development. The panchayats of the modern times are intended to be organs or agents of modernisation and development. Thus the concept of the panchayati raj is totally different from that of the traditional panchayats.

##### 5. Conceptual Framework :

What exactly is this concept? There are two approaches to the formulation of the concept of panchayati raj : normative and empirical or operational. These approaches, however, are not to be treated as mutually exclusive, but mutually inclusive and supplementing, and not supplanting, each other. Both of them have a significant role to play in the process of crystallisation of the conceptual image of panchayati raj. Hence, in formulating the concept

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25. H. Tinker, The Foundation of Local Self-Govt. in India, Pakistan & Burma, Athlone Press, London, 1954, P.19.

of panchayati raj a sort of synthesis of these approaches will have to be attempted. "In fact, the concept of panchayati raj has to be evolved with a distinct operational bias and as such has to be rooted in a sort of empirical-cum-normative approach."<sup>26</sup>

On the normative plane there are broadly four viewpoints regarding the concept of panchyati raj : 1. Gandhian and Sarvodayite view; 2. Local Government view; 3. Bureaucratic view, 4. Developmental or contextual view.

1. Gandhian idea of Panchayati Raj. Mahatma Gandhi visualised an establishment of an ideal society based on perfect equality - with no vertical social positions, no classes and no cast hierarchies. In such a society the unit of administration will be a panchayat. Each village will be a self-sufficient, self-sustaining and self-administered republic. To Gandhi, the social structure will not be pyramidic with the apex sustained by the bottom, but will be an oceanic circle with individual at its centre. The government of the village will be conducted by the panchayat of five persons, annually elected by the adult villagers possessing certain minimum qualifications. This panchayat will be the legislature, judiciary and executive combined to operate for its tenure of office.

Sarvodayite viewpoint, though somewhat different from the Gandhian ideal has its origin in the latter. It has its prominent votary in Jayprakash Narain. To him, a new Indian polity, replacing the existing parliamentary type, would have a form of an inverted pyramid. Panchayat is to be the exclusive popular base of this pyramidal structure in the sense that it is to be the only directly elected institution sustaining the whole structure which is then built on the method of indirect elections. The Panchayat will be responsible to gram sabha which will be the sovereign assembly of village people at the grass roots level. Under this type of rural democracy based on the principle of party-less system panchayat is to be autonomous, self-sufficient and self-sustaining.

It is obvious that this conceptual image of panchayati raj is too ideal to be attainable. The panchayati raj as it exists today cannot be said to be

26. Iqbal Narain; 'The Emerging Concept,' in Panchayati Raj, Planning & Democracy (Eds. M.V. Mathur & I. Narain) Asia Publishing House, 1969, P.20.

operating in a direction as would ultimately lead us to a social system or polity of Gandhian or Narayananian conception. In form it may appear resembling the traditional as well as Gandhian concept, but 'in contents or functions it appears very different both from the traditional and and Gandhian points of view,'<sup>27</sup>

## 2. Local Government concept of Panchayati Raj.

According to this concept, Panchayati Raj is essentially a local self-government institution in rural areas at the grass roots level. It implies that the villagers are entrusted with the self-management of their own affairs at the rural local levels. Hence, they are correspondingly endowed with necessary autonomy and powers in terms of deliberations, policy formulation, planning, implementation, raising of resources and their allocation, etc. These powers are, however, to be used within the confines of requisite state level control. Thus, according to this concept, the panchayati raj insititutions are autonomous in character. Their functional jurisdiction is confined not only to traditional civic functions but also extended to the new developmental functions. They are to be the power-mechanism or systems at the rural local levels, with legitimate control from the state level.

This conceptual image of panchayati raj is ppojected by responsible leaders in their speeches.<sup>28</sup> It has also been admitted by the Sadiq Ali Commi-

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27. T.K.N. Unnithan, in Panchayati Raj and The Gandhian Ideal, 'Panchayati Raj, Planning & Democracy' 1969, P.44.

28. Pandit Nehru in his speech on the occasion of the inauguration of panchayati raj in Rajasthan on October, 2, 1959, said at Nagapur; "Some people thought that if responsibility was handed over to the people, they would probably not be able to shoulder it. But it is only by providing opportunity to the poeple that they can be trained to shoulder responsibilities. It became imperative that a bold step be taken whereby more and more responsibility could be transferred to the people. The people were not merely to be consulted but effective power was to be entrusted to them.....The responsibilities of administration should not be only in the hands of big officials but should be divided among our 400 million people." Jawaharlal Nehru's Speeches, Vol. IV, 1957-63, Publications Division, Ministry of Information and Broadcasting, Govt. of India, 1964, P.93.



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3. Bureaucratic Concept. According to this concept, Panchayati Raj institution is simply an instrument in the hands of the State Government to implement the rural development programmes in general and the community development programmes in particular. Thus panchayati raj, under this view, is assigned just the agency role. The moderates among the advocates of this view would not mind the grant of power and responsibility to these institutions but would advise the need for adequate safeguards so that the people's representatives at the rural local level may not misuse the trust and power reposed in them. This view is the result of the mistrust of bureaucracy in the capacity of the rural masses to manage their own affairs. Democratic decentralisation is effected under this view but not with a spirit of parting with power but with a spirit of delegation of power and authority and that too with reservation and with adequate safeguards and control.

4. Development or contextual viewpoint. According to this viewpoint, the conceptual image and nature of panchayati raj are to be determined in the context of its antecedent. This antecedent is the community development programme and its shortfalls leading to its consequent failure to fulfil its objectives. It is in this context that the Mehta Committee recommended the idea of democratic decentralisation Panchayat Raj, under this viewpoint, is conceived of as an institution of rural people's elected representatives to whom the administration of community development programmes in particular and rural development programmes in general, are entrusted. This view of panchayati raj is akin to the local government view with the difference that under it panchayati raj is regarded primarily as a development mechanism and not primarily as a power mechanism as it the case under the latter.

These viewpoints regarding the concepts of panchayati raj differ more in points of emphasis than in nature. They do not in themselves bring out

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29. The Study Team on Panchayati Raj. (1964), Panchayat and Development Department, Govt. of Rajasthan, (popularly known as Sadiq Ali Committee after the name of its chairman) admitted, "the panchayati raj institutions are primarily units of local government. This implies that the people in a village or a larger rural area are able to manage their local affairs and find solutions for their local problems." (page 4 of the Report)

exclusive and independent images of panchayati raj, yet all of them together bring out the basic constituents of that image. "And it is these which ultimately determine the evaluational value judgements of the conceptual image in actual operation."<sup>30</sup>

Coming to the empirical side of the concept of panchayati raj we find that there are three types of images on the operational plane : Political image or leaders' image, public image or rural folks' image and statutory or bureaucrats' image.

Political image is conjured up by the leaders and rural elites aspiring for leadership. To them panchayati raj is a form of rural local government giving them opportunity for participating in the village government and gaining prominent political status to themselves as well as their parties or factions. Thus, this conceptual image of panchayati raj on empirical plane corresponds to the local government image on the normative plane and like the latter it projects panchayati raj primarily as a power mechanism and secondarily as a development mechanism.

Statutory image is essentially the bureaucrats' image, that projects panchayati raj as the agency or instrument of the state government for implementing rural development plans in general and community development projects in particular. This view implies the grant of powers and responsibilities to the rural representatives but with reservation, safeguards, supervision and control.

To the rural masses panchayati raj is yet to develop a distinctive image of its own. To them, who are becoming conscious of their needs and aspirations panchayati raj is sensical in so far as it fulfils their felt needs. To them, neither the power mechanism aspect nor the development mechanism aspect of panchayati raj appeals, for neither the power nor the development has reached unto them so far, which, they feel, are the privileges of the few elites among them. Thus this image of the panchayati raj is most unsatisfactory. The main factor responsible for this is "that the relationship of the weaker

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30. I. Narain. Ibid P.25.

sections with the officials or the village hierarchy has not yet changed to any great extent".<sup>31</sup>

The problem that arises after considering these viewpoints is how to reconcile these normative and operational views and to conjure up a suitable conceptual image and institutional model of panchayati raj. Proper approach in this respect would be to adopt a syncretic approach and to regard panchayati raj in conceptual terms to be at one and the same time (i) a system of local self-government or power mechanism, (ii) a developmental mechanism or an institution for rural development, and also (iii) an agency of State government for specific activities. The Sadiq Ali Committee has also admitted this syncretic concept, when it said, "It is being asked whether panchayati raj is (i) a unit of local government or (ii) an extension of the community development programme or (iii) an agency of the state government. We are clear in our minds that panchayati raj embraces in its scope all these three sets of functions."<sup>32</sup>

#### 6. Institutional Framework\*

Institutional set-up of panchayati raj is to be studied from two aspects : One, as it is recommended by its main sculptor, the Mehta Committee; and second, as it is adopted by different states suitable to their local conditions.

The Committee on Plan Projects, a body established by the National Development Council to secure the maximum possible economy and to avoid wastage arising from delays and inefficiency, set up a Study Team for the study of Community Projects on 16th January 1957. The late Shri Balwantray G. Mehta, then the member of the Lok Sabha and later the Chief Minister

31. Sugata Das Gupta, 'The concepts of Panchayati Raj and their Institutional implications' in Panchayati Raj, Planning & Democracy, (Eds. M.V. Mathur & I. Narain), Asia Publishing House, 1969, P.39.

32. The Sadiq Ali Committee Report, 1964, P.4.

\* I have drawn heavily in this section upon Prof. Henry Maddick's 'Panchayati Raj' an indispensable book who wish to grasp the nature of this rural local government in India.

of Gujarat State was its Chairman, after whom the Study Team came to be popularly known as the Mehta Committee. Its main terms of reference were, firstly, to study and report on the Community Development Projects and National Extension Service, with special reference to problems concerned with the organic linking of village panchayats with popular organisations at a higher level, and secondly, by stages determined in advance, the reorganisation of district administration, so that "democratic bodies should take over the entire general administration and development of the district or the subdivision perhaps other than such functions as law and order, administration of justice and certain functions pertaining to revenue administration."<sup>33</sup> The second term of reference was not there originally but later the Vice-chairman of the Planning Commission asked the Study Team by a separate letter to cover this aspect also.

#### 7. Recommended Framework :

The Mehta Committee recommended a three-tier structure of the panchayati raj institution. It made recommendations, in the first place, regarding the panchayat samiti, which it wanted to be a strong body as a unit of decentralisation. It proposed that an elected self-governing institution should be set up with its jurisdiction coextensive with the development block (where it existed) and that this body should be constituted by indirect election from the village panchayats and have co-opted members ----- women, members of scheduled castes and tribes, and locally resident persons having experience in administration, public life or rural development. It also proposed that a member from the municipal areas within a block be included with a view to facilitate administrative communication between the rural and urban bodies.

As regards the functions of the panchayat samiti the committee proposed that it should be entrusted with the functions of development of agriculture in all aspects, the improvement of cattle and local industries, public health, welfare work, maintenance of statistics. It should also act as an agent of the state government in the execution of special schemes of development entrusted to it.<sup>34</sup>

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33. The Mehta Committee Report, Vol. 1, PP.i.ii.

34. The Mehta Committee Report, Recommendation 8, P. 126.

As regards the sources of income of the panchayat samiti the Committee proposed that the State Government should give grants and aid with due regard to economically backward areas.<sup>35</sup> According to it all central and state funds to be spent in the block areas should be assigned direct to the panchayat samiti.<sup>36</sup>

As regards staff, the Study Team proposed that there should be two sets of officers, one at the block level and the other at the village level. The block level officers, drawn from the state cadres and lent to the samitis, would be a team of technical officers in charge of agriculture, public health, primary education and other service. This team should be headed by a chief administrative officer.<sup>37</sup>

Secondly, the Committee made recommendation regarding the village panchayat, the body below the panchayat samiti. Village panchayat should be directly elected with special provision for representation of women, scheduled castes and tribes. As regards the functions of the village panchayats it suggested that it should carry out such duties as the "provision of water supply, sanitation, lighting, maintenance of roads, land management, collection and maintenance of records and other statistics, and the welfare of backward classes. It would also act as an agent of the panchayat samiti in executing any of its schemes."<sup>38</sup> As regards the staff, the Committee proposed that the village level employees, such as gram sevaks and the primary school teachers would be recruited by the third tier (i.e. the Zilla Parishad or the District Council) and remain under the administrative and operational control of the chief administrative officer of the panchayat samiti. Their service conditions would be prescribed by the state government.

Thirdly, the Committee turned to recommend the third tier body above the panchayat samiti, viz, the Zilla Parishad. The Committee here recommended

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35. Mehta Committee Report, Recommendation 10, P.126.

36. Mehta Committee Report, Recommendation 11, P.127-the old block.

37. Mehta Committee Report, Recommendation 12, P.127

38. Mehta Committee Report, Recommendation 22, P.128.

three types of Zilla Parishads. The first type of Zilla parishad was recommended as an indirectly elected zilla parishad consisting of the Presidents of panchayat samitis, members of the state legislature and the Central legislature (i.e. M s & MPs.), part or all of whose constituencies would fall within the district, and district level officers of the state government including the Collector.

As regards its functions, the Committee proposed that this type of Zilla parishad would have the unifying functions of co-ordination and supervision of panchayat samiti activities within the district, distribution of state funds for the district among the panchayat samitis and the approval of their budgets. Thus, the first type of zilla parishad recommended by the Committee was to be non-executive co-ordinating body. The second type of zilla parishad recommended is to be a larger local body with its jurisdiction co-terminous with the district, consisting of members of the panchayats within each panchayat samiti area, who would be elected by the panchayat members from among themselves. It was not to be a simply co-ordinating and supervising body like that of the first type, but would be an executive body operating directly in areas where the community development programme was not sanctioned, and would also undertake district level and interblock activities. The third type of zilla parishad proposed by the Committee is to be a very strong executive body with most of the powers exercised by the district level officers devolved on to it by the state government. It is to be "a purely elective body with, perhaps, a few co-opted members."<sup>39</sup> The Committee thought that on the one hand "after a few years the powers vested in the Collector and District Magistrate may fall into desuetude and may be statutorily withdrawn,"<sup>40</sup> and that development of the zilla parishad would be very much in the future, on the other. State governments, in such a situation in the future, would be able to allot to the zilla parishads most of the powers now exercised by these district level officers. The Committee thought it fruitless to make detailed recommendations in respect of this type of zilla parishad.

In general, however, the Mehta Study Team envisaged a non-executive

39. Mehta Committee Report, Vol. 1, P. 21, para 2.45.

40. Mehta Committee Report, Vol. 1, P.21, para 2.44

coordinating type of zilla parishad. After proposing the three-tier structure of the panchayati raj the Committee recommended that the three-tiers should be introduced simultaneously. The State governments should take a district as a whole and extend their respective panchayati raj legislations to all parts of it. "It is only when the three-tiers of our scheme, viz., the village panchayat, the panchayat samiti and the zilla parishad, operate simultaneously will we get the maximum out of it."<sup>41</sup>

This is then the outline of the system of democratic decentralisation of the panchayati raj as it is popularly known today, as recommended by the Mehta Study Team. The Team, however, was not hard and fast about it. It did not want to pin down the State governments to a certain pattern, but it allowed them to develop their own pattern, suited to their local conditions. "So, there are bound to be experiments in this vast country. Some will accept the blocks, some may accept the tehsils and some may continue to work through districts. All that we would like to emphasise is the necessity and the imperative necessity of a real transfer of power to the people's representatives."<sup>42</sup>

The Planning Commission welcomed the Mehta Report as aiding the development plans by providing institutions through which local participation and co-ordination would be possible. However, in a note to the National Development Council it expressed its preference for a strong democratic body at the district level.

The National Development Council approved the Mehta proposals in January 1958. It also, like the Mehta Committee, left it to the States to adopt a pattern suitable to their local conditions. ".....the precise manner in which the principle was to be applied was essentially a matter for the States to consider. Each State should work out the structure which suited its conditions best and consequently there was no need to insist on uniformity between the

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41. Mehta Committee Report Vol. 1, para 2.46

42. Speech of Shri Mehta at the Third Meeting at the Central Council of Local Self-Government; Proceedings of the Meeting, Govt. of India, April 1958, P.127.

different parts of the country."<sup>43</sup>

In 1959 the Central Conference of Local Self-Government also recommended, "while the broad pattern and the fundamentals may be uniform, there should not be any rigidity in the pattern. In fact, the country is so large and panchayati raj (democratic decentralisation) is so complex a subject with far-reaching consequences, that there is the fullest scope for trying out various patterns and alternatives. What is most important is the genuine transfer of power to people. If this is ensured, form and pattern may necessarily vary according to conditions prevailing in different states"<sup>44</sup>

The Govt. of India also agreed with this recommendation and did not insist on States to follow a prescribed pattern, but laid down certain fundamentals or basic principles of panchayati raj, which are :

1. It should be a three-tier structure of local self-governing bodies from the village to the district, the bodies being organically linked up.
2. There should be genuine transfer of power and responsibility to them.
3. Adequate resources should be transferred to the new bodies to enable them to discharge these responsibilities.
4. All development programmes at these levels should be channelled through these bodies.
5. The system evolved should be such as will facilitate further devolution and dispersal of power and responsibilities in the future.<sup>45</sup>

43. Resolution of the National Development Council, 12th January 1958, as quoted in the Summary Record of Annual Conference on Community Development held at Mont Abu (20-24 May 1958), Ministry of Community Development, Govt. of India, 1958, P.400.

44. Fifth Meeting of the Central Council of Local Self-Govt., Proceedings, 1959, Govt. of India, June 1959, P.44.

45. A Digest on Panchayati Raj, Govt. of India, April 1962, P.i.



### 8. Panchayati Raj in Practice :

The Mehta Report received a hearty welcome from different states. Rajasthan and Andhra Pradesh took the lead in implementing it when they established the panchayati raj in October 1959. Other states also followed suit and within three or four years of publication of the Mehta Report most of the States adopted the panchayati raj scheme of democratic decentralisation. There are, however, variations in local implementation in conformity with the history and administrative situation in each state. But the basic structure everywhere followed the design of the Mehta Report. States have made their own decisions about the sort of rural local government system. Nevertheless there is the standard pattern, broadly recommended by the Mehta Committee, of three-tiers of panchayati raj institutions. "The historical evolution of the administrative structure of each state greatly influenced the designing of its new system."<sup>46</sup> There are variations in many important respects. There are variations in the level at which the district body or the top-tier body, i.e. the zilla parishad, is situated. Some have established it at the revenue district level, some at sub-division revenue district level and some have carved out development district out of the bigger revenue district, and set up the zilla parishad at the former level. Similarly in respect of the panchayat samiti, some have established it at the block level, some at the taluka or tehsil level. Refer to Appendix:

There are also variations in the allocation of functions and powers to the different levels of authorities. In most States the broad scheme of making the panchayat samiti (the middle tier body) the principal unit of local government is followed. In Maharashtra, however, it is the zilla parishad which is the strongest body, the panchayat samiti being relegated to the position of an area committee rather than being the fulcrum of the system, as in other States. Some States have tried to seek a compromise between these two extremes. Moreover, the constitution of the tiers and the nomenclature of the institutions differ from State to State. Thus there are variations in the panchayati raj adopted in different states. At first sight, such diversities do create an impression of a lack of uniformity in the panchayati raj system. But under these differences which are both structural and functional there is certainly a thread of unity which consists of organically linked three tiers, devolution

46. Henry Maddick, Panchayati Raj, 1970, P.69.

of wide functions to them, and participation of people in local development.

The village panchayat is elected by the gram sabha and serves as the executive body of the latter. The members of the village panchayat are known as panchas, and the president and vice-president as Sarpanch and Upasarpanch. The size and composition of the village panchayat differ from State to State. Differences in the size are bound to be there as no standard size of panchayats for all States can be prescribed since density, topography and administrative traditions differ widely.

As regards panchayat samiti, it came to be established in most States as per the recommendations of the Mehta Committee. In most states it is established at the level of the development blocks. However, the States of Gujarat, Maharashtra and Mysore have departed from this general scheme and set up the body at the taluka level, which lies between the block and the district. In majority of States the panchayat samiti is structurally and functionally similar; but Maharashtra State is an exception to this, where panchayat samiti is not an independent and autonomous self-governing unit of panchayati raj but an agent of the Z.P., which is a strong executive unit. In the words of the Naik Committee, it is a body 'executing or supervising the schemes initiated and sanctioned by the district body'<sup>47</sup>

As regards the Zilla Parishad its role is differently conceived in different States. This has led to a variation in its structure and functions. Mehta Committee recommended it as a coordinating body. There are three patterns in this respect. In States like Rajasthan, Madras, Mysore, Assam, Orissa, Bihar and the Punjab, Zilla Parishad is a weak body, performing simply advisory and coordinating functions and no executive powers. At the other extreme there is Maharashtra State where the Zilla Parishad is made, as stated earlier, the strongest tier. It has bestowed upon the Zilla Parishad the same status which the Mehta Team bestowed upon the panchayat samiti. A third type of zilla parishad, a compromise between the two models designed by the Mehta Team and the Naik Committee respectively was set up in Andhra Pradesh, Gujarat, Uttar Pradesh and West Bengal. In these States the Zilla Parishad has been

47. Report of the Committee on Democratic Decentralisation, Co-operation and Rural Development, Govt. of Maharashtra, Bombay, 1961, P.75 (Popularly known as the Naik Committee).

given some executive functions.

This is, in general, the nature of the panchayat raj as it is adopted in practice. After understanding this institutional pattern of the panchayati raj it would be in the fitness of the context of this thesis which purports to deal with the finances of the Zilla Parishad in a particular district of the Maharashtra State to deal broadly with the functional pattern and the financial arrangements of the panchayati raj. This would serve as a background to the study of the finances of a particular zilla parishad.

9. Functional Pattern :

The functional pattern of panchayati raj would be better understood if we consider the distribution of functions among the different bodies and the extent of these functions and their legal basis.

Constitutionally, 'local government' falls within the legislative list of the State governments. Thus the range of functions to be discharged by local bodies is entirely at the discretion of the State governments. The panchayati raj bodies have been invested with such functions as the respective State governments chose to delegate to them, keeping in view, of course, the broad recommendations of the Mehta Study Team. While Maharashtra has been more liberal than other States in delegating functions to its panchayati raj bodies, and in spite of some measure of uniformity in entrusting functions to village panchayats, States differed widely on how much to delegate to upper tier authorities, i.e. the Zilla Parishad and the panchayat samiti. "The actual pattern of panchayati raj in different states marks a compromise between the design of the Mehta Report and the varying desires of the State governments"<sup>48</sup>

The Indian local government in general and the panchayati raj scheme of rural local government in particular has deviated a great deal from the conventional concept of local government functions. Mr. V.T. Krishnamachari has aptly described this concept. The functions of panchayati raj bodies "include social and economic development in the widest sense. The entire district administration - with the exception of administration of justice and law and order

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48. H. Maddick, Panchayati Raj, 1970, P.102.

and revenue ——— is within their competence. All analogies drawn from local self-governing bodies in other countries and in India Prior to 1947 are therefore apt to be misleading when applied to them."<sup>49</sup> The functional pattern that has evolved in India is really the result of "a marriage between traditional "civic" or "municipal" functions and community development work, solemnised by the Mehta Committee Report."<sup>50</sup> The panchayati raj bodies are entrusted not only with a wide range of those functions which are usually associated functions, termed traditionally as civic or municipal functions but also with the developmental functions. Thus they are entrusted with the functions pertaining to public health, provision of drinking water, street lighting, local roads and other public amenities. Besides they are also entrusted with the responsibility of development programmes in respect of agriculture, animal husbandry, fisheries and forests, rural industries, education, social welfare, irrigation channels, etc.

Looking to this enormously wide range of functions allotted to the panchayati raj bodies, one is apt to feel and that too rightly that 'if in the past, the problem of rural local government was one of starvation regarding functions, the current picture is one of overfeeding and indigestion."<sup>51</sup> Unfortunately, these functions are not matched by the resources, both financial and manpower, at the disposal of these bodies. ".....actual resources often vary inversely to the number and extent of obligatory functions."<sup>52</sup>

Secondly, of the three tiers it is the lowest tier, the village panchayats, where there has been, quite ironically, the concentration of functions, and it is at this tier that finances and administrative personnel are in short supply.

As regards the allocation of functions between different tiers the Mehta Committee proposed 'the governing consideration in distributing the functions

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49. V.T. Krishnamachari, in the Indian Journal of Public Administration, Vol. viii, No. 4, Oct. - Dec. 1962. Foreward.

50. H. Maddick, Panchayati Raj, 1970, P.103.

51. H. Maddick, Ibid, P. 107.

52. Report of the Study Team on Panchayati Raj Finances (Santhanam Committee) 1963, Pt. I, P.10.

between the village panchayats, the panchayat samitis and the zilla parishads will generally be that all the functions concerning a village within the jurisdiction of a village panchayat should be the responsibility of the village panchayat except for the functions involving similar interests of more than one village panchayat; these should be the responsibility of the panchayat samiti. Similarly such functions of the panchayat samiti as may involve more than one panchayat samiti should be the responsibility of the zilla parishad."<sup>53</sup>

So far as the village panchayats are concerned they have been entrusted with almost similar local functions in all the States. Similarly, in respect of panchayat samitis also there is a comparable uniformity in allocating functions to them in all the States, except the Maharashtra State. As regards the allocation of functions to zilla parishad, however, there are wide differences among the States. The two extreme examples are the executive and strong Zilla Parishad of Maharashtra and the non-executive, advisory and weak Zilla Parishad of Rajasthan and Madras. In between these extremes lie the Zilla Parishads of other States which have conferred some executive functions on their zilla parishads.

Even though the Mehta Team recommended panchayat samiti to be the seat of powers and functions, all States did not view it with favour; some States are showing bias towards the district body. Maharashtra Government has made the district body functionally (and also financially) a strong one from the very beginning. The States of West Bengal and Uttar Pradesh expressed their bias towards a strong district body in the course of their appraisal of the draft report of the Study Team.<sup>54</sup> Mysore and Rajasthan also considered how far their zilla parishads can be strengthened. In Mysore, the Mysore Committee on Panchayati Raj endorsed the views expressed earlier by the Mysore Resources and Economy Committee that....."there is, in our opinion, necessity to establish a strong body at the district level in place of the present District Development Councils which are only reviewing and coordinating agencies.....We feel, that the district level is not sufficiently emphasised in the scheme, and that the District Development Council should be made a prime democratic

53. The Mehta Committee Report, Vol. 3, Pt. I, P.117.

54. Third Meeting of the Central Council of Local Self-Govt. Proceedings, Govt. of India, 1957, PP.100-5.

body in the State with not only control and supervision over the Taluka Development Boards and Panchayats in the districts, but with wide functions and powers to take up and execute all development works and plan schemes upto the district level."<sup>55</sup> Similarly the State Study Team on Panchayat Raj in Rajasthan also examined the status of the Zilla Parishad and expressed that "a significant change is necessary in the functions and powers of the Zilla Parishad in order to activate and vitalise them. They should be allotted certain original executive functions."<sup>56</sup> Thus this shows that there is a tendency to shift the seat of power from the panchayat samiti to the zilla parishad for the sake of functional efficiency. "This marks a trial of strength between the emergent pulls of a comparatively new machinery at the samiti level and the old attractions of the traditional district administration albeit in the new and much more democratic form of the Zilla Parishad"<sup>57</sup>

#### 10. Financial Arrangements of Panchayati Raj :

Financial arrangements in panchayati raj are really very complex. These financial arrangements may be studied with reference to three aspects : Budgeting, Accounting & income-expenditure trends.

##### 1. Budgeting of panchayati raj bodies :

In every State, the Acts and the elaborate rules and regulations framed thereunder have prescribed the budgetary procedures. However, in spite of such elaborate legislative provisions budget framing by the panchayati raj bodies is far from satisfactory. The Study Team on Panchayati Raj Finances rightly observed, 'our experience of the budgets of panchayati raj bodies has not been generally happy. In most cases, there was no relation between the budget estimates and the actuals. This is not entirely the fault of panchayats and samitis.' The question of grants and subventions, which are due from

55. Quoted in Report of the Committee on Panchayati Raj 1963, Govt. of Mysore, Bangalore, P.21.

56. Report of the Study Team and Panchayati Raj; Panchayat & Development Deptt. Govt. of Rajasthan, 1964, P.36.

57. H. Maddick, Panchayati Raj, 1970, P.109.

the state government, is not intimated to them in time and they put arbitrary estimates lest omission should prejudice their case"<sup>58</sup>

Following drawbacks are found in the budgeting of the panchayati raj bodies :

1. There is hardly any relation between the budget estimates and the actuals. Firstly, estimates of taxes and other dues included in the budget fall far short in actual collection rendering the budget provisions unreal and planning a farce. Secondly, grants and subventions from the state government to them are not known to them before the preparation of their budgets. Hence the panchayati raj bodies make arbitrary estimates regarding them.<sup>59</sup>

2. The structure of panchayati raj bodies is interlocking, which also hinders proper budgeting by them. For instance, panchayat samiti may undertake a scheme within the area of village panchayat which is then asked to make contributions for it. As this is informed to the village panchayat at the eleventh hour, it cannot make a budget provision for its contribution in time.

Thus there are confusions and anomalies in the budgeting by the panchayati raj bodies.

#### Accounting & Financial Procedures

In all States, accounting procedures are laid down in details by the State governments for the panchayati raj units. These procedures include i. itemisation of income and expenditure, ii. custody of funds, iii. control over

58. Santhanam Committee Report on Panchayati Raj Finances, 1963, P.39.

59. A Study Group on Budgeting & Accounting Procedure of P.R. Institutions (July 1963) set up by the Union Ministry of C.D. & Co-op. suggested in this respect, " State govts may give P.R. insts. a tentative indication of the likely amounts (grants & loans) which they will get during the budget year, not later than the end of December and the p.r. bodies may cast their budget estimates by the end of January before the commencement of that year". (Report, P.40) quoted by H. Maddick in Panchayati Raj, PP 116-117, foot note.

funds, iv. periodical scrutiny of accounts by appropriate authorities and v. audit of accounts at regular intervals. But there is no uniformity in this respect in the states.

Panchayati raj bodies may have accounts in a Post Office Saving Bank, but most of the financial transactions are made by them through the government treasuries or sub-treasuries. Only an imprest of cash is kept at the office, for current expenditure, usually in the custody of the executive officer.

For financial control, the general arrangement is that the statements of accounts are to be submitted to higher level authorities at specified regular intervals. The accounts of panchayats are periodically scrutinised by the panchayat officer of the panchayat samiti, and those of the panchayat samitis by the district panchayat officer. Those officers inspect the accounts and cash balances to prevent misappropriation or falsification of accounts.

There is provision for the periodical audit of accounts of the panchayati raj units by auditors appointed by State governments. Usually, the panchayat accounts are audited by the inspecting officer of panchayats (panchayat officer) at the panchayat samiti level on behalf of the executive officer, and the accounts of other tiers are audited by the examiner of local funds accounts, Panchayat raj bodies are expected to meet the audit objections promptly, but in actual practice this expectation is not always complied with.

There are differences in the tax structure of panchayat raj bodies in different states and also differences in the allocation of sources of income or of resources among the panchayati raj bodies in different states.

As regards the tax structure, generally the village panchayats have been given a wide range of taxes, but the upper-tier authorities are usually made dependent on non-tax revenue, such as grants and share of land revenue. Even in the case of taxes to be levied by the village panchayats in some states they are compulsory, in some optional and in some partly optional and partly compulsory.



There are differences in resource allocation among panchayati raj institutions in different States. These are firstly due to the attitude of the State governments towards panchayati raj institutions and secondly due to differences in the structure of the tiered system in different states. For example, states where Z.P. is a non-executive body, sources of revenue allotted to it are non-existent or severely limited; and where Z.P. is strong and panchayat samiti is its agent, as in Maharashtra, it has been allocated several sources of revenue.

#### **Revenue Sources & Expenditure Items of each tier :**

It would be useful, at the end, to take a general survey of the sources of revenue and items of expenditure of each tier body of the panchayati raj.

#### **1. Village Panchayat :**

The sources of revenue of the gram panchayats fall into three broad categories : a) Tax Sources, (b) Non-tax sources, and (c) State grants and public contributions

a) **Tax Sources :** In all States village panchayats have been empowered to levy a number of taxes. In some States they are optional, in some states some taxes are optional and some compulsory. There are three main taxes levied by the village panchayats : i. House tax, ii. Profession tax, iii. Vehicle tax. The optional taxes are, i. tax on the village produce sold in village, ii. Octroi on entry of goods, animals, iii. Pilgrim tax.

Two tendencies are marked in respect of tax revenue of panchayats : 1. In spite of statutory provisions, panchayats, in general, have been reluctant to exercise their power to levy taxes, 2. Even where taxes are levied there is "deplorable failure of collection of taxes and dues"<sup>60</sup> on the part of panchayats.

b) **Non-tax sources :** These include fees, fines and penalties, income from property, investments and productive enterprises. All the panchayat acts empower the panchayats to levy various kinds of fees (e.g. licence fees), fines and penalties, and charges. The non-tax revenues constitute a sizable

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60. Santhanam Committee Report, Pt. I. P.11.

portion of panchayat income in many States, especially as compared to their tax revenue.

**c) State grants and public contribution :**

The Panchayat Acts of all the States provide for grants from the State governments and contributions from other sources : The main items in the latter are i) holding of Melas (fairs), ii) Pilgrimages, iii) religious festivals, etc.

State assistance has come to be the mainstay of panchayat income. But their quantum is determined more by State budgets than by the needs of the panchayat raj bodies. As each State in its turn has to rely on the release of Central Government grants there is nothing definite about the size of the State assistance to the local bodies in general.

The grants received by the panchayats are : i) a percentage share of land revenue and local cess on it; ii) a per capita general purpose grant; iii) equalisation grant, iv) matching grant; v) Share in State taxes.

However, grants scheme varies widely and there is hardly any uniformity among States in this respect. In general, the percentage of State grants to total incomes is high in the majority of the panchayats. Such heavy dependence of state assistance whilst it may be inevitable for the poorest village panchayats, is not likely to induce panchayats to increase their own taxes. Of course, there must be some reasonable proportion of revenue within the control of village panchayat; otherwise its independence may be threatened and public interest diminished.

The panchayats' tendency to rely upon State assistance rather than locally-raised resources has sociological and psychological reasons that people do not recognise panchayats as their own institutions. They also do not recognise that taxes are for their own benefit. Thirdly, the rural poverty as displayed by low average income per capita, is also responsible for their poor performance in tax collection.

### **Expenditure of Panchayats.**

The main items of expenditure incurred by the village panchayats are : i. administration; ii. Civic amenities; iii. Social welfare; iv. Construction; v. maintenance; & vi. miscellaneous.

### **2. Panchayat Samiti Finances :**

In the case of panchayat samitis also there is a range of tax and non-tax sources of revenue formally laid-down in the panchayati raj statues. But it is the State grants which are the mainstay of panchayat samiti finances. These grants are either general or specific in nature. A general grant in the form of a certain percentage of land revenue collection has been provided in some States. In some a lumpsum amount is given by the government to panchayat samitis. Specific grants are tied down to particular services.

In Maharashtra State, however, the panchayat samiti has no general funds for use at its own discretion since all grants come through the Zilla Parishad and are earmarked for approved projects.

The Panchayat Samitis have so far been unable to tap any significant local resources of their own and have come to depend almost wholly on State assistance. It is desirable that grants be systematised on the basis of objective criteria and the whole grants system be rationalised.

### **3. Zilla Parishad Finances :**

Since the Zilla Parishads in different states are differently conceived, there are also differences in the financial arrangements at the Zilla Parishad level in different States. Following Table brings out the nature of Zilla Parishad in some of the States.

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Table showing the nature of Z.Ps. in Various States

Nature of Z.P.	Strong & Executive	Purely Advisory	Coordinating, Advisory & Supervisory	Advisory cum Supervisory cum Partly executive
State	Maharashtra	Madras Rajasthan	Assam Mysore Orissa	Andhra Pradesh Gujarat U.P.

In view of the Special Position of the Zilla Parishad in Maharashtra, its financial resources have been made commensurate with its wide functions and responsibilities. Thus, the Zilla Parishads in Maharashtra spend nearly a third of the total State revenue, and their per capita revenue ranges from Rs. 8.50 to Rs.14.65.

Although they have been given some independent sources of income such as a cess on land revenue, State grants constitute the mainstay of their finances. Thus, one Zilla Parishad which has the maximum per capita income of Rs. 14.85 (in 1962-63) derived less than 5% of it from its own sources, the balance being from different types of State assistance.<sup>61</sup>

Under the Maharashtra Zilla Parishad & Panchayat Samiti Act, 1961, Five types of grants are available to Zilla Parishads in the State : i. Land Revenue Grant, ii. Equalisation Grant, iii. Purposive Grant, iv. Establishment Grant; v. Deficit adjustment Grant. Besides these grants there are also grants for specific plan schemes.

These liberal provisions for State assistance in Maharashtra have been instrumental in giving the Zilla Parishad a strong basis and a secure administrative machinery which has already attracted the attention of quite a number of states, e.g. Mysore & Rajasthan.

61. Santhanam Committee Report, Part I, PP 32-33.

**Expenditure :** The items of expenditure of the Maharashtra Zilla Parishads are as varied as that of samitis in other States. Education is the largest item. 'Buildings', communications and medical and public health are also major heads of expenditure . Management and administration are also an important item.

There is hardly any uniformity in the expenditure patterns of different Z.Ps. in different states. A detailed financial survey might reveal why and how the parishads in each State have selected different items of expenditure. Inter alia, it would reveal how far the statutory distribution of functions between the three tiers has been distorted by the usurpation of a function by one tier or the other.

To conclude, it may be remarked that a true picture of panchayati raj finances can be drawn only when the income and expenditure pattern of the three tiers in each district can be put together as a single financial map. The interlocking structure of the system involves considerable transfers of income and expenditure from one tier to another. What is needed, therefore, is an extensive and deep survey of the finances of all the panchayati raj tiers in sample districts from different states. Since this is a huge task beyond the capacity of an individual researcher, this thesis cannot claim to undertake it; but it certainly purports to analyse the finances of the uppermost tier at the micro level of a particular district in the State of Maharashtra.

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## APPENDIX TO Ch. III

Panchayati Raj Structure in different States

STATE	BOTTOM TIER		INTERMEDIATE TIER		TOP TIER	
	LEVEL	BODY	LEVEL	BODY	LEVEL	BODY
Andhra Pradesh	Village or Gr. of Villages	Gram Panchayat	Block	Panchayat Samiti	Revenue District	Zilla Parishad
Assam	"	Gram Panchayat	Block	Anchalik Parishad	Sub-division	Mohkuma Parishad
Bihar	"	Executive Committee of Gram Panchayat	Block	Panchayat Samiti	Revenue District	Zilla Parishad
Gujarat	"	Gram/Nagar Panchayat	Taluk	Taluka Panchayat	Revenue District	District Panchayat
Jammu & Kashmir	"	Gram Panchayat	-	-	-	-
Kerala	"	Panchayat	-	-	-	-
Madhy Pradesh	"	Gram Panchayat	Block	Janapad Panchayat	Revenue District	Zilla Parishad
Madras	"	Village/Town Panchyat	Block	Panchayat Union Council	Development district	District development council
Maharashtra	"	Gram Panchayat	Taluk	Panchayat Samiti	Revenue District	Zilla Parishad
Mysore	"	Village/Town Panchayat	Taluk	Taluk development board	Revenue District	District development council
Orissa	"	Gram Panchayat	Block	Panchayat Samiti	Revenue District	Zilla Parishad
Punjab	"	Gram Panchayat	Tehsil/Block	Panchayat Samiti	Revenue District	Zilla Parishad
Rajasthan	"	Panchayat	Block	Panchayat Samiti	Revenue District	Zilla Parishad
Uttar Pradesh	"	Gram Panchayat	Block	Kshettra Samiti	Revenue District	Zilla Parishad
West Bengal	"	Gram Panchayat and anchal panchayat	Block	Anchalik Parishad	Revenue District	Zilla Parishad

**CHAPTER - IV**  
**PANCHAYATI RAJ IN MAHARASHTRA**

<b>POINTS</b>	<b>PAGE</b>
01. Background	96
02. Naik Committee & Its Recommendations	96
03. Statutory Pattern	102
04. Zilla Parishad : Structure & Pattern	103
05. Committee System	104
06. Constitution of the Standing Committee	104
07. Powers of the Standing Committee	105
08. Constitution of other Committees	106
09. Powers & Functions of Committees	108
10. Executive machinery of the Zilla Parishad	109
11. Powers & functions of Zilla Parishads	110
12. Financial Resources of the Zilla Parishads	111
13. Zilla Parishad's Resources	112
14. Panchayat Samiti : Structure & Pattern	116
15. Composition & Mode of Election	116
16. Recent Reform in composition	117
17. Powers & Responsibilities of a Panchayat Samiti	118
18. Financial Resources of the Panchayat Samiti	119
19. Village Panchayats : Structure & Pattern	119
20. Constitution of Village Panchayats	120
21. Functions & Powers of Village Panchayats	121
22. Financial resources of Village Panchayats	121
23. Gram Sabha : The Base of Panchayati Raj	122
24. Control over the Panchayati Raj Institutions	122
25. Three-tier System of Control	124
26. State-level Control	124
27. State-level technical supervision and control	127
28. Division-Level Supervision & Control	129
29. District-level Supervision & Control	131
30. Inter-institutional & intra-institutional control	131
31. Control over C.E.O. & Other Officials	134
32. Financial Control	131
Appendix - Chart showing organizational set-up	142 (A)

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## CHAPTER IV PANCHAYATI RAJ IN MAHARASHTRA

### 1. Background :

Even though the Mehta Study Team was not rigid on the pattern of panchayati raj recommended by it, it did insist on two aspects of the institutional structure of panchayati raj to be observed by the states adopting its scheme of democratic decentralisation : the three-tier structure of the panchayati raj and the elective character of the panchayati raj bodies. The Study Team thought it wise to allow the States to evolve and adopt their own pattern suited to their local conditions with these broad specifications. Consequently, there is little uniformity in the panchayati raj adopted by different states, except in respect of these two broad features. The diversity is marked by two extreme models of panchayati raj; at the one end there is the Rajasthan model which closely conforms to the model laid down by the Mehta Study Team and at the other there is the Maharashtra model - which displays a great deviation from it. It is the purpose of this chapter to bring out the nature of the panchayati raj as it is adopted in Maharashtra State, with special reference to the unique character of its Zilla Parishad.

### 2. Naik Committee & its recommendations :

After the publication of the Mehta Report the Government of Maharashtra was stimulated to consider actively and adopt urgently the scheme of democratic decentralisation through rural local bodies. Soon after the inauguration of Maharashtra State on 1st May 1960, it set up on 27th June 1960 a Committee to examine the question of Democratic Decentralisation in all its aspects under the chairmanship of Shri V.P. Naik, the then Minister for Revenue. The Committee submitted its report on 15th March 1961 in which it laid down the detailed pattern of the panchayati raj to be established in the State.

The Mehta Committee had pointed out the need for representative institutions at levels higher than that of a village for a greater involvement of the people in their own development. As regards this unit of decentralisation the Mehta Committee had emphasised Panchayat Samiti as the most suitable unit and had accordingly recommended for a strong panchayat samiti.



The three-tier structure recommended by the Mehta Committee consists of the village panchayat (Gram Panchayat) at the grass roots level of a village, Panchayat Samiti at the Block level, and the District Council (Zilla Parishad) at the district level. These bodies are to be elected bodies : village panchayat created by the direct election among the villagers; panchayat samiti created by the elected representatives of the village panchayats, and the District Council Constituted the presidents of the panchayat samitis (Sabhapati) in the district. The Mehta Committee has emphasised the Panchayat Samiti at the block level as a key body in the Panchayati Raj Scheme of democratic decentralisation. Thus block has been regarded and recommended by it as the unit of decentralisation. The reasoning given by the Committee is that i) "it (block) offers an area large enough for functions which the village panchayats cannot perform and yet small enough to attract the interest and service of the residents, ii) some of the blocks are already functioning as the developmental units and have been equipped for this purpose with adequate personnel in different fields."<sup>1</sup>

The Committee, however, did not lay down this pattern as a rigid pattern. It did not insist upon making the block or panchayat samiti as the unit of decentralisation and laid down that every state was free to work out the details of its pattern with reference to the local conditions and requirements. It, however, laid down that the following four fundamentals<sup>2</sup> should be adhered to :

i. The three-tier structure of local self-governing bodies from the village to the district is to be maintained, the bodies being organically linked up;

ii. There should be genuine transfer of power and responsibility to them.

iii. Adequate resources should be transferred to these bodies to discharge the responsibilities devolving on them, and

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1. Mehta Committee Report, P.9.

2. Ibid.

iv. The system evolved should be such as will facilitate further devolution and dispersal of power and responsibility in the future.

Adhering to these fundamental principles the Naik Committee recommended a pattern of panchayati raj, which it thought, would be best suited to the conditions of the state and be in the best interests of the principle of democratic decentralisation.

The pattern it recommended and later was adopted in the State is such that the major powers and responsibilities are conferred on the district body, that is, the Zilla Parishad. Thus the three-tier structure of the panchayati raj in the State is characterised by a strong unit at the district level and not at the block level as envisaged by the Mehta Committee.<sup>3</sup> The Naik Committee has given the following reasons for this particular pattern.

i) A strong democratic body which could command executive and technical competence of a higher order capable of supervising the implementation of programmes in the Local Sector at levels below the District was essential.

ii) There were certain items of programmes which could be dealt with only at the District level because of their importance, technical competence and inter-Panchayat Samiti character.

iii) Allocation of spheres of new taxation and assignments from State resources, either directly or through Plan Schemes, could best be done only at the District level rather than at a smaller level like the Panchayat Samiti, so as to satisfy the National Plan objectives and directions.

iv) The State cannot discharge its responsibility of ensuring proper development of the local sector unless there is a strong body at the District level. With a large number of small bodies at a lower level with independent

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3. The reasoning given by the Naik Committee is different from that by the Mehta Committee..... "district body is the best operative unit of local administration as it alone will be capable of providing the requisite resources, necessary administrative and technical personnel and equipment required for a properly coordinated development of the district. In view of this, we conclude that if decentralisation is to be real and effective, it would be imperative to establish executive body at the district level." Report of the Committee, 1961. PP. 75.76.

powers of taxation and resources utilization this would be rather impossible.

v) Adequate arrangements within this framework with a strong district body could be to ensure proper programme contents and allocation of resources at the panchayat samiti level so as to give worthwhile functions and strength of a democratic organization at that level also.

Thus, with a strong body at the District level (Zilla Parishad) the structure of the panchayati raj in the State has been so designed as to organically link this apex body with the middle-tier body (Panchayat Samiti) and then link the latter with the lowest unit (Panchayats). This structure has been so conceived as to enable the higher bodies to consider and tackle the problems of the lower bodies and tackle the problems of the lower bodies and provide the necessary supervision, guidance and control in respect of lower bodies.

Even though the structure of panchayati raj recommended by the Naik Committee (and later on actually adopted in the State) deviates from that recommended by the Mehta Committee, the Naik Committee in its report has shown that ".....our conclusions are not basically different from the arrangements visualised by the Mehta Committee, the only point of difference being the legal status of the intermediary body."<sup>4</sup>

The Naik Committee has not given the legal status to the Panchayat Samiti as recommended by the Mehta Committee. It has regarded it as an intermediary body between the village panchayat and the district body. In the context of the situation existing in the State that in most parts of the State the area of a Development Block is co-extensive with that of a taluka, it has recommended that the area of the panchayatr samiti should be co-extensive with that of the Community Development Block.

In assigning the supreme status to the Zilla Parishad and subsidiary one to the panchayat samiti the Naik Committee has relied upon a stipulation made by the Mehta Committee. Naik Committee argues, "Although the Mehta Committee was generally of the view that the purpose of decentralisation

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4. Naik Committee Report, P.77.

was better served by devolving power on a taluka or a block body, it has also envisaged the possibility of transferring the power to a district or a sub-divisional body. The only stipulation which it has made was that the Panchayat Samitis should be constituted in Development Blocks to carry out all development activities in the Blocks and that the amount to be spent in the Block should be channelised through the Panchayat Samiti."<sup>5</sup> They have reproduced the following paragraph from the Mehta Committee Report in support of their contention,

"Such a district body will have to be fully empowered by statute, to carry out all developmental activities in the district in the same manner as we have recommended for the panchayat samiti, though on correspondingly a larger scale. The appropriate funds and powers of taxation, on the lines suggested by us in para 2.21 for the panchayat samiti, should be available to this district body; as also the requisite field staff and the supervisory staff at district headquarters. In the blocks selected for intensive development work under the C.D. Programmes, a panchayat samiti will have to be constituted on the lines similar to what we have proposed in para 2.15. This samiti will carry out the C.D. programme; we recommend that they will also carry out (as agents of the district body) all other developmental activities proposed for that area by the district body. All funds ---- the district funds as well as funds for intensive development ---- will, in the first instance, be at the disposal of the district body which will transfer them to the panchayat samitis concerned in the community development areas. All activities which can be performed by the panchayat samiti, should normally be assigned to it. Only in areas where there is no C.D. programme sanctioned may the district body operate directly. The district body will generally concern itself with inter block and district level activities and institutions."<sup>6</sup>

The Naik Committee further justifies the structure of democratic decentralisation recommended by it by showing how it is in conformity with the views of the Planning Commission. The Planning Commission in

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5. Naik Committee Report, 1961, Para 7.8, P.76.

6. Quoted by Naik Committee from the Mehta Committee Report. P. 77 of Naik Committee Report.

the Second Five Year Plan had emphasised the need for creating a well-organised democratic structure of local administration within the district and in this connection it observed : "In this structure village panchayats will have to be organically linked with popular organisations at a higher level".<sup>7</sup> As regards this 'popular organisation at a higher level' the Planning Commission had remarked "in some states it may be convenient to have a democratic body at the district level, in others, at the level of sub-divisions."<sup>8</sup> But in either case the Commission had asked to fulfil two conditions : firstly, the functions of the popular body should consist of the entire general administration and development of the area, and Secondly, for smaller areas within the district sub-committees of the popular body should be assigned clear functions in the implementation of local programmes."<sup>9</sup>

Relying on these views of the Planning Commission, the Naik Committee says, "In this context, it may be mentioned that the Planning Commission while stressing the need for evolving a well-organised democratic structure of administration within the district had suggested the establishment of democratic body at the district or the sub-divisional level with its sub-committees for smaller areas such as blocks or talukas.....We would, therefore, add that the arrangements proposed by us are in full accord with the view of the Planning Commission."<sup>10</sup>

This is, in general, the outline of the pattern of panchayati raj recommended by the Naik Committee. The Government of Maharashtra accepted all the major recommendations of the Naik Committee and promptly enacted the Maharashtra Zilla Parishads & Panchayat Samitis Act, 1961 \* to give effect to those recommendations and establish the panchayati raj in the State. The objective of the Act is "to provide for the establishment in rural

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7. The Second Five Year Plan, Planning Commission, Govt. of India, 1956, P.7.

8. Ibid.

9. Ibid.

10. The Naik Committee Report, 1961,

\* Hence forth referred to as "the Z.P. Act".

areas of Zilla Parishads and Panchayat Samitis, to assign to them local government functions, and to entrust the execution of certain works and development schemes of the State Five-Year Plans to such bodies, and to provide for the decentralisation of powers and functions under certain enactments to those local bodies for the purpose of promoting the development of democratic institutions and securing a great measure of participation by the people in the said plans and in local and government affairs."<sup>11</sup>

After receiving the assent of the President the Act was first published in the "Maharashtra Government Gazette on 13th March 1962. Immediately after the new Government of Maharashtra assumed power on 8th March 1962 after the third general elections, it set about giving effect to the Act. The administrative machinery of the Zilla Parishad began to function with effect from 1st May 1962. The elections to the Zilla Parishads were held between 24th May 1962 and 8th June 1962. Elections of Sarpanchas to Panchayat Samitis and of Chairmen of Panchayat Samitis and Presidents and Vice-Presidents of Zilla Parishads were completed within the next two months and the new democratic bodies began to function with effect from 15th August 1962.

### 3. STATUTORY PATTERN :

Thus the panchayati raj come to be established in the State as per the recommendations of the Naik Committee and the provisions of the Maharashtra Zilla Parishads & Panchayat Samitis Act, 1961, which itself was based on those recommendations. However, the three-tier structure of the panchayati raj in the State has been created not under a single comprehensive legislation but under two separate Acts : Firstly, under the Maharashtra Zilla Parishads & Panchayat Samitis Act, 1961 the two upper tiers, the Zilla Parishads, the top tier at the district level and the Panchayat Samitis, the middle tier, at the Block or Taluka level, were established. And Secondly, under the Bombay Village Panchayats Act, 1958 the village panchayats were already established in the State. The composition, constitution, the powers and functions, the degree of autonomy, the extent of financial and administrative authority, the sphere of operation, etc. of these

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11. Preamble to Maharashtra Zilla Parishads & Panchayat Samitis Act, 1961.

three institutions were determined according to the provisions of these two legislations.

The provisions of the laws governing panchayati raj institutions in this State can be broken up into Four main parts as follows :

1. Their composition & constitution including their mode of election, term, authorities and executive machinery;
2. Their powers & functions.
3. Financial resources available to them;
4. Control over their working.

The structure and pattern of each body is set out below with reference to these parts.

#### 4. ZILLA PARISHAD STRUCTURE & PATTERN :

It is an apex tier & corporate body and is constituted at the district level. It is composed of (i) councillors not more than 60 in number and not less than 40, who are directly elected on the basis of adult franchise from electoral divisions in the District. The District is divided into a number of electoral divisions so that there is one councillor as far as reasonably practicable for not more than every 40,000 of the population (Sec. 9 (1) (a), Political parties are officially recognised in these elections and party symbols are allowed and allotted to the candidate of the party. There are no nominations. Co-options and ex-officio memberships are provided but their number is kept to a minimum. (ii) If the elected councillors do not include a woman, then two women are coopted by the elected councillors. If, however, the elected councillors include a woman then only one woman is coopted (Sec.9 (1) (a) (i & ii). (iii) The Chairmen of all panchayat samitis in the District are ex officio councillors. Sec. 9 (1) (c). (iv) The Chairmen of such five federal co-operative societies which as far as practicable conduct business or activities in the District in relation to (i) credit, (ii) land development, (iii) marketing, (iv) Industrial co-operatives, (v) co-operative

training or education are Associate Councillors (9 (1) (d)) with no voting rights. The Deputy Chief Executive Officer of the Zilla Parishad is its ex officio Secretary. (v) There is provision for reservation of seats for scheduled castes and scheduled tribes depending upon their population, for the direct election of councillors to the Zilla Parishad. (Sec. 12 (2)). The term of office of the councillors is five years.

The main authorities of a Zilla Parishad are the Parishad itself, panchayat samitis, the Standing Committee and Subjects Committees, Presiding Authorities, namely, the President, Vice-President and two other Chairmen of Subjects Committees, the Chief Executive Officer and the Block Development Officer. (Sec. 7 (1)). The President and Vice President and two other Chairmen of Subjects Committees are chosen from among the elected councillors by the Zilla Parishad.

#### 5. COMMITTEE SYSTEM :

The Act provides for a committee form governance for the disposal of work of the Zilla Parishad. There is a Standing Committee and also Subjects Committees of the Zilla Parishad as follows :

1. Finance Committee,
2. Work Committee,
3. Agriculture Committee,
4. Social Welfare Committee,
5. Education Committee,
6. Health Committee,
7. Animal Husbandry and Dairy Committee.

#### 6. CONSTITUTION OF THE STANDING COMMITTEE :

The Standing Committee is the most important committee of the Zilla Parishad. The Act has given it a pre-eminent position and has invested it with special powers, functions and responsibilities. "It is in fact a microcosm of the parent body"<sup>12</sup> It is the Chief Committee of the Zilla Parishad.

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12. | Report of the Evaluation Committee on Panchayati Raj (popularly known as Bongirwar Committee after its Chairman Shri L.N. Bongirwar, Vice Chancellor, Punjabrao Krishi Vidyapeeth). P.27.



The Standing Committee consists of

- i) The President;
- ii) The Chairmen of Subjects Committees,
- iii) Eight Councillors elected by the Zilla Parishad from among its councillors , so that two among whom shall belong to Scheduled Castes or Scheduled Tribes or socially & educationally backward classes of citizens;
- iv) Two persons having knowledge or experience in respect of any of the subjects allotted to the Standing Committee.
- v) Deputy Chief Officer, who is its Secretary ex officio.

#### **7. POWERS OF THE STANDING COMMITTEE :**

As the super body of the Zilla Parishad (i) the Standing Committee has to periodically review the progress of all activities of the Zilla Parishad, inspect and supervise development works, schemes and institutions of the Zilla Parishad irrespective of their control and management by the concerned Subject Committee (ii) It is also given certain other extra ordinary powers of a functional or a service nature. (iii) It has basic overriding powers in respect of the entire taxation policy as well as finance policy of the Zilla Parishad. Hence it can formulate the taxation and finance policy and there-under supervise and control the imposition of taxes, fees, etc. It has to maintain a schedule of rates, manage and regulate the investment of the district fund, and examine & pass monthly accounts of receipts and expenditures of the Zilla Parishad. (iv) It has to play a supervisory role to the extent that it can grant leave of absence not exceeding one month to the Chief Executive Officer and not exceeding four months to other class I and class II Officers under the Zilla Parishad. These powers of the Standing Committee are of two kinds : Some are obligatory and some are non-obligatory or permissible in nature. For example, control of works and schemes, ensuring preparation and sanction of estimates of works and development schemes, supervising their executive and supervising expenditure of provisions made in the budget, forwarding a copy of their proceedings to the Zilla Parishad ----- all these are the obligatory functions of the Standing Committee. The non-obligatory

powers includes inspection of immovable property, development works and schemes, calling for informations, returns, statements, etc. from Chairman or officer or servant of the Zilla Parishad, taking a periodical review of the progress of activities of the Zilla Parishad and placing such periodical reviews before the Zilla Parishad.

**8. CONSTITUTION OF OTHER COMMITTEES :**

**1. Agriculture Committee consists of**

- i) Ten Councillors elected by the Zilla Parishad from among its Councillors;
- ii) Five associate Councillors, who shall have right to vote;
- iii) Two persons co-opted by the Zilla Parishad who shall be associate members.

**2. The Social Welfare Committee consists of**

- i) nine Councillors elected by the Zilla Parishad from amongst the elected Councillors so that Five of these will be from the Scheduled Castes and Scheduled Tribes; of these five two shall be from the latter only; so, again, that four of these nine Councillors will be from the socially and economically backward classes.
- ii) two women Councillors elected by the Zilla Parishad from amongst the elected or co-opted women Councillors;
- iii) the Social Welfare Officer of the Z.P. shall be the Secretary ex officio of the Committee.

Thus the Social Welfare Committee has a preponderance of a Schedule Castes or Scheduled Tribes members as out of the nine members five belong to Scheduled Castes and Scheduled Tribes, four belong to the socially and economically backward classes.

**3. The Education Committee consists of**

- i) eight Councillors elected by the Zilla Parishad from among its Councillors,
  - ii) two persons of special knowledge or experience<sup>13</sup> in respect of education,
  - iii) The Head of the Deptt. shall be the secretary, ex officio, of the Committee
4. The Works Committee consists of
- i) eight Councillors elected by the Zilla Parishad from amongst its Councillors,
  - ii) two persons of special knowledge and experience in respect of subjects allotted to this Committee,
  - iii) one officer each of the Maharashtra State Road Transport Corporation and M.S. Electricity Board, having jurisdiction over the area of the Zilla Parishad.
  - iv) The Head of the Deptt. shall be the Secretary, ex officio, of the Committee.

5,6&7) As regards the remaining three Committees, viz., Finance, Health & Animal Husbandry & Dairy, they consists of each

- i) eight Councillors elected by the Zilla Parishad from amongst its Councillors,

13. As regards the vague revision of co-option of two members having special knowledge or experience on the different Committees the Bongirwas Committee had rightly observed that "This co-option has .....really become a political tool and works as a vote-gathering device". In order to make such co-option of non-official expertise really meaningful the Committee had recommended the qualifications for experts on the respective Committees. But the Government did not accept the recommendation. It merely advised the Chief Executive Officers of Zilla Parishads, under G.R. R.D.D. No. ZPA 1073/9831-N, dated 25th June 1973, to impress upon the office bearers the need to co-opt qualified persons only on Committees.

ii) two persons of special knowledge or experience in respect of the subjects allotted to these Committees

iii) The Head of the Deptt. of the Zilla Parishad is the Secretary, ex officio, of the Committee.

These are the various Committees of the Zilla Parishad. It has been laid down that no Councillor can be a member of more than one Committee. If, however, the total number of Councillors of any Zilla Parishad including the Chairmen of all the Panchayat Samitis in the District is less than the number required to fill the number of members of all the Committees, a Councillor may be elected on two Committees. Every election to a Committee (including the Standing Committee) is held in accordance with the system of proportional representation by means of the single transferable vote.

As regards the Chairmanship of the subjects Committees, it is distributed among four Chairmen of whom the Vice-President is one. The Vice-President, if he belongs to a Scheduled Caste or a Scheduled Tribe and if there is no other elected Councillor belonging to such Caste or Tribe, is to be the Chairman of Social Welfare Committee. The Agriculture Committee and the Animal Husbandry & Dairy Committee is placed in charge of one Chairman. The remaining four Subjects Committees are placed in charge of the remaining two Chairmen.

#### 9. POWERS & FUNCTIONS OF COMMITTEES :

The powers of functions entrusted by the Act with the Committees (including the Standing Committee) are of two types. Some are obligatory; some are non-obligatory. In obligatory functions are included : (i) To be in charge of works and development schemes (ii) to ensure that the development schemes are prepared and sanctioned and supervise their execution; (iii) to supervise the expenditure of provision made in the budget, (iv) to review periodically the progress of activities of the Zilla Parishad and place reports thereon before the Zilla Parishad. (v) to forward a copy of the proceedings of each meeting of the Committee to the Zilla Parishad. Non-obligatory functions are (i) require any officer to enter on and inspect on its behalf, any immovable property occupied by the Zilla Parishad or any work or develop-

ment scheme in progress undertaken by the Zilla Parishad or under its direction; (ii) call for any report, return, statement, account or information from its Chairman or from any officer or servant holding office under the Zilla Parishad. (iii) to require any officer under the Zilla Parishad to attend the meeting of the Committee and tender advice in respect of any matter concerning the Department of that Officer.

The Finance Committee has been given some special powers and functions in addition to the above powers and functions. (i) It has to scrutinise the annual budget estimates of income & expenditure of the Zilla Parishad and of the Panchayat Samiti in such detail as it may consider necessary and tender advice so as to ensure that the objectives of the Zilla Parishad and Panchayat Samiti are carried out in the most economical and efficient manner, (ii) it has to scrutinise the revised or supplementary budget estimates of the Zilla Parishad and Panchayat Samitis; (iii) it has to examine the statement of accounts of receipts and expenditure of the two; (iv) it has to scrutinise the audit report on the accounts of the Zilla Parishad, Panchayat Samitis and of any institutions or undertakings working under the Zilla Parishad. Besides certain duties are laid down to the Finance Committee. It has to satisfy itself (i) that the monies shown in the statement of accounts of receipts and expenditure have been duly provided for in the budget estimates of the Zilla Parishad, the Panchayat Samiti and have been applied to the service or purpose for which they have been provided, (ii) that the expenditure conforms to the authority which governs it, (iii) that every re-appropriation of funds has been made by the competent authority and in accordance with the provisions of the Act and the rules made thereunder regulating the re-appropriation of funds; (iv) that the moneys spent are not in excess of the amount provided for in the budget or justified by the facts or circumstances of the case. Thus the finance committee has to have a careful eye on the moneys spent, and to see that the expenditure on any item does not exceed the amount provided for it.

#### 10. EXECUTIVE MACHINERY OF THE Z.P. :

All the executive powers of a Zilla Parishad have been vested by law in the Chief Executive Officer subjects to Supervision and control by the Parishad, presiding authorities and Committees. The Chief Executive Officers

are officers of the rank of Collectors. They are assisted suitably by Heads of Department appointed from amongst officers of Class I and II services of and by the State Government. The Class III and Class IV services are to be services of Z.Ps. With the transfer of a large number of functions, works and development schemes to Zilla Parishads by the State Government a large number of Government servants have come to work under the Zilla Parishad. The recent provisions in the law provide for the allotment of persons of State Government Services in cadres which are found to be wholly surplus to the requirements of the State Government to the Zilla Parishad permanently. In respect of persons of State Government Services in cadres which are found to be partially surplus to the requirement of the State Government such number as are required by the Zilla Parishads will be kept on deputation with Zilla Parishads till 30-4-1972. During this period it was expected the Zilla Parishads would recruit sufficient number of persons so that by that date it would be unnecessary for the Zilla Parishad to retain Government Servants from partially surplus cadres on deputation to it. Recruitments to Zilla Parishads Services called District Services are made through independent authorities called the Divisional and District Selection Boards. The appointments from among persons selected by these boards are made by the Chief Executive Officers. The idea in making these arrangements is to see that the Zilla Parishad is provided with sufficient administrative, executive and technical machinery to carry out its duties and functions efficiently and effectively.

#### 11. POWERS & FUNCTIONS OF Z.Ps. :

Schedule I of the Zilla Parishad Act enlists the subjects of activities including development activities which can be undertaken by the Z.P. The District List, as it is referred to in the Act is sufficiently comprehensive and includes about eighteen subjects such as agriculture, industries, education social welfare, public health, etc. All of them together cover about one hundred twenty five topics. Sections 100, 102, 103, 106 and 107 lay down the duties, functions and powers of the Zilla Parishad.

It has been laid down (Sec. 100) (1) (a) that the Z.P. shall make reasonable provision within the District with respect to all or any of the subjects enumerated in the District List - and to execute or maintain works or development schemes in the District relating to any such subject. The Act

also provides that the State Government shall transfer any scheme or works pertaining to any of the subjects in the List, whether completed or is in progress to the Z.P. [Sec. 100 (1) (b)]. It has also been laid down that the Z.P. shall endeavour to promote planned development of the District by utilising to the maximum extent, local resources and for that purpose prepare annual and long-term plans. The Z.P. has been given power to undertake the construction, maintenance or repairs of any work and management of any institution on behalf of the Central or State Government or any other local authority. It is also empowered to give technical guidance to other local authority in relation to any work, [Sec. 102 (1) (2)]. Sec. 103 provides that the State Government may transfer to the Z.P. the execution of any work or development scheme promoting the welfare of the residents of the District and empowers the Z.P. to undertake the execution of such works or schemes. The Z.P. is empowered to do all things necessary for the proper discharge of its functions and duties, sanction works or schemes within the District, exercise administrative control over its officers and servants and supervise generally the execution of all duties and functions. It is one of the important duties of the Z.P. to undertake relief operations in the draught-prone areas or flood-stricken areas of the District. These operations should be in the nature of grant of gratuitous relief in the form of doles of money or through expenditure on such public works or such preventive or remedial measures as specified by the State Government. The Z.P. is also duty-bound for taking measures directed by the State Government for the amelioration of the conditions of the Scheduled Castes and Scheduled Tribes and of any socially and educationally backward classes, and in particular for the removal of untouchability.

These are then the powers, functions and duties of the Z.P. All works of the Z.P. are to be executed or maintained through the agency of the Panchayat Samiti.

## 12. FINANCIAL RESOURCES OF THE ZILLA PARISHADS :

In respect of financial resources of the Panchayati Raj bodies in general and the Zilla Parishads in particular the pattern adopted is based on the recommendations made by the Naik Committee. The Naik Committee noticed that the financial resources allocated for each of the then existing local bodies were so inadequate and meagre especially as compared to the exemplary

list of functions entrusted to them that these bodies showed phenomenal negligence in the performance of their duties. Hence the Committee devoted itself to the tackling of the problem of provision of adequate financial resources to local bodies for efficient discharge of their duties. The Committee realised that the problem of adequate financial resources could not be solved merely by providing them the powers of taxation since the scope for raising resources from taxation was limited. Of course the Committee realised the importance of raising the own resources by the local bodies with a view to make them self-dependent and avoid their sole dependence on the State Government in financial resources. So it provided for the powers of taxation to them. But the Committee laid down a comprehensive scheme of grants from the State Government, through which adequate funds would be devolved on to the local bodies. For, the main objective of establishing Panchayati Raj institutions was to transfer Government's own activities at the District level and below, to these institutions. Undertaking and maintenance of these activities as well as their expansion was previously the responsibility of the State Govt. Hence it is in the fitness of things to devolve funds in the form of grants from the State Government to the bodies for these activities. So there are two sources of finance for the Panchayati Raj bodies. Firstly and mainly, Grants from the State Governments; and secondly and subsidiarily, Tax and non-tax sources of their own.

### 13. ZILLA PARISHAD RESOURCES : i) Grants

With the inception of Panchayati Raj in the State, Government has transferred such works and schemes, including staff, to the Zilla Parishads to such an extent that more than 90 per cent of the total expenditure of the Zilla Parishad is spent on them. These works and schemes are of the nature of revenue expenditure and hence have to be provided from revenue obtained from taxation. At present, the taxes are levied and recorded by the State Government and funds for expenditure are made available to the Zilla Parishads through a system of grants of different kinds. These grants are as follows :

1. Land Revenue Grant. Seventy per cent of the land revenue, including non-agricultural assessment, is given to Zilla Parishads in the form of Land Revenue Grant. The amount of this grant is fixed for a period of 5 years



on the basis of the average of realisations during the preceding five financial years.

2. **Equalisation Grant.** Wherever the amount of Land Revenue Grant is less than Rs. 2 per capita of the population of the District for the Zilla Parishads an Equalisation Grant is given to them to make up the difference.

The aggregate amount of Land Revenue and the Equalisation Grants remains constant or fixed for a period of 10 years and thereafter there is an increase in this total to the extent of the increase in population revealed by the official census report which is published at the end of every 10 years.

3. **Purposive Grants.** These grants are given for the purpose of the specific works and schemes transferred to the Zilla Parishads by the State Government. These Schemes fall into the 'purposive' category, in the sense that they are based on certain basic National Policy objective and entail heavy expenditure. The Naik Committee had suggested this grant of 75 per cent of the total expenditure on such schemes. In 1969 this percentage was raised to 90.

The remaining schemes and works were not eligible for purposive grant, as per the original financial arrangements and the expenditure thereon was included in the "deficit" segment and met from the Deficit Adjustment Grants. This grant was given to Zilla Parishads in order to cover deficits in Committed expenditure arising mainly on account of the burden of 10 per cent for "purposive" schemes, 25 per cent for establishment and 100 per cent on account of non-purposive schemes. It was provided in the original financial arrangement in the Act that this Deficit Adjustment Grant was to be given in full for the First Five Years after the commencement of the Act and later to be reduced gradually during the remaining five years so that at the end of 10 Years' period the Grant was to be discontinued fully. However, in the revised financial arrangement brought into effect in 1968 the Deficit Adjustment Grant was discontinued and simultaneously the non-purposive schemes were converted into purposive schemes and works and from April 1, 1968 were made eligible for "purposive" grants at 90 per cent.

There is an increase in the Purposive Grants due to three factors.

The first factor is the result of increase in the salaries, etc. of the staff employed on the schemes and works due to annual increments in pay, higher dearness allowances, etc. Secondly, due to the general rate of increase in prices which caused a corresponding increase in the contingent expenditure incurred on such schemes and works. Thirdly, certain schemes and works executed and maintained during the State's Five Year Plan become a "committed liability and are to be maintained permanently thereafter. The grant (or the Plan grant) which has come from the plan resources during the Five Year Plan is then converted into a "purposive" grant. During the last decade and a half of Panchayati Raj existence purposive grants have doubled on account of these factors.

4. **Establishment Grant.** This grant is given to the Zilla Parishads at the rate of 75 per cent of the average annual cost on account of salaries and allowances in respect of posts held by Government servants transferred to them. With the transfer of functions, work and development schemes from the Government to Zilla Parishads, staff connected with such duties, works and development schemes has also been transferred to the Zilla Parishads. Establishment grant is given to meet the cost of such staff. In 1970 provision in this respect was revised and expanded so as to include posts which were subsequently created by the Zilla Parishads with the approval of Government.

This Grant has sizably increased during the last fifteen years due to the increase in the dearness allowances and the revision of pay scales on the basis of the recommendations of the Badkas Commission.

5. **Plan Grants.** These are grants for Plan Schemes. For all the works and development schemes which are included in the Development Plan of the State and which are transferred to the Zilla Parishads Plan Grant is given to them at the rate of 100 per cent by making provision under the plan budget.

6. **Incentive Grants.** This grant is given to the Zilla Parishad to spur them to act for speedier development. It is given for progress-achieved in local works programme. The manner in which this grant is to be given is prescribed by rules. It is given presently from year to year on the basis of progress achieved under the agricultural-production programme.

7. **Local Cess Matching Grant.** As a source of Zilla Parishad's own income it is empowered to impose and increase cess on land revenue. In order to encourage the Zilla Parishads to increase the rate of cess upto a prescribed maximum, a local cess matching grant is given in certain prescribed proportions.

Even where Panchayat Samitis themselves increase the rate of cess, matching grant is given to the Zilla Parishads and not to the Panchayat Samitis.

8. **Stamp Duty Grant.** According to the provisions of the Act there is a surcharge on stamp duty to the extent of 1/2 per cent. The additional income is passed on to the Zilla Parishads and the Village Panchayats in the form of Stamp Revenue Grant.

9. **Forest Revenue Grant.** This grant is given for the development activities in the forest areas only to be undertaken by the Zilla Parishads. The amount of this grant is equal to two per cent of the average of the amount of gross revenue realised from forests during three financial years immediately preceding any State Five Year Plan.

The amount transferred to the Z.Ps. by way of grants is so large that over 90% of their budgets are made up of these State Government grants.

**ii) Tax Resources.**

However, in order to enable the Z.Ps. to be self-dependent and self-sufficient financially they have also been given some taxation powers whereby they can raise tax revenue. Following are the sources of tax revenue provided for the Z.Ps.

a) Tax on professions, trades, callings or employment;

b) Water tax;

c) Tax on public entertainments and amusements;

d) Pilgrim tax;

e) Special tax on lands or buildings.

iii) Non-tax Sources

Besides these tax sources of revenue certain non-tax sources are also provided for them. These are as follows :

a) Licence fee from brokers, Commission agents, weighmen or measurers practising their callings;

b) Market fees.

c) Fees on sale of goods or animals in the market.

iv. Miscellaneous Sources : There are also other miscellaneous sources of revenue at the disposal of the Z.Ps; which are income from property and loans from the State Government,

Revenue & Expenditure of two specimen Z.Ps. are shown in the enclosed Tables, to have an idea of Z.P's Revenue and expenditure.

14. PANCHAYAT SAMITI : Structure & Pattern :

Panchayat Samiti is the intermediate-tier body of the panchayati raj in Maharashtra as also in other States in India, but with a lot of difference in its nature and status as compared to its counter-parts in some other States. There is a panchayat samiti for each Block, and for administrative purposes these samitis are constituted for each taluka.<sup>14</sup> There are at present 306 panchayat samitis in the State.

15. COMPOSITION AND MODE OF ELECTION :

The panchayat samiti is composed of the following : (i) all the councillors of the zilla parishad who are elected from the Block, (ii) the co-opted councillors, if any, residing in the Block, (iii) two sarpanchas to be elected

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14. At the time of introduction of the Community Development Projects, each Community Development Block consisted to about 66,000 population covering about 100 villages. In Maharashtra's major part, the revenue talukas which constitute Blocks, vary considerably in population and area. Accordingly, these talukas, for administrative convenience, were notified as Blocks for forming panchayat samitis. However, for the purposes of financial sanctions and staffing they have been graded into different categories.

116 (A)  
TABLE 4.1

Revenue of Selected Zilla Parishad in Maharashtra 1962-63

Item of Revenue	Wardha Rs. ,000 (%)	Poona Rs. ,000 (%)
1. Govt. Grants	8748 (99%)	19,725 (93)
2. General Taxation & Miscellaneous	26 (-)	138 (-)
3. Management	- -	- -
4. Education	8 (-)	155 (1)
5. Communication	- -	- -
6. Health & Welfare	1 (-)	55 (-)
7. Agriculture	22 (-)	334 (2)
8. Irrigation	- -	- -
9. Public Works	6 (-)	58 (3)
10. Local Cess	66 (-)	820 (3)
11. Donations from Panchayat Samitis	- -	- -
12. Remunerative Schemes	- -	- -
13. Miscellaneous	8 (-)	17 (-)
<b>Total</b>	<b>8885 (100)</b>	<b>21,302 (100)</b>
<b>Per Capita income</b>	<b>Rs. 18.37</b>	<b>Rs. 8.64</b>
Source : Finance Report, 1963, Part II		

116 (B)

TABLE 4.2

Expenditure of Selected Z.Ps. in Maharashtra, 1962-63

Item of Expenditure	Wardha	Poona
	(Revised Estimates for 1962-63) [ Rs. 000 (%) ]	-(Budget Estimates for 1962-63) [ Rs. 000 (%) ]
1. Administration (Management)	753 (8)	1,121 (5)
2. Community Development & Co-operation.	1878 (21)	2,152 (10)
3. Education	4349 (49)	11,749 (56)
4. Forest	- -	3 (-)
5. Building & Communications	674 (8)	2,481 (12)
6. Cattle Pounds	- -	- -
7. Medical & Public Health	382 (4)	1,225 (6)
8. Industry	1 (-)	11 (-)
9. Agriculture, animal Husbandry	344 (4)	476 (2)
10. Minor Irrigation	-	18 (-)
11. Fairs & Exhibitions	- -	- -
12. Social Welfare	281 (3)	1,030 (5)
13. Remunerative Schemes	- -	- -
14. Miscellaneous	227 (3)	781 (4)
<b>Total</b>	<b>8889 (100)</b>	<b>21,047 (100)</b>
<b>Per Capital Income :</b>	<b>Rs. 18.37</b>	<b>Rs. 8.56</b>
Source : Finance Report, Part II, 1963		
Note : Percentages were not included in the original chart.		

by the panchas; for such election each electoral division is divided into two electoral colleges of panchas; each college elects a sarpanch from among the sarpanchas of panchayats falling within its area; (iv) associate members : the Chairman of the co-operative society conducting business relating to purchase and sale of agricultural products in the Block, as specified by the government on this behalf, and the chairman of the co-operative society conducting business relating to agriculture in the Block are co-opted by the samiti as associate members, (v) if the elected members do not include a woman member, one woman member residing in the block has to be co-opted by the samiti, (vi) if the elected members do not include members of the Scheduled Castes and Scheduled Tribes, two members, one from each, have to be co-opted. The term of office of the elected councillors is five years and that of sarpanchas and chairmen of co-operatives is co-terminus with holding of office by them.

Thus the above composition of the panchayat samiti provides for two types of representation : (i) Territorial representation, and (ii) Representation to Socio-economic interests. The former is provided by the members of the village panchayats (lowest tier bodies) and the elected councillors and co-opted councillors residing in the Block. The socio-economic interests are represented by Chairmen of co-operative societies, women and members of the Scheduled Castes and Scheduled Tribes.

#### 16. RECENT REFORM IN COMPOSITION :

Recently, the Maharashtra cabinet decided to have direct elections to the panchayat samiti in the State. According to this decision, the zilla parishad and the panchayat samiti elections would be held simultaneously. In each zilla parishad electoral college, there would be two seats for the panchayat samitis. The elected members of the panchayat samitis would automatically become members of the gram panchayats. The cabinet also decided that reservation of seats for the scheduled castes and Scheduled Tribes in panchayats should be in proportion to their population. Further, to ensure proper supervision of the village panchayats by the samiti and to bring into the picture the sarpanch at the samiti level, a sub-committee would be appointed in the panchayat samiti. These sarpanchas would be nominated on the sub-committee by rotation and the deputy chairman of the panchayat samiti

would be the chairman of the sub-committee and the extension officer its secretary. Such a sub-committee would have 15 members or one-fifth of the total number of members of the panchayat samiti.

The Chairman and deputy chairman of the panchayat samiti are elected by the elected concillors and sarpanchas of the samiti from amongst themselves. If, however, the chairman or the deputy chairman of the samiti is elected as president or vice-president of the zilla parishad, his office in the samiti falls vacant. The Block Development officer is the ex-officio secretary of the samiti.

**17. POWERS & RESPONSIBILITIES OF A PANCHAYAT SAMITI :**

The duties and responsibilities of the panchayat samiti are listed at length in Schedule II of the Maharashtra Zilla Parishads and Panchayat Samitis Act of 1961, those of the Zilla Parishad being listed in the Schedule I.

The panchayat samiti is invested with power to prepare the overall plan of works and development schemes to be undertaken in the Block for being considered by the Zilla Parishad in preparing its plans; prepare a plan of works and development schemes to be undertaken from Block grants; sanction, execute, supervise and administer any works or schemes from Block grant, execute, supervise and administer works and development schemes of the zilla parishad; perform such functions of the zilla parishad as are delegated to it, forward every quarter a summary of the proceedings of its meetings to the zilla parishad; and exercise general supervision and control over Block development officer, to undertake such activities in the fields of agriculture, development, primary education, health and sanitation, etc. as its funds may permit.

The Chairman of the Panchayat Samiti, who is called Sabhapati, who is the head of the samiti has power to preside over its meetings and has access to its records. He also exercises administrative control and supervision over the Block Development Officer and other government officials of the panchayat samiti. The financial powers of the chairman of the panchayat samiti in respect of non-recurring expenditure is between Rs. 5000 and Rs. 30,000 and in respect of recurring expenditure between Rs. 1000 and Rs.



10,000 per annum.

When these functions of panchayat samiti are compared with those of the zilla parishad in Schedule I of the Act we find many of them overlap. For instance, zilla parishad has to perform functions in respect of agriculture, animal husbandry, forest, education, public health, medical, Ayurveda, engineering, cottage industries, co-operation, social welfare, publicity, community development, and rural housing. Most of these subjects are entrusted to the panchayat samiti also. The reason for this is that while the zilla parishad is responsible for discharging its duties with regard to the whole district, the panchayat samiti has to look after these activities within its own area only. Besides, the panchayat samiti is only an executive agency of the zilla parishad and has to maintain, supervise and execute the works entrusted to it by the zilla parishad. It is only in respect of the Block grants given by the government that the panchayat samiti has full autonomy and the zilla parishad has no power to interfere with their utilisation.

#### **18. FINANCIAL RESOURCES OF THE PANCHAYAT SAMITI :**

The panchayat samiti in Maharashtra State has no corporate status and so it has no independent sources of revenue. The State Government makes them the Community Development Block grants through the zilla parishad, which have, as stated above, no power to interfere with their utilisation. However, the autonomy of the P. Samitis in this respect is more apparent than real. For, these grants are tied to the Community Development Schematic Budget and there is very little or no scope for the readjustment of these grants. As regards the powers of taxation also the panchayat samiti has no such explicit power except that it can recommend an increase in the rate of cess on land revenue or any other fee or taxes levied in the Block.

#### **19. VILLAGE PANCHAYATS : Structure and Pattern.**

Village Panchayat or gram panchayat is the lowest tier of the panchayati raj. In Maharashtra State the constitution and functions of the village panchayat are governed by the Bombay Village Panchayat Act of 1958, which had been in force in the erstwhile bilingual Bombay State. According to Section 5 of this Act, the State is obliged to set up a panchayat for every village. Thus, the village panchayat is a separate legal entity with its own constitution.

and corporate status. In 1964 there were 19,157 village panchayats in the State.

20. CONSTITUTION OF VILLAGE PANCHAYATS :

Village Panchayats are constituted for every revenue village or group of villages consisting of not less than 7 and not more than 15 members as determined by the collector of the district. These members are directly elected by secret ballot for a period of four years. There is a provision in the Act for the reservation of seats for women and for the representatives of the Scheduled Castes and Scheduled Tribes, the reservation for the former being not less than two, the representation of the latter being in proportion to their population. The chairman or chairmen of co-operative societies conducting business in the village relating to agriculture or granting of loans are the associate members of the panchayat.

The average number of villages per village panchayat was 1.7 and average number of population per village panchayat was 1,385 as on 31st March 1965.<sup>15</sup> For the purposes of elections to the village panchayats the panchayat area is divided into wards. The constituencies are generally plural member constituencies and the average number of voters in a constituency is approximately 950. The candidates seeking election to panchayats are not given party symbols.<sup>16</sup>

Every panchayat is presided over by a Sarpanch who is elected by the members of the panchayat. The panchayat also elects one of its elected members to be an upa-sarpanch. The gram sevak functions as the secretary of the village panchayat. The sarpanch has to perform various functions as follows : To preside over and regulate the meetings of the panchayat and the gram sabha, to exercise supervision and control over the acts done and action taken by all officers and servants of the panchayat; to incur contingent expenditure of upto Rs. 10/- on any one occasion; to operate the village funds jointly with the Secretary and to be responsible for the safe custody of the village funds.

15. Panchayati Raj at a Glance, 1966 P.4.

16. Report of the Committee on Panchayati Raj Elections, Government of India, 1965, P. 92; quoted by Henry Maddick in Panchayati Raj. A Study of Rural Local Government in India, 1970, Appendix V, P. 342.

**21. FUNCTIONS AND POWERS OF VILLAGE PANCHAYAT :**

It is a progressive feature of the Bombay Village Panchayat Act of 1958 that it does not envisage the artificial distinction of obligatory and discretionary functions. The panchayat is empowered to make provision, so far as its funds permit, to the several village development and welfare works grouped under the heads of agriculture, animal husbandry, forest, social welfare, education, medical and public health, buildings and communications, irrigation, industries and cottage industries, co-operation, village defence and general administration. The panchayat may also make provision, within its jurisdiction, for carrying out any other work or measure which is likely to promote the health, safety, education or social or economic or cultural well-being of their inhabitants. It is also empowered to supervise primary schools situated within the village. Besides these the panchayat is obliged to execute such works transferred to it by the panchayat samiti, the zilla parishad or the State government. The requisite funds for such works are, however, to be provided by the transferring institution.

The panchayat is empowered to constitute sub-committees and delegate to them the necessary powers, in order to discharge these functions efficiently. It is also provided that joint committees may be set up of panchayat and any other local body/bodies for any purpose in which they are jointly interested.

**22. FINANCIAL RESOURCES OF THE VILLAGE PANCHAYATS :**

The village panchayat is provided with financial resources of its own. These resources include taxes and fees like taxes on buildings and lands, pilgrim tax, taxes on fairs, festivals and other entertainments, bicycles and vehicles drawn by animals, certain trades and professions such as shops and hotel keeping, and other callings (other than agriculture) carried on with the help of mechanical and manual labour, fees on markets and weekly bazaars, cart stands, sanitary cess and water rates. The panchayats are also allowed to levy octroi, with the prior permission of the state government. Besides these sources, the state government gives them 30 per cent of the land revenue collected within their jurisdiction as grants. If this grant works out less than a rupee per head of population, such a panchayat is entitled to receive equalization grant also. Over and above these, 20 paise cess per rupee of land revenue collection of the panchayat, recovered by the State government, is placed at its disposal.

Income of selected Gram Panchayats in Maharashtra and the panchayats share of land revenue and local cess in Maharashtra are given in Table 4.3 and Table 4.4

**23. GRAM SABHA : The base of Panchayati Raj.**

Another important feature of the Panchayati raj in Maharashtra is that it has provided a bigger and broader base to the decentralised democracy in the form of gram sabha in the village. Gram sabha is composed of all persons in the village whose names are enrolled in the list of voters in the electoral roll of the Maharashtra Legislative Assembly. This is unlike the gram sabha in Bihar, Orissa and Rajasthan where all adult residents in the village compose the gram sabha. Gram Sabha in, Maharashtra State is statutory body and has a defined legal status under the Bombay Village Panchayats Act 1958, and not a non-statutory body as in Andhra Pradesh, Jammu & Kashmir, Mysore (Karnataka) and Rajasthan.

In order that the gram sabha should be active the Act provides for a minimum of two meetings of the gram sabha to be held in a year. It is obligatory for the panchayat to place before the gram sabha the annual statement of accounts, the report of the administration of the preceding financial year, the development and other programme of work proposed for the current financial year, the last audit note and replies, if made, thereto, and any other matter which the standing committee, panchayat samiti or chief executive officer or any officer authorised by the standing committee or panchayat samiti in this behalf, requires to be placed before the gram sabha. All these topics form the agenda for the meetings of the gram sabha. The nature & status of the gram sabha has really paved the way for establishing democracy from below. "In order that democracy at the grass roots is made more real, it is specifically provided that the panchayat is obliged to consider the suggestions made at the gram sabha meetings."<sup>17</sup>

**24. CONTROL OVER THE PANCHAYATI RAJ INSTITUTIONS :**

The two legislations viz, The Maharashtra Zilla Parishads and Panchayat Samitis Act of 1961 and the Bombay Village Panchayats Act of 1958, which

17. Panchayati Raj Administration in Maharashtra, A Study of Supervision and Control, by Narain, Iqbal, Dastur A.J. and Bhat, K.S. Popular Prakashan, Bombay, (1974), P.11.

122 (A)

**TABLE 4.3**

Income of Selected Gram Panchayats in Maharashtra 1962-63 (in Rupees)

Gram Panchayat	Taxes (%)	Grants & Contributions (%)	Non-Tax revenue (%)	Total	Per Capita income
Dehu	21,997(78%)	4,819(17%)	4,398(5%)	28,214	5.41
Pavnar	2,798(46%)	2,149(35%)	1,187(19%)	6,134	1.64

Source : Finance Report Part II

**TABLE 4.4**

Panchayats Share of Land Revenue & Local Cess in Maharashtra

Apportionment of Land Revenue to Panchayats %	Cess on Land Revenue	Panchayats' Share of Cess
30%	20 - 100 nps. per rupee	Town Panchayats - 10 nos. per rupee and V.Ps. - not less than 20 nps. per capita

Source : i) Adapted from the Finance Report, Part I & II,  
ii) Panchayati Raj at a Glance, P.63.

have brought the three tiers of the panchayati raj into existence in the State have provided for the control over the working of these institutions. They have laid down a pattern of supervision and control to ensure the satisfactory working and proper functioning of these local bodies.

The powers of supervision and control over these institutions are vested by Laws in the State Governments and officials of the State Government at different levels. The State Government is empowered by law to issue directives of Panchayati Raj institutions in relation to general policies to be followed by them and in particular with regard to programmes which are part and parcel of the national and state development plans.

The fact that the State Government possesses overriding powers of control over the Zilla Parishads in particulars and the various institutions of the panchayati raj in the State in general is justified on three grounds which, ipso facto, weaken the strength of the argument that these institutions should be left independent and relatively unsupervised. Firstly, since the bulk of the resources of these institutions accrue to them in the form of state government grants it is absolutely imperative that State Government controls these institutions effectively to secure proper & efficient utilisation of these resources. Secondly, these bodies are liable to be deficient in knowledge owing to their comparatively meagre experience which may result in abuse of powers and misuse of funds. Hence it is necessary for the State Government to see that they are controlled and guided on proper lines. Thirdly, these institutions are the creatures of the state legislative assembly that is the state government and therefore the responsibility of the state government for the overall development and general welfare of the people in the state especially the rural people for whose uplift these institutions are created does not come to an end merely by the creation of these rural local bodies and transferring to them the necessary powers and requisite finance it has also to see that these bodies "maintain constitutional responsibility and national policy as well". The future of panchayati raj largely depends on the proper supervision and control by the appropriate authorities."<sup>18</sup>

It is none the less true that these powers of supervision and control vested in the State Government and their officials at different levels are

18. Ibid. P. 13.

meant to be used scrupulously so as not to deprive them of their independence. Just as they are meant to be used in the extreme circumstances of a total failure on the part of Zilla Parishad they are also meant to be used so that the Zilla Parishad and the other two lower level bodies of the panchayati raj do not fail in their duties towards the rural people. The State Government has accepted democratic decentralisation as a matter of faith and it firmly believes that minimum control on its part is a necessary condition for a successful functioning of these bodies.

**25. THREE TIER SYSTEM OF CONTROL :**

The Maharashtra Zilla Parishad and Panchayat Samiti Act of 1961 provides for three types of Supervision and control : (i) administrative, (ii) technical, and (iii) financial. These three types of control are provided at three levels or tiers : State level, divisional level and district level.

**26. STATE LEVEL CONTROL :**

The administrative control over the three tiers of the panchayati raj is exercised through the Rural Development Department in Sachivalaya, Bombay, where there are a secretary, 3 deputy secretaries and 10 under-secretaries. Besides there is one officer on special duty equivalent in grade to deputy secretary, one accounts officer and two officers on special duty with Mamlatdar's grade.

The The State Government is empowered by the Act to appoint and transfer the Chief Executive Officers (herein after referred to as CEOs), the Deputy CEOs and the Block Development Officers (BDOs). In fact, all the gazetted posts are under the administrative control of the state government and not under the control of the zilla parishads. Thus the executive machinery of the panchayati raj is entirely under the control of the State Government, which has maintained its non-partisan character so essential for the smooth-sailing of the panchayati raj administration.

The State Government is also empowered to constitute district services to work under zilla parishads. It has constituted three District Services : District Technical Service (class III), District Service (class III) and District Service (class IV). For selection to these services State Government has

appointed two Boards : Divisional Selection Board and District Selection Board. The selection of candidates for appointment to the posts in the District service is made in accordance with the provisions of the Maharashtra Zilla Parishads (Divisional and District Selection Boards) (Functions) Rules, 1962, which lay down detailed procedure for selection of candidates for appointment by nomination and appointment by promotion.

The State Government is also empowered to approve or otherwise the appointment of persons made by the Zilla Parishads on contract basis. It has authorised the Commissioners of the Divisions under Government order ZNG 1065/48317-A, dated December 27, 1965 under sub-rule 3(1) of the Maharashtra Zilla Parishads (Contract Service) Rules, 1963 to approve such appointments.

The State Government is empowered to remove the officer-bearers and members of these rural local bodies. The officer-bearers of the zilla parishads and panchayat samitis can be removed by the government for misconduct on their part in the discharge of their duties or for any disgraceful act. But in the case of councillors of the zilla parishads and members of the panchayat samitis Government can remove them only if the zilla parishad and the panchayat samiti vote for, by not less than two-thirds of the councillors and members of the panchayat samiti present, the removal of the councillor of the zilla parishad and member of the panchayat samiti if he is found guilty of misconduct in the discharge of his duties or has become incapable of performing his duties as councillor and member.

As regards the disciplinary action state government can take action, including legal action, against the President or vice-president of the Zilla Parishad, or chairman or vice-chairman of the panchayat samiti if he refuses to hand over the charge of his office to an incoming officer-bearer, or disregards the direction of the state government in this respect. The State government has delegated the powers of disciplinary and legal action against the President and Vice-president of the Zilla Parishad to the divisional commissioners.

The State Government is vested with the powers of issuing directives



to the panchayat raj bodies in respect of their duties and functions. These directions are of three types : administrative, technical and operational. The administrative directions are in respect of utilizing the staff in various development and welfare schemes. The technical directives refer to instructions regarding technical matter, e.g. the cultivation practices to be suggested to the farmers. The operational directives refer to the instructions regarding the manner or method in which the schemes are to be operated, e.g. the methods of granting subsidies, concessions, loans, etc; the methods of seed procurement, etc.

The Act provides for the state government to institute an enquiry into the affairs of a zilla parishad if the zilla parishad is found failing in its functions. If the government confirms, after due enquiry through an official not below the rank of a divisional commissioner that the zilla parishad has failed in the discharge of its functions or duties, a time-limit is given to it for satisfactory performance. If, however, the zilla parishad fails to perform its duty within this time-limit, the government is authorised to appoint a person generally divisional commissioner to perform it.

The state government has also the authority to dissolve a zilla parishad or panchayat samiti if it exceeds or abuses its powers, or makes persistent default in the performance of its duties. Such a provision is a safeguard against the misuse of authority by these local bodies.

The Zilla Parishad has to prepare & submit to the government the annual administration report which is kept before both Houses of the State legislature. The government has prescribed a proforma according to which the report is to be prepared. These reports enable the government & the public to assess the performance of the zilla parishad in the implementation of various programmes and hence serve as a check on it.

The Act under Sec. 136 has made it incumbent on the zilla parishad to publish the abstract of its annual accounts in the Govt. Gazette.

The state government has appointed an advisory committee at the district level for reviewing the working of these local bodies. The Committee

includes M.Ps. (Rajya Sabha) and MLCs residing in the district and MPs (Lok Sabha) and MLAs elected from the constituencies in the district.

Thus the Act provides comprehensively for the administrative supervision and control at the State level.

**27. STATE LEVEL TECHNICAL SUPERVISION AND CONTROL over the Panchayati Raj Institutions.**

After the establishment of the Panchayati Raj Institutions various schemes and development works were transferred to them by the State Government. Obviously the development activities in the State were automatically divided into Local Sector activities and State Sector activities. From the viewpoint of proper and efficient implementation of these activities state government's technical supervision and control over these rural local institutions has become necessary. Local Sector activities are entirely entrusted to and are the entire responsibility of the zilla parishads and panchayat samities. But since these institutions do not have much experience in the efficient implementation of the various schemes and works state level supervision & control over these bodies are essential. The State Sector activities, though responsibility of State Government, are to be carried out in close collaboration with the Panchayati Raj institutions. The co-operation of the officers of the zilla parishads is essential for the efficient implementation of these activities. Hence state level supervision and control over these institutions is essential in respect of state sector activities.

The Maharashtra Zilla Parishads & Panchayat Samitis Act, 1961, has provided for such technical supervision and control, which is exercised in two ways : (i) Consultation and sanction (ii) technical guidance.

As regards technical consultation and approval the Act has clearly laid down that the head of the concerned government department should be consulted by the head of works department of the Zilla Parishad before giving technical sanction to a work or development scheme on which recurring or non-recurring expenditure exceeds Rs. One lakh. When the estimate exceeds Rs. One lakhs, the technical sanction upto Rs. Five lakhs is given by the Superintending Engineers concerned. The technical sanction for the estimate.

exceeding Rs. 5 lakhs is accorded by the Chief Engineer as indicated in the Account Code of 1964.

Similarly, it is also provided that the heads of the concerned government departments are to be consulted by the heads of the departments (other than works department) of the Zilla Parishad before giving technical approval to a work or development scheme of their departments if the expenditure of such works or schemes exceeds Rs. fifty thousand in case there is a model scheme approved by the State Government and Rs. thirty thousand in case there is no such model scheme.

As regards technical guidance the Act has clearly provided that the State Government can authorise its officials to give technical guidance or assistance to any official of a zilla parishad in charge of the execution or maintenance of any work or scheme, with a view to secure efficient or economical execution of such works or schemes. To give effect to this important provision in the Act the State Government issued orders<sup>19</sup> (with reference to sec. 127 of the Act) authorising certain State Government officers to give technical assistance and guidance to zilla parishads in relation to development works or schemes transferred to them. The technical officers of the State Government are also authorised to inspect such works and schemes periodically and to forward to the Chief Executive Officer their inspection reports pointing out the irregularities noticed by them and also give necessary suggestions for improvement. It has also prescribed the specific number of visits and inspections of zilla parishads and panchayat samitis by the officer of the technical departments by means of a Circular.<sup>20</sup> According to this Circular, heads of departments are to inspect at least one Z.P. per division in a year so as to cover all the Z.Ps during a period of five years. They have also to inspect 4 panchayat samitis, one in each division, per year. The regional heads of government departments have also to inspect

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19. Order (Sec. 127); G.R., C. & R.D.S. Resolution No. DCD/6062-N, dated 27th April, 1962 (Maharashtra Zilla Parishad and Panchayat Samitis Manual, Vol. I PP. 123-128).

20. Govt. of Maharashtra, Rural Development Department, Circular No. INs-1064/53553-N, Sachivalaya, Bombay-32, 1st December, 1964.

all the zilla parishads in the region during a financial year and also 10 panchayat samitis per year. Specialists including headquarter-officers of technical departments authorised by the head of the department should inspect at least one zilla parishad per division and 10 panchayat samitis per year. Similarly, the State level and regional officers, whenever they visit the zilla parishad headquarters, are expected to contact the zilla parishad office-bearers and officials and attend Zilla Parishads or Committee meetings during their visits.

Besides recently the State Government has issued another Circular requesting all the heads of departments to devise suitable proforma of inspection to be carried out by the concerned officer who are under their administrative control.<sup>21</sup>

#### 28 DIVISION LEVEL SUPERVISION AND CONTROL :

The divisional level supervision and control of the panchayati raj institutions are entrusted with the divisional commissioner of each division who is the administrative head of the division. He is the chief co-ordinating authority for the successful implementation of the development programmes entrusted to the zilla parishads. He is entrusted with a large number of powers. The deputy commissioner assists the commissioner, especially in matters of development. He is in complete charge of development branch dealing with the administration of these rural local bodies, planning and implementation of various plan schemes, inspection of the offices of zilla parishads and panchayat samitis, the appeals made under the Act and the work of the Divisional Selection Board.

The Commissioner is vested with powers to decide any dispute regarding the validity of the election of President or Vice-president of a Zilla Parishad and also the Chairman or Deputy Chairman of a panchayat samiti. He is also authorised to decide the question of vacancy in the event of the office of a councillor falling vacant during the term of office. As per the Act, if any councillor becomes disqualified under sub-section (1) of section 16 or is, for a period of six consecutive months without the permission of

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21. Circular No. INS-1065/591-10-N, R.D.D., Sachivalaya, Bombay-32 dated 5th July 1966.

the zilla parishad, absent from meetings thereof, the office of such a councillor becomes vacant. It is the commissioner who decides whether a vacancy has occurred or not. Similarly it is he who is authorised to decide whether the office of a councillor member of the panchayat samitis falls vacant in the event of his not attending the meetings of the panchayat samiti for three consecutive months. He is also empowered to decide the question of vacancy if the office of a member of a committee of the zilla parishad falls vacant in the event of his not attending the meetings of any committee for three consecutive months.

The Act has also vested the commissioner with the authority to guard the interests of the Z.P. employees and protect them from any injustice. He is authorised to decide an appeal made to him by a servant of a Z.P. against an order of the CEO imposing penalty on such a servant, to take up a revision application filed by a servant of a Z.P. aggrieved by an order of the CEO in appeal and to take decision on any appeal made to him by a servant in matters of pay, allowances, pension or promotion. He is also empowered to call for the record of any case against a servant of Z.P. and review any order in such a case and pass order as he deems fit. These powers of the commissioner check the CEOs from misusing their authority against the employees of the Z.Ps. and at the same time generate a sense of security in the minds of the latter.

The Commissioner is invested with certain powers of supersession. For example, he is empowered to call a meeting of the Z.P. if the President of such a Z.P. fails to call a meeting demanded by 1/5th of the total number of councillors to consider a motion of no-confidence against him, to call a meeting of the panchayat samiti if the chairman of a P.S. fails to call a meeting requisitioned by 1/4th of the members to consider a no-confidence motion against him, and to call the meeting of the Z.P. and P.S. if the same are not held after prescribed duration. These powers are important and by their exercise the commissioner can contribute to the smooth running of these rural local bodies.

The commissioner is also given the power of inspection of the zilla parishads and panchayat samitis with a view to give them general guidance.

In exercise of these inspecting powers he can inspect any immovable property occupied by a Z.P., inspect any institution under the management and control of a Z.P., inspect any development scheme in progress under a Z.P. and call for inspection and perusal of the proceedings of any meetings of a Z.P. or a panchayat samiti.

He is also entrusted the power of suspension of resolutions or orders of a Z.P. or a P.S. if, in his opinion, such orders are unlawful or contrary to the policies or directions of the State Government. Such powers are essential to prevent the Z.Ps or P.Ss. from going away from the policies of the State Government by making use of the increasing powers entrusted in their hands. Such checks over them by a responsible government officer like the divisional commissioner are essential.

Thus the divisional commissioner is rightly vested with enormous powers of supervision and control over these bodies of rural local government.

#### 29. DISTRICT LEVEL SUPERVISION AND CONTROL :

over the Z.P. and P.S. is exercised by the collector of the district. Though under the Maharashtra system of panchayati raj the collector is not associated with the day to day administration of these local bodies he is not completely outside the system. He is the Chairman of the District Selection Board and therefore he occupies an important position. He is the co-ordinating authority of the plan schemes belonging to the State Sector and plan schemes belonging to the local sector. It is the duty of the Collector to see that these schemes are implemented by the Z.P. He can call for any information from the Zilla Parishad relating to its affairs. He is authorised to report to the State Government about the working of the Z.P.

The Collector is vested with certain emergency powers. In the case of emergency situation he can require a Z.P. or a P.S. to execute any work urgently, which, he feels, is essential for the welfare of the people. He can require the Z.P. or a P.S. to incur the necessary expenditure for such work. If the Z.P. fails to do so he can authorise the concerned bank or treasury to make payment for such work.

He is the district magistrate and as such he is empowered to suspend any order or resolution of a Z.P. or any of its committees or a P.S. if the execution of that resolution is likely to lead to a breach of peace or cause annoyance to the people.

Thus the district level supervision and control over the Z.Ps. and the panchayat samitis is entrusted with the collector of the district.

### 30. INTER-INSTITUTIONAL AND INTRA-INSTITUTIONAL CONTROL:

For the efficient functioning of the panchayati raj it is also necessary to have inter-institutional and intra-institutional control of its component institutions. Such a supervision and control is secured under the M.Z.P. & P.S. Act, 1961 through the mutual control of the officials and non-officials, which helps to maintain amicable relations so essential for the smooth administration and through the control of higher bodies and authorities over the lower bodies.

The three tiers of the panchayati raj in Maharashtra State, as that in the other states are organically linked, but the Z.P. is the most powerful and is an important unit of administration. The administrative and financial powers are graded among the C.E.O., Dy. C.E.O., the Chairman of the committees, the committees themselves, the standing committee and finally the Zilla Parishad itself. For the purposes of efficient administration there are seven departments, described earlier in this chapter, of the Zilla Parishad, each having the head of the department.

The efficient and smooth running of the Zilla Parishad administration is the joint responsibility of the Zilla Parishad, its Committees and the C.E.O. The Z.P. being an apex body, is rightly vested with powers to call for any proceedings of the standing committee or of any of the subjects committees.

The C.E.O. is the administrative head of the Zilla Parishad and is supreme in all executive actions once the policy is spelt out by the Zilla Parishad. He has to play an important role in the panchayati raj system in Maharashtra. He is vested with powers of supervision and control over the officers and servants holding office under the Zilla Parishad. All the

class I and class II officers who are posted to work in the Zilla Parishad are responsible to him in so far as the work of the Zilla Parishad is concerned. He has to lay down duties for them. He assesses and gives opinion confidentially every year on the work of these officers and forward them to such authorities as are prescribed in the Act. The heads of the departments of zilla parishad confidentially report to him about the work of the class II officers working in their departments. As regards class III and class IV employees he has the authority to make appointments from among the candidates selected by the Selection Boards and is empowered to lay down duties for them. He can also exercise disciplinary control over the employees belonging to these services.

The CEO is authorised to undertake inspection of the offices of the heads of the Zilla Parishad departments, as per the Circular of the Government.<sup>22</sup> The purpose behind such inspections is to bring about co-ordination, to avoid delay and secure administrative improvement.

The CEO is also empowered to call for any information, returns, statement or report from any officer or servant of the zilla parishad holding office under him. This power of the CEO enables him to maintain administrative control and a check on expenditure incurred by the subordinate officers.

The C.E.O. is the chief controlling officer in-charge of the entire staff working under the zilla parishad and gives guidance to all the zilla parishad institutions. He exercises control over the B.D.Os, in matters pertaining to the submission of reports and periodical returns. Since he has the administrative control over the B.D.Os he also writes their confidential reports, and, therefore, has complete control to ensure that matters pertaining to submission of reports and returns are properly dealt with.

He can submit proposals for the consideration of a panchayat samiti. He can also attend the meetings of a panchayat samiti. His attendance at the meetings helps in settling the difference of opinion between the office-bearers and the B.D.O.

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22. | Government Circular, C & R.D.D. DCD/6064/4673-N, dated 9th June 1964.



In order that the powers of supervision and control become really effective, the CEO, the Dy. C.E.O. and other heads of zilla parishad departments are empowered to inspect the panchayat samiti offices. The State Government, by issuing Special Circular,<sup>23</sup> prescribed the minimum number of visits and inspections by these officers. The panchayat samitis were constituted in May 1962 and elections to their office-bearers were held in August 1962. The regular inspections of panchayat samitis were carried out from January 1963. During such inspections the expenditure side of the panchayat samiti as well as physical achievements of all schemes are watched and instructions are given for improving the working of panchayat samiti. Similarly such inspections highlight the irregularities so that they may not be repeated.

The CEO has also the power to suspend, remove or dismiss any servant of a Zilla Parishad. He has also powers over a Zilla Parishad servant to censure, withhold the increments or promotion, demote, compulsorily retire, fine and recover from pay loss to the Zilla Parishad due to negligence of duty on the part of any servant of the Zilla Parishad.

There is, however, a possibility that the Zilla Parishad servants are aggrieved by the orders of the CEO. In order to redress such grievances the Act has made a provision by which the C.E.O., the Dy. C.E.O., the heads of the zilla parishad departments and the administrative officer as the case may be can hear an appeal filed by an aggrieved servant of a zilla parishad.

### 31. CONTROL OVER C.E.O. & OTHER OFFICIALS :

The C.E.O. even though highly powerful administrative head of a zilla parishad, is not without the control of the Z.P. If the C.E.O. is too dominating and disrespecting the non-officials & office-bearers of the Z.P., which goes against the democratic spirit of the panchayati raj, then the Z.P. with the support of at least two-thirds of its councillors can require the State Government that the particular C.E.O. be withdrawn from the services of the Zilla Parishad.

The President of the Zilla Parishad is authorised to exercise administra-

23. Govt. Circular C. & R.D.D. Circular No. DCD-6062-N dated 9th Nov. 1962.

tive supervision and control over the C.E.O. for getting the implementation of its resolutions or decisions, or of any of its committees or of a panchayat samiti. It has also been provided in the M.Z.P. & P.S. Act that the Zilla Parishad would be able to exercise administrative control over officials and servants holding office under it.

Like the Z.P., a panchayat samiti is empowered to exercise general supervision and control over the B.D.O. at the samiti level. This supervision and control are over the work of the B.D.O. in connection with the function and duties vested in the panchayat samiti under the Act. The chairman of a panchayat samiti is authorised to exercise supervision and control over officers and servants of the Zilla Parishad working in the block in matters of general administration, accounts, records and execution of work, and other schemes of the block including the carrying into effect the resolution and decisions of the panchayat samiti. He can also call for any information, return, statement of report from any officer or servant working under the panchayat samiti.

B.D.O. is the head of administration at the panchayat samiti level. He exercises control & supervision over his staff and the administration at that level. He has also to give guidance to the Extension Officers also. He is empowered to call for any information or statement from any Class III or Class IV servant of the zilla parishad working under the panchayat samiti. With these powers of supervision entrusted to both the chairman of the panchayat samiti and the B.D.O. they can know the progress of any work in respect of any block activities and issue instructions whenever and wherever necessary.

President of a Zilla Parishad, though a highly powerful non-official officer-bearer, just as C.E.O. is a strong official office-bearer, is subject to the control of the Z.P. The Act provides that if the councillors lose faith in him, one-fifth of the total number of councillors can require the President to call a special meeting of the Zilla Parishad to consider a motion of no-confidence against him. Similarly the Zilla Parishad with the support of at least two-thirds of its councillors present and voting can recommend to the State Government the removal of any of its councillors.

At the panchayat samiti level, one-fourth of the members of panchayat samiti can require the Chairman to call a special meeting of the panchayat samiti to consider a motion of no-confidence against him. Similarly, in the case of members of a panchayat samiti the P.S. with the support of at least two-thirds of its members present and voting, can recommend to the State Government the removal of any member of the panchayat samiti except councillor members. In the case of the councillor members the recommendation for removal is made to the Zilla Parishad.

The Z.P., being an apex body, has thus several powers of control over officials, non-officials as well as the lower tier bodies. It is also empowered to delegate certain functions to panchayat samitis. The panchayat samitis being agents of the zilla parishad have to perform such functions which are delegated to them by the Z.P. By the provisions of the Act, they have to conform to any instructions which are given to them by the Z.P. from time to time. Similarly every P.S. has to forward to the Z.P. a summary proceedings of its meetings. All these provisions have enabled the Z.P. to supervise and control the P.S. effectively.

The panchayat samitis have also certain powers of supervision and control over the village panchayats. In respect of a work or scheme transferred to a panchayat, the panchayat samiti has to give technical guidance to the panchayat. The panchayat has no authority to deviate from approved type designs or from the sanctioned plans and estimates. In order to see that the work or scheme transferred to a panchayat is efficiently executed, the chairman or the deputy chairman of the panchayat samiti, the C.E.O. or the B.D.O. or any officer authorised by them is vested with powers of inspection of such work or scheme. The panchayat has to comply with the inspection notes & instructions issued. All works transferred to panchayats are also required to be inspected by the officers of technical departments of the zilla parishad.

Finally as regards the removal of a member, a sarpanch or an up-sarpanch of a panchayat, the power is vested with the standing committee of the zilla parishad, which can remove him, if he is guilty of misconduct, or neglect of duty or incapacity to perform duty, or persistently remiss

in discharging his duties, after due enquiry.

Thus from the above discussion it is quite clear that there are also provisions for the inter-institutional and intra-institutional supervision and control of the three tiers of the panchayati raj set-up in Maharashtra. Such type of supervision and control has contributed to the smooth running of the panchayati raj administration in this state.

### 32. FINANCIAL CONTROL :

Now, finally, we turn to consider the financial supervision and control provided for the panchayati raj in Maharashtra.

The State Government exercises financial control over the zilla parishads and panchayat samitis directly or through its officers. It provides more than 80 percent of the resources of these bodies in the form of grants. The zilla parishads are given a number of financial resources, both tax and non-tax, which they may tap according to their ability and thereby augment their resources. But even a cursory glance on the budgets of the Z.Ps. or their annual accounts (which give actuals of revenue and expenditure) reveals that their self-raised resources are quite negligible and that their financial structure is based mainly on the government grants. Two factors account for the paucity of self-raised resources : firstly, the sources available to them to raise their resources are so meagre and the cost of collection so heavy that the ultimate net increase in their revenue from them is quite less; secondly many taxes and fees permitted to the zilla parishads under the Act overlap those permitted to the village panchayats under the Bombay Village Panchayats Act; 1958.

Thus the present financial resources of the zilla parishads are absolutely inadequate to meet the expenditure of their expanding activities and they need to be augmented. The Act has laid down a wide range of subjects by which the finances of the zilla parishads can be augmented. For instance, the Act lays down that any taxes or duties (other than octroi) as are within the competence of the State Government to impose or levy in practice, may be levied by the zilla parishads also. However, these powers of the zilla parishads are somewhat nullified by some directives issued by the State

Government. For example, the State Government issued the directive disallowing the Z.Ps. to levy sales tax, which is legally within the competence of the State Government and hence also within the legal competence of the zilla parishads. Such directives not only deprive the Z.Ps. of their sources of revenue but also go against the spirit and provisions of the Act.

As regards the panchayat samitis the CD grants are given to them through zilla parishads. They are not corporate bodies and hence, they have no funds of their own. They have to spend these CD grants within the limits set by the NES schematic budget. They perform agency functions on behalf of the zilla parishad which provides them adequate funds. Though the P.Ss. have no independent sources of their own they can recommend an increase in the rate of cess on land revenue or any other tax levied in their respective blocks.

At village level the panchayats are authorised to raise their own resources. They have powers to levy taxes; they are also given 30 percent of the land revenue and other grants-in-aid. The Z.P. and P.S. also give them grants for various schemes. However, the problem with the village panchayats is one of large overdues of taxes and fees levied by them, and unless some measures are taken for prompt and early recovery of these dues their finances would not improve.

The financial administration, in general, under the panchayati raj system in Maharashtra is extremely complicated, mainly because of the provisions of the Act. It is not possible for an average office-bearer or non-official to understand the full implication of this financial administration of the zilla parishads and panchayat samitis. According to a study,<sup>24</sup> even the competent Chief Accountants and Finance Officer of the zilla parishad find it difficult to exercise effective control over the heads of the zilla parishads departments and the B.D.Os.

There are certain characteristics of the financial administration which

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24. Bhat K.S. in Panchayati Raj Administration in Maharashtra, A Study of Supervision and Control, Popular Prakashan, Bombay, 1974, P.110.

have made it so complicated. Firstly, various government grants received by the zilla parishads are not released through one agency but through the heads of the government departments. This system of receipt of grants through various agencies, besides complicating the financial administration, has also caused delays, unavoidable correspondence, & wastage of time & energy. Instead these grants should be released only through one agency which should be the Rural Development Department, under one single budget head to be operated by this department.

Another feature is that certain grants, especially the "purposive" grants and plan grants are tied with specific governmental projects. Even the "general" grants like land revenue grants and equalisation grants are not free grants as they are also tied down to the commitments of expenditure on government account. Since these grants are tied up to a particular scheme or activity which may or may not be successful, it often happens that there is meagre expenditure on certain schemes whereas there are certain other schemes which have to be curtailed for want of adequate finance.

The way out may be suggested that certain grants like land revenue should be tagged on to the deficit accruing as a result of part payment of grant by the government for its activities handed over to the zilla parishads. Such grants should be made available to the Z.Ps. for such activities which generally fall within the overall Five Year Plan in the local sector and for those activities for which the plan grants fall short.

In fact, at present the financial control exercised by the government and its heads of the department generally hamper the smooth execution of schemes. For example, at the outset of the financial year government communicates to the zilla parishads a very meagre allotment of grants, even for such important works like minor irrigation, without taking into consideration the capacity of the zilla parishad or its requirements which can be estimated from the previous financial year. When the Z.Ps. press for more grants, they are released in small amounts by the government which seldom gives any indication of the final total probable allotment that would be disbursed to the zilla parishad during the financial year. This creates a sort of uncertainty and leaves the zilla parishad all the while in suspense.

As a result, the works are slowed down for many months and accelerated & hurried for completion at the fag end of the financial year, which leads to deterioration of the quality of work and wastage of funds.

Under the present system of financial administration and control the zilla parishads receive financial assistance from government in two ways : (i) temporary ways and means advances authorised by the rural development department which are subsequently adjusted against sanctions issued by the departments concerned; (ii) sanctions directly communicated to head of departments, which can be encashed at the Treasury.

If the grants are released through the Rural Development Department, as suggested above there would be no need to make large-scale ways and means advances to zilla parishads. The R.D.D. would issue sanction at the beginning of each quarter for all grants taken together.

The present system of financial administration and control is laid down in the Maharashtra Zilla Parishad and Panchayat Samitis Accounts Code, which has prescribed a rather complicated accounts and audit procedure. However, such a complicated procedure requires adequately trained staff, which is not readily available and the undue pressures are brought upon the accounts staff to incur unlawful financial transactions especially at the panchayat samiti level.

Another reason for such unlawful financial transactions is the decentralised nature of financial transactions. The financial powers of non-officials being laid down in the Act, the finances of zilla parishads and panchayat samitis are actually handled by the finance department of zilla parishads headed by a government official, at the Z.P. level, and at the panchayat samiti level by the B.D.O. who is also a government servant. Because of such decentralisation of financial transaction between Z.P. and P.S. levels the former cannot exercise better & effective control over the latter. Hence the financial transaction needs to be centralised in the finance department of the Z.P.

The powers of financial limits to give administrative approval by

the various authorities to works and schemes are prescribed in the Sections 125, 126 and 138 of the Act. However, the prices of essential commodities have tremendously hiked since the passage of the Act in 1961. Hence the powers of various authorities should be enhanced by suitable amendments in the Act.

The provisions in the Act regarding the approval of budgets of these local bodies are quite satisfactory. The panchayat samitis has powers to sanction the budgets of the panchayats. The Zilla Parishad has the authority to approve the budgets of the panchayat samitis with or without modification if the same are forwarded to the Z.P. within the prescribed time after obtained the approval of the respective samitis. If the samiti fails to forward its budget within the prescribed time-limit to the zilla parishad, the B.D.O. has to prepare a budget estimate and forward it to Z.P. for approval. The budget estimate so approved and certified by the Z.P. is deemed to have been duly approved by the panchayat samiti.

So far as the budgets of the Z.Ps. are concerned each Z.P. should prepare its budget estimate (excluding the budget estimates forwarded by the panchayat samiti) and approve the same within the prescribed time-limit. If the Z.P. fails to approve its budget within the prescribed time, the C.E.O. should prepare and forward the budget estimate of the Z.P. to the State Government which approves it with or without modification. Such a budget is deemed to have been duly approved by the Z.P.

Thus the control over the finances of the Zilla Parishads and the panchayat samitis is quite satisfactory. However, the control over the finances of the village panchayat is not properly laid down, for no detailed procedure for panchayats has been laid down by the government. This has led to some undesirable practices like misappropriation of panchayat money. An Accounts Manual of the type laid down for the Z.P. & P.S. needs to be prepared for the panchayats also. At present the sarpanch handles the panchayat funds. Instead, the secretary should be authorised to do it.

As regards the audit of the finances of these bodies, the Chief Auditor of Local Funds Accounts has been authorised to audit the financial transac-



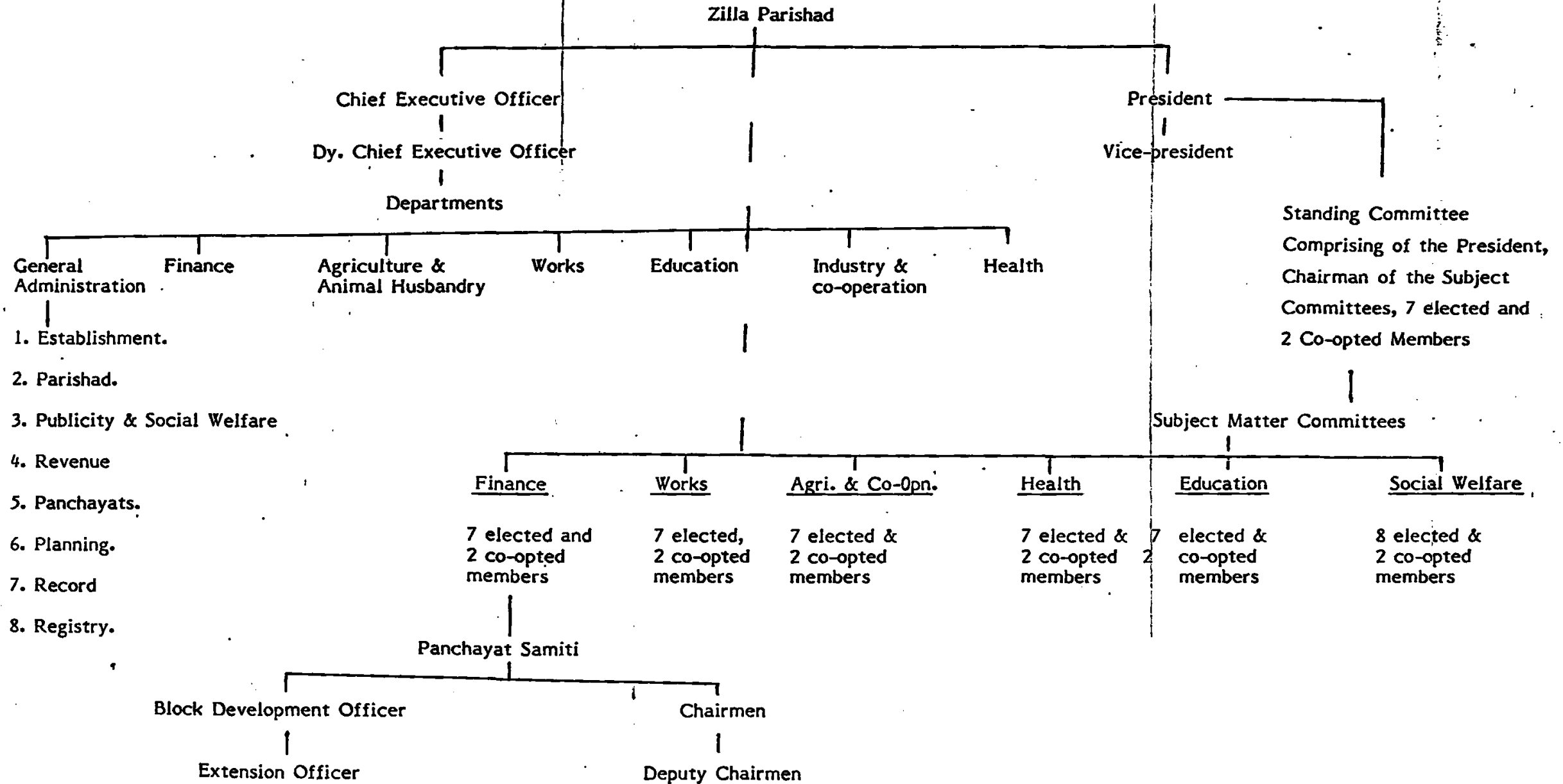
tions of these bodies. The purpose of this audit is to see that these local bodies maintain their income and expenditure accounts properly, to see that all amounts received by these local bodies by way of grants, loans, recovery of taxes, etc. are properly accounted for, and detect misappropriation or fraud of any of their funds. The audit staff of district auditors and sub-auditors has been transferred to the Chief Auditor from 1-11-1964.

These are then the arrangements regarding the financial control and supervision over the panchayati raj bodies in Maharashtra, provided by the Act, and barring some defects or lacuna, these arrangements are working, on the whole, satisfactorily.

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## Chart

## The Organisation Set-up of Panchayati Raj at the District and Block Levels in Maharashtra



**CHAPTER - V**  
**SYSTEM & SOURCES OF REVENUE & EXPENDITURE**  
**FOR ZILLA PARISHADS**

POINTS	PAGE
01. Sources of Revenue	143
02. Tax Sources : Assigned & Own	144
03. Increased Cess	145
04. Procedure of Increased Cess	145
05. Method of Collection of Cess	147
06. Payment of Cess grant to Z.P./P.S.	148
07. Cost of Collection	148
08. Accounting procedure for cess grant	148
09. Utilization of Increased cess	149
10. Water Cess or Irrigation Cess	150
11. Collection of Water Cess	151
12. Accounting procedure	151
13. Extra Stamp Duty Grant	151
14. B.M.V. Payment	152
15. Z.P's Own Taxes, Fees & Other non-tax sources	152
16. Other non-tax sources : Administrative Receipts	154
17. Government Grants	156
18. Release of Grants	171
19. Release of Ways & Means Advances	172
20. Free & Committed Resources	173
21. Own Self-raised Resources & Assigned/Contributed Resources	174
22. Revenue Account & Capital Account	176
23. System of Expenditure	177
Appendix - System of keeping Accounts	178 (A)

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## CHAPTER V

### System & Sources of Revenue & Expenditure For Zilla Parishads.

#### 1. SOURCES OF REVENUE :

After bringing out the nature and pattern of Panchayati Raj in Maharashtra State in the last chapter (ch. IV) before we turn to the Nasik Zilla Parishad and analyse the trends in its revenue and expenditure which is the subject-matter of this dissertation, in the next and the subsequent chapters it is necessary to understand in details the system and sources of revenue at the disposal of the zilla parishads and also the system and items of their expenditure. This chapter proposes to perform this analysis.

Under the financial arrangements of the Panchayati Raj recommended by the Naik Committee the system of revenue that is laid down is such that all the sources of tax and non-tax revenue which were available to any of the existing local bodies have been provided to the Zilla Parishads.<sup>1</sup> However; the sources of revenue of those bodies were quite limited. For example, the District Local Boards derived most of their funds from the Local Fund Cess, Profession tax and from Government grants. Their powers of taxation were also quite limited. As regards grants also, they were given grants mainly for roads, dispensaries both medical and veterinaries and for anti-epidemic measures, and no grants were given to them for agriculture, co-operation, cottage industries and minor irrigation.

However, in view of the wider responsibilities devolved upon the Zilla Parishads in order to make them instruments of State Policy in the local sector, Government has tried to place at their disposal several sources of revenue, both tax and non-tax, by devising a comprehensive system of grants-in-aid and conferring upon them statutory powers of taxation.

The Z.Ps. in Maharashtra are entrusted with several responsibilities. Firstly, Z.P. has to execute and maintain own works and development schemes in the District relating to any subjects enumerated in the District List given in the First Schedule of the Maharashtra Zilla Parishads and Panchayat Samitis Act, 1961. Secondly, it has to execute and maintain works and schemes trans-

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1. Recommendation No. 180.

ferred by the Government on 'direct' basis under section 100 (1) (b) and Sec. 103 and on 'agency' basis under sec. 123 of the Z.Ps. Act, 1961. Thirdly, the Z.Ps. are also expected to make provisions for carrying out within the district any other work or measure which is likely to promote the health, safety, education, comfort, convenience, or social, economic or cultural well-being of the inhabitants of the district, under Section 100 (3). Lastly, under Sec. 100(4) it is the responsibility of the Z.Ps. to promote planned development of the district by utilizing the local resources to the maximum extent and for that purpose prepare annual long-term plan after taking into account the plan prepared by their Panchayat Samitis for block areas. Besides, it has to undertake any works or development schemes in the Block recommended to it by the Panchayat Samiti. In order to take up these works and schemes and to meet the cost of performance of their duties and functions the Z.Ps. have to be provided with adequate resources. Government has, therefore, made available to the Z.Ps. two sources of revenues. (i) Tax and Non-Tax Resources, and (ii) Government Grants.

The tax and non-tax sources made available to the Z.Ps. broadly fall into two categories viz; (i) taxes levied and collected by Government and passed on the Z.Ps. in the form of grant-in-aid (ii) taxes and non-tax resources levied and collected by the Z.Ps.

## 2. TAX SOURCES : Assigned and Own.

The tax revenue received by the Z.Ps. from the taxes in the first category is termed as "Assigned Tax Revenue" while that from the 2nd category taxes is known as "Own Tax Revenue". This first category covers the following taxes:

- i) Cess on land revenue (under sections 144, 151, 152 and 155).
- ii) Cess on water rate (under sec, 146, 151-A and 152-B).
- iii) Extra Stamp Duty (under Sec. 158)
- iv) Compensation to Z.Ps. from proceeds of tax levied under the Bombay Motor Vehicles Tax Act, 1958.

Let us now consider each of these in details.

### 1. Cess on Land Revenue : Minimum/Normal & Increased.

Government levies two types of cesses on land revenue : One is the normal and minimum cess levied by the Government on its own; and Second is the increased cess (over and above the minimum normal cess) which is levied by the Government not on its own but on the initiative and at the instance of the Zilla Parishad and/or the Panchayat Samiti.

Sections 144, 151 and 152 empower the State Government to levy a minimum cess of 20 paise on every rupee of ordinary land revenue. The revenue collected from this cess is handed over to the Zilla Parishad as "Assigned Tax Revenue" or cess grant.

### 3. INCREASED CESS :

Section 144 also empowers the State Government to increase the minimum rate of cess on land revenue on the resolution and recommendation of the Zilla Parishad [under Sec. 155 (1)] and/or panchayat samiti [(under Sec. 155 (2))] so however that the total rate of cess (minimum + increased) on land revenue in the district or block does not exceed two hundred paise<sup>2</sup> per rupee of land revenue. Revenue from this source of increased cess is handed over to the zilla parishad which is required to hand over fifty per cent of it to the Panchayat Samitis in the district.

It is to be noted here that revenue from source of increased cess is the revenue from the "Own Tax Sources" for, as noted above and as will be clear from the procedure for increased cess explained below, the initiative for increased cess lies with the Zilla Parishad/Panchayat Samiti and not with the Government which simply acts on the resolution of the Zilla Parishad/Panchayat Samiti and increases the minimum rate by making use of the statutory power conferred on it by Sec. 144 of the Z.Ps. Act, 1961.

### 4. PROCEDURE OF INCREASED CESS :

When any Zilla Parishad or Panchayat Samiti under it proposes to make an increase in the minimum (or normal) rate of cess on land revenue levied

2. This means that the Z.P./P.S. can raise the rate to the maximum of Rs. 1.80.

by the State Government it has to pass a resolution under Sub-Section (1) or Sub-Sec. (2) of Sec. 155 respectively at a special meeting and forward that resolution to the State Government for consideration. The resolution by the Panchayat Samiti is to be routed through the Zilla Parishad which has to endorse its views on the increase in the rate of cess proposed by the Panchayat Samiti before forwarding it to the Government.

This resolution either by the Zilla Parishad or by the Panchayat Samiti has to spell out three points clearly:

- i) the reasons for which the increase in the rate of cess has been proposed;
- ii) the special purposes for which the proceeds of the increased cess would be utilized; and
- iii) the period for which the increased rate should continue [(Sec. 155 (3)].

On receipt of the resolution the State Government determines the increase in the rate of cess so, however, that it does not exceed two hundred paise on every rupee of land revenue, the date on which the increased rate is to take effect and the period during which it would continue.

The maximum limit for the increased cess (over and above the normal cess) was formerly and initially one hundred thirty paise; it was raised to one hundred eighty paise with effect from 1-4-1974.

From the Revenue Year 1977-78 the Government has granted remission in the whole of the agricultural land revenue payable by every holder of land, whose liability to pay to Government such land revenue in respect of his entire holding in any of the areas of the State of Maharashtra does not exceed Rs. five in the aggregate.<sup>3</sup> As the cess is levied on the Land Revenue,

3. Vide Government Order called the Maharashtra Land Revenue Remission Order, 1977, issued under Govt. Order Revenue and Forest Department No. REV 1077/16447-L.3, dated 22.12.1977.

the cess on such remitted land revenue automatically stands abolished.<sup>4</sup> As a further measure of relief, the Government of Maharashtra has granted from the revenue year 1978-79 or during any revenue year thereafter, remission in the whole of the land revenue payable to the State Government by every holder a) whose holding does not exceed three hectares and no part of which is under irrigation or b) whose liability to pay land revenue is more than five rupees; but less than ten rupees.<sup>5</sup>

In order that the Z.Ps/P.Ss. should not suffer the revenue loss on account of this remission they are compensated to the extent of the loss.

#### 5. METHOD OF COLLECTION OF CESS :

The local cess (both normal and increased) is collected by the Talathi/Patwari alongwith the Land Revenue. The land revenue and the cess so collected is credited by him in the sub-treasury by a chalan in a separate and special account. The Tahasildars submit to the Collector as well as to the Chief Executive Officer of the Zilla Parishad village-wise statements of collection of cess for the whole of the taluka every month. The quarterly reports of these collections are sent by the Collector of every district to the Rural Development Department and Revenue and Forest Department.<sup>6</sup>

#### Suspension or Remission of Local Cess.

Sec. 154 of the Z.Ps. Act empowers the State Government to suspend or remit the collection of local cess on land revenue or any portion thereof in any year in any area of the Zilla Parishad provided the concerned Zilla Parishad makes an application for that purpose. Hence, the suspension or remission of local cess is not automatic alongwith the suspension or remission of land revenue. This power of the State Government has been delegated to the Collectors of Districts.<sup>7</sup>

4. Vide Government Circular Rural Development Department No. LFC 1077/185-CR 509/XXV, dated 10.3.1978.

5. Vide Maharashtra Revenue Remission Order, 1979 issued under G.R.R. & F.D. No. REV 1078/33338-L-3, dated 8.5.1979.

6. Vide Govt. Circular, Revenue and Forest Deptt. No. LFC 1076/4346-L-3, dated 4th February 1976.

7. Vide Govt. Order R.D.D. LFC 1262/35010-N dated 17.7.1963. & Govt. Order RDD No. LFC 1272/22480-D-IV, dated 26.9.1972.



#### 6. PAYMENT OF CESS GRANT TO Z.P./P.S. :

The cess at the minimum rate or increased rate levied and collected is paid to the concerned Zilla Parishads and Panchayat Samiti in the form of grant by the State Government in the following proportion.

i) The entire amount of the minimum cess (known as the local fund cess) is paid by the State Government to the Zilla Parishad within the jurisdiction of which lands are situated, as provided by Sec. 153 of the Z.Ps. Act.

ii) In the case of the amount of increased cess, if the increase is proposed by the Zilla Parishads, then fifty per cent of the amount is paid to that Zilla Parishad and the remaining fifty per cent is distributed among all the Panchayat Samitis in the district as grant in proportion of the collection of cess in each Block, as provided under Sec. 155(6) of the Z.Ps. Act.

iii) If, however, the increase in the cess is proposed by the Panchayat Samiti, then the entire amount of such increased cess is paid to the Panchayat Samiti.

#### 7. COST OF COLLECTION :

While paying this cess grant to the Z.Ps./P.Ss. cost of collection at the rate of one-half per cent of the amount of cess collected is deducted by the Government as authorised by Sec. 153 (1).

#### Method of release of cess grant.

The cess grant is released on quarterly basis after taking into account the actual collection of cess during the first three quarters of the financial year and the estimated collection during the last quarter of the same year. The cess grant released on the basis of estimated collection is adjusted on the basis of actual collection figures made available during the first quarter of the subsequent financial year.

#### 8. ACCOUNTING PROCEDURE FOR CESS GRANT :

Upto 31st march, 1970, there were two types of accounting procedures in respect of this cess grant, In the Western Maharashtra area, the cess levied was being first credited to Government as consolidated land revenue and then

adjusted by the Treasury Officers under instructions from Revenue Authorities to the credit of the Zilla Parishads by contra debit to the receipt head treating it as a reduction of receipt. In the Marathawada and Vidarbha areas, cess on land revenue was collected by the Patwaris separately under separate chalan and credited to the accounts of the local body concerned through the Treasury.

In May, 1970, this procedure was changed and revised procedure was brought into force with effect from 1st April 1970. According to this revised procedure, cess on land revenue legitimately forms part of the Consolidated Fund of the Maharashtra State in terms of the provisions of Article 266(i) of the Constitution of India. The receipts of the cess are credited to the respective Receipt Head. These receipts are paid to the local bodies as grants and the expenditure on this account is debited to the respective budget head.<sup>8</sup>

#### 9. UTILIZATION OF INCREASED CESS :

The income from the increased cess is required to be utilised by the Zilla Parishads and the Panchayat Samitis only for the special purposes for which the increase has been sanctioned by the Government. In this context, Government has issued further instructions under Govt. Circular Co-operation & Rural Development No. LFC-1053/53733-N, dated 31st December, 1963 to be followed by the Zilla Parishads while utilising the revenue from the increased cess. These instructions are :

i) The recurring expenditure on account of new works and schemes the expenditure of which will be met from the resources available from the increased cess will have to be borne by the Zilla Parishads in full and no financial assistance for this purpose would be forthcoming from Government. Hence while taking up new schemes and works from the revenue from increased cess, it must be seen that adequate provision exists for the maintenance of new works and schemes that are taken up by the Z.Ps.

ii) Works and schemes which have been started by the erstwhile local authorities and which are lying incomplete and for which no specific assistance is available from Government should be taken up and completed first from

8. Vide Govt. Resolution, Rural Development Department No. LFC 1070/-10441-REV; dated 10.7.1970.

the resources from the increased cess.

iii) New schemes and works to be taken up from the revenue from the increased cess should generally fit into long-term plan drawn for the district in respect of each of the activities.

iv) With a view to render necessary advice to Zilla Parishads in the matter, the Zilla Parishads should send, in advance, to Government, the Head of Department concerned, the Commissioner and the Regional Officer concerned, a note containing a broad outline of the schemes and works the Zilla Parishad intends to take from the resources raised from the increased cess.

v) The additional income from the increased cess shall be available to the Zilla Parishads and/or Panchayat Samitis so long as the orders sanctioning the increase in cess continue.

#### 10. WATER CESS OR IRRIGATION CESS :

This is another source of tax revenue or assignal tax revenue made available by the Government to the Zilla Parishads in Maharashtra. Under Sec. 146 of the Z.Ps. Act the Government is empowered to levy a cess at the rate of twenty paise on every rupee of water rate leviable under the provisions of the Bombay Irrigation Act, 1879. It is generally levied in the same manner and under the same provisions of the Law as water rates payable to the State Government under the said Act.

Prior to 1.11.1969, the rate of this cess was nineteen Paise per rupee of water rate levied by the State Government in the Western Maharashtra on all Irrigation Works. In 1969, Sec. 146 was amended and new Sections 151-A and 152-A were incorporated in the Z.Ps. Act, which extended the provision to the other areas of the State and also increased the rate of cess from nineteen paise to twenty paise. This revised rate has been given effect to from 1st Nov. 1969.<sup>9</sup>

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9. Govt. Resolution, Irrigation & Power Deptt. No. DDW/455-I (4) dated 31.10.1969.

### 11. COLLECTION OF WATER CESS :

Before 1.11.1969, the cess on water rate was collected by the Village Panchayats or by the Zilla Parishads through Gram Sevaks or Assistant Gram Sevaks upto 17th April 1968. Thereafter, as decided, it was collected by the same machinery which collected the water rate.<sup>10</sup> The Income realised therefrom is paid as grant-in-aid to the Zilla Parishads within the jurisdiction of which the lands are situated, after deducting one half percent of the local cess on water rate collected as per rule 2 of the Maharashtra Zilla Parishads Local Cess on water rate (Deduction of cost of Collection) Rules, 1975 [Sec. 150 (1) of the Z.Ps. Act, 1961]

### 12. ACCOUNTING PROCEDURE :

The accounting procedure regarding water cess till the end of June, 1976 was such that the collection made on account of this cess was credited in the Treasury. On 1.7.1976 the Irrigation Department laid down the revised procedure according to which the cess recovered by the Revenue or the Irrigation Deptt. is credited to the sub-head "Local Fund Cess". The equivalent amount is then paid to the Zilla Parishads as grant-in-aid by debit to the sub-head "Grant-in-aid contributions/subsidies-payment of net proceeds of local fund cess on water rates to Z.Ps." The work of reconciliation between the figures booked by local officers and audit officers is entrusted to the Superintending Engineers of Irrigation Deptt. who are controlling officers of the Division. The collection authorities of the Revenue and Forest Departments and the Irrigation Deptt. send monthly statements to the Superintending Engineers for this purpose showing the details of the Local Fund Cess or water rate collected and credited during the month. The S.Es. conduct quarterly reconciliation on the basis of these monthly statements with the figures booked in audit officers. On the basis of these reconciled figures, the correct amount of this cess becomes payable to the Zilla Parishads as grant-in-aid<sup>11</sup>

### 13. EXTRA STAMP DUTY GRANT :

Another source of assigned tax revenue for the Z.Ps. is the Stamp

10. Govt. Resolution, Irrigation & Power Deptt. No. DDN 1062/33078-1 (4), dated 11.5.1964 read with Govt. Resolution, Irrigation & Power Deptt. No. NKS 1665/84794-I (4), dated 18.4.1968.

11. Vide Govt. Resolution, Irrigation Deptt. No. DDN 1073/110450/T(14), dated 24.12.1975.

Duty Grant. Sec. 158(1) of the Z.Ps. Act provides for an increase in Stamp Duty imposed by the Bombay Stamp Act, 1958 on instruments of sale, gift and usufructuary mortgage respectively of immovable property situated within the jurisdiction of a zilla parishad by one half percent on the value of the property, on the amount secured by the instrument, as set forth in the instrument. A grant-in-aid approximately equal to the extra stamp duty realised in respect of these properties is paid by the State Government to the concerned Zilla Parishads. The Z.P. has to contribute to the Village Fund panchayat within its jurisdiction an amount approximately equal to fifty percent of the amount received by it in respect of properties situated within the jurisdiction of such panchayat.

Revenue from this grant forms part of the general revenues of the Z.Ps. in the sense that no specific objects or programmes on which it is to be spent are laid down.

**14 BMV PAYMENT OR COMPENSATION TO ZILLA PARISHADS** From proceeds of tax levied under the Bombay Vehicles Tax Act, 1958.

Before the establishment of the Panchayati Raj Institutions in Maharashtra a fixed compensation under Section 11(2) of the Bombay Motor Vehicles Tax Act, 1958 was payable to the Ex. District Local Boards in the Western Maharashtra for the cancellation of tolls on roads and vehicles within their jurisdiction. By virtue of para 1 (b) and (c) read with para 2(h) of the Eleventh Schedule of the Z.Ps. Act, 1961, the same is continued to be paid to the Zilla Parishads which are the successor bodies of the Ex. D.L.Bs. The quantum of this compensation paid to the Z.Ps. in the form of grant is based on the three years' average collection of tolls on vehicles prior to their withdrawal.

These grants are paid to the concerned Zilla Parishads through collectors of the Districts. Revenue from this source forms part of the Z.Ps' general revenues and no specific objects are laid down for the utilization of this grant by the Zilla Parishads.

**15 Z.P's OWN TAXES, FEES & OTHER NON-TAX SOURCES :**

The second category of the tax and non-tax sources of revenue made

available to the Z.Ps. includes taxes and non-tax resources levied and collected by the Z.Ps.

Lest the Zilla Parishads, supported by enormous grants from the Government in addition to the assigned tax revenue explained above, become simply the Departments of Government, they should be inspired to raise and augment their own resources.<sup>12</sup> In view of this Zilla Parishads in Maharashtra have been statutorily provided with tax and non-tax sources of their own revenue

Section 157 of the Z.Ps. Act has laid down the taxes and fees which the Z.Ps. can levy. These are now explained below :

a) Profession Tax or Tax on persons carrying on any profession, trades, callings or employment.

The Z.Ps. had power to levy this tax till the Maharashtra State Tax on Profession, Trades, callings and Employments Act, 1975 came into force with effect from 1st April 1975. The provisions of this Act have withdrawn the power of the Zilla Parishads to levy this tax and the Zilla Parishads were informed by the Government not to collect this tax by them.<sup>13</sup>

Prior to the establishment of the Panchayati Raj Institutions in Maharashtra from May, 1962 the profession tax was levied by the Village Panchayats under Sec. 124 (1) (vi) of the Bombay Village Panchayats Act, 1958. Prior to that this tax-power was with the District Local Boards which levied this tax under the Bombay Local Boards Act, 1923.

12. The Santhanam Committee on Panchayat Raj Finances has made an apt reasoning on this point : "Financial resources have to be adequate for the functions allotted to each Panchayati Raj Institution. Nowhere in the world can local bodies functions without substantial assistance from Govt. At the same time, it will detract from the dignity and autonomy of a self-governing institution if it is to be entirely dependent on assistance from above. It is essential for stability and growth of these institutions that they should have substantial and growing resources which are entirely within their power to exploit and develop" Report of the Study Team on Panchayati Raj Finances, 1963, Part I, P.4.

13. Vide letters No. ZPA/1075-11570-N dated 5th April 1975 and No. Tax-1075/17510/D-IV, dated 1st July 1975 from Rural Development Department, Sachivalaya, Bombay-32.

With the withdrawal of this tax-power of the Z.Ps. from 1975 Govt. pays a fixed compensation to the Z.Ps. in order to make up their loss of income, as provided under Sec. 29 of the Profession Tax Act, 1975 referred to above. The amount of this compensation is calculated on the basis of the highest collections made by the Z.Ps. in any year during the period of three years immediately preceding the commencement of the Act as may be determined by the State Government in this behalf. The Z.Ps. are allowed to recover and utilize arrears of this tax, if any, during its currency in their hands.

The reason given by the State Government for the withdrawal of this tax-power of the Z.Ps. is to tap this source to the maximum extent for the financing of Government's Employment Guarantee Scheme started in April, 1974.

(b) a general water tax, if public water taps or stand posts have been installed for the use of the public;

(c) a pilgrim tax

(d) a special tax on lands and buildings,

(e) Water rates in respect of water supplied to lands or buildings from any irrigation work vesting in a Parishad;

(f) a tax on lands benefitted by irrigation works or development schemes undertaken by a Zilla Parishad in pursuance of Sec. 100 or Sec. 123 (including lands within such distance from such works or schemes receiving water by percolation or leakage therefrom as the officer duly authorised by the Zilla Parishad may determine regard being had to the circumstance)

Fees : (g) any one or more of the following fees, in any public market, namely:

(i) a licence fee on brokers, commission agents, weighmen, or measurers practising their calling therein;

(ii) a market fee for the right to expose goods for sale in the market or for the use of any building structure therein;

(iii) fees on the registration of animals in the markets.

#### **16. OTHER NON-TAX RESOURCES : Administrative Receipts :**

Besides these statutory sources of revenue (both tax and non-tax) the Zilla Parishads have their own sources of non-tax revenue which are mentioned under 'D' in the Annual Account of Receipt & Expenditure of Zilla Parishads".

Revenue from these items are termed as 'Administrative Receipts. These items are explained below.

(i) **Interest.** This revenue includes interest on loans and advances by the Zilla Parishads, interest on investment of balances of Z.Ps. in Govt. securities and other securities and on Bank balances, interest on such special funds like Provident Fund, Pension Fund and other miscellaneous funds like endowments, depreciation fund and vehicle insurance fund.

(ii) **Police.** The receipts under this head are receipts under the Bombay Public Vehicles Act, 1920. They include the fines collected under this Act.

(iii) **Education.** Revenue from this source includes revenue from fees from primary and secondary schools, receipts from basic schools, endowments, fines, contributions from non-local authorised municipalities, public contributions, sale of old stores, etc.

(iv) **Medical.** This source of own income refers to receipts from hospital fees, sale of medicines, endowments, income from the Trust Funds,<sup>14</sup> contributions from the village panchayats for the Zilla Parishad's allopathic and ayurvedic dispensaries.

(v) **Public Health.** This refers to revenue from contributions from non-Government sources; e.g. the municipalities pay contributions on the salaries of small-pox vaccinators working in their areas, receipts in connection with fairs, receipts from the sale of empty bottles, tins, etc.

(vi) **Agriculture.** Revenue from this source includes fees from agricultural schools, entry fees for crop competitions, agricultural receipts, etc.

(vii) **Animal Husbandry.** This refers to receipts from fees of veterinary

14. For example, the Ex-District Local Board, Nasik District had created the following two Trust Funds of its allopathic dispensaries at Taharabad (Taluka Balgan) and Zodga (Taluka Malegaon) ---- i) King Edward Memorial Fund at Taharabad dispensary, Rs. 40,700/- ii) Trust Fund at Zodga dispensary, Rs. 15,700/-. The Nasik Zilla Parishad receives interest on these Funds.



dispensaries, cattle fairs, fees from slaughter houses, sale of eggs and hen etc.

(viii) **Industries and Cottage Industries.** Revenue from this source refers to income from the sale of products produced in the training institutions and sale depots and emporia.

(ix) **Public Works** refer to receipts from rent on land, buildings, plants, tool and implements, sale proceeds of old stores and materials, fruits and trees, ferry receipts, Dharmashala fees, Travellers' bungalow or Dak Bungalow fees, etc.

(x) **Pensions** refer to contributions to Pension Fund and Provident Fund and other related receipts.

(xi) **Miscellaneous Receipts** refer to revenue from sale of old stocks and materials, rent from residential buildings, etc.

These are, then, the administrative receipts as the sources of own non-tax resources of the Zilla Parishads.

## 17. GOVERNMENT GRANTS :

As stated earlier, these tax and non-tax resources of the Zilla Parishads are supported by a comprehensive system of Grants-in-aid. We now turn to consider these grants.

While considering the financial arrangements for the Zilla Parishads in Maharashtra, particularly in respect of grants-in-aid two periods have to be taken into account: (i) 1962-63 to 1973-74, and (ii) 1974-75 onwards. This is because major changes have taken place in the system of grants-in-aid followed during these two periods. The grants paid/payable to the Zilla Parishads during these periods are described below.

### 1. Land Revenue Grant

This grant was paid every year to the Z.Ps. under Sec. 180 of the Z.Ps. Act, 1961 till the end of the financial year 1973-74. The quantum of

this grant was equal to 70 percent of the average of the amount of ordinary land revenue including non-agricultural assessment realised during the five financial years immediately preceding each State Five Year Plan from the lands within the limits of the District.

From the financial year 1972-73 Government decided to pay the entire land revenue to the Village Panchayats realised from the lands within their limits. In view of this decision, Zilla Parishads had to forgo 70 per cent of the land revenue which they were getting in the form of grant. However, in order to compensate this loss of the Zilla Parishads, Government continued to pay to them every year an ad-hoc grant equal to seventy per cent of the Land Revenue which they were getting till the end of the financial year 1973-74

The payment of this grant had been discontinued from 1st April 1974,<sup>15</sup> because from the financial year 1974-75, as per the recommendation of the Evaluation Committee on Panchayati Raj (known as the Bongirwar Committee - Late Mr. L.N. Bongirwar being the Chairman of the Committee), the State Government accepted the liability of payment of 100% grant to the Zilla Parishads on all schemes and works of committed nature including development works of the former local bodies and on administrative establishment including Ex-District Local Boads' Staff. Accordingly, Sec. 180 of the Z.Ps. Act, 1961 enabling the payment of this grant, has been deleted by Maharashtra Act 15 of 1974.

Land Revenue Recoupment Fund was created under Sec. 189 of the Z.Ps. Act in order to meet the deficit in the amount of land revenue grant. Such deficits arise due to the suspension or remission of land revenue granted by the State Government under the famine or drought conditions. These deficits were made up by making payments from this L.R.R.Fund. Every Zilla Parishad had to make contributions to this Fund. Government made advances out of this Fund to the Zilla Parishads concerned for the purposes of meeting any deficit in the amount of land revenue grant. However, the provision regarding this Fund was deleted in 1969 by Maharashtra Act No. 15 of 1969.

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15. Decision of the Govt. of Maharashtra on recommendation No. 78 of the Evaluation Committee on Panchayati Raj (Bongirwar Committee).

### **Land Revenue Grant : an Assigned Tax Revenue**

It may be noted here that since land revenue is a tax on land we regard this grant as an assigned tax revenue of the Z.Ps. and have classified it accordingly in the subsequent chapter.

#### **2. Equalization Grant.**

This grant was paid to the Zilla Parishads under Sec. 181 of the Z.Ps. Act, 1961 till the end of the financial year 1973-74 to equalise the amount of the land revenue arrived at on the basis of two rupees per capita of the population of the District as ascertained at the last preceding census with the amount of land revenue actually paid to the Z.Ps. under Sec. 180 of the Z.Ps. Act, when the latter is less than the former. Thus the amount of this grant was equal to the difference between the amount of land revenue arrived at on the basis of Rs. 2/- per capita and the amount of land revenue actually payable or paid to the Z.P. on the basis of actual collection.

The payment of this grant was also discontinued from 1st April 1974 for the same reason for which the payment of land revenue grant was discontinued.

It should be noted that the Bongirwar Committee had not recommended, nor even indicated the discontinuance of these grants.

#### **3. Purposive Grant. (under Sec. 182 of the Z.Ps. Act)**

Purposive grant is given for meeting the expenditure on those works and schemes which are included in the 'purposive' category of schemes. 'Purposive' category of schemes included those works and schemes which entail heavy expenditure and for which the National Policy has laid down certain basic objectives.

Under the initial provisions all the transferred schemes were not eligible for this grant, but only such of those schemes, for which the National Policy has laid down certain basic objectives, were alone eligible for this grant. The Naik Committee had suggested to give 'purposive' grants for such schemes to the extent of 75% of the total expenditure. In 1969, this percentage was raised to 90%. The remaining schemes and works were not eligible for purposive

grants and the expenditure on them was included in 'deficit' segment and met from the Deficit Adjustment Grant.

From 1st April 1968 the distinction between the 'purposive' and 'non-purposive' schemes was abolished and all transferred works and schemes, whether completed or continuing, transferred to the Zilla Parishads under Section 100(1) and (2) were held eligible for 'purposive' grants and that too at 90% of the total expenditure on them. The Deficit Adjustment Grant was hence discontinued from 1969.

The Evaluation Committee (1971) referred to above recommended for the widening of the coverage of schemes eligible for this grant by recommending that the list of purposive schemes should include similar development schemes of former local bodies which are of a committed nature and also recommending the increase in the grant to 100% of the total expenditure.<sup>16</sup>

The State Government accepted these recommendations and acted upon them. Hence, from the financial year 1974-75 (i.e. from 1.4.1974), the quantum of this grant payable to the Zilla Parishads every year is equal to the amount of the expenditure incurred by them on the works and development schemes transferred to them under Sec. 100 (1) (b) of the Z.Ps. Act and in respect of such works and development schemes vested in a Z.P. under para 2 of the Eleventh schedule as may be determined by the State Government. Two categories of schemes are covered by the provision of this Section : The first category is of the schemes and works which are of committed nature, i.e. which have been transferred to the Z.Ps. under Sec.100(1) (b) of the Z.Ps. Act and in respect of which Government is committed to give purposive grant at 100% from the financial year 1974-75. The second category of schemes is the category of those schemes which are inherited from the former local bodies similar to purposive schemes and are of a continuous nature and in respect of which the Z.Ps. are required to bear entire cost from their own resources upto the financial year 1973-74. These schemes and works are also held eligible to 100% purposive grant from the financial year 1974-75. The schemes of the former local bodies which were completed either by the Ex-Local Bodies before they were taken up by the Z.Ps. or were completed later

from the Z.Ps' own resources and only the maintenance cost is borne by the Z.Ps. and the schemes taken up by the Z.Ps. from the income from the cess on Land Revenue are not covered by the development works or schemes of the former Local Bodies,<sup>17</sup> and they are not, therefore, entitled to 100% purposive grant.

**4. Establishment Grant.**

This grant is paid under Sec. 183 of the Z.Ps. Act. Initially under the original pattern, the establishment-grant was given to the Zilla Parishads at the rate of 75% of the average annual cost on account of salaries and allowances in respect of posts rendered surplus to the requirements of Government as a result of transfer of works and schemes to them. The payment of this grant was subject to the condition that posts corresponding to those rendered surplus are created and actually filled in by the Z.Ps. Subsequently, in 1970, this provision was revised to the extent that the posts created by the Z.Ps. with the approval of Government were covered by the establishment grant at the rate of 75%.

From the financial year 1974-75, the State Government, while acting on the recommendations of the Evaluation Committee,<sup>18</sup> raised the rate from 75% to 100% and the Z.Ps. are since then paid every year as establishment grant a sum equal to the average cost on account of the salaries and allowances including pensionery and such other charges incurred by the Zilla Parishad as may be determined by the State Government in respect of :

(a) the post which are rendered surplus to the requirements of the State Government from time to time consequent on the transfer of works and development schemes to the Zilla Parishads under Sec. 100, and

(b) the posts which are sanctioned with the approval of the State Government, for the Z.P. from time to time, whether before or after the commencement of the Maharashtra Z.Ps. & P.Ss. (Amendment) Act, 1970, consequent

17. Vide Government Circular, Rural Development Department No. BUD 3573/46124-ZI, dated 25.12.1973.

18. Recommendations Nos. 75 & 77

on the transfer of such works and development schemes;

(c) the posts determined or laid down by the State Government in the Staffing pattern under Sec. 243 and 243-A of this Act and not covered by item (a) and (b) above. The expenditure on salaries and allowances in respect of these posts is held eligible for establishment grant, only when the posts have been created by the Zilla Parishad and filled in. These posts do not include the posts, expenditure in respect of which is debited to the provisions of such works and schemes.

According to Government Circular RDD No. BUD-3573/46124-ZI, dated 25.12.1973, referred to above, the posts sanctioned under the 'Staffing Pattern' (Sections 243 and 243-A) cover the staff appointed by the Z.P. with the sanction of Government and the staff of the former local bodies which has not been brought on or absorbed against the Staffing Pattern Posts. The expenditure on such Staff of the former Local Bodies which cannot be absorbed in the Revised Staffing Pattern and Expenditure on which was otherwise met entirely from the Z.P.'s own resources, has been held eligible for establishment grant. The staff sanctioned or approved by the Zilla Parishads after 1.5.1962 on its own authority for implementation of schemes taken up from the income from increased cess or other office staff without the sanction of Government is not eligible for the establishment grant.

#### **5. Deficit Adjustment Grant.**

This grant was paid to the Zilla Parishads under Sec. 184 of the Z.Ps. Act till the end of the financial year 1967-68 to cover the gap remaining after payment of Land Revenue Grant, Equalization Grant as also certain liabilities under the Act to ensure that the transferred works or schemes of Government were maintained and executed at the requisite level of efficiency. This grant was equal to the difference between the deficit segment and the Land Revenue Grant and Equalisation Grant taken together. The deficit segment consisted of the expenditure pooled from different transferred schemes, works and staff to the extent of 25% of the gross expenditure in the case of establishment grant, 10% of the gross expenditure on purposive schemes and 100% of the expenditure on transferred schemes other than purposive

schemes and Travelling Allowance and contingencies in respect of the Staff at District Head-quarters. After adjusting the Land Revenue Grant and Equalization Grant against this total deficit segment, the remaining deficit segment was paid as Deficit Adjustment Grant. According to the laid down pattern, this grant was to be progressively reduced after the first five financial years from the date of establishment of the Zilla Parishads i.e. 1.5.1962. Thus, according to the original provisions this grant was to be given in full for the first five years (up to May 1967) and later to be tapered off gradually during the remaining five years so that at the end of the 10th year (i.e. May 1972) it was to be completely discontinued.

However, a revised financial arrangement was brought into effect from 1st April 1968 according to which non-purposive schemes and works, expenditure on which was met from the Deficit Adjustment Grant, were brought under the 'purposive' list and were held eligible for 'purposive' grants at 90% and hence the Deficit Adjustment Grants were discontinued by deleting Sec.184 of the Z.Ps. Act by Maharashtra Act No. 15 of 1969, Sec. 11, with effect from 1st April, 1968.

#### 6. Local Cess Matching Grant.

This grant is given to the Z.Ps. under Sec. 185 of the Z.Ps. Act in order to provide an incentive to the Z.Ps. and P.Ss. to raise the rate of cess on land revenue, over and above the minimum cess of 20 paise per rupee of land revenue. It is closely linked with the actual collection of the increased cess. It is paid only to those Z.Ps. which levy increased cess on land revenue under Sec. 155 of the Z.Ps. Act. The maximum limit for the increased cess was Rs. 1.30 upto 1.4.1975. Since then it has been raised to Rs. 1.80 per rupee of land revenue.

This grant is paid entirely to the Zilla Parishads, whether the increase in the rate of cess (over and above the minimum) is proposed by the Zilla Parishads or by the Panchayat Samiti. However, while revising the formula for the payment of this grant from 1974-75 Government laid down that 25% of the LCM grant due on the increased cess proposed by the Panchayat Samiti should be given to the Panchayat Samiti.

**Formula or Rate Scheduled for LCM Grant.**

The present formula for the payment of the LCM Grant came into effect on 1.4.1975. It is different from the old formula which was in effect upto 1973-74. The following chart shows the two formulae.

**RATE SCHEDULE FOR LCM GRANT**

	Rate of Cess increased by the Zilla Parishad	% of LCM Grant Payable
i) Prior to 1.4.75	Upto 20 Paise	Nil
	21 paise to 40 paise	75%
	41 paise to 150 paise	100%
ii) After 1.4.1975	Upto 50 paise	Nil
	51 paise to 100 paise	75%
	101 paise to 200 paise	100%

**LCM Grant - Z.P's Own Revenue.**

Event though a government grant, the revenue from the LCM Grant should be treated as Z.P.'s own non-tax revenue. For, it accrues to the Z.P. as a result of its own effort and initiative to increase the rate of cess over and above the minimum rate. We have treated it accordingly in a subsequent chapter while analysing the revenue of Nasik Zilla Parishad.

**Guiding Principles :**

The Government has not laid down any conditions or restrictions for the utilization of the L.C.M. Grants. However, some guiding principles have been suggested by it for the proper utilization of this grant.<sup>19</sup> According to these principles, it is expected that the Z.Ps. may earmark a part of the income from the LCM Grant for the maintenance of the works and schemes taken up from the proceeds of the increased cess and LCM Grants for which no financial assistance is available from Government. The Z.Ps. may also utilize a part of the LCM Grant for the purpose of improving the standard

19. Vide Government Circular, RDD No. LCM 1064/29336-D IV, dated 2.2.1965.



of maintenance of works which they had taken over from the erstwhile local bodies for which no grant is given by the Government.

#### **7. Incentive Grant**

The incentive Grant was paid by the Government to the Z.Ps. under Sec. 186 of the Z.Ps. Act on the progress of development activities of each Zilla Parishad as an incentive for speedier development. This grant was paid on the basis of percentage performance of each Zilla Parishad in agricultural production.

The payment of this grant was discontinued from the financial year 1974-75. But the reason for its discontinuance was not known. It has not been given even in the Manual of the Zilla Parishad Administration and Accounts Vol. II, in which on page 232 it has only been stated that the payment of this grant was discontinued from the financial year 1974-75.

On enquiry also with the Nasik Zilla Parishad Finance Department no letter from the Govt. regarding its discontinuance could be traced. One senior retired section Head Shri K.M. Pachorkar who had put in a long service in that Finance Department, however, explained that since the Govt. started giving 100% purposive and establishment grants it discontinued payment of this grant.

Another point regarding the payment of this grant to the Z.Ps. during its existence is that it had no relation to the agricultural performance of the Z.P. in the district; the procedure adopted for its payment was that a lump-sum budgetary provision was made by the State Government in the State Budgets every year for this grant and the amount was distributed among all the Z.Ps. The basis of distribution could not, however, be known.

#### **Incentive Grant - Z.P's own revenue.**

Since statutorily this grant was linked with the agricultural performance of the Zilla Parishad in the district we regard the revenue from this grant as Z.P's own non-tax revenue and treat it accordingly in a subsequent chapter where we analyse the revenue of the Nasik Zilla Parishad.

**8. Plan Grant**

The plan grant is paid to the Z.Ps. under Sec. 187 of the Z.Ps. Act for such works and development schemes relating to any subjects enumerated in the District List, which are included in the Development Plan of the State. The amount of this grant is equal to the expenditure incurred on such works and development schemes.

**9. Block Grant**

Formerly a Block Grant was given to each Panchayat Samiti through the Zilla Parishad of the district in which the block is situated, for carrying out works and development schemes of such types as Government had specified regard being had to the subjects enumerated in the 2nd Schedule. From 1975-76 the payment of this grant is limited to such amount as would be required for completion of incomplete works earlier taken.

These block grants when they were given mainly for two purposes : (i) for special purpose for meeting the special types of expenditures under the Community Development Projects; (ii) for general purpose for meeting the general types of expenditure under the Community Development Projects. These grants were also given for Z.P's contribution towards Deficit Adjustment Grants.

**10. Ad hoc Grants**

These grants are given to the Z.Ps. for some miscellaneous purposes. For example, in the case of Nasik Zilla Parishad ad hoc grants have sometimes been given for (i) the State Transport Corporation's Roads and (ii) the interim increase in the pensions of the retired employees.

**11. Forest Revenue Grant**

This grant is given to the Zilla Parishads at the rate of 5% of the forest revenue realised by them.

Prior to the formation of the Zilla Parishads the District Local Boards and Janpad Sabhas were given 2% of the gross Forest Revenue collected from their respective jurisdictions for making provisions of amenities and for general development of forest villages upto 30th April, 1962. In the absence of any such provision in the Z.Ps. Act, 1961, however, no income on this account

was assigned to the Zilla Parishads till a provision was made in the Act by inserting a new Section 181-A by Maharashtra Act No. 15 of 1969. This Section initially provided for payment by Government to the Zilla Parishads every year a sum, in the form of grant-in-aid, equal to 2% of the average of the amounts of gross revenue realised from forests during the three financial years immediately preceding any State Five Year Plan within the limits of the District from the financial year 1969-70. The percentage is raised to 5% from the financial year 1972-73<sup>20</sup> in order to facilitate a greater effort for the amelioration of forest villages. Accordingly, a grant equal to five per cent of the average gross revenue realised through forest during three financial years immediately preceding each quinquennium commencing from 1.4.1972 within the limit of the District is payable to the Zilla Parishads. The main reason for increasing this rate was that the Government decided as a part of the 15-point programme that to facilitate greater effort for the amelioration of forest villages, the rate be raised to 5% and that these funds be earmarked and spent by the Social Welfare Committees of Zilla Parishads exclusively for the benefit of forest villages. Sec.181-A was accordingly amended in 1972 by Maharashtra Act No. 36 of 1972, S. 4 (a) (1) and (b).

#### Utilization of F.R. Grant

This being a statutory grant, its utilization is laid down in the Zilla Parishad Statute. Sub-section (2) of Section 181-A makes it obligatory for the Zilla Parishad to utilize this grant for works and development schemes in the forest areas within the limits of the District in accordance with the directions given by the State Government from time to time

When this grant was instituted in 1969 Government issued the following instructions for its utilization.<sup>21</sup>

- (i) The grant should be utilized by the Zilla Parishads in the forest

20. Vide Government Resolution RDD No. 1072 - 48312 D/23-2.1973.

21. Vide Government Resolution RDD No. FRG 1069-D IV dated 20.12.1969 read with Government Resolution RDD No. FRG 1072-677 (73)-D IV, dated 25.1.1973.

areas and primarily in forest villages and forest settlements in the District on items mentioned in sub-para (ii) below :

(ii) The grant should be utilized on the following works and development schemes only;

a) development of village forests and grazing lands (including measures for development of village wood-lands for purposes of pastures and fuel);

b) planting and preservation of trees on public grounds and gardens;

c) Construction, maintenance and repairs of roads in forest areas;

d) medical relief in forest areas;

e) provision of drinking water facilities &

f) promotion and development of cottage and village industries;

g) Construction of primary school buildings and teachers' quarters and compound.

(iii) The schemes and activities as aforesaid shall be in addition to the normal development programs to be undertaken by the Z.Ps. or the P.Ss. in the forest areas;

(iv) The Z.Ps. should in this behalf follow all policy directions and orders issued from time to time by Government in the Revenue and Forest Departments.

These guidelines were also made applicable even after the rate of grant was raised to 5% from 1972-73.<sup>22</sup>

22. Vide Government Resolution RDD No. FRG 1073/31135-D IV dated 2.10.73.

The Zilla Parishads were directed under Sec. 261(1) of the Act that approximately additional three percent of the income derived since 1972-73 be utilized for undertaking construction of primary school buildings and teachers' quarters in the forest villages and forest settlement and Ashram Schools to the extent possible, in particular in tribal areas.<sup>23</sup>

**Revised Guidelines :** In July 1975, in supersession of all previous orders Government issued revised guidelines for utilization of Forest Revenue Grant.<sup>24</sup>

These are :

(i) The grant should be utilized by the Zilla Parishads in the forest areas and primarily in forest villages and forest settlements in their Districts on items mentioned in Sub-para (ii) below -

(ii) The grant should be utilized on the following works and development schemes only

a) development of village forest and grazing lands (including measures for development of village wood-lands for purposes of pasture and fuel);

b) planting and preservation of trees on public grounds and gardens;

c) construction, maintenance and repairs to roads in forest areas;

(d) medical relief in forest areas;

(e) provision of drinking water facilities;

(f) repairs to, improvement and construction of minor irrigation tanks in forest areas which do not come within the purview of the Irrigation Deptt.

(g) subsidizing purchase of books and stationery to students of primary

23. Vide Government Resolution RDD No. FRG 1073/24821-D-IV dated 5.10.1973.

24. Under Government Resolution RRD No. GRT 1175/16399/XXV dated 24.7.1975 read with Government Resolution RDD No. GRT 1175/347/XXV, dated 14.2.1976.

schools in forest villages;

(h) construction, maintenance of and repairs to school buildings, teachers' quarters and compound and opening of schools in forest villages;

(i) provision of street lighting in forest villages and (j) extension of veterinary facilities in forest areas.

(iii) The schemes and activities as aforesaid shall be in addition to the normal development programmes to be undertaken by the Z.Ps. or the P.Ss. in the forest areas.

(iv) The Z.P. should, in this behalf, follow all policy directives and orders issued from time to time by Government in the Revenue and Forest Departments.

A directive under Sec. 261 (1) of the Z.Ps. Act has also been issued by Government to the Z.Ps. for utilization of approximately 3/5th (60%) of the Forest Revenue Grant for construction, maintenance of and repairs to primary school buildings and teachers' quarters and opening of schools in the forest villages and forest settlement and Ashram Schools to the extent possible, particularly in tribal areas.

The Zilla Parishads which have no adequate field machinery to undertake works in the forest areas, the Forest Department of Government can undertake, on behalf of the Zilla Parishads, the works mentioned below on the basis of actual expenditure being reimbursed by the Z.Ps. from their Forest Revenue Grant if the Z.Ps. so desire and place allotment at the disposal of that Deptt.<sup>25</sup>

(a) Construction, maintenance and repairs to roads in Forest areas,

(b) Development of Village Forests and grazing lands including the development of village wood-lands for pasture and fuel,

25. Vide Government, Circular, Revenue & Forest Deptt. No. FRD 1172/77846-F-6, dated 3.8.1976.

(c) Plantation of trees on public grounds, gardens and road-sides.

## 12. Grants For Agency Schemes.

As we have already seen, some works and development schemes are entrusted to the Z.Ps. by the Government on Agency Basis under Sec. 123 (1) of the Z.Ps. Act.

Upto 1977-78 the accounting procedure in respect of Agency Grants was such that the 'Direct' expenditure<sup>26</sup> on these schemes was directly debitable to the Agency Schemes and the Z.Ps. Heads of Deptts. were authorised to draw that amount directly from the Treasury and were required to furnish accounts to the respective Heads of Deptts. of Government who act as Controlling Officers. But the Indirect expenditure on Agency Schemes had to be provided for by the Zilla Parishads in their budgets and initially met from the District Fund. It was subsequently reimbursed by the Controlling Officers, viz, Government Heads of Deptts.

Government revised this procedure with effect from 1st September 1977.<sup>27</sup> According to the new revised procedure the entire expenditure on agency schemes (Direct and Indirect) is to be directly debited to the Agency schemes and is to be drawn from the treasuries by the concerned Heads of Deptts. of the Zilla Parishad or by the Z.P. Officers specially empowered by the State Government. Hence, henceforth no expenditure on agency schemes will be entered in the District Fund and hence will not be shown in the Zilla Parishad Budget estimates. This expenditure will be directly accounted for in State Accounts under the relevant heads of accounts. Hence the grants on account of Agency Schemes would not be credited, as before, to the District Fund and henceforth the entry under 'Agency Grants' on the Revenue side of the Z.P. Budgets would be blank.

The Heads of Deptts. under the Zilla Parishads have now to approach

26. 'Direct' expenditure includes the expenditure on (i) Works (ii) Grants (iii) Subsidies, (iv) Scholarships, (v) Supplies & Services and (vi) Loans, Indirect expenditure includes expenditure on sanctioned Staff and office contingencies.

27. Vide Government Circular RDD No. ZPA-1072/10/XXXIII, dated 7.6.1977.

the concerned Government Heads of Deptts. and ascertain necessary budget allocations for the Agency Schemes and obtain authorisation for drawing funds from Govt. Treasury, when necessary.

**Reasons for the Revision in Procedure.**

The revision in the accounting procedure has been effected by the Government after taking into consideration the recommendation No. 87 of the Evaluation Committee on Panchayati Raj (Bongirwar Committee, 1971) and also in view of the difficulties experienced in the existing procedure pointed out by the Commissioner (Administrative Reorganization) in the recommendation No. 131 Appendix 8 para 22 of their Report.

The Evaluation Committee had recommended "All expenditure on Agency Schemes' should be passed on to the Z.Ps. in the same manner as expenditure on transferred schemes". The Commissioner pointed out in their Report, two difficulties in the then existing procedure :

i) As the direct expenditure does not find place in the District Fund Account, the Chief Accounts and Finance Officer is unable to exercise effective Control over it.

(ii) The Z.Ps. find it difficult to get reimbursement of indirect expenditure in time and have to bear the initial burden, as submission of supporting vouchers is often delayed by the Panchayat Samiti Offices. The procedure for reimbursement has also created a lot of work at each stage from the Panchayat Samiti Office to that of the Controlling Officer.

It is in view of these difficulties and recommendations that the Govt. revised this procedure.

**18. RELEASE OF GRANTS : Way & Means Advances :**

With a view to ensure that the works and Schemes transferred to the Zilla Parishads under Sec.100 should not get a set-back for want of timely release of cash grants by the Grant Releasing Authorities which release the



grants<sup>28</sup> on quarterly basis on receipt of expenditure statement from the Zilla Parishads, it was necessary to have a regular flow of funds to the Z.Ps. Government, therefore, introduced a system of payment of Ways & Means Advances to the Zilla Parishad from February 1963.

During the years 1963-64 to 1973-74 the system of release of grants and funds to the Z.Ps. was such that the Z.Ps. received the grants or funds from two sources : (1) Cash grants released by some of the Departments. (2) Ways & Means Advances released on the monthly basis by the Rural Development Department to cover initially the expenditure under the heads where no cash grants were received by the Z.Ps.

However, the defect of this system was that due to these two sources, there was no consolidated figure in one Department about the payment of cash from the Consolidated Fund of the State to the Z.Ps. In order to remove this defect a new system was adopted from the year 1974-75, under which all the grants payable for transferred schemes and works were made as adjustable against the ways & means advances.

There is, thus, now only one source of cash payments to the Z.Ps. and that source is Way & Means Advances. For the Purposive, Establishment and Plan Grants, Ways & Means Advances are released initially on monthly basis and the grants sanctioned by the grant-releasing-authorities subsequently are adjusted against these advances. This adjustment is carried out at the end of each quarter by the Rural Development Department. The final adjustment is done at the end of the financial year and the excess or short releases of Ways and Means Advances are worked out. Excess releases are recovered through Ways & Means Advances and short releases are paid by sanctioning additional advances during the subsequent year.

#### **19. RELEASE OF WAYS & MEANS ADVANCES :**

The Ways & Means Advances are released to the Z.Ps. in two instal-

28. Following grants are released in Cash : (i) LCM Grant, (ii) Forest Grant (iii) Stamp Duty Grant, (iv) BMV Payment, (v) Local Cess, (vi) Water Cess Grant, (vii) the former L.R. Grant, (viii) the former Equalization Grant, (ix) the former Deficit Adjustment Grant, (x) Former Incentive Grants.

ments. First instalment to cover staff expenditure is released on or after the 25th of the preceding month so as to enable the Z.Ps. to arrange for the payment of salaries of their staff in time, and second instalment to cover scheme expenditure is released in the third week of the month for which the advances is meant.

#### 20. FREE & COMMITTED RESOURCES :

So far we have explained in details the revenue sources, both tax and non-tax (including grants), at the disposal of Z.Ps. in Maharashtra. Now before we turn to explain the items of expenditure let us clarify the distinction between 'free resources' and 'committed (or tied) resources' of Z.Ps. We would also like to classify these resources into Z.Ps. own and self-raised resources, both tax and non-tax, and Z.P's assigned or contributed resources, both tax and non-tax and attempt the identification of their components.

Free resources of Z.P. are those resources which are raised by or assigned and contributed to the Z.P. and which can be used by the Z.P. <sup>as</sup> it deems fit at its will. Committed or tied resources are, on the other hand, those resources which are tied or committed to particular purposes and cannot be utilised by the Z.P. for any other purposes.

Hence, the free resources of Z.Ps. are composed of : (i) Land Revenue Grant, (ii) Equalization Grant, (iii) Normal Cess Revenue, (iv) Local Cess Matching Grant, (v) Cess on Water rate, (vi) Stamp Duty Grants (vii) BMV Payment, (viii) Z.P's own taxes (e.g. profession tax), fees, rates or revenue from administrative receipts. Revenue from these sources are not tied down to any particular programmes.

The Committed or tied resource are composed of : (i) Revenue from increased cess, (ii) Purposive Grant, (iii) Establishment Grant, (iv) Deficit Adjustment Grant, (v) Incentive Grant, (vi) Plan Grant, (vii) Block Grant, (viii) Ad hoc Grant, (ix) Forest Revenue Grant, (x) Agency Grants. The revenue from these resources, as we have seen in the preceding explanation, has to be utilized for particular works, schemes & programmes.

**21. OWN SELF-RAISED RESOURCES & ASSIGNED/CONTRIBUTED RESOURCES:**

Zilla Parishads receive revenue from Tax Sources and Non-tax Sources. Revenue from each of these two sources is partly earned by the Z.P. from its own efforts and resources which we call as self-raised resources and partly from the sources assigned or contributed by the Government. Hence, each of the two sources of Z.P's revenue, Tax Revenue & Non-tax revenue, can be further sub-divided into own or self-raised Tax Revenue and Assigned Tax Revenue; and own Non-tax Revenue and contributed Non-tax Revenue, i.e. Govt. Grants.

1. Own tax revenue of a Z.P. is the revenue which is earned by it by imposing its own taxes under Section 157 (a) to (f) and also by recommending increase in the cess on land revenue under Sec. 157(1) and (2) (by Panchayat Samiti). As such, this category includes (i) the profession tax (until it was withdrawn from the Z.Ps by the State Government from 1.4.1975), and (ii) Increased cess on land revenue.

2. Assigned Tax Revenue means the revenue from the taxes or cesses which are imposed, not by the Z.Ps/P.Ss. but by the Government for the sake of Panchayati Raj bodies and/or revenue or a part of revenue which is handed over to the Z.Ps./P.Ss. Assigned Tax Revenue of Z.Ps, therefore, includes : (i) Revenue from the minimum (normal) cess of 20 Ps. per rupee of land revenue, (ii) Revenue from the cess of 20 Ps. per rupee of water rate, (iii) Revenue from Extra Stamp Duty, and (iv) Land Revenue Grant (discontinued from 1974-75), since Land Revenue is a tax on land (v) BMV payment, explained on page 152 of this Chapter.

3. Own Non-tax Revenue is the revenue from Zilla Parishad's own non-tax resources or revenue of a non-tax nature which is secured or earned by the Zilla Parishad as a result of its own efforts. We will include the following resources in this category.

i) Revenue from Fees levied by the Z.P. under Section 157 (g) (i), (ii) & (iii). Zilla Parishads are empowered to levy the following three fees (i) a licence fee on brokers, commission agents, weighmen or measurers practising their calling, (ii) a market fee for the right to expose goods for sale in the

market or for the use of any building or structure therein; and (iii) fees on the registration of animals sold in the market.

ii) Local Cess Matching Grant. Though this is a grant from the Government we would include this source of revenue in this category of "own non-tax revenue", because this grant is closely linked with Z.P's collection of the increased cess and is given to the Z.P. in order to give it an incentive to further increase the cess on land revenue. Thus Z.P's own efforts and initiative are responsible for securing this revenue. Hence it would be proper to regard this revenue as Z.P's own non-tax revenue.

iii) Incentive Grant. This grant, right from its inception in 1963-64 to its discontinuation on 1975, was statutorily (Section 180) linked with the performance of the Z.P. in respect of agricultural production. Hence, it would be proper to regard revenue from it as Z.P's own non-tax revenue.

iv) Administrative receipts or revenue from the revenue-earning schemes of the Zilla Parishad. The Zilla Parishads are operating several revenue-earning schemes either from their own resources or resources made available to them from Government grants for example, schools, dispensaries, hospitals, veterinary dispensaries, seed nurseries, etc. are some of the schemes under which services are provided to the rural people. Zilla Parishads charge fees or rate for them. Besides, Zilla Parishads receive revenue from interest on its deposits and advances or other investments, fines, contributions to Pension Fund, Provident Fund, etc., proceeds from the sale of old stocks and materials. Revenue from all these items is grouped under the heading 'Administrative Receipts' and is shown in the Budgets, Annual Account of Receipts & Expenditure and the Annual Administration Report of the Zilla Parishad under No V to XV. We have already explained these items on pages 154 to 156 of this chapter.

Thus these are the components of the Zilla Parishad's own Non-tax revenue

iv) Contributed Revenue means the revenue from the different grants paid by the Government to the Z.Ps. We include all these grants, except the L.R. Grant, LCM Grant, and Incentive Grant (which, for reasons given earlier

are not included in this category), in this category. Following are the grants included thus. (i) Purposive Grants (ii) Establishment Grant, (iii) Plan Grant, (iv) Block Grant<sup>29</sup> (v) Grants for Agency Scheme (not appearing in the Z.P. Budgets since 1978-79 due to the change in accounting procedure), (vi) Ad hoc Grants, (vii) Equalization Grant (discontinued from 1974-75), (viii) Deficit Adjustment Grant (discontinued from 1st April 1968) and (ix) Forest Revenue Grant.

The enclosed chart reveals these sources of Revenue with their components at a glance.

## 22. REVENUE ACCOUNT & CAPITAL ACCOUNT :

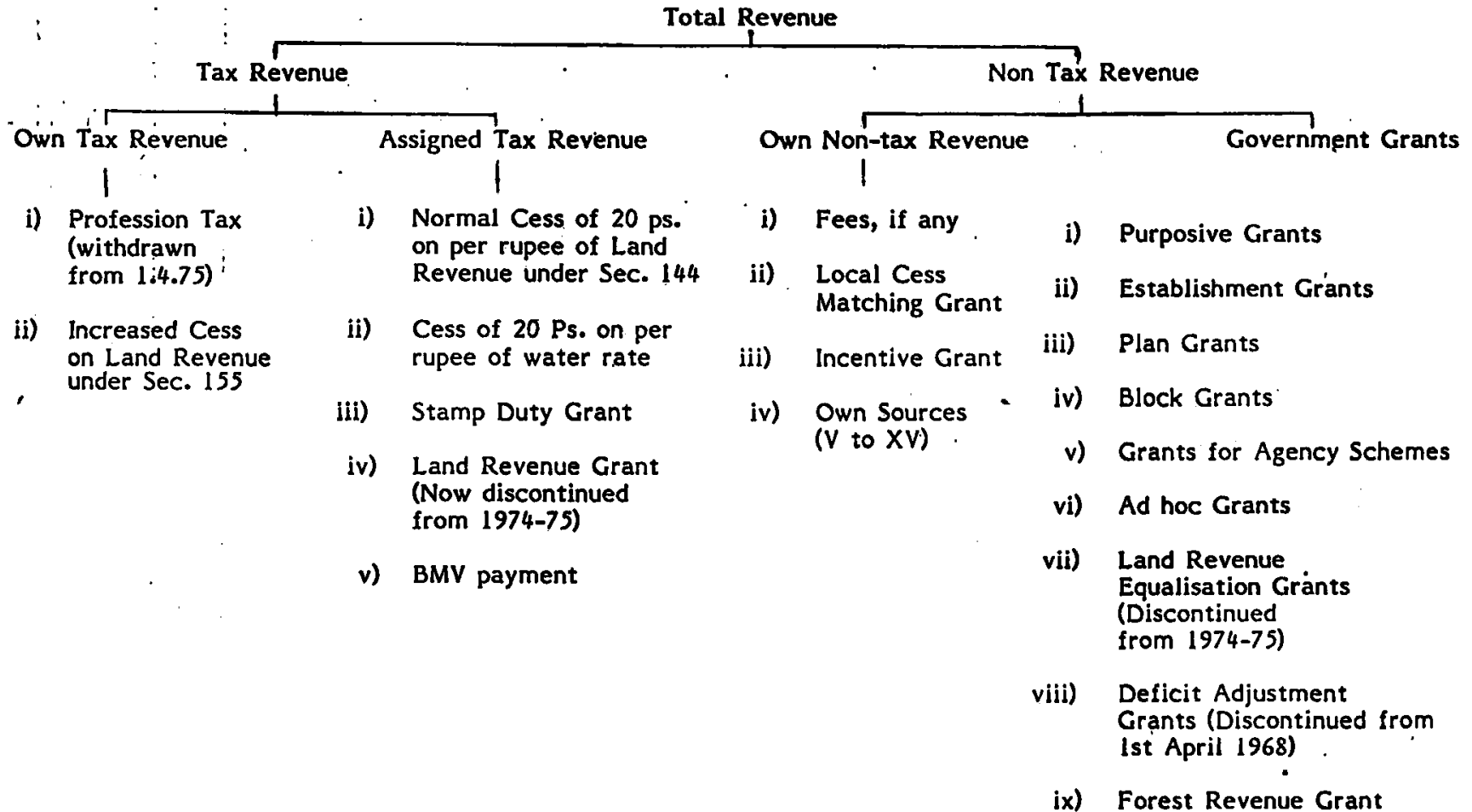
Zilla Parishad Budget is divided into two Sections : Revenue Account and Capital Account or Debt Section, as it is referred to in the Z.P. Budgets. All the revenues we have considered above are shown in the Revenue Section under fifteen sub-sections. They are : (I) Taxes & Fees, showing receipts from profession tax with village Panchayat Share and BMV payment ; (II) Local Cess, showing receipts from cesses on land revenue under Sections 144 & 155 with panchayat samiti share in it, Stamp Duty Grant with village Panchayat share in it, (III) Local Rates, showing receipts from cess on water rate and Z.P.'s own water rates on its own irrigation schemes; (IV) A. Government Grants, B. Ad hoc Grants & C. Grants for Agency Schemes; (V) to (XV) show Administrative Receipts or Receipts from Z.P.'s own schemes & loans, deposits, etc. under the heads (V) Interest, (VI) Police, (VII) Education, (VIII) Medical, (IX) Public Health; (X) Agriculture, (XI) Animal Husbandry, (XII) Industries, (XIII) Public Works, or construction, (XIV) Pensions & (XV) Miscellaneous receipts

On Capital Account or Debt Section the Capital revenue is shown under three Sections : (i) Loans bearing Interest (ii) Receipts from Loans not bearing Interest, and (iii) Deposits & Advances. There is also the fourth Section viz. (iv) Remittances which show receipts from remittances between Z.P. & P.Ss. and remittances for famine relief works.

The accounts of the Zilla Parishads and Panchayat Samitis are main-

29. As stated earlier, from 1975-76 the payment of this grant is limited to such amounts as would be required for completion of incomplete works earlier undertaken.

## Structure of Revenue of Z.Ps. in Maharashtra



tained month-wise on Cash basis in the prescribed form No. 21. The financial year for the Z.Ps. is the same that for the Government i.e. 1st April to 31st of March; the revenue year, however, is from 1st July to 30th June. These accounts of receipts and expenditure are to be balanced annually on the last day of every financial year<sup>30</sup>.

### 23. SYSTEM OF EXPENDITURE :

After considering the system and sources of revenue of Z.Ps. in Maharashtra let us now consider, in brief, the system and items of expenditure.

Public expenditure in our country is divided for accounting purposes into two broad categories : (i) expenditure on revenue account, and expenditure on capital account. When the expenditure is met from the proceeds of taxation and other non-tax revenue receipts, such expenditure is called as expenditure on revenue account or revenue expenditure, but when the expenditure which is met from borrowed funds, it is called as expenditure on capital account or capital expenditure.

The budgetary structure of expenditure that is laid down for the Panchayati Raj Institutions is the same as that is adopted for the State Government. Hence, the expenditure side of the Zilla Parishad Budget is divided into (i) Revenue expenditure and (ii) Capital expenditure.

The expenditure on revenue account is divided under twenty sections or heads in the Zilla Parishad Budget. These heads or items of revenue expenditure are : (1) President, Chairman, Vice-chairman, Councillors and Members (their Honoraria); (2) General Administration; (3) Education, (4) Buildings & Communications, (5) Irrigation; (6) Medical, (7) Ayurved, (8) Public Health; (9) Public Health Engineering, (10) Interest, (11) Agriculture; (12) Animal Husbandry; (13) Forest, (14) Social welfare; (15) Co-operation; (16) Industry; (17) Community Development; (18) Miscellaneous Deptts. (19) Pensions; (20) Miscellaneous.

The expenditure on Capital Account is divided mainly into two categories A & B. Category A is the Loans Section and consists of two Sections

30. The Accounts System of Z.Ps. is explained in the Appendix to this Chapter

: Section I consists 'Loans bearing interest', and Section II 'Loans not bearing interest'. Category B is 'Deposits & Advances'. There is finally an additional section named as Remittance Section.

With this understanding of the system and sources of revenue and expenditure we are in a position to consider the case of the Nasik Zilla Parishad, the trends in and the analysis of its revenue and expenditure in subsequent chapters.

\* \* \* \* \*



## APPENDIX TO CHAPTER V

System of keeping Accounts of the Zilla Parishads & Panchayat Samitis.

The accounts of the Zilla Parishads and Panchayat Samitis are maintained month-wise on cash basis in Form No. 21 as prescribed by the Government in Accounts Manual Code. There is, in each district, a local fund called The District Fund which is to be kept in the Government Treasury or in the bank to which the business of the Government Treasury has been made over, or in the District Co-operative Bank with the approval of the State Government. Almost all receipts of the Zilla Parishad are paid into and form part of the District Fund. The District Fund is to be utilised for disbursing such payments as the monthly honoraria of the presiding authorities, travelling and other allowances of councillors, members of panchayat samitis, officers holding posts under, and the servants of the Zilla Parishad, the salaries and allowances of the officer and servants of Class III and Class IV services working under the Zilla Parishad, Pensions (including contributions towards pensions) and other retiring allowances, gratuities, compassionate allowances payable to officers, servants and their families, the cost of acquisition of land and establishment of markets and the cost of performance of agency functions entrusted to it.

There is also provision in the Act for creation of special fund out of the District Fund for the purpose of reserving funds for meeting expenditure relating to any specified object.

The Chief Executive Officer has to prepare an abstract of accounts of receipts and expenditure of his Zilla Parishad every year after the end of the financial year in the form prescribed by the Government, showing the amounts drawn from the district fund, the charges on establishment, and for all other expenses, the works & development schemes undertaken and the sums expended on each work, or development schemes & the balance, if any, in hand

\* \* \* \*

CHAPTER - VI

NASIK ZILLA PARISHAD : TRENDS IN REVENUE & EXPENDITURE.

	POINTS	PAGE
Sec. I	01. Introduction	179
	02. Topography of the Nasik District	179
	03. Occupations in the Nasik District	183
	04. Features of Nasik District	184
	05. Problems of the Nasik District	185
	06. Establishment of the Nasik Zilla Parishad	187
	07. Composition of the Nasik Z.P. & Panchayat Samitis	187
Sec. II	08. The Financial Trends of the Nasik Zilla Parishad	189
	09. Trends in Revenue	190
	10. Trends in tax and non-tax revenue	191
	11. Own Tax Revenue & Assigned Tax Revenue	194
	12. Z.P's Own Revenue viz-a-viz State Govt's Aid to Z.P.	195
	13. Summarizing the trends in revenue	196
Sec. III	14. Trends in total expenditure	196
	15. Developmental & Non-developmental Expenditure	198
	16. Trends in developmental & non-developmental expenditure	201
	17. Summarising the trends in expenditure	202
	Appendix A & B & C & D	203 (i) to 203 (xxxiii)

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## CHAPTER VI

### Nasik Zilla Parishad : Trends in Revenue & Expenditure

#### Section I

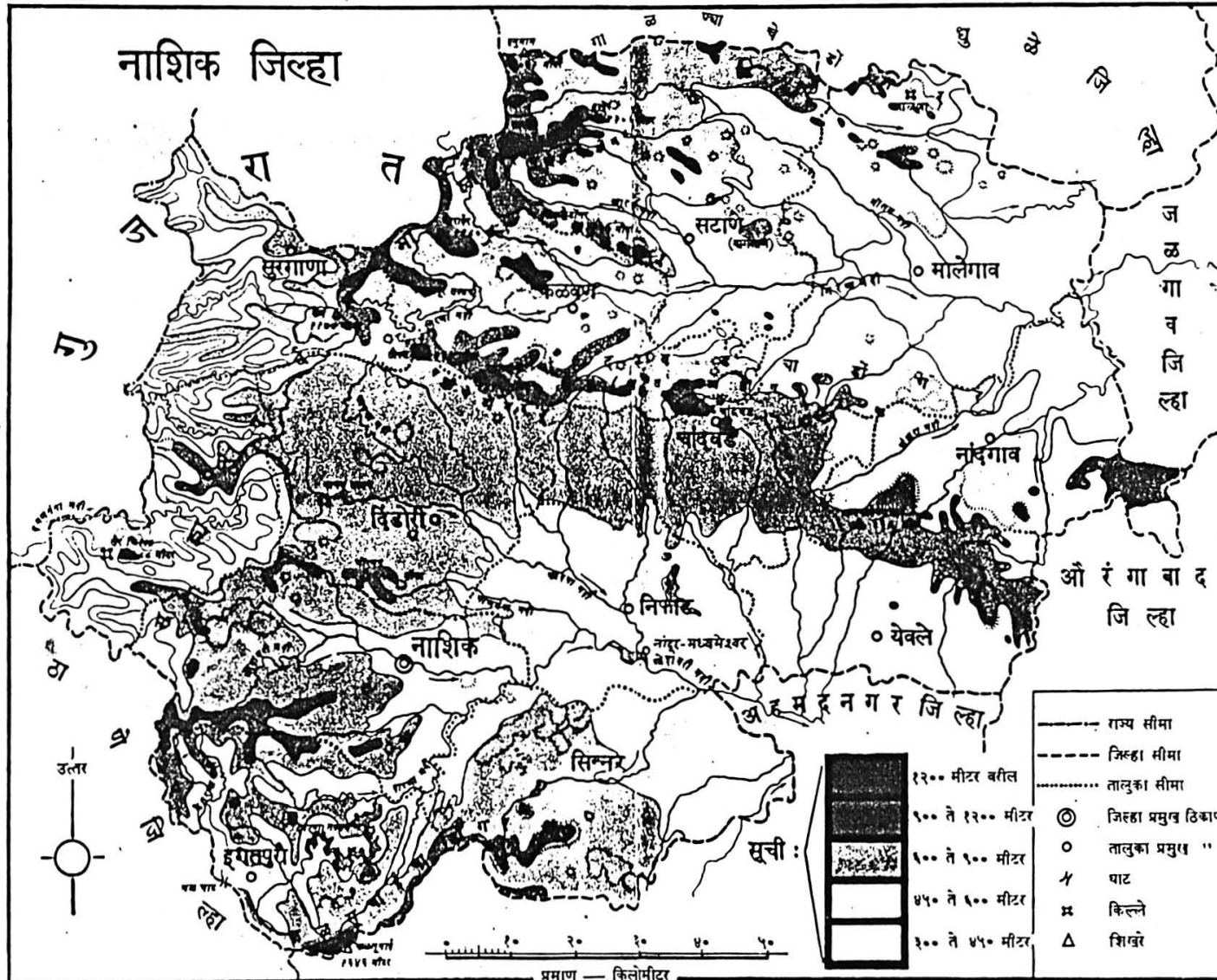
#### 1. INTRODUCTION :

After having understood in Chapter IV the pattern of panchayati raj as it is adopted in Maharashtra State it is endeavoured to study in-depth the Nasik Zilla Parishad with special reference to its finances, which is the subject-matter of this thesis. This chapter attempts to bring out the overall budgetary position of the Nasik Zilla Parishad and the trends in its revenue and expenditure. However, before we take up to this task it would be in the fitness of things to sketch out the broad features of the Nasik district.

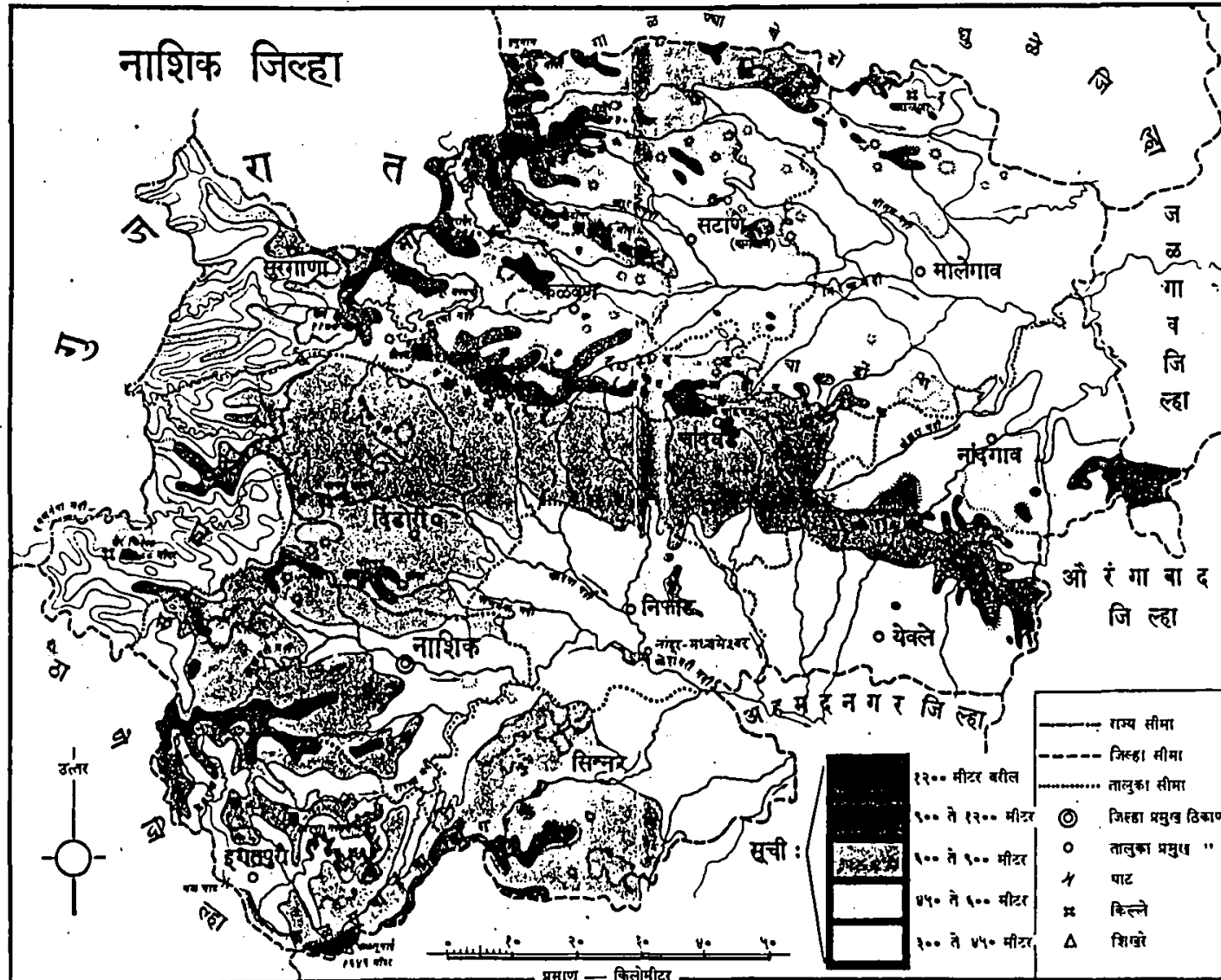
#### 2. TOPOGRAPHY OF THE NASIK DISTRICT :

(a) Location : The Nasik District is in the Western Maharashtra and is situated partly in Tapi river basin and partly in the upper Godavari river basin, with its headquarters at Nasik City, where God Ramchandra dwelled for several years and hence which is regarded as an ancient holy place of pilgrimage. The district lies between  $19^{\circ} 33'$  and  $20^{\circ} 53'$  North latitude and  $73^{\circ} 16'$  and  $75^{\circ} 6'$  East longitude. Its geographical boundaries are well defined by the adjacent districts : On the North-West it is bounded by the Dangs and the Surat Districts of the Gujarat State, on the North by the Dhulia district and on the North-East and East by the Jalgaon district (both of the Maharashtra State). To the East lies Aurangabad district, to the South Ahmednagar district and to the South-West lies the Thana district. (all of the Maharashtra State). The Nasik district is thus entirely land-locked.

(b) Area and Population : With its area of 15582 Sq. Km. and population of 23.69 lakhs (1971 ensus) the district ranks as the 5th and 3rd in the State in terms of these two indicators. Its area and population are 5.08 per cent and 4.70 per cent respectively of the area and population of the State. The density is 152 persons per Sq.Km. as against 164 persons for the State as a whole. The corresponding figures for rural areas are 111 for the district and 115 for the State. About 29% population is located in urban areas while 71% population is located in rural areas. The district has 20 towns and 1628 inhabited villages.



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(c) Relief : Its relief is marked by ranges of Sahyandri and its off-shoots. The main Sahyadrian range runs from north to south on the western portion of the district. From the main Sahyadrian range three prominent spurs stretch out to the east. In the extreme north, the Selbari range approximately form the boundary between the Nasik and Dhulia districts. The Satmala or Ajanata range runs right across the district. It differs from the rest of the mountains in the north by the number and shape of its peaks and by the absence of flat summits. It acts as a watershed between the river Girna and its tributaries draining towards the river Tapi on one hand and the river Godavari and its tributaries on the other. A low range separates the Dindori taluka from the Nasik taluka. The range that stretches eastwards from the Sahyandrian, south of Igatpuri, is on the whole the most rocky and precipitous in the district. It contains the highest summits one of which, the Kalsubai, reaches an elevation of about 5,400 feet. Some of these ranges are flat topped and regular in height and slope, others are conical and irregular.

On the basis of this relief the district can be divided into three district zones :

(1) Western hilly one which consists of Surgana and Peinth mahals and Western portion of Baglan, Kalwan, Didnori, Nasik and Igatpuri Talukas, (2) Central zone which consists of eastern parts of Igatpuri, Nasik, Dindori, Kalwan and Baglan Talukas and Western parts of Sinnar and Niphad Talukas, and (3) Eastern Zone which consists of Chandor, Yeola, Malegaon, Nandgaon talukas and eastern parts of Sinnar and Niphad Talukas.

(d) River System : The two chief rivers of the district are Godavari and Girna. The other important rivers are Vaitarna, Darna, Mosum and Kadwa. The Godavari rises at Brahmagiri in the Sahyadri ranges near Trymbakeshwar and drains Nasik and Niphad talukas for about sixty miles. At a distance of about 12 miles from its source a huge earthen dam has been built at Gangapur for storage and irrigation. During its course many small streams meet the Godavari, the important among them are Kadava, Darna and Nasardi. Many dams have been built on these tributaries for storage and diversion canals for irrigation.

The Girna rises at the west of the district north of the Satmala ranges

The Girna rises at the west of the district north of the Satmala ranges near Hatied village in Surgana mahal and flows through Kalwan and Malegaon talukas till it passes through Jalgaon district from where it turns north to meet Tapi river. The course of the Girna within the district is 90 miles. Many small streams, rising in Kalwan, Baglan and Dindori talukas feed it, the prominent among them are Aram, Mosam, Panjan, Maniad.

(e) Season and Climate : There are three distinct seasons in the district : Summer from February to middle of June, rainy season from middle of June to the end of September and winter from October to end of January. A spell of hot weather, however, prevails during October. The district has generally a salubrious climate, except for the western slopes of Sahyandries.- The summer months are moderately hot and the temperature varies from  $36^{\circ}$  C to  $43^{\circ}$  C and becomes unbearable. Although the days are hot nights are cold and pleasant. The rainy season is comparatively cooler. Winter season which begins from mid-October becomes fairly severe during December and January. During this period temperature generally remains between  $29^{\circ}$  C and  $10^{\circ}$  C and occasionally goes down to  $5^{\circ}$  C. In some parts the temperature even lowers down to the freezing point, though such occurrence is rare. The winter season gradually merges into the summer season by the middle of March. The Climate of the western parts particularly the below ghat area of Peinth and Surgana mahals is different from the rest of the district. Heavy rainfall is generally experienced in this part in July, August and September. The dampness and moisture make the climate unhealthy. The winter is also severe in this part, but generally of short duration and hot season almost begins from the middle of February. The summer months are very sultry and on account of high humidity become unbearable though the rising temperature is almost insignificant and days and night are equally unbearable.

(f) Rainfall and Soil : The relief of the district, as described above, influences the rainfall and soil conditions. The monsoon winds carrying moisture deposit much of its water in the Western zone where it meets first the rugged mountains. The Western Zone therefore get sufficient rains of about 75". The central zone which comes next to the hilly tract, in the north east course of monsoon winds, receives moderate rains. The annual average at different places ranges from 40" to 18". The eastern zone receives a scanty rain. Scarci-

ty conditions or akin to scarcity conditons are, therefore, common in eastern zone. In the district the major part of the rainfall is precipitated from June to October under the influence of South West Monsoon. The distribution of the rainfall is affected by the presence of Sahyadri Range, which runs from North to South in the Western part of the district. As a result the rainfall is on the heavier side in the extreme Western portion of the district and it gradually declines as we go from West to East.

The rainfall is the heaviest in the Western part comprising of Surgana, Peinth and Igatpuri and it ranges from (79.40)" MM to (146.17)" MM among the talukas of the district. Igatpuri is the recipient of highest rainfall with an average of (146.17)" MM per annum. From agricultural point of view, the rains in this part lose much of their economic value due to the rugged terrain on account of which profitable agriculture cannot thrive. Continuous downpour of rainfall in this region also makes certain areas of this part inaccessible and isolated from the rest of the district during rainy season. Heavy rainfall in this part favours the growth of forest. The rainfall in the central region ranges from (19.97)" and (31.06)" and is more helpful to agriculture. The rainfall in the Eastern part is very moderate and ranges from (21.4)' to (22.35)". The distribution of rainfall in this part is particularly uneven and scanty. On account of uncertainty of rains the areas with richer type of soils has to depend on irrigation.

There are four kinds of soils in the district :black (Kali), Red (Lal), red and black (koral) and lightbrown (barad). Except in the uplands, black soil is found mostly in the plain country near the beds of rivers such as Girna and Mosam. It is often deep and very rich and yields excellent rabi crops of wheat and gram. Red soil which is stiffer and shallower is found chiefly on hills, tops and plateaus and yields good rainy-season crops. Red and black (koral) land found occasionally in hilly tracts and yields gram, lentils and other cold weather crops. Light brown (barad), the lightest of all the soils, is found on hilly lands, is often strewn with bouler and mixed with lime boulers.

It ever gives more than a light crop and yields nothing at all when the rainfall is scanty. The eastern part of Malegaon taluka and other talukas of Nandgaon and Chandor also have poor soils. The Godavari and Kadva river valleys have deep black soils.



Zonewise nature of the soil is : In the Western zone which is a hilly tract, the soil is not fertile. Forests thrive in most of the places. The hilly tract renders agriculture difficult and only on flat portion and terrace crops like paddy and nagli are grown. The hot moisturous climate favours the growth of paddy which is the important staple food of this zone. In the central zone the soil is fertile in low flat plains. There is gradual change in the colour of the soil from brownish red to black. In the eastern region there is black fertile soil rich in nitrogenous compounds favourable for cotton and oil-seeds. Where irrigation water is available cash crops like sugarcane, cotton etc. are extensively grown which makes this zone agriculturally rich. Vagaries of the monsoon determines the prospects of the crop and hence this zone is subject to drought. However all the main rivers which rise in western hilly tract flow towards the east and provide water for irrigation in the eastern (as well as Central) zones. The soil around the bed of important rivers like Girna, Mosam, Kadva, Godavri and Darna in the eastern and central zones is fertile. These two zones are comparatively richer in agriculture than the Western zone.

### 3. OCCUPATIONS IN NASIK DISTRICT :

i. **Agriculture.** Agriculture is the main occupation in Nasik district. About 74 per cent of the working population of the district is engaged in agriculture and allied occupations. Agriculture, therefore, forms the pivot of economic life in the district, and development of agriculture is vital for economic uplift of the rural population.

As regards land utilisasation, 59% oer cent of the total area in the district is cultivated for crops excluding groves. The total cultivable area is 10,14,905 hectares, out of which total area under food crops like Paddy, Bajri, Wheat and Nagli is 5,89,300 lectares. The district grows various food crops like Bajari, Jowar, Wheat, Paddy and Nagli and pulses like tur gram as well as cash crops like cotton, sugarcane, oilseeds like groundnuts, onions, fruits and vegetables. There is a good scope in the district for horticulture development and the fruit crops like grapes, guaves, lemon, etc.

As regards irrigation the area under irrigation has steadily increased during the past years and more and more irrigational facilities - Major, medium

and minor --- are provided under the five year plans. The total area under irrigation in 1970-71 was 1,11,972.

#### ii. Industry & Mining and Quarrying

Nasik district is making rapid progress in industrialisation during the last decade and a half. It ranks second in the division and seventh in the State. It has varieties of industries both large scale, medium scale and small scale, of which the main are Sugar industry, Textile industry (handloom and Powerloom), Edible oil industry, Bidi manufacturing industry.

There are no mines in the district. However, quarrying of stones is carried on in the district at various places.

The Security Press of the Govt. of India (Currency Notes and Other Security Documents Printing Press) is the largest factory situated at Nasik Road, Nasik district. Govt. of India has also a separate printing press at Gandhinagar near Nasik City. Then Hindustan Aeronautics Ltd. has established MIG Factory at Ozar near Nasik. Besides, sugar industry is also another large scale industry in the district and there are three sugar factories -- two in co-operative sector and one in private sector.

Weaving industry as a small scale industry has flourished at Malegaon and Yeola and in some parts of Baglan Taluka. Weaving at Malegaon is famous throughout Maharashtra for its sarees while yeola is famous for silk and brocade products. Some wool weaving is also undertaken in some parts of Baglan and Kalwan talukas.

Bidi making is the second cottage industry which has centralised in Sinnar and Nasik talukas. The handloom products of Malegaon and the typically blended Sinnar Bidi have also found export markets of late.

The industrial estate at Nasik is the first of the three to be established during the Third Plan. Today it has grown tremendously with a conglomeration of varied industries.

#### 4. FEATURES OF NASIK DISTRICT :

The features of the Nasik district as revealed from the above descrip-

tion may be summed up as follows :

i. Nasik city, the headquarter of the district, is a well known religious place with thousands of pilgrims visting throughout the year.

ii. Industrially developing area of Satpur,

iii. There is remarkable progress of agro-industries with the establishment of dehydration plant on onions, one spinning mill and three sugar factories.

iv. India Security Press at Nasik Road and Govt. of India Press at Gandhinagar near Nasik City.

v. The Hindustan Aeronautics Ltd. (HAL) MIG Factory at Ozar near Nasik City

vi. Main production centre of onion covering about the area of about 5000 Hectares.

vii. Other main agricultural productions are grapes and sugarcane.

viii. Main supplier of vegetables to Bombay.

ix. Manmad, near Nasik city, the biggest stocking centre of the Food Corporation of India (FCI).

x. The Central Wheat Research Centre at Kundewadi, Nihad Taluka.

xi. The Thermal Power Station at Eklahare near Nasik Road.

xii. The Police Training Centre at Nasik.

##### 5. PROBLEMS OF THE NASIK DISTRICT :

With 29% population located in urban areas and 71% in rural areas some of the urban areas, especially the towns like Nasik, Manmad are well-developed, thanks to the rapid industrialisation under the five year plans.

But the rural areas and even some of the urban or Semi-urban towns are still underdeveloped. In fact, the economy of the Nasik district faces some problems which need urgent attention.

In the first place, there is a relatively a high percentage of Scheduled Castes and Scheduled Tribes in the district. The district has 27.74 of the total population as S.C. and S.T. people as against 11.66 percent of the State as a whole. As per the census of 1971 there are 0.67 lakh Scheduled Castes and 5.33 lakh scheduled tribes population located in all rural areas of Nasik district. For the scheduled tribes people the Government has started Tribal blocks and there are in all 9 such blocks in the Nasik district. These blocks are called Adiwasi blocks, and out of 5.33 lakh the scheduled tribes population, nearly 3.48 lakhs live in these tribal block areas. Socio-economic upliftment of these people is a formidable task.

Secondly, there is the problem of the drought prone areas. The Fact Finding Committee appointed by the Government of Maharashtra has found that 9 talukas out of the 13 talukas of the district are prone to drought. Of these the six talukas are almost always drought prone. The problem of these areas has to be solved on a war-footing if they are to be emancipated from their ever drought prone condition. In order to meet the requirements of these areas works like irrigation, tanks, soil conservation, Nala bunding, etc will have to be undertaken.

Thirdly, Nasik district always faces the problem of scarcity. A large number of productive works were undertaken, which await early completion.

Fourth problem of the district is the problem of rural electrification. The progress of rural electification in this district is very slow. As on 31.3.1972 only 30% villages were electified. As on 31.3.1976 the number of villages and towns electrified stood at 948, which means the percentage of electrified villages rose to about 57. The programme of electrification will have to be accelerated.

Lastly, there is also the problem of rural drinking water supply. In the district there are about 413 villages most of which are from hilly areas as well as from drought prone areas, which will have to be provided with

drinking water by special measures.

These are some of the major problems of the district, which call for immediate and urgent attention and solution.

#### 6. ESTABLISHMENT OF THE NASIK ZILLA PARISHAD :

With a view to promote development of democratic institutions and to secure greater measure of participation by the people in development plans and in local and governmental affairs through decentralisation of powers and functions the Zilla Parishad and Panchayat Samitis have been established on 1.5.1962 by the M.Z. P. & P.S. Act, 1961 (V of 1962). There are 13 panchayat samitis under the Nasik Zilla Parishad, corresponding to 13 talukas (in fact, 11 talukas and two mahals). The details of the Zilla Parishad and panchayat samitis in respect of the area covered, number of villages and population included in, etc. are given in the enclosed Table No. 6.1

The area under the jurisdiction of the Zilla Parishad and the panchayat samitis correspond to the district and taluka boundaries respectively except in case of municipal towns and Cantonment Boards which are not covered by them. Three towns, viz. Lasalgaon, Chandor and Ravalgaon which do not have municipal committees but which are treated as towns in the 1961 Census, are, however, included under the jurisdiction of the Zilla Parishad and panchayat samitis concerned. Manmad non-municipal area which is included in the Manmad Municipal town in 1961 census is, however, covered by the Zilla Parishad. The Nasik Zilla Parishad covers 97.2 per cent of the area and 74.57 per cent of the total population of the district. The population covered includes entire rural population and 6.23 per cent of Urban population of the district in 1971.

#### 7. COMPOSITION OF THE NASIK ZILLA PARISHAD & PANCHAYAT SAMITIS :

Even though the Zilla Parishads and Panchayat Samitis, or the Panchayati Raj came into existence in the State on 1.5.62 elections to the Zilla Parishads and Panchayat Samitis were held in June-July 1962 and the popular and democratic bodies came to power in August 1962.

Table 6.1

Details of Nasik Z.P. & Panchayat Samiti in respect of Area, Population, etc.  
As on 31.3.1978

Zilla Parishad & Panchayat Samiti	Head Quarter	Area in Sq. KM.	No. of inhabited Village	No. of Non Municipal Towns	Population (1971 Census)
Zilla Parishad	Nasik	15,582.0	1640	3	17,66,817
01. Baglan	Satana	01,616.2	0157	-	01,08,382
02. Chandor	Chandor	00,958.0	0104	1	01,17,332
03. Dindori	Dindori	01,323.2	0121	-	01,36,883
04. Igatpuri	Igatpuri	01,021.0	0124	-	01,14,842
05. Kalwan	Kalwan	01,194.8	0154	-	01,24,328
06. Malegaon	Malegaon	01,937.6	0139	1	02,34,347
07. Nand gaon	Nandgaon	01,091.9	0079	-	01,00,882
08. Nasik	Nasik	01,266.5	0125	-	01,43,375
09. Niphad	Niphad	01,050.3	0120	1	02,16,641
10. Peinth	Peinth	00,934.0	0143	-	00,82,380
11. Sinnar	Sinnar	01,340.1	0101	-	01,43,384
12. Surgana	Surgana	00,837.6	0156	-	00,69,719
13. Yeola	Yeola	01,060.3	0117	-	01,02,322
			1640	3	17,66,817

Source : Prepared from the information in Nasik Gazettier.

The First popular body of the Nasik Zilla Parishad and the thirteen panchayat samitis was constituted on 12.8.1962 and started functioning from that date. Nasik Zilla Parishad is composed of 54 directly elected councillors, two co-opted women, Chairman of the thirteen panchayat samitis as ex-officio members and 5 Chairmen of the federal co-operative institution as co-opted associate councillors. Since the term of office of the directly elected councillors is 5 years, elections to the Z.P. and Panchayat Samitis are held every five years. Accordingly so far four general elections were held, and correspondingly four bodies have come to power, (the last being held recently in May 1979) : i) The first body came to power on 12.8.67; third, on 12.8.72 and fourth, on 12.6.79. The details of the number of councillors of Nasik Zilla Parishad and the panchayat samitis are given in the enclosed Tables Nos. 6.2 & 6.3.

Two things should be noted here. The fourth general elections to the Zilla Parishads and the Panchayat Samitis in the State were due in 1977, but in 1977 there was a great political change in the country. The national emergency was announced and imposed in June 1975 by the then Congress Government and was lifted in early 1977 and general elections to the Parliament were held in February-March 1977, in which the Janata Party got majority and it came to power at the Centre. Elections to State Legislative Assemblies were also held by the end of 1977 and early 1978. There was a great political upheaval in the whole nation. In the circumstances, the Government of Maharashtra decided to postpone the elections to the panchayat raj institutions and issued a notification to that effect. The decision to hold elections was taken in the late 1978 when political situation stabilised and accordingly elections were held in May 1979.

Second, and more important point for the purposes of this study is that the Nasik Zilla Parishad was taken over (superceded as it is termed in the Act) by the Govt. of Maharashtra on 23.8.1975 by making use of powers

Table 6.2

Details regarding the No. of Councillors of the Nasik Zilla Parishad

Elected Members Co-opted	:	58
Co-opted Lady members	:	02
Sabhapatis of Panchayat-Samitis (Ex Officio)	:	08
Chairmen of Co-op. Institutions	:	05
<b>Total Members</b>	:	<b>73</b>

Source : Nasik Z.P. Annual Admn. Report 1982

Table 6.3

Details regarding the No. of Councillors of the Panchayat Samitis in the Nasik Z.P.

Source : Nasik Z.P. A.A.R. 82

Panchayat Samiti	Z.P. Members	P.S.	Co-opted*	Total
01. Baglan	6	12	2	21
02. Chandwad	4	08	3	15
03. Dindori	4	08	3	15
04. Igatpuri	5	08	3	16
05. Kalwan	5	08	3	16
06. Malegaon	9	16	3	28
07. Nandgaon	3	06	3	12
08. Nasik	5	10	3	18
09. Niphad	7	14	3	24
10. Peth	3	06	3	12
11. Sinnar	5	10	3	18
12. Surgana	3	04	3	10
13. Yeola	3	06	3	12

\* (i) Woman (ii) Sale-Purchase Society (iii) Chairman Co-op Society.



conferred on it by Sec. 260 (1) of the M.Z.P. ' P.S. Act, 1961<sup>1</sup> and the Govt, appointed an administrator to look after the panchayat raj in the district. The details regarding why the panchayati raj in the district was suspended has been given in the Appendix A to this Chapter.

## Section II

With this background of the features of both Nasik district and Nasik Zilla Parishad in mind we may now proceed to review, in this Section, the budgetary trends of Nasik Z.P. and examine the trends in revenue of the Nasik Zilla Parishad since its establishment. This will be followed by, in Sec. III, the study of trends in its expenditure.

### 8. THE FINANCIAL TRENDS OF THE NASIK Z.P.<sup>[\*]</sup>

It would be proper, to begin with, to analyse the budgetary trends of the Nasik Zilla Parishad, in order to have a general idea of the trends in its finances.

Table 6.4 shows that the revenue of the Nasik Zilla Parishad has

1. The Section 260 (1) provides. If, in the opinion of the State Government, a Zilla Parishad exceeds or abuses its powers, or is not competent to perform or makes persistent default in the performance of, the duties imposed on it by or under this Act or under any other law for the time being in force, or wilfully disregards any instructions given or directions issued by the State Government under sub-section (1) of section 261 or any instructions issued by the competent authorities arising out of audit of accounts under the Bombay Local Fund Audit Act, 1930 or inspection of the office and work thereof, the State Government may, after giving the Zilla Parishad an opportunity of rendering an explanation, by order published with the reasons therefor, in the Official Gazette ----- (i) dissolve such Zilla Parishad, or (ii) supercede it for the period specified in the order.....

[\*] (i) All statistical Tables in this chapter, regarding Revenue & Expenditure are compiled from the budgets and the Annual Administration Reports of the Nasik Zilla Parishad from 1962-63 to 1982-83.

(ii) All figures are abridged and expressed in Rs. in thousands for the sake of brevity and convenience. However, full actual figures are given in the full-fledged Tables in Appendices B & C & D to this Chapter.

(iii) To restrict the size of the Tables every Fifth yearly figures only are given. Figures for every year are given in the full-fledged Tables in Appendices B & C to this chapter.

189 (A)

Table 6.4

## Budgetary Trends of Nasik Zilla Parishads 1962-82

[Revenue Account]

(Rs. in thousands)

Year	Revenue	Expenditure	Balance
			Surplus (+) or Deficit (-)
1962-63	016632	015301	(+) 1331
1963-64	022300	023175	(-) 875
1964-65	029555	029633	(-) 78
1965-66	038652	036879	(+) 1773
1966-67	035694	033780	(+) 1914
1967-68	040477	038654	(+) 1823
1968-69	045972	044095	(+) 1877
1969-70	043043	043115	(-) 72
1970-71	049849	049998	(-) 149
1971-72	058582	061858	(-) 3276
1972-73	081097	081153	(-) 56
1973-74	107330	126698	(-) 19368
1974-75	073332	065565	(+) 7767
1975-76	070743	073020	(-) 2277
1976-77	084501	079122	(+) 5379
1977-78	084955	081691	(+) 3264
1978-79	100828	099915	(+) 913
1979-80	107847	106194	(+) 1653
1980-81	130112	125704	(+) 4408
1981-82	137654	138373	(-) 719
% increase in 81-82 over 62-63	727	704	

Source : Prepared from the figures in the annual budgets of Nasik Z.P. 1962-63 to 1983-84.

registered an increase of 727 per cent over the last twenty years 1962-82. But looking to the year-wise change in revenue it is noticed that the revenue has not been continuously increasing and during four years out of twenty years the revenue has shown a decline.

The expenditure has also registered an increase during this period but it was less than the increase in revenue. While the revenue increased by 727 per cent the expenditure increased by 704 per cent, during the 20 years. The increase in expenditure, like the increase in revenue is also not continuous and there have been three years when it has actually declined. That the expenditure increased by less than revenue is also obvious from the perusal of the last column of the table, which shows sizable surplus during eleven years out of the twenty years under review. As compared with the surpluses the deficits are quite marginal.

All this makes it obvious that, while, on the one hand, the revenue was marked generally by comparative inelasticity, on the other, large surpluses in revenue were left for most of the years.

#### 9. TRENDS IN REVENUE :

Thus, the revenue of the Nasik Zilla Parishad has been increasing, except for the four intermittant years, during the last twenty years. The total revenue has grown from a paucy sum of Rs. 166.32 lakhs in 1962-63 to Rs. 1376.54 lakhs in 1981-82.

Table 6.5 reveals the trends in the growth of revenue. The revenue increased at the rate of Rs. 47.69 lakhs per year during the first five years of the formulation of the Zilla Parishad. This period coincides with the four years of the Third Five Year Plan and two years of the three Annual Plans (1966-69). Then the revenue increased at the rate of Rs. 81.24 lakhs per year during the next quinquennium (1968-73) which coincides with the third year of annual planning and the first four years of the Fourth Five Year Plan (1969-74). The next quinquennium, however, shows a slump in revenue which increased only at the rate of Rs. 7.72 lakhs per year. This period coincides with the last year of the Fourth Plan and first four years of the Fifth Year Plan (1974-79). However, this slump in revenue is more than com-

190(A)

Table 6.5

Trends in Revenue of Nasik Zilla Parishad  
[1962-82]

(Rs. in thousands)

Year	Revenue	Increase in Rev.	5-yearly variation	Average of yearly variation
1962-63	016632	-	-	
1963-64	022300	05668		
1964-65	029555	07255		
1965-66	038652	09097	23845	4769
1966-67	035694	(-) 02958		
1967-68	040477	04783		
1968-69	045972	05495		
1969-70	043043	(-) 02929		
1970-71	049849	06806	40620	8124
1971-72	058582	08733		
1972-73	081097	22515		
1973-74	107330	26233		
1974-75	073332	(-) 33998		
1975-76	070743	(-) 02589	03858	777.6
1976-77	084501	13758		
1977-78	084955	00454		
1978-79	100828	15873		
1979-80	107847	07019		
1980-81	130112	22265	75655	15131
1981-82	137654	07542		
1982-83 (R.E.)	160610	22956		

N.B. : Revenue figure for 1982-83 is the Govt. provision of revenue

Source : Budgets of Nasik Zilla Parishads, 1962-63 to 1983-84.

pensated during the last quinquennium when the revenue increased tremendously by Rs. 756.55 lakhs or at the rate of Rs. 151.31 lakhs per year.

#### 10. TRENDS IN TAX AND NON-TAX REVENUE :

After considering the trends in the overall revenue it would be well if we analyse the trends in the tax and non-tax components of it. Table 6.6 reveals these trends and shows that the total tax revenue has remained at a low level throughout the period of 20 years, 1962-82 and the non-tax revenue has been predominant. The percentage of the former in the total revenue has declined from 13.23 in 1962-63 to 4.02 in 1981-82, even though in absolute terms it has grown more than double from Rs. 2202 thousand to Rs. 5542 thousand. The overall percentage increase in the tax revenue has been only 151.77 in 1981-82 over 1962-63, as against the increase of 815.53 per cent in the non-tax revenue, which has not only grown in absolute terms tremendously (by about ten times) but also in terms of its percentage share in the total revenue, which has grown from 86.77 in 1972-63 to 95.98 in 1981-82. Thus Z.P's dependence on tax revenue has declined over the years while non-tax sources have been its major source of finance.

It would be more interesting to analyse the components of both tax revenue and non-tax revenue. These two sources of revenue can further be sub-divided : Tax Revenue into (i) Revenue from direct taxes or Direct tax revenue and (ii) Revenue from Indirect taxes or Indirect tax revenue; and Non-tax Revenue into (i) Revenue from Fees, (ii) Revenue from Z.P's own revenue-earning schemes and/or Administrative Receipts and (iii) Revenue from the grants-in-aid from the State Government.

Both on theoretical plane as well as in practical field there are differences regarding the meaning and definition of direct and indirect taxes. However, generally, a direct tax is one "which is paid entirely by the person on whom it is levied or a tax which the Government intends to be paid entirely by the person on whom it is levied."<sup>2</sup> In the case of a direct tax the impact and incidence is generally on the same person, whereas indirect tax is one in which the incidence is partly or wholly passed on by the person who pays

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2. Jain P.C. :Public Finance, 1961, P.21.

Table 6.6

Growth of Tax & Non-tax Revenue of Nasik Zilla Parishad  
[1962-82]

(Rs. in thousands)

Particulars.	1962-63	1967-68	1972-73	1977-78	1981-82	% increase in 1981-82 over 1962-63
Total Revenue	16632 (100.00)	40477 (100.00)	81097 (100.00)	84955 (100.00)	137654 (100.00)	727.65
I. Total Tax Revenue	02202 (13.23)	02958 (7.30)	04168 (5.13)	04276 (5.03)	005542 (4.02)	151.77
II. Total Non-Tax Revenue	14430 (86.77)	37519 (92.70)	76929 (94.87)	80679 (94.97)	132112 (95.98)	815.53

Figures in brackets indicate percentage to the Total Revenue

Source : Budget of the Nasik Zilla Parishad, 1962-63 to 1983-84. Converted into Rs. in thousands.

the tax, to some other person or persons.<sup>3</sup>

In the present Study, on practical considerations, (i) tax on profession, trade, calling or employment, (ii) General Water tax, (iii) a pilgrim tax, (iv) special tax on land and buildings, (v) water rates in respect of water supplied to lands or buildings from any irrigation work vesting in a Zilla Parishad, (vi) a tax on lands benefitted by irrigation works or development schemes undertaken by a Zilla Parishad in pursuance of Sec. 100<sup>4</sup> or 123,<sup>5</sup> (vii) Local Cess on land revenue under Sec. 144, (viii) Water Cess on water rate under Sec. 146. (ix) Extra Stamp Duty, under Sec. 158; (x) 70% of the Land Revenue paid to Z.Ps by Govt. are treated as direct taxes,<sup>6</sup> while indirect taxes<sup>7</sup> include : (i) Tax on public entertainments and amusements, (ii) Tolls or leases of tolls on roads & bridges (iii) Tax on purchase of sugar-cane by sugar factories.

Of the three components of non-tax revenue, Fees include (i) a licence fee on brokers, commission agents, weighmen or measurers practising their calling therein; (ii) a market fee for the right to expose goods for sale in the market or the use of any building or structure therein; and (iii) fees

3. According to Prest, A.R. "those taxes which are based on the receipt of income are termed direct, whereas those levied on expenditure are termed indirect"; Public Finance in Theory & Practice, Weidenfield and Nicholson, London, 1960, P.24.

According to Taylor, P.E., "direct taxes are not shifted, while indirect taxes are." The Economics of Public Finance, Macmillan, 1957, P. 261.

4. Schemes transferred to the Z.Ps. directly and outrightly by the Government.

5. Schemes transferred to the Z.Ps. on Agency basis.

6. These taxes are statutorily provided taxes under different sections of the Z.Ps., Act e.g. Taxes i to iv under Sec. 157 (a) (b) (d) (e) (f) (fa). Of the clause (a) (profession tax) was deleted in 1974.

7. Indirect Taxes (i) & (ii) were statutorily provided under Sec. 157 (c) and (f) respectively from 1962 to 1974; but were withdrawn in 1974 by deleting clause (c) and substituting Clause (f) by new clause (f) (water rate) by Maharashtra Act No. 15 of 1974, S.10 (a) & (b). Indirect tax (iii) appeared in Form No. 21 Monthly Accounts Book, Nasik Z.P.

on the registration of animals sold in the market.<sup>8</sup> Second category of Administrative Receipts include revenue from Z.P.'s own schemes, educational fees, charge for medical services and public health facilities, interest earned as also receipts from agriculture, industry, etc & LCM & Incentive Grants. The third category of Government Grants include various grants received from the Government including Agency Schemes Grant.

Table 6.7 reveals the trends in the growth of revenue from these different categories of tax and non-tax sources of Nasik Zilla Parishad. Following observations emerge from this table.

(i) Indirect tax efforts have been nil on the part of Nasik Zilla Parishads. The indirect taxes which were kept at the disposal of the Z.P. by the Z.Ps. Act were already meagre, as compared to the direct tax sources. And even these sources were withdrawn from 1974 and at present there is not even a single indirect tax at the disposal of the Zilla Parishad. But even when they were at its disposal during 1962-63 to 1973-74, none of them was used by the Z.P. and revenue from indirect taxes has remained nil throughout.

Here we would like to make two comments : Firstly, the Nasik Zilla Parishad should have tapped the indirect tax sources like tax on public entertainments and amusements during the period they were statutorily provided. Secondly, Government should not have withdrawn these tax powers from the hands of the Z.Ps, but should have rather insisted on the Z.P. to use it. Indirect taxes, though regressive in nature as their incidence falls on the poor, are an important instrument to raise revenue especially from those who cannot be reached through direct taxes. In a developing economy everybody must contribute to the development efforts. Indirect taxes are a means through which everybody is made to contribute his share, howsoever small, to the resources for development. From this viewpoint Government should have continued the indirect tax sources with the Zilla Parishad and the Z.P. should have also tapped them.

(ii) In respect of non-tax revenue, it is the Government's grants and not Z.P.'s own revenue from administrative services, that are predominant.

8. These fees and provided under Sec. 157 (g) (i) (ii) & (iii)



Table 6.7

Growth of Revenue from different categories of Tax & Non-tax Revenue, Nasik Z.P.  
1962-82

Categories of Revenue	1962-63	1967-68	1972-73	1977-78	1981-82	% increase in 1981-82 over 1962-63
Total Revenue	16632 (100)	40477 (100)	81097 (100)	84955 (100)	137654 (100)	727.65 (100)
I. Total Tax Revenue	02202 (13.23)	02958 (7.30)	04168 (5.13)	04276 (5.03)	005542 0(4.02)	151.77
A. Direct Taxes	02202 (13.23)	02958 (7.30)	04168 (5.13)	04276 (5.03)	005542 (4.02)	151.77
B. Indirect Taxes	Nil	Nil	Nil	Nil	Nil	-
II. Total Non-tax Revenue	14430 (86.77)	37519 (92.70)	76929 (94.87)	80679 (94.97)	132112 (95.98)	815.53
i) Fees	Nil	Nil	Nil	Nil	Nil	-
ii) Administrative Receipts etc. (LCM Grts. Inc. Grts.)	00520 (3.12)	01477 (3.65)	02469 (3.05)	05134 (6.04)	005009 (3.64)	863.26
iii) Government Grants	13910 (83.65)	36042 (89.05)	74460 (91.82)	75545 (88.93)	127103 (92.34)	806.54

Figures in brackets indicate percentage to the total revenue.

Source : Budgets of the Nasik Z.P., 1962-63 to 1983-84. Actual figures are converted into thousands.

The Share of Government grants in total revenue has throughout remained more than eighty per cent, while that of administrative receipts etc. has remained mostly less than four per cent. This means that Nasik Z.P. has all the while relied upon the Govt. grants and its dependence has not been reduced over the years through increasing its own non-tax revenue, on the contrary this dependence has increased.

(iii) Nasik Zilla Parishad has never tapped the fees provided to it as Statutory Source of revenue under Sec. 157 (9) (i), (ii) & (iii). The entry under "Fees" in Table 6.7 has been 'Nil' throughout the period.

Thus, the Z.P's increasing reliance on Govt. grants does not augur well for mobilization of its self-raised and own resources and its financial independence. This situation needs to be improved.

#### 11. OWN TAX REVENUE & ASSIGNED TAX REVENUE :

Just as the non-tax revenue is composed of Z.P's own non-tax revenue and Government grants, its tax revenue is composed of (i) its own tax revenue and (ii) the assigned tax revenue. Table 6.8 reveals the growth of these major components of tax and non-tax revenue of the Nasik Z.P.

In respect of the non-tax revenue the trends have already been revealed in Table 6.7. Table 6.8. reveals that even though the total tax revenue of the Nasik Z.P. has remained at a low ebb throughout, the share of Z.P's own taxes in it has been continuously increasing both in absolute and relative terms and that of assigned taxes has been declining. Firstly, even though the total tax revenue increased by 151.77 per cent in 1981-82 over 1962-63, Z.P's own tax revenue registered a tremendous increase of 3478.33 per cent in 1981-82 over 1962-63, while the assigned tax revenue has shown a fall of 4 per cent. Secondly, the share of own tax revenue in the total revenue which was only 0.72 per cent has risen to 3.12 per cent during the twenty years, and that of assigned taxes has declined from 12.51% to 0.90%.

Thus, the Nasik Zilla Parishad seems to have made progress in respect of mobilizing its own tax resources and its dependence on assigned taxes had declined.

Table 6.8

Growth of Major Components of Revenue of Nasik Zilla Parishad.  
[1962-82]

		(Rs. in thousands)					
Major Components	1962-63	1967-68	1972-73	1977-78	1981-82	% increase in 1981-82 over 1962-83	
I. Total Tax Revenue	02202	02958	04168	04276	005542	151.77	
A. Own Taxes	00120 (0.72)	00937 (2.31)	01745 (2.15)	03120 (3.67)	004294 (3.12)	3478.33	
B. Assigned Taxes	02082 (12.51)	02021 (4.99)	02423 (2.98)	01156 (1.36)	001248 (0.09)	- 4.005	194 (A)
II. Non-Tax Revenue	14439	37519	76929	80679	132112	815.53	
A. Own Non-Tax Revenue	00520 (3.12)	01477 (3.65)	02469 (3.05)	05134 (6.04)	005009 (3.64)	863.26	
B. Govt. Grants	13910 (83.65)	36042 (89.05)	74460 (91.82)	75545 (88.93)	127103 (92.34)	806.54	
Total Revenue	16632 (100.00)	40477 (100.00)	81097 (100.00)	84955 (100.00)	137654 (100.00)	727.65	

Figures in brackets indicate percentage to the total revenue.

Source : Budgets of the Nasik Zilla Parishad, 1962-63 to 1983-84. Figures are converted into Rs. in thousands.

## 12. Z.P's OWN REVENUE VIZ-A-VIZ STATE GOVT'S AID TO Z.P. :

It is instructive as well as interesting to study the relationship between the Nasik Zilla Parishad's own revenue and the State Government's aid received by the Zilla Parishad since its formation. This relationship is obvious from Table 6.9

Following conclusions emerge from a close scrutiny of this Table.

(i) Right from the establishment of the Zilla Parishad the State Government's aid forms an important and significant part in the total revenue budget of the Z.P. Though of this aid the assigned tax revenue shows a decline from 12.51% in 1962-63 to 0.90% in 1981-82, this decline has been more than compensated by a corresponding increase in the Government's grants which rose from 83.65% in 1962-63 to 92.34% in 1981-82. Thus Z.P's reliance on State aid continues throughout the period of two decades.

(ii) Even though in absolute terms Government's total aid has increased by more than eight times, in relative terms its share in the total revenue of the Nasik Z.P. has registered a decline, though marginal, from 96.16 per cent in 1962-63 to 93.24 per cent in 1981-82.

(iii) This has been due to the creditable fact that the Z.P's own total revenue has increased by about fifteen times during the last two decades, registering an increase of 1353.59 per cent in 1981-82 over 1962-63. This compares very well with the total Govt. aid to the Z.P, which increased by 702.59 per cent in 1981-82 over 1962-63.

(iv) This creditable increase in the Z.P's own revenue has been mainly due to the increase in its own tax revenue which increased more than thirty times registering an increase of 3478.33 percent in 1981-82 over 1962-63. Z.P's own revenue would have increased further but for the near-constancy of the Z.P's own non-tax revenue, which has shared less than 4% of the total revenue over the years.

(v) Thus, in spite of the efforts of the Z.P. to increase its tax revenue its heavy reliance on State Government's grants-in-aid has not reduced, but

Table 6.9

## Nasik Zilla Parishad's Own Revenue vis-a-vis State Govt's Aid to the Zilla Parishad, 1962-82.

Figures in brackets indicate percentage to the total revenue

(Rs. in lakhs)

Particulars of Revenue	1962-63	1967-68	1972-73	1977-78	1981-82	% increase in 1981-82 over 1962-63
I. Z.P.'s Own Revenue						
A. Own Tax Revenue	00120 (0.72)	00937 (2.31)	01745 (2.15)	03120 (3.67)	004294 (3.12)	3478.33
B. Own Non-Tax Rev.	00520 (3.12)	01477 (3.65)	02469 (3.05)	05134 (6.04)	005009 (3.64)	863.26
II Total (A+B)	00640 (3.84)	02414 (5.96)	04214 (5.20)	08254 (9.71)	009303 (6.76)	1353.59
II. State Govt's Aid						
A. Assigned Taxes	02082 (12.51)	02021 (4.99)	02423 (2.98)	01156 (1.36)	001248 (0.90)	(-) 4.055
B. Govt. Grants	13910 (83.65)	36042 (89.05)	74460 (91.82)	75545 (88.93)	127103 (92.34)	806.54
II. Total (A+B)	15992 (96.16)	38063 (94.04)	76883 (94.80)	76701 (90.29)	128351 (93.24)	702.59
GRAND TOTAL	16632 (100.00)	40477 (100.00)	81097 (100.00)	84955 (100.00)	137654 (100.00)	727.65

Sources : Budgets of the Nasik Z.P., 1962-63 to 1983-84. Actual figures are converted into thousands.

on the contrary increased. This is not only due to the non-use of taxation power conferred on it by the Z.P. statute to the full extent but also because of non-tapping the fees and other sources of non-tax revenue at its disposal. This is not a vigorous trend and the Z.P. needs to make vigorous efforts to augment its tax revenue and more importantly its non-tax revenue.

### 13. SUMMARISING TRENDS IN REVENUE :

From the analysis of the trends in revenue of the Nasik Z.P. undertaken above some important findings can be highlighted and summarised. (i) Both tax and non-tax revenue of the Nasik Z.P. has been increasing throughout the period of two decades under review. (ii) However, the tax revenue comes only from the direct taxes and indirect tax efforts of the Z.P., during the period when some indirect taxes were statutorily at its disposal, were practically nil. Similarly, the non-tax revenue of the Z.P. has been merely from administrative receipts and other sources except the fees which are not at all tapped by the Z.P. (iii) Thus, with tax revenue, though considerably increased, and non-tax revenue, both at low ebb, Z.P.'s reliance on Government grants, though not on assigned taxes, has been tremendous, which does not augur well for the financial autonomy of the Z.P. which, therefore, needs to make vigorous efforts for increasing its tax revenue and more importantly its non-tax revenue.

## SECTION III

### PATTERN & TRENDS OF EXPENDITURE.

Let us now turn to consider the pattern of and trends in the expenditure of the Nasik Zilla Parishad. We have already considered in a previous Chapter (Ch. IV) the nature and system of expenditure, and stated there that the budgetary structure of expenditure laid down for the Panchayati Raj Institutions is the same as that is adopted for the State Government budgets. Hence, accordingly the expenditure side of the Z.P. budget is divided into (i) Revenue Expenditure and (ii) Capital Expenditure.

### 14. TRENDS IN TOTAL EXPENDITURE :

The expenditure of the Nasik Zilla Parishad has been almost continuously increasing except for a few intermittent years during the last twenty years.

It has grown from a small sum of Rs. 221 lakhs in 1962-63 to Rs. 2591 lakhs in 1981-82. In revenue expenditure alone the growth is over nine times.

Table 6.10 depicts this growth in the total expenditure as well as the expenditure on revenue account and capital account. It also reveals in the bottom column that the expenditure on the revenue account registered an increase of 804 per cent. It may be recalled that the previous table regarding revenue on revenue account has registered an increase of 727 per cent during this period. The expenditure on capital account registered a still higher percentage growth of 1967 per cent. during this period. The percentage increase in the overall expenditure has been 1070 during this period with an almost continuous yearly rise during this period.

Concentrating our attention now on the revenue expenditure we analyse it in details. Table 6.11 reveals some interesting data regarding the trends of the expenditure of the Nasik Zilla Parishad on revenue account during the period 1962-82.

It is obvious that the expenditure on revenue account increased during the first two quinquennia. During the second quinquennium the expenditure increased by nearly one and half times the expenditure during the first quinquennium. On the revenue front the same trend is visible (Ref to Table 6.5). However, the third quinquennium (1973-78) was a period of great slump in expenditure, which marked a five yearly variation of only 538 and the average of five yearly variation of only 107. This Slump in expenditure is corresponding to the slump in revenue as is evident from Table 6.5. This slump seems to be more than compensated during the last quinquennium (1978-83) when the expenditure increased by Rs. 778.89 lakhs, recording a rise of 233 per cent over the first quinquennium.

It can, in general, be said that the expenditure on revenue account increased broadly in geometric progression (excepting the period of 1973-78).

A comparison of the average annual increase in revenue and expenditure during the four five-year period (revealed in Table 6.12) shows that during the second and fourth quinquennia (i.e. 1968-73 & 1978-83) the average annual growth in expenditure was more than that in revenue. This may be said to

197(A)

Table 6.10

Total Expenditure of Nasik Zilla Parishad  
1962-82

(Rs. in thousands)

Year	Revenue Expenditure	Capital Expenditure	Total Expenditure
1962-63	015301	006833	22134
1963-64	023175	033209	56384
1964-65	029633	038149	67782
1965-66	036879	027380	64259
1966-67	033780	028895	62675
1967-68	038654	034252	72906
1968-69	044095	031816	75911
1969-70	043115	033380	76495
1970-71	049998	043984	193982
1971-72	061858	052318	114176
1972-73	081153	073311	154464
1973-74	126698	111430	238128
1974-75	065565	058536	124101
1975-76	073020	076779	149799
1976-77	079122	070127	149249
1977-78	081691	088224	169915
1978-79	099915	088059	187974
1979-80	106194	096568	202762
1980-81	125704	123883	249587
1981-82	138373	120757	259130
1982-83	159580	125078	284658
R.E.			
% increase in in 81-82 over 62-63	804	1667	1070

Source : Budgets & Annual Administration Reports of the Nasik Zilla Parishad for 1962-63 to 1983-84.



197(B)  
Table 6.11

Trends in Revenue Expenditure of Nasik Z.P.  
(1962-82)

(Rs. in thousands)

Year	Expenditure	Increase in Exp.	5-Yearly Variation	Average of 5-Yearly Variation
1962-63	015301	-		
1963-64	023175	07874		
1964-65	029633	06458	23353	4670
1965-66	036879	07246		
1966-67	033780	- 3099		
1967-68	038654	04874		
1968-69	044095	05541		
1969-70	043115	- 0980		
1970-71	049998	06883	42499	8499
1971-72	061858	11860		
1972-73	081153	19295		
1973-74	126698	45545		
1974-75	065565	- 61133		
1975-76	073020	07455	00538	107
1976-77	079122	06102		
1977-78	081691	02569		
1078-79	099915	18224		
1979-80	106194	06279		
1980-81	125704	19510	77889	15578
1981-82	138373	12669		
1982-83	159580	21207		
R.E.				

N.B. : Expenditure Figure for 1982-83 is Govt. provision for expenditure,

Source : Budgets of Nasik Z.P. 1962-63 to 1983-84.

197(c)

Table 6.12

Comparison of Growth of Revenue & Expenditure of the  
Nasik Zilla Parishad; 1962-82.

(Rs. in thousands.)

Period	Average Annual Increase in	
	Revenue	Expenditure
1. 1962-63 to 1967-68	04769	04670
2. 1968-69 to 1972-73	08124	08499
3. 1973-74 to 1977-78	00771.6	00107
4. 1978-79 to 1982-83	15131	15578

Sources : Prepared from the figures in Tables 6.5 & 6.11.

be an indication of greater development activity undertaken by the Nasik Z.P. since its formation.

### 15. DEVELOPMENTAL AND NON-DEVELOPMENTAL EXPENDITURE

Now let us further analyse the expenditure of Nasik Zilla Parishad from the developmental angle. Even though on the theoretical plane public expenditure is classified variously by various economists<sup>9</sup> for practical convenience and considerations it is always better to adopt the usual classification of public expenditure into developmental and non-developmental which has been adopted in our country by the Reserve Bank of India, the Central Government and the State Governments.

Generally, development expenditure refers to the expenditure on social services and economic developmental activities or projects. Social Services include education, medical, public health, labour and employment and also such miscellaneous social and developmental services as social and moral hygiene and after-care services. Economic developmental activities include agriculture animal husbandry, rural development, co-operation, irrigation and multi-purpose river schemes, percolation tanks, electricity schemes, public works, community development and national extension service, local development works, forest, industries and such departments like mines and archeology.

All other expenditure is classified as non-development expenditure, which includes administrative services - general administration, administration of taxes, duties, fees and other revenues; debt services, and other miscellaneous heads of expenditure - pensions, stationery and printing, etc.<sup>10</sup>

9. J.S. Mill classified expenditure into necessary and optional; Roscher into necessary, useful and superfluous; Dalton into grants and purchase price; Shirras into primary and secondary; Pigou into transfer and non-transfer.

10. On the theoretical grounds it is not justified to call all of the above expenditures as non-development expenditure. For, though indirectly, they do help, to some extent, in the development activities of the Government. But, on practical considerations, to distinguish the social and economic expenditure from other expenditure, the above heads of expenditure are grouped into non-development expenditure.

In the Zilla Parishad budgets the revenue expenditure is classified under twenty heads. These are : 1. Honoraria and Allowances 2. General Administration , 3. Education, 4. Buildings & Communications, 5. Irrigation, 6. Medical; 7. Ayurved; 8. Public Health, 9. Public Health Engineering; 10. Interest, 11. Agriculture; 12. Animal Husbandry; 13. Forests; 14. Social Welfare; 15. Co-operation; 16. Industries; 17. Community Development; 18. Miscellaneous Departments, 19. Pensions; 20. Miscellaneous.

On the face of them these heads of expenditures can be grouped into development expenditure and non-development expenditure as follows : (Numbers given to these heads are those given in Z.P. Budgets).

**Development Expenditure**

1. Social Services
  3. Education
  6. Medical
  7. Ayurved
  8. Public Health
  14. Social Welfare
2. Economic Services
  4. Buildings & Communications
  5. Irrigation
  9. Public Health Engineering
  11. Agriculture
  12. Animal Husbandry
  13. Forests
  15. Co-operation
  16. Industries
  17. Community Development
  18. Miscellaneous

**Non-development Expenditure**

1. Honoraria & Allowances.
2. General Administration.
10. Interest
19. Pension
20. Miscellaneous

However, two points should be noted in respect of these heads of expenditure as they appear in the Z.P. Budgets. One, they are not classified

from the angle of development expenditure and non-development expenditure. Hence we have categorised them into these two types as given above. Secondly, on going through the detail items & sub-items of expenditures under each head given in the annual budgets of the Nasik Z.P. it is noticed that while non-development head of expenditure consists purely of expenditure of non-development nature, this is not so in respect of the developmental heads of expenditure. In almost every head of expenditure classified by us above as development expenditure there is a mixture of development expenditure and non-development expenditure. For example, expenditure under "Education" includes besides the development expenditure such non-development expenditure as pay and allowances of the teaching staff and rent for school buildings. Under the head 'Medical' establishment charges of dispensaries and RMP/SMP centres are included. Under 'Public Health' the establishment charges for Primary Health Centres and Ayurvedic dispensaries are also included. The heads of 'Agriculture' and 'Animal Husbandry' covered development expenditure on many schemes as well as corresponding establishment charges. The head 'Industries' covers the establishment charges of training centres and stipends to the trainees.

It is true that some expenditure on establishment under the development head of expenditure is unavoidable. For, without providing establishment it is difficult to extend socio-economic services and to ensure their continuity and efficiency. From this viewpoint, to some extent, establishment expenditure on development services or heads can be treated as development expenditure. However, to what extent such establishment expenditure is to be regarded as development expenditure is a moot question; and proper discretion should be used to decide this point. In this respect we feel that if such establishment charges form a negligible or minor percentage of the expenditure under that particular head then it should be regarded as development expenditure. But if it forms a major part then it should be discounted from the total expenditure under that head and the development activity of Zilla Parishad should be judged accordingly. Our Study has shown that in Nasik Z.P. finances the non-development content\* in the development expenditure has been small and negligible hence we have not separated such contents and accepted such expenditure on its face.

\* Refer to Appendix D to this Chapter.

## 16. TRENDS IN DEVELOPMENT & NON-DEVELOPMENT EXPENDITURE.

Table 6.13 presents the expenditure on revenue account with its development and non-development contents.

It would be seen, as already noted, that total revenue expenditure of the Nasik Zilla Parishad has recorded an increase of more than nine-times in 1981-82 as compared to that in 1962-63. Analysing and comparing the development and non-development expenditures we find that even though the development expenditure has remained, in terms of percentage to the total expenditure, at a high level of above 85 percent and the non-development expenditure at a low-level of less than 15 per cent, the latter increased at a much faster rate than the former during the period under review. This is obvious from the data in the last column of the Table, which reveals that while the non-development expenditure recorded an increase of 1422% in 1981-82 over 1962-63, the corresponding increase in the development expenditure is only 746%. This is indeed a matter of great concern since the increase in the non-development expenditure is nearly twice that in the development expenditure. The lower increase in the development expenditure and the higher increase in the non-development expenditure are reflected in the declining share of the former and increasing share of the latter in the total expenditure. The share of the former in the total expenditure receded from 91.28% in 1962-63 to 85.32% in 1981-82, while that of the latter increased from 8.72% in 1962-63 to 14.68% in 1981-82. This indicates that though the development expenditure continues to be at a high level, the emphasis given by the Nasik Zilla Parishad on the development activity in the rural areas of the district is receding and if timely action is not taken to reduce the non-development expenditure, it may assume serious proportions at the cost of the development expenditure and the welfare of the rural community in the district.

It is true that for the proper and realistic grasp of the picture of the state of affairs, a comparison of development and non-development expenditures alone, though they are an important indicators, is not adequate. This requires, in addition, a comparison in term of projects completed or programmes fulfilled. This, in its turn, requires a detailed analysis of cost-benefit ratio, on the basis of which programme budgeting and performance budgeting can be under-

Table 6.13

## Growth of Development &amp; Non-Development Expenditure of the Nasik Zilla Parishad. 1962-82

Type of Expenditure	1962-63	1967-68	1972-73	1977-78	1981-82	% increased in 1981-82 over 1962-63
A. Total Revenue Exp.	15301	38654	81153	81691	138373	804
I. Development Expenditure	13968 (91.28% of A)	34635 (89.63% of A)	74651 (91.98% of A)	73416 (89.87% of A)	118064 (85.32% of A)	746
a) On Social Services	10279 (73.59% of I)	23494 (67.83% of I)	31775 (42.56% of I)	50979 (69.43% of I)	090760 (76.87% of I)	782
b) On Economic Services	03689 (26.41% of A)	11141 (32.17% of A)	42876 (57.44% of A)	22437 (30.57% of A)	027304 (23.13% of A)	640
II. Non-Development Expenditure	01333 (8.72% of A)	04019 (10.37% of A)	06502 (8.02% of A)	08275 (11.13% of A)	020309 (14.68% of A)	1422

Source : Budgets of the Nasik Zilla Parishad, 1962-63 to 1983-84.

taken and true picture of development activity can be outlined. However, at present, when these advanced techniques of budgeting are lacking even at the State level budgeting, it would be too much to expect them to reach such rural levels of government as the Zilla Parishad.

Of the development expenditure, the emphasis of the Zilla Parishad seems to be more on the social services and comparatively less on economic services. The share of expenditure on social services in the development expenditure, though somewhat fluctuating, has remained mostly above 65% and that of the expenditure on economic services below 35%. The ratio of expenditure on social services to that on economic services has also remained mostly constant (except for the year 1972-73, when it was reversed to 42.56 : 57.44). It was 73.59 : 26.41 in 1962-63 and remained nearly at the same level in 1981-82 (76.87 : 23.13). This shows that the Nasik Z.P. has taken greater interest in providing social services like education, medical facilities, public health and social welfare activities. This is in the fitness of things. For, in a welfare State, it is the primary duty of the Government and particularly of the rural local government to provide adequate facilities for education, health and welfare. However, this does not mean that the Nasik Z.P. has neglected the economic development. The percentage increase in expenditure on economic development has been 640 over the period of twenty years which is not much less than the percentage increase in the expenditure on Social Services (782%) during the same period.

We have already commented on the trend in the growth of non-development expenditure. The absolute increase in it has been more than fifteen times and records a percentage increase of 1422 in 1981-82 over 1962-63, which matter needs to be given a serious thought if the Z.P. finances and development activity are to be improved in future.

#### **17. SUMMARISING TRENDS IN EXPENDITURE.**

The budgetary structure of expenditure laid down for the Panchayat Raj Institutions is the same as that is adopted for the State Government. Accordingly, the expenditure side of the Zilla Parishad budget is divided into revenue and capital expenditure :



The overall expenditure of the Nasik Zilla Parishad has been almost continuously increasing. This increase in expenditure is at a higher rate than that in revenue. The expenditure on capital account has increased at arithmetic progression, while that on revenue account has increased broadly in geometric progression (except for the period 1973-78). Even though the expenditure on the revenue account can be, following the usual classification, divided into development and non-development expenditure, the development expenditure contains some items of non-development nature. But to some extent such non-development expenditure is essential for running the development activity. Our study has shown that in the case of the Nasik Zilla Parishad such non-development content in development expenditure is small and negligible. Hence we have not separately shown it.

Our analysis of these two expenditures has revealed that though the development expenditure of the Nasik Zilla Parishad continues to be at a higher level the non-development expenditure has increased at a faster rate than the development expenditure. However, for a true picture of development activity of the Zilla Parishad a comparison of expenditure in terms of projects and programmes fulfilled based on the cost-benefit ratio is necessary. But for want of such data such comparison is not possible here.

The Nasik Z.P. seems to give more importance to the social services than to the economic services, as is obvious from a very high share of expenditure and less share of expenditure on economic services. However, economic services are not neglected.

Comparing the development and non-development expenditure it is observed that both absolute and relative growth of the latter is really perturbing. It is, therefore, necessary for the Nasik Zilla Parishad to economize on the non-development expenditure in order to accelerate the economic development of the rural areas of the district.

\* \* \* \* \*  
\* \* \* \* \*

203 (i)

Appendix A to Ch. VI

Rural Development Department,  
Sachivalaya, Bombay 400 032, dated 23rd Aug.'75

ORDER

M.Z.P. & P.S. Act, 1961

No. ZPA 1075/636/XII

Whereas it had been reported to the Government Maharashtra that the Nasik Zilla Parishad had made persistent defaults in the performance of the duties imposed on it by or under the M.Z.Ps & P.Ss Act, 1961 (Mah V of 1962) (hereinafter referred to as "the Act") and had abused its powers;

And whereas having made an enquiry into these reports, Govt. considered that the allegations were serious enough to warrant action against the said Zilla Parishad;

And whereas under Notice No. ZPA/1075/636/N dated the 4th July 1975 the said Zilla Parishad was given an opportunity of rendering an explanation in respect of the said allegations;

And whereas after giving careful consideration to the explanation furnished by the said Zilla Parishad on the 2nd August 1975 in respect of the said allegations, the Govt. of Maharashtra is of the opinion that the said Zilla Parishad has made persistent default in the performance of the duties imposed on it by or under the said Act as specified in Annexure 'A' hereto and has abused its powers as specified in Annexure 'B' hereto;

Now therefore in exercise of the powers conferred on it by Sub-section (1) of Section 260 of the said Act, the Govt. of Maharashtra hereby

(a) Supersedes the said Zilla Parishad with effect from the date of publication of this Order in the Official Gazette upto and inclusive of the 31st day of March 1977 and

(b) appoints under clause (b) of sub-section (2) of the said Section

203 (ii)

260 Shri K. Padmanabhaiah, Collector of Nasik, to be the person (to be called "The Administrator of the Nasik Zilla Parishad") who shall exercise all powers and perform all duties of the said Zilla Parishad, the Panchayat Samitis, the Standing Committees, subjects Committees and other Committees of the said Zilla Parishad.

Annexure "A"

The Nasik Zilla Parishad has made persistent default in the performance of the following duties imposed on it by or under the M.Z.P. & P.S. Act. :

(1) The Zilla Parishad has not co-opted the woman councillors as required by Section 9(1) (b) during a reasonable period after its constitution on the 12th August 1972.

(2) The Z.P. has not elected the Subjects Committees and the Standing Committee as required by Sec. 79 and 80 of the Act for a period of 10 months.

(3) The Z.P. has not transacted any regular business during the period from April 1974 except in two meetings one of which was held on the 29th Nov. 1974, which itself was an adjourned meeting from 24th July 1974 and another on 26th March 1975.

(4) During the year 1972-73 and 1973-74 the Z.P. has spent only 2% of its own income on agricultural development and has thus neglected agricultural development of the district. It has also neglected other development activities and failed to ensure utilisation of the budgeted provisions during the year 1972-73 to 1973-74 as shown in Schedule I.

(5) The Z.P. has approved the orders issued by its President under Sec. 54 (2) when there was no urgency or emergency as shown in Schedule II.

(6) The Z.P. has not restrained its Officer-bearers in the misuse of the cars allotted to them and in incurring huge wasteful expenditure on

petrol, oil and repairs to the cars, as shown in Schedule III.

(7) The Z.P. has failed to lay down any guidelines for distribution of iron, steel and cement and thereby given a free hand to the President and Vice-president to issue permits, many of which have been mis-utilised or remained unutilised.

#### Annexure "B"

The Nasik Zilla Parishad abused its powers by entrusting the work of survey of percolation tanks to private engineers even though there was a large number of surveyed and incomplete works and incurred wasteful expenditure of approximately Rs. 4.76 lakhs on payment of survey charges; (vide details given below)

1. The Zilla Parishad appointed 27 private engineers for survey of sites for percolation tanks. The total charges payable to these private engineers came to Rs. 9,81,150 against which a sum of approximately Rs. 4.76 lakhs has been paid so far.

2. By his letter No. 1341, dated 2nd December 1971, the Superintending Engineer, Minor Irrigation, Poona, informed the CEO, Zilla Parishad Nasik that since the Government had sanctioned special sub-division for minor Irrigation the work of carrying out survey of sites should be done through the staff of the sub-division and not through the Private engineers. The CEO moved the superintending engineer by his letter No. 1475 dated the 27th December 1972, to reconsider the matter and allow the Zilla Parishad to engage private engineers, but the S.E. turned down the request vide his letter No. 2275 dated 7th February 1973. In spite of this, survey through the private engineers was continued.

3. In the meeting of the Zilla Parishad held on 30th Nov. 1972 (adjourned) and 1st Dec. 1972, the Secretary pointed out that the Government had issued directions not to entrust the work of survey to private engineers but the Zilla Parishad by its Resolution No. 32 (A) passed in the meeting of 1st Dec. 1972, approved a list of 104 villages with priority for percolation.

tanks with the suggestion that the list be sent to the local Minor Irrigation Division and if that Division would not be in a position to carry out adequate work it might be entrusted to private engineers.

4. There were as many as 728 works of percolation tanks approved by the Zilla Parishad, from time to time for survey as follows :-

From 1962 to 1971-72 . . . . .	314 works.
In 1972-73 & 1973-74 . . . . .	414 works
Total :	728 works

Against the 728 works sanctioned, 451 works are in progress and the rest are still to be started. In 1971-72, 273 works were in progress against 314 sanctioned. When so many works were in progress the Zilla Parishad should not have sanctioned further large number of works in 1972-73 and 1973-74. Against 728 sanctioned works, plans and estimates have been received from private engineers in respect of 433 proposals of which 200 only are in progress. 233 works of which plans and estimates have been received from private engineers are still to be started. Thus the entrustment of work of survey of percolation tanks to private engineers in 1972-73 and 1973-74 was not at all necessary.

5. While approving such an extensive programme of percolation tanks the Zilla Parishad did not think of the source from which the expenditure on all these works could be met. It seems the Z.P. expected to get the funds from 64-Famine Relief from the Collector to meet the expenses of appointment of private engineers. But as it could not get these funds from the Collector, the Z.P. incurred expenditure of Rs. 4.76 lakhs on payment to the private engineers from Minor Irrigation fund, thereby cutting into the availability of the funds for actual work of execution.

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203 (v)

Schedule I

Position to utilisation of Budget grants by the Zilla Parishad, Nasik

Year	Name of the Scheme	Budget provision	Expenditure
1	2	3	4
1973-74	1. Other District Roads.	0,55,000	42,576
	2. Construction of Bridges	1,50,000	78,896
	3. Roads taken up from S.T. Grants	4,55,000	2,58,859
1973-74	1. Special concessions to girls in primary schools	0,15,000	4,952
	2. Other District Roads	0,60,000	20,650
	3. Roads taken up from S.T. Grants	1,50,000	56
	4. Roads taken up from Forest Grants	1,00,000	36,083
	5. Construction of Building of Health Deptt.	0,56,000	36,000
	6. District Roads (T & C, 8)	8,07,000	5,89,829
	7. Grants of land to landless persons for Construction of Houses.	3,84,075	14,925
	8. Repairs to small Bandharas.	3,00,000	2,01,689

## Schedule II.

under

Statement of misuse by the President of the powers/Section 54 (2) of the M.Z.P. & P.S. Act and the approval accorded to the action of the President by the Z.P. or the Standing Committee.

Resolution of the Z.P. or Standing Committee approving the President's action under Sec. 54 (2)	Date of the President's order	Subject matter
1	2	3
1) Z.P. Resolution No. 1 dt. 23rd March 1974.	13th July 1973	Extension of the Services of Shri B.R. Pawar, Head Master, Primary School beyond the age of 58 years.
2) Z.P. Resolution No. 108, dt. 23rd March 1974.	3rd Dec. 1973	Appointment of Cook in Public School.
3) Standing Committee's Resolution No. 10 dt. 12th July 1973	a) 5th Oct. 1972	Sanction of loan of Rs. 1,49,000 from Dist. Village Development Fund to 25 Village Panchayats in Igatpuri Block for purchase of oil engines and pipe
	b) 20th Jan. 1973	Sanction of loan of Rs. 27,000 to five village panchayats for Nasik Block from Village Development Fund for the same purpose as above.
	c) 20th Jan. 1973	Sanction of loan of Rs. 20,000 to 6 V.Ps in Peint Block from Dist. V. Development Fund for the same purpose as above.
	d) 12th Feb. 1973	Sanction of loan of Rs. 7,500 to V.P. at Vadalanatik in Niphad Block from Village Development Fund for payment of popular contribution for piped water supply scheme.
	e) 16th Feb. 1973	Loan of Rs. 41,006 from Dist V. Development Fund to V.P. Deola, Kalwan Block for payment of popular contribution towards piped water supply scheme.
	f) 19th Feb. 1973	Loan of Rs. 5,000 from Dist. V.D. Fund to V.P. Kundewadi, Block Kalwan for the purpose as above.
	g) 19th Feb. 1973	Loan of Rs. 11,55, to V.P. Vakharwadi, Block Kalwan from Dist. V. Development Fund for the same purpose as above.
	h) 17th Feb. 1973	Loan of Rs. 3,216 to V.P. Rameshwar, Block Kalwan, from Dist. V. Development Fund for the same purpose as above.
4) Standing Committee's Resolution No. 100 dt. 23rd Aug. 1973	11th Dec. 1972	Sanction to the estimate of Rs. 62,965 of the Railway crossing near Bhāgur village on Sinnar-Bhāgur-Deolali Road Miles No. 9,10,11
5) Standing Committee's Resolution No. 46 dt. 8th Aug. 1974.	5th July 1974	Payment of Sales Tax amounting to Rs. 87,515.58 on cement purchased by the Z.P. during 1963 to 1967.

203 (vii)

Schedule III

Excess expenditure incurred by the presiding authorities of Nasik Z.P. on petrol, oil and repairs to the cars allotted to or used by them

1) Ambassador Car No. MHW-3519 allotted to the President from from 20th Feb. 1973.

Month	Exp. incurred	Final limit	Excess
03/73	0,835.19	450	385.19
04/73	0,483.73	450	33.73
07/73	1,018.73	450	568.73
08/73	0,486.61	450	36.65
09/73	,0,902.32	450	452.32
10/73	0,697.95	450	247.95
11/73	0,615.47	450	165.47
01/74	0,918.99	450	276.06
02/74	0,611.30	450	468.99
04/74	1,216.18	450	766.18
03/74	1,454.87	450	1,004.87
06/74	1,464.28	450	1,014.28
03/74	1,574.12	450	1,124.12
07/74	1,023.67	450	573.67
09/74	1,897.92	450	1,447.92
10/74	1,733.85	450	1,283.85
11/74	0,568.60	450	108.60
01/75	2,624.75	600	2,024.75



## 203 (viii)

2) Ambassador Car No. MHG-7747 being used by the Vice-president from 19th July 1974.

Month	Exp. incurred	Limit	Excess
08/74	1,264.36	450	814.36
09/74	1,179.03	450	729.03
10/74	1,955.70	450	1,505.70
11/74	2,058.30	450	1,608.30
12/74	1,793.15	450	1,343.15
01/75	1,848.40	600	1,248.40

3) Ambassador Car No. MHW-4589 used by Chairman Education & Finance Committee

Month	Expenses	Limit	Excess
10/72	0,708.40	450	258.40
11/72	0,775.21	450	325.21
12/72	0,486.46	450	36.46
01/73	0,624.04	450	174.04
04/73	0,931.00	450	481.00
05/73	0,864.27	450	414.27
06/73	0,572.29	450	122.29
07/73	0,524.36	450	74.30
08/73	0,776.19	450	226.19
09/73	0,854.10	450	404.10
10/73	0,775.86	450	325.86
11/83	1,045.95	450	595.95
12/73	1,004.78	450	554.78
01/74	0,627.50	450	177.50
03/74	0,825.92	450	375.92
04/74	1,275.84	450	825.84
05/74	1,054.22	450	604.22
06/74	1,132.22	450	682.22

## 203 (ix)

4) Ambassador Car No. MHC-7746 in charge of Chairman Social Welfare Committee from June 1973 to 14th July 1974.

Month	Expenses	Limit	Excess
06/73	0,582.81	450	132.81
08/73	0,742.62	450	292.62
09/73	0,718.46	450	268.46
10/73	0,626.63	450	176.63
11/73	0,998.73	450	548.73
02/74	0,725.09	450	275.09
03/74	0,987.75	450	537.75
04/74	1,156.34	450	706.34
05/74	1,236.78	450	786.78

5) Jeeps used by the Chairman Works Committee No. 7365 & 7748.

Month	Expenses	Limit	Excess	Jeep No.
11/73	0,868.25	450	0,148.25	7365
02/74	0,635.75	450	0,185.75	7748
03/74	1,357.78	450	0,907.78	7748
04/74	1,670.17	450	1,220.17	7748
09/74	1,345.00	450	0,895.00	7365

By order and in the name of the Governor of Maharashtra.

Sd/-

K.B. Shrinivasan  
Secretary to Govt.

## APPENDIX B TO CHAPTER VI (Cond.)

Particulars of Revenue	1972-73	1973-74	1974-75	1975-76	1976-77	1977-1978	1978-79	1979-80	1980-81	1981-82
Total Revenue	8,10,96,703	10,73,30,452	7,33,32,299	7,07,42,764	8,45,01,414	8,49,54,942	10,08,28,119	10,78,46,951	13,01,12,401	13,76,53,975
I Total Tax Revenue	0,41,67,653	00,30,15,932	0,46,12,449	0,16,77,244	0,54,57,312	0,42,75,526	00,34,47,615	00,49,34,221	00,63,14,398	55,42,410
i) Own Taxes	0,17,45,091	00,15,78,011	0,29,36,007	0,09,08,981	0,46,27,830	0,31,19,542	00,22,40,636	00,35,71,908	00,47,80,433	43,93,951
a) Profession Tax	0,01,14,918	00,01,73,016	0,01,60,552	0,00,49,072	0,01,80,507	0,01,85,049	00,0015,475	00,02,12,477	00,06,53,753	2,58,485
		V.P.	V.P. Share	V.P Share	V.P. Share		V.P. Share	V.P. Share	V.P. Share	
		0,01,07,495	(-) 30,232	(-) 22 649	(-) 05,972		(-) 2 993	(-) 05 839		
b) 155 increased cess	0,16,30,173	00,15,12,445	0,28,05,687	0,08,82,558	0,44,53,295	0,29,34,493	00,22,25,161	00,33,62,424	00,41,32,519	40,35,466
ii) Assigned Taxes	0,24,22,562	00,14,37,921	0,16,76,442	0,07,68,263	0,08,29,482	0,11,55,984	00,12,05,979	00,13,62,313	00,15,33,965	12,48,459
a) BMV Payment	0,00,18,435	00,00,18,435	0,00,50,946	0,00,18,435	0,00,18,435	0,00,18,435	00,00,18,435	00,00,18,435	00,00,18,435	18,435
b) 144 Normal Cess	0,02,90,353	00,01,34,000	0,04,31,644	0,00,66,920	0,04,10,820	0,03,81,978	00,02,83,180	00,03,69,025	00,04,01,716	4,03,107
c) Stamp Duty Grant	0,01,46,855	00,00,75,753	-	0,01,29,190	0,00,45,000	0,01,15,000	00,01,60,000	00,06,06,691	00,07,38,710	3,57,427
	V.P.Share		V.P.	V.P. Share	V.P.Share	V.P. Share	V.P. Share	V.P. Share	V.P. Share	V.P.Share
	(-) 21 936		(-) 79,109	(-) 87 303	(-) 56 856	(-) 58 794	(-) 1,22,001	(-) 88 719	(-) 2 46 850	- 01,72,651
d) 146-Water cess	0,02,43,969	00,03,21,673	0,04,16,135	0,06,41,021	0,04,12,083	0,06,99,365	00,08,67,375	00,04,56,881	00,06,21,954	06,42,141
e) Land Revenue Grant	0,17,44,886	00,08,88,060	0,08,56,826	-	-	-	-	-	-	-
II Total Non-Tax Revenue	7,69,29,050	10,43,14,520	6,87,19,850	6,90,65,520	7,90,44,102	8,06,79,416	09,73,80,504	10,29,12,730	12,37,98,003	13,21,11,565
i) Own Non-tax Receipts	0,24,68,588	00,16,39,339	0,06,72,311	0,08,24,721	0,44,76,736	0,51,33,802	00,35,53,355	00,45,15,651	00,52,24,984	50,09,186
a) Fees under Sec. 157 (a)	-	-	-	-	-	-	-	-	-	-
b) Local Cess Matching Grant	0,15,09,000	00,09,00,000	-	0,04,27,580	0,28,44,070	0,24,90,305	00,15,41,790	00,27,78,776	00,30,48,758	24,59,398
c) Incentive Grants	0,00,39,000	00,00,36,000	0,00,42,000	-	-	-	-	-	-	-
d) Administrative Receipts	0,09,20,588	00,07,03,339	0,06,30,311	0,03,97,141	0,16,32,666	0,26,43,497	00,20,11,565	00,17,36,875	00,21,78,226	25,49,788
ii) Government Grants	7,44,60,462	10,26,75,181	6,80,47,539	6,82,40,799	7,45,67,366	7,55,45,614	09,38,27,149	09,83,97,079	11,85,73,019	12,71,02,379
i) L.R. Equalization Grants	0,10,77,538	00,27,54,760	-	-	-	-	-	-	-	-
ii) Purposive Grant	2,70,99,775	03,09,14,013	4,63,06,126	5,30,63,200	5,33,63,489	5,47,16,692	06,97,43,273	07,68,07,818	09,63,37,493	10,30,87,302
iii) Establishment Grant	0,36,08,778	00,34,34,655	0,68,31,716	0,79,60,000	0,82,68,761	0,93,61,245	01,40,38,400	01,23,40,297	01,74,36,398	1,82,42,265
iv) Deficit Adjustment Grant	-	-	-	-	-	-	-	-	-	-
v) Plan Grant	1,12,08,610	01,36,33,126	0,37,42,860	0,28,79,300	0,91,28,512	0,90,03,811	01,17,05,900	01,10,81,474	00,79,67,665	1,00,31,833
vi) Block Grant	0,16,01,035	00,16,76,544	0,23,62,731	0,14,50,000	0,02,50,000	0,00,47,000	-	-	-	-
vii) Forest Revenue Grant	0,01,85,315	00,01,67,766	-	0,63,24,742	0,01,62,371	0,05,80,411	00,05,80,411	00,07,25,171	00,07,25,171	-
viii) Agency Grants	2,85,92,577	04,79,29,235	0,89,53,109	0,25,57,732	0,33,85,288	0,39,84,882	00,29,69,294	-	-	-
ix) Ad hoc Grants	0,10,86,774	00,21,65,082	0,01,57,272	0,00,23,973	0,00,08,955	0,00,45,604	00,00,23,324	00,00,02,644	00,01,99,946	53,025
x) Special purpose Grants	-	-	-	-	-	-	-	-	-	-
+ Govt. Dues	-	-	-	-	-	-	-	-	-	-
- Refunds	-	-	- 03,06,275	- 18,921	-	- 21,94,031	- 43,33,453	- 25,60,345	i) - 40,11,699	- 43,12,046
				for fertilizer					ii) - 81,955	

## APPENDIX B TO CHAPTER VI

Growth of Revenue & Major Components of Revenue of Nasik Zilla Parishad,  
1962-82

[Source : Nasik Z.P. Budgets]

Particulars of Revenue	1962-63	1963-64	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70	1970-71	1971-72
Total Revenue	1,66,31,841	2,23,00,389	2,95,55,302	3,86,52,453	3,56,93,521	4,04,77,001	4,59,71,844	4,30,42,890	4,98,48,956	5,85,82,464
I. Total Tax Revenue	0,22,01,538	0,25,88,063	0,32,83,855	0,35,88,255	0,34,45,414	0,29,58,246	0,31,12,298	0,43,57,616	0,49,74,003	0,42,85,710
i) Own Taxes	0,01,19,896	0,02,42,069	0,08,89,165	0,06,16,601	0,14,01,625	0,09,37,325	0,05,45,524	0,20,08,916	0,24,20,224	18,32,273
a) Profession Tax	0,01,19,896	0,02,42,069	0,02,57,828	0,02,11,474	0,02,44,689	0,01,39,195	0,01,75,814	0,01,15,256	0,00,77,406	1,67,397
							V.P.30%			V.P.Share - 124
							4'732			
b) 155 increased cess	-	-	0,06,31,337	0,04,04,127	0,11,56,936	0,07,98,130	0,07,35,609	0,18,93,660	0,23,42,818	32,67,315
							P.S. 03,61,167			To P.S. -16,02,315
ii) Assigned Taxes	0,20,81,642	0,23,45,994	0,23,94,690	0,29,71,654	0,20,43,789	0,20,20,921	0,25,66,774	0,23,48,700	0,25,53,779	24,53,437
a) BMV Payment	-	0,00,18,435	0,00,18,435	0,00,18,447	0,00,18,435	0,00,12,135	0,00,03,000	0,00,15,435	0,00,10,659	18,435
b) 144 Normal Cess	0,03,06,777	0,04,29,141	0,04,23,144	0,03,12,302	0,01,44,716	0,05,32,088	0,04,37,041	0,02,91,340	0,04,41,800	3,96,000
c) Stamp Duty Grant	-	0,00,14,627	0,00,20,000	0,00,72,000	0,00,58,620	0,01,54,260	0,00,90,000	0,00,96,000	0,01,71,193	1,29,061
							Refunds 45,000			
d) 146-Water cess	0,02,54,865	0,02,74,490	0,03,23,810	0,02,12,320	0,02,15,521	0,02,97,566	0,02,36,489	0,02,01,039	0,01,85,241	1,65,055
e) Land Revenue Grant	0,15,20,000	0,16,09,301	0,16,09,301	0,23,56,585	0,16,06,497	0,10,24,872	0,18,45,244	0,17,44,886	0,17,44,886	17,44,886
II Total Non-Tax Revenue	1,44,30,303	1,97,12,326	2,62,71,447	3,50,64,198	3,22,48,107	3,75,18,755 (92.7)	4,28,59,546 (93.0)	3,86,85,274 (89.8)	4,48,74,953 (90.02)	5,42,96,754
i) Own Non-tax Receipts	0,05,20,536	0,12,56,146	0,11,68,234	0,14,30,326	0,12,65,193	0,14,76,407	0,19,25,510	0,33,06,084	0,33,58,855	28,40,625
a) Fees under Sec. 157 (a)	-	-	-	-	-	-	-	-	-	-
b) Local Cess Matching Grant	-	0,04,41,100	0,05,00,000	0,05,48,535	0,04,22,529	0,06,96,173	0,09,25,477	0,25,67,000	0,25,37,844	19,20,000
c) Incentive Grant	-	0,00,38,030	0,00,45,624	0,00,54,000	-	0,00,47,783	0,00,44,000	0,00,52,000	0,00,42,000	45,000
d) Administrative Receipts	0,05,20,536	0,07,77,016	0,06,22,610	0,08,27,791	0,08,42,391	0,07,32,451	0,05,94,866	0,06,87,084	0,07,79,011	8,43,407
							Grt. from P.S. shr. of cess 0,03,61,167			Z.P.'s Own arts + 32,218
ii) Government Grants	1,39,09,767	1,84,56,180	2,51,03,213	3,36,33,872	3,09,82,914	3,60,42,348	4,09,34,036 (89)	3,53,79,190 (82.1)	4,15,16,098	5,14,56,129
i) L.R. Equalization Grant	0,10,26,800	0,11,51,227	0,19,60,407	0,04,65,839	0,12,15,927	0,17,97,552	0,12,37,570	0,10,77,538	0,10,77,538	10,77,538
ii) Purposive Grant	0,69,40,968	0,92,92,660	0,94,49,265	1,06,12,427	1,44,27,276	1,83,65,810	1,63,90,542	2,12,92,679	2,67,69,060	2,46,37,432
iii) Establishment Grant	0,04,31,346	0,15,30,451	0,14,16,200	0,14,31,364	0,21,23,207	0,22,67,287	0,26,70,435	0,34,68,100	0,30,89,975	31,20,984
iv) Deficit Adjustment Grant	0,21,00,000	0,03,30,000	0,04,86,077	0,07,57,776	0,16,02,571	0,23,22,203	0,00,81,260	-	-	-
v) Plan Grant	0,15,09,153	0,29,71,505	0,51,30,464	1,15,49,013	0,87,67,531	0,89,91,262	0,72,26,613	0,57,84,866	0,68,48,958	85,35,517
vi) Block Grant	0,18,17,675	0,34,72,461	0,44,57,709	0,57,20,290	0,18,32,900	0,15,15,900	0,22,46,556	0,19,26,000	0,19,13,488	19,64,830
vii) Forest Revenue Grant	-	-	-	-	-	-	-	0,01,79,920	0,01,79,920	1,74,535
viii) Agency Grants	0,00,83,825	0,07,88,876	0,22,45,433	0,30,97,163	0,10,13,702	0,11,17,838	1,16,80,151	0,14,30,946	0,16,37,159	77,92,392
ix) Ad hoc Grants	-	-	-	-	-	-	-	-	-	10,47,250
x) Special purpose Grants	-	-	-	-	-	-	-	-	-	-
+ Govt. Dues	-	-	-	-	-	-	-	+ 19,66,364	-	+ 31,62,895
- Refunds	-	- 10,81,000	- 42,342	-	-	- 3,35,504	- 5,59,091	- 17,47,223	-	- 57,244

## APPENDIX C TO CHAPTER VI.

## Growth of Expenditure &amp; Major Components of Expenditure of Nasik Zilla Parishad, 1962-63.

Source : Budgets of Nasik Z.P. 1962-63 to 1983-84.

Item of Expenditure	(in Rs. Actuals)									
	1962-63	1963-64	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70	1970-71	1971-72
Total Expenditure	01,53,01,344	02,31,74,863	02,96,32,573	03,68,79,015	03,37,80,380	03,86,53,935	04,40,95,061	04,31,15,302	04,99,98,032	6,18,58,423
I. Development Exp.	01,39,67,798	01,95,32,252	02,55,97,712	03,17,38,455	03,00,20,293	03,46,35,348	03,94,52,210	03,74,66,534	04,45,75,361	4,81,76,737
1. Social Services	01,02,79,164	01,30,99,788	01,49,51,000	01,65,09,830	01,80,01,326	02,34,94,498	02,75,57,439	02,41,68,240	02,94,06,572	2,88,83,754
i. Education	00,87,17,550	01,10,90,523	01,26,06,123	01,40,31,499	01,55,86,257	02,06,78,255	02,45,91,672	02,05,48,803	02,49,99,713	2,41,82,322
ii. Medical	00,00,97,777	00,00,68,244	00,01,34,972	00,01,44,334	00,01,59,573	00,01,46,737	00,02,00,684	00,01,90,858	00,04,03,084	02,12,854
iii. Ayurved	00,00,53,662	00,01,27,373	00,00,76,658	00,00,76,882	00,00,85,129	00,00,98,237	00,01,06,731	00,01,60,500	00,02,03,348	02,19,101
iv. Public Health	00,03,26,997	00,06,49,025	00,08,53,082	00,09,05,394	00,11,09,823	00,15,04,275	00,17,24,010	00,20,92,489	00,25,10,616	28,66,134
v. Social Welfare	00,10,83,178	00,11,64,623	00,12,80,165	00,13,51,721	00,10,60,544	00,10,60,994	00,13,34,342	00,11,76,590	00,12,89,811	14,03,343
2. Economic Services	00,36,88,634	00,64,32,464	01,06,46,712	01,52,28,625	01,20,18,967	01,11,40,850	01,14,94,771	01,32,97,294	01,51,68,789	1,92,92,983
i. Public Works (B&C)	00,01,04,953	00,27,69,321	00,42,24,606	00,41,03,304	00,35,48,216	00,27,24,131	00,38,35,929	00,52,29,433	00,60,42,729	67,69,134
ii. Irrigation	00,00,03,194	00,00,52,066	00,07,77,739	00,20,23,594	00,32,74,981	00,43,36,155	00,33,51,985	00,32,72,717	00,42,41,792	69,33,517
iii. Pub. H. Engng.	00,00,06,339	00,00,36,375	00,00,35,285	00,00,32,401	00,02,47,411	00,04,04,485	00,06,61,999	00,10,24,117	00,09,93,697	12,09,586
iv. Agriculture	00,02,22,121	00,05,40,618	00,11,99,615	00,31,34,932	00,12,68,118	00,13,48,117	00,08,95,878	00,11,92,743	00,13,46,078	13,29,853
v. Animals Hus.	00,01,59,467	00,01,91,385	00,02,19,661	00,04,11,039	00,03,31,715	00,03,29,837	00,04,16,235	00,05,71,979	00,05,95,481	06,76,030
vi. Forests	-	00,00,00,280	00,00,17,500	00,00,17,500	-	-	-	-	-	55,832
vii Co-operation	00,00,08,000	00,00,09,874	00,00,22,900	00,00,07,750	00,00,07,366	00,00,06,800	00,00,05,450	00,00,04,718	00,00,09,000	09,000
viii. Industries	00,00,86,336	00,00,69,864	00,00,76,057	00,00,61,996	00,00,76,253	00,00,74,892	00,00,76,685	00,00,70,677	00,00,70,253	82,768
ix. Community Development	00,20,98,224	00,27,72,681	00,40,73,349	00,54,38,609	00,32,52,328	00,18,91,433	00,22,27,719	00,19,30,910	00,18,57,261	22,27,263
x. Miscellaneous	-	-	-	-	00,00,12,699	00,00,25,000	00,00,22,891	-	00,00,12,498	-
II. Non-Dev. Exp.	00,13,33,546	00,36,42,611	00,40,34,861	00,51,40,660	00,37,60,087	00,40,18,587	00,46,42,851	00,56,48,786	00,54,22,671	1,36,81,686
i. Honoraria	00,00,59,859	00,81,77,992	00,01,64,498	00,01,71,470	00,01,60,950	00,01,62,265	00,01,88,186	00,02,02,742	00,02,49,264	02,47,368
ii. Gen. Admn.	00,04,93,607	00,18,61,603	00,20,72,459	00,24,04,608	00,29,24,104	00,30,22,295	00,33,42,118	00,41,67,813	00,38,21,677	01,02,89,722
iii. Interest	-	-	-	-	-	-	00,00,11,087	-	-	-
iv. Pensions	00,01,35,988	00,00,16,999	00,00,13,790	00,00,13,739	00,00,19,623	00,00,19,011	00,00,12,808	00,00,23,804	00,00,30,990	46,367
v. Miscellaneous	00,06,44,092	00,15,86,017	00,17,84,114	00,25,50,843	00,06,55,410	00,08,15,016	00,10,88,652	00,12,54,409	00,13,20,740	12,98,229

## APPENDIX C TO CHAPTER VI (Cond.)

(in Rs. Actuals)

Item of Expenditure	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79	1979-80	1980-81	1981-82
Total Expenditure	08,11,52,567	12,66,98,342	06,55,64,823	07,30,19,993	07,91,21,604	08,16,91,394	09,99,15,306	10,61,93,937	12,57,04,357	13,83,73,425
I. Development Exp.	07,46,50,696	11,95,96,825	05,71,90,982	06,34,26,917	06,95,76,831	07,34,16,178	08,52,40,611	09,18,83,656	10,85,69,894	11,80,64,069
I. Social Services	03,17,75,077	03,61,73,035	04,03,57,037	04,83,11,688	05,09,85,881	05,09,79,143	06,26,16,925	06,80,13,081	08,38,61,836	9,07,59,838
i. Education	02,62,80,084	03,06,93,863	03,41,55,555	04,16,02,555	04,21,99,527	04,36,98,258	05,46,28,369	05,84,36,349	07,38,38,256	07,88,58,553
ii. Medical	00,04,97,841	00,03,11,083	00,00,71,918	00,03,29,247	00,04,45,463	00,04,13,825	00,05,72,044	00,05,17,640	00,05,27,649	05,02,546
iii. Ayurved	00,02,37,727	00,02,49,979	00,02,77,547	00,02,57,958	00,02,92,091	00,02,67,352	00,04,80,110	00,04,42,276	00,05,78,284	06,02,090
iv. Public Health	00,32,23,264	00,34,06,805	00,39,29,912	00,39,73,187	00,52,23,916	00,38,89,038	00,42,83,636	00,47,54,190	00,56,30,099	64,68,149
v. Social Welfare	00,15,36,161	00,15,11,305	00,17,22,105	00,21,48,741	00,28,24,884	00,27,10,670	00,26,52,766	00,38,62,626	00,42,87,548	43,28,500
2. Economic Services	04,28,75,619	08,34,23,790	01,68,33,945	01,51,15,229	01,85,90,950	02,24,37,035	02,26,23,686	02,38,70,575	02,47,08,058	2,73,04,231
i. Public Works (B&C)	02,37,04,032	03,21,17,746	00,62,59,201	00,54,80,610	00,67,09,202	00,84,05,627	00,79,42,198	01,06,11,825	01,25,04,640	01,32,52,318
ii. Irrigation	01,34,40,755	04,37,69,564	00,30,02,410	00,23,53,121	00,44,00,918	00,73,60,072	00,72,92,852	00,52,45,076	00,27,67,338	31,21,597
iii. Pub. H. Engng.	00,15,17,259	00,29,74,239	00,17,84,338	00,18,49,810	00,24,03,862	00,21,78,495	00,22,17,859	00,26,24,055	00,29,19,307	36,18,850
iv. Agriculture	00,14,45,420	00,16,94,847	00,17,93,532	00,20,34,911	00,21,29,358	00,19,64,182	00,24,19,783	00,24,16,735	00,27,25,574	33,33,246
v. Animal Hus.	00,07,83,392	00,09,06,550	00,12,15,703	00,12,88,957	00,18,17,047	00,16,67,997	00,24,58,542	00,23,43,476	00,29,30,300	33,03,170
vi. Forests	00,01,20,076	-	00,01,51,331	00,05,33,344	00,03,04,755	00,06,50,597	00,01,63,983	00,05,01,556	0,07,45,165	04,95,533
vii. Co-operation	-	-	-	-	-	-	-	-	-	-
viii. Industries	00,00,69,708	00,00,39,862	00,00,00,090	00,00,40,019	00,00,04,380	00,00,02,253	00,00,03,642	-	-	-
ix. Community Development	00,17,94,977	00,19,20,982	00,26,27,340	00,15,34,457	00,08,21,428	00,02,07,812	00,01,24,827	00,01,27,852	00,01,15,734	01,79,511
x. Miscellaneous	-	-	-	-	-	-	-	-	-	-
II. Non-Dev. Exp.	00,65,01,871	00,71,01,517	00,83,73,841	00,95,93,076	00,95,44,773	00,82,75,216	01,46,74,695	01,43,10,281	01,71,34,463	2,03,09,356
i. Honoraria	00,02,22,954	00,02,66,678	00,03,60,129	00,02,06,117	00,00,08,985	00,00,02,686	00,00,01,456	00,03,76,877	00,04,58,913	07,75,213
-ii. Gen. Admn.	00,45,22,827	00,49,92,899	00,60,04,285	00,74,09,512	00,77,22,380	00,67,55,079	01,17,26,164	01,16,76,699	01,41,15,562	01,62,77,051
iii. Interest	00,00,80,927	00,00,89,983	00,00,69,885	00,01,00,000	-	-	-	-	-	-
iv. Pensions	00,01,68,487	00,01,03,607	00,00,50,885	00,00,37,971	00,01,29,809	00,00,85,630	00,01,03,791	00,01,54,177	00,03,83,137	07,42,973
v. Miscellaneous	00,15,06,676	00,16,48,350	00,18,88,657	00,18,39,476	00,16,83,599	00,14,31,821	00,28,43,284	00,21,02,528	00,21,76,851	25,14,119

**APPENDIX 'D' TO CHAPTER VI  
(Page 203 (xiv) to 203 (xxxiii))**

**Growth of Development Expenditure & Non-development  
Expenditure of Nasik Zilla Parishad, 1962-82**

**(Full & Actual Figures)**

**SOURCE : Prepared from Annual Administration Reports  
of Nasik Z.P.**

[1962-63]

Total of Exp.	Head of Exp.	Total Exp.	Dev. Exp.	Non-Dev. content	Item of N-d content	Abstract
I. Dev. Exp.	1. Social Services					I. Dev. Exp. : 1,37,26,563
	Education	00,87,17,550	00,85,94,340	00,01,23,210	Inspection	On Social Ser. : 1,01,55,954
	Medical	00,00,97,777	00,00,97,777	-	-	On Econ. Ser. : 35,70,609
	Ayurved	00,00,53,662	00,00,53,662	-	-	II Non-d Exp. : 15,74,781
	Public Health	00,03,26,997	00,03,26,997			in Col. 3 : 13,33,546
	Social Welfare	00,10,83,178	00,10,83,178			in Col. 5 : 02,41,235
	<b>Total Social Services</b>		<b>01,01,55,954</b>			
	2. Economic Services					<b>Total Exp. : 1,53,01,344</b>
	B&C (Pub. Works)	00,11,04,953	00,10,43,481	00,00,61,472	Employees in the District.	
	Irrigation	00,00,03,194	00,00,03,194			
	Pub. H. Engg.	00,00,06,339	00,00,06,339	-	-	
	Agri.	00,02,22,121	00,02,22,121			
	Ani. Hus.	00,01,59,467	00,01,59,467			
	Forests	-	-			
	Co-op.	00,00,08,000	00,00,08,000			
	Industries	00,00,86,336	00,00,58,097	00,00,28,239	Industrial Supervision	
	Com. Dev.	00,20,98,224	00,20,69,910	00,00,28,314	Employees	
	Misc.	-	-			
	<b>Total Economic Services</b>		<b>00,35,70,609</b>			
	<b>Total Dev. Exp.</b>		<b>01,37,26,563</b>			
II. Non-Exp.	Honoraria	00,00,59,859				
	Gen. Admn.	00,04,93,607				
	Interest	-				
	Pensions	00,01,35,988				
	Misc.	00,06,44,092				
	<b>Total Non-dev. Exp.</b>	<b>00,13,33,546</b>		<b>00,02,41,235</b>		
	<b>TOTAL</b>	<b>00,01,53,01,344</b>				

## Percentages

Dev. Exp. as % of Total Exp.	:	89%
Non-Dev. Exp. as % of Total Exp.	:	11%
Social Ser. Exp. as % of Dev. Exp.	:	74%
Economic Ser. Exp. as % of Dev. Exp.	:	26%



203 (xv)  
[1963-64]

Total of Exp.	Head of Exp.	Total Exp.	Dev. Exp.	Non-Dev. content	Item of N-d content	Abstract
I. Dev. Exp.	I. Social Services :					I. Dev. Exp. : 01,89,91,116
	Education	01,10,90,523	01,09,53,956	00,01,36,567	Inspection	On Social Ser. : 01,29,63,221
	Medical	00,00,68,244	00,00,68,244	-	-	On Econ. Ser. : 00,60,27,895
	Ayurved	00,01,27,373	00,01,27,373	-	-	II Non-d Exp. : 41,93,747
	Public Health	00,06,49,025	00,06,49,025	-	-	in Col. 2 : 36,42,611
	Social Welfare	00,11,64,623	00,01,64,623	-	-	in Col. 4 : 05,51,136
	<b>Total Social Services</b>	<b>01,30,99,788</b>	<b>01,29,63,221</b>	<b>00,01,36,567</b>		
	2. Economic Services					<b>Total Exp. : 2,31,84,863</b>
	B&C (Pub. Works)	-	-	-	-	
	Irrigation	00,00,52,066	00,00,52,066	-	-	
	Pub. H. Engg.	00,00,36,375	00,00,36,375	-	-	
	Agri.	00,05,40,618	00,05,40,618	-	-	
	Ani. Hus.	00,01,91,385	00,01,91,385	-	-	
	Forests	00,00,00,280	00,00,00,280	-	-	
	Co-op.	00,00,09,874	00,00,09,874	-	-	
	Industries	00,00,69,874	00,00,09,874	00,00,22,927	Industrial Administration	
	Com. Dev.	00,27,72,681	00,24,68,704	00,03,03,977	Employees.	
	Misc.	-	-	-	-	
	Public Works	00,27,69,321	00,26,81,656	00,00,87,665	Employees	
	<b>Total Economic Services</b>	<b>00,64,42,464</b>	<b>00,06,27,895</b>	<b>00,04,14,569</b>		
	<b>Total Dev. Exp.</b>		<b>01,89,91,116</b>			
II. Non-Exp.	Honoraria	00,01,77,992	-	-	-	
	Gen. Admn.	00,18,61,603	-	-	-	
	Interest	-	-	-	-	
	Pensions	00,00,16,999	-	-	-	
	Misc.	00,15,86,017	-	-	-	
	<b>Total Non-dev. Exp.</b>	<b>00,36,42,611</b>				
<b>TOTAL</b>		<b>02,31,84,863</b>		<b>00,05,51,136</b>		

Percentages

Dev. Exp. as % of Total Exp.	:	81%
Non-Dev. Exp. as % of Total Exp.	:	19%
Social Ser. Exp. as % of Dev. Exp.	:	67%
Economic Ser. Exp. as % of Dev. Exp.	:	33%

203 (xvi)  
[1964-65]

Total of Exp.	Head of Exp.	Total Exp.	Dev. Exp.	Non-Dev. content	Item of N-d content	Abstract
<b>I. Dev. Exp.</b>	<b>1. Social Services</b>					<b>I. Dev. Exp. : 02,45,86,190</b>
	Education	01,26,06,123	01,24,52,657	00,01,53,466	Inspection	On Social Ser. : 01,47,97,534
	Medical	00,01,34,972	00,01,34,972	-	-	On Econ. Ser. : 97,88,656
	Ayurved	00,00,76,658	00,00,76,658	-	-	II Non-d Exp. : 50,46,383
	Public Health	00,08,83,082	00,08,53,082	-	-	in Col. 2 : 40,34,861
	Social Welfare	00,12,80,165	00,12,80,165	-	-	in Col. 4 : 10,11,522
	<b>Total Social Services</b>		01,47,97,534	-	-	
	<b>2. Economic Services</b>					<b>Total Exp. : 02,96,32,573</b>
	B&C (Pub. Works)					<b>Percentages</b>
	Irrigation	00,07,77,739	00,07,77,739	-	-	Dev. Exp. as % of Total Exp. : 86%
	Pub. H. Engg.	00,00,35,285	00,00,35,285	-	-	Non-Dev. Exp. as % of Total Exp. : 14%
	Agri.	00,11,99,615	00,11,99,615	-	-	Social Ser. Exp. as % of Dev. Exp. : 60%
	Ani. Hus.	00,02,91,661	00,02,19,661	-	-	Economic Ser. Exp. as % of Dev. Exp. : 40%
	Forests	00,00,17,500	00,00,17,500	-	-	
	Co-op.	00,00,22,900	00,00,22,900	-	-	
	Industries	00,00,76,057	00,00,44,891	00,00,31,166	Industrial Supervision	
	Com. Dev.	00,40,73,349	00,33,35,204	00,07,38,145	Employees	
	Misc.	-	-	-	-	
	Public Works	00,42,24,606	00,41,35,961	00,00,88,745		
	<b>Total Economic Services</b>		00,97,88,656			
	<b>Total Dev. Exp.</b>		02,45,86,190			
<b>II. Non-Exp.</b>	Honoraria	00,01,64,498				
	Gen. Admn.	00,20,72,459				
	Interest					
	Pensions	00,00,13,790				
	Misc.	00,17,84,114				
	<b>Total Non-dev. Exp.</b>	00,40,34,861				
<b>TOTAL</b>		02,92,32,573		00,10,11,522		

Total of Exp.	[1965-66] Head of Exp.	Total Exp.	Dev. Exp.	Non-Dev. content	Item of N-d content	Abstract
<b>I. Dev. Exp.</b>	<b>1. Social Services</b>					<b>I. Dev. Exp. : 03,90,11,037</b>
	Education	01,40,31,499	01,32,33,997	00,07,97,502	Inspection	On Social Ser. : 01,57,12,328
	Medical	00,01,44,334	00,01,44,334	-	-	On Econ. Ser. : 01,51,98,709
	Ayurved	00,00,76,882	00,00,76,882	-	-	II Non-d Exp. : 59,68,078
	Public Health	00,09,05,394	00,09,05,394	-	-	in Col. 2 : 51,40,660
	Social Welfare	00,13,51,721	00,13,51,721	-	-	in Col. 5 : 08,27,418
	<b>Total Social Services</b>		<b>01,57,12,328</b>			<b>TotalExp. : 03,68,79,115</b>
	<b>2. Economic Services</b>					
	B&C (Pub. Works)	00,41,03,304	00,41,03,304			
	Irrigation	00,20,23,594	00,20,23,594			
	Pub. H. Engg.	00,00,32,401	00,00,32,401			
	Agri.	00,31,34,932	00,31,34,932			
	Ani. Hus.	00,04,11,039	00,04,11,039			
	Forests	00,00,15,000	00,00,15,000			
	Co-op.	00,00,07,750	00,00,07,750			
	Industries	00,00,61,996	00,00,32,080	00,00,29,916	Supervision	
	Com. Dev.	00,54,38,609	00,54,38,609	-		
	Misc.	-	-	-		
	<b>Total Economic Services</b>		<b>01,51,98,709</b>			
	<b>Total Dev. Exp.</b>	<b>03,12,38,455</b>	<b>03,09,11,037</b>	<b>00,08,27,418</b>		
<b>II. Non-Exp.</b>	Honoraria	00,01,71,470				
	Gen. Admn.	00,24,04,608				
	Interest					
	Pensions	00,00,13,739				
	Misc.	00,25,50,843				
	<b>Total Non-dev. Exp.</b>	<b>00,51,40,660</b>				
	<b>TOTAL</b>	<b>03,68,79,115</b>				

Total of Exp.	Head of Exp.	Total Exp.	Dev. Exp.	Non-Dev. content	Item of N-d content	Abstract
<b>I. Dev. Exp.</b>	<b>1. Social Services</b>					<b>I. Dev. Exp. : 02,97,88,521</b>
	Education	01,55,86,257	01,53,94,359	00,01,91,898	Inspection	On Social Ser. : 01,78,09,428
	Medical	00,01,59,573	00,01,59,573	-	-	On Econ. Ser. : 01,19,79,093
	Ayurved	00,00,85,129	00,00,85,129	-	-	II Non-d Exp. : 39,91,859
	Public Health	00,11,09,823	00,11,09,823	-	-	in Col. 2 : 37,60,087
	Social Welfare	00,10,60,544	00,10,60,544	-	-	in Col. 5 : 02,31,772
	<b>Total Social Services</b>		<b>01,78,09,428</b>			<b>Total Exp. : 03,37,80,380</b>
	<b>2. Economic Services</b>					<b>Percentages</b>
	B&C (Pub. Works)	00,35,48,216	00,35,48,216			Dev. Exp. as % of Total Exp. : 88%
	Irrigation	00,32,74,861	00,32,74,861			Non-Dev. Exp. as % of Total Exp. : 12%
	Pub. H. Engg.	00,02,47,411	00,02,47,411			Social Ser. Exp. as % of Dev. Exp. : 59%
	Agri.	00,12,68,118	00,12,68,118			Economic Ser. Exp. as % of Dev. Exp. : 49%
	Ani. Hus.	00,03,31,715	00,03,31,715			
	Forests	-	-			
	Co-op.	00,00,07,366	00,00,07,366			
	Industries	00,00,76,253	00,00,36,379	00,00,39,874	Employees	
	Com. Dev.	00,32,52,328	00,32,52,328			
	Misc.	00,00,12,699	00,00,12,699			
	<b>Total Economic Services</b>		<b>01,19,79,093</b>			
	<b>Total Dev. Exp.</b>		<b>02,97,88,521</b>			
<b>II. Non-Exp.</b>	Honoraria	00,01,60,950				
	Gen. Admn.	00,29,24,104				
	Interest	-				
	Pensions	00,00,19,623				
	Misc.	00,06,55,410				
	<b>Total Non-dev. Exp.</b>	<b>00,37,60,087</b>		<b>00,02,3,772</b>		
	<b>TOTAL</b>	<b>03,37,80,380</b>				

[1967-68]

Total of Exp.	Head of Exp.	Total Exp.	Dev. Exp.	Non-Dev. content	Item of N-d content	Abstract
I. Dev. Exp.	1. Social Services					I. Dev. Exp. : 03,43,33,514
	Education	02,06,78,255	02,04,62,785	00,02,15,470	Inspection	On Social Ser. : 02,32,79,028
	Medical	00,01,46,737	00,01,46,737			On Econ. Ser. : 01,10,54,486
	Ayurved	00,00,98,237	00,00,98,237			II Non-d Exp. : 43,20,421
	Public Health	00,15,04,275	00,10,66,994			in Col. 2 : 40,18,587
	Social Welfare	00,10,66,994	00,10,66,994			in Col. 5 : 03,01,834
	<b>Total Social Services</b>		<b>02,32,79,028</b>			<b>Total Exp. : 03,86,53,935</b>
	2. Economic Services					<b>Percentages</b>
	B&C (Pub. Works)	00,27,24,131	00,27,24,131			Dev. Exp. as % of Total Exp. : 88%
	Irrigation	00,43,36,155	00,43,10,505	00,00,25,650	Employees	Non-Dev. Exp. as % of Total Exp. : 12%
	Pub. H. Engg.	00,04,04,485	00,04,04,485	-	-	Social Ser. Exp. as % of Dev. Exp. : 67%
	Agri.	00,13,48,117	00,13,48,117			Economic Ser. Exp. as % of Dev. Exp. : 33%
	Ani. Hus.	00,03,29,837	00,03,18,855	00,00,10,982	Taluka Godown employees	
	Forests	-	-	-	-	
	Co-op.	00,00,06,800	00,00,06,800			
	Industries	00,00,74,892	00,00,25,160	00,00,49,732	Supervision	
	Com. Dev.	00,18,91,433	00,18,91,433			
	Misc.	00,00,25,000	00,00,25,000			
	<b>Total Economic Services</b>		<b>01,01,54,486</b>			
	<b>Total Dev. Exp.</b>		<b>03,43,33,514</b>			
II. Non-Exp.	Honoraria	00,01,62,265				
	Gen. Admn.	00,30,22,295				
	Interest	-				
	Pensions	00,00,19,011				
	Misc.	00,08,15,016				
	<b>Total Non-dev. Exp.</b>	<b>00,40,18,587</b>				
	<b>TOTAL</b>	<b>03,86,53,935</b>				

203 (xx)  
[1968-69]

Total of Exp.	Head of Exp.	Total Exp.	Dev. Exp.	Non-Dev. content	Item of N-d content	Abstract
<b>I. Dev. Exp.</b>	<b>1. Social Services</b>					<b>I. Dev. Exp. : 03,91,69,754</b>
	Education	02,45,91,672	02,43,72,449	00,02,19,223		On Social Ser. : 02,77,38,216
	Medical	00,02,00,684	00,02,00,684			On Econ. Ser. : 01,14,31,538
	Ayurved	00,01,06,731	00,01,06,731			II Non-d Exp. : 49,25,307
	Public Health	00,17,24,010	00,17,24,010			in Col.2 : 46,42,851
	Social Welfare	00,13,34,342	00,13,34,342			in Col. 4 : 02,82,456
	<b>Total Social Services</b>	<b>02,79,57,439</b>	<b>02,77,38,38,216</b>			<b>Total Exp. : 04,40,95,061</b>
	<b>2. Economic Services</b>					
	B&C (Pub. Works)	00,38,35,929	00,38,35,929			<b>Percentages</b>
	Irrigation	00,33,51,985	00,33,51,985			Dev. Exp. as % : 88%
	Pub. H. Engg.	00,06,61,999	00,06,61,999			of Total Exp.
	Agri.	00,08,95,878	00,08,95,878			Non-Dev. Exp. as % : 12%
	Ani. Hus.	00,04,16,235	00,04,16,235			Total Exp.
	Forests	-	-			Social Ser. Exp. as : 70%
	Co-op.	00,00,05,450	00,00,05,450			% of Dev. Exp.
	Industries	00,00,76,685	00,00,13,452	00,00,63,233	Supervision	Economic Ser. Exp. : 30%
	Com. Dev.	00,22,27,719	00,22,27,719			as % of Dev. Exp.
	Misc.	00,00,22,891	00,00,22,891			
	<b>Total Economic Services</b>	<b>01,14,94,771</b>	<b>01,14,31,538</b>			
	<b>Total Dev. Exp.</b>		<b>03,91,69,754</b>			
<b>II. Non-Exp.</b>	Honoraria	00,01,88,186				
	Gen. Admn.	00,33,42,118				
	Interest	00,00,11,087				
	Pensions.	00,00,12,808				
	Misc.	00,10,88,652				
	<b>Total Non-dev. Exp.</b>	<b>00,46,42,851</b>		<b>00,02,82,456</b>		
<b>TOTAL</b>		<b>04,40,95,061</b>				

203 (xxi)  
[1969-70]

Total of Exp.	Head of Exp.	Total Exp.	Dev. Exp.	Non-Dev. content	Item of N-d content	Abstract
I. Dev. Exp.	1. Social Services					I. Dev. Exp. : 03,70,14,486
	Education	02,05,48,803	02,02,71,646	00,02,77,157	Inspection	On Social Ser. : 02,38,92,083
	Medical	00,01,90,858	00,01,90,858			On Econ. Ser. : 01,31,22,403
	Ayurved	00,01,60,500	00,01,60,500			II Non-d Exp. : 61,00,816
	Public Health	00,20,92,489	00,20,92,489			in Col. 3 : 56,48,768
	Social Welfare	00,11,76,590	00,11,76,590			in Col 5 : 04,52,048
	Total Social Services	02,41,69,240	02,38,92,083			Total Exp. : 04,31,15,302
	2. Economic Services					Percentages
	B&C (Pub. Works)	00,52,29,433	00,51,19,708	00,01,09,725	Establishment	Dev. Exp. as % of Total Exp. : 85%
	Irrigation	00,32,72,717	00,32,72,717			Non-Dev. Exp. as % of Total Exp. : 15%
	Pub. H. Engg.	00,10,24,117	00,10,24,117			Social Ser. Exp. as % of Dev. Exp. : 64%
	Agri.	00,11,92,743	00,11,92,743			Economic Ser. Exp. as % of Dev. Exp. : 36%
	Ani. Hus.	00,05,71,979	00,05,71,979			
	Forests	-	-			
	Co-op.	00,00,04,718	00,00,04,718			
	Industries	00,00,70,677	00,00,05,511	00,00,65,166	Supervision	
	Com. Dev.	00,19,30,910	00,19,30,910			
	Misc.	-	-			
	Total Economic Services		01,31,22,403			
	Total Dev. Exp.		03,70,14,486			
II. Non-Exp.	Honoraria	00,02,02,742				
	Gen. Admn.	00,41,67,813				
	Interest	-				
	Pensions	00,00,23,804				
	Misc.	00,12,54,409				
	Total Non-dev. Exp.	00,56,48,768			00,04,52,048	
	TOTAL					

Total of Exp.	Head of Exp.	Total Exp.	Dev. Exp.	Non-Dev. content	Item of N-d content	Abstract
<b>I. Dev. Exp.</b>	<b>1. Social Services</b>					<b>I. Dev. Exp. : 4,39,90,777</b>
	Education	02,49,99,713	02,47,40,969	00,02,58,744		On Social Ser. : 2,91,47,828
	Medical	00,04,03,084	00,04,03,084			On Econ. Ser. : 1,48,42,949
	Ayurved	00,02,03,348	00,02,03,348			II Non-d Exp. : 60,07,255
	Public Health	0,25,10,616	00,25,10,616			in Col. 3 : 54,22,671
	Social Welfare	00,12,89,811	00,12,89,811			in Col. 5 : 05,84,584
	<b>Total Social Services</b>		<b>02,91,47,828</b>			<b>Total Exp. : 4,99,98,032</b>
	<b>2. Economic Services</b>					<b>Percentages</b>
	B&C (Pub. Works)	00,60,42,729	00,959,29,507	00,01,13,222	Employees (Gen. & not technical)	Dev. Exp. as % of Total Exp. : 87%
	Irrigation	00,42,41,792	00,42,13,892	00,00,27,900		Non-Dev. Exp. as % of Total Exp. : 13%
	Pub. H. Engg.	00,09,93,697	00,09,93,697			Social Ser. Exp. as % of Dev. Exp. : 66%
	Agri.	00,13,46,078	00,13,29,364	00,00,16,714	Taluk Godown employees	Economic Ser. Exp. as % of Dev. Exp. : 34%
	Ani. Hus.	00,05,95,481	00,05,95,481			
	Forests	-	-			
	Co-op.	00,00,09,000	00,00,09,000			
	Industries	00,00,70,253	00,00,04,707	00,00,65,546	Industrial Administration	
	Com. Dev.	00,18,57,261	00,1,54,803	00,01,02,458	Dist. employees	
	Misc.	00,00,12,498	00,00,12,498			
	<b>Total Economic Services</b>		<b>01,48,42,949</b>			
	<b>Total Dev. Exp.</b>		<b>04,39,90,777</b>			
<b>II. Non-Exp.</b>	Honoraria	00,02,49,264				
	Gen. Admn.	00,38,21,677				
	Interest	-				
	Pensions	00,00,30,990				
	Misc.	00,13,20,740				
	<b>Total Non-dev. Exp.</b>	<b>00,54,22,671</b>		<b>00,05,84,584</b>		
	<b>TOTAL</b>					



[1971-72]

Total of Exp.	Head of Exp.	Total Exp.	Dev. Exp.	Non-Dev. content	Item of N-d content	Abstract
I. Dev. Exp.	1. Social Services					I. Dev. Exp. : 4,66,06,352
	Education	02,41,82,322	02,39,04,039	00,02,78,283	Inspection	On Social Ser. : 2,76,85,153
	Medical	00,02,30,965	00,02,30,965	-	-	On Econ. Ser. : 1,89,21,199
	Ayurved	00,01,99,991	00,01,99,991	-	-	II Non-d Exp. : 72,71,251
	Public Health	00,28,65,157	00,19,41,804	00,09,23,353	Employees of Pr. H. Centre	in Col 3 : 57,24,006
	Social Welfare	00,14,08,354	00,14,08,354			in Col. 5 : 15,47,245
	Total Social Services		02,76,85,153			Total Exp. : 5,38,77,603
	2. Economic Services					Percentages
	B&C (Pub. Works)	00,66,76,933	00,66,50,964	00,00,25,969	Employees	Dev. Exp. as % of Total Exp. : 86%
	Irrigation	00,69,84,644	00,69,84,644			Non-Dev. Exp. as % of Total Exp. : 14%
	Pub. H. Engg.	00,12,20,420	00,12,20,420			Social Ser. Exp. as % of Dev. Exp. : 59%
	Agri.	00,13,27,843	00,13,27,843			Economic Ser. Exp. as % of Dev. Exp. : 41%
	Ani. Hus.	00,06,82,155	00,06,82,155			
	Forests	00,00,55,832	00,00,55,832			
	Co-op.	00,00,09,000	00,00,09,000			
	Industries	00,00,82,768	00,00,00,000	00,00,82,768	Industrial Admn.	
	Com. Dev.	00,22,27,213	00,19,90,341	00,02,36,872	Employees in the Dist.	
	Misc.	-	-			
	Total Economic Services		01,89,21,199			
	Total Dev. Exp.		04,66,60,352			
II. Non-Exp.	Honoraria	00,02,47,367				
	Gen. Admn.	00,41,31,953				
	Interest	-				
	Pensions	00,00,46,367				
	Misc.	00,12,98,319				
	Total Non-dev. Exp.	00,57,24,006		00,15,47,245		
	TOTAL					

[1972-73]

Total of Exp.	Head of Exp.	Total Exp.	Dev. Exp.	Non-Dev. content	Item of N-d content	Abstract
I. Dev. Exp.	1. Social Services					I. Dev. Exp. : 7,25,06,317
	Education	02,62,80,432	02,59,58,196	00,03,22,236	Inspection	On Social Ser. : 3,02,91,755
	Medical	00,04,97,842	00,04,97,842			On Econ. Ser. : 4,22,14,562
	Ayurved	00,02,37,720	00,02,37,720			II Non-d Exp. : 88,05,427
	Public Health	00,32,32,264	00,20,61,867	00,11,70,397	Employees of Pr. H.C.	in Col. 3 : 64,92,870
	Social Welfare	00,15,36,130	00,15,36,130			in Col. 5 : 23,12,557
	<b>Total Social Services</b>		<b>03,02,91,755</b>			<b>Total Exp. : 8,13,11,744</b>
	2. Economic Services					<b>Percentages</b>
	B&C (Pub. Works)	02,37,00,158	02,33,95,556	00,03,04,602	Employees	Dev. Exp. as % of Total Exp. : 89%
	Irrigation	01,35,75,153	01,34,43,393	00,01,31,760		Non-Dev. Exp. as % of Total Exp. : 11%
	Pub. H. Engg.	00,15,17,259	00,13,30,197	00,01,87,062	Irrigation employees	Social Ser. Exp. as % of Dev. Exp. : 41%
	Agri.	00,14,57,628	00,14,57,628			Economic Ser. Exp. as % of Dev. Exp. : 59%
	Ani. Hus.	00,07,83,391	00,07,83,391			
	Forests	00,01,20,076	00,01,20,076			
	Co-op.	-	-			
	Industries	00,00,69,708	00,00,00,000	00,00,69,708	Industrial Admn.	
	Com. Dev.	00,18,11,113	00,16,84,321	00,01,26,792	Dist. employees	
	Misc.	-	-			
	<b>Total Economic Services</b>		<b>04,22,14,562</b>			
	<b>Total Dev. Exp.</b>		<b>07,25,06,317</b>			
II. Non-Exp.	Honoraria	00,02,22,955				
	Gen. Admn.	00,45,13,825				
	Interest	-				
	Pensions	00,02,49,414				
	Misc.	00,15,06,676				
	<b>Total Non-dev. Exp.</b>	<b>00,64,92,870</b>		<b>00,23,12,557</b>		
	<b>TOTAL</b>	<b>00,08,13,11,744</b>				

[1973-74]

Total of Exp.	Head of Exp.	Total Exp.	Dev. Exp.	Non-Dev. content	Item of N-d content	Abstract
I. Dev. Exp.	1. Social Services					I. Dev. Exp. : 11,82,20,081
	Education	03,13,56,962	03,10,06,218	00,03,50,744	Inspectorm	On Social Ser. : 03,53,25,698
	Medical	00,03,10,082	00,03,10,082	-	-	On Econ. Ser. : 08,28,94,383
	Ayurved	00,02,49,979	00,02,49,979	-	-	II Non-d Exp. : 91,57,936
	Public Health	00,34,06,806	00,22,22,677	00,11,84,129	Employes in Pr. H.C.	in Col. 3 : 71,01,618
	Social Welfare	00,15,36,742	00,15,36,742	-	-	in Col. 5 : 20,56,318
	<b>Total Social Services</b>		<b>03,53,25,698</b>			<b>Total Exp. : 12,73,78,017</b>
	2. Economic Services					<b>Percentages</b>
	B&C (Pub. Works)	03,21,17,746	03,20,76,376	00,00,41,370	Revised Scale difference as per Kalelkar Award Employees	Dev. Exp. as % of Total Exp. : 92%
	Irrigation	04,37,61,566	04,34,45,699	00,03,15,867		Non-Dev. Exp. as % of Total Exp. : 08%
	Pub. H. Engg.	00,29,74,238	00,29,74,238			Social Ser. Exp. as % of Dev. Exp. : 29%
	Agri.	00,16,94,846	00,16,94,846			Economic Ser. Exp. as % of Dev. Exp. : 71%
	Ani. Hus.	00,09,06,589	00,09,06,589			
	Forests	-	-			
	Co-op.	-	-			
	Industries	00,00,39,862	00,00,00,000	00,00,39,862	Industrial Admn.	
	Com. Dev.	00,19,20,981	00,17,96,635	00,01,24,346	District employee	
	Misc.	-	-			
	<b>Total Economic Services</b>		<b>08,28,94,383</b>			
	<b>Total Dev. Exp.</b>		<b>11,82,20,081</b>			
II. Non-Exp.	Honoraria	00,02,66,678				
	Gen. Admn.	00,49,93,000				
	Interest	00,00,89,983				
	Pensions	00,01,03,607				
	Misc.	00,16,48,350				
	<b>Total Non-dev. Exp.</b>	<b>00,71,01,618</b>		<b>00,02,56,318</b>		
	<b>TOTAL</b>	<b>12,73,78,017</b>				

Total of Exp.	Head of Exp.	Total Exp.	Dev. Exp.	Non-Dev. content	Item of N-d content	Abstract
I. Dev. Exp.	1. Social Services					I. Dev. Exp. : 05,38,97,748
	Education	03,41,55,553	03,37,26,712	00,04,28,241	Inspection	On Social Ser. : 03,85,59,507
	Medical	00,02,71,918	00,02,71,918	-	-	On Econ. Ser. : 03,85,59,507
	Ayurved	00,02,77,546	00,02,77,546	-	-	II Non-d Exp. : 01,53,38,241
	Public Health	00,39,34,70	00,26,13,526	00,13,20,544	Employees at P.H.C.	in Col. 3 : 86,21,865
	Social Welfare	00,16,69,805	00,16,69,805	-	-	in Col. 5 : 28,97,092
	<b>Total Social Services</b>		<b>03,85,59,507</b>			<b>Total Exp. : 6,54,16,705</b>
	2. Economic Services					
	B&C (Pub. Works)	00,59,09,164	00,54,68,142	00,04,41,022	Employees	<b>Percentages</b>
	Irrigation	00,30,02,409	00,24,68,251	00,05,34,158		Dev. Exp. as % of Total Exp. : 82%
	Pub. H. Engg.	00,17,84,379	00,17,84,379	-		Non-Dev. Exp. as % of Total Exp. : 18%
	Agri.	00,17,93,532	00,17,93,532	-		Social Ser. Exp. as % of Dev. Exp. : 71%
	Ani. Hus.	00,12,15,703	00,12,15,703	-		Economic Ser. Exp. as % of Dev. Exp. : 29%
	Forests	00,01,51,331	00,01,51,331			
	Co-op.	-	-			
	Industries	00,00,00,090	00,00,00,000	00,00,00,090	Indu. Admn.	
	Com. Dev.	00,26,29,340	00,24,56,903	00,01,72,437	District employees	
	Misc.	-	-	-		
	<b>Total Economic Services</b>		<b>01,53,38,241</b>			
	<b>Total Dev. Exp.</b>		<b>05,38,97,748</b>			
II. Non-Exp.	Honoraria	00,03,60,128				
	Gen. Admn.	00,62,52,310				
	Interest	00,00,69,885				
	Pensions	00,00,50,885				
	Misc.	00,18,88,657				
	<b>Total Non-dev. Exp.</b>	<b>00,86,21,865</b>		<b>00,28,97,092</b>		
	<b>TOTAL</b>	<b>06,54,16,705</b>				

[1975-76]

Total of Exp.	Head of Exp.	Total Exp.	Dev. Exp.	Non-Dev. content	Item of N-d content	Abstract
I. Dev. Exp.	1. Social Services					I. Dev. Exp. : 6,08,81,076
	Education	04,16,02,556	04,11,86,291	00,04,16,265	Inspection	On Social Ser. : 4,64,27,769
	Medical	00,03,29,247	00,03,29,247			On Econ. Ser. : 1,44,53,307
	Ayurved	00,02,57,958	00,02,57,958			II Non-d Exp. : 1,21,38,918
	Public Health	00,39,73,187	00,25,05,532	00,14,67,655	Employees P.H.C.	in Col. 3 : 95,93,076
	Social Welfare	00,21,48,741	00,21,48,741			in Col. 5 : 25,45,842
	<b>Total Social Services</b>		<b>04,64,27,769</b>			<b>Total Exp. : 7,30,19,994</b>
	2. Economic Services					Percentages
	B&C (Pub. Works)	00,54,80,610	00,54,07,610	00,00,73,000	Kalelkar Award employees	Dev. Exp. as % of Total Exp. : 83%
	Irrigation	00,23,53,121	00,18,05,403	00,05,47,718	Employees	Non-Dev. Exp. as % of Total Exp. : 17%
	Pub. H. Engg.	00,18,49,810	00,18,49,810			Social Ser. Exp. as % of Dev. Exp. : 76%
	Agri.	00,20,34,911	00,20,34,911			Economic Ser. Exp. as % of Dev. Exp. : 24%
	Ani. Hus.	00,12,88,957	00,12,88,957			
	Forests	00,05,33,344	00,05,33,344			
	Co-op.	-	-			
	Industries	00,00,40,019	00,00,00,000	00,00,49,019	Payment of pay difference	
	Com. Dev.	00,15,34,457	00,15,33,272	00,00,01,185	Dist. employees	
	Misc.	-	-			
	<b>Total Economic Services</b>		<b>01,44,53,307</b>			
	<b>Total Dev. Exp.</b>		<b>06,08,81,076</b>			
II. Non-Exp.	Honoraria	00,02,06,117				
	Gen. Admn.	00,74,09,512				
	Interest	00,01,00,000				
	Pensions	00,00,37,971				
	Misc.	00,18,39,476				
	<b>Total Non-dev. Exp.</b>	<b>00,95,93,076</b>		<b>00,25,45,842</b>		
<b>TOTAL</b>		<b>07,30,19,994</b>				

[1976-77]

Type of Exp.	Head of Exp.	Total Exp.	Dev. Exp.	Non-Dev. content	Item of N-d content	Abstract
I. Dev. Exp.	1. Social Services					I. Dev. Exp. : 6,72,16,467
	Education	04,21,99,597	04,17,48,897	00,04,50,700	Inspection of Primary Schools	On Social Ser. : 4,89,69,005
	Medical	00,04,45,463	00,04,45,463			On Econ. Ser. : 1,82,47,462
	Ayurved	00,02,92,091	00,02,92,091			II Non-d Exp. : 1,19,05,137
	Public Health	00,52,23,916	00,36,57,670	00,15,66,246	Employees at P.H.C.	in Col. 3 : 95,44,773
	Social Welfare	00,28,24,884	00,28,24,884			in Col. 5 : 23,60,364
	Total Social Services		04,89,69,005			Total Exp. : 7,91,21,604
	2. Economic Services					Percentages
	B&C (Pub. Works)	00,67,09,202	00,66,69,202	00,00,40,000	Employees	Dev. Exp. as % of Total Exp. : 84%
	Irrigation	00,44,00,918	00,41,25,692	00,02,75,226		Non-Dev. Exp. as % of Total Exp. : 16%
	Pub. H. Engg.	00,24,03,862	00,24,03,862			Social Ser. Exp. as % of Dev. Exp. : 71%
	Agri.	00,21,29,358	00,21,29,359			Economic Ser. Exp. as % of Dev. Exp. : 29%
	Agri. Hus.	00,18,17,047	00,18,17,047			
	Forests	00,03,04,755	00,03,04,755			
	Co-op.	-	-			
	Industries	00,00,04,310	00,00,00,000	00,00,04,310	Pay difference of Industries Extension Officers.	
	Com. Dev.	00,08,21,428	00,07,97,546	00,00,23,882	District employees	
	Misc.	-	-			
	Total Economic Services		01,82,47,462			
	Total Dev. Exp.		06,72,16,467			
II. Non-Exp.	Honoraria	00,00,08,985				
	Gen. Admn.	00,77,22,380				
	Interest	-				
	Pensions	00,01,29,809				
	Misc.	00,16,83,599				
	Total Non-dev. Exp.	00,95,44,773		00,23,60,364		
	TOTAL	07,91,21,604				

[1977-78]

Type of Exp.	Head of Exp.	Total Exp.	Dev. Exp.	Non-Dev. content	Item of N-d content	Abstract
I. Dev. Exp.	1. Social Services					I. Dev. Exp. : 7,05,33,417
	Education	04,36,98,258	04,28,98,258	00,08,00,000	Inspection	On Social Ser. : 4,87,99,713
	Medical	00,04,13,825	00,04,13,825			On Econ. Ser. : 2,17,33,704
	Ayurved	00,02,67,352	00,02,67,352			II Non-d Exp. : 1,11,57,977
	Public Health	00,38,89,038	00,25,09,608	00,13,79,430	Employees at P.H.C.	in Col. 3 : 82,75,216
	Social Welfare	00,27,10,670	00,27,10,670			in Col. 5 : 28,82,761
	<b>Total Social Services</b>		<b>04,87,99,713</b>			<b>Total Exp. : 8,16,91,394</b>
	2. Economic Services					
	B&C (Pub. Works)	00,84,05,627	00,77,04,549	00,01,42,000	Employees	<b>Percentages</b> Dev. Exp. as % of Total Exp. : 86% Non-Dev. Exp. as % of Total Exp. : 14% Social Ser. Exp. as % of Dev. Exp. : 69% Economic Ser. Exp. as % of Dev. Exp. : 31%
	Irrigation	00,73,60,072	00,73,60,072	00,05,59,078	Employees on State Schemes	
	Pub. H. Engg.	00,21,78,495	00,21,78,495			
	Agri.	00,19,64,182	00,19,64,182			
	Ani. Hus.	00,16,67,997	00,16,67,997			
	Forests	00,06,50,597	00,06,50,597			
	Co-op.	-				
	Industries	00,00,02,253	00,00,00,000	00,00,02,253	Pay difference.	
	Com. Dev.	00,02,07,812	00,02,07,812			
	Misc.	-				
	<b>Total Economic Services</b>		<b>02,17,33,704</b>			
	<b>Total Dev. Exp.</b>		<b>07,05,33,417</b>			
II. Non-Exp.	Honoraria	00,00,02,686				
	Gen. Admn.	00,67,55,079				
	Interest	-				
	Pensions	00,00,85,630				
	Misc.	00,14,31,821				
	<b>Total Non-dev. Exp.</b>	<b>00,82,75,216</b>		<b>00,28,82,761</b>		
	<b>TOTAL</b>	<b>08,16,91,394</b>				

[1978-79]

Type of Exp.	Head of Exp.	Total Exp.	Dev. Exp.	Non-Dev. content	Item of N-d content	Abstract
<b>I. Dev. Exp.</b>	<b>1. Social Services</b>					<b>I. Dev. Exp.</b> : 7,87,44,459
	Education	05,46,28,369	05,38,00,919	00,08,27,450	Inspection	On Social Ser. : 5,93,26,103
	Medical	00,05,72,044	00,05,72,044			On Econ. Ser. : 1,94,18,356
	Ayurved	00,04,80,110	00,04,80,110			II Non-d Exp. : 1,91,11,272
	Public Health	00,42,83,636	00,18,20,264	00,21,71,970	Employees at P.H.C.	in Col. 3 : 1,46,74,695
	Social Welfare	00,26,52,766	00,26,52,766			in Col. 5 : 44,36,577
	<b>Total Social Services</b>		<b>05,93,26,103</b>			<b>Total Exp.</b> : <b>9,78,55,731</b>
	<b>2. Economic Services</b>					<b>Percentages</b>
	B&C (Pub. Works)	00,79,17,684	00,76,82,815	00,02,34,869	Employees	Dev. Exp. as % of Total Exp. : 80%
	Irrigation	00,52,61,433	00,43,50,547	00,09,10,886		Non-Dev. Exp. as % of Total Exp. : 20%
	Pub. H. Engg.	00,22,17,859	00,22,17,859			Social Ser. Exp. as % of Dev. Exp. : 75%
	Agri.	00,24,19,783	00,24,19,783			Economic Ser. Exp. as % of Dev. Exp. : 25%
	Ani. Hus.	00,24,58,542	00,24,58,542			
	Forests	00,01,63,983	00,01,63,983			
	Co-op.	-	-			
	Industries	-	-			
	Com. Dev.	00,01,24,827	00,01,24,827			
	Misc.	-	-			
	<b>Total Economic Services</b>		<b>01,94,18,356</b>			
	<b>Total Dev. Exp.</b>		<b>07,87,44,459</b>			
<b>II. Non-Exp.</b>	Honoraria	00,00,01,456				
	Gen. Admn.	01,17,26,164				
	Interest	-				
	Pensions	00,01,03,791				
	Misc.	00,28,43,284				
	<b>Total Non-dev. Exp.</b>	<b>01,46,74,695</b>				
<b>TOTAL</b>		<b>09,78,55,731</b>				



[1979-80]

Type of Exp.	Head of Exp.	Total Exp.	Dev. Exp.	Non-Dev. content	Item of N-d content	Abstract
<b>I. Dev. Exp.</b>	<b>1. Social Services</b>					I. Dev. Exp. : 8,82,48,348
	Education	05,84,36,349	05,74,80,912	00,09,55,437	Inspection	On Social Ser. : 6,43,77,773
	Medical	00,05,17,640	00,00,17,640			On Econ. Ser. : 2,38,70,575
	Ayurved	00,04,42,276	00,04,42,276			II Non-d Exp. : 1,79,45,589
	Public Health	0,47,54,190	00,20,74,319	00,26,37,075	Employees at P.H.C.	in Col. 3 : 1,43,45,589
	Social Welfare	00,38,62,626		00,38,62,626		in Col. 5 : 36,35,308
	<b>Total Social Services</b>		<b>06,42,77,773</b>	-	-	<b>Total Exp. : 10,61,93,937</b>
	<b>2. Economic Services</b>					
	B&C (Pub. Works)	01,06,11,825	01,06,11,825			<b>Percentages</b>
	Irrigation	00,52,45,076	00,52,45,076			Dev. Exp. as % of Total Exp. : 83%
	Pub. H. Engg.	00,26,24,055	00,26,24,055			Non-Dev. Exp. as % of Total Exp. : 17%
	Agri.	00,24,16,735	00,24,16,735			Social Ser. Exp. as % of Dev. Exp. : 72%
	Ani. Hus.	00,23,43,476	00,23,43,476			Economic Ser. Exp. as % of Dev. Exp. : 28%
	Forests	00,05,01,556	00,05,01,556			
	Co-op.	-	-	-		
	Industries	-	-	-		
	Com. Dev.	00,01,27,852	00m,01,27,852			
	Misc.	-	-	-		
	<b>Total Economic Services</b>		<b>02,38,70,575</b>			
	<b>Total Dev. Exp.</b>		<b>08,82,48,348</b>			
<b>II. Non-Exp.</b>	Honoraria	00,03,76,877				
	Gen. Admn.	01,16,76,699				
	Interest	-				
	Pensions	00,01,54,177				
	Misc.	00,21,02,528				
	<b>Total Non-dev. Exp.</b>	<b>01,43,10,281</b>		<b>00,36,35,308</b>		
	<b>TOTAL</b>	<b>10,61,93,937</b>				

[1980-81]

Type of Exp.	Head of Exp.	Total Exp.	Dev. Exp.	Non-Dev. content	Item of N-d content	Abstract
<b>I. Dev. Exp.</b>	<b>1. Social Services</b>					<b>I. Dev. Exp. : 10,35,80,884</b>
	Education	07,28,38,256	06,85,26,951	00,31,23,632	Pension to Primary Teachers	On Social Ser. : 7,92,78,639
	Medical	00,05,27,649	00,05,27,649	00,11,87,673	Inspection	On Econ. Ser. : 2,43,02,245
	Ayurved	00,05,87,284	00,05,78,284			II Non-d Exp. : 2,21,23,481
	Public Health	00,56,30,099	00,53,88,207	00,02,71,892	Small-pox Vacci employees	in Col.3 : 1,71,34,471
	Social Welfare	00,42,87,548	00,42,87,548			in Col. 5 : 49,89,010
	<b>Total Social Services</b>		<b>00,07,92,78,639</b>			<b>Total Exp. : 12,57,04,365</b>
	<b>2. Economic Services</b>					<b>Percentages</b>
	B&C (Pub. Works)	01,25,04,640	01,20,98,827	00,04,05,813	Employees	Dev. Exp. as % of Total Exp. : 82%
	Irrigation	00,27,67,338	00,27,67,338			Non-Dev. Exp. as % of Total Exp. : 18%
	Pub. H. Engg.	00,29,19,307	00,29,19,307			Social Ser. Exp. as % of Dev. Exp. : 76%
	Agri.	00,27,25,574	00,27,25,574			Economic Ser. Exp. as % of Dev. Exp. : 24%
	Ani. Hus.	00,29,30,300	00,29,30,300			
	Forests	00,07,45,165	00,07,45,165			
	Co-op.	-	-	-		
	Industries	-	-	-		
	Com. Dev.	00,01,15,734	00,01,15,734			
	Misc.	-	-	-		
	<b>Total Economic Services</b>		<b>02,43,02,245</b>			
	<b>Total Dev. Exp.</b>		<b>10,35,80,884</b>			
<b>II. Non-Exp.</b>	Honoraria	00,04,58,913				
	Gen. Admn.	01,41,15,562				
	Interest	-				
	Pensions	00,03,83,137				
	Misc.	00,21,76,59				
	<b>Total Non-dev. Exp.</b>	<b>01,71,34,471</b>				
	<b>TOTAL</b>	<b>12,57,04,365</b>				

[1981-82]

Type of Exp.	Head of Exp.	Total Exp.	Dev. Exp.	Non-Dev. content	Item of N-d content	Abstract
I. Dev. Exp.	1. Social Services					I. Dev. Exp. : 11,24,21,787
	Education	07,88,58,553	07,34,76,866	00,43,23,202 00,10,58,485	Pension to Primary Teachers. Inspection	On Social Ser. : 8,51,17,556
	Medical	00,05,02,546	00,05,02,546	-	-	On Econ. Ser. : 2,73,04,231
	Ayurved	00,06,02,090	00,06,02,090	-	-	II Non-d Exp. : 2,59,51,638
	Public Health	00,64,68,149	400,62,07,554	00,02,60,595	Employees	in Col. 3 : 2,03,09,356
	Social Welfare	00,43,28,500	00,43,28,500	-	-	in Col. 5 : 56,42,282
	Total Social Services		08,51,17,556			Total Exp. : 13,83,73,425
	2. Economic Services					
	B&C (Pub. Works)	01,32,52,318	01,32,52,318	-	-	Percentages
	Irrigation	00,31,21,597	00,31,21,597	-	-	Dev. Exp. as % of Total Exp. : 81%
	Pub. H. Engg.	00,36,18,856	00,36,18,856	-	-	Non-Dev. Exp. as % of Total Exp. : 19%
	Agri.	00,33,33,246	00,33,33,246	-	-	Social Ser. Exp. as % of Dev. Exp. : 75%
	Ani. Hus.	00,33,03,170	00,33,03,170	-	-	Economic Ser. Exp. as % of Dev. Exp. : 25%
	Forests	00,04,95,533	00,04,95,533	-	-	
	Co-op.	-	-	-	-	
	Industries	-	-	-	-	
	Com. Dev.	00,01,79,511	00,01,79,511	-	-	
	Misc.	-	-	-	-	
	Total Economic Services		02,73,04,231			
	Total Dev. Exp.		11,24,21,787			
II. Non-Exp.	Honoraria	00,07,75,213				
	Gen. Admn.	01,62,77,051				
	Interest	-				
	Pensions	00,07,42,973				
	Misc.	00,25,14,119				
	Total Non-dev. Exp.	02,03,09,356		00,56,42,282		
	TOTAL	13,83,73,425				

CHAPTER - VII

ANALYSIS OF REVENUE OF THE NASIK ZILLA PARISHAD  
(Tax Revenue & Non-tax Revenue)

	POINTS	PAGE
Sec. I	01. Introduction	204
	✓02. Components of Tax Revenue	204
	03. Profession Tax	204
	04. Trends in and performance of Profession Tax	207
	05. Increased Cess on Land Revenue	209
	06. Trends in revenue from the increased cess	211
	07. Need for a change in policy	212
	08. Steps to augment own tax revenue	214
	09. Assigned Tax Revenue	216
	10. Trends in revenue from the normal cess	217
	11. Cess of 20 paise or Water Cess	218
	12. Need for Improved Collection Procedure	219
	13. Stamp Duty Grant	221
	14. Land Revenue Grant	221
	15. B.M.V. Payment	223
	16. Conclusions from Sec. I	224
Sec. II	✓17. Components of non-tax revenue	226
	18. Fees under Sec. 157(9)	226
	19. Local Cess Matching Grant	226
	20. Incentive Grant	228
	21. Administrative Receipts	230
	22. Government Grants	233
	23. Conclusions from Sec.II	240
	Appendix I to IV	241 (i) to 241(xii)

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## CHAPTER VII

### Analysis of Revenue - Tax Revenue & Non-Tax Revenue

#### 1. INTRODUCTION :

After considering the overall trends in the revenue of the Nasik Zilla Parishad in the last chapter, we now propose to study in depth each individual source of revenue in this chapter, with a view to review their prospect and retrospect and to assess their role in the revenue structure of the Nasik Zilla Parishad.

In an earlier chapter (ch. V) we have classified the sources of revenue of Z.Ps. broadly into tax sources and non-tax sources. The tax sources are sub-classified into own tax sources and assigned tax-sources; the non-tax sources into Z.P's own non-tax sources and Government grants. All these sources are at the disposal of the Nasik Z.P. In Section I we would analyse the tax sources and in Section II the non-tax sources.

#### SECTION I

#### 2. COMPONENTS OF TAX-REVENUE :

Of the tax revenue of Nasik Z.P. the own tax revenue consists of (i) revenue from the profession tax,<sup>1</sup> and (ii) revenue from the increased cess on land revenue under sections 144 and 155 of the Z.Ps. Act; and assigned tax revenue consists of (i) revenue from the normal cess on land revenue under Sec. 144, (ii) Irrigation cess, (iii) Extra Stamp Duty, and (iv) Land Revenue Grant (discontinued from 1975). Let us begin with the analysis of the profession tax.

#### 3. PROFESSION TAX :

Profession tax was levied by the Nasik District Local Board, the predecessor of the Nasik Zilla Parishad. After the establishment of the Nasik Z.P.

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1. This tax was withdrawn from 1975 and the Nasik Z.P. is paid from 1975-76 a fixed amount of Rs. 1,83,852 per annum the Govt. in lieu of this tax taken by the Govt. The Z.P. is, however, allowed to recover the arrears. Hence entry under this head in all the tables from 1975-76 onwards includes arrears plus the fixed amount.

in May 1962 this tax-power was given to it under Section 157 (a) of the Z.Ps. Act, 1961. Since then to 31st March 1975 this tax was levied by the Nasik Z.P. It was withdrawn from 1st April 1975 by the Govt. of Maharashtra (vide letters No. ZPA/1075-11570-N dated 5th April 1975 and No. Tax-1075/17510/D-IB, dated 1st July 1975 from Rural Development Department, Sachivalaya, Bombay 32, zerox copies of which are enclosed to this chapter as Appendix No. I & II). Government of Maharashtra has taken over this tax-power to itself with a view to tap this tax-source to the maximum extent for the financing its Employment Guarantee Scheme started from April 1974.

Profession tax is a local income tax. It existed in India since early times. It was levied by the British government between the years 1767 and 1866 under various Licence Acts which for a time took the place of the income tax. As levied at that time it was part of the general revenues of India, but it has since then been used mainly by local authorities. In view of the fact that the profession tax impinges on the income tax, constitutional limitations have been placed on the amount of the tax which can be levied by a local authority.

Under the Government of India Act 1919, no constitutional limits was imposed on the amount of the tax; and hence many local authorities utilised this source in an intensive manner.

When the Government of India Act 1935 was enacted and brought into force from 1st April 1935 the profession tax or the tax on traders and employment was placed in the provincial list. The Act did not, at first, provide for any maximum limit on this tax. But as a result of the attempts made by some local authorities to introduce profession tax on a graded basis of income, a maximum limit was set on the tax by an amendment of the Act in 1939. This amendment provided that the total amount payable by any person to a province by way of taxes on profession, trade and employment shall not exceed fifty rupees per annum.

This was the position prior to the enactment of the new Constitution of India. The Constitution of India by Article 276 lays down a maximum limit of Rs. 250 per annum on the profession tax. Thus according to this limit

the maximum amount that can be realised by any State or local authority from a single tax-payer cannot exceed Rs. 250 per annum.

The profession tax, being mainly the State tax, was recommended by several expert committees for surrendering it to the local authorities by the State Governments. For example, The Balwantrai Mehta Committee recommended that this tax should be levied by neither the village panchayat nor by the small municipalities. It should be exclusively tapped by the panchayat samiti itself. The Local Finance Enquiry Committee recommended that "where village panchayats are constituted the tax should be assigned to the panchayats and should be assessed and collected by them. The Taxation Enquiry Commission (1953-54) had also recommended the exploitation of the tax by the panchayats, but it should be an optional levy. The Study Team on Panchayati-Raj Finances had suggested that the profession tax should be one of the obligatory taxes of panchayats.

Accordingly with the inception of Panchayati Raj in India in the late fifties and early sixties the profession tax is transferred to the Panchayat-Raj institutions in almost all the states except in Assam, Madhya Pradesh, Haryana and Punjab where it is a State tax. In Maharashtra, prior to the Panchayati Raj in May 1962 the profession tax was levied by the Village Panchayats Act, 1958. Prior to that this tax-power was with the District Local Boards which levied this tax under the Bombay Local Boards Act, 1923.

After its transfer to the Zilla Parishad, the Nasik Zilla Parishad framed its own rules & rates regarding the levy of the profession tax. (Nasik Zilla Parishad's Rules regarding Tax on profession, trade, calling and occupations, 1962). We have enclosed the rate schedule adopted by the District Local Boards as well as the rate schedules revised and adopted by the Nasik Zilla Parishad for the years 1965-66, 1966-67 and 1967-68, as appendix Nos. III & IV to this Chapter.

The profession tax of the Nasik Zilla Parishad was levied on (1) every company which transacted business in the jurisdiction of the Z.P. for not less than sixty days in aggregate in the year (2) every person who, in that year, (a) exercises a profession, art or calling or transacts business or holds

any appointment, public or private (i) within the jurisdiction of the Z.P. for not less than one hundred twenty days or (ii) outside the jurisdiction of the Z.P. but who resided in the jurisdiction of the Z.P. for not less than one hundred twenty days in all.

However, the incomes and turnovers from the following sources or occupations were exempted from the levy of the profession tax. (1) Agriculture, or (2) Pension, or (3) Interest or dividends from securities, deposits or shares, or (4) Rent or income from house or land used for non-agricultural purposes, if such income is taxed by any other local authority, or (5) handloom weavers.

The basis of the levy of the profession tax of Nasik Z.P. was profession, or income or both, and accordingly the assesseees were classified into three groups. The tax was levied by two methods : (i) Flat rate and (ii) Progressive rates. On some occupations or professions it is levied at a flat rate and on some professions and employments, particularly on salaried employees it was levied at progressive rates.

#### 4. TRENDS IN AND PERFORMANCE OF PROFESSION TAX :

The profession tax of the Nasik Zilla Parishad was in currency for fourteen years (1962-63 to 1974-75). Let us review trends in the revenue from it and its performance during this period.

Table 7.1 reveals the growth of revenue from the profession tax levied and collected by the Nasik Zilla Parishad. It will be seen that profession tax has not proved to be a lucrative source of income to Nasik Z.P. Revenue from this own source of tax revenue of the Z.P. has not registered a fast increase; on the contrary it has shown a decline intermittantly. There has been a sharp decline in 1972-73. Its share in the total revenue of the Z.P. has continuously declined. In fact, this source has a great potentiality, particularly in view of the growing industrialisation in the Nasik District. But it seems that the Z.P. has failed to tap this source fully and efficiently. Its inefficient administration can be seen from the mounting arrears and low percentage of recovery and the enormous amount of tax-revenue written



TABLE 7.1

## Growth of Revenue from Profession Tax of Nasik Z.P. 1962-1975.

(Rs. in thousands)

Year	Revenue	% of Total Revenue
1962-63	120	0.72
1967-68	139	0.24
1972-73	115	0.14
1974-75	130	0.18
% increased in 74-75 over 1962-63	8.3%	

Source : Annual Administration Reports &amp; Budgets of Nasik Z.P.

off by the Zilla Parishad. Table 7.2 reveals that the rate of recovery has all the while remained at a low ebb and the arrears which stood at Rs. 4,03,904 by the end of 1962-63 have been continuously increasing to reach the enormous amount of Rs. 5,59,251.27 by the beginning of 1977-78. With the withdrawal of this tax from the Z.P. by the Government from 1st April 1975 the Government is paying a fixed amount of Rs. 1,83,852 per annum as grant to the Z.P. Since then the Z.P.'s work in respect of this tax has been to recover the arrears. But the recovery drive has not gathered any momentum, and even after seven years of the withdrawal of the tax the Z.P. has not been able to clear the arrears which stood at Rs. 3,11,893.44 at the end of 1981-82. This amount is less than that at the end of 1977-78 not because of any efficiency of the Z.P. in recovery but because of absence of additional demand for this tax due to its withdrawal.

Thus the Z.P., with its inefficient administration is responsible for losing this important and potential source of revenue to the Government. We, however, feel that the grant in-lieu of this tax that is presently paid to the Z.P. (Rs. 1,83,852) is quite meagre in view of the growing revenue potentiality of this tax in the district and the Government should increase this amount by about one and half times and pay Rs. 2,50,000 to the Z.P.

TABLE 7.2

Adminstination of Profession Tax by Nasik Zilla Parishad

Year	Arrears	Demand	Total Demand	Collection	Amount Written off	Arrears at the end of F.Y.	% of recovery
1962-63	3,84,900.00	1,49,092.00	5,33,992.00	1,19,806.40	10,281.60	4,03,904.00	22.4
1967-68	4,12,522.29	1,51,423.83	5,63,946.12	1,39,194.99	11,502.83	4,13,248.30	24.6
1972-73	4,24,005.75	2,04,292.90	6,28,298.65	1,14,918.80	02,558.00	5,10,821.85	18.2
1977-78	5,59,251.27	-	5,59,251.27	00,09,938.44	04,876.69	5,44,436.24	1.77
1981-82	3,74,031.51	-	3,74,031.51	0,57,016.45	05,121.62	3,11,893.44	15.2
<p>Note : Since the tax was withdrawn from the Z.Ps. from 1st April 1975 there has been no demand from 1976=77 onwards</p> <p>Source : Annual Administration REports of the Nasik Z.P. &amp; Account Books of Profession Tax levied by the Nasik Z.P.</p>							

### 5. INCREASED CESS ON LAND REVENUE :

Increased cess on Land Revenue is another and now the only source of own tax revenue of the Nasik Z.P. Z.Ps can increase this rate of cess to the maximum of Rs. 1.80 per rupee of land revenue so that the maximum limit of Rs. 2/- laid down in Sec. 144 & 155 can be reached, including the normal cess of 20 nps. per rupee of land revenue imposed by the Government under sec. 144 of the Z.P. Act Nasik Z.P. has attained this maximum level in three stages and presently it imposes a cess of Rs. 1.80 on per rupee.

The first increase in cess of 30 ps. per rupee of Land revenue collected in the Nasik District was proposed by the Z.P. by the Finance Committee Resolution No. 4 of 15.6.1963 and Zilla Parishad Resolution No. 37 of 30.7.1963, to which the Government gave sanction on 5.10.1963 by its Resolution letter No. LFC 1063 (III)/48645-N/5.10.1963. As the resolutions were passed in June & July 1963 and Government sanction was received in October 1963 and as also the amount of the increased cess was to be collected during the revenue year (1st Aug to 31st July), it was not shown in the Budget for the financial year 1963-64 (1st April to 31st March). However, in anticipation of this collection, the Government gave, as we would see later on, the Local Cess Matching grant of Rs. 4,41,100 at the rate of 75% of the amount of the increased cess to the Nasik Z.P. This first increase in the cess proposed by the Z.P. was for a period of five years 1963-68.

The Second increase in the cess, of the Rs. 1.30 per rupee of land revenue was proposed by the Nasik Z.P. by its Resolution No. 106 of 22.4.1968. This increase was for a period of five years; 1.4.1968 to 31.3.1973. The renewal of this increase was made by the Z.P. by its Resolution No. 40 of 29.6.73 for a period of five years from 1.8.74 to 31.7.79. This rate of Rs. 1.30 was further renewed for the next quinquennium from 1.8.1979 to 31st July 1984, with the sanction of the Government Resolution letter : RDD No, LFC-1370/1429/CR-338-XLI dated 14th July 1980.

The third increase of additional 50 ps. or aggregate increase of Rs. 1.80 for a period of five years from 1st Aug 1981 to 31st July 1986 was sanctioned by the Government under its Resolution letter LFC-1081/5159/CR-1741/XLI dated 25.6.1982. The following Table No. 7.3 brings out at a glance

this information regarding the increased cess. (Page No. 210 (A))

Even though the increase in this cess is proposed either by the Z.P. [under Sec. 155 (1)] or by the Panchayat Samiti [under sec. 155 (2)] it is the Government that levies it and collects it. Hence it has been provided under the rules under the Z.Ps Act that the Governemnt would deduct 1/2% amount from this amount as cost of collection, and remainder is handed over to the Z.P. or the P.S. as the case may be. If the increase is proposed by the Z.P. then the 50% of the amount is to be given by the Z.P. to the Panchayat Samitis as Block Grant. If, however, the increase is initiated by the Panchayat Samiti then the entire amount (after deducting the cost of collection as stated above) is given to the Panchayat Samiti.

In Nasik District no Panchayat Samiti has so far used its power to increase the cess and all the increases in cess tabulated above are effected by the Nasik Zilla Parishad.

While the revenues from the normal cess of 20 ps. under Sec. 144 are free resources of the Z.Ps., in the sense that no specific aims and objectives are prescribed for their utilization, the revenues from the increased cess are 'tied' down resources in the sense that the works and purposes for which the amount of the increased cess shall be utilised and the period for which the increase in the rate shall continue has to be stated by the Zilla Parishad or Panchayat Samiti that proposes such increase.

When the Nasik Z.P. proposed the first increase in cess the revenue from it was to be used for the following purposes and works :

- 1) Construction of roads and their repairs,
- 2) Construction of percolation tanks,
- 3) Construction of minor irrigations.

The amount from the second increase of 130 paise of cess was to be utilized on (i) Roads, (ii) percolation tanks, (iii) minor irrigation projects (iv) Education (v) Health and (vi) Agriculture.

The amount from the third increase of the same amount of 130 paise from 1.4.74 was to be utilized for (i) Roads, (ii) percolation tanks & minor

TABLE 7.3

Information regarding the increase in Cess on land revenue under Sec. 155(1) of the Z.Ps. Act, 1961

Period	Rate of Cess (paise per rupee of land revenue)
31-8-63 to 31-7-68	30 paise
1-4-68 to 31-3-73	130 paise
* .....*	
1-4-74 to 31-7-81	130 paise
1-8-81 to 31-7-86	180 paise

\* For the period 1-4-73 to 31-3-74 the increase was not sanctioned and hence revenue from the increased cess was not received during it.

Source : Budgets and Annual Administration Reports of the Nasik Z.P.

irrigation works, (iii) Education, (iv) Health, (v) Public Health engineering works, (vi) Agriculture, and (vii) Animal husbandry.

The amount from the fourth increase of 180 paise was to be utilized for the same purposes and works as above.

**Suspension of the increased cess :**

The Z.Ps can suspend the collection of the increased cess from some village and towns in their District on account of the drought and famine conditions. The cess so suspended can be recovered in later years when these conditions subside. Nasik Z.P. suspended the increased cess for some villages and towns which were drought-stricken during the years 1972-73 and 1973-74. Hence during 1972-73 the revenue from the increased cess was estimated to be Rs. 20,00,000 instead of Rs. 28,00,000 in the Budget, and during 1973-74 to be Rs. 8,00,000 instead of Rs. 28,00,000. This suspended cess was recovered during the year 1974-75.

**6. TRENDS IN REVENUE FROM THE INCREASED CESS :**

Let us now review the trends in revenue from the increased cess on land revenue. Table 7.4. reveals the growth of revenue from the increased cess on land revenue during the last twenty years (in fact, during the last eighteen years, as the revenue from the increased cess started accruing in from 1964-65).

It is quite obvious that the increased cess is an important and elastic source of Z.P's own resources. The revenue from this source has been continuously increasing and has increased more than six times over the last twenty years. Its share in the total revenue of the Z.P., though quite meagre, has been on the increase, except for final year of the period under review, when there has been a marginal decline in it.

**Inadequate release of Cess Revenue**

One important aspect of this own tax revenue is that the entire revenue realised from the increased cess is not released by the Government to the Z.Ps. As a result of this the dues on account of this go on increasing. Table 7.5 reveals this fact. If we compare figures under Sr. No. 5 with those

TABLE 7.4

## Growth of Revenue from the Increased Cess on Land Revenue; Nasik Z.P.

(1962-1982)

(Rs. in thousands)

Year	Revenue	Percentage of Total Revenue
1962-63	-	-
1964-65	0631	2.1
1967-68	0798	1.6
1972-73	1630	2.1
1977-78	2934	3.1
1981-82	4035	2.9
% increased in 81-82 over 64-65	539%	

Source : Budgets and Annual Administration Reports of Nasik Z.P. for various years.

under Sr. No. 7 we find that the realised amount of cess (with arrears) are not entirely released to the Z.P. by the Government This situation needs to be corrected and the Government should be prompt in releasing this revenue to the Z.P.

#### 7. NEED FOR A CHANGE IN POLICY :

In order to increase the quantum of financial resources accruing to the Nasik Z.P. from this source it is necessary to undertake changes in the present policy regarding this source of revenue. In the first place, it is necessary now to revise the ceiling limit laid down in Sec. 144 (1) of the Z.P. Act, 1961, some eight years ago. In the original financial arrangement laid down by the Act at the time of the constitution of the Z.Ps. in 1962 the ceiling limit was 150 paise per rupee of land revenue. Z.Ps. in the State had responded well and practically all the Z. Ps. had increased their rate of cess beyond the statutory minimum of 20 paise. The increases made by the Zilla Parishads, on an average came to 100 paise per rupee. Nasik Z.P. had gone up to the maximum of 150 paise in 1968. In view of this enthusiasm of the Nasik Z.P. and other Z.Ps. in the State the Bongirwar Committee<sup>2</sup> has recommended

2. Report of the Evaluation Committee on Panchayati Raj, Govt. of Maharashtra, Rural Development Department, Bombay, 1971.

TABLE 7.5

## Local Cess (Normal &amp; Increased)

(Rs. in thousand)

	1975-76	1976-77	1977-78	1978-79	1979-80	1980-81	1981-82	1982-83 (Estimated)
1. Demand for Land Revenue	38,36	33,59	28,81	32,71	33,91	37,60	25,00	25,00
2. Demand for Normal Cess (with arrears)	07,15	05,10	04,55	06,40	06,96	04,39	05,00	05,00
3. Demand for increased Cess (with arrears)	44,20	52,71	43,17	57,61	61,73	45,00	45,00	45,00
4. Normal Cess realised (with arrears)	01,22	04,84	04,36	02,86	05,21	04,00	04,00	04,00
5. Increased Cess-realised (with arrears)	07,30	42,82	34,48	25,73	46,89	40,00	40,00	40,00
6. Normal Cess released to Z.P.	included as not separa- tely available	included in	included in as not separa- tely available	02,83	02,61	04,02	03,73	03,73
7. Increased Cess released to Z.P.	09,50	48,64	34,02	20,26	23,94	37,47	32,98	32,98
i. 50% Z.P. Share	05,02,	16,80	18,65	09,91	11,91	17,63	16,49	16,49
ii. 50% P.S. Share + 100% of P.S. increase	04,48	31,84	15,37	10,35	12,03	19,84	16,49	16,49
Sources :	Performance Budget (for various years), Rural Development Department, Govt. of Maharashtra.							



the increase in the ceiling limit to 250 paise or 300 paise. In fact, the Committee had suggested a rational scheme of increase in cess:

"The present ceiling limit of 150 paise on increased cess on land revenue should be raised to 250 paise or 300 paise for districts having land revenue which is less than Rs. 2 per capita and the Zilla Parishads and Panchayat Samitis together should be allowed to go upto 200 or 250 paise as the case may be. The Local Cess Matching Grant upto this level should be given to the Z.Ps. only, as at present. However the remaining 50 paise should be exclusively in the preserve of Panchayat Samitis so that if any Panchayat Samiti comes forward with proposal for increase beyond the limits suggested above they should be entitled to the full matching grant in the prescribed proportions and that no part of this grant should go to the Z.P's"<sup>3</sup>

However, the Government acted on this recommendation in a haphazard manner and raised the ceiling limit to 200 paise from 1974.

Today, after eight years of this revision it is necessary that an upward revision be made in this limit and this limit be raised to 300 paise.

Secondly, even though the Act empowers the Panchayat Samitis under Sec. 155(2) to send up the proposals to Government for making increases in the rate of cess within their jurisdiction, hardly any panchayat samiti in the Nasik District has utilized this power. The main reason for this poor response of the Panchayat Samitis is that the local cess matching grant on such increase is given not to the Panchayat Samitis to the full extent; only 25% LCM is given to P.S. We feel that this situation should be corrected and 100% LCM Grant admissible for the increase in the cess proposed by the Panchayat Samitis should be given to that Panchayat Samiti and no share be given to the Z.P.

Thirdly, when scarcity or drought conditions occur the increased cess is suspended by the Z.P. in the famine-stricken areas or villages of the district. This leads to a short-fall in the receipts of the Z.P. from this source and

the Z.P. has to suspend some developmental works to be financed out of this source. For example, during 1972-73 and 1973-74 due to the drought conditions in some parts of the district the increased cess had to be suspended, as a result of which the revenue from this source declined to Rs. 17,17,362 and 15,12,445 respectively from the estimated revenue of Rs. 28,00,000. We, therefore, suggest that the Government should make up this loss by giving an interest-free loan to the Zilla Parishad during the years of suspension of the increased cess. These loans should be recovered when the suspended cess is recovered by the Z.P. in subsequent years.

#### 8. STEPS TO AUGMENT OWN TAX REVENUE :

From the foregoing analysis in this section it is obvious that the situation regarding own tax revenue of the Nasik Z.P. is disappointing and unsatisfactory. Increased cess is the only source of it. The Z.P. has not added even a single new source of tax in spite of the enormous power of taxation conferred upon it by Sec. 157 of the Z.P. Act of 1961 with a long list of taxes which it can levy. This brings out the truth of the observation of Mrs. Hicks: "Indian Local Government is not short of opportunities for raising autonomous revenue. What appears to be wrong is a general lack of responsibility, unwillingness to raise tax rate, graft and inefficiency in collection".<sup>4</sup> Mrs. Hicks speaks of unwillingness to raise tax rate; but here there is basic unwillingness to impose the taxes by the Z.Ps. within their power. Appeals made by the Government and various expert committees to the local government units to strive for raising own tax revenue have fallen on deaf ears.

We feel the way out in this situation is to adopt the system of dual categorisation of local taxes adopted in Andhra Pradesh. There the taxes which the Panchayats are empowered to levy are divided into two categories : Obligatory and optional. In Maharashtra, Sec. 157 should be suitably amended and (i) Pilgrim tax [Sec. 157 (d)] (ii) tax on lands benefitted by irrigation works or development schemes undertaken by a Zilla Parishad (including lands within such distance from such works or schemes receiving water by percolation or leakage therefrom) [Sec. 157 (fa)] should be made obligatory to the Z.Ps. Compulsory Pilgrim tax in Nasik District would be a lucrative source of own tax revenue for the Nasik Z.P. since the District has several holy

4. Mrs. Ursula K. Hicks, in Development from Below, p.155.

contres which are visited by thousands of pilgrims. Similarly tax on lands benefitted by irrigation works or Z.P's development schemes would also be a highly elastic source as the Z.P. is vigorously undertaking the percolation tank programme and minor irrigation schemes in the district.

Certain other taxes may be suggested as optional taxes. For example, Tax on turnover of the co-operative societies should be levied by the Nasik Zilla Parishad.

The Parishad should also come forward with the levy of certain fees empowered to levy by Sec. 157 (9) (i), (ii), (iii). For example, fees from the market yards would be an elastic source of own revenue from 'Taxes & Fees' for Nasik Z.P. For, there are promising market yards in the district such as at Malegaon (Taluka Malegaon) and Lasalgaon (Taluka Niphad). In this respect, the recommendation of the Administrative Reorganization Committee of Maharashtra is worth recalling. The Committee had recommended collection of market fees and their division as follows : Development Reserve (25%), Zilla Parishad (20%), Panchayat Samiti (20%), Village Panchayat where the market yard was located (35%).<sup>5</sup>

We have suggested above the increase in the ceiling limit on the increased cess on land revenue. We now suggest here that the Z.Ps. should be empowered to impose additional cess on water rate over and above the normal cess of 20 ps. imposed by the Govt. under Sec. 146 of the Z.P. Act, 1961, with a ceiling limit of 200 paise.

Nextly, we suggest that the incentive grant that was given by the Govt. should be linked to resource-mobilization by the Z.Ps. both tax and non-tax resources on a percentage basis. From 1963 to 1974 this grant was given under Sec. 186 of the Z.Ps. Act, to the Zilla Parishad on the basis of progress under the agricultural production programme. But this grant did not serve this purpose. The amount of this grant had never exceeded Rs. 54,000 (in 1965-66). This grant was discontinued from 1974-75. Hence, we

5. Report of the Administrative Reorganization Committee (Bombay, Govt. of Maharashtra, 1968) pp. 145-146.

feel that instead of discontinuing it linking this grant to agricultural production programme it should be continued linked to tax resources and non-tax resources mobilization by the Z.P. on a certain percentage basis. Such a linking would have the same effect as the local cess matching grant has on the increased cess on land revenue. The Bongirwar Committee had made the similar suggestion in its report.<sup>6</sup> "We would suggest that in order to enthuse the Zilla Parishads in this behalf Government should consider giving them a suitable incentive grant based on totality of resources raised by Zilla Parishads each year excepting the increased cess on land revenue for which a separate matching grant is given. The above suggestion is in fact an extension of the principle of giving local cess matching grant to other resources of local taxation"<sup>7</sup>

Finally, following the recommendation of the Bongirwar Committee we would also suggest that the revenue from agricultural income tax should be distributed to zilla parishads in proportion to the actual collections in their individual Districts. Nasik Z.P. would certainly be able to augment its revenue if this tax revenue is handed over to it by the Government.

#### 9. ASSIGNED TAX REVENUE :

Some taxes or cess are levied by the State Government at the rate determined by it and revenue from them is assigned to the Zilla Parishads. Such assigned tax revenues, as stated earlier are four (i) Normal cess of 20 paise on per rupee of land revenue, (ii) Cess of 20 paise on per rupee of water rate, (iii) Stamp Duty Grant, and (iv) Land Revenue Grant, (v) B.M.V. payment. Let us now review these sources of revenue of the Nasik Zilla Parishad.

##### i) Normal Cess on land revenue :

This was the source of revenue of the Nasik District Local Boards, the predecessor of the Nasik Z.P. It was known at that time as Local Fund Cess. After the establishment of the Z.P. it was handed over to the Z.P. It is levied by the State Govt. in the same manner and under the same provi-

6. Report of the Evaluation Committee on Panchayati Raj, Govt. of Maharashtra, Bombay, 1971. Recommendation No. 89.

7. Ibid, P.81.

sions of law as land revenue and paid by it to the Zilla Parishad within the jurisdiction of which lands are situated, after deducting the cost of collection at the rate determined by the State Govt. (Sec. 153 of the Z.Ps. Act, 1961). The cost of collection presently determined by the State Government is 2/2%

#### 10. TRENDS IN REVENUE FROM THE NORMAL CESS :

This source of revenue is a definite source to the Z.P. But revenue from this source with intermittant fluctuations which can be seen from the Appendix B to chapter VI which presents a consolidated picture of revenue from all sources - tax and non tax - for every year during 1962-82 has remained some what steady. Table 7.6 brings out the trends at a glance.

An important point we have marked in respect of the revenue from this source is that there have always been variations (on the negative side) in the amounts estimated in the Z.P. Budgets and the actual receipts of revenue. Estimated amounts of revenue from this source have always exceeds the actual receipts. The following Table 7.7 reveals this. Variation upto 10% can be neglected; but here the variations range between 15% and 65%. This means that either the Z.Ps. are overestimating the land revenue collections in the District on the basis of which the calculations regarding the cess collections are made or the Government is not releasing the full amount of the cess. In either case the developoment expenditure suffers and to that extent the tempo of development activity in the District is adversely affected. Hence this situation needs to be corrected by realistic estimation by the Z.P. and by the full devolution of the amount of cess by the Government to the Z.P.

As in the case of increased cess, noted by us earlier, in the case of normal cess also the realised amount of this cess is not released by the Govt. to the Z.P. Table 7.5 reveals this . Comparison of the figures in serial No. 4 and 6 would show this. It is necessary that Government should be prompt in releasing these amounts to avoid the accumulatio in of arrears.

TABLE 7.6

Growth of Revenue from the Normal Cess of 20 paise on per rupee of Land in Nasik District, 1962-82.

(Rs. in thousand)

Years	1962-63	1967-68	1972-73	1977-78	1981-82	% increase in 81-82 over 62-63
Revenue	307	532	290	382	403	32.6%
% to Total Revenue	1.8	1.6	0.2	0.4	0.2	

Source : Annual Administration Reports, Nasik Z.P.

TABLE 7.7

(-) Variations in the estimates and Actuals in Revenue from Normal Cess

(Rs. in thousands)

Years	Budget Estimates (Revised)	Actual Receipts	% Variations (+) or (-)	
1962-63	3,65,000	3,06,777	(-)	15%
1967-68	4,20,000	1,44,716	(-)	65.5%
1972-73	4,37,000	2,90,353	(-)	62.3%
1977-78	3,82,000	3,81,978		Negligible
1981-82	4,10,000	4,03,107	(-)	1.6%

Source : Calculated from the Statistics in Budgets & A.A. Reports for various years, Nasik Z.P.

### 11. CESS OF 20 PAISE OR WATER CESS :

This was the source of revenue available to the Ex-District Local Boards, which is now kept at the disposal of the Z.Ps. under Sec. 146 of the Z.Ps. Act, 1961. Government of Maharashtra levies water-rate on the farmers taking water from the Government irrigation Schemes, under the provisions of Sec. 44 of the Bombay Irrigation Act, 1879. On this Water-rate Government started levying cess at the rate of 19 paise per rupee of water-rate and the amount of this cess used to be handed over to the ex-District Local Boards. After the establishment of the Panchayati Raj this irrigation cess is given to the Z.Ps.

This cess is levied and collected by the State Government and the amount is paid to the Zilla Parishad within the jurisdiction of which the lands are situated, after deducting the cost of collection therefrom. Upto 1969 the rate of water cess was 19 paise rupee of water-rate. It was raised to 20 paise with effect from 31st January 1969.

#### Trends in Revenue from Irrigation Cess

The trends in revenue from this source to the Nasik Zilla Parishad are revealed in Table 7.8 The Table presents a very disappointing picture. This source has not proved to be an elastic source of revenue to the Nasik Z.P.

Over the last two decades the revenue has increased on an average only by 152%. Its share in the total revenue has registered a continuous decline except the year 1977-78. This is really a surprising situation. On the one hand irrigation facilities in the district are increasing through the efforts of the Zilla Parishad, but the revenue from this irrigation cess is not correspondingly increasing in the same proportion. This leads us to suggest that the age-old cess on water-rate needs an upward revision and it should be raised to 50 paise per rupee of water-rate. This would bring in a revenue in the coffers of the Nasik Z.P. that would match the irrigation facilities made available in the District. We have also suggested previously, while dealing with augmenting the own tax sources of the Z.P. that like increased cess on land revenue there should also be a statutory provision for an increased cess on water-rate.

TABLE 7.8

## Growth of revenue from Irrigation Cess, Nasik Z.P. 1962-82

Year	Revenue	% to Total Revenue
1962-63	255	1.5%
1967-68	298	0.7%
1972-73	244	0.3%
1977-78	699	0.8%
1981-82	642	0.4%
% increase in 1981-82 over 1962-63	152%	

Source : Annual Administration Reports, Nasik Z.P.

## 12. NEED FOR IMPROVED COLLECTION PROCEDURE :

In order to increase the due revenue of the Z.P. from this source even at the existing rate it is necessary to improve the procedure of collection of this cess. For want of uniform procedure for its collection Z.Ps. are not receiving their due annual receipts which results in accumulation of arrears due to the Zilla Parishad on account of this source. For example, some Z.Ps. have not been paid the huge arrears due to them. Table 7.9 shows the accumulation of such arrears.

The procedure for collection is such that two agencies are involved in the collection of water rates and cess on water rates, viz, (i) Executive Engineer, Minor Irrigation (State Sector), (ii) District Collector. The former is concerned only with the collection of water rates and cess on water rates in respect of lands in the sanctioned irrigation blocks. After the recovery the amount is paid to the concerned Z.Ps. by means of a cheque signed by that Executive Engineer. In respect of other irrigated lands, the collection and recovery is made by the District Collector through the Tahshil staff, Revenue Inspectors and talathis. The demand Statements are prepared by the Superintending Engineers/Executive Engineers (Minor Irrigation) indicating the water rates and cess on water rates. This demand statement is then sent to the Collector for effecting the necessary recovery. The amount so collected and recovered by the Revenue Staff is credited into the Treasury under the



TABLE 7.9

## Accumulation of Arrears of Irrigation Cess

Name of Z.P.	Amount of Arrears Due	Period upto	(in Rs.)
1. Poona	Rs. 06,63,047	72-73	
2. Satara	Rs. 06,20,427	70-71	
3. Sangli	Rs. 26,16,446	71-72	
4. Kolhapur	Rs. 15,44,196	71-72	
5. Sholapur	Rs. 21,77,566	70-71	
6. Ahmednagar	Rs. 53,31,924	71-72	

Source : Supplementary Agenda of the Conference of Presidents and C.E.Os. of Zilla Parishads, 1973. Rural Development Department, Sachivalaya, Bombay-32. P. 33-34

Head "17-Irrigation". The amount so collected on account of cess on water rates is transferred to the personal ledger account of the Z.Ps. concerned by the Treasury Officer of the District. However, this procedure is not uniform in all the districts thereby resulting in confusion and accumulation of arrears. Moreover, this procedure is in contravention of the budgetary principles. According to the budgetary principles and practice any amount collected by the machinery of the State should be necessarily reflected on the receipt side of the budget and necessary payment made to the Z.Ps. only after making provisions in the expenditure side of the budget. To bring uniformity in this procedure, therefore, it is necessary that the Irrigation & Power Department which is the Administrative Department in this matter should issue uniform instructions to all Collectors, Executive Engineers, Z.Ps., after consulting Finance Department, Revenue & Forest Department and the Rural Development Department.

It may also be suggested that the procedure adopted for the collection of cess on land revenue should also be made applicable to the collection of cess on water rates. The cess on land revenue is levied by the State and collected by the Revenue Deptt. The amount so collected is reflected in the receipts side of the budget and the Rural Development Deptt. releases the amounts to the respective Z.Ps. The Irrigation & Power Department which

is the Administrative Deptt. in this respect should follow this procedure and make budget provision for payment of arrears outstanding.

Just as in the case of cess on land revenue the Block Development Officers (B.D.Os) have been given necessary powers of collection by the Commissioners under the Land Revenue Act, Similarly, powers should be given to the B.D.Os. by the Irrigation Deptt. so that there will be no delay in collection of irrigation cess revenue of Zilla Parishads.

### 13. STAMP DUTY GRANT :

This source of revenue has been made available to the Z.Ps. by the Government, as stated earlier, by imposing a surcharge of 1/2 percent on the Stamp Duty. But this assigned revenue is not large, and has been intermittantly fluctuating. Table 7.10 reveals the trends in revenue from this source secured by the Nasik Z.P.

Under the provisions of Sec. 158 of the Z.Ps. Act, 1961 the Z.P. is required to share 50% of the revenue from this source with the village panchayats in whose jurisdiction the property is situated. Hence the effective rate of the surcharge on stamp duty from the viewpoint of the Z.P. works out of 1/4 percent. In view of the meagre revenue from this source we feel that V.Ps. should not be made a partner in this revenue or alternatively the surcharge on stamp duty should be raised to 1%.

It is heartening to note one satisfactory point in respect of the revenue from this grant. It is that Government is prompt enough to release the grants released from this source. And there are no arrears; but there is an excess payment by the Government on this count. Table No. 7.10 (A) would reveal this.

### 14. LAND REVENUE GRANT :

Land Revenue Grant has not been a lucrative source of assigned revenue to the Nasik Z.P. from 1962 to 1974-75, though the Z.P. has earned revenue in lakhs of rupees from this source. This is obvious from the following Table No. 7.11. The revenue has declined by 44 percent over the two decades and the percentage in total revenue has continuously declined.

221 (A)  
TABLE 7.10

Trends in Revenue from the Stamp Duty Cess

Year	Revenue	(Rs. in thousands)
		% increase in 1981-82 over 1963-64
1963-64	015	
1967-68	154	
1972-73	146	2280%
1977-78	115	
1981-82	357	

- Note :
- i) Collection in 1962-63 were nil, hence the collection from 1963-64 are taken here.
  - ii) % to the total revenue is quite negligible hence not shown here.
  - iii) Figures of revenue are inclusive of V.P's share.

Source : Budgets and the A.A.Rs. of Nasik Z.P.

TABLE 7.11

Receipts from Land Revenue, Nasik Z.P. 1962-63 to 1974-75

Year	Revenue	(in Actual Rupees)
		% to total Revenue
1962-63	15,20,000	9.1
1967-68	10,24,872	2.5
1972-73	17,44,886	1.2
1974-75	08,56,826	1.1
% increase in 74-75 over 62-63	- (44)	

Source : A.A.Rs. Nasik Z.P.

In the original financial arrangements envisaged by the Naik Committee 70% of the land revenue (average of the preceding five years) realisation in the district was to be assigned to the Z.P. and 30% to the V.Ps. under it. Accordingly the Nasik Z.P. received the revenue upto 1974-75.

**TABLE 7.10 (A)**

**Stamp Duty Grant**

**(Rs. in thousands)**

	1975-76	1976-77	1977-78	1978-79	1979-80	1980-81	1981-82	1982-83 B.E.
1. Estimated Extra Stamp Duty to be realised.	82	121	115	3,37	3,75	7,38	3,57	7,39
2. Extra Stamp Duty actually realised.	-	135	115	3,37	3,75	7,38	3,57	3,87
3. Grants released	82	121	155	3,79	387	7,38	3,57	7,39
4. Balance or arrears.	-	- 014	-	+ 2	+12	-	-	+ 352

Source : Performance Budget (for various years), R.D.D. Govt. of Maharashtra.

This source was discontinued, as stated earlier, by the Government while acting on the recommendations of the Evaluation Committee. In fact, the Committee had not recommended this discontinuation. The Committee recommended expansion of both the percentage as well as the coverage of purposive grants and establishment grant. It recommended that the purposive grant be paid on a cent percent basis and instead of 90% as before the coverage of purposive schemes be expanded so as to include all schemes and works of committed nature including development works of former local bodies. It also recommended that the establishment grants be paid on a cent percent basis in stead of 75% as before and that they should cover the entire administrative establishment including Zilla Parishad's own establishment, travelling allowances and contingent expenditure<sup>8</sup>. With these recommendations the Committee had far from recommending the discontinuation of the Land Revenue grant had commented in recommendation No. 78 that ".....the Zilla Parishads will be left with the Land Revenue and the Equalization Grant, turn-over tax grant, cess on land revenue and matching grant. They will be in a position to not only execute their own schemes from those sources but also supplement Plan schemes pertaining to irrigation, water supply and communications where the corresponding plan Grants given by the State Government become inadequate."<sup>9</sup>

Not even by implication the Committee suggested the discontinuation of that grant. On the contrary, it made, in the revised financial arrangement, the income from Land Revenue and Equalization Grant as free resources of the Z.Ps. and recommended in their recommendation No. 90 that 50% of the income from these sources should be earmarked by the Z.Ps. exclusively for the development of Scheduled Castes, Scheduled Tribes, landless labourers, small farmers and other weaker sections of the Community.<sup>10</sup>

It is really surprising that the Government decided to discontinue these grants from the financial year 1974-75 and deprived the Z.Ps. from this source of revenue. We suggest that this source be restored to the Zilla

8. Recommendations Nos. 75 and 77.

9. Report of the Committee, para 7.10, P.76.

10. Ibid, para 7.24, P.82

Parishad and in view of the meagre revenue from this source we further suggest that 100 percent of the land revenue in the district be assigned to the Z.P. and no share be given to the Village Panchayats.

**15. B.M.V. PAYMENT :**

We have already explained the meaning of this source of revenue in Ch. V. As we have stated there, this statutory grant is on account of fixed compensation which was payable to the Ex-District Local Boards under Sec. 9 of the Bombay Motor Vehicles (BMV) Tax Act, 1958. The grant is based on the three years' average collection of tolls on Motor Vehicles, etc. levied by the District Local Boards immediately prior to 1st April 1958. It is now payable to the Z.Ps. by virtue of para 1(b) and (c) of the 11th Schedule of the Z.Ps. Act, 1961.

Thought this payment is a statutory grant we have included it in the category of assigned tax revenue as it has been done in the Manual of the Zilla Parishad Administration and Accounts.<sup>11</sup> It is quite proper to regard this payment as assigned tax revenue, for, the Motor Vehicles tax is not cancelled by the Government but it has been taken over by the Government to itself and Government is earning revenue from it and a fixed amount from it is given to the Z.P. every year. Besides, this fixed amount is also not determined at random but is based on the three years' average collection of tax on Motor Vehicles immediately prior to 1st April 1958.

Revenue from this source is a part of the Z.P's general revenues or free resources and no specific objects on which expenditure from it is to be incurred are laid down. The amount of this revenue, being fixed, as stated earlier, on the three years' collection of tax by the Ex-District Local Boards during 1955 to 1958, is a fixed amount, and as such different Zilla Parishads in the State are paid different amounts. Maximum amount of this grant is Rs. 2,07,000 which is received by the Kolhapur Zilla Parishad; the minimum amounts is Rs. 7,000 which is received by the Dhule Zilla Parishad. Nasik Zilla Parishad is paid Rs. 18,435 per annum. For the last twenty years the amount has remained constant and now it needs to be revised upwards in view of the growing traffic on roads within the jurisdiction of the Z.P. Had

11. Vol. II, P.212 & 213.

the tolls not been withdrawn from the Ex-District Local Boards the Z.Ps. would have received a large amount by this time from this tax-source. Hence, it is necessary to increase the amount of revenue assigned to the Zilla Parishad by the Government. In view of the increased traffic and turnover in the Nasik District we feel that the amount of revenue from this source paid to the Nasik Z.P. should be raised to Rs. One Lakh.

We would also suggest that every five years there should be revision of this amount and the revised amount be fixed on the basis of the increased traffic on the roads within the jurisdiction of the Nasik Zilla Parishad and the tolls and taxes collected by the Government.

In the context of the revision we would also suggest that if the revision is undertaken by the Government this revenue may not be kept as entirely free resources of the Z.Ps. as it is today; but ten percent of it maybe 'tied' resources, which the Zilla Parishad should be required to spend on the maintenance and repairs of the roads in its jurisdiction.

#### 16. CONCLUSIONS FROM SEC. I :

Before we conclude this section let us take a resume of the analysis made therein and the conclusions arrived at.

There is only one Own tax source of Nasik Z.P. and that is the increased cess on land revenue. It had bequeathed profession tax from its predecessor ex-District Local Board. But throughout the period of its currency in the hands of the Z.P. the Z.P's performance had been very poor. As regards the increased cess on land revenue, the Z.P. has tapped this source to the full extent and the revenue from this source had been increasing. In order to make this source more elastic it is necessary to raise the ceiling limit to 300 paise.

On the whole the tax-effort of the Nasik Z.P. has been very poor. It has not used the tax powers conferred upon it by Sec. 157 of the Act. It is therefore necessary to adopt the Andhra system of making some taxes obligatory to the Z.P. Similarly statutory provision should be made for increased cess on water rate under Sec. 146 of the Z.Ps Act, 1961. The present

system of incentive grant should be changed and instead of linking it with agricultural production programme, as at present, the incentive grant should be linked with the resources mobilisation by the Z.P. Finally, the Bongirwar Committee's recommendation regarding assigning the revenue from agricultural income tax should be accepted and implemented.

As regards the assigned tax revenue the first in the list is the normal cess on land revenue. Revenue from this source has remained somewhat steady. But there have been variations in the estimated amounts and the actual receipts.

This needs to be corrected by realistic estimation by the Z.P. and by the full devolution of the amount of cess by the Government to the Z.P. As regards the irrigation cess it has not proved to be an elastic source of revenue. It is necessary to revise in the upward direction the present rate of cess of 20 paise, which was fixed 13 years ago, and raised to 50 paise so that it would match the growing irrigation facilities made available in the district by the Nasik Z.P. It is also necessary to improve the collection method and machinery to avoid the accumulation of arrears. Stamp Duty Grant is the third source of assigned revenue. But it is not a large source and revenue from it is intermittently fluctuating. Moreover, 50% of the revenue from this source is shared with the village panchayats. In view of the meagre revenue from this source we feel that the V.Ps. should not be made partners in this revenue or alternatively the surcharge on stamp duty should be raised to 1%.

Land Revenue Grant, the fourth source of assigned tax revenue was also a disappointing source and revenue from it has been mostly declining from 1962 to 1974-75 when it was discontinued. Government should have provided for its 100% devolution to the Z.P. instead of discontinuing it while acting upon the recommendations of the Bongirwar Committee which, not even by implication, suggested its discontinuation.

Thus the tax revenue sources, both own taxes and assigned taxes, at the disposal of the Nasik Z.P., are not satisfactory sources of revenue. It is, therefore, necessary that the Z.P. should utilize the tax powers conferred upon it and tap the various taxes within its powers in order to raise its own tax revenue. Government should also improve the situation regarding the assigned taxes and make them more lucrative sources of revenue for the



assigned taxes and make them more lucrative sources of revenue for the Z.P.

## SECTION II

### 17. COMPONENTS OF NON-TAX REVENUE :

In this Section we propose to analyse the non-tax sources of revenue of the Nasik Z.P. and the revenue therefrom. As stated earlier in Sec. I the sources of non-tax revenue are subdivided into two categories : Own non-tax sources or revenue and Government Grants. In the category of own non-tax revenue we have included the following sources : (i) Fees under Sec. 157(9), (ii) Local Cess Matching Grant, (iii) Incentive Grant, and (iv) Administrative Receipts. Let us now analyse these sources one by one :-

### 18. FEES UNDER SEC 157 (9) :

As already noted in chapter VI (Table 6.7) Nasik Z.P. has never tapped this source of non-tax revenue and never levied any fees, in spite of its statutory power.

### 19. LOCAL CESS MATCHING GRANT :

This grant is given as a sort of incentive to the Z.Ps. to increase the cess on land revenue to the ceiling limit of 200 paise per rupee and is linked with the mobilization of own resources by the Z.Ps. through increasing the cess. Thus, since the Z.P. is responsible for securing the increased amount from this source, we have included this source in the own non-tax source category. The rates of the payment of this grant are given in Sec. I of this chapter.

Since under Sec. 155(2) the Panchayat Samitis can also propose the increase in cess on land revenue, 25% of the LCM Grants due on the increased Cess proposed by the P.S. are to be given to the P.S. through the Zilla Parishads.

Government has exempted the payment of land revenue to the landholders liable to pay agricultural land revenue of Rs. 5 or less and the Z.P. cess (as well as village Panchayat cess) thereon with effect from 1st August 1977. L.R. grant and LCM Grants are calculated on the basis of actual collec-

tion of the L.R. cess. Since exemption is granted for payment of L.R. upto Rs. 5 to the cultivators, there will be correspondingly less collection of L.R. since L.R. itself is exempted no cess thereon can be recovered. Government has, therefore, decided to make good the resultant loss to the Zilla Parishad and/or Panchayat Samitis. This aspect has been taken into account while framing the Budget Estimates for 1982-83 in respect of L.C.M. Grants.

The L.C.M. Grant constitutes free resources of the Zilla Parishad to be utilized for its own schemes. Hence, physical targets, aims and objects have not been prescribed for utilization of this grant. Owing to the scarcity conditions prevailing in the State, this grant was released to the Zilla Parishad on an ad hoc basis during 1970-71, 1971-72 and 1972-73.

Since, as we have already seen, the revenue from increased cess on land revenue is increasing (vide Table 7.4) the revenue from L.C.M. Grant is also correspondingly increasing. This is obvious from Table 7.12. The revenue from this source has registered 457% increase over the last twenty years. However, its share in the total revenue has registered a continuous decline, except for the year 1977-78. Its share in the Own Non-tax Revenue has also been mostly less than 50% (vide Table 7.19).

Another important point regarding this grant is that it is observed that from 1975-76 onwards the amount of this grant admissible to the Nasik Z.P. on the basis of the increased Cess realised by it is not fully released. This is clear from Table No. 7.13. This had led to the accumulation of arrears in respect of this grant. This might be due to the fact that, as noted earlier, during 1970-73, due to the scarcity conditions Government paid this grant on an ad hoc basis and later on the excess or deficit payments were adjusted by releasing less or more grants. Even before 1975-76 the payment of this grant was somewhat uncertain and irregular. For example, the amount of this grant was Rs. 6,95,173 in the year 1967-68, which declined to only Rs. 95,477 in the next year 1968-69 and shot up to Rs. 25,67,000 in the next year 1969-70. (Ref. to Appendix VI to chapter VI) Such erratic fluctuations in the devolution of the amount to the Z.P. has an upsetting effect on the plans and programmes of the Z.P. Hence it is necessary to correct this situation and to be regular and certain regarding the payment of this grant to the Z.P.

TABLE 7.12

**Growth of Revenue from L.C.M. Grant, Nasik Z.P.  
(1962-82)**

(Rs. in thousands)

Year	Revenue	% to total Revenue.
1963-64*	0441	1.9
1967-68	0695	1.7
1972-73	1509	1.8
1977-78	2490	2.9
1981-82	2459	1.7
% increase in 1981-82 over 1963-64	0457%	

Sources : Annual Administration Reports & Budgets of Nasik Z.P. for various years.

\* Nasik Z.P. stated receiving this Grant from 1963-64 when it initiated the first increase in Cess of L.R.

We have already noted earlier that no Panchayat Samiti under the Nasik Z.P. has utilized its power under Sec. 155 (2) and proposed an increase in Cess so far. We have suggested there that devolution of 100% L.C.M. to the P.S. (and not only 25% as at present) for such increase proposed by the Panchayat Samiti would encourage the Panchayat Samiti to utilize that power.

**20. INCENTIVE GRANT :**

The performance of the Nasik Z.P. in respect of receiving the incentive grant is very poor as is obvious from the following Table No. 7.14. It has hardly crossed the amount of fifty thousand. This grant is linked with the percentage performance of the Z.P. in respect of agricultural production.

From 1974-75 this grant was discontinued by the Government

The increase in the revenue from this source during the decade 63-74 is so meagre that the revenue has grown only by 105% over the period. The percentage share in the total revenue of the Z.P. each year is so scanty that

TABLE 7.13

Trends in the release of Local Cess Matching Grant (1975-83)

	1975-76	1976-77	1977-78	1978-79	1979-80	1980-81	1981-82	1982-83 Estimated
1. Cess (c arrears) realised by Z.P.	7,30	42,82	34,48	25,73	46,89	40,00	40,00	40,00
2. L.C.M. Grts. admissible on the above basis	5,15	18,19	26,33	19,65	35,82	30,56	30,56	30,56
3. L.C.M. Grts. (c arrears) released	4,38	28,34	24,90	14,29	16,85	30,47	21,95	21,95

Source : Performance Budget (for various years); R.D.D. Govt. of Maharashtra.

TABLE 7.14

## Revenue from the Incentive Grant

Year	Revenue (Rs.)
1963-64	38,030
1964-65	45,624
1965-66	54,000
1966-67	-
1967-68	-
1968-69	44,000
1969-70	52,000
1970-71	42,000
1971-72	46,000
1972-73	39,000
1973-74	36,000
1974-75	42,000
% increase in 74-75 over 63-64.	105%

we have not even calculated it. Its contribution to the Z.P's own Non-Tax Revenue is quite meagre (vide Table 7.17).

The grant was abruptly discontinued by the Government. In fact, as the Evaluation Committee had recommended this grant should have been utilized as an incentive to the Z.Ps. for greater resources mobilization by linking its amount to the the actual resource collection of the Z.P. We have already commented on this aspect earlier in Sec. I of this chapter.

We have already noted earlier in chapter V that even when this grant was given it has no relation to the agricultural performance of the Zilla Parishad in the District. A lumpsum provision used to be made in the State Budget every year and the amount was distributed among the Z.Ps. in the State.

We feel that this grant should be resumed and should be patterned on the basis of the Bongirwar Committee's recommendations stated above.

## 21. ADMINISTRATIVE RECEIPTS :

Revenue from this own non-tax resource, as we have explained in Ch. V includes receipts from the revenue-earning schemes operated by the Z.P. as also interest on investments, etc. proceeds from the sale of old stocks, etc, Nasik Zilla Parishad receives revenue from the items under this head, explained in chapter V. Trends in the growth of revenue from this source are revealed in Table 7.15. It will be seen that even though in absolute terms the revenue from this source has increased nearly five times during the period of two decades under review, its share in the total revenue has declined from 3.1 percent in 1962-63 to 1.8 per cent in 1981-82. In terms of percentage increase the revenue from this source has gone up by 389 per cent over the period of two decades. But its contribution to the total income of the Nasik Zilla Parishad is quite meagre. Thus the administrative receipts as a source of own source of income of the Z.P. play a marginal role in the finances of the Nasik Zilla Parishad. With limited tax power with the Zilla Parishad it is necessary to increase the revenue from this source.

The item-wise break-up is given in the Table 7.15. Of these items 'Interest' refer to interest receipts on the investments of the Nasik Zilla Parishad's Funds in 3% conversion Loans, 5.75% Maharashtra State Development Loans, Fixed Deposits, National Savings Certificates and National Defence Bonds, etc. This source of income is the most prolific source since the contribution of income from it shows an increase of 51864 per cent in 1981-82 over 1962-63. Table 7.16 relating to the year 1980-81 gives the idea of the fruitful investment of the zilla parishad fund.

Table 7.15 also reveals the items which have a potentiality to contribute to the revenue of the Z.P. but which are not tapped fully and properly. Receipts under the head 'police' refer to the collection of fines under the Bombay Public Vehicles Act, 1920. This source had remained inelastic one throughout with receipts from it quite insignificant and generally declining.

The item 'Education' refers to the receipts from fees collected from the Primary, Secondary and Basic Training Schools and receipts from the non-local authorized Municipalities (i.e. percentage share in receipts of the fees collected from the primary schools excluding municipal areas of Nasik and Malegaon). It also includes receipts of recovery from advance payments

TABLE 7.15

## Trends in Revenue from Administrative Receipts of the Nasik Zilla Parishads, 1962-82.

Item of Receipts	1962-63	1967-68	1972-73	1977-78	1981-82	(Rs. in Actuals)
						% increase in 81-82 over 62-63
01. Interest	0,00,564	0,41,375	0,83,315	2,63,085	2,93,077	51864
02. Police	0,00,254	0,00,258	0,00,188	0,00,169	0,00,172	- 32
03. Education	1,39,640	2,51,162	3,75,216	2,08,254	3,06,897	191
04. Medical	0,12,801	0,36,101	0,46,897	0,40,331	0,38,782	203
05. Public Health	0,00,483	0,07,308	0,09,333	0,09,857	0,06,043	1151
06. Agriculture	0,64,906	0,98,988	0,45,267	0,26,271	0,18,790	(-) 71
07. Animal Husbandry	0,03,575	0,16,241	0,20,310	0,17,804	0,06,282	76
08. Industries	0,08,042	0,11,318	0,05,907	-	-	(-) 26
09. Public Works	2,14,411	0,67,785	2,00,436	6,72,168	5,84,549	172
10. Pensions	-	-	-	0,02,913	1,43,129	4813
11. Miscellaneous	0,75,860	2,01,915	1,33,719	14,02,654	10,52,067	1286
Total	5,20,536	7,32,451	9,20,588	26,43,497	25,49,788	389
Total Revenue of the Z.P.	1,66,31,841	4,04,77,001	8,10,96,703	8,49,54,942	13,76,53,975	727
% to Total Revenue	3.1	1.8	1.1	3.1	1.8	-

Source : Budgets & Annual Administration Reports of the Nasik Zilla Parishad; 1962-63 to 1983-84.

**TABLE 7.16**  
**Investments of the Nasik Zilla Parishad 1980-81**  
**(as on 31.3.1981)**

Type of Investment	Amount of Investment (Rs.)	Special Funds to which the Investment is related, such as Dist. Fund, Trust Fund, Depreciation Fund, etc.
01. 3% Conversion Loan 1986	0,74,900	District Fund
02. 3% Conversion Loan 1986	0,40,700	Trust Fund at Taharabad
03. 3% Conversion Loan 1986	0,00,300	Sadayabai Trust Fund
04. 3% Conversion Loan 1986	0,00,200	Nagpure Trust Fund
05. 3% Conversion Loan 1986	0,08,500	Primary Education Fund
06. 10.5% 5 Years Fixed Dep.	-	-
07. 7 Year's National Savings Certificates 1983	1,00,000	Depreciation Fund of the Z.P.
08. 12 Year's National Defence Bonds 1980	-	-
09. 5.75% Maharashtra State Development Loan 1980	-	-
10. 5.75% Maharashtra State Development Loan 1981	0,39,000	Depreciation Fund of the Z.P.
11. 5.75% Maharashtra State Development Loan 1982	1,00,000	Depreciation Fund of the Z.P.
12. 5.75% Maharashtra State Development Loan 1983	1,00,000	Depreciation Fund of the Z.P.
13. 5.75% Maharashtra State Development Loan 1983	0,10,000	Depreciation Fund of the Z.P.
14. 10% 5 Year's Fixed Depo.	1,40,000	Depreciation Fund of the Z.P.
15. 10% 5 Year's Fixed Depo.	2,10,000	Depreciation Fund of the Z.P.
16. 9% 5 Year's F.D.	2,77,000	Depreciation Fund of the Z.P.
17. 9% 61 months' F.D.	2,19,000	Depreciation Fund of the Z.P.
18. 10% 61 months' F.D.	3,47,500	Depreciation Fund of the Z.P.
19. 10% 61 months' F.D.	3,80,000	Depreciation Fund of the Z.P.
<b>Total</b>	<b>20,44,100</b>	

Source : Annual Administration Report of the Nasik Z.P. 1980-81 P.34.



in earlier years. Receipts from this source have increased from Rs. 1.39 lakhs to 4.06 lakhs. But in view of the expenditure on this head, it did not add much to the 'own income' of the Parishad. In the Budget for the year 1965-66, under the head Education (i) Rs. 12000 were received as fees from the Middle Schools (Government Girls' High School, Nasik) (ii) Rs. 20,000 by the sale of articles manufactured in the Basic and Agricultural Schools and (iii) Rs. 1,60,000 were to be received as a part of the expenditure on primary education in the municipal areas of Nasik and Malegaon. In 1980-81, the receipts from these items were (i) Rs. 24,032, (ii) Rs. 14,005 and (iii) Nil. This shows that the Parishad has a scope for increasing the receipts under the sale of articles (item ii).

Under the item 'Medical' the receipts from the fees for medical services form the core of receipts. It includes hospital fees, receipts from the sale of medicines, endowments, income from the Trust Funds of the Nasik Z.P.'s allopathic dispensaries at Taharabad (Taluka Baglan) and Zodga (Taluka Malegaon). The major source of receipt under 'medicine' is the hospital fees. Receipts from this Head 'Medicine' have increased by 203 per cent in 1981-82 over 1962-63. There is a scope for increasing revenue from this source by an upward revision in these fees as well as by increasing the sale of medicines.

Public Health item refers to receipts from contributions from non-Government sources; e.g. contributions from municipalities on the salaries of small-pox vaccinators working in their areas, and other incomes or receipts; e.g. receipts in connection with fairs, receipts from the sale of empty bottles, tins, etc. Revenue from this source has grown satisfactorily from Rs. 483 to Rs. 6043, but basically it is at a low level, which needs to be raised to a high level. The major item of income under this Head is 'other incomes' stated above. Efforts should be made by the Z.P. to increase revenue from this source.

Receipts from Agriculture include fees from agricultural schools, entry fees for crop competition, and other agricultural receipts. The main source of income is fees collected under crop competitions, besides collection of rent for the use of agricultural instruments is also considerable. But the receipts under this Head show a declining trend to the effect that in 1981-82

the per centage increase over 1962-63 has turned out to be negative (-71%). The Zilla Parishad needs to improve this situation by organizing crop competitions in the district on a large scale and undertaking the hire-activity in respect of agricultural instruments.

The item Animal Husbandry refers to receipts from fees of veterinary dispensaries, i.e. fees for examination, medication and treatment of animals, cattle fairs and shows, fees from slaughter houses (mainly, slaughter-houses at Malegaon, Taluka Malegaon, District Nasik), fees for cattle markets, etc. However, receipts from this source are fluctuating and mostly declining (Table 7.19). There is a scope for increasing receipts by raising the fees for veterinary services, fees from slaughter houses. The fees for veterinary services were revised in 1968<sup>12</sup>. But since then no substantial revision has taken place.

The item Industries refers to the receipts from the sale of the products produced in the training institutions and sale depots and emporia. This source was never an elastic source of income during its life-time of twelve years 1962 to 1974. From 1975 it has completely ceased to be a source of income for the Z.P.

Public works have been a prolific source of revenue and include receipts from rent on land, buildings, plants, tools and implements, sale proceeds of old stores and materials, fruits and trees, ferry receipts, Dharmashala fees, Dak Bungalow fees. Revenue from this was basically high (2.14 lakhs in 1962-63) and rose to Rs. 5.84 lakhs in 1981-82. The major item under this Head has been rent from plants, tools and implements - Rs. 3.84 lakhs in 78-79, Rs. 2.26 lakhs in 79-80 and Rs.5.01 lakhs in 81-82. The Z.P. has a scope for further increasing revenue under this Head. For example, the Z.P. can raise the service charges of the Dak Bungalows and can earn more revenue from that item, which has remained ranged between Rs. 2998 in 1978-79 and Rs.3672 in 1981-82.

"Pension" refers to the collection of employees contributions to Pension Fund, and Provident Fund, which has remained nil or marginal throughout the period.

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12. Vide Subject Committee Resolution (Agriculture) No. 20, dated 27th May, 1968.

Finally, the Head Miscellaneous" has been a prolific source of income. It includes revenue from sale of old stocks and materials, rent from residential buildings, "other receipts", etc. Revenue from this Head increased from Rs. 75,860 in 62-63 to Rs. 10,52,067 in 1981-82. The major item under this Head has 'other receipts' which shows receipts of Rs. 6.55 lakhs in 1978-79 and Rs. 7.21 lakhs in 1981-82. Next item is rent from residential buildings which was Rs. 1.29 lakhs in 78-79 and Rs. 1.25 lakhs in 81-82.

On the whole 'administrative receipts' has not been an important source of Z.P's own non-tax revenue; since its share is mostly less than 50% (vide Table 7.17) what is required is that the Nasik Z.P. should undertake an upward revision of rates and fees of the services provided by its various schemes. The Evaluation Committee had rightly suggested in its Report, "We would suggest that Zilla Parishads should from time to time undertake an upward revision of these fees, etc. This, we think, is one of the important measures of increasing Zilla Parishad resources."<sup>13</sup>

## 22. GOVERNMENT GRANTS :

Government Grants are an important component of the total non-tax revenue of all the Zilla Parishads in general and Nasik Zilla Parishad in particular.

We have already explained the different types of grants that were given and that are given presently to the Z.P. some grants were being given from the beginning but later on discontinued (e.g. Land Revenue Equalization grant, Deficit Adjustment grant, Block grant, Land revenue grant, Incentive Grant). Grant like the Forest Revenue Grant was not given in the beginning but was started late from 1969-70. Similarly Ad hoc Grants were started in 1971-72. At present the Z.P. is given the following grants.

- i) Local Cess Matching grant
- ii) Purposive Grant
- iii) Establishment Grant
- iv) Plan Grant
- v) Forest Revenue Grant
- vi) Ad hoc Grant

<sup>13</sup>. Report of the Committee, P.81, para 7.22.

TABLE 7.17

Trends in the Growth of the Components of Own Non-Tax Revenue of Nasik Zilla Parishad. 1962-82

Source of Own- Non Tax Revenue	(Rs. in thousands)				
	1962-63	1967-68	1972-73	1977-78	1981-82
Total Own Non-Tax Rev.	520	1476	2469	5134	5009
1. Local Cess Matching Grant	-	696 (47%)	1509 (61%)	2490 (49%)	2459 (49.1%)
2. Incentive Grant	-	48 (4%)	39 (2%)	-	-
3. Admini. Receipts	520 (100%)	732 (49%)	921 (37%)	2644 (51%)	2550 (50.9%)

Source : Budgets & ADM Reports of the Nasik Zilla Parishads 1962-63 to 1983-84.

Of these grants the Local Cess Matching Grant has been regarded by us, for the reasons made clear earlier, as the Z.P's own non-tax revenue. All these grants have been increasing from year to year, except for a few intermittant years when they have shown a decline. These grants contribute a substantially major share of the total revenue as well as the Non-tax revenue of the Nasik Zilla Parishad. This is clear from Table 6.8 and 6.9 in the last chapter, as well as the following Table No. 7.18.

Of all these grants the purposive grants and establishment grant are the major grants and are continuously increasing except for the year 1972-73. As regards other grants, they are either discontinued or are declining; even those grants which are discontinued showed a declining trend during the period they were given.

1. The land revenue equalization grant was paid to the Nasik Zilla Parishad to make up the difference between the amount of land revenue arrived at on the basis of Rs. 2/- per capita and the amount of land revenue actually paid to the Zilla Parishad.

But this grant was discontinued by the government while implementing

TABLE 7.18

## Growth of various Government Grants to the Nasik Zilla Parishad. 1962-82.

Name of the Grant	1962-63	1967-68	1972-73	1977-78	1981-82
1. L.R. Equalization Grt.	1027 (7.40)	1798 (4.7)	1077 (1.4)	-	-
2. Purposive Grt.	6941 (49.86)	18366 (50.7)	27100 (36.45)	54717 (71.20)	103088 (80.1)
3. Establishment Grt.	431 (3.09)	2267 (6.2)	3609 (4.8)	9361 (12.2)	18242 (13.1)
4. Defi. Adjustmt. Grt.	2100 (15.09)	2322 (6.4)	-	-	-
5. Plan Grant	1509 (10.8)	8991 (24.7)	11209 (15.05)	9004 (11.8)	10032 (6.4)
6. Block Grant	1818 (13.26)	1515 (4.2)	1601 (2.25)	47 (0.4)	-
7. Forest Revenue Grt.	-	-	185 (.35)	580 (.6)	-
8. Agency Grant	84 (0.6)	1118 (3.1)	28592 (38.3)	3985 (3.2)	-
9. Ad hoc Grant	-	-	1087 Govt. Ref. (1.4) - 335	46 (0.6) Govt. Ref. - 2195	53 (.4) Govt. Dues - 4312
Total Grants	13910 (96.3)	36042 (96.06)	74460 (96.8)	75545 (93.6)	127103 (96.2)
Total Non-tax Rev.	14430 (86.77)	37519 (92.7)	76929 (94.87)	80679 (94.97)	132112 (95.98)
Total Revenue	16632	40477	81097	84955	137654

- Note : i) Figures in brackets under the grant-amounts indicate percentage to Total Grants.  
 ii) Figures in brackets under the Total Grants indicate percentage to Total Non-tax Revenue  
 iii) Figures in brackets under Total Non-tax Revenue indicate percentage to Total Revenue

Source : BUDGETS and Annual Administration Reports of the Nasik Zilla Parishad; 1962-63 to 1983-84.

the recommendation of the Evaluation Committee to raise the purposive and establishment grants to 100 per cent, even though the Committee had not recommended such discontinuation.

We feel that neither the land revenue grant nor this grant should be discontinued. They should be resumed.

2. Purposive grant. The purposive grants is paid to the Z.P. for meeting the expenditure on the transferred schemes and the schemes inherited by the Zilla Parishad from the Ex-Nasik District Local Board.

Initially this grant was paid at 75%. From 1969 this percentage was raised to 90%. Further from 1974-75 it was raised to 100% as per the recommendation of the Evaluation Committee.

This grant to the Z.P. has been continuously increasing both in absolute terms as well as in terms of its percentage share in the total grants (except in the year 1972-73 when its share in the total grant has gone down to 36.45 per cent. Its amount which was Rs. 69.41 lakhs in 1962-63 increased tremendously to Rs. 1030.88 lakhs in 1981-82; correspondingly its per centage share in total grants has increased from 49.86 in 1962-63 to 80.1 in 1981-82.

There are two factors responsible for the increase of this grant. The first is the increase in the total wage bill of the staff employed on the schemes and works due to annual increments in pay, higher dearness allowance and other concessions. The second reason is the general rate of increase in prices which has caused a corresponding increase in the contingent expenditure incurred on such schemes and works. These is also another phenomenon which takes place every five years and causes this grant to increase. This phenomenon is certain schemes and works which are executed and maintained during the period of the State's Five-Year Development Plan become a "committed" liability and are required to be maintained thereafter. The grant which has come from the plan resources during the five years of that plan period is then converted into a 'purposive' grant. And thus because of these factors the purposive grant paid to the Nasik Z.P. has increased by more than 150 times during the last two decades.

3. Establishment Grant. This grant is paid to the Nasik Z.P. on account of the establishment charges on salaries and allowances of the Government staff transferred to the Zilla Parishad. From April 1970 this grant also covers establishment charges on posts subsequently created by the Zilla Parishad (i.e. after 1st May 1962) and approved by the Government.

Initially it was paid at the rate of 75%, but from 1974-75 it is paid at the rate of 100% as per the recommendations of the Evaluation Committee.

Its amount has considerably increased from Rs.43.1 lakhs in 1962-63 to Rs. 182.42 lakhs in 1981-82. Its share in the total grants has also registered an increase from 3.09% in 1962-63 to 13.1% in 1981-82.

The reasons for the increase of the amount of this grant are not far to seek. The factors responsible for the increase of the amount of purposive grant are also the factors responsible for the increase of the amount of this grant. Besides, a sizable increase has taken place during the last 20 years as a result of increase in the rates of dearness allowances sanctioned for Government servants from time to time and the revision of their pay scales.

4. Deficit Adjustment Grant was paid to the Nasik Z.P. under the original financial arrangement in order to cover deficit in committed expenditure arising mainly on account of the burden of 10 per cent for 'purposive' schemes, 25 per cent for establishment and 100 per cent on account of non-purposive schemes. According to the provisions of the Z.Ps. Act this grant was to be given in full for the first five years (i.e. upto 1967) and later to be tapered off gradually during the next five years so that at the end of 10th year (i.e. 1972-end) the grant was to be discontinued. But the financial arrangement regarding the Zilla Parishads as revised and implemented in 1968 under which this grant was discontinued from 1969-70.

5. Plan Grant. This grant is given to the Nasik Zilla Parishad for all transferred plan schemes and works. It is given at the rate of 100 per cent. by making provision under the plan budget.

In absolute terms the amount of this grant has increased by nearly

seven times from Rs.15.09 lakhs in 1962-63 to Rs. 100.39 lakhs in 1981-82, though in terms of per centage share in the total grant it has been declining particularly from 1967-68.

6. Block Grant. This grant was paid to the Nasik Z.P. to be given to the Panchayat Samitis. It is, being under the Central Scheme of Community Development, paid by the Central Government through the State Government. It covers expenditure on works and development schemes as per the schematic budget of the Community Development Blocks in Stage I and Stage II. Full provision is made in the corresponding plan scheme. As by March 1972 all blocks in the Nasik District have completed the stage II, since then the Government is giving ad hoc grant to these blocks, for general maintenance and specific grants for incomplete works (after the expiry of the extension period covering the spill-over).

From 1975-76 Government decided not to give these grants as regular grants but its amount be limited to the expenditure required for completion of incomplete works taken earlier.

The Nasik Z.P. has not received this grant from 1978-79. (vide Appendix B to Chap. VI) During the period it was paid, its share in total grants has been declining from 13.16% in 1962-63 to 0.4% in 1977-78.

#### 7. FOREST REVENUE GRANT :

The Z.Ps in Maharashtra started receiving this grant from the financial year 1969-70. From 1969-70 to 1971-72 this grant was paid at the rate of 2% of the average of the gross Forest Revenue realised during 3 financial years preceding any State Five-Year Plan, within the limits of the District. From the year 1972-73 the rate was raised to 5% and the Forest Revenue Grant is now payable to every Z.P. equal to 5% of the average gross revenue realised through forests during the 3 financial years immediately preceding each quinquennium commencing from 1st April 1972 within the limits of the district. This grant is not a free resource of the Z.P. but 'tied resource' in the sense that it is to be utilized by the Z.P. for works and development schemes in the forest areas such as (i) Planting and preservation of trees, (ii) development of forest villages and grazing lands, (iii) Construction, main-



tenance and repairs to roads, (iv) medical relief in forest areas, (v) providing drinking water facilities, (vi) Construction, improvement and repairs to minor irrigation tanks, (vii) Construction, maintenance and repairs to school buildings and compound, teachers' quarters and opening of school villages, (viii) providing street lights, (ix) expansion of veterinary facilities.

Govt. has directed that approximately 60% or 3/5th of the Forest Revenue grants should be utilized by the Z.Ps. for undertaking construction, maintenance and repairs of primary school buildings and teachers' quarters in forest villages and forest settlements and Ashram Schools to the extent possible, particularly in Tribal areas.

#### **Trends in Revenue from Forest Grant.**

The revenue of the Nasik Z.P. from this source has been increasing, particularly since the late 1970s. This trend is clearly visible from Table No.7.19).

As regards utilization of this grant it is seen from Table 7.20 that the Nasik Z.P. has spent the amount in excess of the grant and more than 3/5th amount has been spent on construction, maintenance and repairs of primary school Buildings and teachers' quarters in forest villages and forest settlements and Ashram Schools. Out of the nine items that have been laid down by the Government for the utilization of this grant the Nasik Z.P. has covered four items as shown in the Table, on which this grant is spent.

8. Agency Grants. These grants are paid to the Nasik Zilla Parishad on account of the expenditure on the schemes and works handed over by the Government to the Z.P. on Agency Basis under Sec. 123(1) of the Z.Ps. Act.

As we have noted in Ch. V since the revision in the procedure of giving this grant the amount of it is not appearing in the Budgets of the Z.P. since 1979-80.

9. Ad hoc Grant. These grants are paid to the Nasik Z.P. since 1971-72. They are given for such miscellaneous purposes like, for example, (i) the

TABLE 7.19

**Growth of Revenue from Forest Grant Nasik Z.P.  
1969-82**

Year	Revenue	(Rs. in thousands)
		% to Total Revenue
1969-70	180	0.4
1970-71	180	0.3
1971-72	175	0.2
1972-73	185	0.2
1973-74	168	0.1
1974-75	-	-
1875-76	325	0.4
1976-77	116	0.19
1977-78	580	0.6
1978-79	580	0.5
1979-80	725	0.6
1980-81	725	0.5
1981-82	653	0.4
% increase in 1981-82 over 1969-70	262%	

Source : A A Rs. & Budgets of the Nasik Z.P.

TABLE 7.20

	Forest Revenue Grant @ 5%						(Rs. in thousands)	
	1975-76	1976-77	1977-78	1978-79	1979-80	1980-81	1981-82	1982-83 B.E.
1. Amount Payable				5,80	5,80	7,25	6,53	5,94
2. Realised Forest Revenue	1,64,55	N.A.	-	-	-	-	-	-
3. Grants released	1,62	1,62	5,81	5,80	5,80	7,25	6,53	5,94
4. Amount utilised	5,10	N.A.		1,63	10,37	7,45	12,41	5,80
for								
i) Construction, Maintenance & repairs of Roads.				0,40	3,89	2,69	2,03	1,86
ii) Medical Relief in forest area				0,16	0,16	0,50	0,30	0,30
iii) Construction maintenance & repairs to school bldgs & compounds teachers' Qurts & opening of schools in villages				0,95	6,16	4,00	9,92	3,48
iv) Expansion of veterinary facilities				0,12	0,16	0,26	0,16	0,16
Total amt. utilized				1,63	10,37	7,45	12,41	5,80
Balance, if any, c Z.P.								

Source : Performance Budgets (for various years) Rural Development Department, Govt. of Maharashtra.

State Transport Corporation's Roads, and (ii) the interim increase in the pensions of the retired employees.

The amount of this grant, as is clear from the Table 7.18, has been small and its share in the total grants has been declining and negligible - 1.4% in 1972-73 and 0.4% in 1981-82.

Thus, the grants which are paid to the Zilla Parishad are numerous and the major two among them the purposive and establishment grants have a tendency to increase every year. These grants form an important part of and the main source of the total revenue of the Zilla Parishad. This is but natural and obvious. Even in England, 55 per cent of the revenue receipts of the local bodies accrue from the government grants.

These grants are not the free resources of the Z.P., but are 'tied up' resources. They are required to be spent on the schemes handed over by the Government to the Zilla Parishad as distinct from the own schemes of the Z.P.

Since the government grants are an important part of the total revenue of the Z.P., their nature, quantity, procedure and the accounting system must be given serious thought, and the defects therein must be removed.

At present their accounting system is somewhat complicated. These complications should be removed and it should be simplified. Secondly, the administrative practice in the case of the departmental grants results, in many cases, in late intimation of the grants. The sanctioned grants are not released in time but are released late in March, and the schemes then become a victim of 'March Fever' or March Epidemic. The amount is spent hurriedly and in a haphazard manner. For example, in the year 1967-68 Nasik Zilla Parishad received the grants under Backward Class and social welfare late in March 1968. For fear that if unspent, that grant may have to be surrendered, it was spent in the same month. In the same grant RS. 19,669 were received as an unexpected amount! Thus the delays in sanctioning and release of grants result in 'March Expenditure Panic' and above all, reduce the budgetary processes at the Zilla Parishad level to a mere ritual. Forward Planning,

under such circumstances, becomes impossible.<sup>14</sup> Hence, it is necessary to avoid such delays. The system of Ways & Means Advances has removed this defect to some extent. But then these Ways & Means Advances should be released in time.

Two suggestions may be made in order to remove the defects in the grant-in-aid system. One is pool system may be adopted on the Madras pattern under which all funds from the Central Government and the State departments are pooled together and a new schematic budget is formed for all Panchayat Union Councils (corresponding to Panchayat Samitis in Maharashtra). The Santhanam Committee had actually recommended this Madras Experiment.<sup>15</sup> In Maharashtra Panchayati Raj pattern it is the Zilla Parishad and not the panchayat samiti, which is the strong unit. Hence the pooled grants should be disbursed to the Zilla Parishads.

Secondly, it may be suggested, nay insisted, that a separate statutory Finance Commission for Panchayati Raj institutions should be established. Such commission would deal with the working of the grants on the pattern of the Common Wealth Grants Commission of Australia. This Australian Commission deals with the assessment of local needs, the quantity and conditions for the grant-demands, linking up grants with the vital functions in the area, both from the point of view of the National as well as Local authorities and providing checks to excess or unwarranted expenditure.

### 23. CONCLUSIONS FROM SECTION II :

In this Section we have analysed the non-tax sources of revenue of the Nasik Zilla Parishad, which are sub-divided into (i) Own non-tax resource and (ii) Government Grants.

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14. Mathur, M.V., Panchayati Raj in Rajasthan, New Delhi, Impex India, 1966, P.220.

15. Report of the Committee on Panchayati Raj Finances (New Delhi : Govt. of India, Ministry of Community Development, 1963), Part I, P.147 "All funds and subventions, including specific and purposive grants, may be pooled at the State level and disbursed in a consolidated form to various panchayat samitis".

As regards the own non-tax resources, the Nasik Z.P. has never tapped "Fees" statutorily empowered to levy under Sec. 157(9) of the Z.Ps Act. It is suggested that it should tap this source and raise its own revenue.

Local Cess Matching Grant, which is another source of the Z.P's own non-tax revenue, is increasing, but its share in the total revenue is declining. It is necessary to raise the statutory limit of Rs.1.80 of increased cess to Rs. 2.80 so that the matching grant amount would also increase. Besides, Government should be regular in releasing this grant and arrears should not be accumulated.

Incentive Grant discontinued abruptly should be resumed and as recommended by the Evaluation Committee, should be linked with resource mobilization by the Zilla Parishad.

Coming to the 'Administrative Receipts' we feel that the Z.P. should try to increase revenue from this source by undertaking an upward revision in the rates/fees charged for its services.

Finally, the Govt. Grants, which are a major and important source of the non-tax revenue of the Nasik Z.P. should be more systematized. Their accounting system, quantity and procedure should be given a serious thought. Particularly timely release of these grants to the Zilla Parishad is highly essential. In this respect we feel that the Pool System on the Madras Pattern would be highly useful. Similarly we suggest the establishment of a statutory Finance Commission for the Zilla Parishad on the pattern of the Australian Common Wealth Grants Commission would go a long way in systematizing the grants system.

\* \* \* \* \*

No. ZPA/1075-11570/N,  
Rural Development Department,  
Sachivalaya Bombay 32,  
Dated. the 5th April, 1975.

To  
The Chief Executive Officers of  
All Zilla Parishads.

Subject:- Levy and Collection of Profession tax by Z.Ps.  
and V.P.s. under the B.Z.Ps. and P.Ss. Act 1961  
and the B.V.P. Act, 1958.

It has been decided by Government to take over to itself the power of levying the tax on professions, trades, callings and employment (which is at present being exercised by the Zilla Parishads under Section 157 of the Maharashtra Zilla Parishad and Panchayat Samitis Act 1961, and by the Village Panchayats under section 124 of the Bombay Village Panchayat Act, 1958), in order to exploit this source to the maximum extent possible for raising resources for the Employment Guarantee Scheme. A Co-Operative legislation giving effect to such a measure has been introduced in the State Legislature under L.A. Bill No. XVIII of 1975 a Bill to provide for the levy and collection of a tax on profession, trades, callings and employments for the benefit of the State. The Bill seeks to take away the powers of the Zilla Parishads and Village Panchayats to levy these taxes. The provisions of the Bill shall be deemed to come into effect from 1st April 1975. The Bill is likely to be passed by the legislature soon. In view of these provisions, the Zilla Parishad and Panchayat Village Panchayats should not collect from 1st April, 1975 onwards, the profession of tax etc. It is being levied at the present under the provisions of the Maharashtra Zilla Parishads and Panchayat Samitis Act, 1961 and the Bombay village Panchayat Act, 1958.

Yours faithfully,

Sd/- x. x. x.  
(D. V. Saurkar).  
Under Secretary to Govt.

TRUE COPY.

NO. TAX-1075/17510/IV,  
Rural Development Department,  
Sachivalya, Bombay-32.  
dated 1st July, 1975.

To  
The Chief Executive Officers of all  
Zilla Parishads.

Subj:- Levy and collection of profession Tax by Z.Ps.  
and V.Ps. under the Maharashtra Zilla Parishads &  
Panchayat Samitis Act, 1961 and the Bombay village  
Panchayats Act, 1958.

In Government letter, Rural Development Department, No. ZPA.1075/  
11570/N, dated the 5th April, 1975 the Zilla Parishads and  
Panchayat Samitis were directed not to Collect the tax on  
professions, trades, callings and employment leviable under clause  
(a) of section 157 of the Maharashtra Zilla Parishads and under  
section 124 of the Bombay Village Panchayat Act, 1958 by the  
village panchayats as the Government intended to bring in  
legislation to take over to itself the power to levy tax on  
profession, trades, calling and employment.

2. The L.A. Bill No. XVIII of 1975 has been passed by the Legisla-  
-tive and the Bill has now been published as Maharashtra Act,  
No. XVI. of 1975 in Maharashtra Government Gazette (extraordinary  
Part-IV dated the 10th June, 1975 (pages 140 to 152). In supersession  
of the Government letter, Rural Development Department, No. ZPA-1075  
11570/N, dated the 5th April, 1975 Government is pleased to clarify  
that the power of the Zilla Parishad to levy and tax on  
profession, trades, callings and employment under clause (a) of  
section 157 of Maharashtra Zilla Parishads and panchayat Samitis  
Act, 1961, has been withdrawn with effect from 1st April, 1975.  
However, the Zilla Parishads can collect arrears of taxes, if any,  
levied till 31st March, 1975.

3. Further, it is clarified that the power of village panchayats  
to levy a tax on profession, trades, callings and employment under  
clause (vi) of sub-section (1) of section 124 of the Bombay village  
panchayats Act, 1958 remains unaffected and as such the village  
panchayats can levy and collect these taxes as before. You are  
therefore, requested to issue suitable instructions in this behalf  
to the Block Development Officers of Panchayat samitis.

4. This Government letter is issued in consultation with Finance  
Deptt. vide un-official reference No. 23/7, dated 19th June, 1975.

Sd/-x-x-x-x-  
(N.B. SAS:HTAL)  
Under Secretary to Govt.

copy to:-  
All Commissioners of Divisions. All Collectors.  
The finance Deptt. (section 3-3-).  
N-Branch and E.I section of Rural Development branch.  
copy file - (D-IV-Branch)

sjoshi/-  
7.6. 79/-



TRANSLATION OF PUBLIC NOTICE DATED 15-2-1957.

PUBLIC NOTICE.

(B.L.B. Act 1923 as per Section 102)

In Rules of the Nasik D.L.B. in respect of taxes relating to Profession, Trade and Calling which are in force the following amendments having been made the Director of Local Authorities, Poona, C.D. has in that respect given his sanction by his No. ND. 7/4-5 of 21-5-56 Accordingly the enforcement thereof will be made from 1-4-1957.

As per the Board Resolution No. 950 of 6-6-1956. Therefore from 1-4-57 the Profession Trade and Calling Tax will be recovered.

GROUP No. 1.

S.No.	Class of people liable for taxation.	Amended rates.
1.	Owners of Cotton Ginning Factory.	Each bundle of cotton (24 maunds clean cotton after removal of seeds) at six annas or Rs. 25/- whichever is less per year.
2.	Owners of the Cotton Presses.	Every pressed bale of cotton at two annas each or Rs. 25/- whichever is less per year.
3A.	Owners of the Sugar Factories and Oil Mills run on Power.	Rs. 100/- per year.
3B.	Sugar Works and Oil Mills run without machinery.	Rs. 50/- per year each.
4.	Owners of the flour mills, and owners of the Flour mills equipped with Gharies and Haulers.	Rs. 10/- per year, for each extra Ghary and Hauler Rs. 5/- per year.
5.	Owners of the rice Mills equipped with separators and haulers (for separating Bhagar and rice).	Rs. 100/- per year.
6.	Owners and Manufacturers of aerated waters as syrups.	Rs. 5/- per year.
7.	Owners of the Crushers.	Rs. 5/- per Bhatti per year.
8.	Owners of the Printing Presses.	Rs. 5/- per year.
9.	Owners of the Saw Mills.	Rs. 15/- per year.
10.	Owners of the Petrol Pumps.	Rs. 25/- per year.
11.	Metal Foundry Motor Work-shops and Steel Works.	Rs. 32/- per year.
12.	Owners of the Factories run on power but not included in item Nos. 1 to 11.	Rs. 8/- per year.

-2-

GROUP No.2.

S.No.	Class of people liable for taxation.	Amended rates.
1.	Licencees of General Prohibited Goods.	
	(a) Dealers in Mira.	Rs.8/- per year.
	(b) Medical Stores and Licencees in Tinctures.	Rs.8/- per year.
	(c) Dealers in Gun Powders (used for blasting) and crackers.	Rs.8/- per year.
2.	Licencees for vehicles used on hire :-	
	(a) Licencees of Taxies.	
	(1) Goods Trucks.	Rs.15/- per year for each vehicle.
	(2) Passenger Cars.	Rs.15/- per year (for item
	(3) Turing and Taxies.	Rs.25/-per year No.1 & 2.
	(4) Tractors.	each.
5.	Engines on hire for watering purposes.	Rs.10/- each per year.
B.	Licencees of Ghoda Gadi.	Rs.3/- per year.
3-A.	Hotel (Tea, Coffee, etc.).	Rs.5/- per year.
	B. Hotels and Regreshment Rooms.	Rs.10/- per year.
	C. Sweetment dealers and lodging and Boardings.	Rs.10/- per year.
	D. Pan Patti shop.	Rs.2/- per year.
4.	Merchants, Shopkeepers, and Licenced cloth, cutlery, stationery, medical stores, Indian or Foreign Book Depots, Cycle, Crackery, dealers in Brass and Copper utensils, tobaccoonists, machinery, mentals, watches, opticians, wood merchants, and cold merchants.	Yearly turnover more than Rs.500/- but below 5000/- Rs.10/- per year, more than Rs.5000/- but below 25000/- Rs.25/- yearly turnover Rs.25/- .Above Rs.25000/- but upto Rs.one lac.yearly turnover Rs.50/- per year, and above one lac yearly turnover Rs.250/-.
5.	Money Lenders.	As above.
6.	Dealers in vegetables, fruits, or chewing pans.	Rs.5/- per year.
7.	Commission Agents in above.	Rs.15/- per year.
8.	Commission Agents and Insurance Agents.	Rs.10/- per year.
9.	Manufacturers of furnitures.	Rs.10/- per year.
<del>10.</del>	<del>Dealers in Eggs, Fowls, or Cattle or their commission agents.</del>	<del>Rs.5/- per year.</del>
11.	Manufacturers of Bullock-carts and Ghoda Gadies.	Rs.5/- per year.
12.	Brick Bhatti.	Rs.5/- per year.
13.	Mutton shops.	Rs.10/- per year.

(continued)

-3-

S.No.	Class of People liable for Taxation.	Amended Rates.
14.	Dealers in Leather Shoes Boots, etc., and Manufacturers.	Rs.10/- per year.
15.	Milk Dairy.	Rs.10/- per year.
16.	Dry & Wet fish.	Rs.5/- per year.
17.	Contractors all types working in Local Board Jurisdiction.	Rs.25/- per year.
18.	Gramjoshis.	Rs.5/- per year.
19.	Bhujaris.	Rs. 5/- per year.
20.	Manufacturers of Bidis.	Rs.50/- per year but if one manufacturer has got more than one manufacturing centre Rs.25/- extra each, but maximum Rs.250/- per year.
21.	Cinema and Touring Talkies.	Rs.10/- per year.
22.	All dealers and persons who have not been included in item No.1 to 20 but whose annual income is not more than Rs.500/-.	Rs.3/- per year.
23.	People and businessmen not included in item NO.1 to 22 and have been excluded from Group No. 1 to 3 such people receiving salaries from private or public bodies whose yearly income is above Rs.500/- but below 1000/-.	Rs.5/- per year.
	(B). Above Rs.1000/- but below Rs.3000/-.	Rs.10/- per year.
	(C). Above Rs.3000/- and upwards.	Rs.15/- per year.

GROUP NO 3:

- People receiving salary from Government, Private or Public Funds but whose yearly income including dearness allowance is :-
    - More than 500/- but less than 1000/- Rs. 5 per year
    - More than 1000/- but less than 3000/- Rs. 10 per year.
    - Rs.3000/- and upwards. ... Rs.15/- per year.
  - Professional Lawyers, Barristers and Advocates. Rs.20/- per year.
- (b) Attorneys. Rs.5/- per year.

(Continued)....

-4-

S.No.	Class of People liable for Taxation.	Amended rates.
3.	People in Medical profession	
	(a) Physicians, Surgeons, M.B.B.S., L.S.P.S., D.A.S.F., or Equivalently qualified.	Rs.25/- per year.
	(b) Registered Medical Practitioners, Listed Medical Practitioners, Hakims, Dentists, etc.	Rs.10/- per year.
4.	Engineers :-	
	(a) Civil, Mechanical, and Electrical Engineers and others except listed in B.	Rs.25/- per year. <del>Rs.25/- per year.</del>
	(b) Engineers, working in Ginning and Pressing Factories.	Rs.10/- per year.
5.	Stamp Venders and Petitioners writers.	Rs.5/- per year.
6.	Skilled workers in Gold and Silver and Gold-smiths.	Rs.3/- per year.
	(b) Sarafs.	Rs.10/- per year.
7.	(a) Tailors.	Rs.3/- per <sup>year</sup> each machine and for every extra machine
	(b) Barbers and owners of saloons.	Rs.2/- per year. Rs.5/- per year.
	(c) Carpenters and Ironsmiths, Messonaries, potters, barbers, Dhobis and other people who have not been included hereunder in this list carrying on any other profession.	Rs.2/- per year.

Sd. U.A.Kadam,  
Chief Officer,  
District Local Board, Nasik.

Sd. S.V.Patil,  
PRESIDENT,  
District Local Board, Nasik.

.....

(सहकारी मद्रपालय लि., नासिक. १०००-७-६५)

## नासिक जिल्हा परिषद, नासिक,

## धंदेवाईक कर आकारणीचे पत्रक.

गट नंबर १

गट नंबर २

अ. नं.	कराला पात्र असलेल्या इसमांचा वर्ग	दर	अ. नं.	कराला पात्र असलेल्या इसमांचा वर्ग	दर
१	कापसाचे जिनिंग फॅक्टरीचे मालक	प्रत्येक भारास (सरकी काढलेल्या २४ मण कापसास) सहा आणि अथवा रुपये २५० जो कमी असेल तो सालीना	१	जनरल अवकारी पदाथिचे लायसेन्सदार:-	
			अ)	नीरा हुजानदार	रुपये ८ (आठ) सालीना
			ब)	मेडिकल स्टोअर्स व टिक्चर्सचे लायसेन्सदार	रुपये ८ (आठ) सालीना
			क)	सुहंगाचे व शोभेचे दाहचे लायसेन्सदार	रुपये ८ (आठ) सालीना
२	कापसाचे प्रेसिंग फॅक्टरीचे मालक	प्रत्येक पूर्णपणे दाबलेल्या गठुचास दोन आणि अथवा रुपये २५० (दोनशे पन्नास) जो कमी असेल तो सालीना	२	भाड्याकरिता वापरण्याच्या सार्वजनिक वाहनांचे लायसेन्सदार	
			अ)	मोटारीचे लायसेन्सदार	
			१)	गुट्स ट्रक	प्रत्येकी रुपये १५ (पंधरा) सालीना
			२)	पॅसेंजर गाड्या	प्रत्येकी रुपये १५ (पंधरा) सालीना
			३)	टूरिंग गाडी, टॅक्सी	प्रत्येकी रुपये १५ (पंधरा) सालीना
			४)	ट्रॅक्टर	प्रत्येकी रुपये २५ (पंचवीस) सालीना
			५)	भाड्याची ऑईल इंजिन्स पाण्याकरिता	प्रत्येकी रुपये १० (दहा) सालीना
			ब)	घोडा गाड्याचे लायसेन्सदार	प्रत्येक वाहनास रु. ३ (तीन) सालीना
३	ख) यांत्रिक शक्तीवर चालणाऱ्या तेलालाच्या गिरण्या व साखरेचे कारखाने यांचे मालक	रुपये १०० (शंभर) सालीना	३	अ) हॉटेल, चहा, कॉफी वगैरेचे दुकान	रुपये ५ (पांच) सालीना
			ब)	हॉटेल फराळाची सोय असलेली उपहार गृहे	रुपये १० (दहा) सालीना
			क)	खानाना, राहाण्याची व जेवण्याची सोय असलेल्यासह व हलवाई	रुपये १० (दहा) सालीना
			द)	पानपट्टी दुकान	रुपये २ (दोन) सालीना
			६)	भाजीपाला, फळांचे अगर पानांचे दुकान	रुपये ५ (पांच) सालीना
			७)	बरील मालाचे दलाल	रुपये १५ (पंधरा) सालीना
			८)	कमिशन एजंट्स विमा एजंट्स	रुपये १० (दहा) सालीना
			९)	फर्निचर व्यापारी व कारखानदार	रुपये १० (दहा) सालीना
			१०)	अड्यांचे, कोंबड्यांचे व जनावरांचे व्यापारी अगर दलाल	रुपये ५ (पांच) सालीना
			११)	बैलगाड्या अगर घोड्यांच्या गाड्या तयार करणारे कारखानदार	रुपये ५ (पांच) सालीना
			१२)	विटांच्या भट्ट्या	रुपये ५ (पांच) सालीना
			१३)	भट्ट्याचे दुकान	रुपये १० (दहा) सालीना
			१४)	चामड्याचे जोडे, बूट वगैरेचे व्यापारी व कारखानदार	रुपये १० (दहा) सालीना
			१५)	दुधाची डेअरी	रुपये १० (दहा) सालीना
			१६)	मासे, मासळी (मुकी ओळी)	रुपये ५ (पांच) सालीना
			१७)	कॉन्ट्रॅक्टर्स सर्व प्रकारचे जिल्हा परिषदेच्या हद्दीन कामे करणारे	रुपये २५ (पंचवीस) सालीना
			१८)	ग्रामजोशी	रुपये ५ (पांच) प्रमाणे सालीना
			१९)	भुजारी	रुपये ५ (पांच) सालीना
४	पिठाच्या गिरण्याचे मालक व णा तेल व तांदुळ कोळण्याची सोय असलेल्या पिठाच्या गिरणीचे मालक	रुपये १० (दहा) सालीना प्रत्येक जादा चक्की, घाणा अगर तांदुळ सडण्याचे हॉलर यांना प्रत्येकी रुपये ५ (पांच) प्रमाणे सालीना			
५	तांदुळ व भगर सडण्याची गिरणी, हॉलर व सेपरेटर यांचेसह यांचे मालक	प्रत्येकी रु. १०० (शंभर) सालीना			
	सोडा वांटर, सरखते वगैरे खनिज पाण्याचे दुकानदार व कारखानदार.	रुपये ५ (पांच) सालीना			
	क्रशरचा धंदा करणारे लोक	प्रत्येक भट्टीस रुपये ५ (पांच) प्रमाणे सालीना			
६	छापखान्याचे मालक	रुपये ५ (पांच) सालीना			
९	लाकूड कापण्याचे कारखान्याचे मालक	रुपये १५ (पंधरा) सालीना			
१०	पेट्रोल पंपाचे मालक	रुपये २५ (पंचवीस) सालीना			
	१) मेटल फाऊंडरी वक्स, मोटारीचे वर्कशॉप्स व लोखंडाचे कारखानदार	रुपये ३२ (बत्तीस) प्रमाणे सालीना			
	२) यांत्रिक शक्तीने चालणाऱ्या परंतु बरील १ ते ११ यांत न पडणाऱ्या कारखान्याचे मालक	रुपये ८ (आठ) सालीना			

२० विडपांचे कारखानदार	रुपये ५० (पन्नास) सालीना एकाच मालकाचे एकापेक्षा जास्त ठिकाणी कारखाने असल्यास प्रत्येक जादा ठिकाणचे कारखान्यावद्दल रु. २५ (पंचवीस व त्रास्तीन जास्त रुपये २५० (दोनदा पन्नास) सालीना	ब) रजिस्टर्ड मेडिकल प्रॅक्टिशनर्स, लीस्टेड मेडिकल प्रॅक्टिशनर्स, हकीम, दंतवैद्य अगर वैद्यकीय धंदा करणारे इतर इमम	रुपये १० (दहा) सालीना
२१ सिनेमा, स्थानिक अगर फिरते	रुपये १० (दहा) सालीना	४ इंजिनियर	
२२ वरील वर्ग १ ते २१ यांत न आलेले व ज्यांचे उत्पन्न रुपये ५०० चे वर नाही असे सर्व लहान व्यापारी व कलावंत	रुपये ३ (तीन) सालीना	५) मिन्ट्रल, मेकॅनिकल व इलेक्ट्रीकल इंजिनियर व (व) वर्गात दिल्या व्यतिरिक्त इतर इंजिनियर	रुपये २५ (पंचवीस) सालीना
२३ वरील वर्ग १ ते २२ यांत न पडणारे व गट १ व ३ यांत न पडणारे धंदेवाईक करपात्र इसम, व्यापारी अगर कलावंत व सार्वजनिक अगर खाजगी वेतन घेऊन काम करणारे इसम ज्यांचे सालीना उत्पन्न:-		ब) जिनींग व प्रेसिंग फॅक्टरीत काम करणारे मेकॅनिकल इंजिनियर	रुपये १० (दहा) सालीना
अ) रुपये ५०० चे वर परंतु रुपये १००० चे आंत	रुपये ५ (पांच) सालीना	५ स्टॅपवेंडर व अर्ज लिहिणारे	रुपये ५ पांच सालीना
ब) रुपये १००० चे वर परंतु रुपये ३००० चे आंत	रुपये १० (दहा) सालीना	६ अ) चांदी सोन्याचे काम करणारे कारागीर व सीनार	रुपये ३ (तीन) सालीना
क) रुपये ३००० चे पुढे	रुपये १५ (पंधरा) सालीना	ब) सराफ	रुपये १० (दहा) सालीना
		७ अ) शिपी	एक मशीन रुपये ३ (तीन) सालीना व पुढे प्रत्येक मशीन रुपये २ (दोन) प्रमाणे साली
		ब) व्हावी सलूनवाले	रुपये ५ (पांच) सालीना

## गट नं. ३

अ. नं. कराला पात्र असलेल्या इसमांचचा वर्ग दर

१ सरकारी, खाजगी अगर सार्वजनिक फंडातून पगार घेऊन काम करणारे इसम की ज्यांचे वार्षिक उत्पन्न पगार महागाई मत्त्यासह—

अ) रुपये ५०० चे वर परंतु १००० चे आंत	रुपये ५ (पांच) सालीना
ब) रुपये १००० चे वर परंतु रुपये ३००० चे आंत	रुपये १० (दहा) सालीना
क) रुपये ३००० चे पुढे	रुपये १५ (पंधरा) सालीना

२ कायदे पंडीत

अ) धंदा करीत असलेले बॅरिस्टर अॅडव्होकेट अगर वकील	रुपये २० (वीस) सालीना
ब) मुकद्वार	रुपये ५ (पांच) सालीना

३ वैद्यकीय धंद्यातील इसम

अ) धंदा करीत असलेले फीजीशियन्स, सर्जन्स, एम्. बी. बी. एस्., एल्. सी. पी. एन्., डी. ए. एम्. एफ. अगर तत्सम परीक्षा झालेले	रुपये २५ (पंचवीस) सालीना
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मा. द. गोडबोले  
मुख्य कार्यकारी अधिकारी,  
जिल्हा परिषद, नासिक.

1. (1) 1942	1. (1) 1942	1. (1) 1942
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१३-३३११  
**पुस्तकालय, दिल्ली**  
 (1942-43-44-45-46-47-48-49-50-51-52-53-54-55-56-57-58-59-60-61-62-63-64-65-66-67-68-69-70-71-72-73-74-75-76-77-78-79-80-81-82-83-84-85-86-87-88-89-90-91-92-93-94-95-96-97-98-99-100)

१८) विडयांचे कारखानदार रुपये ५० (पन्नास) सालीना. एकाच मालकाचें एकापेसां जास्त ठिकाणी कारखाने असल्यास प्रत्येक जादा ठिकाणांचे कारखान्याबद्दल रु. २५ (पंचवीस) व जास्तीत जास्त रुपये २५० (दोनशे पन्नास) सालीना

१९) सिनेमा स्थानां अगळ्या गरिबेंत रुपये १० (दहा) सालीना

२०) सावकारी करणारे छायासेन्सदार रु. २५ (पंचवीस) सालीना

२१) बरील वर्ग १ ते २० यांत न आलेले व गट नं. १ व ३ यांत न. पट्टणारे धंदेवाईक, करपात्र इसम, व्यापारी अगळ्या कलावंत ज्यांचे वार्षिक उत्पन्न

(अ) रुपये ५०० पर्यंत रु. ३ (तीन) सालीना.

(ब) रुपये ५०० चे वर परतु रुपये १००० चे आंत रु. ५ (पांच) सालीना

(क) रुपये १००० चे वर परतु रुपये ३००० पर्यंत रु. १० (दहा) सालीना

२२) बरील (गट नं. २ मध्ये) वर्ग १ ते २१ यांत न आलेले व गट नं. १ व ३ यांत न पाणारे धंदेवाईक, करपात्र इसम अगळ्या कंपनी अगळ्या संस्थां (एस्टेट-होल्डिंग) ज्यांची वार्षिक उत्पत्ती

१) रु. ३००० चे वर परतु रु. १५ (पंधरा) सालीना

२) रु. ५००० पर्यंत रु. २५ (पंचवीस) सालीना

३) रु. १०,००० चे वर परतु रु. ५० (पन्नास) सालीना

४) रु. २०,००० चे वर परतु रु. ७५ (पंचाहत्तर) सालीना

५) रु. ३०,००० पर्यंत रु. १०० (शंभर) सालीना

६) रु. ४०,००० चे वर परतु रु. १२५ (एकशे पंचवीस) सालीना

७) रु. ५०,००० पर्यंत रु. १५० (एकशे पन्नास) सालीना

८) रु. ६०,००० चे वर परतु रु. १७५ (एकशे पंचाहत्तर) सालीना

९) रु. ७०,००० पर्यंत रु. २०० (दोनशे) सालीना

१०) रु. ८०,००० चे वर परतु रु. २२५ (दोनशे पंचवीस) सालीना

११) रु. ९०,००० चे वर परतु रु. २५० (दोनशे पन्नास) सालीना

१२) सर्व प्रकारच्या सहकारी संस्था ज्यांची वार्षिक उत्पत्ती

१) रु. ३,००० पर्यंत रु. १० (दहा) सालीना

२) रु. ३,००० चे वर परतु रु. १५ (पंधरा) सालीना.

३) रु. ५,००० पर्यंत रु. २५ (पंचवीस) सालीना

४) रु. १०,००० पर्यंत रु. ५० (पन्नास) सालीना.

५) रु. २०,००० चे वर परतु रु. ७५ (पंचाहत्तर) सालीना

६) रु. ३०,००० पर्यंत रु. १०० (शंभर) सालीना.

७) रु. ४०,००० चे वर परतु रु. १२५ (एकशे पंचवीस) सालीना

८) रु. ५०,००० पर्यंत रु. १५० (एकशे पन्नास) सालीना.

९) रु. ६०,००० चे वर परतु रु. १७५ (एकशे पंचाहत्तर) सालीना

१०) रु. ७०,००० पर्यंत रु. २०० (दोनशे) सालीना.

११) रु. ८०,००० चे वर परतु रु. २२५ (दोनशे पंचवीस) सालीना

१२) रु. ९०,००० चे वर परतु रु. २५० (दोनशे पन्नास) सालीना.

अ. नं.	करपात्र व्यक्तींच्या इसमांचा वर्ग	दर
१)	सरकारी खाजगी अगळ्या सर्व-जनीक फंडातून पगार घेऊन काम करणारे इसम की ज्यांचे वार्षिक उत्पन्न पगार महागाई मत्त्यासह—	
अ)	रुपये ५०० चे वर परंतु रु. १०००, चे आंत	रुपये ५ (पांच) सालीना
ब)	रुपये १००० चे वर परंतु रुपये ३००० चे आंत	रुपये १० (दहा) सालीना
क)	रुपये ३००० चे पुढे	रुपये १५ (पंधरा) सालीना
	२ कायदे पंडीत	
अ)	धंदा करीत असलेले बॅरीस्टर	
	अॅडव्होकेट अगळ्या वकील	रुपये २० (वीस) सालीना
ब)	मुख्तयार	रुपये ५ (पांच) सालीना
	३ वैद्यकीय धंद्यातील इ म	
अ)	धंदा करीत असलेले फीजीथीअन्स, सर्जन्स, एम्. बी. बी एम्. एल्. सी. पी. एस्., डी. ए. एम्. एफ. अगळ्या तत्काल परीक्षा झालेले	रुपये २५ (पंचवीस) सालीना
ब)	रजिस्टर्ड मेडिकल प्रक्टिशनर्स लीस्टेड मेडिकल प्रॅक्टिसनर्स, हकिम, दंतवैद्य अगळ्या वैद्यकीय धंदा करणारे इतर इसम	रुपये १० (दहा) सालीना
४)	इजिनियर	
अ)	सिव्हील, मेकॅनिकल व इलेक्ट्रीकल इजिनियर	रुपये २५ (पंचवीस) सालीना
	व (ब) वर्गात दिल्या व्यति-रिक्त इतर इजिनियर	
ब)	जिनींग व प्रेसिंग फॅक्टरीत काम करणारे मेकॅनिकल इजिनियर	रुपये १० (दहा) सालीना
५)	स्टेपवेंडर व अर्ज लिहीणारे	रुपये ५ (पांच) सालीना
६)	अ) चांदी सोन्याचे काम करणारे कारागीर व सोनार	रुपये ३ (तीन) सालीना
	ब) सराफ	रुपये १० (दहा) सालीना
७)अ)	शिपी	एक मशीन रुपये ३ (तीन) सालीना व पुढे प्रत्येक मशीन मला रुपये २ (दोन) प्रमाणे सालीना
ब)	इंदावी मजदूरवाजे	रुपये ५ (पांच) सालीना

मा. द. गोडधोळे  
मुख्य कार्यकारी अधिकारी.  
जिल्हा परिषद, नाशिक.



(मंगल प्रस, नासिक, २०००-१-६७)

## नासिक जिल्हा परिषद, नासिक.

### धंदेवाईक कर आकारणीचे पत्रक.

सन १९६७-६८

गट नं. १

गट नं. २

अ. नं.	कराळा पात्र असलेल्या उद्योगांचा वर्ग	दर	अ. नं.	कराळा पात्र असलेल्या उद्योगांचा वर्ग	दर
१)	कापसाचे जिनिंग फॅक्टरीचे मालक	प्रत्येक भारता (सरकी कॅम्पेच्या मण कापसाचा) सहा आणि अर्धव्या रुपये २५० जो कमी अनेक मो सालीना	१)	जनरल अवकारी पदार्थांचे व्यापारदार—	
			अ)	नील दुकानदार	रुपये ८ (आठ) सालीना
				मेडिकल स्टोअरमं व	
				टि. वॉचे लायसेन्सदार	रुपये ८ (आठ) सालीना
			क)	सुकनाचे व गोभेचे दामचे लायसेन्सदार	रुपये ८ (आठ) सालीना
२)	कापसाचे प्रसिंग फॅक्टरीचे मालक	प्रत्येक पूर्णपणे दामलेल्या मट्टाचा दोन आणि अर्धव्या रुपये २५० (दोनदा पत्रास) जो कमी अनेक मो सालीना	२)	भांडभाकरिता वापरणाऱ्या सार्वजनिक बांधणीचे लायसेन्सदार	
			अ)	भांडभाणीचे लायसेन्सदार	
			(१)	गुडन ट्रक	प्रत्येकी रु. १५ (पंचरा) सालीना
			(२)	पॅसेंजर गाड्या	प्रत्येकी रु. १५ (पंचरा) सालीना
			(३)	टुरिंग गाडी, टॅक्सी	प्रत्येकी रु. १५ (पंचरा) सालीना
			(४)	ट्रॉटर्स	प्रत्येकी रु. २५ (पंचवीस) सालीना
			(५)	भांडोशी आर्टिफ इन्जिन पाण्याकरिता	प्रत्येकी रु. १० (दहा) सालीना
			ब)	पोडा गाड्याचे लायसेन्सदार प्रत्येक वाहनास रु. ३ (तीन) सालीना	
३) अ)	यांत्रिक शक्तीवर चालणाऱ्या तेलाच्या गिरण्या व साखरेचे कारखाने यांचे मालक	रुपये १०० (शंभर) सालीना.	३) अ)	हॉटेल, चहा, वगैरे वगैरेचे दुकान	रुपये ५ (पांच) सालीना
			ब)	हॉटेल फराळाचा सा	
				असलेली उपहार गृहे	रुपये १० (दहा) सालीना
			क)	खानावळ राहण्याची व जेवण्याची सोय असलेल्यासह व हलवाई	रुपये १० (दहा) सालीना
४) अ)	यांत्रिक शक्तीशिवाय चालणाऱ्या तेलाच्या गिरण्या व साखरेचे कारखाने यांचे मालक	प्रत्येकी रुपये ५० (पन्नास) सालीना.	४) पानपट्टी दुकान	रुपये २ (दोन) सालीना	
			५) भाजीपाला, फळांचे अगर पानांचे दुकान	रुपये ५ (पांच) सालीना	
			६) बरील मालाचे दलाळ	रुपये १५ (पंचरा) सालीना	
			७) कमिशन एजंट, थिभा एजंट्स	रुपये १० (दहा) सालीना	
			८) फॅक्टरी व्यापारी व कारखानदार	रुपये १० (दहा) सालीना	
			९) अंतर्गाचे, वॉचमॅन व जनाबरांचे व्यापारी अगर दलाळ	रुपये ५ (पांच) सालीना	
			१०) बैलगाड्या अगर घोड्याच्या गाड्या तयार करणाऱे कारखानदार	रुपये ५ (पांच) सालीना	
			११) विटांच्या भट्या	रुपये ५ (पांच) सालीना	
			१२) मट्टाचे दुकान	रुपये १० (दहा) सालीना	
			१३) चामड्याचे जोडे, बूट वगैरेचे व्यापारी व कारखानदार	रुपये १० (दहा) सालीना	
			१४) दुधाची डेअरी	रुपये १० (दहा) सालीना	
			१५) मासे मासळी (मुर्गा, आली)	रुपये ५ (पांच) सालीना	
			१६) नासिक जिल्हा परिषदेच्या मधील काम करणारे सर्व प्रकारचे कार्टिकटर्स		
			अ) वर्गातील	रु. २५० (अर्धशे) सालीना	
			ब) वर्गातील	रु. २०० (दोनशे) सालीना	
			क) वर्गातील	रु. १५० (एकशे) सालीना	
			द) व त्यापुढील वर्गातील व इतर रु. १०० (शंभर) सालीना		
			१७) ग्रामजोशी	रुपये ५ (पांच) सालीना	
			१८) भुजारी	रुपये २ (पांच) सालीना	
५) अ)	यांत्रिक शक्तीवर चालणाऱ्या परंतु बरील १ ते ११ यांत न पडणाऱ्या कारखान्याचे मालक	रुपये ८ (आठ) सालीना.			

- १८) विड्याचे कारखानदार रु. ५० (पन्नास) सालीना. एकाच मालकाचे एकापेक्षा जास्त ठिकाणी कारखाने असल्यास प्रत्येक जादा ठिकाणचे कारखान्याबद्दल रु. २५ (पंचवीस) व जास्तीत जास्त रु. २५० (दोनशे पन्नास) सालीना.
- १९) सिनेमा स्थानिक अगर फिरते रु. १० (दहा) सालीना
- २०) सावकारी करणारे लायसेन्सदार रु. २५ (पंचवीस) सालीना
- २१) वरील वगं १ ते २० यांत न आलेले व गट नं. १ ते ३ यांत न पडणारे धंदेवाईक, करपात्र इसम, व्यापारी अगर कुलावंत ज्यांचे वार्षिक उत्पन्न
- अ) रु. ५०० पर्यंत रु. ३ (तीन) सालीना
- ब) रु. ५०० चे वर परंतु रु. १००० चें आंत रु. ५ (पांच) सालीना
- क) रु. १००० चें वर परंतु रु. ३००० पर्यंत रु. १० (दहा) सालीना
- २२) वरील (गट नं. २ मध्ये) वगं १ ते २१ यांत न आलेले व गट नं. १ व ३ यांत न पडणारे धंदेवाईक, करपात्र इसम अगर कंपनी अगर संस्था (एस्टे-ब्लिशमेंट) ज्यांची वार्षिक उलाढाल
- १) रु. ३००० चें वर परंतु रु. ५००० पर्यंत रुपये १५ (पंधरा) सालीना.
- २) रु. ५००० चें वर परंतु रु. १०,००० पर्यंत रु. २५ (पंचवीस) सालीना
- ३) रु. १०,००० चें वर परंतु रु. २०,००० पर्यंत रु. ५० (पन्नास) सालीना
- ४) रु. २०,००० चें वर परंतु रु. ३०,००० पर्यंत रु. ७५ (पंचाहत्तर) सालीना
- ५) रु. ३०,००० चें वर परंतु रु. ४०,००० पर्यंत रु. १०० (शंभर) सालीना
- ६) रु. ४०,००० चें वर परंतु रु. ५०,००० पर्यंत रु. १२५ (एकशे पंचवीस) सालीना
- ७) रु. ५०,००० चें वर परंतु रु. ६०,००० पर्यंत रु. १५० (एकशे पन्नास) सालीना
- ८) रु. ६०,००० चें वर परंतु रु. ७०,००० पर्यंत रु. १७५ (एकशे पंचाहत्तर) सालीना
- ९) रु. ७०,००० चें वर परंतु रु. ८०,००० पर्यंत रु. २०० (दोनशे) सालीना
- १०) रु. ८०,००० चें वर परंतु रु. ९०,००० पर्यंत रु. २२५ (दोनशे पंचवीस) सालीना
- ११) रु. ९०,००० चें वर रु. २५० (दोनशे पन्नास) सालीना

गट नं. ३

अ. नं.	कराला पात्र असलेल्या इसमांचा वर्ग	दर
१)	सरकारी खाजगी अगर सार्व-जनिक फंडातून पगार घेऊन काम करणारे आयकर भरण्यास पात्र इसम की ज्यांचे वार्षिक उत्पन्न पगार महागाई भत्यासह—	
अ)	रु. ५०० चें वर परंतु रु. १००० चें आंत	रु. ५ (पांच) सालीना
ब)	रु. १००० चें वर परंतु रु. ३००० चें आंत	रु. १० (दहा) सालीना
क)	रु. ३००० चें पुढे	रु. १५ (पंधरा) सालीना
२)	कायदे पंडीत	
अ)	घंदा करीत असलेले बॅरीस्टर अडव्होकेट अगर वकील	रु. २० (वीस) सालीना
ब)	मुखत्यार	रु. ५ (पांच) सालीना
३)	वैद्यकीय धंद्यातील इसम	
अ)	घंदा करीत असलेले फीजीशियन्स, सर्जनस, एम. बी. बी. एस. एल. सी. पी. एस; डी. ए. एम. एफ. अगर तत्सम परीक्षा झालेले	रु. २५ (पंचवीस) सालीना
ब)	रजिस्टर्ड मेडीकल प्रॅक्टिशनर्स लीस्टेड मेडीकल प्रॅक्टिशनर्स, हुकीम, दंतवैद्य अगर वैद्यकीय धंदा करणारे इतर इसम	रुपये १० (दहा) सालीना
४)	इंजिनियर	
अ)	सिव्हिल, मेकॅनिकल व इलेक्ट्रीकल इंजिनियर व (ब) वर्गात दिल्या व्यति-रिक्त इतर इंजिनियर	रुपये २५ (पंचवीस) सालीना
ब)	जिनिंग व प्रेंसिंग फॅक्टरीत काम करणारे मेकॅनिकल इंजिनियर	रुपये १० (दहा) सालीना
५)	स्टॅपवेंडर व अर्ज लिहीणारे	रुपये ५ (पांच) सालीना
६)	अ) चांदी मोन्याचे काम करणारे कारागीर व सोनार	रुपये ३ (तीन) सालीना
ब)	सराफ	रुपये १० (दहा) सालीना
७)	अ) शिपी	एक मर्गोन रुपये (तीन) सालीना व पुढे प्रत्येक मर्गोनला रुपये २ प्रमाणे सालीना

## CHAPTER VIII

### Analysis of Expenditure - I (on Revenue Account)

#### 1. INTRODUCTION :

In a previous chapter while considering the trends in expenditure of the Nasik Zilla Parishad we have noticed that the expenditure on revenue account has been almost continuously increasing and that the development expenditure is at a higher level than the non-development expenditure. But at the same time we have also noticed that the rate of growth of the non-development expenditure is higher than that of the development expenditure, which is a matter of great concern from the point of view of the contribution of the Nasik Z.P. to the economic welfare of the rural areas of the district. In this chapter, we propose to analyse these expenditures in details and examine their impact on the economic and social advancement of the rural areas of the Nasik District.

#### 2. DEVELOPMENT EXPENDITURE :

As already noted development expenditure consists of expenditure on social services and economic services. Table 8.1 shows the growth of development expenditure of the Nasik Zilla Parishad under these two major components with the constituents items of each of them. A close examination of the data reveals the following findings.

1. Expenditure on Social Services and economic services which accounted for 73.5 : 26.5 in 1962-63 changed to 76.9 : 23.1 in 1981-82. This shows that these expenditures, have, in general, continued to be three-fourth and one-fourth of the total expenditure, though there have been some variations from these proportions in the intermittant years. However, the expenditure on Social Services reveals an increasing trend and this is also revealed by the fact that the increase in the percentage of expenditure on social development (782%) has been greater than the increase in the case of expenditure on economic development (640%).

2. If we look at the constituent items of expenditure in each group, we notice that Public Health in the Social Service group has recorded the

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TABLE 8.1

## Growth of Development Expenditure of the Nasik Zilla Parishad

(Rs. in thousands)

Constituent of Development Expenditure	1962-63	1967-68	1972-73	1977-78	1981-82	% increase in 81-82 over 1962-63
<b>Social Services</b>	10279 (73.5)	23494 (67.8)	31775 (42.5)	50979 (69.4)	90760 (76.9)	782
i) Education	08717 (62.5)	20678 (59.7)	26280 (35.2)	43698 (59.5)	78859 (66.8)	804
ii) Medical	00098 (.7)	00147 (.4)	00498 (0.7)	00414 (0.6)	00530 (.4)	414
iii) Ayurved	00054 (.3)	00098 (.3)	00238 (0.3)	00267 (0.3)	00602 (.5)	1014
iv) Public Health	00327 (2.3)	01504 (4.3)	03223 (4.3)	03889 (5.3)	06468 (5.5)	1878
v) Social Welfare	01083 (7.7)	01067 (3.1)	01536 (2.0)	02711 (3.7)	04328 (3.7)	300
<b>Economic Services</b>	03689 (26.5)	11141 (32.2)	42876 (57.5)	22437 (30.)	27304 (23.1)	642
i) Public Works (B&C)	01105 (8.0)	02724 (7.9)	23704 (31.7)	08406 (11.5)	13252 (11.2)	1099
ii) Irrigation	00003 (0.01)	04436 (12.5)	13441 (17.0)	07360 (10.01)	03122 (2.6)	102966
iii) Public Health Engineering	00007 (.04)	00405 (1.1)	01517 (2.0)	02178 (3.00)	03619 (3.1)	51600
iv) Agriculture	00222 (1.5)	01348 (3.9)	01445 (1.9)	01964 (2.7)	03333 (2.8)	1401
v) Animal Husbandry	00160 (1.1)	00330 (1.00)	00783 (1.4)	01668 (2.2)	03303 (2.8)	1964
vi) Forests	-	-	00120 (0.1)	00651 (.9)	00495 (.4)	312
vii) Co-operation	00008 (.05)	00007 (.01)	-	-	-	-
viii) Industries	00086 (.6)	00075 (0.21)	00070 (0.9)	00002 (.01)	-	-
ix) Community Development	02098 (15.2)	01891 (5.5)	01795 (2.4)	00208 (.28)	00180 (.1)	- 1065
x) Miscellaneous	-	00025 (0.08)	-	-	-	-
<b>Total Development Expenditure</b>	<b>13968</b>	<b>34635</b>	<b>74651</b>	<b>73416</b>	<b>118064</b>	<b>1745</b>
<b>Total Expenditure</b>	<b>15301</b>	<b>38654</b>	<b>81153</b>	<b>81691</b>	<b>138373</b>	<b>805</b>

(Figures in brackets indicate percentages to total development expenditure)

Source : Budgets and Annual Administration Reports of the Nasik Z.P. for various years.

highest increase (1878%) in 1981-82 over 1962-63, and Irrigation in the economic services group tops the list with 102966 per cent increase. This shows that the Nasik Zilla Parishad has given high priority to the increase in public health facilities and irrigation facilities in the rural areas of the district.

3. From the point of view of the magnitude of expenditure, Education accounted for the largest proportion of development expenditure throughout the period under review. On an average, it has been more than 60% (except for the year 1972-73) of the total development expenditure. Next items in respect of magnitude of expenditure are, in order of priority, public works, & irrigation, (in economic services group) and public health (in social services group). However, irrigation has received considerably reduced priority in 1981-82.

#### [A] SOCIAL SERVICES

Let us begin now with the analysis of expenditure on social services. The main components of social services are education, medical and public health. Let us now analyse the performance of the Nasik Zilla Parishad with respect to each of these components.

##### (i) Education :

Development of education is one of the main factors which influence the man to enable him to participate in the development process. Primary schools and middle schools are the foundations of such educational development. It is, therefore, necessary to make this foundation broad-based and the target should be to have one primary school within the limit of 1,1/2 K.M. and 100% enrolment within age group of 6-11. In respect of middle schools the target should be to have one such school within 5 K.M. for each village and 60% enrolment<sup>1</sup> within the age-group of 11-14.

Prior to the establishment of the Panchayati Raj the primary education in the District was managed by three institutions : (i) Govt., (ii) District Education Board, and (iii) Janpad Sabha & Self-service or Volunteer Institutions.

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1. Laid down as the conditions and guidelines in the Minimum Needs Programme for the 5th Plan by the Government of Maharashtra.

But with the establishment of the Zilla Parishads the primary education in the district is handed over to the Z.Ps. for spread and management. The Z.P. through the Education Department manages the spread and growth of education in the district. Zilla Parishad has to spend 15% of its revenue on various educational activities. Even though various educational schemes are implemented in the district its fruits do not reach the Adivasis and hence the State Government has prepared separate Adivasi Scheme for the benefit of the Adivasi areas of the district. The District Education Officer (class I) and the Deputy Dist. Education Officer have to look after the implementation of the educational schemes and activities in the district.

The Nasik Zilla Parishad has made considerable progress in the spread of education in the rural areas of the district during the last two decades of its existence. Consequently, the percentage of literacy in the rural areas, the number of school-going children as also the number of educational institutions have increased rapidly during this period. The progress in literacy is seen from the following Table 8.2.

Nasik Zilla Parishad shares the credit for this progress of education in the rural Nasik. "The agencies that are responsible for extension of educational facilities are State Government, Local bodies (Zilla Parishads) and many private educational institutions."<sup>2</sup>

One of the important objectives of our nation, which is enshrined in Articles 45 of our Constitution is that the State shall endeavour to provide for free and compulsory education for all children until they complete the age of fourteen years. Even before the Constitution came into force in 1950 Maharashtra State (the then Bombay State) passed in 1947 a legislation of Primary Education. Similar Legislations were passed in Madhya Pradesh and Hyderabad provinces for the Vidarbha and Marathwada regions which were at that time their parts respectively. After the establishment of the Zilla Parishads in 1962 the control of primary education in rural areas and unauthorised municipal areas was entrusted to the Zilla Parishads. Nasik Zilla Parishad

2. SocioEconomic Review of Nasik District, 1962-63 & 1963-64, Bureau of Statistics & Economics, Government of Maharashtra, Bombay. P.105.

**TABLE 8.2**  
**Progress of literacy in the Rural Areas of the Nasik Dist.**  
 (per centage)

Year	Total	Male	Female
1961	20.30	32.24	08.02
1971	29.41	41.94	16.27
1981	43.21	53.21	25.31

Source : Prepared from the data in (i) Socio-Economic Review of Nasik District, 1962-63 & 1963-64. PP 106-109 Bureau of Statistics & Economics, Government of Maharashtra, Bombay. (ii) Socil-Economic Review & District Statistical Abstracts of Nasik District, 1971-72, P110 Table No. 50, Bureau of Statistics & Economics, Govt. of Maharashtra, Bombay, (iii) The same for the year 1981-82.

has made considerable progress in the spread of this primary education in the rural areas. This is clearly seen from Table 8.3. which reveals the growth and spread of primary education in terms of the number of primary schools opened and run by the Zilla Parishad and enrolment of students therein.

It is the common experience that the rural students, both male and female, within the age group of 11 to 14 have to assist their parents in the maintenance of the family and have to engage themselves in income-earning activity. Hence they cannot attend the schools for full time. For such students the Nasik Zilla Parishad has opened one-teacher schools or part-time classes. The total number of such schools in the district was 867 in 1978-79, which increased to 908 in 1980-81 and to 922 in 1981-82.

However, even with such spread of education there are still 45 villages and 360 wadies when there are no schools. The Z.P. must make concerted efforts to make up this lacuna.

Nasik Zilla Parishad's expenditure on education has on an average increased by Rs. 3507 thousand per year over the period 1962-82. In terms of percentage to total development expenditure it has remained steady around 60 to 66 per cent throughout the period, except for the year 1972-73 when it fell to 35 per cent. Thus judged by the magnitude of expenditure it can be said that the Zilla Parishad has been making considerable contribution to the growth and spread of education in the rural areas of the district.



**TABLE 8.3**  
**Growth & Spread of Primary Education by the Nasik Zilla Parishad**

Year	No. of Primary School	No. of students enrolled
1962-63	1511	1,64,175
1867-68	1749	2,17,139
1972-73	1985	2,43,276
1977-78	2039	2,65,389
1981-82	2098	2,92,090

**Sources :** Annual Administration Report of the Nasik Zilla Parishad for the respective years.

The per capita expenditure by the Z.P. on education has considerably increased since its establishment. Table 8.4 reveals that the per capita expenditure on education which was just Rs. 5.85 in 1962-63 increased five-fold in 1981-82 at Rs. 30.86. This is to be considered satisfactory.

It is now necessary to review the instances of the lapses and irregularities in the functioning of the Nasik Zilla Parishad and its Education Committee through which its programmes of education are implemented in the district. These lapses and lacunae are pointed out by the audit.

It is really surprising to find that in respect of the Education Committee of the Nasik Zilla Parishad from 1962-63 to 1978-79 several audit objections have been raised by the Chief Auditor, Local Funds Account, Bombay, but of these as many as 120 audit objections are still pending and not clarified or settled.<sup>3</sup>

1. The Audit Report for 1979-80 points out four lacunae and lapses in respect of purchase of wooden furniture and other material for schools of the Zilla Parishad.

(i) Furniture was purchased without assessing and ascertaining the requirement and demand for them by the schools.

3. Annual Administration Report, 1981-82, Nasik Zilla Parishad, P.245.

TABLE 8.4

## Expenditure on Education by the Nasik Z.P. (per capita)

Year	Amount of expenditure (in Rs.)
1962-63	05.85
1967-68	13.89
1972-73	15.56
1977-78	25.84
1981-82	30.56
% increase in 1981-82 over 1962-63	416

Note : (i) P.C. Expenditure =  $\frac{\text{Total Expenditure}}{\text{Total population}}$

(ii) For 1962-63, census data of 1961 census for 1972-78 census 1971 data & for 1981-82 1981 census data are used.

(ii) 152 wooden chairs were purchased instead of maps which were required.

(iii) The material was not purchased from the Government contractors but from the non-government contractors. (iv) While taking the possession of the materials from the contractors it is not varified whether it is as per the specifications laid down and as per the sample.

The replies given by the Education Department of the Zilla Parishad are really funny. As regards the first point the Education Department shifted the responsibility on the Panchayat Samitis which were asked to assess and forward the demands. As regards the second point the Department replied that as the maps could not be secured the amount was diverted to the purchase of 152 chairs. In respect of the third point the Department complained that the Government Contractors charged higher rates and do not supply the materials on time. As regards the last point the Education Department admitted that the Certificate of the concerned officer regarding the materials being according to the specifications and specimen was not obtained but stated that those materials were according to the Specifications was confirmed by the Sabhapati (Chairman of the Education Committee) and the Education Officer.

This shows that the Zilla Parishad could not reply the objections convincingly and revealed its carelessness in incurring the expenditure.

2. In respect of constructing school building at Mulher under the Baglan Panchayat Samiti the Deputy Chief Auditor, Local Fund Accounts raised three points of objections :

(i) that the construction work had been undertaken without the technical and administrative sanction. (ii) that tenders were not called for it (iii) that the said construction work was not examined and sanctioned from the Executive Engineer of the Zilla Parishad.

Audit Report, 1972-73  
Objection No. 7

To these objections also the Panchayat Samiti, Baglan could not give satisfactory replies. The Panchayat Samiti stated that the work had received technical and administrative sanction and undertook to show the sanction to the auditor. Now the question arises if the said sanction was secured why was it not shown to the auditor at the time of audit? Or was it a post-facto sanction? As regards not calling the tenders for the construction of this school building the panchayat samiti has replied that the tenders were called but only one contractor filled in the tender & hence work was given to him. This is rather strange and unconvincing. Had the Samiti repeated the tender notice when it received only one tender? The episode gives the impression that the Samiti had vested interest in the contractor. The audit report refers to the non-production of the completion certificate of the school building. The panchayat samiti assured to take note of this objection and also assured that in future such construction works would be examined and sanctioned by the Executive Engineer of the Zilla Parishad and completion certificate obtained from him.

These two specimen instances from the Audit Report reveal that the Zilla Parishad has not been careful and meticulous in incurring expenditure on education. Needs of education are indeed very large in this underdeveloped country and particularly of the rural education, and as compared to them the resources are scanty. Hence it is absolutely essential to be very careful in the expenditure on education. In fact, the expenditure on education is an investment in human capital which pays rich social and economic dividends in the

long run period. Realising this the Nasik Zilla Parishad should be very particular to see to it that the expenditure by itself as well as the Panchayat Samitis under its jurisdiction and which are its implementing agencies is not wasted and secures proper results.

(ii) Medical & Ayurvedic Services :

Medical and Ayurvedic Services include the provision of medical facilities to the people. These facilities include hospitals, dispensaries, both allopathic and ayurvedic, to rural people, particularly to the weaker sections therein. Besides directly providing these facilities the Nasik Zilla Parishad incurs expenditure on running the Ayurvedic dispensaries started by the Ex-District Local Boards, on giving grants to dispensaries and on providing medicines and instruments to the hospitals and dispensaries. Nasik Zilla Parishad has made some headway in providing the medical services to the rural population of the district.

It is quite obvious from Table 8.1 that the absolute expenditure on medical services, Ayurvedic services and medical facilities registered a rising tendency all along the period of the last twenty years (1962-82). On an average, the annual increase amounted to about Rs. 20,000. The expenditure in 1981-82 increased by 414 per cent over 1962-63. However, the percentage of expenditure on medical services to total development expenditure fluctuated around 6 only throughout the period under review. The expenditure on Ayurvedic services has also kept on increasing and in 1981-82 it showed a marked increase of 1022 percent over 1962-63. This shows that the Zilla Parishad has been emphasizing and popularising our traditional Ayurvedic pathy among the rural masses. Of course, in Indian mind, particularly among the rural folks ayurvedic medicines do hold sway. The relative cheapness of ayurvedic medicines as compared to modern allopathic medicines is also responsible for their preference by the poor rural masses.

The per capita expenditure of the Nasik Zilla Parishad on medical services is seen from Table 8.5.

It is clear that the per capita expenditure which was a meagre of 6.5 paise at the time of the inception of the Zilla Parishad increased to 24 paise in 1981-82 or marked an increase of 269 percent under the regime of

TABLE 8.5

**Growth of per capita expenditure of Nasik Zilla Parishad on  
Medical Services**

Year	Amount in Rs.
1962-63	.065
1967-68	.098
1972-73	.29
1977-78	.24
1981-82	.24
% increase in 1981-82 over 1962-63	269

the Panchayati Raj in the district. This in itself may be creditworthy for the Zilla Parishad, but in view of the broader perspective of the requirements of the vast rural masses it is still meagre and must be increased in future considerably.

**(iii) Public Health :**

Public health services have an important bearing on the economic development of an area. If the health of the people is improved and the hygienic conditions of living are better this contributes a lot towards general efficiency. Public health services include provisions for controlling communicable diseases, like small-pox, malaria, tuberculosis, trachoma, etc. provisions for maternity, family planning and child health centres as also provision for health, sanitary arrangements like water purification, as also health education.

Nasik Zilla Parishad has taken up to the provision of these services which were quite on a small scale under its predecessor District Local Board. The main institution through which the public health services are provided to the rural masses is the Primary Health Centres. The Primary Health Centre, as defined by the Government, is a "Medical Institution where curative as well as preventive treatment is given and also minor or major operations are performed. So also Family Planning, Maternity, Child Health care are taken. Indoor patient facilities are provided. It is located in Rural areas, covering the rural population of 30,000 Souls. The PHCs are upgraded to Rural Hospitals

when they are equipped with X-Ray facility and additional staff as per Government of India norm."<sup>4</sup> Nasik Zilla Parishad provides all these facilities through the PHCs.

#### Expenditure on Health Services :

Expenditure of the Nasik Zilla Parishad on public health registered a considerable increase (1878 per cent) during the last two decades of its existence. The percentage of expenditure on public health to development expenditure which was a meagre of 2.3 in 1962-63 increased by about two and half times to 5.5 in 1981-82. This speaks for the greater interest of the Zilla Parishad in the public health. And this is certainly creditable to it. For it is to be accepted that "large-scale improvements in health, education and training expand productive capacity by increasing the stamina and strength of the workers on one hand and enlarging their fund of knowledge and skills on the other."<sup>5</sup>

Under the Panchayat Raj organisation in Maharashtra medical facilities and public health services are under the Health Department of the Zilla Parishad and there is no separate Public Health Department. Hence the progress in respect of the two can be better appreciated if we combine the data regarding the two in one table. This is done in Table 8.6 which reveals the progress regarding medical facilities and public health services provided by the Nasik Zilla Parishad over the last two decades (1962-82).

It is quite evident from the table that the maximum per centage increase is in respect of Primary Health Centre (228%) Family Planning Centres (160%) and the Number of beds provided in rural areas (590%).

Nasik Zilla Parishad is really on the forefront in respect of Family Planning Activity. This is of particular significance when there is a dire need to control the population. Almost every year Nasik Zilla Parishad exceeded

4. Socio-Economic Review and District Statistical Abstract of Nasik District 1980-81, Directorate of Economics & Statistics, Govt. of Maharashtra, Bombay.

5. Walter W. Heller, Fiscal Policies for Under-developed Countries, Readings on Taxation, Hopkins, 1964, P.7.

TABLE 8.6

**Medical Facilities and Public Health Services provided by the  
Nasik Zilla Parishad (1962-82)**

(Units in number)

Particulars	1962-63	1967-68	1972-73	1977-78	1981-82	% increase in 1981-82 over 1962-63
Primary Health Centres	07	12	18	21	23	228
Rural Family Welfare Centres (Formerly known as Family Planning Centres)	10	18	22	26	26	160
Primary Health Units	08	08	08	12	12	50
Ayurvedic Dispensaries	22	22	03	09	09	-
Mobile Dispensaries	01	01	02	02	02	100
Allopathic Dispensaries	06	06	07	08	08	33
Supplementary Health Units	01	010	01	01	01	00
Mobile Health Units	01	01	01	01	01	00
Extended Ayurvedic Dispensaries	08	08	10	12	17	112
Vaccine Inoculators	26	26	26	29	29	11
Number of Beds	30	49	104	142	107	590

the targets of family planning operations. During 1981-82, for example, the target laid down was 20764 operations. Actually, 28571 operations were performed in the rural areas of the District under the Zilla Parishad jurisdiction and thus the target was exceeded by 137.59%. As a result, the Nasik District ranked fourth in the State of Maharashtra and First in the Nasik Circle in Family Planning activity during 1981-82.

Nasik Zilla Parishad has also done remarkable work during 1981-82 which was observed as Invalidity year. During the year the Zilla Parishad administered Anti-polio doses to 28,000 children and provided treatment to invalid children in the rural areas.

All this account leads us to believe that relatively satisfactory progress has been achieved in regard to the expansion of medical and health services in the rural areas of the Nasik District by the Nasik Zilla Parishad. However, the percentage expenditure on medical and health services over the years has remained at a low ebb and hence much remains to be done in connection with providing these facilities and services. The expenditure does not seem to be adequate in the situation obtaining in the rural areas.

It would be now useful to have an insight into the working of the Health Department of the Nasik Zilla Parishad by an examination of some of the instances reported by the the Audit.

The Igatpuri Panchayat Samiti purchased under its Voucher No. 292-3-66 medicines worth Rs. 661.31 from the Olympic Distillery Ltd., Aurangabad, for its dispensary at Ghoti. But the Medical Officer of the dispensary, on examination reported that 4 medicine bottles found to be broken of which the price was Rs. 19.60 each and one medicine priced at Rs.4.75 was out of date. Thus this involved the loss of Rs. 83.15. But no attention was paid and no action was taken by the concerned Panchayat Samiti. The Audit Report insisted that the Panchayat Samiti should either seek replacement of medicines from the concerned Pharmaceutical Company or recover the amount from it.

Sources : Nasik Z.P. ABM Report 1967-68, P.221

Audit Report 1971-72  
1-5-1962 to 31-3.63,  
Para 10.



The construction work of Maternity Home and Child Care Centre at Chandwad was not completed within the scheduled time limit. The Auditor remarked that the Government should be paid a compensation at the rate of 10%

Source : Reported in ADM  
Report of Nasik Z.P. for 1977-78

Audit Report 1971-72  
Objection No. 14(c)

Excessive and improper expenditure on purchasing mobile van.

Mobile Health Unit was sanctioned for the mutli-purpose Adivasi Vikas Block at Peth by the Rural Development Department, Government of Maharashtra, by their Order No. CDB/1969/55117Q. dated 3.6.1971. Then the Deputy Director, Health Services, Poona, purchased from the Government Grant to this Block one mobile van which was brought to this Block on 8.11.1974. It was then found, at the time of using the van, that it was not in good condition and was, in fact, out of order.

The Auditor pointed out that this transaction involved the Zilla Parishad in excessive and improper expenditure.

Source : Reported in the ADM Report  
of Nasik Z.P., Sec.II, P.95

Audit Report 1974-75  
Objection No. 9(B)

All the above-quoted instances suggest that the Nasik Zilla Parishad should streamline the administration of its Health Department and improve its administration if its expenditure and the medical & health facilities provided therefrom are to be really and fully fruitful.

(iv) Social Welfare :

Under the Budget head of expenditure on Social Welfare are included welfare measures for the upliftment of the backward class people in the district which include people in scheduled casts, scheduled tribes, nomadic tribes, Adivasis, etc. These welfare measures pertain to education, hostels, Land reforms, well-digging, removal of untouchability, inter-caste marriages, housing for backward classes, etc. Nasik Zilla parishad provides financial assistance, subsidies and directly incurs expenditure for the welfare schemes of these people. These welfare schemes include payment of fees of B.C. students, assistance to backward class hostels, construction of irrigation wells, assistance

for fertilisers & agricultural implements, housing to the backward class people, celebration Harijan weeks, etc.

**Expenditure on Social Welfare :**

It is really regrettable that the Z.P's expenditure on Social Welfare has not only been at a low ebb throughout the period of two decades since its inception in 1962 but also has declined in terms of its percentage in development expenditure from 7.7 cent in 1962-63 to 3.7. per cent in 1981-82. (Table 8.1).

From 1972-73 the Zilla Parishads in the Maharashtra State are directed by the Rural Development Department, Government of Maharashtra by their Resolution No. LFC 1071/2876 D-4 dated 2.2.1972 that the Zilla Parishads must spend 15 per cent of their revenue collected from the following sources for the upliftment and welfare scheme of the Scheduled Castes, Scheduled Tribes, Nomadic Tribes, Free castes and Nav Bauddha.

(i) Profession Tax, (ii) Land Revenue Cess (a) 20 paise, (iii) Land Revenue Cess at increased rate, (iv) Matching Grant received for the increased Cess.

Accordingly, the Nasik Zilla Parishad in its budget for 1972-73 provided the amount of Rs. 2,25,000 which is 15 per cent of its revenue from these sources, for this purpose. The Social Welfare Committee is entrusted the responsibility to prepare welfare schemes for these people to be implemented from this amount and get them sanctioned.

How far has the Nasik Zilla Parishad observed this condition of 15% expenditure of the increased Cess on Backward class welfare? Study of the original and revised budgets of the Zilla Parishad shows that every year provision was made for more than the scheduled 15% expenditure since 1975-76, but from 1978-79 this excess provision has proved to be only "tall talk" and the year ended with a backlog of expenditure. Table 8.7 reveals that during the ten years since the condition of "15% expenditure" was laid down by the Government for the first three years (1972-75) Zilla Parishad exactly observed this condition, for the next three years (1975-78) the Zilla Parishad actually exceeded the target of 15 percent; but during the last four years (1978-82)

TABLE 8.7

Expenditure of Nasik Zilla Parishad on Welfare of Backward Classes  
since 1972-73 From Increased Cess

Year	(In Rupees)		
	Scheduled Expenditure (15% of increased Cess)	Actual Expenditure	Excess (+) or Backlog (-)
1972-73	2,25,000	2,25,000	- -
1973-74	3,10,000	3,10,000	- -
1974-75	3,00,000	3,00,000	- -
1975-76	5,30,250	6,04,000 (17%)	+ 0,74,000
1976-77	5,43,920	7,60,337 (21%)	+ 2,16,417
1977-78	5,85,630	8,93,182 (22%)	+ 3,07,552
1978-79	4,75,950	3,02,950 (9.5%)	- 1,73,000
1979-80	6,05,000 + 1,73,000 Backlog 7,78,000	7,09,383 (17%)	- 0,68,617
1980-81	6,84,919 0,68,617 Backlog 7,53,527	3,34,627 (7.3%)	- 4,28,900
1981-82	8,36,850 4,18,900 Backlog 12,55,750	7,08,350 (12.7%)	- 5,47,400

Source : Budgets and Annual Administration Reports of the Nasik Zilla Parishad for the respective years.

the Zilla Parishad could not observe it and every year ended with a heavy backlog, which could not be made up by it even during the next year. This does not augur well for the concern of the Zilla Parishad for the welfare of these downtrodden sections of the rural society.

The per capita expenditure of the Nasik Zilla Parishad on the welfare of the Backward classes has however more than doubled over the last two decades (Table 8.8.) From Rs. 2.20 in 1962-63 it increased to Rs.5.50 in 1981-82. This means that if the Zilla Parishad had scrupulously observed the Government order of "15% Expenditure" it would have made a much headway in the welfare of these masses.

TABLE 8.8  
Per Capita Expenditure of the Nasik Zilla Parishad on  
Social Welfare of Backward Classes (1962-82)

Year	Population of Scheduled Caste & Scheduled Tribes in rural Areas of the Nasik District	Expenditure (Rs. in thousands)	Per Capital expenditure (Rs.)
1962-63	4,87,092	1083	2.20
1967-68	4,87,092	1067	2.10
1972-73	5,98,685	1536	2.50
1977-78	5,98,695	2711	4.50
1981-82	7,75,041	4328	5.50

#### Performance of Nasik Zilla Parishad.

The performance of the Nasik Zilla Parishad in respect of Social Welfare activities can be seen from the following Table 8.9. It will be observed from the data in that Table that the Zilla Parishad has made efforts for the welfare and economic uplift of the backward class people in the district, even though it is necessary for it to intensify its activities to ameliorate the lot of those downtrodden sections of our society.

Here we would like to note the compliments given to the Nasik Zilla Parishad by the Evaluation Committee on Panchayati Raj<sup>6</sup> in its Reports while

<sup>6</sup> The Committee appointed by the Government of Maharashtra, submitted its evaluation Report in 1971.

TABLE 8.9

## Social Welfare Activities of the Nasik Zilla Parishad (1962-82)

Particulars of Activity	Unit of Beneficiary	1962-63		1967-68		1972-73		1977-78		1981-82	
		Expendi- ture	No. of Benefi- ciaries	Expendi- ture	No. of Benefi- ciaries	Expendi- ture	No. of Benefi- ciaries	Expendi- ture	No. of Benefi- ciaries	Expendi- ture	No. of Benefi- ciaries
1. Fees, Scholarships, etc. to Backward Class Students	Students	1,50,000	2527	1,47,688	4502	75,189	2959	1,20,243	2702	3,34,000	6229
2. Backward Class Hostels	Hostels	10,27,387	0076	11,09,929	0087	12,28,297	0080	1,63,960	0084	29,44,000	95
3. Backward Class Balwadie for children	Balwadie	0,15,584	0007	0,05,274	0013	0,21,783	0017	0,24,467	0021	0,42,218	22
4. Backwad Class farmers for land improvements, for Wells, Oil Pumps, implements	Farmers	0,28,739	0015	0,32,436	0020	0,10,800	0026	0,35,200	0032	1,12,200	126
5. Housing for Backward Class people	Houses	1,21,250	0163	1,15,250	0122	0,22,750	0030	1,46,264	0180	1,30,500	174

Source : Annual Administration Report of the Nasik Zilla Parishad, for the relevant years.

recommending that the Zilla Parishads should specifically earmark 10 per cent of their income of the increased cess on land revenue for backward class welfare.<sup>7</sup> "We understand", the Committee noted, "that recently Nasik Zilla Parishad has specifically earmarked 10 per cent of its income from the increased cess for backward class welfare. We would recommend that on, the same lines, all the other Zilla Parishads also should earmark at least this percentage, if not more, for this purpose."<sup>8</sup>

----- This recommendation of the Committee was accepted by the Government of Maharashtra and laid down that the Zilla Parishads should spend 15 per cent of the revenue from increased cess, etc. on the welfare activities of the backward classes. We have already detailed out this point earlier in this chapter.

Why the expenditure incurred over the years has not made much dent on the poverty of these masses and has failed to ameliorate their lot can be gauged from a few instances reported in the Audit, which convey us that the moneys meant for the Adivasis or backward classes do not reach them but is pocketed in between.

(i) The Auditor raised objection in their Report for 1971-72 to the expenditure of the amount of Rs. 27225/- from the Adivasi Fund for providing oil engines under subsidy to the Adivasi Areas by the Igatpuri Panchayat Samiti. The Auditor raised the following objections and rejected the amount to be reimbursed from the Government Grant.

(a). The price of oil engines was shown to be Rs. 33,000/- each, but no documents were produced to show how the amount of Rs. 27225/- was arrived at and spent;

(b) The possession of land was not taken by the concerned Adivasi farmers;

(c) No report was produced to the Auditors showing that these oil engines were actually put to use;

(d) In several cases there are no wells in the farms of the concerned

7. Report of the Committee, Recommendation No.140.

8. Report of the Committee, P.142, para 9.39

farmers but they have only small Nalas which are also absolutely dry. How, then, the oil engines were provided to them?

The Auditor, in view of these anomalies remarked at the end that unless all these points are satisfactorily explained the amount would be disallowed.

Audit Report, 1971-72  
Point No. 2.

The reply given to this audit objection is Stereotyped : Action is being taken to provide satisfactory explanation and which would be submitted to the Auditor during the next Audit.

(ii) Children Get-together was organised by the Surgana Panchayat Samiti in 1979. The Audit raised objections in his Report on the following grounds.

(a) That it was held without the sanction of the Zilla Parishad Social Welfare Officer.

(b) That the amount of Rs. 1000/- given to one Gram Sevika for expenditure during this Get-together was not fully accounted for by her. The detailed accounts of Rs. 885.10 actually spent were not produced nor the remaining amount of Rs. 114.90 credited to the Panchayat Samiti Account.

Audit Report 1979-80,  
Objection No. 3

(iii) It is shown that the Adivasi Students in Peth Panchayat Samiti from the first primary standard were given uniforms and expenditure thereon incurred. The Auditor pointed out that there is no evidence/receipt that those students actually received these uniforms.

The reply given was that since the boys were too small to sign, signatures of their teachers were obtained and would be produced during the next Audit.

Audit Report, 1979-80  
Objection No. 15

Several other cases may be cited from the Audit Reports for different years which amply prove that the implementation of the welfare schemes for the backward classes is dishonest and defective. It is necessary that the Zilla Parishad should have its vigilance squad to check and inspect the implementation of its schemes.

### [B] ECONOMIC SERVICES

After considering the social services expenditure we now turn to consider Nasik Zilla Parishad's expenditure on economic services. The important heads of expenditure under economic services are nine heads as shown in Table 8.1, the tenth head being "miscellaneous". Let us analyse the expenditure under each head.

#### (i) Public Works (B & C) :

Public works include broadly Buildings and means of communications, mainly roads. They have been detailed in the first & Second Schedules of Zilla Parishad Act, as construction, maintenance and repairs of village and district roads and bridges thereover, rural parks and gardens, administrative and other required buildings, public ferries, means of communications other than roads, maintenance of roadside trees, etc.

The expenditure of the Nasik Z.P. on Public Works ranged between 7.9 and 11.5 per cent of the development expenditure since 1962. (Table 8.1) It remained nearly steady at 8 per cent during the first quinquennium (1962-67) of the Nasik Zilla Parishad. During 1972-73 it spurted up to 31.7 per cent. But during the last decade it declined, but remained steady at 11 per cent, though during the quinquennium (1977-82) it declined marginally by .3 per cent points. Over the two decades it registered an increase of 1099 per cent, which may be considered as satisfactory.

The progress made by the Nasik Zilla Parishad in the construction of roads in the rural areas can be judged from Table 8.10.

It is quite evident that the length of various of roads, except the cement concrete roads, has registered considerable increase during the last two decades



TABLE 8.10

## Progress of Roads in Rural Nasik

Types of Roads	1962-63	1967-68	1972-73	1977-78	(Length in K.M)	
					1981-82	% increase in 1981-82 over 1962-63
1. Miles						
1. Asphalt	047.73	0048.35	0070.97	0079.32	0155.71	80%
2. Cement Concrete	.13	0000.13	0000.19	0000.19	0000.19	
3. Broken Rock Metal	387.96	0420.46	0719.21	0998.20	2383.41	
4. Other Low Grade	788.43	1143.96	4757.67	5193.15	7039.37	

Source : Annual Administration Reports of the Nasik Zilla Parishad for the respective years.

and this is a matter of satisfaction. For, road is an important means of communication and is a vital infrastructure for linking the rural areas not only among them but also with the developed urban areas in the district and serves as a vehicle of transmitting the development from the latter to the former.

However, if one were to calculate the road length per lakh of population, one finds the availability of roads at a very low level. But this is due to the increase in population. However, this points to the need on the part of the Zilla Parishad to increase its expenditure on further developing this infrastructure.

It would now be useful to examine a few cases of irregularities reported by the Auditor, Local Fund Audit in their Annual Audit Reports. It may be noted here that during the two decades 1962-82 the total number of Audit objections raised in respect of Public Works (B & C) has been more than 142.<sup>9</sup>

(i) The Auditor pointed out that some works were undertaken without preparing estimates for them; e.g. (i) Sinnar-Shirdi Road, (ii) Ozar-Saykheda Road. The Auditor sought explanation and disallowed the huge amount of Rs. 1,42,838.

9. Annual Administration Report 1981-82, P.245.

(ii) The Auditor pointed out that the Log-books relating to the Rollers Nos. (i) TMRT 3088, (ii) DRR 2735131, (iii) Volgut 13368 and (iv) Tanker 2233 in the possession of the Deputy Engineer, Kalwan. Hence they disallowed the amount on account of them.

Audit Report, 1979-80,  
Para 5 & 10.

The Zilla Parishad replied as usual that the inadequacies and irregularities would be rectified and that the auditors would be shown the proofs thereof during the next audit.

(iii) The work of constructing gutter No. 1 on Mohaje-Joran Road was sanctioned and given to Chairman, Balwant Labour Construction Society Ltd. From the digging work 42 cubic metres Murum was dug out, which could have been utilized for filling the pit which required the total Murum of 115 cubic metres. But the entire amount of murum of 115 c.ms. instead of 73 cms. was purchased by the contractor-society which involved the Panchayat Samiti and the Zilla Parishad in an additional expenditure of Rs. 403.20 (cost of 42 c.ms. murum (@ Rs. 9.60 per c.m.).

The same thing happened in respect of the gutter No. 2 on the same road. In this case 100.50 c.ms. murum dug out was not utilized, but 108 c.ms. murum was purchased. This involved an additional expenditure of Rs. 964.80 (cost of 100.50 c.ms. murum @ Rs. 9.60 per c.m.).

The Auditor objected to these failures and ordered that these amounts be recovered from the said contractor-society.

It is therefore necessary to have a strict supervision of the Zilla Parishad on the public works to avoid such anomalies and undue expenditure on them.

**(ii) Irrigation**

Under the head irrigation are included the following types of works performed by the Zilla Parishad : Construction and maintenance of minor irrigation works, repairs of the existing minor irrigation works, survey and investigation of such works, construction of wells, tank and lakes, fixing pump-

ing sets, construction and repairs of Vasant Bhandharas, Rural works programmes including these works & rural water works.

Though Nasik Zilla Parishad's overall expenditure registered a tremendous increase of 102966 per cent in 1981-82 over 1962-63, in terms of its percentage to total development expenditure it shows a fluctuating trend, for example, during the first decade of Z.P's existence the percentage increased from .01 in 1962-63 to 17 in 1972-73; but during the last decade 1972-82 it declined to 2.6 in 1981-82.

It will be observed that the Zilla Parishad has not made much progress in respect of irrigation facilities during the last two decades. It is necessary that it should make concerted efforts to increase irrigation facilities and more importantly to increase the drinking water supply facilities and cover more villages in the district.

There are some cases of irregularities, discrepancies and breach of procedures in respect of this activity, which are mentioned in the Audit Report.

(i) Irregular expenditure has been incurred on the maps, measurements and surveys of percolation tanks and Bandhare. This has been pointed out in the Audit Reports for 1972-73 and 1973-74 as objections No. 11 and 3 respectively.

These objections have been accepted by the Zilla Parishad and the Nandgaon Panchayat Samiti in whose jurisdiction these schemes were implemented, and the proposals to regularise these irregular expenditures from the Government.

(ii) It has been pointed out in the Audit Report for 1968-69 that 93 farmers were given subsidy in two instalments for constructing wells. But it is noticed that 36 farmers had not constructed the wells. The Auditor has warned that the Zilla Parishad and the Igatpuri Panchayat Samiti should either complete the work otherwise the amount of subsidies should be recovered from them.

TABLE 8.11

## Progress of Irrigation and Pipe line Water Supply by Nasik Zilla Parishad.

Year	Area brought under irrigation	Percolation Tanks	Wells	Vasant Villages covered Bandhare	by pipe line Water Supply
1962-63	0616 Acres	-	030	-	-
1967-68	2331 Acres	13	117	42	20
1972-73	1942 Acres	21	110	-	42
1977-78	2326 Hectares	50	-	16*	62
1981-82	0863 Hectares	29	041	01*	94

\* Bandhare in Adivasi Areas.

Source : Annual Administration Reports of the Nasik Zilla Parishad for the various years.

The Zilla Parishad and the Panchayat Samiti then started moving in the matter and assured the auditor that at the time of the next audit the utilization certificates from the Agricultural Extension Officers would be produced

Audit Report 1968-69  
Para No. 10

(iii) It was found by the Auditor that an amount of Rs. 5054.56 were sanctioned for the construction of wells of drinking water, but actually the amount paid amounted to Rs. 9322.00 The Auditor objected to the excess payment of Rs. 2531.44 & ordered for immediate recovery.

Audit Report 1969-70

The Zilla Parishad and the Panchayat Samiti Nandgaon then started taking action and reported the matter to the Executive Engineer of the Zilla Parishad and recovered not the entire excess payment amount but only Rs. 1013.

(iv) The Zilla Parishad constructed four Vasant Bandhare under the Dindori Panchayat Samiti in three villages under the Village Panchayat of (i) Kavadasar, (ii) Tetmal, (iii) Nanashi, and expenditure of Rs. 4500/- was incurred. But the auditor in his Report for 1969-70 pointed out that these

works did not receive the administrative and technical sanctions and that the expenditure was disallowed.

The reply given to this objection by the Dindori Panchayat Samiti reveals its ignorance and immaturity of the Z.P. and P.S. members. The P.S. pointed out that this scheme of the Vasant Bandhare was sanctioned by the Rural Development Department, Government of Maharashtra by their letter RDD No. TDB 1965/8802-4 dated 9-2-1965 and the P.S. misunderstood that the scheme needed no separate administrative and technical sanction.

The P.S. then admitted the mistake and assured to seek post-facto sanction.

All these instances reveal that the Panchayati Raj bodies are the elected representatives thereof are still immature in running these bodies and have committed such lapses. These personnel need training in the administration of these bodies, which alone would enhance their efficiency.

(iii) Public Health Engineering :

Under the head Public Health Engineering are included the works of rural water supply mainly by digging wells in villages, and also by pipe, drainage system.

The expenditure on these services incurred by the Nasik Zilla Parishad has registered an increase of 56988 per cent in 1981-82 over 1962-63. In 1962-63 it formed a meagre per centage of 0.04 of the total development expenditure, from which it increased to form 3.1 per cent of the total development expenditure.

The progress made by the Zilla Parishad under public health engineering with respect to drinking water supply can be seen from the following table.

Of course, this progress, though noteworthy, is not considerable and the Zilla Parishad must strive hard to cover all the towns and villages in the district with well-water supply and/or pipe-line water supply which is the basic necessity of life needed for good health.

TABLE 8.12

## Drinking Water Supply Schemes of Nasik Zilla Parishad

Particulars	1962-63	1967-68	1972-73	1977-78	1981-82
1. Drinking Water Wells Constructed	102	117	110	56	41
2. Towns covered by Pipe-line Water Supply	-	020	042	62	94

(iv) Agriculture :

Though Nasik District <sup>is</sup> considered to be industrialised district in the State of Maharashtra, next to Bombay, Poona and Nagpur, still agriculture remains to be the mainstay of the rural population. 74 per cent of the people of the district live in rural areas<sup>10</sup> and 68 per cent of the total workers in the district are directly engaged in agricultural activities.<sup>11</sup> In any agrarian and developing economy, agriculture is the starting point of the economic growth. In view of this the need for the local self-government like the Panchayati Raj to concentrate on the agricultural development in its jurisdiction is beyond doubt an urgent one.

It is heartening to find that the Nasik Zilla Parishad has undertaken since its inception several activities for the development of agriculture. These activities may be listed below to get an idea of their wide coverage:

(i) The Nasik Zilla Parishad organises every year crop competition at three levels : village level, Panchayat Samiti level and district level in respect of the crops of rice (Paddy), Bajra, wheat and Rabbi Jowar and prizes are given to the maximum producing farmers of these crops. It also organises crop competition at the Taluka level for the backward class farmers in respect of paddy crop. Such competitions provide incentives to the farmers to increase production of these crops.

(ii) For multiplying the production of improved seeds the Nasik Zilla Parishad distributes the foundation seeds secured from Taluka seeds council

10. Census of India, 1971.

11. Ibid.

among the producers of improved seeds of paddy, Rabbi Jowar, Bajra, Nagali Harbara, Wheat and ground-nuts.

(iii) It undertakes intensive cultivation of crops in selected areas. These food crops are paddy and wheat. The acreage brought under such intensive cultivation in 1962-63 is : Paddy : 10499 acres; & Wheat : 12462 acres. In 1981-82 the figures are : Paddy 40215 acres & Wheat : 72342 acres.

(iv) It undertakes the propaganda or spread of adoption of improved methods of cultivation in respect of these crops. The acreage brought under cultivation under the improved methods in 1962-63 was 2,65,190 acres.

(v) It gives subsidies to the cultivators of paddy, wheat and sugarcane for purchasing the jute-seeds from which green manure is prepared and used for these crops. During 1962-63 the Nasik Zilla Parishad sold these jute seeds to 213 cultivators, paid them subsidy of Rs. 1452/- and the acreage brought under green manure was 400 acres. During 1981-82, the acreage brought under green manure increased to 41,00 Hectare, & subsidy paid increased to Rs. 16,000/-

(vi) It arranges the demonstration of cultivation in respect of paddy, Bajra, wheat, cotton and jowar in villages. These demonstrations include (i) To prepare Gadi Wafe (ii) To undertake inter-cultivation (iii) To sow the seeds in straight line, (iv) To sow seeds after wetting them in salt-water, (v) To make use of gas-bati (Petromax), oil and water on the disease of crops, (vi) to use chemical fertilisers, (vii) To apply pesticides and other medicines to the seeds, (viii) To spray endrine (a sort of pesticide), (ix) To apply sulphur to the seeds, (x) To sow the seeds by the ट्रेकर method of sowing, (xi) to use super phosphates, (xii) To spray sulphur and BHC.

The objectives behind these demonstrations are to propagate the use of improved methods of cultivation and to demonstrate how production increases by their adoption. During 1962-63 the Zilla Parishad performed 2370 demonstrations in 413 villages with 5 to 7 demonstrations in each village. During 1981-82, 3108 demonstrations were performed in 500 villages.

(vii) The Zilla Parishad gives subsidy to the cultivators for purchasing the plant protecting instruments and implements, such as seed dressing drums, power duster, guttar pumps, dust guns, buckets-spray, musta hand pumps, orient hand duster, moca foot-spray, masti pumps, additional surung pumps, sayano gas, गहू मच्छी मंत्र, etc. The Zilla Parishad itself purchases these instruments and hires them to the farmers at nominal rates.

During 1962-63 it hired 325 such implements to the farmers at a total nominal charge of Rs. 1223.92. Similarly it sold 81 spray pumps and dusters to the cultivators and paid them subsidy of Rs. 4077/-. During 81-82, it rented out 209 implements for a nominal charge of Rs. 962.80

(viii) The Zilla Parishad provides the pesticides such as DDT, endrine, gaige, BHC, Sulpher, ultra-sulpher, etc. to the farmers.

(ix) It has started the system of dryland farming in the bunding areas. In 1962-63 the total bunding area was 67149 acres; of this the area of 19970 acres was brought under dryland farming. Of this dryland farming area the area brought under different crops was cereals  $\text{गृह धान्ये}$  : 7549 acres; Pulses : 645 acres, Oil Seeds : 11776 acres. In 72-73 the total bunding area increased to 4,96,835 acres & the acreage brought under dry land farming ws 8431 acres. The scheme was discontinued from 1.4.1976.

(x) The Nasik Zilla Parishad also implements the scheme of purchasing and distributing the amonium sulphate and other Chemical fertilisers for such crops as Paddy, Bajra, Wheat, Jawar, ground-nut, Cotton, Sugar cane, vegetables, fruits, etc.

During 1962-63, the Co-operative Societies under the Zilla Parishad Jurisdiction distributed the various fertilizers as follows :

a) Ammonium Sulphates	:	7521 metric tonnes
b) Amonium Nitrate	:	834 metric tonnes
c) Urea	:	343 metric tonnes
d) Nitro Phosphates	:	201 metric tonnes
e) Super Phosphates	:	040 metric tonnes
Total	:	<u>8939 metric tonnes</u>



The distribution of these fertilizers amounted to 12,749 mt. during 1981-82.

(xi) It implements the rural manure scheme. Under this scheme the Zilla Parishad encourages the farmers to dig dung-manure pits and compost manure pits and thus prepare these manures. During 1962-63, the achievements was :

(i) Dung-manure Pits : 8884; Dung-manure prepared : 25777 tones

(ii) Compost manure pits : 10907; Compost manure prepared : 24897 tons

During 1981-82 the respective figures are (i) 11000 pits & 30648 tons & (ii) 12807 pits 29948 tons.

All these schemes show that the Nasik Zilla Parishad had been showing a great concern for the improvement of agriculture in the district.

#### Review of Expenditure on agriculture :

However, the large number of schemes described above is not matched by the expenditure on agricultural development by the Zilla Parishad. Nasik Zilla Parishad spent only Rs.2.2 Lakhs (1.5 per cent of the total development expenditure) on agriculture in 1962-63. In 1981-82 it spent tremendous amount of Rs. 33 lakhs in absolute terms, but in terms of percentage of developmental expenditure it is only 2.8. An idea of the growth of expenditure can be had from Table 8.1. In view of our policy of attaining self-sufficiency in food, larger provision will have to be made for the development of agriculture in the district. The provision made so far cannot be regarded as adequate by any criterion. This sector which is still the mainstay of the district deserves the expenditure of about 10 per cent of the total budgetary provisions of the Zilla Parishad for the development of this sector.

It will be useful to examine some of the cases reported by the Chief Auditor, Local Fund Audit, Government of Maharashtra, Bombay.

(1) Complaint. regarding subsidy for purchasing food storage tin-tanks being given exclusively to the Z.P. members.

It was reported that there were complaints from the farmers that the Nasik Zilla Parishad implemented a scheme of giving subsidy to the farmers for purchasing good-storage tin-tanks. But under this scheme in 1981-82 the subsidy was given exclusively to the Zilla Parishad members. Later on these cases were referred to the Divisional Commissioner, Nasik Division. But the Audit Office was not reported regarding the action taken by the Zilla Parishad and that the Zilla Parishad did not give any explanation to the Audit Office till November 1984<sup>12</sup>

(2) Malpractices in the Agriculture Department of the Malegaon Panchayat Samiti.

The Agriculture Development Officer consolidated and reviewed the account of the Crop protecting medicines and pesticides provided to the Malegaon Panchayat Samiti and it found the following malpractices and irregularities

(i) During 1964-65 to 1975-76 the crop-protecting medicines worth Rs. 8737.50. But this amount was found to be outstanding and was not recovered till 21st March 1982. Out of this amount the amount of Rs. 9180.00 was on account of providing endrine. But the P.S. has no record as to from whom this amount is to be recovered. Hence it is necessary to fix the responsibility for this on the appropriate authority and recover it from the concerned authorities.

(ii) Out of the cost of such medicines provided during 1977-78 to 1980-81 Rs. 61,086.32 is yet to be recovered. Why this amount was not recovered is not yet known. The cost of Rs. 3538.20 on account of such medicines distributed during 1981-82 is still due from the Panchayat Samiti, Malegaon. It is recorded in the Record-book that these stocks of medicines were sold in cash, but the sale-proceeds were not credited. It appears that the responsibility for this was fixed on the Godown-in-charge Mr. V.B. More but it does not appear to be recovered. Similarly, the auditor was not intimated about this misappropriation. It is not known why the provisions in the audit procedures were not followed.

<sup>12</sup>. Audit Report for the Z.Ps. & P.Ss. in Maharashtra, Local Fund Audit, 1981-82.

(iii) It is found from the review of the Cash-book of the Malegaon Panchayat Samiti Agriculture Departments that the amounts were not credited with bank from time to time but were retained & used by the concerned authorities. Similarly, the Block Development Officer did not examine and endorse the Cash-book of the Panchayat Samiti. This shows that the B.D.O. has no control over the transactions transacted by the Agriculture department. Under such circumstances the possibility of mis-appropriation on a large-scale cannot be denied.

(iv) It was not found that the Sales transactions of seeds, fertilisers and pesticides & medicines were recorded in the Record-book. So it could not be ascertained whether or not the price of the materials shown in the record-book was recovered. Hence, there is a discrepancy of Rs. 14776.62 from the sales as per entries in the cash-book and sales as per the entries in the stock-book. So the possibility of this amount being misappropriated by the concerned employee cannot be denied. Hence it is necessary to enquire into this entire episode and take appropriate disciplinary action against the misappropriants.

### (3) Purchase of medicines at higher rates.

It was found that the Nasik Z.P. purchased the Phinores Powder at higher rate from the Chopda Agencies, Nasik even when lower rates were quoted by other companies. The Z.P. purchased 51 kg. powder in November 1981 and March 1982 from the Chopda Agency at a rate of Rs. 292/- per three kg + tax @ 5.6% for Rs. 5241.98. Reviewing the comparative offers for this powder by other companies it was found that the rates offered by two other companies were Rs.239.09 and Rs.261.00. It is also found that the purchase from the low price company was sanctioned. Still instead of purchasing it for Rs.239.09, it was purchased from the Chopda Agency at higher price. This has not been explained, nor it was found that the sanction from the competent authority was even obtained for such higher-priced purchase. Due to this higher-priced purchase additional expenditure of Rs. 939.18 was incurred by the Z.P. Hence it is necessary to fix the responsibility on the concerned employees and recover this amount from them.

In November 1981 the Nasik Z.P. purchased 60 packets of Phinovis Powder for Rs.2822.05 at the rate of Rs. 44.54 per packet of 500 grams each. If these packets had been purchased at the lower rate from other company it would have incurred expenditure of Rs. 2524.80. Thus the Z.P. had to incur excess expenditure of Rs.297.25 which should be recovered from the concerned person after fixing responsibility on him.

#### Progress of Agriculture :

As a result of the various schemes implemented by the Zilla Parishad and particularly the incentives provided by the crop competitions held by the Zilla Parishad there has been progress in the production of food grains, which can be judged from the following table. (Table No. 8.13)

TABLE 8.13

#### Maximum Production of Principal Foodgrains per hectare in Nasik Dist.

Name of the food-grain	(in Kg.)			
	1961-62	1971-72	1981-82	% increase
1. Bajra	1100	2290	6653	505
2. Jowar	1938	3246	1111624	499
3. Wheat	2937	4804	6304	114

Source : Annual Administration Reports of the Nasik Zilla Parishad for various years.

It would be seen that the maximum progress is achieved in respect of Bajra (505% increase), followed by Jowar (499%). In respect of wheat the progress is relatively far less.

However, this progress cannot be said to be a highly commendable one. One of the main reasons for the moderate progress is that the various schemes implemented by the Zilla Parishad are not honestly implemented and their benefits are not allowed to reach the common farmers. The Zilla Parishad needs to be highly careful and see to it that the small and medium farmers become the main beneficiaries of these schemes and increase their farm production.

**(v) Animal Husbandry :****Review of expenditure on animal husbandry.**

The Nasik Zilla Parishad spent only Rs.160000 on animal husbandry in 1962-63, that means 1.1% of the total development expenditure. In 1981-82, however, the expenditure reached the level of Rs. 3303000 (2.2 per cent of the total development expenditure). An idea of the growth of its expenditure can be had from Table 8.1 the expenditure registered an increase of 1971 per cent in 1981-82 over 1962-63, and every quinquennium the expenditure had doubled. It can be said that the Z.P. had incurred adequate expenditure on animal husbandry.

**Progress of animal husbandry.**

Nasik Zilla Parishad had achieved considerable progress in the development of animal husbandry in the district. This progress registered by animal husbandry is indicated in Table 8.14. It is evident from the information in that Table that the number of livestock has considerably increased during the two decades 1962-82 because of the health care facilities and artificial insemination facilities provided by the Zilla Parishad. The number of veterinary dispensaries, Branch hospitals, primary centres as also artificial insemination centres has considerably increased.

**(vi) Forest****Review of expenditure on Forests**

Expenditure of the Nasik Z.P. on forest is quite negligible. It was only 0.1% of the development expenditure, in 1972-73, then it increased to 0.9 per cent in 1977-78, and declined to 0.4 per cent in 1981-82. Nasik Z.P. observes every year Forest Festival or plantation festival during which seeds of various plantations are sown or plants are erected and thus the number of trees is developed and forests are developed in the district.

**Progress of plantations**

The progress of seeds sown or plants erected and plants grown is quite satisfactory. This progress can be seen from the following Table 8.15

**(vii) Co-operation & Industries :**

These two departments were in the charge of the Panchayati Raj Insitu-

TABLE 8.14

## Progress of Animal Husbandry under Nasik Z.P. (1962-82)

Particulars	1962-63	1972-73	1981-82
1. Livestock	8,27,319	15,47,249	22,93,169
2. Veterinary Hospitals	02	02	02
3. Veterinary Dispensaries	06	14	16
4. Branch Hospitals	02	02	06
5. Veterinary Primary Centres	42	48	91
6. Artificial Insemination Centres	25	55	97

Source : Annual Administration Reports of Nasik Z.P. for the respective years.

TABLE 8.15

## Progress of Plantations under Nasik Z.P.

	1962-63	1977-78	1981-82
Plants/Seeds Sown	12,590	1,70,157	1,85,387
Plants grown	08,217	1,29,694	1,38,434

tion from their inception. But following

Source : Annual Administration Reports of Nasik Z.P. for respective years.

tion from their inception. But following the recommendations of the Bongirwar Committee<sup>13</sup> they were withdrawn from the Z.Ps or the Local Sector and transferred to the State Sector.

When these activities were in the local sector the Z.P. provided assistance to service co-operatives and other co-operative societies as also industrial co-operatives. But Z.P's expenditure was quite meagre and it was declining, as it clear from Table 8.1. Thus the activity of the Z.P. in these fields was not at all noteworthy.

13. Evaluation Committee, 1971.

**(viii) Community Development :**

Nasik Z.P's expenditure on community development has also assumed the same declining trend as that on co-operation and Industries. Here the position is still worse, as the expenditure on this item has grown by Rs. 1065 in 1981-82 over 1962-63 (Table 8.1). The reason for this is obvious that the C.D. Blocks and N.E.S. Blocks are in the State Sector and most of the expenditure on the Community Development is being incurred by the State Government and the Z.P. is left with little scope in this field.

**3) Non-Development Expenditure :**

The important heads of expenditure included under non-development service are as stated in Ch. VI are : Honoraria, General Administration, Interest, Pensions and miscellaneous (vide Appendix C to Chapter VI). Table 8.16 below reveals the non-development expenditure on these items.

**(i) Honoraria**

The expenses on payment of honoraria include honoraria to President, Vice-president, Sabhapati, Up-Sabhapati, travelling allowances to these authorities and members of the Z.P. and house-rent and other allowances.

The expenditure of the Nasik Zilla Parishad on this item is continuously increasing in absolute terms (except for the year 1977-78), but in terms of its percentage to the total expenditure it is negligible. It forms less than one per cent of the total expenditure of the Zilla Parishad. That the absolute expenditure on this count is excessive is reflected in the overall increase of 1191 per cent during the period 1962-82 as also revealed by the rising tendency of its relative proportion to the total expenditure.

If we probe into the components of this item of expenditure and examine the expenditures on them we find that the major expenditure is incurred on the travelling allowances of the public authorities and the members of the Zilla Parishad. The items included under the Heading Honoraria are :

- i) Honorarium to Z.P. President
- ii) Honorarium to Z.P. Sabhapati & Up-Sabhapati
- iii) Travelling Allowances to Z.P. President & Sabhapati.
- iv) House Rent & Other allowances

TABLE 8.16

## Growth of Non-development Expenditure of Nasik Zilla Parishad (1962-82)

Constituent of Non-development Expenditure	(Rs. in thousands)					% increase in 1981-82 over 1962-63
	1962-63	1967-68	1972-73	1977-78	1981-82	
i. Honoraria	00060 (0.39)	00162 (0.42)	0023 (.27)	00002	00775 (.56)	1191
ii. General Administration	00494 (3.2)	03023 (7.8)	04523 (5.5)	06755 (8.2)	16277 (11.7)	3195
iii. Interest	-	-	00081	-	-	-
iv. Pensions	00136 (0.88)	00019 (.049)	00168 (.20)	00086 (.10)	00743 (.53)	446
v. Miscellaneous	00643 (4.2)	00815 (2.3)	01507 (1.8)	01432 (1.7)	02514 (1.8)	290
Total Non-development Expenditure	01333	04019	06502	08275	20309	1423
Total Deelopment Expenditure	01 3968	34635	74651	73416	118064	745
Total Expenditure	15301	38653	81153	81691	138373	805



- v) Travelling Allowances to Z.P. members
- vi) Guest or entertainment allowance to President.
- vii) Expenditure on Vehicle for Z.P. authorities.

Of these items if we take into consideration only the expenditure on Travelling allowances (item No. III & V) we find that nearly on an average 25% expenditure is incurred on this item. This is seen from Table 8.17 below. During the year 1977-78 the expenditure on the travelling allowances was negligible (Rs. 394/-) as the Z.P. had been suspended and was under the Administrator. In 1981-82 the proportion of this expenditure had come down to 22% from 33% in 1972-73. If this trend of decline continues then this can be regarded as a healthy feature. But the possibility seems to be less. There is a scope for economy in expenditure on this item and the Z.P. should try to reduce this expenditure so that more resources will be released for rural welfare activities.

#### General Administration

The absolute expenditure on "General Administration" has been continuously increasing from 1962-63 to 1981-82. It has increased by a tremendous multiple of about forty times over the years, registering the overall growth of 3195 per cent during the period. Its relative proportion to the total expenditure on revenue account has also shown a rising tendency. Thus from 3.2 per cent in 1962-63 it increased to 11.7 per cent in 1981-82. (vide Table 8.17). This cannot be regarded as a healthy feature of the Nasik Zilla Parishad finances. There is also no evidence or ground to observe that the quality of service has improved with this growth in administrative expenditure. Thus, there is a scope and need to economise on this non-development head of revenue expenditure of the Nasik Zilla Parishad.

#### (ii) Pension :

Expenditure on this head includes contribution to pension fund and provident fund, contribution to government on account of the pensions and leaves of the government servants on deputation, etc. The total expenditure on this account has shown a fluctuating trend, though over the years it has shown an increase of 446 per cent in 1981-82 over 1962-63.

TABLE 8.17

## Expenditure on Travelling Allowances of the Z.P's elected authorities

Expenditure	(Rs. in thousands)				
	1962-63	1967-68	1972-73	1977-78	1981-82
Travelling Expenditure	16 (25%)	57 (34%)	74 (33%)	(Rs. 394/-) (19%)	170 (22%)
Total 60	602	162	223	02	775

Note : Figures in brackets indicates the percentage to the total Expenditure.

Source : Annual Administration Reports of the Nasik Z.P. for various years.

(iii) Miscellaneous :

The miscellaneous expenditure includes such expenditure as payments to Gram Panchayat Secretary, travelling allowances to the members of the District Advisory Committee, grants to various institutions, contribution to depreciation fund, etc.

This expenditure has shown an increase of 290 per cent in 1981-82 over 1962-63 but its share in the total expenditure has remained at a low ebb, through out the period of twenty years.

The total non-development expenditure of the Nasik Zilla Parishad though remained far less than its development expenditure, its growth over the years has been greater than the growth of the latter. It shows an increase of 1423 per cent in 1981-82 over 1962-63, while the corresponding figure for the development expenditure is 745 per cent. This certainly points to the need for putting an axe on the non-development expenditure by the Zilla Parishad administration.

4) Conclusion :

The Nasik Zilla Parishad's expenditure on social and economic development has been in the ratio of 73:23 respectively. Growth in the expenditure on social development during the period under review was higher than that on economic development. The magnitude of expenditure on Education has been the highest - about two-third of the total development expenditure.

Some findings regarding the various heads of expenditure are given below.

**Education :** There has been considerable expansion in the educational facilities made available by the Nasik Zilla Parishad in recent years, but the quality of the standard has yet to be improved. The Zilla Parishad has not been very careful and meticulous in its expenditure on education. Expenditure on education needs to be considered as an investment and hence the Zilla Parishad should see to it that this expenditure is incurred according to the criteria of sound investment.

**Medical :** The Nasik Zilla Parishad has revealed its consciousness regarding improving the medical facilities as is obvious from its growth of per capita expenditure on them from 6.5 paise in 1962-63 to 24 paise in 1981-82. But in view of the tremendous requirements of the vast rural masses in the Nasik district this expenditure is still meagre and must be increased in future considerably.

**Public Health :** The Nasik Zilla Parishad has made satisfactory progress in providing medical and public health services in the rural areas of the district. However, the percentage expenditure on these services has remained at a low level over the years and much remains to be done in this respect.

**Social Welfare :** The Nasik Zilla Parishad has made efforts for the welfare of the backward class people in the district. But the expenditure incurred so far has not made much dent on the poverty of these masses. Hence it is necessary for the Zilla Parishad to intensify its activities to ameliorate the lot of these downtrodden sections of the society.

**Public Works :** The expenditure on public works has increased considerably over the two decades. The main public work undertaken by the Zilla Parishad is the construction of roads which are an important infrastructure linking the rural areas with the urban areas. Even though the Zilla Parishad had made satisfactory progress in the construction of various types of roads, when considered from the viewpoint of availability of roads per lakh of population the progress is not much fair. This points to the need on the part of the Zilla

Parishad to increase its expenditure on further developing this infrastructure. It is also necessary to exercise a strict supervision by the Zilla Parishad administration over the public works to avoid the anomalies pointed out by the auditors.

**Irrigation & Public Health Engineering :** Even though the overall expenditure registers a tremendous increase, it is not consistently growing but shows the fluctuating trends. The progress in respect of providing irrigation facilities has been considerable. But the Zilla Parishad has not made much progress in respect of providing clean drinking water to several villages in the district. It is, therefore, necessary to make concerted efforts in this respect. The Zilla Parishad has also committed, as the Audit Reports pointed out, several lapses in respect of this activity, which points to the need for providing training to the personnel in the Panchayat Raj bodies in the administration of these bodies and enhance their efficiency.

**Agriculture :** The Nasik Zilla Parishad has undertaken several activities & schemes for the development of agriculture. But these schemes are not matched by the expenditure on agricultural development by the Zilla Parishad, which is quite meagre in terms of its per centage of development expenditure. In order to achieve self-sufficiency in food larger provisions need to be made for the development of agriculture. Besides, it is also necessary on the part of Zilla Parishad to see that the various schemes of agricultural development are implemented honestly and their benefits reach the small and marginal farmers in the rural district.

**Animal Husbandry :** The expenditure incurred by the Nasik Zilla Parishad on this count has been adequate and the progress achieved has been considerable in the development of animal husbandry in the district.

**Non-Development Expenditure :** The non-development expenditure of the Nasik Zilla Parishad has remained far less than its development expenditure, but its growth over the years has been greater than that of the latter. This points to the need for economising on this expenditure.

**Irregularities & Lapses :** The case studies of the irregularities and lapses (as reported by the Local Fund Audit) showed that there is a need for a strict control and supervision over the expenditure incurred by the Panchayati Raj bodies on various schemes. Such control would lead to economy in the public expenditure by the Zilla Parishad administration and to that extent release more and more resources for the rural development of the Nasik District in future.

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CHAPTER - IX

ANALYSIS OF EXPENDITURE - II  
(On Capital Account)

POINTS	PAGE
01. Structure of Capital Budget	279
02. Classification of Capital Expenditure	280
03. Over-all Position on Capital Account	281
04. Growth of Developmental Capital Expenditure	281
05. Growth of Non-development Capital Expenditure	282
06. Pattern of Developmental Capital Outlay	284
08. Total Capital Expenditure	285
09. Total Capital Disbursements	285
10. Capital Receipts	285
11. Sources of Capital Revenue	286
12. Need for Government Loan Finance	287
Conclusion	289
Appendices I, II, III & IV	289(i) to 289 (xxi)

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## CHAPTER IX

Analysis of Expenditure - II  
(On Capital Account)**I. STRUCTURE OF CAPITAL BUDGET :**

The picture and our understanding of the finances of the Nasik Zilla Parishad would remain incomplete, unless we analyse, along with the expenditure on revenue account, the expenditure on its capital account. The previous chapter was devoted to the analysis of revenue expenditure of the Nasik Z.P. The present chapter proposes to deal with its capital budgets.

The structure of the capital budget is given in the Appendix I to this chapter. The expenditure (and revenue) on capital account is divided into Four categories : A, B, C & D. Category A is the Loan Section and consists of two sections : Sec. I is "Loans bearing interest", and Sec. II "Loans not bearing interest." Category B is 'Deposits and Advances'. Category C is "Remunerative Enterprises" and Category D is "Miscellaneous". However, as the Z.Ps. are not allowed to undertake any remunerative enterprises, entries under category C are blank. Similarly, as there are no miscellaneous transactions, entries under category D are also blank.

There is an appendage to the capital expenditure section (and also to capital revenue section) and that is 'Remittance Section'. The total for the Capital Section is inclusive of these remittances. It should also be noted that "Loans not bearing interest" has ceased to be an item of capital expenditure from 1965-66 onwards. Hence entries under that head are blank from 1965-66 and onwards.

The general practice in the Zilla Parishad finances is that the welfare schemes for the rural artisans, farmers and backward class people are charged to capital account. Such schemes are, for example, loans to purchase improved varieties of seeds, loans for cottage industries, loans for rural housing, loans to goldsmiths, etc. Precise idea of the nature and items of capital expenditure of the Nasik Z.P. can be had by going through the relevant extract from the "Annual Account of Receipts and Expenditure" attached as Appendix-II to

this chapter, and also from Appendix-iv - "Growth of Capital Expenditure of the Nasik Z.P. (1962-82)", Appendix-III showing "Growth of Capital Revenue of the Nasik Z.P. (1962-82).

## **2. CLASSIFICATION OF CAPITAL EXPENDITURE :**

The system of classification of capital expenditure into development expenditure and non-development expenditure which is adopted by the Government and the Reserve Bank of India is also adopted here for the purpose of this study. The question as to what type of expenditure should be treated as development and non-development may not have unanimous answer. However, in general, it may be accepted that "the term 'development expenditure' has an obvious growth implication in sense that expenditure classified as developmental should be such as can be considered to promote growth."<sup>1</sup> That expenditure which does not promote growth should be classified as non-developmental.

From this viewpoint, capital expenditure in Category A (Loans Section) in the Z.P.'s Capital Budget is regarded as developmental capital expenditure and that in category B (Deposits & Advances) is regarded as non-developmental capital expenditure.

Before we turn to the analysis of the capital budgets it is necessary to clarify the meanings of some important terms we have used in our analysis of capital accounts of the Nasik Z.P.

1. Total Capital Expenditure means the sumtotal of (a) Development Capital Expenditure and (b) Non-developmental Capital Expenditure.

2. Total Capital Disbursements means the sumtotal of the Total Capital Expenditure and Remittances from the Z.P. to the Panchayat Samitis.

3. Total Capital Revenue means the revenue from such usual capital-revenue-sources as (a) Loans from the State Government, (b) Recovery of Z.P. loans, (c) Seasonal advances from the State Government, and (d) Deposits & Advances.

1. Gulati, I.S., 'Central Government's Capital Expenditure : 1950-51, to 1961-62 - Its Development Content'. The Economic & Political Weekly, Bombay, July 1961.



4. Total Capital Receipts refer to the Total Capital Revenue + Remittances from the Panchayat Samitis to the Z.P.

### 3. OVERALL POSITION ON CAPITAL ACCOUNT :

Table 9.1. summarises the overall position of the Capital Budgets of the Nasik Z.P. during the period 1962-82, with quinquenium breaks. It is obvious that though the Capital Disbursements and Receipts are continuously increasing throughout the period of two decades under review, the receipts are ruling at a higher level than the disbursements except during 1977-78 and 1981-82. As a result there have mostly been surpluses on the Capital account, except during the years 1977-78 and 1981-82.

The total capital expenditure, however, reveals a fluctuating trend of growth and decline. This means that the remittances have a great influence in determining the total capital disbursements. As the last column of Table 9.1 reveals the remittances have registered a growth of 3945 per cent in 1981-82 over 1963-64. As a result, the capital disbursements have growth by 1966% in 1981-82 over 1962-63. As compared to this the growth in capital expenditure of 181 per cent is quite negligible.

### 4. GROWTH OF DEVELOPMENT CAPITAL EXPENDITURE :

It would be seen from Table 9.2 that Nasik Z.P's developmental capital expenditure during the two decades (1962-82) under review. It was Rs. 22,83,938 in 1962-63 but declined to Rs. 9,66,870 in 1967-68 but showed an increase to Rs. 30,53,951 in 1972-73. Then it slumped to Rs. 4,14,727 in 1977-78, again to rise to Rs. 4,80,361 in 1981-82. Considering the twenty years period as a whole it is noticed that it marks a decline of 78 per cent in 1981-82 over 1962-62.

In terms of per centage of total capital expenditure, this development expenditure presents a very poor picture. When the Z.P. was established in 1962 this expenditure, during 1962-63, was 33 per cent of the total capital expenditure. Fifteen years later in 1977-78 it slumped to 1.8 per cent and then somewhat improved to 2.5 per cent after a decade in 1981-82.

TABLE 9.1

## Overall Budgetary Position of Nasik Z.P. on Capital Account (1962-82)

Particulars	(Rs. Actuals)					
	1962-63	1967-68	1972-73	1977-78	1981-82	% growth in 1981-82 over 1962-63
1. Capital Expenditure on Development	22,83,938 (33%)	0,09,66,870 (8%)	0,30,53,951 (49%)	0,04,14,727 (1.8%)	00,04,80361 (2.5%)	(-) 78
2. Capital Expenditure on Non-Development	45,49,212 (67%)	1,04,81,520 (92%)	0,31,15,565 (51%)	2,25,93,646 (98.2%)	01,87,33,094 (97.5%)	311
3. Total Capital	68,33,150 (100%)	1,14,48,390 (100%)	61,69,516 (100%)	2,30,08,373 (100%)	01,92,13,455 (100%)	181
4. Remittances	Nil	0,25,08,810	6,71,41,155	6,51,72,000	10,14,95,000	3945
5. Total Capital Disbursements	68,33,150	1,39,57,200	7,33,10,671	8,81,80,373	12,07,08,455	1666
6. Total Capital Receipts	72,71,635	4,35,91,681	2,95,17,539	8,72,07,990	11,26,05,787	1448
7. Surplus (+) or	(+) 04,38,485	(-) 2,96,34,481	62,06,868	09,72,383	(-) 81,02,668	-

N.B. : Figures in brackets show per centage to total capital outlay.

### 5. GROWTH OF NON-DEVELOPMENT CAPITAL EXPENDITURE:

Table 9.2 also reveals trends in the non-development expenditure. It is also fluctuating per quinquennium (and also year after year), but has always tended to remain at a high level and registered a growth of 311 percent in 1981-82 over 1962-63. From Rs.45,49,212 in 1962-63 it rose to Rs.1,04,81,520 in 1967-68, but slumped to Rs.31,15,565 in 1972-73 and shot up to Rs.2,25,93,646 in 1977-78 and again declined to Rs. 1,87,33,094 in 1981-82.

In terms of percentage of total capital expenditure this expenditure presents a disappointing picture. In 1962-63 it was 67 per cent. Fifteen years later in 1977-78 it shot up to 98.2 per cent and then only slightly slumped to 97.5 per cent in 1981-82. Thus, the non-developmental capital expenditure, though fluctuating, has remained at a higher level than the developmental expenditure. It increased by 311 percent in 1981-82 over 1962-63 while the development expenditure has declined by 78 per cent in 1981-82 over 1962-63. Throughout the period this expenditure has absorbed a major percentage of the total capital expenditure.

### 6. PATTERN OF DEVELOPMENT CAPITAL EXPENDITURE :

The developmental capital expenditure of the Nasik Z.P. seems to be incurred on seven items. (i) Agricultural development, (ii) small, cottage and household industries, (iii) Spread of education, (iv) Backward class welfare, (v) Housing including rural housing, (vi) Water Supply, and (vii) Loans to employees for motor cycles and bicycles.

Table 9.3 reveals the pattern of the Z.P's developmental capital expenditure on these development activities. However, there are so many variations in financing these activities year after year that no order of priority can be assigned to them. There seems to be no consistency in financing these development activities. But, in general, it may be concluded that Housing has been given the maximum preference by the Z.P. and least priority is given to small and cottage industries. We present below an analysis of Z.P's expenditure on these activities.

#### (i) Agricultural development :

The expenditure on capital account on agricultural development includes

**TABLE 9.2**

**Growth of Capital Expenditure of Nasik Z.P. (1962-63)**

Type of Capital Expenditure						(Rs. Actuals)
	1962-63	1967-68	1972-73	1977-78	1981-82	% growth in 1981-82 over 1962-63
Developmental Expenditure Loans	22,83,938 (33)	0,09,66,870 (8)	30,53,951 (49)	0,04,14,727 (1.8)	0,04,80,361 (2.5)	(-) 78
Non-developmental Expenditure Deposits & Advances	45,49,212	1,04,81,520	31,15,565	2,25,93,646	1,87,33,094	311
Total Capital Outlay	68,33,150	1,14,48,390	61,69,516	2,30,08,373	1,92,13,455	181

Figures in brackets shows % to total capital outlay

Source : Budgets & ADM Reports of Nasik Z.P. from 1962-63 to 1983-84.

TABLE 9.3

## Pattern of Development Capital Expenditure of Nasik Z.P. (1962-82)

Purpose of Loan	(in Rupees)				
	1962-63	1967-68	1972-73	1977-78	1981-82
1. Agriculture	N.A.	-	06,24,935 (20%)	0,17,520 (4.2%)	1,13,966 (23.7%)
2. Small & Cottage industries	N.A.	-	00,66,900 (2.1%)	0,00,375 (.09%)	0,00,045 (.009%)
3. Education	N.A.	-	02,48,057 (8.1%)	0,88,458 (21.3%)	0,29,145 (6.0%)
4. B.C. Welfare	N.A.	-	-	0,25,266 (6.0%)	0,05,205 (1.0%)
5. Housing	N.A.	9,66,870 (100%)	00,31,059 (1.0%)	2,33,108 (56.2%)	3,32,000 (69.29%)
6. Water Supply	N.A.	-	20,83,000 (68.8%)	-	-
7. Motor Cycles, Bicycles to employees	N.A.	-	-	0,50,000 (12.21%)	-
<b>Total Development Capital Expenditure</b>	<b>22,83,938</b>	<b>9,66,870</b>	<b>30,53,951</b>	<b>4,14,727</b>	<b>4,80,361</b>

N.B.: Figures in brackets show percentage to the total development expenditure.

loans for digging wells, seeds and improved seeds, for land development and implements, to backward class farmers for land development, etc.

Z.P's capital outlay on agricultural development has declined during the decade 1972-82, though in terms of percentage to total developmental capital expenditure it has increased from 20 per cent in 1972-73 to 23.7 per cent in 1981-82.

In fact, agriculture, being the mainstay of the rural population, its development should have received priority in the capital budgets of the Z.P.

**(ii) Small & Cottage industry and occupation :**

The capital expenditure on this activity includes loans for cottage industries, for poultry, for goldsmiths, etc.

Z.P. seems to have utterly neglected this activity which provides employment, self-employment and side-employment to the rural people and farmers. The capital outlay on this item has declined both in absolute terms and in relative terms from Rs. 66,900 (2.1 per cent) in 1972-73 to Rs. 375 (.09 per cent) in 1977-78 and further to Rs.45 (.009 per cent) in 1981-82.

**(iii) Education :**

Nasik Z.P's capital expenditure on education includes loan-scholarships to teacher-students, loan scholarships to secondary school students. This outlay has also receded in absolute terms from Rs.2,48,057 in 1972-73 to Rs. 29,145 in 1981-82 as well as in terms of percentage to total development expenditure from 8.1 per cent to 6 per cent during the same years.

**(iv) Backward class welfare :**

The capital outlay on this item includes loans given for the welfare, activities for the backward class people. But it has also declined both in absolute terms from Rs. 25,266 in 1977-78 to Rs. 5,205 in 1981-82 and in terms of percentage to total development capital expenditure from 6 per cent to 1.6 per cent during these years.

**(v) Housing (including rural housing) :**

The expenditure charged to capital account on housing includes loans given to the Z.P. employees for house construction and loans for rural housing.

This capital expenditure seems to be the only notable developmental expenditure of the Nasik Z.P. For, this expenditure has increased from Rs. 31,059 (1 per cent) in 1972-73 to Rs.3,32,000 (69.29 per cent) in 1981-82. But here also expenditure on rural housing is negligible and rare. The Nasik Z.P. has provided housing finance mainly to its employees.

**(vi) Water Supply :**

Capital expenditure on this item includes loans for drinking water supply schemes. In this matter, Z.P. takes loans from the LIC for financing these schemes. But the Z.P. has financed such schemes only during three years out of the twenty years period under review (in 1971-72, 1972-73 & 1976-77).

**(vii) Motor-cycle Loans :**

Expenditure on this item includes loans to the Z.P. employees for purchasing motor-cycles and bicycles, which may raise their standard of living. But such loans are also given only twice so far.

Thus, from the above analysis of the development capital expenditure it is obvious that it is not at all satisfactory. It rules at a low level, and on various development activities it varies so widely that no priorities could be laid down. Except housing it is at a low level and generally declining in respect of other development activities.

**7. PATTERN OF NON-DEVELOPMENTAL CAPITAL OUTLAY :**

The non-developmental capital expenditure of the Nasik Z.P. comprises (i) contributions to pension fund, providend fund and depreciation fund, (ii) Repayment of deposits from contractors, Blocks, etc. and advances to Z.P. employees, to Blocks and for construction work, etc.

As is obvious from Table 9.2. and as explained earlier this expenditure ruled at a very high level and held a very high percentage to the total capital expenditure of the Nasik Z.P. This is really a disappointing feature of the

capital budgets of the Z.P. This situation needs to be corrected and reversed.

#### 8. TOTAL CAPITAL EXPENDITURE :

As was to be expected from the above analysis of development capital expenditure and non-development capital expenditure, the total capital outlay, which is made up of these two expenditures, also showed a fluctuating trend and varied from year to year and per quinquennium. It amounted to Rs. 68,33,150 in 1962-63 from which it increased to Rs. 1,14,48,390 in 1967-68, but slumped to Rs. 61,69,516 in 1972-73 and then shot up to Rs. 2,30,08,373 in 1977-78 and fell to Rs. 1,92,13,455 in 1981-82.

These variations in the total capital outlay from year to year were due to various factors such as timely non-availability of some materials, transport bottlenecks, late receipt of materials, slowness on the part of the contractors, labour problems, etc.

Of course, many of these difficulties could have been avoided with proper planning and with proper co-ordination among the various departments of the Zilla Parishad.

#### 9. TOTAL CAPITAL DISBURSEMENTS :

Total Capital disbursements consist of as stated earlier, (a) Capital expenditure on development, (b) Capital expenditure on non-development, and (c) Remittances.

The total capital disbursements have been continuously increasing and they have registered a growth of 1666 per cent in 1981-82 over 1962-63. Thus while both the developmental and non-development capital expenditures and total capital outlay show fluctuating trend over the period the total capital disbursements show a continuous rise. The reason for this is to be found in the continuous increase in the remittances.

#### 10. CAPITAL RECEIPTS :

The total capital receipts of the Nasik Z.P. are composed of (a) Total Capital Revenue and (b) Remittances. Of these two, the total capital revenue



reveals a fluctuating trend and variations from year to year and per quinquennium. This is obvious from Table 9.4. From Rs. 72,71,635 in 1962-63 it shot up to Rs. 2,17,78,631 in 1967-68 and slumped to Rs. 1,25,76,384 in 1972-73 and again rose to Rs. 2,20,35,990 in 1977-78 and then fell to Rs. 1,11,10,787 in 1981-82. But the total capital receipts show a continuous trend towards increase. This is obviously due to the continuously increasing amount of remittances.

#### 11. SOURCES OF CAPITAL REVENUE :

As regards the sources of capital revenue, there are five sources : (i) Loans from the State Government, (ii) Recovery of loans given by the Z.P., (iii) Seasonal advances by the State government, (iv) Deposits & Advances and (v) Remittances. Of these the more important source has been 'Deposits & Advances' which amounted to Rs. 50,00,932 (60 per cent of the total capital revenue) in 1962-63; to Rs. 74,19,254 (34.65 per cent) in 1967-68; to Rs. 90,89,670 (72.5 per cent) in 1972-73; to Rs. 1,92,48,051 (87.581 per cent) in 1977-78, and Rs. 1,77,48,769 (159.7 per cent) in 1981-82. Thus 'Deposits & Advances' have emerged as the dominant source of capital funds of the Nasik Z.P.

Another source of capital revenue is seasonal advances by the State Governments which contributed Rs. 22,00,000 (30 per cent) to the capital revenue and Rs. 1,35,00,000 (61.9 per cent) in 1967-68, Rs. 2,76,618 (2.1 per cent) in 1972-73, Rs. 24,91,149 (11.3 per cent) in 1977-78. But in 1981-82 its contribution is negative because of its adjustment against advance grants given by the Government.

The other two sources, viz, Loans from State Government and Recovery of loans by the Z.P. have been quite minor sources of capital revenue of the Nasik Z.P.

The most important factor which swelled up the total capital receipts and made them to increase continuously year after year is the remittances which have been continuously on the rise.

TABLE 9.4

Growth of Capital Revenue of Nasik Z.P. (1962-82)

Source of Capital Receipts	(in Rupees)				
	1962-63	1967-68	1972-73	1977-78	1981-82
1. Loans from State Government	00,70,703 (10)	0,07,47,874 (3.4)	0,25,49,105 (20.2)	0,00,42,287 (.019)	00,01,45,000 (1.3)
2. Recovery of loans by Z.P.	Nil	0,01,11,503 (.05)	0,06,60,991 (5.2)	0,02,54,503 (1.1)	00,02,27,020 (2.04)
3. Seasonal Advances by State Govt. (less adjustment against advance grants)	22,00,000 (30)	1,35,00,000 (61.9)	0,02,76,618 (2.1)	0,24,91,149 (11.3)	(-) 70,10,002 (-63.4)
4. Deposits & Advances	50,00,932 (60)	0,74,19,254 (34.65)	0,90,89,670 (72.5)	1,92,48,051 (87.581)	01,77,48,769 (159.7)
Total Capital Revenue	72,71,635	2,17,78,631	1,25,76,384	2,20,35,990	1,11,10,787
5. Remittances	Nil	2,18,13,050	6,69,41,155	6,51,72,000	10,14,95,000
6. Total Capital Receipts	72,71,635	4,35,91,681	7,95,17,539	8,72,07,990	11,26,05,787

N.B. : Figures in brackets show per centage to total capital revenue

## 12. NEED FOR GOVERNMENT LOAN FINANCE :

The foregoing analysis of the capital revenue and the contributory sources reveals the insignificant role of State Government loans in the capital budgets of the Z.P. and point to the need for the State Government to come forward and provide loan finance to the Zilla Parishad so that the latter would be able to boost its development capital expenditure.

One of the serious limitations imposed on the Zilla Parishads is the control of their borrowing power by the State Government. This is one of the point in which the Union finances and state finances on the one hand and local government finances on the other differ from each other. Local government bodies in general and the Panchayati Raj bodies in particular are not autonomous in respect of raising money through loans to meet at least their capital expenditure. They are not allowed, unlike the Union Government and the State Governments to approach the public or open market for loans. They have to look for loans from their respective State governments for meeting a part of their capital expenditure.

It is, therefore, but natural to expect that the Government of Maharashtra should given loans for financing the capital schemes of the Zilla Parishads. We would also suggest that the Z.Ps. be allowed to carry on remunerative enterprises<sup>2</sup> on the condition that they should run them purely on commercial principle and generate, in course of time, surpluses. Government of Maharashtra should provide loans to the Z.P. for financing these enterprises.<sup>3</sup> In course of time, these remunerative enterprises would generate surpluses and obviate, to a certain extent, the need for government loans.

The loan policy of the Government of Maharashtra in relation to the Z.Ps. is not seen to be based on uniform and consistent and logical basis. As

2. In the "Annual Account of Receipts & Expenditure" of the Z.P.s (PP 21 & 86) there is a reference to two types of remunerative enterprises : (i) Z.P. Petrol Pump; (ii) Z.P. Printing Press. In view of the growing rural areas these two enterprises are bound to be profitable enterprises. Z.Ps. be allowed to undertake them.

3. Theoretically, as we have concluded in Chapter II on Local finance theory, the local self-government institutions should involve themselves in commercial enterprises.

is obvious from Table 9.4. and from Appendix III the loan finance from the Government to the Nasik Z.P. does not reveal any uniform and consistent pattern. Besides, State Government loans do not figure much in the capital budgets of the Z.P. and are insignificant as a source of its capital revenue. The loans provided by the Government for financing the capital schemes of the Nasik Z.P. are so scanty in terms of percentage of total capital revenue that the impact of these loans as a source of finance has been meagre and negligible, nor does such loan finance create any worth-the-name impact on the development programmes of the Nasik Z.P.

Hence we suggest that the Government of Maharashtra should chalk out a rational loan policy in relation to the Z.Ps. and provide adequate loans for their development capital schemes. Of course, while granting such loans the Government should lay down that these loans are not to be utilised by the Z.Ps. to cover the deficits in the current expenditures of the Z.Ps. For, once they are so utilised, not only that their very purpose would be defeated but even the indebtedness and the debt-burden of the Z.Ps. would go on mounting. For, when the government loan finance is spent on current expenditures, in course of time, the Z.Ps. would find it difficult to repay them. Hence, while being liberal in providing loan finance to Z.Ps. for capital expenditure the Government must be uncompromising on its use for developmental capital schemes and must have a vigilant eye on its utilization.

We close our comments and suggestions with a word to the Z.Ps. also. The Z.Ps. in general and the Nasik Z.P. in particular should also inculcate dynamism in undertaking capital schemes and remunerative enterprises and endeavour to complete them with efficiency and integrity, so that the government would feel like rushing to their help. Secondly, the Z.Ps. are allowed by the Z.P. Act to borrow not only from any bank or co-operative society<sup>4</sup> with which the District Fund is kept but also from any such bodies or associations, whether incorporated or not, which may be approved by State Government in this behalf.<sup>5</sup> Why the Z.Ps. should not approach these sources? Of course,

4. Section 130A of the Z.Ps Act, inserted in the Act by Maharashtra Act No. 43 of 1962, S.17.

5. This provision was inserted in Sec. 130A by the Maharashtra Act No.35 of 1963, S.55.

there is a pre-condition that the Z.Ps. should generate confidence in these institutions by their efficient administration and integrity of purpose, so that they would be ready to entertain their request for loans.

**CONCLUSION :**

The analysis of capital budgets of the Nasik Z.P. in the forgoing paragraphs reveals that the capital budgets of the Nasik Z.P. present a very poor picture of its capital account. The capital revenue and expenditure show a fluctuating trend; the non-development capital expenditure of the Nasik Z.P. is more than its developmental capital expenditure, and the housing for its employees seems to be the major activity with minor contribution to rural housing. Of the sources of capital revenue, Deposits & Advances are found to be the minor source.

The analysis leads us to suggest that the Z.P. should reverse the situation regarding the developmental and non-developmental capital expenditure and increase its capital activity. The State Government should come forward in a big way to provide loan finance for the capital expenditure of the Z.P. on the condition that the amount is spent strictly on development capital activity and not on meeting current expenditure. The Z.Ps. should be allowed to undertake remunerative enterprises which should also be loan-financed by the Government. We also suggest the Z.Ps. to be dynamic and efficient so that they can encourage banks, co-operative societies and other approved bodies to advance loans to them.

\* \* \* \* \*

## APPENDIX I TO CHAPTER IX

Structure of Capital Budget of Z.P.  
Revenue & Expenditure Sides

CATEGORY	SECTION NO.	TITLE & ITEMS & SUB-ITEMS
A. Loans	Sec. I	Loans bearing interest
		A. Repayment of Loans to State Government
		a) Loans for schemes other than State Five Year Plans
		1) Loan in connection with Community Development Projects
		2) 2) Other Loans
		b) Loans for Schemes in the State Five Year Plans
		B. Repayment of Loans received from bodies other than the State Government
		C. Loans by Z.P.
		a) Loans to employees of the Z.P.
		b) Loans to individuals
		D. Loans for Government Agency Schemes
		<b>Total Sec. I : Loans bearing Interest</b>
	Sec. II	Loans not bearing interest
		A. Temporary Advances by State Government
		<b>Total Sec. II : Loans not bearing Interest</b>
B. Deposits	Sec. II	Deposits & Advances
		1) Deposits
		2) Advances
		<b>Total Sec. III : Deposits &amp; Advances</b>
C. Remunerative Enterprises		
		i) Z.P. Printing Press
		ii) Z.P. Petrol Pump
		<b>Total C - Remunerative Enterprises</b>
D. Miscellaneous		
		<b>Total Capital Outlay (A+B+C+D)</b>
Remittance Section		
		1) Remittance account between Z.P. and Panchayat Samiti (to be operated by Finance. Department of the Z.P.)
		2) Remittance account between P.S. & Z.P. (to be operated by P.S.)
		<b>Total of Remittance Section</b>
		<b>Total Capital Disbursement (Total Capital Remittance)</b>

## Appendix II to Ch. IX

(198)

	1	2	3	4	5
Brought forward					
Miscellaneous					
a) Grants to various Institutions					
b) Contribution of Depreciation Fund.					
Total : 20-Miscellaneous					
Total Revenue Expenditure					
<b>CAPITAL</b>					
<b>Loans</b>					
Section-1 Loans bearing interest-					
i) Repayment of loans to State Government.					
a) Loans in connection with community Development Programme.					
b) Other loans-					
a) Repayment of Loans for fostering the growth of co-operative efforts.					
b) Repayment of loans for Industrial co-operatives [Tools and equipments]					
c) Repayment of loans for small scale cottage and Village industries (S. A. I.)					
d) Repayment of Loans to Gold Smiths for Profession & Industries.					
e) Repayment of Loans for educational schemes.					
i) Repayment of loan scholarships to primary teachers under Training.					
ii) Repayment of loans to private secondary schools for school buildings.					
Carried forward.					

1	2	3	4	5
<b>18 Miscellaneous Department</b> i) Social Education ii) Rural Housing iii) Other Misc Schemes iv) Agency Schemes				
Total : 18 Misc. Diptt.				
<b>19. Pensions and Other Retirement Benefits</b> i) (a) Contribution to Pension Fund b) Contribution to Provident Fund c) Contribution to Govt. for pension and leave salaries on Govt. employees on deputation. ii) Schemes on the State Five Year Plan a) Pension to Primary teachers				
Total : 19 Pension				
<b>20. Miscellaneous.</b> a) Contribution to Land Revenue Recoupment Fund. b) Donations for charitable purposes c) Dharmashalas d) Reward for destruction of wild animals. e) Public Reception ceremonies and Entertainments. f) Sammelans. g) Village Panchayats i) Village Panchayats Secretaries				
Carried forward				



1	2	3	4	5
Brought forward				
<p>Brought forward</p> <p>f) Repayment of Loans to persons belonging to Backward classes for improving their conditions.</p> <p>a) Repayment of loans for propagation of improved Agril. Implements to</p> <p>i) Scheduled Tribes</p> <p>ii) Scheduled castes.</p> <p>iii) Other Backward Class.</p> <p>iv) Vimukta Jatis</p> <p>g) Repayment of Loans under Village Housing Project Schemes</p> <p>h) Repayment of Loans to Village Panchayats for afforestation.</p> <p>i) Repayment of Agril. Loan</p> <p>a) Repayment of loans to Backward class cultivators for Development of land.</p> <p>b) Repayment of Loans to Backward class cultivators for irrigation well.</p> <p>c) Repayments of Loans for procurement of Distribution of improved seed</p> <p>d) Repayment of Loans for purchase of san seed.</p> <p>j) Repayment of loans to approved poultry students for poultry Development.</p> <p>III) Repayment of other loans</p> <p>a) Repayments of Adv. from banks</p>				
<p>IV) Loans paid by Z. P.</p> <p>a) Loans for fostering the growth of co-operative efforts.</p> <p>b) Loans for industrial co-operative (Tools and equipments)</p>				
Carried forward				

1	2	3	4	5
<p>Brought forward</p> <p>c) Loans for small scale cottage and Village Industries (S. A. I.)</p> <p>d) Loans to Gold Smith for profession and Industries</p> <p>e) Loans for educational schemes</p> <p>i) Loan scholarships, to primary teachers under training</p> <p>ii) Loans to private secondary schools for School buildings:</p> <p>f) Loans to persons belonging to Backward classes for improving their conditions.</p> <p>g) Loans for propagation of improved Agril. implements to</p> <p>i) Scheduled Tribes</p> <p>ii) Scheduled Caste</p> <p>iii) Other Backward classes</p> <p>iv) Vimukta Jatis</p> <p>g) Longs under Village Housing Project Schemes</p> <p>h) Longs to village Panchayats for afforestation</p> <p>i) Agricultural Loans</p> <p>a) Loans to Backward class cultivators for Development of Land.</p> <p>b) Loans to Backward class cultivators for irrigation wells.</p> <p>c) Loans for procurement of Distribution of improved seeds</p> <p>d) Loans for purchase of Sann-seed</p> <p>j) Loans to approved poultry students for poultry Development.</p> <p>k) Loans paid by Z. P. from its own resources</p> <p>i) Loan for purchase of Motor cycle and cycle.</p>				
Total : Section-I				

1	2	3	4	5
<p><b>Section II Loans not Bearing Interest</b>                      i) Repayment of excess advance paid by Govt. during the previous year.</p>				
<p><b>Total : Section II</b></p>				
<p><b>Section III-B-Deposits</b>                      i) Deposits of sinking Funds                      ii) Pension Fund-                      a) Pension Fund of teachers                      b) Pension Fund of Employees of Zilla Parishad.</p>				
<p>iii) Provident Fund                      a) Provident Fund of teachers                      b) Provident Fund of Employment of Zilla Parishad</p>				
<p>iv) Depreciation Funds                      v) Public Works Deposits                      a) Deposits from contractor                      b) Deposits from Local bodies                      c) Deposits contructional works                      d) Popular contribution with Blocks</p>				
<p>vi) Security Deposits                      a) Security Deposits from Cashier                      b) Security Deposits from Contractors</p>				
<p>vii) Unclaimed Deposits                      viii) Advance Re-payable-</p>				
<p>a) Advances to the employees of Zilla Parishad.                      b) Advances to Teachers                      c) Other Advances                      d) Advances for Works                      e) Advances with Blocks</p>				
<p>Carried forward</p>				

1	2	3	4	5
Brought forward				
ix) Permanant Advances				
x) Investment				
a) Made during the year				
b) Matured during the year				
xi) Miscellaneous Deposits				
a) Land Revenue cess collected for Village Panchayats and pa... to Village Panchayats.				
b) Other Deposits				
c) Deposits with Blocks				
Section : III Deposits & Advs				
<b>C-REMUNERATIVE ENTERPRISES</b>				
<b>D-MISCELLANEOUS</b>				
Total Capital : (Total Section I to III)				
<b>Remittance Section</b>				
I-Remittance account between Z P. and P S.				
II-Remittance account between P. S. and Z. P. To be operated by P S				
Total : Remittance Section				
Total : Revenue, Capital and Remittance Section (Expenditure)				
Closing Balance :				
Grand Total				

Place :

Date :

Signature

Designation

## APPENDIX III TO

## CHAPTER IX

## Growth of Capital Revenue of Nasik Zilla Parishad (1962-82)

	1962-63	1963-64	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70	1970-71	1971-72
<b>A) Loans</b>					00,00,50,950					
I. Sec. I Loan bearing int. Loans from State Govt.	00,00,70,703	00,03,94,004	00,10,10,078	00,10,56,659						
i. Loans to Z.P. employées for housing										
ii. Loans to B.C. farmers for agricultural development, implements & fertilizers					00,00,04,774	00,00,04,774	00,00,04,634	00,00,04,524		00,00,03,720
iii. Loans to B.C. farmers for Bagayati Wells						00,00,21,000	00,00,12,000	00,00,08,500	00,00,08,500	00,00,07,000
iv. Loans from LIC for Water Supply Schemes										00,52,75,000
v. Loans to B.Cs. for industries & cottage industries.										
vi. Loans for B.C. Welfare						00,00,12,000	00,00,06,000		00,00,16,500	00,00,13,125
vii. Loans for agricultural schools						00,01,12,000	00,01,64,700	00,01,29,580	00,00,07,500	
viii. Loans to teachers students						00,01,12,000	00,01,64,700	00,01,29,580	00,00,79,800	00,00,80,308
ix. Loans for rural housing						00,03,62,500	00,06,35,000		00,00,04,524	00,00,04,000
x. Loans for improved seeds						00,01,30,000	00,03,14,798	00,01,65,352	00,02,09,977	00,02,42,836
xi. Loans for seeds & fertilizers									00,00,08,000	
xii. Loans to indu. co-op. societies						00,00,05,000	00,00,07,250	00,00,07,000	00,00,17,000	00,00,17,000
xiii. Loans to small, cottage & rural indus. under SAI						00,00,54,150	00,00,68,000	00,00,80,000	00,00,75,000	00,00,75,000
xiv. Loans to goldsmiths						00,00,26,200				
xv. Loans for secondary school building						00,00,20,250				
xvi. Loans to poultry occupation						00,07,47,874				

## APPENDIX III (Contd.)

	1962-63	1963-64	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70	1970-71	1971-72
2. Recovery of Z.P. loans	Nil	00,00,04,404	Nil	00,00,08,329	00,07,47,712	00,00,09,935				
i. Loans to teacher-students						00,00,07,290	00,00,07,436	00,00,29,396	00,00,51,543	00,00,92,836
ii. Loans for B.C. Welfare						00,00,03,506	00,00,15,943	00,00,08,383	00,00,07,426	00,00,05,998
iii. Loans to B.Cs. for Bagayati Wells						00,00,05,619	00,00,08,171	00,00,05,412	00,00,05,224	00,00,03,498
iv. Loans for small industries & rural housing										
v. Loans to Z.P. employees for motor cycle							00,00,10,531	00,00,09,686	00,00,09,535	00,00,09,344
vi. Loans to Z.P. employees for housing										
vii. Loans to BC farmers for land development						00,00,01,357	00,00,03,322	00,00,09,621	00,00,04,668	00,00,02,932
viii. Loans for small industries under SAI						00,00,56,791	00,00,52,805	00,00,08,420	00,00,82,550	00,00,64,442
ix. Loans for improved seeds										
x. Loans for rural housing						00,00,00,886	00,00,18,975	00,00,69,650	00,00,48,752	00,00,20,759
xi. Loans for Poultry occupation occupation						00,00,03,982	00,00,04,581	00,00,06,858	00,00,07,442	00,00,01,063
xii. Loans for improved seeds										00,01,30,011
xiii. Loans for seeds								00,00,03,127	00,00,01,837	00,00,00,558
xiv. Loans for fertilizers										
xv. Loans to Gram Panchayats for forest development									00,00,00,585	
xvi. Loans to Goldsmiths						00,00,00,063		00,00,00,582	00,00,00,649	00,00,01,395
xvii. Loans to co-op societies for implements & instruments							00,00,01,652	00,00,00,200		
xviii. Others Loans						00,00,22,074	00,02,21,122	00,01,43,552	00,01,25,066 00,00,01,316	00,00,02,284
xix. Loans for Secondary School Building							00,00,20,919			
Total Sec. I Loans with Intrests	00,00,70,703	00,03,98,408	00,10,10,078	00,10,64,968	00,07,98,662	00,08,59,377	00,15,77,879	00,06,89,843	00,07,73,394	00,60,53,109

APP. III (contd.) 289 (X)

Sec. II Loans not bearing Int.

i. Seasonal Advances by Govt.	00,22,00,000	01,79,44,917	01,55,66,135	00,05,00,000	00,91,99,297	01,35,00,000	-	01,14,25,000	01,13,12,251	01,34,56,000
ii. Advances adjusted against Grants & to be repaid to Govt.	-	-	-	-	-	-	-	01,29,97,749	01,44,75,146	01,35,32,180
iii. Advances returned to Govt. during the year	-	-	-	-	-	-	-	-	-	-
iv. Advances of last year returned to Govt.	-	-	-	-	-	-	-	-	-	-
<b>Total Sec. II without interest</b>	<b>00,22,00,000</b>	<b>01,79,44,917</b>	<b>01,55,66,135</b>	<b>00,05,00,000</b>	<b>00,91,99,297</b>	<b>01,35,00,000</b>	<b>Nil</b>	<b>(-)15,72,749</b>	<b>(-)31,62,895</b>	<b>(-) 76,180</b>
<b>Total A Loans (Sec.I &amp; Sec.II)</b>	<b>00,22,70,703</b>	<b>01,83,43,325</b>	<b>01,65,76,213</b>	<b>00,15,64,968</b>	<b>00,99,97,959</b>	<b>01,43,59,377</b>	<b>00,15,77,879</b>	<b>(-)08,82,906</b>	<b>(-)23,89,501</b>	<b>00,59,76,929</b>

## APPENDIX III (Contd.)

	1962-63	1963-64	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70	1970-71	1971-72
<b>B) Deposits</b>										
i. Pension Fund		00,00,19,148	00,00,27,342		00,00,02,755					
ii. P.F.		00,00,23,538	00,00,29,461	(-)00,04,478		00,00,03,140	-	00,04,43,530	00,13,40,849	00,02,60,112
iii. Depreciation Fund	00,01,00,000	00,00,10,000		00,00,09,307	00,00,00,156		-			
iv. Deposits from local insts./bodies						00,08,54,169	-	00,00,51,935	00,05,10,561	00,00,96,553
v. Deposits with Blocks from Lok Vargani of local bodies							-			
vi. Depositss with Blocks						00,27,27,858	-			
vii. Security deposits from Contractors	00,00,43,767	00,01,05,767	00,02,35,877	00,00,10,128	00,00,23,486		-	00,19,28,079	00,18,21,481	00,05,98,697
viii. Advances to Z.P. employees						00,14,46,126	-	00,00,59,259	00,12,59,530	00,00,51,418
ix. Advances for construction work of various deptts. of Z.P.	00,00,44,045	00,01,16,409	00,04,34,648	00,05,28,818	00,03,34,635		-	00,14,70,796	00,27,45,628	
x. Advances to Blocks							-			
xi. Permanent Advances	00,00,51,560	00,00,00,176	00,00,00,437		00,00,00,211	00,00,00,248	-	00,00,51,234	00,00,65,936	00,00,49,031
xii.* Investments					00,00,09,000		-	00,00,03,900	00,00,10,000	00,00,17,800
xiii. Miscellaneous Deposits	00,42,18,063	00,07,64,191	00,06,64,011	00,09,15,766	00,30,94,402	00,23,87,713	-	00,05,38,917	00,01,07,135	00,15,62,818
xiv. Advances repayable	00,05,43,497	00,13,18,378	00,25,37,316	00,19,45,330	00,42,87,113	-				
<b>Total B Deposits</b>	<b>00,50,00,932</b>	<b>00,23,57,607</b>	<b>00,39,29,092</b>	<b>00,34,04,866</b>	<b>00,77,51,758</b>	<b>00,74,19,254</b>	<b>-</b>	<b>00,45,47,650</b>	<b>00,78,61,120</b>	<b>00,78,41,493</b>
<b>Total Capital Revenue (A+B)</b>	<b>00,72,71,635</b>	<b>02,07,00,932</b>	<b>01,05,05,305</b>	<b>00,49,69,834</b>	<b>01,77,49,717</b>	<b>02,17,78,631</b>	<b>00,15,77,879</b>	<b>00,36,64,744</b>	<b>00,54,71,619</b>	<b>01,38,18,422</b>
<b>Remittance Section</b>										
Remittances	-	01,35,08,114	01,77,46,086	Nil	01,93,22,000	02,18,13,050	Nil	02,95,18,000	Nil	03,44,75,000
<b>Aggregate Capital Receipts</b>	<b>00,72,71,635</b>	<b>03,42,09,046</b>	<b>02,82,51,391</b>	<b>000,49,69,834</b>	<b>02,70,71,717</b>	<b>04,35,91,681</b>	<b>00,15,77,879</b>	<b>03,31,82,744</b>	<b>00,54,71,619</b>	<b>04,82,83,422</b>





## APPENDIX III (Contd.)

	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79	1979-80	1980-81	1981-82
<b>2. Recovery of Z.P. loans</b>										
i. Loans to teacher-students	00,00,08,934	00,01,14,382	00,01,05,615	00,01,10,435	00,01,19,541	00,01,45,705	00,00,75,191	00,01,28,370	00,00,72,186	00,00,23,654
ii. Loans for B.C. Welfare	00,00,02,263	00,00,10,137	00,00,20,808	00,00,15,536	00,00,15,887	00,00,27,260			00,00,05,381	00,00,07,827
iii. Loans to B.Cs. for Bagayati Wells	00,00,01,075	00,00,14,869	00,00,12,404	-	00,00,04,325	00,04,550	00,00,00,602	00,00,00,064	00,00,05,311	00,00,07,049
iv. Loans for small industries & rural housing										
v. Loans to Z.P. employees for motor cycle	00,00,06,732	00,00,06,040	00,00,02,986	-	00,00,01,265	(-)00,00,926	00,00,11,505	00,00,17,702	00,00,14,936	00,00,06,996
vi. Loans to Z.P. employees for housing				-	00,00,28,180	00,00,33,046	00,00,77,550	00,01,19,179	00,01,54,783	00,01,81,449
vii. Loans to BC farmers for land development	00,00,03,188	00,00,01,183	00,00,08,876	-	00,00,00,905	00,00,00,050				
viii. Loans for small industries under SAI	00,00,30,777	00,00,13,057	00,00,07,622	00,00,03,674	00,00,00,619	00,00,00,075				
ix. Loans for improved seeds										
x. Loans for rural housing	00,00,11,904	00,00,26,975	00,00,00,182							
xi. Loans for Poultry occupation	00,00,02,029	00,00,03,427	00,00,05,738		00,00,00,143					
xii. Loans for improved seeds	00,05,83,199	00,00,46,046	00,00,03,865							
xiii. Loans for seeds	00,00,09,716	00,00,02,042	00,00,00,236							
xiv. Loans for fertilizers	-	(-)00,03,819	00,00,00,636							
xv. Loans to Gram Panchayats for forest development	-	00,00,00,807	-							
xvi. Loans to Goldsmiths	00,00,00,524	00,00,00,180	-							
xvii. Loans to co-op societies for implements & instruments	00,00,00,650	00,00,00,281	-							
xviii. Others Loans				00,00,09,675	00,00,00,125	00,00,44,743				
<b>Total Loans with interests</b>	<b>00,32,10,096</b>	<b>(-)02,56,961</b>	<b>00,02,89,611</b>	<b>00,02,78,320</b>	<b>00,23,07,990</b>	<b>00,02,96,790</b>	<b>00,02,28,332</b>	<b>00,03,79,921</b>	<b>00,04,31,597</b>	<b>00,03,72,020</b>

APP. III (contd.) 289 (xiv)

Sec. II Loans not bearing Int.

i. Seasonal Advances by Govt.	01,53,76,180	02,14,00,000	05,85,21,621	06,85,50,000	07,05,67,809	07,41,10,943	09,53,17,000	10,05,77,575	11,99,52,000	12,98,09,860
ii. Advances adjusted against Grants & to be repaid to Govt.	01,42,99,562	02,00,61,071	05,84,62,266	06,50,73,393	07,09,58,752	07,16,19,794	09,54,87,573	10,02,21,589	11,44,43,293	13,69,19,862
iii. Advances returned to Govt. during the year	(-)08,00,000	-	-	00,39,39,555	00,04,96,607	-		(-)21,07,645	(-)01,85,411	-
iv. Advances of last year returned to Govt.		00,01,93,000	(-)13,38,929	-	-					
<b>Total Loans not bearing int.</b>	<b>00,02,76,618</b>	<b>00,11,45,929</b>	<b>(-)12,79,574</b>	<b>00,04,37,252</b>	<b>(-)08,87,550</b>	<b>00,24,91,149</b>	<b>(-)01,70,573</b>	<b>(-)17,51,661</b>	<b>00,53,23,296</b>	<b>(-)70,10,002</b>
<b>Total A Loans (Sec.I &amp; Sec.II)</b>	<b>00,34,88,714</b>	<b>00,08,88,968</b>	<b>(-)09,89,963</b>	<b>00,07,15,572</b>	<b>00,14,20,440</b>	<b>00,27,87,939</b>	<b>00,00,57,759</b>	<b>(-)13,71,740</b>	<b>00,57,54,893</b>	<b>(-)66,38,982</b>

## APPENDIX III (Contd.)

	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79	1979-80	1980-81	1981-82
<b>B) Deposits</b>										
i. Pension Fund	-	-	-	00,00,55,694	00,00,05,046	00,00,02,092	00,00,02,073	00,00,02,164	00,00,02,273	00,00,01,179
ii. P.F.		00,00,23,538	00,00,29,461	00,49,04,840	0,34,10,245	00,25,12,894	00,00,00,159	00,00,00,179	00,00,00,188	00,00,00,725
iii. Depreciation Fund	-	-	-	00,04,56,687	00,04,66,504	00,04,38,837	00,02,03,967	00,04,36,593	00,02,12,620	00,04,52,018
iv. Deposits from local insts./bodies	00,00,73,851	00,01,90,606	00,00,02,000	00,00,03,528	00,00,10,187	00,00,07,714	00,00,03,053	-	00,00,00,438	00,00,00,657
v. Deposits with Blocks from Lok Vargani of local bodies	00,01,43,526	00,00,20,631	00,02,96,385	00,00,58,337	00,00,89,289	00,00,43,794	00,00,25,628	00,00,28,133	00,01,71,997	00,00,75,670
vi. Depositss with Blocks	00,09,26,367	00,45,11,915	00,20,20,071	00,30,52,538	00,05,31,289	00,m22,48,76800,21,39,653	00,00,21,39,653	00,27,20,659	00,17,15,836	00,33,57,930
vii. Security deposits from Contractors	00,01,99,461	00,01,75,217	00,01,71,414	00,01,26,370	00,03,25,925	00,05,76,581	00,07,03,098	00,06,04,420	00,06,15,924	00,03,92,668
viii. Advances to Z.P. employees	00,00,59,177	00,00,69,494	00,01,81,275	00,04,76,882	00,02,20,290	00,01,51,420	00,07,47,703	00,02,25,725	00,02,15,199	00,01,96,495
ix. Advances for construction work of various deptts. of Z.P.	00,59,84,278	00,18,48,060	00,46,79,150	00,28,98,066	00,10,35,425	00,33,62,578	00,09,53,900	00,28,57,927	00,33,23,604	00,48,81,458
x. Advances to Blocks	00,16,04,033	00,68,38,411	00,33,35,596	00,56,79,916	00,47,87,325	00,63,12,025	00,85,51,748	00,41,46,624	00,67,26,044	00,52,80,567
xi. Permanent Advances	00,00,02,813	00,00,40,449	00,00,07,739	00,01,40,797	00,00,10,861	00,00,15,287	00,00,06,048	00,00,02,424	-	00,00,07,625
xii. Investments	00,00,13,900	00,01,01,800	00,00,10,000	(-)00,00,797	-	-	00,02,75,900	-	00,11,47,700	00,01,40,000
xiii. Miscellaneous Deposits	00,01,62,264	00,35,27,908	00,08,09,440	00,43,43,064	00,09,09,550	00,35,76,061	00,21,54,772	00,51,17,071	00,46,84,515	00,29,61,777
<b>Total B Deposits</b>	<b>00,90,89,670</b>	<b>01,73,24,491</b>	<b>01,15,13,070</b>	<b>02,21,97,719</b>	<b>01,43,75,936</b>	<b>01,92,48,051</b>	<b>01,57,67,702</b>	<b>01,61,41,948</b>	<b>01,88,16,338</b>	<b>01,77,48,769</b>
<b>Total Capital Revenue (A+B)</b>	<b>01,25,78,384</b>	<b>01,82,13,459</b>	<b>01,05,23,107</b>	<b>02,29,13,251</b>	<b>01,57,96,376</b>	<b>02,20,35,990</b>	<b>01,58,25,461</b>	<b>00,47,70,208</b>	<b>02,45,71,231</b>	<b>01,11,09,787</b>
<b>Remittance Section</b>										
Remittances	06,69,41,155	10,35,50,134	05,05,43,866	05,88,85,000	05,52,89,000	06,51,72,000	07,47,85,543	07,99,15,000	10,46,95,000	10,14,95,000
<b>Aggregate Capital Receipts</b>	<b>07,95,19,539</b>	<b>12,17,63,593</b>	<b>06,10,66,973</b>	<b>08,17,98,251</b>	<b>07,10,85,376</b>	<b>08,72,07,990</b>	<b>09,09,11,004</b>	<b>09,46,85,208</b>	<b>12,92,66,231</b>	<b>11,26,04,787</b>

## APPENDIX IV TO CHAPTER IX

## Growth of Capital Expenditure of Nasik Zilla Parishad (1962-82)

	(Rs. in Actuals)									
	1962-63	1963-64	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70	1970-71	1971-72
[A] A. Loans										
Section I. Loans Bearing Interest										
1. Loans repayable to State Government	00,00,25,635									
i. Loans-scholarship to Teacher-students										
ii. Loan-Scholarships to Secondary School Students									00,00,29,396	00,00,73,234
iii. Loans for Welfare of Backward Classes									00,00,08,393	00,00,06,170
iv. Loans for industrial Co-operative Societies for implements & instruments									00,00,00,200	00,00,06,000
v. Loans for small & cottage industries under SAI									00,00,58,420	00,00,72,900
vi. Loans for Backward class farmers for land development									00,00,11,495	00,00,05,442
vii. Loans to Backward class farmers for wells									00,00,04,234	00,00,16,207
viii. Loans for purchasing improved seeds									00,01,46,679	00,01,92,321
ix. Loans to Z.P. employees for housing										
x. Loans for Poultry occupation									00,00,06,850	00,00,07,442
xi. Loans for seeds										00,00,02,452
xii. Loans for fertilizers										
xiii. Loans for goldsmiths									00,00,00,582	00,00,00,649
xiv. Loans for rural housing									00,00,69,650	00,00,75,427
xv. Loans for forest development										00,00,00,585
2. Loans to be given by Z.P.										
i. Repayment of Loans						00,03,10,417	00,03,10,417	00,04,09,756		
ii. Loans to Z.P. employees for Motor-cycles, bicycles									00,00,19,800	
iii. Loans to Z.P. employees for housing		00,00,03,000	00,07,89,701	00,10,11,505	00,07,65,141	00,09,66,870	00,11,15,147	00,04,03,159		

## APPENDIX IV (Contd.)

	1962-63	1963-64	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70	1970-71	1971-72
3. Loans by State Govt. for Plan Schemes	00,00,58,303									
i. Loans for Welfare of Backward Classes		00,03,42,985							00,00,08,000	
ii. Loans to BC farmers land, implements, land development & fertilizers									00,00,04,220	00,00,11,220
iii. Loans for small & cottage industries under SAI									00,00,07,500	00,00,75,000
iv. Loans for industrial co-op. societies for implements & instruments									00,00,17,000	00,00,17,000
v. Loans to BC farmers for Bagayati Wells									00,00,04,000	00,00,07,000
vi. Loans to Agricultural Schools for wells										
vii. Loans to BCs for industries & cottage industries										
viii. Loans to Z.P. employees for housing										
ix. Loans from LIC for Water Supply										00,45,29,000
x. Loans to goldsmiths										
xi. Loans for rural housing										00,00,04,000
xii. Loan Scholarships to Teacher-Students									00,00,58,110	00,00,80,308
xiii. Loans for improved seeds									00,01,09,080	00,02,42,749
xiv. Loans for seeds									00,00,07,384	
Total Sec. I Loans bearing Interest	00,00,83,938	00,03,45,985	00,07,89,701	00,10,11,505	00,07,65,144	00,09,66,870	00,14,25,564	00,08,12,915	00,04,70,983	00,54,25,106
Total Section II Loans not bearing Interest	00,22,00,000	01,79,02,575	01,60,66,135	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total A. Loans (Sec. I & II)	00,22,83,938	01,82,48,560	01,68,55,836	00,10,11,505	00,07,65,144	00,09,66,870	00,14,25,564	00,08,12,915	00,04,70,993	00,54,25,106

## APPENDIX IV (Contd.)

	1962-63	1963-64	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70	1970-71	1971-72
<b>[B] Deposits &amp; Advances</b>										
i. Z.P. employees Pension Fund		00,00,12,294	00,00,22,613							
ii. Z.P. employees Provident Fund		00,00,15,580	00,00,19,319	00,00,05,002	00,00,02,527			00,00,42,066	00,06,06,745	00,15,45,890
iii. Former DLB Teachers P.F.							00,00,05,997			
iv. Depreciation Fund				00,00,09,000	00,00,09,000	00,00,00,545				
v. Lok Vargani (Public Contribution)										
vi. Deposits from Contractors for public works	00,00,09,765	00,01,94,589	00,01,09,678	00,01,28,583	00,00,76,812	00,47,79,674				
vii. Deposits from local bodies for public works									00,02,03,070	00,00,01,144
viii. Deposits with Blocks	00,00,32,425	00,00,70,758	00,00,60,293							
ix. Security deposits from contractors				00,03,71,922	00,02,37,590	00,49,70,450	00,04,07,321	00,02,18,342	00,02,08,760	00,01,79,471
x. Repayable advances or construction works							00,43,34,341	00,01,65,859	00,44,68,628	00,77,74,228
xi. Repayable advances to Z.P. employees									00,00,46,850	00,13,35,458
xii. Advances repayable	00,06,86,576	00,10,14,063	00,26,78,484	00,26,45,553	00,64,33,468		00,17,14,769	00,14,56,185		
xiii. Advances to Blocks										
xiv. Permanent advances	00,00,78,035	00,00,00,100		00,00,00,395			00,00,22,000	00,00,23,000		00,01,18,000
xv. Investments							00,01,43,252		00,00,00,023	
xvi. Miscellaneous Deposits	00,37,42,411	00,01,45,302	00,06,56,373	00,06,61,756	00,22,30,371	00,07,30,851	00,20,42,769	00,15,82,076	00,15,55,060	00,00,81,249
<b>Total B. Deposits &amp; Advances</b>	<b>00,45,49,212</b>	<b>00,14,52,686</b>	<b>00,35,46,760</b>	<b>00,38,22,211</b>	<b>00,89,89,768</b>	<b>01,04,81,520</b>	<b>00,86,70,649</b>	<b>00,34,87,528</b>	<b>00,70,89,136</b>	<b>01,25,17,484</b>
<b>Total Capital Outlay (A+B)</b>	<b>00,68,33,150</b>	<b>01,97,01,246</b>	<b>02,04,02,596</b>	<b>00,48,33,716</b>	<b>00,97,54,912</b>	<b>01,14,48,390</b>	<b>01,00,96,213</b>	<b>00,42,00,443</b>	<b>00,75,60,129</b>	<b>01,79,42,590</b>
<b>Remittance Section</b>										
Remittances from Z.P. to P.S.	Nil	01,35,08,114	01,77,46,086	02,25,46,398	01,91,39,675	00,25,08,810	02,31,45,000	02,90,78,000	03,62,29,000	03,43,75,000
<b>Total Remittances</b>	<b>Nil</b>	<b>01,35,08,114</b>	<b>01,77,46,086</b>	<b>02,25,46,398</b>	<b>01,91,39,675</b>	<b>00,25,08,810</b>	<b>02,31,45,000</b>	<b>02,90,78,000</b>	<b>03,62,29,000</b>	<b>03,43,75,000</b>
<b>Total Capital Disbursements (A+B + Remittances)</b>	<b>00,68,33,150</b>	<b>03,32,09,360</b>	<b>03,81,48,682</b>	<b>02,73,80,114</b>	<b>02,88,94,587</b>	<b>01,39,57,200</b>	<b>03,32,41,213</b>	<b>03,32,78,443</b>	<b>04,37,89,129</b>	<b>05,23,17,590</b>

IV  
APPENDIX IV TO Ch. IX (Contd.)

	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79	1979-80	1980-81	1981-82
<b>[A] A. Loans</b>										
<b>Section I. Loans Bearing Interest</b>										
<b>1. Loans repayable to State Government</b>										
i. Loans-scholarship to Teacher-students	00,00,92,836	00,01,08,934	00,02,09,444	00,01,11,582	00,01,19,499	00,00,88,458	00,00,85,372	00,01,25,118	00,00,74,027	00,00,29,145
ii. Loan-Scholarships to Secondary School Students	00,00,05,998	00,00,02,263	00,00,21,942							
iii. Loans for Welfare of Backward Classes				00,00,20,198	00,00,17,068	00,00,25,266	00,00,26,105	00,00,20,550	00,00,19,133	00,00,05,205
iv. Loans for industrial Co-operative Societies for implements & instruments			00,00,00,281		00,00,00,650		00,00,00,125			
v. Loans for small & cottage industries under SAI	00,00,64,442	00,00,30,776	00,00,20,479	00,00,03,608	00,00,00,811	00,00,00,075	00,00,00,637	00,00,00,104		00,00,00,045
vi. Loans for Backward class farmers for land development	00,00,02,932	00,00,03,188	00,00,07,882	00,00,04,159	00,00,02,001		00,00,01,500			
vii. Loans to Backward class farmers for wells	00,00,03,497	00,00,01,075	00,00,24,518	00,00,04,511	00,00,09,795	00,00,03,240	00,00,03,290		00,00,13,560	00,00,04,566
viii. Loans for purchasing improved seeds	00,01,30,053	00,05,83,199	00,00,46,764				00,00,40,470			
ix. Loans to Z.P. employees for housing				00,01,96,757	00,00,02,850	00,00,00,895				
x. Loans for Poultry occupation	00,00,01,063	00,00,02,029	00,00,05,637	00,00,06,597	00,00,01,716					
xi. Loans for seeds	00,00,00,558	00,00,09,716	00,00,02,278	00,00,00,095						
xii. Loans for fertilizers				00,00,85,620						
xiii. Loans for goldsmiths	00,00,01,395	00,00,00,524	00,00,00,180							
xiv. Loans for rural housing	00,00,20,759	00,00,11,904	00,00,27,157							
xv. Loans for forest development										
<b>2. Loans to be given by Z.P.</b>										
i. Repayment of Loans			00,00,01,536							
ii. Loans to Z.P. employees for Motor-cycles, bicycles						00,00,50,000				
iii. Loans to Z.P. employees for housing				00,07,76,019	00,02,43,684	00,02,08,926	00,06,18,414	00,04,00,000	00,04,00,000	00,03,00,000



## APPENDIX IV (Contd.)

	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79	1979-80	1980-81	1981-82
3. Loans by State Govt. for Plan Schemes										
i. Loans for Welfare of Backward Classes		00,00,02,500	00,00,69,000							
ii. Loans to BC farmers land, implements, land development & fertilizers	00,00,00,800	00,00,06,750	00,00,20,000			00,00,00,280		00,00,21,000	00,00,19,500	00,00,31,500
iii. Loans for small & cottage industries under SAI				00,00,45,000						
iv. Loans for industrial co-op. societies for implements & instruments										
v. Loans to BC farmers for Bagayati Wells	00,00,33,000	00,00,31,500		00,00,76,000	00,01,13,000	00,00,14,000	00,00,10,000	00,00,56,000	00,00,68,000	00,00,77,900
vi. Loans to Agricultural Schools for wells			00,00,00,643							
vii. Loans to BCs for industries & cottage industries						00,00,00,300				
viii. Loans to Z.P. employees for housing			00,00,30,000	00,00,27,000	00,00,19,212	00,00,23,287				00,00,32,000
ix. Loans from LIC for Water Supply	00,20,83,000				00,20,00,000					
x. Loans to goldsmiths										
xi. Loans for rural housing	00,00,10,300	00,00,05,500								
xii. Loan Scholarships to Teacher-Students	00,01,49,223	00,00,53,983								
xiii. Loans for improved seeds	00,04,43,841	00,00,08,082								
xiv. Loans for seeds	00,00,10,254	00,00,14,800								
<b>Total Sec. I Loans bearing Interest</b>	<b>00,30,53,951</b>	<b>00,08,76,723</b>	<b>00,04,87,741</b>	<b>00,13,57,146</b>	<b>00,25,25,286</b>	<b>00,04,14,727</b>	<b>00,07,89,913</b>	<b>00,06,22,772</b>	<b>00,05,94,220</b>	<b>00,04,80,361</b>
<b>Total Section II Loans not bearing Interest</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>Total A. Loans (Sec. I &amp; II)</b>	<b>00,30,53,951</b>	<b>00,08,76,723</b>	<b>00,04,87,741</b>	<b>00,13,57,146</b>	<b>00,25,25,286</b>	<b>00,04,14,727</b>	<b>00,07,89,913</b>	<b>00,06,22,772</b>	<b>00,05,94,220</b>	<b>00,04,80,361</b>

## APPENDIX IV (Contd.)

	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79	1979-80	1980-81	1981-82
<b>[B] Deposits &amp; Advances</b>										
i. Z.P. employees Pension Fund				00,01,38,527	00,00,00,527		00,00,00,085		00,00,00,179	
ii. Z.P. employees Provident Fund				00,09,47,130	00,09,08,645	00,10,33,047				
iii. Former DLB Teachers P.F.				00,01,68,965	00,01,56,301	00,00,01,218				
iv. Depreciation Fund				00,02,50,000	00,02,40,000	00,02,10,000	0,02,93,000	00,02,19,000		
v. Lok Vargani (Public Contribution)	00,01,45,815	00,00,64,973	00,01,59,407	00,02,02,026	00,00,13,040	00,01,19,443	00,00,51,774	00,00,80,871	00,01,01,571	
vi. Deposits from Contractors for public works		00,00,58,864	00,00,15,000	00,00,00,500	00,00,13,304	00,00,08,298	00,00,06,550			00,00,97,553
vii. Deposits from local bodies for public works		00,00,58,864	00,00,15,000	00,00,00,500	00,00,13,304	00,00,08,298	00,00,06,550			00,00,97,553
viii. Deposits with Blocks				00,28,53,806	00,31,99,168	0,24,71,277	00,27,27,515	00,27,12,811	00,19,71,299	00,31,66,774
ix. Security deposits from contractors	00,04,53,483	00,02,42,720	00,01,20,329	00,01,43,295	00,03,48,803	00,07,38,789	00,04,22,532	00,03,80,987	00,03,62,852	00,02,08,567
x. Repayable advances or construction works	00,24,59,254	00,71,60,593	00,61,91,481	00,11,74,864	00,12,36,514	00,36,56,841	00,21,78,441	00,23,02,376	00,33,94,726	00,58,07,291
xi. Repayable advances to Z.P. employees	00,00,57,013	00,00,70,370	00,01,86,936	00,04,91,479	00,02,04,771	00,07,01,055	00,02,06,295	00,02,13,830	00,02,12,540	00,02,35,750
xii. Advances repayable										
xiii. Advances to Blocks				00,59,83,596	00,43,89,503	01,00,44,479	00,47,50,316	00,51,07,716	00,66,75,554	00,53,41,603
xiv. Permanent advances					00,00,00,150	00,00,00,700	00,00,00,100	00,00,02,000	00,00,00,500	00,00,21,500
xv. Investments				(-)00,00,040					00,11,47,700	00,01,40,000
xvi. Miscellaneous Deposits				00,41,82,488		00,36,08,499	00,19,01,698	00,49,86,612	00,47,10,653	00,37,14,056
<b>Total B. Deposits &amp; Advances</b>	<b>00,31,15,565</b>	<b>00,75,97,524</b>	<b>00,66,73,153</b>	<b>01,65,36,636</b>	<b>01,07,10,756</b>	<b>02,25,93,645</b>	<b>01,25,28,306</b>	<b>01,60,14,203</b>	<b>01,85,77,574</b>	<b>01,87,33,094</b>
<b>Total Capital Outlay (A+B)</b>	<b>00,61,69,516</b>	<b>00,84,74,247</b>	<b>00,71,60,894</b>	<b>01,78,93,782</b>	<b>01,32,36,042</b>	<b>02,30,08,373</b>	<b>01,33,18,219</b>	<b>01,66,36,975</b>	<b>01,91,71,794</b>	<b>01,92,13,455</b>
<b>Remittance Section</b>										
Remittances from Z.P. to P.S.	06,71,41,155	10,29,56,000	05,13,75,000	05,88,85,000	05,52,89,000	06,51,72,000	07,47,85,543	07,99,15,000	10,46,95,000	10,14,95,000
<b>Total Remittances</b>	<b>06,71,41,155</b>	<b>10,29,56,000</b>	<b>05,13,75,000</b>	<b>05,88,85,000</b>	<b>05,52,89,000</b>					
<b>Total Capital Disbursements (A+B + Remittances)</b>	<b>07,33,10,671</b>	<b>11,14,30,247</b>	<b>05,85,35,894</b>	<b>07,67,78,782</b>	<b>06,85,25,042</b>	<b>08,81,80,373</b>	<b>08,81,03,762</b>	<b>09,65,51,975</b>	<b>12,38,66,794</b>	<b>12,07,08,455</b>

CHAPTER - X

MAJOR FINDINGS & SUGGESTIONS

POINTS	PAGE
01. Chapter-Summaries	290
02. Over-all Budgetary Trends	292
03. Tax-Revenue of Nasik Z.P.	292
04. Own Tax Revenue & Assigned Tax Revenue	293
05. Own Tax-Revenue Sources	294
06. Suggestions to Augment Own Tax Revenue	295
07. Assigned Tax-Revenue Sources	296
08. Non-tax Revenue of Nasik Z.P.	298
09. Own Non-tax Sources	299
10. Government Grants	301
11. Expenditure Pattern : Over-all Trends : Findings & Suggestions	304
12. Development Expenditure	305
13. Expenditure on Social Services	305
14. Expenditure on Economic Services	307
15. Non-Development Expenditure	310
16. Capital Expenditure of Nasik Z.P.	312
Epilogue	312

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## CHAPTER X

### Major Findings & Suggestions

#### 1. CHAPTER-SUMMARIES :

This epilogue-chapter purports to review the gist of the important findings of this study and outline simultaneously some suggestions for augmenting the resources and revenue of the Nasik Z.P., as also for their optimum utilization through sound expenditure pattern and thereby to improve its finances.

So far we have come along a long way and covered a wide range of ground in our analysis of the Zilla Parishad finances with special reference to the finances of the Nasik Zilla Parishad. To provide a sound theoretical scaffolding to our analysis we opened this study with the theory of regional planning (Ch. I) which established that the Panchayati Raj with its characteristic feature of democratic decentralisation is an instrumental mechanism to implement the concept and process of regional planning accepted by the Planning Commission of India, with district as the unit of planning, and that, being a rural local self-government institution, Panchayati Raj has emerged as the mechanism of grass-root-level planning or planning from below.

The Second Chapter discusses and lays down the principles of financial and fiscal operations of this mechanism, within the broad framework of the principles of public finance. It raises various vital issues in local finance, resolves them in the light of the various readings on the subject and lays down certain rules and guidelines for the proper conduct of the fiscal operations of the local bodies on sound lines.

Chapter III deals with the concept and structure of the Panchayati Raj System. After discussing the various concepts it lays down that conceptually Panchayati Raj is, at one and the same time, a system of local government, a mechanism for rural development and an agency of State Government for specific activities. It then explains the three-tier structure of the Panchayati Raj as recommended by the Balwantrai Mehta Committee and considers the Panchayati Raj adopted in practice by various states and points out that Maharashtra State makes a great deviation from the Mehta pattern, inasmuch as

it has carved out such a pattern of Panchayati Raj that Zilla Parishad is the strongest tier/body. Considering the functional pattern the chapter explains the wide range of functions entrusted to the Panchayati Raj bodies in general and the Zilla Parishads in particular but observes that these multifarious functions are not matched by the resources at their disposal. Finally, the chapter considers the financial arrangements for the Panchayati Raj bodies and concludes that they are highly complex and that, in different states there are wide differences in resources allocated among Panchayati Raj institutions.

Chapter IV explains the nature of the Panchayati Raj as it is adopted in Maharashtra State on the recommendations of the Naik Committee on democratic decentralisation and the provisions of the Maharashtra Zilla Parishads & Panchayat Samities Act, 1961. The Chapter brings out the structure and pattern of the three tiers of the Panchayati Raj in the State with reference to the four aspects : (i) their composition and constitution, (ii) their powers and functions, (iii) financial resources at their disposal, and (iv) control over them.

Chapter V explains in details the system and sources of revenue at the disposal of the Zilla Parishad as also the system and items of their expenditure. It points out that in view of the wider responsibilities, devolved upon the Zilla Parishads, Government tried to place at their disposal several sources of revenue, both tax and non-tax, by devising a comprehensive system of grants-in-aid and conferring upon the Zilla Parishads powers of taxation. The Chapter analyses these various sources of revenue. After this revenue-analysis it proceeds to analyse the system and items of expenditure. It also brings out the budgetary structure of expenditure of the Zilla Parishad with its two components : revenue expenditure and capital expenditure.

Chapter VI, VII and VIII are the core Chapters and deal with the overall trends in revenue and expenditure, analysis of tax and non-tax revenue and analysis of expenditure, both developmental and non-developmental, of the Nasik Z.P. respectively. It would, therefore, be more convenient and consistent to consider these chapters together for the purpose of review of our findings and suggestions regarding the revenue and expenditure of the Nasik Z.P. Let us bring out to begin with, our findings regarding the overall budgetary trends.

2. **OVERALL BUDGETARY TRENDS; FINDINGS :**

The review of budgetary trends reveals :

(i) the revenue and expenditure of the Nasik Z.P. have registered considerable growth over the period of 20 years (1962-82) under review, though this growth is not continuous, but interrupted by the years of decline;

(ii) that, besides, the growth of expenditure, during eleven years out of these twenty years, is less than that of revenue, resulting in the sizable surplus,

(iii) that as compared with the surpluses the deficits are quite marginal,

(iv) that, while, on the one hand, the revenue and expenditure were marked by comparative inelasticity on the other hand, large surpluses in revenue were left for most of the years, thanks, not to the large revenue earned by the Z.P., but to the enormous grants given by the Government to it; and

(v) that, of the tax-revenue and non-tax revenue, the tax-revenue of the Nasik Z.P. has remained at a low level throughout the period and the non-tax revenue has been predominant.

3. **TAX-REVENUE OF NASIK Z.P. :**

The tax-revenue is analysed with respect to its two types of components : (a) Direct tax revenue and indirect tax revenue, and (b) own tax revenue and assigned tax revenue.

**DIRECT & INDIRECT TAX-REVENUE : Findings & Suggestions**

It is found that the entire tax-revenue of the Nasik Z.P. is from the direct tax-source and that its indirect tax efforts have been nil. This can be explained thus : (a) the indirect taxes which were kept at the disposal of the Z.P. by the Z.P. Act are already meagre,<sup>1</sup> as compared to the direct tax resour-

1. The indirect taxes provided statutorily under Sec. 157 (c) & (f) of the Z.P. Act were only two : (i) Tax on public entertainments and amusements; (ii) Tolls or leases of tolls on roads and bridges; the third tax - Tax on Purchase of Sugar-cane by Sugar factories, is not statutorily provided, but appears in Form No.21, Monthly Accounts Book of the Nasik Zilla Parishad.

ces; and (b) even these sources were withdrawn from 1974<sup>2</sup> and at present there is not even a single indirect tax at its disposal; (c) even when they were at its disposal during 1962-63 to 1973-74, none of them was ever tapped by the Z.P.

In view of these trends in respect of tax-revenue of the Nasik Zilla Parishad we would like to make two comments : (1) The Nasik Z.P. should have tapped the two indirect tax sources kept at its disposal statutorily and also the third source mentioned in its Accounts Book (2) Government should not have withdrawn these tax powers from the hands of the Z.Ps., but should have rather insisted on the Z.Ps. their effective implementation. Indirect taxes, though regressive are a means through which everybody is made to contribute his share, howsoever small, to the resources for development.

#### SUGGESTIONS :

In view of these we would suggest that these indirect tax powers should again be handed over to the Z.P. by the Government and the Z.P. should, in its turn, make vigorous efforts to mop up revenue from them, and augment its tax revenue. The tax on purchase of sugar-cane by sugar factories be given statutory status. Since Maharashtra has emerged as the greatest producer of sugarcane and sugar this source will fetch immense revenue to the Z.P.

#### 4. OWN TAX REVENUE & ASSIGNED TAX-REVENUE : FINDINGS :

Another composition of the tax-revenue is the Z.P's own tax-revenue and the tax revenue from the taxes assigned to the Z.Ps. by the State Government.

Analysing the trends in the revenue from these components it is found that even though the total tax revenue of the Z.P. remained at a low ebb, the share of its own tax-revenue has considerably increased by 3478.33 per cent in 1981-82 over 1962-63, and that of assigned tax-revenue has registered a decline of 4 per cent. This means that the Nasik Z.P. seems to have made much progress in respect of mobilising its own tax resources and its dependence on assigned taxes has declined.

2. Withdrawn by Maharashtra Act No.15 of 1974, S.10 (a) & (b) which deleted clause (c) and substituted clause (f) by new clause (f) (water rate).

The analysis of each individual source of tax-revenue of the Nasik Z.P. is more revealing and instructive. The Own tax sources consist of : (i) Profession Tax;<sup>3</sup>

(ii) Increased Cess on Land Revenue under Secs. 144 & 155 of the Z.P. Act;

While the assigned tax-revenue sources are :

- i) Normal cess on land revenue under sec. 144 of the Z.P. Act.
- ii) Irrigation cess
- iii) Extra Stamp Duty
- iv) Land Revenue Grant (discontinued from 1975)
- v) B.M.V. payment.

#### 5. OWN TAX REVENUE-SOURCES :

##### (i) Profession Tax : Findings & Suggestions :

**Findings :** The profession tax was at the disposal of the Nasik Z.P. for fourteen years (1962-63 to 1974-75). Review of the trends in the revenue from this tax (vide Table 7.1) reveals that this tax was never a lucrative source to the Z.P. The Nasik Z.P. failed to tap this source fully and efficiently. Its inefficient administration of this tax may be said to be, to some extent, responsible for its withdrawal from the Z.P.'s hands by the Government. Since its withdrawal the Government of Maharashtra is paying a fixed amount of Rs. 1,83,852 per annum as a grant to the Z.P.

**Suggestion :** But we however feel that this grant paid in-lieu of this tax is quite meagre, particularly in the context of the growing revenue potentiality of this tax in the Nasik district which is now a fast developing district. Hence we suggest that this amount be increased by about one and half times and Government should pay to the Nasik Z.P. Rs. 2,50,000 per annum which would augment resources of this Zilla Parishad.

##### (ii) Increased Cess on land revenue : Finding & suggestions :

**Finding :** This is another and now the only source of own tax revenue of the Nasik Z.P. From Table 7.4 it is obvious that this has proved to be an

3. Vide Footnote No. 1 to Ch.VII.



important and elastic source of Z.P.'s own sources, since revenue from it has been continuously increasing. The Nasik Z.P. has tapped this source enthusiastically and efficiently.

**Suggestions :** In order to increase the quantum of financial resources accruing to the Nasik Z.P. from this source it is necessary to undertake change in the present policy regarding this source of revenue. In this respect we would make the following four suggestions :

(i) The ceiling limit for the increased cess when is 200 paise per rupee fixed in 1974 be now raised to 300 paise. The Bongirwar Committee had, in fact, recommended the raising the limit to 250 to 300 paise.

(ii) When Panchayat Samiti initiates the increase in the rate of cess within its jurisdiction that P.S. should be given 100% Local Cess Matching Grant, instead of the present provision of giving only 25%. This would inspire the P.Ss. in the district to come forward to tap this source and augment their resources.

(iii) During the drought conditions, when Z.P. has to suspend the increased cess, the Z.P. suffers a loss of revenue. In such situation Government should advance an interest free loan to the Zilla Parishad to make up this loss.

(iv) The Government needs to be prompt in releasing the entire amount on account of this source to the Z.P. and no arrears (as shown in Table 7.5) be allowed to accumulate.

#### 6. SUGGESTIONS TO AUGMENT OWN TAX REVENUE :

Own tax revenue of the Nasik Z.P. is quite meagre, nor has it added even a single new source of tax in spite of the enormous power of taxation conferred upon it by Law. To augment its own tax revenue we make the following suggestions :

1. System of dual categorisation of local taxes adopted in Andhra Pradesh be adopted in Maharashtra : Obligatory taxes & Optional taxes. Pilgrim tax and tax on lands benefitted by irrigation work or development schemes of

the Z.P. are suggested as obligatory taxes; and tax on turnover of co-operative societies is suggested as optional tax.

2. Z.P. be empowered to impose additional cess on water rate over and above the normal cess of 20 paise imposed by the Government.

3. Revenue from the agricultural income tax should be, as recommended by the Bongirwar Committee, be assigned to the Z.P.

4. Incentive Grant should be resumed by the Government and instead of linking it to agricultural production as was done previously it should be linked with the resource-mobilization by the Z.P. - both tax and non-tax resources on a percentage basis.

#### 7. ASSIGNED TAX-REVENUE-SOURCES :

##### (i) Normal Cess on Land Revenue : Findings & Suggestions

Findings : Though it is a definite source of revenue, revenue from it remained somewhat steady (vide Table 7.6.). Two defects are noticed during research in respect of this normal cess. one, the Nasik Z.P. is not realistic in its estimation of revenue from this source - many a times over estimated; and two; Government delays the release of the full amount of Cess to the Z.P.

Suggestion : The situation needs to be corrected by realistic estimation by the Z.P. and by the full and timely devolution of the amount of cess by the Govt. to the Z.P.

##### (ii) Irrigation Cess : Findings & Suggestions

Findings : Review of trends in revenue (Table 7.8) reveals a very disappointing picture and shows that this source has not been an elastic source to the Nasik Z.P. Over the two decades under review (1962-83) the revenue has increased on an average only by 152%. Its share in the total revenue has registered a continuous decline. This is really a surprising situation. For, on the one hand, irrigation facilities in the district are increasing, but the revenue from the irrigation cess is not correspondingly increasing, on the other.

**Suggestions :** In order to improve this situation, we make the following suggestions to augment the revenue of the Nasik Z.P. from this source.

1. The old rate of cess on water-rate (20 paise per ruppe fixed in 1969) should be revised upwards and raised to 50 paise.

2. As suggested earlier, there should be a statutory provision for an increased cess on water-rate.

3. In order to increase Z.P's revenue from this source even at the existing rate and to prevent accumulation of arrears it is necessary to improve the existing procedure of collection of this cess. Just as in the case of cess on land revenue the BDOs are given necessary powers, similarly in respect of this cess also the BDOs should be authorised by the Irrigation Department to collect it.

**(iii) Stamp Duty Grant : Findings & Suggestions**

**Findings :** Revenue from this assigned source is quite meagre and besides, 50% of it is to be assigned by the Z.P. to Village Panchayats in the district. This actually reduces the effective rate of the surcharge on stamp duty from the present 1/2 percent to 1/4 percent.

**Suggestions :** In order that the Z.P. should get the full benefit of this already meagre source we suggest that (i) the V.Ps. should not be made partners in it, or alternatively (ii) the surcharge on stamp duty be raised to 1%.

**(iv) Land Revenue Grant : Findings & Suggestions**

**Findings :** Land Revenue Grant has also not been a lucrative source of assigned revenue to the Nasik Zilla Parishad during its currency from 1962 to 1974-75. As revealed from Table 7.11 revenue from this source declined by 44 percent in 1974-75 over 1962-63, and its percentage in the total revenue has continuously declined.

**Suggestions :** (1) Government should restore this source to the Zilla Parishad.

(2) In view of the meagre revenue from this source we further suggest that 100 per cent of the land revenue in the district be assigned to the Zilla Parishad and no share be given to the village Panchayats.

**(v) B.M.V. Payment : Findings & Suggestions**

**Findings :** This statutory grant is paid to the Z.P. on account of fixed compensation which was payable to the Ex-District Local Boards under Sec. 9 of the Bombay Motor Vehicles Tax Act, 1958. Though this payment is a statutory grant we have included it in the category of assigned tax revenue as it has been done in the Manual of the Zilla Parishad Administration and Accounts. It is also quite proper to regard this payment as assigned tax revenue, because, Government has taken over the vehicle tax to itself and earning revenue from it. It pays a fixed amount out of that revenue to the Z.P. every year.

Nasik Z.P. receives a fixed amount of Rs. 18,435 per annum. This amount has not been revised inspite of over a score of years of Z.P's. existence.

**Suggestions :** (1) In view of the increased traffic and turnover in the Nasik District and its rural areas Government's revenue from vehicles tax has increased enormously. Hence we suggest that the fixed payment should also be increased to Rs. One lakh per annum.

(2) There should be revision of this amount every five years.

(3) In the context of the revision suggested above it is also suggested that this amount should not be kept as entirely free resources of the Z.P. but 10% of it may be 'tied' resources which the Z.P. should be required to spend on the maintenance and repairs of the roads in its jurisdiction.

**8. NON-TAX REVENUE OF NASIK Z.P. : OWN & GOVT. GRANTS :**

The non-tax revenue of the Nasik Z.P. is composed of own non-tax revenue and Government Grants. The overall trends in the non-tax revenue reveals a disappointing picture, because they show that the share of the Government Grants has remained more than 80 per cent while that of its own non-tax revenue has continued to be at a low ebb and those resources continued to be not fully tapped by the Z.P. This speaks for Z.P's increasing reliance on

Government grants and this very fact does not augur well for mobilization of its self-raised and own resources and its financial independence.

This finding and conclusion is substantiated when we compare and relate the Nasik Z.P.'s own revenue and the State Government's aid to the Z.P. Right from the establishment of the Z.P. Government's aid has formed an important part in the total revenue budget of the Z.P. Inspite of the efforts of the Z.P. to increase its tax revenue its heavy reliance on State Government's grants-in-aid has not reduced, but on the contrary, increased. This is not only due to the non-use of the taxation powers conferred on it by the Z.P. statute to the full extent but also because of the non-tapping of its own non-tax sources at its disposal.

9. OWN NON-TAX SOURCES : Findings & Suggestions

Own non-tax sources of the Nasik Z.P. consist of :

- i) Fees under Sec. 157 of the Z.P. Act,
- ii) Local Cess Matching Grant,
- iii) Incentive Grant, and
- iv) Administrative Receipts.

Our findings and suggestions in respect of each of these are as below:

(i) Fees under Sec. 157 : Findings & Suggestions

Findings : It is a disappointing feature that the Nasik Z.P. has never tapped this source and never levied any fees, inspite of the statutory powers to do so.

Suggestions : The Z.P. should come forward with the levy of certain fees empowered to levy by Sec. 157(9) (i), (ii) & (iii). It should levy Fees on Market Yards which would be an own elastic source of revenue, because there are promising market yards in the district, such as Malegaon and Lasalgaon. The Administrative Reorganization Committee of Maharashtra has also recommended the imposition of such fees.<sup>4</sup>

4. Report of the Administrative Reorganization Committee, Bombay, Govt. of Maharashtra, Bombay, 1968, PP 145-146.

**(ii) Local Cess Matching Grants : Findings & Suggestions**

This grant is given as a sort of incentive to the Z.Ps. to increase the cess on land revenue to the ceiling limit of 200 paise per rupee and is linked with the mobilization of own resources by the Z.Ps. through increasing cess. Thus, since Z.P. is responsible for securing the increased amount from this source we have included this source in "Own non-tax revenue source.

The Panchayat Samitis can also propose the increase in cess on land revenue. It is provided in the Z.P. Act that 25% of the LCM Grant due on the increased cess proposed by the P.S. is to be given to the P.S. through the Z.P.

**Findings** : It is obvious from Table 7.12 that the revenue from LCM Grants is increasing. It has registered 457% increase during the twenty years period under review (1962-82). However, its share in the total revenue has registered a continuous decline. Its share in the own non-tax revenue of the Nasik Z.P. has been mostly less than 50%.

It is also observed that from 1975-76 onwards the amount of this grant is not fully released by the Government. This has led to the accumulation of arrears of this payment to the Z.P.

**Suggestions** : (1) Government needs to be regular and prompt regarding the payment of this grant.

(2) In order to encourage the Panchayat Samitis under the jurisdiction of the Nasik Z.P. there should be 100% devolution of the L.C.M. Grant to the P.S. proposing the increase in Cess.

**(iii) Incentive Grants : Findings & Suggestions**

This grant was paid to the Nasik Z.P. during 1963-64 and was linked with the percentage performance of the Z.P. in respect of agricultural production. From 1974-75 it was discontinued.

**Findings** : The increase in the revenue of the Nasik Z.P. was quite meagre. It increased only by 105% and never crossed Rs. 50,000. Its contribution

to the Z.P.'s own non-tax-revenue was quite scanty, (vide Table. 7.19)

**Suggestions :** Government should not have discontinued this grant. We feel that it should be resumed and be patterned on the basis of the resource mobilization by the Z.P., as per the recommendations of the Evaluation Committee<sup>5</sup>

**(iv) Administrative Receipts : Findings & Suggestions**

Revenue from this source includes receipts from the revenue-earning schemes operated by the Nasik Z.P. as also interest on investment, proceeds, from the sale of old stocks, etc.

**Findings :** Trends in the growth of revenue from this source (revealed in Table 7.17) show that even though in absolute terms the revenue has increased five times during the period of two decades under review, its share in the total revenue has declined from 3.1 percent in 1962-63 to 1.8 per cent in 1981-82. Thus this source plays a marginal role in the finances of the Nasik Z.P. With limited tax powers with the Z.P. and with under-utilisation of those powers by the Z.P. this source needs to be vigorously tapped and revenue from it needs to be augmented. For this we make the following suggestion.

**Suggestion :** The Nasik Z.P. should undertake an upward revision of the rates and fees of the services provided by its various schemes. The Evaluation Committee had also made a similar recommendation in its Report.<sup>6</sup> Such revision would be an important step in augmenting the resources of the Nasik Z.P.

**10. GOVERNMENTS GRANTS : Findings & Suggestions**

Government Grants are an important components of the total non-tax revenue of the Nasik Zilla Parishad. Some grants were being given to the Z.P. from the beginning but discontinued later on (e.g. Land Revenue Equalisation Grant, Deficit Adjustment Grant, Block Grant, Land Revenue Grant, & Incentive

5. Report of the Evaluation Committee on Panchayati Raj, Govt. of Maharashtra, Bombay, 1971. Recommendation No. 89.

6. Ibid, P. 81, para 7.22

Grant), Grants like Forest Revenue Grant and ad hoc Grants were started a few years after the establishment of the Z.P. At present, the Nasik Z.P. is paid the following grants : (i) Local Cess Matching Grant, (ii) Purposive Grant, (iii) Establishment Grants, (iv) Plan Grant, (v) Forest Revenue Grant, (vi) Ad hoc Grant.

Of these grants the LCM Grant has been regarded by us, for the reasons stated earlier, as the Z.P's own non-tax revenue.

**Findings** : All these grants are increasing from year to year and they are contributing a major part of the total revenue of the Nasik Z.P., as well as its non-tax revenue. This is obvious from Tables 6.8, 6.9 & 7.20. Of all these grants the purposive grant and establishment grant are the major grants, as regards other grants, they are either discontinued or are declining, even those grants which are discontinued showed a declining trend during the period of their payment. It is but natural and obvious that Govt. Grants are the main and major source of the revenue of the Panchayati Raj bodies in general and Zilla Parishad in particular.

As we have already discussed in our initial theoretical chapters,<sup>7</sup> these government grants are essential for the local self-government institutions in order to match the increasing welfare functions they are required to shoulder in the course of the grass-roots level planning which we have adopted in our country as a method of Regional Planning with District as a unit of Planning. Panchayati Raj bodies and particularly Zilla Parishads are, as pointed out in the Theory of Regional Planning, an instrument/machinery of implementing Regional Planning at the rural level of this agricultural country. This machinery must not starve of the finance which must be provided in adequate quantity to them to enable them to discharge their increasing responsibilities.

**Suggestions** : Since these grants are an important part of the total revenue of the Z.P., their nature, quantum, procedure and the accounting system must be given serious thought and the defects therein must be removed. For this we make the following suggestions :

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7. Chapter I. The Theory of Regional Planning & Chapter II. The Theory of Local Finance.



1. The present complicated accounting system in respect of these grants should be simplified.

2. Delays in sanctioning and release of grants results in 'March Expenditure Fever' and reduces the budgetary process at the Z.P. level to a mere ritual. Administrative practices must be made efficient to avoid such delays. So that not only the March Fever can be avoided, but even forward planning at the grass-root level would also be possible.<sup>8</sup>

3. Pool system should be adopted in Maharashtra on the Madras pattern under which all funds from the Central Government and the State departments are pooled together and a new schematic budget is framed for all Panchayat Union Councils (corresponding to Panchayat Samitis in Maharashtra). The recommendations of the Santhanam Committee in this respect are worth considering.<sup>9</sup> In Maharashtra, since Z.P. is the strong unit the pooled grants should be disbursed to the Z.Ps.

4. A Separate Statutory Finance Commission for Panchayati Raj institutions should be established on the pattern of Australian Common Wealth Grants Commission. Such commission would undertake a review of the financial relations between the State Government and the Z.Ps. from time to time. It would also assess the local needs and quantity and conditions of grants and thus recommend to the Government for the provision of adequate finance to the Z.Ps.

In fact, we have discussed in the 2nd chapter on the theory of local finance the recommendation of the Rural-Urban Relationship Committee regarding the establishment of the Local Finance Commission.<sup>10</sup> There is an urgent need to establish such a commission in this country. We suggest that there should either be an independent Panchayati Raj Finance Commission or an independent wing of the Comprehensive and broad-based Local Finance

8. Mathur, M.V., Panchayati Raj in Rajasthan, New Delhi, Impex India 1966, P.220.

9. Report of the Committee on Panchayati Raj Finances, Part I, P.147.

10. Report of the Committee on Rural-Urban Relationship (1966).

Commission.

5. We close our suggestions regarding the grants' system by suggesting a new type of grant. Government should give a small savings Matching Grant to the Z.P. The Z.P. should encourage its hundreds of employees to invest in various schemes of National Savings organisation directly from their salaries under the 'Pay Roll Saving Scheme' and as an incentive to the Z.P. Government should give it a matching grant.

### EXPENDITURE PATTERN OF THE NASIK Z.P.

#### 11. OVER-ALL TRENDS : Findings & Suggestions

Chapter VI depicted in Sec. III the overall trends in the expenditure of the Nasik Z.P. It is observed that the expenditure is continuously increasing except for a few intermittent years during the twenty years (1962-82). The expenditure on revenue account registered an increase of 727 percent. The development expenditure has remained at a high level of more than 85 per cent while the non-development expenditure of a low level of less than 15 per cent. But the latter increased at a much faster rate than the former. As revealed in Table 6.13 the non-development expenditure recorded an increase of 1422% in 1981-82 over 1962-63 the corresponding increase in the development expenditure is only 746%.

These trends in the two types of expenditures are indeed a matter of grave concern, for, they indicate that though the development expenditure continues to be at a high level, the emphasis given by the Nasik Z.P. on the development activity in rural areas is receding and if timely action is not taken to reduce the non-development expenditure, it may assume serious proportion at the cost of the welfare of the rural masses.

Suggestions : (i) The Nasik Z.P. needs to curtail its non-development activities and direct funds towards development works and projects.

(ii) For a realistic grasp of the finances of the Z.P. as also of its development activity, a system of programme budgeting and performance

budgeting based on a detailed analysis of cost-benefit ratio needs to be developed.

## 12. DEVELOPMENT EXPENDITURE : Findings

Findings : The development expenditure consists of expenditure on social services and economic services. A close examination of Table 8.1 reveals the following findings :

1. The Nasik Z.P's expenditure on Social services is at a very higher level (77%) than that on economic services (23%).

2. expenditure on public health in social service group has recorded the highest growth (1878%) in 1981-82 over 1962-63, and that on irrigation in the economic service group tops the list with 102966 per cent increase. This shows that the Z.P. has given a high priority to public health facilities and irrigation facilities in its rural areas.

3. In terms of magnitude of expenditure education tops the list with an average expenditure of over 60% throughout the period.

## 13. EXPENDITURE ON SOCIAL SERVICES : Findings & Suggestions

The main components of social services are education, medical and public health. The review of Nasik Z.P's expenditure on these items reveals the following findings.

Education : (i) Expenditure on education increased by, on an average, over 60% throughout the period under review and registered a growth of 804% in 1981-82 over 1962-63.

(ii) The per capita expenditure has considerably increased (vide Table 8.4)

(iii) The Z.P. has made considerable progress in the spread of education in the rural areas, as is obvious from the growth in literacy, number of school-going children as also the number of educational institutions.

(iv) There are cases of lapses and irregularities as pointed out by the

Audit Reports which reveals that the Z.P. is not careful and meticulous in its expenditure.

**Suggestions :** (i) The Nasik Z.P. needs to make still more concerted efforts for the spread of education, in view of the finding that there were still 45 villages & 360 Wadies without schools.

(ii) The Z.P. needs to be very watchful over its own expenditure on education as also that by the Panchayat Samitis under its jurisdiction, so that the proportion of wasteful expenditure is reduced to the minimum.

(ii) **Medical Services :**

**Findings :** (i) Nasik Z.P.'s expenditure on medical, and ayurvedic services and facilities has registered a continuous growth,

(ii) Its per capita expenditure also increased from 6.5 paise in 1962-63 to 24 paise in 1981-82.

(iii) It is trying to popularising the ayurvedic pathy among the rural masses.

**Suggestions :** In view of the growing requirements of rural areas in the district the Z.P. needs to increased the per capita expenditure from the present level of 24 paise which is quite meagre.

(iii) **Public Health**

**Findings :** (i) Z.P.'s expenditure on health services registered a considerable growth during the period under review.

(ii) The percentage on health services has, however, remained at a low ebb.

(iii) The Z.P. has made relatively satisfactory progress in the expansion of health sevices in the rural areas.

(iv) There are, however, cases of improper and excessive expenditure

reported in the Audit Report

**Suggestions :** (i) The average expenditure on this item needs to be increased in view of the situation obtaining in the rural areas of the district.

(ii) The cases reported by the Audit Report suggest that the Z.P. needs to streamline and improve administration of its Health Department.

(iv) **Social Welfare :**

**Findings :** (i) It is regrettable that Z.Ps. expenditure on this item has been at a low ebb throughout the period under review, it has also declined in terms of percentage.

(ii) However, Z.P's per capita expenditure on the welfare of the backward classes has doubled over the decades.

(iii) The Z.P. did not observe the condition of 15% "expenditure" on the B.C. Welfare

(iv) It has not made much dent on the poverty of the masses or ameliorate their lot.

(v) The Audit Reports show the dishonestly in implementing the welfare schemes.

**Suggestions :** (i) The Z.P. needs to be very particular in adhering to the '15% condition' in its expenditure on B.C. Welfare.

(ii) It must establish a vigilance squad to check and inspect the implementation of its welfare schemes.

14 **EXPENDITURE ON ECONOMIC SERVICES : Findings**

The main items under economic services are (i) Public Works, (ii) Irrigation, (iii) Public Health engineering, (iv) Agriculture, and (v) Animal husbandry.

Review of Nasik Z.P's expenditure on the item reveals the following findings.

**(i) Public Works :**

**Findings :** (i) The expenditure on public works registered an increase of 1099 per cent which is quite satisfactory.

(ii) The Z.P. has achieved considerable progress in road-construction over the two decades under review.

(iii) However, from the view point of road-length per lakh of population the availability of roads is at a very low ebb.

(iv) The Audit objections point out anomalies, and undue expenditure on public works.

**Suggestions :** (i) The Z.P. needs to increase its expenditure on road-construction which a vital infrastructure of rural development.

(ii) It needs to have strict supervision over its public works to avoid undue expenditure on them.

**(ii) Irrigation :**

**Findings :** (i) Z.P's expenditure on irrigation facilities registered a tremendous expenditure of 102966 per cent in 1981-82 over 1962-63.

(ii) However, in terms of per centage expenditure it shows a fluctuating trend.

(iii) In spite of such a tremendous expenditure the Z.P. could not make much progress in providing irrigation facilities & drinking water supply facilities (Ref. Table 8.11).

(iv) The cases of irregularities, discrepancies and breach of procedures reported by the Audit Report reveals the immaturity & inefficiency in administration.

**Suggestions :** (i) The Z.P. needs to make concerted efforts to increase irrigation and water supply facilities

(ii) The personnel need to provide training in administration to avoid discrepancies and to enhance efficiency in administration

(iii) **Public Health Engineering :**

**Findings :** (i) The expenditure registered considerable growth over the two decades.

(ii) Progress in respect of construction of drinking water wells and pipe-line water supply to towns & village is fair though not adequate. (Refer Table 8.12).

**Suggestions :** (i) The Z.P. needs to strive hard to cover all the towns and villages in the district with well-water supply and pipe-line water supply.

(iv) **Agriculture :**

(i) In absolute terms the expenditure on agriculture increased tremendously.

(ii) But in terms of percentage of development expenditure it is only 2.8%

(iii) It is heartening to find that the Nasik Z.P. has undertaken several activities for the development of agriculture.

(iv) But the progress in respect of agricultural production of various crops is only moderate

(v) The schemes, as is clear from the Audit objections are not implemented honestly.

**Suggestions :** (i) The Z.P. needs to be highly careful that the schemes are implemented honestly.

(ii) The benefits of these schemes must be allowed to reach the medium

and marginal farmers.

(v) **Animal Husbandry :**

**Findings :** (i) The Z.P. incurred adequate expenditure on the development of animal husbandry. It registered a growth of 1971 per cent in 1981-82 over 1962-63.

(ii) It has achieved considerable progress in the development of animal husbandry in the district (Table 8.14). The number of veterinary hospitals, artificial insemination centres, etc. have considerably increased.

15. **NON-DEVELOPMENT EXPENDITURE :**

The important heads of expenditure under non-development services are mainly two --- (i) Honoraria and (ii) General Administration. Of these the honoraria include honoraria paid to various office-bearers their travelling expenses, house-rent and other allowances; and

Review of expenditure on these items reveals the following findings.

(i) **Honoraria :**

**Findings :** (i) Expenditure on this item is continuously increasing in absolute terms, but in terms of its percentage to the total expenditure it is less than 1% of the total expenditure.

(ii) major expenditure is on the traveling allowance of the public authorities and members of the Z.P. It is about 25% expenditure on this count.

**Suggestions :** (1) The Z.P. public authorities should economise on this item of T.A., so that more resources will be released for rural welfare.

(ii) **General Administration :**

**Finding :** (1) Expenditure on G.A. has increased tremendously, its overall growth being 3195% during the period under review. From 32% in 1962-63 it has increased to 11.7% in 1981-82. This is not a healthy feature of the Nasik Z.P. finances.



(2) Ironically, there is no evidence to show that the quality of service of the Nasik Z.P. has improved with this growth in administrative expenditure.

**Suggestions :** (1) The Z.P. needs to economise on this non-developmental expenditure.

(2) It must strive hard to improve the quality of service, which would justify such a tremendous expenditure.

Thus, as stated earlier, though the non-development expenditure is less than the development expenditure, its higher rate of growth is a matter of grave concern, which points to the urgent need to put an axe on it.

#### 16. CAPITAL EXPENDITURE OF NASIK Z.P. : Findings & Suggestions

After analysing the revenue expenditure of the Nasik Z.P. in chapter VIII; in order to have a complete grasp of its finances chapter IX analyses its capital expenditure (and capital revenue also).

**Findings :** (i) The analysis of the capital budgets of the Nasik Z.P., reveals that its capital activity and accounts are not satisfactory. It is observed that the capital expenditure and capital revenue show a fluctuating trend year after year and no consistent trend towards their increase is visible.

(ii) Considering and the comparing the Z.P's developmental and non-developmental capital expenditure it is revealed that both of them are fluctuating, but the developmental expenditure is at a low ebb, while the non-developmental expenditure has always tended to remain at a high level. This observation is confirmed by the fact that while the non-developmental expenditure showed a growth of 311 per cent in 1981-82 over 1962-63, the developmental expenditure marked a decline of 78 per cent. Similarly, in terms of percentage the former absorbs a very high percentage of the total capital expenditure of the Z.P. The pattern of development expenditure reveals that on various development activities such as agricultural development, cottage and household industries, backward class welfare, education it is either negligible or declining. The only notable activity of the Nasik Z.P. seems to be housing finance for

its employees, at the neglect of rural housing.

(iii) The analysis of the sources of capital revenue reveals that "Deposits & Advances" are the dominant source and Government loan finance is only a minor source.

**Suggestions :** All this analysis leads us to suggest that (i) The Nasik Z.P. needs to reverse the situation regarding the non-developmental and developmental expenditure and see that its development activity surpasses the non-developmental one.

(ii) State Government should provide loan finance to the Z.P. for its capital expenditure on the condition that it must be utilized for capital activity only and never for meeting the current expenditure.

(iii) The Z.P.'s be allowed to run remunerative enterprises like petrol pump and printing press which they must run on commercial principle and generate surplus for capital expenditure. These enterprises have a large scope in view of the developing rural areas of the District. Government should provide loan finance for such enterprises.

(iv) The Z.P. should show dynamism and efficiency and should also approach banks and co-operative society where its District fund is kept and other approved body for finance to expand their capital activity.

#### **EPILOGUE :**

Our Study of the Zilla Parishad finances with special reference to and a case study of the Nasik Z.P. has revealed that these finances are characterised by inadequacy of resources, particularly the self-raised and own resources of the Z.P. on the one hand and the less than optimum utilisation of these already scarce resources by the Z.P. on the other.

This study pertains to the period of two decades since the beginning of the Panchayati Raj in Maharashtra State and the establishment of the Nasik Z.P. in 1962 and covers a period from 1962-63 to 1981-82. The finances of the Z.P. have not changed materially since then. This finding was reached

when, in order to update this study we studied the finances of the Nasik Z.P. from 1982-83 to 1985-86. The situation regarding its revenue and expenditure is displayed in Annexure I to this thesis. This confirms our findings regarding its finances as also brings out the urgency to implement our suggestions to improve them.

The Z.Ps. as units of grass-root planning and rural development should be provided with more resources, especially, of their own. The operational success of the Z.Ps is organically linked with their financial resources and strength<sup>11</sup>

It is not at all a healthy feature of the finances of the Z.Ps. that they have to depend heavily on government grants, for want of their own resources. This would, it is feared, convert (or relegate) them simply as the agent/department of the State Government and end their role as development units for rural growth.

The Ashoka Mehta Committee<sup>12</sup> had rightly recommended the devolution of adequate tax powers to these bodies - some compulsory and some optional, and that incentives be given to them for revenue realised from optional taxes.

For optimum utilization of their already meagre resources the Z.Ps. should follow the broad principles of programme-budgeting and performance-budgeting. As is obvious from the Audit Reports the Z.P. administration is engulfed in corruption and nepotism, which are, in fact, leakages in the scanty stream of their resources. Unless these leakages are cemented any amount of increase in resources would not improve and strengthen their finances.

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11. Nandedkar, V.G., Zilla Parishad as Local Government and Development Bodies, Ph.D. thesis submitted to the Poona University, 1972.

12. Committee on Panchayati Raj Institutions, Govt. of India New Delhi Ministry of Agriculture & Irrigation, Deptt. of Rural Development, New Delhi, 1977-78.

13 Finally, a periodic assessment of the finances and functioning of the Z.Ps. and, for that matter the entire Panchayati Raj Structure is a must, which would highlight their faults and pave the way for their timely removal.

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13. It is heartening to note that recently in 1984 Govt. of Maharashtra has appointed a Committee on P.R. bodies. Its report is expected by mid-1986.

## ANNEXURE I (a)

## Growth of Revenue &amp; Major Components of Revenue of Nasik Z.P. (1982-83) (On Revenue Account)

Particulars of Revenue	(In Rupees)			
	1982-83	1983-84	1984-85 (RE)	1985-86 (BE)
<b>Total Revenue</b>	15,59,08,072	17,59,58,715	21,93,52,858	08,59,32,985
<b>I. Total Tax-Revenue</b>	00,31,73,026	00,35,61,171	00,54,83,035	00,47,08,535
i) Own Taxes	00,20,29,560	00,25,51,975	00,38,41,000	00,36,15,000
a) Profession Tax	00,02,04,752	(-)00,43,763	00,03,75,000	00,01,85,000
b) 155 increased cess	00,18,24,808	00,25,95,738	00,34,66,000	00,34,30,000
ii) Assigned Taxes	00,11,43,466	00,10,09,196	00,16,42,035	00,10,93,535
a) BMV Payment	00,00,18,435	00,00,18,435	00,00,18,435	00,00,18,435
b) 144 normal cess	00,02,31,108	00,03,17,732	00,03,00,000	00,02,50,000
c) Stamp Duty Grant	00,02,05,248	00,01,66,409	00,04,38,500	00,02,00,000
d) 146 Water Cess	00,06,88,675	00,05,06,620	00,08,85,100	00,06,25,100
e) Land Revenue Grants				
<b>II. Total Non-Tax Revenue</b>	15,67,35,046	17,23,97,544	21,38,69,823	00,08,12,24,450
i) Own Non-Tax Revenue	00,34,98,845	00,46,44,858	00,68,28,465	00,55,58,250
a) Fees under Sec. 157(9)				
b) Local Cess Matching Grant	00,13,61,347	00,17,63,198	00,25,51,000	00,25,45,000
c) Incentive Grants				
d) Administrative Receipts	00,21,37,498	00,28,81,660	00,42,77,465	00,30,13,250
ii) Govt. Grants	15,32,36,201	17,77,52,686	20,70,41,358	07,56,66,200
i) L.R. Equalization Grant.				
ii) Purposive Grants	11,64,28,414	12,98,55,575	13,86,92,000	05,18,48,700
iii) Establishment Grant	02,20,33,000	02,47,90,000	03,01,21,000	01,14,37,200
iv) Deficit Adjustment Grant				
v) Plan Grant	01,55,24,050	02,27,51,200	02,65,22,000	00,99,19,800
vi) Block Grants				
vii) Forest Revenue Grant	00,12,47,149	00,05,94,358	00,05,94,358	00,05,80,000
viii) Agency Grants			00,24,43,000	
ix) Government Dues	(-)21,28,848	-	-	-
x) Ad hoc Grants	00,10,32,436	00,09,86,023	00,86,69,000	00,18,80,500
xi) Refunds		(-)12,24,470	-	

## ANNEXTURE I (b)

## Growth of Revenue expenditure of Nasik Z.P. (1982-86)

Item of Expenditure	1982-83	1983-84	1984-85 (RE)	1985-86 (BE)
<b>I. Development Exp.</b>	14,28,26,977	15,98,23,640	19,06,41,090	07,41,40,750
<b>1) Development Expense</b>	10,88,81,455	11,79,16,876	13,80,39,242	05,51,59,450
i) Education	09,39,00,788	10,15,96,209	11,31,69,089	04,47,24,200
ii) Medical	0,05,25,279	00,05,36,654	00,07,78,000	00,02,07,400
iii) Ayurved	00,06,32,405	00,06,72,535	00,07,44,000	00,02,67,200
iv) Public Health	00,88,21,031	01,04,45,216	01,57,66,118	00,67,85,050
v) Social Welfare	00,50,01,952	00,46,66,262	00,75,82,535	00,31,75,050
<b>2) Economic Services</b>	03,39,45,522	04,19,06,764	05,26,01,348	01,89,81,300
i) Public Works (B&C)	01,20,56,335	01,59,86,011	02,51,74,396	00,71,31,500
ii) Irrigation	00,69,93,216	01,04,33,563	00,82,44,225	00,37,33,700
iii) Pub. H. Engng.	00,39,66,598	00,43,79,807	00,62,44,452	00,27,16,100
iv) Agriculture	00,29,07,503	00,29,76,596	00,37,57,750	00,18,44,100
v) Animal Husbandry	00,36,09,218	00,39,13,474	00,43,51,555	00,15,36,900
vi) Forests	0,10,64,108	00,06,58,265	00,08,77,970	00,05,80,000
vii) Co-operation	--	-	-	-
viii) Industries	00,00,01,781	00,00,03,523	-	-
ix) Community Development	00,03,56,442	00,03,68,020	00,02,51,000	00,00,79,000
x) Miscellaneous	00,33,90,321	00,31,87,505	00,37,00,000	00,13,60,000
<b>II. Non-Development Exp.</b>	01,96,50,612	02,19,62,683	02,95,16,106	01,18,69,800
i) Honoraria	00,06,62,618	00,07,35,906	00,08,75,400	00,06,05,400
ii) Gen. Admn.	01,82,70,530	02,02,47,087	02,67,36,000	01,02,82,400
iii) Interest	-	-	-	-
iv) Pensions	00,06,59,597	00,08,94,601	00,09,00,000	00,05,25,000
v) Miscellaneous	00,00,57,867	00,00,85,089	00,10,04,706	00,04,57,000
<b>Total Development Exp.</b>	14,28,26,977	15,98,23,640	19,06,41,090	07,41,40,750
<b>Total Non-Development Exp.</b>	01,96,50,612	02,19,62,683	02,95,16,106	01,18,69,800
<b>Total Revenue Exp.</b>	16,24,77,589	17,17,86,323	22,01,57,196	08,60,10,550

Source : Budgets of Nasik Z.P. from 1982-83 to 1985-86.

## ANNEXTURE I (c)

## Growth of Capital Revenue of Nasik Zilla Parishad (1982-83 to 1985-86)

Source of Revenue	1982-83	1983-84	1984-85 (RE)	1985-86 (BE)
<b>A) Loans</b>				
<b>Sec. I Loans bearing interest</b>				
<b>1. Loans from State Government</b>				
i) Loans to Z.P. Employees for housing	00,00,38,000	00,00,34,500	00,00,34,500	-
ii) Loans to B.C. Farmers for Agricultural development, implements and fertilizers				
iii) Loans to B.C. farmers for Bagayati Wells				
iv) Loans from LIC for Water Supply Schemes		00,40,25,000		
v) Loans to B.Cs. for industries and cottage industries.				
vi) Loans for B.C. Welfare				
vii) Loans for agricultural schools				
viii) Loans for teacher-students				
ix) Loans for rural housing				
x) Loans for improved seeds				
xi) Loans for seeds & fertilizers				
xii) Loans for industrial co-op societies				
xiii) Loans to small cottage & rural industries under SAI				
xiv) Loans to gold-smiths				
xv) Loans for secondary school Bldgs.				
xvi) Loans for poultry occupation				
<b>2. Recovery of Z.P. Loans</b>				
i) Loans to teacher-students	00,00,08,404	00,00,03,165	00,00,07,000	00,00,10,000
ii) Loans for B.C. Welfare	00,00,07,265	00,00,06,472	00,00,05,000	00,00,05,000
iii) Loans to B.Cs. or Bagayati Wells	00,00,04,900	00,00,04,010	00,00,05,000	00,00,05,000
iv) Loans for small industries & rural housing	-	00,00,00,851	00,00,01,000	-
v) Loans to Z.P. employees for motor cycles	00,00,00,157	00,00,00,428	-	-
vi) Loans to Z.P. employees for housing	00,02,19,786	00,00,01,120	00,00,05,000	00,00,05,000
vii) Loans for farmers for land development	-	00,02,28,578	00,02,50,000	00,02,50,000
viii) Loans for small industries under SAI				
ix) Loans for improved seeds				
x) Loans for rural housing				
xi) Loans for poultry occupation				
xii) Loans for improved seeds				
xiii) Loans for seeds				
xiv) Loans for fertilizers				
xv) Loans to Gram Panchayats for forest development				
xvi) Loans to Gold-smiths				
xvii) Loans to Co-op societies for implements & instruments				
xviii) Other Loans				
xix) Loans for Secondary School Bldgs.				
<b>Total Sec. I Loans with interest</b>	<b>00,02,78,512</b>	<b>00,43,04,124</b>	<b>00,03,08,500</b>	<b>00,02,76,000</b>

## ANNEXTURE I (c) Contd.....

Source of Revenue	1982-83	1983-84	1984-85 (RE)	1985-86 (BE)
<b>Sec. II Loans not bearing interest</b>				
i) Seasonal Advances by Government	15,62,92,997	18,17,89,000	19,53,35,000	07,32,05,700
ii) Advances adjusted against Grants to be repaid to Government	(-) 15,42,59,513	(-) 17,71,02,226	19,53,35,000	07,32,05,700
iii) Advances returned to Government during the year				
iv) Advances of last year returned to Government				
<b>Total Sec. II Loans not bearing interest</b>	<b>00,02,33,484</b>	<b>00,46,86,774</b>	<b>00,00,00,000</b>	<b>00,00,00,000</b>
<b>Total A. Loans (Sec. I + Sec. II)</b>	<b>00,23,11,996</b>	<b>00,89,90,898</b>	<b>00,03,08,000</b>	<b>00,02,76,000</b>
<b>B) Deposits</b>				
i) Pension Fund	00,00,00,192	-	-	-
ii) Provident Fund	-	-	-	-
iii) Depreciation Fund	00,01,55,442	00,00,56,347	-	-
iv) Deposits from local insts./bodies	-	-	-	-
v) Deposits with Block with Lok Vargani of local bodies	00,00,83,329	00,00,99,860	00,00,35,000	00,00,35,000
vi) Deposits with Blocks	00,25,67,047	00,30,54,775	00,40,00,000	00,25,00,000
vii) Security Deposits from contractors	000,04,32,081	00,10,15,826	00,12,00,000	00,07,00,000
viii) Advances to Z.P. employees	00,02,42,677	00,02,88,959	00,03,00,000	00,03,00,000
ix) Advances for construction works of various departments of Z.P.	00,40,40,597	00,34,02,681	00,45,00,000	00,30,00,000
x) Advances to Blocks	0,49,45,319	00,72,45,005	00,60,00,000	00,60,00,000
xi) Permanent Advances	00,00,00,103	-	00,00,06,000	-
xii) Investments	00,03,49,000	00,17,74,000	-	-
xiii) Miscellaneous Deposits	00,50,89,846	00,77,23,257	00,95,00,000	00,40,00,000
xiv) Advances repayable	-	-	-	-
<b>Total B. Deposits</b>	<b>01,79,05,633</b>	<b>02,46,60,708</b>	<b>02,55,41,000</b>	<b>01,65,35,000</b>
<b>Total Capital Revenue (A+B)</b>	<b>02,02,17,629</b>	<b>13,36,51,606</b>	<b>02,58,49,500</b>	<b>01,68,11,000</b>
<b>Remittance Section</b>				
Remittances	12,88,30,000	13,99,10,000	16,50,00,000	05,00,00,000
<b>Total Remittances</b>	<b>12,88,30,000</b>	<b>13,99,10,000</b>	<b>16,50,00,000</b>	<b>05,00,00,000</b>
<b>Aggregate Capital Receipts</b>	<b>14,90,47,629</b>	<b>17,35,61,606</b>	<b>19,08,49,500</b>	<b>06,68,11,000</b>

R.E. = Revised Estimates

B.E. = Budget Estimates



## ANNEXTURE I (d)

## Growth of Nasik Z.P's Capital Expenditure (1982-86)

Items of Expenditure	1982-83	1983-84	1984-85 (RE)	1985-86 (BE)
<b>Loans</b>				
<b>Section I. Loans bearing interest</b>				
<b>Loans repayable to State Govt.</b>				
i) Loans Scholarships to Teacher-students	00,00,08,803	00,00,03,681	00,00,07,000	00,00,10,000
ii) Loan Scholarship to Secondary School Students				
iii) Loans for Welfare of Backward Classes	00,00,10,805	00,00,06,369	00,00,05,000	00,00,05,000
iv) Loans for Industrial Co-op Societies for implements & instruments.				
v) Loans for small & cottage industries under SAI				
vi) Loans for Backward Class farmers for land development	-	-	00,00,01,000	00,00,01,000
vii) Loans for Backward Class farmers for wells	00,00,07,474	00,00,73,710	00,00,05,000	00,00,05,000
viii) Loans for purchasing improved seeds	-	00,00,24,158	-	-
ix) Loans for Z.P. employees for housing	-	-	00,00,05,000	00,00,05,000
x) Loans for poultry occupation				
xi) Loans for seeds				
xii) Loans for fertilizers				
xiii) Loans for gold-smiths				
xiv) Loans for rural housing			00,00,01,000	
xv) Loans for forest development				
<b>Total 1 Loans repayable to State Govt.</b>	<b>00,00,27,082</b>	<b>00,01,07,918</b>	<b>00,00,24,000</b>	<b>00,00,26,000</b>
<b>Loans to be given by Z.P.</b>				
i) Repayment of Loans				
ii) Loans to Z.P. employees for motor-cycle, bicycles	-	-	-	-
iii) Loans to Z.P. employees for housing	00,02,99,952	00,04,00,000	00,03,00,000	00,03,00,000
<b>Total 2. Loans to be given by Z.P.</b>	<b>00,02,99,952</b>	<b>00,04,00,000</b>	<b>00,03,00,000</b>	<b>00,03,00,000</b>
<b>Loans by State Government for Plan Schemes</b>				
i) Loans for Welfare of Backward Classes				
ii) Loans to BC farmers for lands implements, land development & fertilizers				
iii) Loans for small & cottage industries under SAI				
iv) Loans for industrial Co-op Societies for implements & instruments				
v) Loans for BC farmers for Bagayati Wells				
vi) Loans to agricultural schools for wells				
vii) Loans to BCs for industries & cottage industries				
viii) Loans to Z.P. employees for housing	00,00,38,000	00,00,34,500	00,00,34,500	
ix) Loans for LIC for water supply schemes				
x) Loans for gold-smiths				
xi) Loans for rural housing				
xii) Loans Scholarships to Teachers-students				
xiii) Loans for improved seeds				
xiv) Loans for seeds				
<b>Total Sec.I Loans bearing interest</b>	<b>00,03,65,034</b>	<b>00,05,42,418</b>	<b>00,03,58,500</b>	<b>00,03,26,000</b>
<b>Total Sec. II Loans not bearing interest</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total A. Loans (Sec. I &amp; II)</b>	<b>00,03,65,034</b>	<b>00,05,42,418</b>	<b>0,03,58,500</b>	<b>00,03,26,000</b>

## ANNEXTURE I (d) Contd.....

Items of Expenditure	1982-83	1983-84	1984-85 (RE)	1985-86 (BE)
<b>B) Deposits &amp; Advances</b>				
i) Z.P. employees Pension Fund				
ii) Z.P. employees Provident Fund				
iii) Former DIB Teacher's P.F.	00,00,06,172	-	-	-
iv) Depreciation Fund				
v) Lok Vargani (Public Contribution)	00,01,64,157	00,01,15,717	00,01,50,000	00,01,00,000
vi) Deposits from contractors for public works				
vii) Deposits from local bodies for public works	-	00,00,22,434	00,00,50,000	00,00,25,000
viii) Deposits with Blocks	00,25,39,673	00,27,47,892	00,40,00,000	00,25,00,000
ix) Security Deposits from contractors	00,03,71,899	00,03,07,699	00,12,00,000	00,07,00,000
x) Repayable advances for construction works	00,29,23,200	00,25,66,390	00,87,35,000	00,48,04,000
xi) Repayable advances to Z.P.employees	00,02,48,825	00,02,93,175	00,04,00,000	00,04,00,000
xii) Advances repayable				
xiii) Advances to Blocks	00,48,59,173	00,71,82,483	00,70,00,000	00,60,00,000-
xiv) Permanent Advances	00,00,00,300	-	00,00,06,000	00,00,06,000
xv) Investments	00,03,49,000	00,17,74,000	-	-
xvi) Miscellaneous Deposits	0,50,54,122	00,51,54,846	00,40,00,000	00,20,00,000
<b>Total B. Deposits &amp; Advances</b>	<b>01,66,16,521</b>	<b>02,01,64,636</b>	<b>02,55,41,000</b>	<b>01,65,35,000</b>
<b>Total Capital Expenditure (A+B)</b>	<b>01,69,81,555</b>	<b>02,07,07,054</b>	<b>02,58,99,500</b>	<b>01,68,61,000</b>
<b>Remittances Section</b>				
Total Remittances from Z.P. to P.Ss.	12,88,30,000	13,99,10,000	16,50,00,000	05,00,00,000
<b>Total Capital Disbursements (A + B + Remittances)</b>	<b>14,58,11,555</b>	<b>16,06,17,054</b>	<b>19,08,99,500</b>	<b>06,68,61,000</b>

R.E. = Revised Estimates

B.E. = Budget Estimates

## ANNEXURE II

**GLOSSARY :**

**Adhyaksha :** Chairman of Zilla Parishad.

**Block :** a term indicating a group of villages, frequently about 100 in number, which form a unit for community development or agricultural extension programmes.

**B.D.O.:** Block Development Officer (Vikas Adhikari)

**Creore :** ten million.

**Gram Sabha :** village body consisting of all male and female residents of twenty-one years and over.

**Gram Sevak :** village level worker.

**Gram Sevika :** female village level worker

**Gramdan :** Village, in which land had been given by its owners to common use in co-operative farming.

**Harijan :** 'Child of God' (Gandhi's description), 'untouchable'; formerly a member of the lower castes. Untouchability was abolished after Independence, and discrimination against untouchables is now a criminal offence.

**Hat :** weekly or biweekly market.

**Janapad Panchayat :** second-tier local authority in M.P.

**Lakh :** one hundred thousand.

**Lok Sabha :** The House of the People : (lower House of Parliament)

**Mahalkari :** Revenue officer of Mahal in Gujarat.

**Mamlatdar :** Revenue Officer of Taluka in Gujarat & Maharashtra .

**Maund :** 82 Lbs.(approx.)

**Panch :** Member of the panchayat

**Village Panchayat :** Village local body.

**Panchayat Samiti :** second-tier local authority; committee of panchayat at block level.

**Rajya Sabha :** The Council of States (upper House of Parliament).

Sarpanch : Chairman of the Panchayat.

Sarvodaya : Movement aiming at wellbeing of all.

Talathi : person responsible for maintaining village land records, and for the collection of revenue.

Taluka : Administrative sub-division of a district.

Tehsil : Administrative sub-division of a district.

Up-Sarpanch : Vice-Chairman of the Panchayat.

Zilla Parishad : District council, the third-tier local authority at district level.

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