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# REPORT

OF

## THE STUDY TEAM ON PANCHAYATI RAJ FINANCES 1963

PART I ११

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GOVERNMENT OF INDIA

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**REPORT**  
**OF**  
**THE STUDY TEAM ON**  
**PANCHAYATI RAJ FINANCES**  
**1963**

**PART I**



सत्यमेव जयते

**MINISTRY OF COMMUNITY DEVELOPMENT & COOPERATION**  
**GOVERNMENT OF INDIA**

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## 1. INTRODUCTORY

1.1. The Study Team on resources and finances of Panchayati Raj institutions was set up by a resolution of the Government of India, Ministry of Community Development, Panchayati Raj and Cooperation No. 4/78/61-Panch. dated the 29th July, 1962, which is reproduced below :—

“One of the fundamental requirements of Panchayati Raj is that adequate resources should be available to the Panchayati Raj institutions through transfer or otherwise, to enable them to discharge their responsibilities. The resources can be broadly classified as follows : resources transferred in the form of grants and loans by Central and State Governments, by higher tiers of Panchayati Raj to the lower tiers, the proceeds of taxes, duties, cesses, etc., which the institutions can levy under their own powers, income from remunerative assets developed by the institutions and gifts and donations from public spirited citizens and voluntary contributions by the people. The fifth and sixth meetings of the Central Council of Local Self-Government and the Conference of State Ministers of Panchayati Raj held in Hyderabad in 1961 discussed the ways and means of strengthening the resources of Panchayati Raj Institutions and made specific recommendations regarding the transfer of land revenue by the State Government to these institutions, the taxes to be levied by these institutions and the various remunerative assets that could be developed by the Panchayats.

The Third Five Year Plan has determined the availability of resources to the Centre and the State Governments as also their allocation under different programmes; and these allocations, priorities and the physical targets in the Plan must be adhered to. Yet a substantial number of development programmes have to be implemented through Panchayati Raj institutions and these institutions are required to raise resources of their own to supplement the allocations made in the Plan in order to achieve the prescribed physical targets. Such of the Panchayati Raj institutions as desire to take up bigger programmes on their own initiative will have to raise the additional resources required themselves. In this context, therefore, it becomes important to define the resources to be made available by State Governments to Panchayati Raj institutions, the conditions under which the resources should be available and the resources which Panchayati Raj institutions themselves could raise. Augmentation of their resources by Panchayati Raj institutions would also require that the machinery for the collection of taxes as well as the authority responsible for launching coercive processes should be rationalised. Another pertinent question to consider is the proper apportionment of the resources among different tiers of Panchayati Raj.

2. These and other connected problems have been engaging the attention of the Government of India for some time. The Government of India have accordingly decided to set up a Study Team to study these problems comprehensively and make recommendations. The composition of the Study Team will be as follows:—

Chairman—Shri K. Santhanam, Member, Rajya Sabha.

Members—(1) Shri Shree Narayan Das, Member, Lok Sabha.

(2) Shri M. Y. Ghorpade, M.L.A., Mysore.

(3) Prof. M. V. Mathur, University of Rajasthan, Jaipur.

(4) Shri C. Narasimham, Addl. Development Commissioner, Andhra Pradesh.

3. The Study Team will examine, within the broad frame-work and provisions of the Third Plan, the resources and finances of Panchayati Raj institutions in different States and make recommendations on the following subjects :—

(a) With due regard to functions transferred, sources of revenue (including land revenue) which should be handed over in full or in part to Panchayati Raj institutions and arrangements for earmarking of certain resources for maintenance of services and institutions under Panchayati Raj bodies ;

(b) Grants by State Governments and the conditions to be attached to such grants ;

(c) Mutual financial relations between the Panchayati Raj institutions ;



- (d) Steps to develop the existing resources and to build up revenue yielding assets or Panchayati Raj institutions ; and
- (e) Steps to attract gifts and donations and mobilise voluntary contributions by the people.

4. The study Team should submit its report by the 31st July, 1963.

5. The Headquarters of the Study Team shall be New Delhi. The Team may undertake tours as and when necessary and may also meet such persons who may have expert knowledge on the subject."

1.2. Subsequent to the issue of this resolution, it was stated on a point of clarification that the word 'States' in its third paragraph was used in a broad sense and was intended to include Union Territories also.

1.3. We held our first meeting on the 1st September, 1962, when we framed our rules of procedure and discussed our plan of work. We decided to call from State Governments, Administration of Union Territories and some selected Panchayati Raj institutions certain material relevant to our work. We suggested to each State Government and Union Territory Administration to choose two Zila Parishads, one having the largest resources and other with smallest resources and in the jurisdiction of each of the two selected Zila Parishads, two Panchayat Samitis on a similar basis. Likewise, two Panchayats in the jurisdiction of each of the selected Panchayat Samitis were to be chosen for the Team's visit. The letters addressed to State Governments and Administrations of Union Territories and through them to selected Panchayati Raj bodies are reproduced in Annexure I.

1.4. We thought it would be useful to invite from those Members of Parliament, who were interested in the activities of the Ministry of Community Development and Cooperation in their capacity as members of Informal Consultative Committee, their views on issues relevant to our terms of reference. We accordingly addressed them on the 4th September, 1962 in our letter reproduced in Annexure II.

1.5. From the beginning of October, 1962 to the end of June, 1963, we visited the States of Andhra Pradesh, Rajasthan, Mysore, Madras, Punjab, Uttar Pradesh, Maharashtra, West Bengal, Orissa, Kerala, Bihar and Madhya Pradesh and met there the Chief Ministers, Ministers and officers of the Governments and Presidents, members and staff of the selected Panchayati Raj institutions. We visited also a Block Samiti and a Panchayat in the Union Territory of Delhi. A list of these institutions is given in Annexure III. In the States, we met also representatives of certain public bodies and individuals interested in the development of Panchayati Raj. For instance at Madras, we had a meeting with the representatives of the Madras State Union of Panchayats and at Bangalore, those of the Mysore Pradesh Panchayati Raj Parishad. The Chairman and members of the committee appointed by the Government of Mysore to review the working of the State Act on Panchayati Raj met us at Bangalore. At Patna, the Secretary of the Bihar Raj Panchayat Parishad and its other members met us. Members of the Joint Select Committee of the Andhra Pradesh Legislature, on the State Village Panchayat Bill invited us for a meeting when we were at Hyderabad. All these visits and meetings afforded us valuable opportunities to acquire first-hand knowledge of the working of Panchayati Raj and to seek clarification on matters of detail concerning our terms of reference. We are grateful to all the authorities and persons concerned for cordial cooperation we received.

1.6. It is a matter of great regret that we were not able to visit Gujarat, Assam, Jammu & Kashmir and any of the Union Territories except Delhi. We would have liked to do so, but, we thought that we would not be justified in asking for an extension of the time allotted for the completion of our work. From a study of the material made available to us by these States and Territories, we felt that they had no specific problems which were not common to the States we visited.

1.7. We have divided our report into two parts, one being the main report which contains our recommendations and suggestions and the other giving a brief account of the set up of Panchayati Raj in each State and Union Territory. Section 2 of the main report states our approach to the problems and section 3 deals with the structure and functions of Panchayati Raj institutions. The next four Sections relate to resources and expenditure of each tier of these bodies. Section 8 is about loans and Section 9, about their budgets and accounts and the arrangements for audit. In Section 10, we mention certain general matters and in Section 11, our conclusions. We then give a summary of our recommendations and suggestions. Each State report consists of a brief account of the structure and functions of Panchayati Raj bodies, their budgets and accounts, State assistance to them and their local resources. It also includes tables showing financial position of the bodies which were visited by us.

1.8. We are deeply grateful to State Governments and Administrations of Union Territories for the material supplied in response to our enquiry, and also for the arrangements made during our tours in the States we visited. The Directors and other officers, who accompanied us, were very helpful. We are particularly thankful for the cooperation and hospitality extended by Presidents, Chairmen and members of the Panchayats, Samitis and Zila Parishads whom we met. We are grateful to the Central Minister for Community Development and Cooperation, Shri S. K. Dey and his Deputy Minister, Shri B. S. Murthy, who took continuous interest in the work of the Team. Our thanks are due also to the Secretary, Additional Secretary and other officers of the Ministry for their willing help and assistance. Finally, we thank our Secretary, Shri R. Saran, who had to shoulder the main burden of the work of the Team, Shri R. Raghunathan, Research Officer for his able assistance, Shri Budhish Chandra, P.A. to Chairman, and our assistant and two typists.

## 2. GENERAL APPROACH

2.1. It is desirable to indicate at the very out-set the general approach of the Team to the problems of Panchayati Raj. This will lead to a clearer understanding of our recommendations.

2.2. We have assumed that the decentralisation of Governmental authority to Panchayati Raj institutions is to be a permanent feature of the Indian Republic and that the development of these institutions in recent years is in pursuance of the directive principle of the Constitution which reads as follows :

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

2.3. Though the directive principle refers only to village panchayats, we think the Central and State Governments in India have rightly interpreted them to include the other tiers of Panchayati Raj.

2.4. The Team has not enquired into the merits of various types of Panchayati Raj adopted by the State Governments. The distribution of powers and functions among Panchayati Raj institutions varies widely. We have assumed that the State Governments know best what institutions are most suitable for their people. Our study has been confined to the adequacy of financial resources that have been made available to them in relation to the powers and functions transferred.

2.5. Every one of these institutions is intended to serve a threefold purpose. First, each of them, being mainly an elected body, has to be self-governing and autonomous to some extent. No representative body will be content to be a mere subordinate agency. Secondly, as planned development on a national basis is the essential characteristic of Indian economy, Panchayati Raj institutions should play an effective part in the evolution of future Five Year Plans. Proper procedures have to be evolved to ensure that their voice is heard in determining the plans needed for the areas under their jurisdiction. Thirdly, at the time of implementation, they should have sufficient scope for initiative and re-adjustment in accordance with the desires of the people and the changing needs of the locality, while generally conforming to the main national pattern that has been accepted.

2.6. Financial resources have to be adequate for the functions allotted to each Panchayati Raj institution. Nowhere in the world can local bodies function without substantial assistance from Governments. 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 to develop.

2.7. We deem it essential that every Panchayati Raj institution should have control over its staff whether such staff is appointed by itself or placed at its disposal by the State Government. This control does not mean that proper methods of recruitment should not be laid down by statute or rules or that the employees should not have adequate security of tenure or

reasonable conditions of service. For this purpose, particular categories of staff employed by Panchayati Raj institutions may belong to specific cadres either on a district or a State basis. Broadly speaking, the authority of these bodies over their staff should be analogous to that of the State Government over its own servants or others who have been placed at its disposal by the Central Government.

2.8. In what manner and to what extent Panchayats should be supervised and their work co-ordinated by Panchayat Samitis and Zila Parishads and in their turn, how Panchayat Samitis should be supervised or co-ordinated by Zila Parishads is a difficult issue on which opinions may differ. We have adopted an objective attitude on this issue and confined our inquiry to the impact of various types of relations on efficient functioning, financial management and budgeting.

2.9. While we have taken for granted that Panchayati Raj is to be permanent, its scope, content and financial resources are bound to change as a result of actual experience. It is not our desire to recommend any single rigid pattern for any tier. At the same time, there are certain basic common functions for each of these tiers and certain types of resources which are particularly fit to be managed and developed by it. We have tried to discover the greatest common measures of all their functions, powers and resources.

### 3. STRUCTURE AND FUNCTIONS

3.1. It is not necessary for our purpose to go into the past history of panchayats and other local bodies. It is well-known that there were village assemblies and Panchayats in ancient India. These institutions generally broke up under British rule. But, after Lord Ripon, there was an attempt to establish local bodies. They were mostly municipalities, district boards and taluk boards, either purely nominated or containing some members elected by narrow electorates. Under the Montagu-Chelmsford Reforms, local self-government was made a transferred subject and the Ministers concerned attempted to broaden the foundations of these local bodies. In some States, Village Panchayats were sought to be established on a wide scale. But, all these efforts were half-hearted and the establishment of Village Panchayats and reconstruction of other local bodies on a truly democratic basis figured prominently on the platform of the Indian National Congress. This found expression in the directive principles of the Constitution. Though some action was taken in the States in pursuance of constitutional provision, the inauguration of the community development programme focussed the attention of the people more on the provision of basic amenities. A great deal of construction and development work was done under the national extension service schemes. The Planning and Development Committee set up in each block was merely advisory. With the presentation in 1958 of the report of the Team for the Study of the Community Projects and National Extension Service under the chairmanship of Shri Balwantray G. Mehta, the issue of Panchayati Raj assumed great importance and urgency. The following observations in that Report relating to democratic decentralisation are particularly relevant to our work :

✓ | "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."

3.2. On the 12th January, 1959, the National Development Council endorsed the recommendations of the Balwantray Mehta Committee relating to Panchayati Raj. The Central Council of Local Self Government took stock of the action taken by the States a year later and recommended that—

✓ | "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 the Panchayati Raj so complex a subject with far reaching consequences, that there is fullest scope for laying out various patterns and alternatives. What is most important is the genuine transfer of power to the people. If this is ensured, form and pattern may necessarily vary according to conditions prevailing in different States."

3.3. All States have accordingly undertaken to establish Panchayati Raj. Necessary legislation has been passed and implemented in the States of Andhra Pradesh, Assam, Madras, Maharashtra, Mysore, Orissa, Punjab, Rajasthan and Uttar Pradesh. Legislation for this purpose has been passed in the States of Bihar, Gujarat and Madhya Pradesh and is in various stages of implementation. In West Bengal, the West Bengal Panchayat Act, 1956, is in force and legislation for the setting up of bodies at the block and district levels is under consideration. In Kerala, a new and comprehensive



Panchayat Act was passed in 1960, and is in the process of implementation. Legislation for the upper tiers is also under contemplation.

3.4. A review of the present position of Panchayati Raj in the States shows a similarity in the basic institutional structure. In many States, there is the Gram Sabha, consisting of all adult residents. It is expected to discuss the annual budget of Panchayat, administration report and the development works to be undertaken in its area. But, in all States, Panchayat is the basic unit of local government. The States of Kerala, Madras and Mysore have not made any provision for the creation of Gram Sabha.

3.5. Gram or Village Panchayat is a body of elected representatives. The number of members varies from 5 to 31 and is 15 on an average. A Village Panchayat area is generally divided into wards, each ward returning its representative on the Panchayat. In Assam and Punjab, the entire village electorate elects all its members together. Reservation for women and for scheduled castes and scheduled tribes is provided in most States. The members of Panchayats are elected by secret ballot in most States, while election by show of hands obtains in Assam, Jammu & Kashmir, parts of Madhya Pradesh, Uttar Pradesh and Himachal Pradesh. The Sarpanch (President) and Up-Sarpanch (Vice-President) are generally chosen by Panches (Members) from among themselves. Direct election of Sarpanch is prescribed in Assam, Bihar, parts of Madhya Pradesh, Punjab, Rajasthan, Uttar Pradesh and Himachal Pradesh. The term of office is five years in Kerala, Madras and Uttar Pradesh, four years in Gujarat, Jammu & Kashmir, Maharashtra, Mysore, Orissa and West Bengal and three years in the other States.

3.6. The next tier in Panchayati Raj is Panchayat Samiti. It is called Anchalik Panchayat in Assam, Panchayat Union Council in Madras, Taluk Development Board in Mysore, Kshetra Samiti in Uttar Pradesh and Anchalik Parishad in West Bengal. Panchayat Samiti is normally co-terminus with a community development block. In Mysore, it comprises the Taluk and in Maharashtra, some Samitis consist of two or three blocks. In West Bengal, there is an intermediary stage called 'Anchal Panchayat' between Panchayat and Anchalik Parishad to be established. Anchal Panchayat corresponds to the former Union Board and has been allowed to continue in view of historical association. It is Anchal and not Village Panchayat that has taxation powers. Anchal Panchayat takes care of the safety and protection of the area through Dafadars and Chowkidars, while the developmental and civic activities are assigned to Gram Panchayat.

3.7. Panchayat Samitis in most cases are indirectly elected bodies, Sarpanchs of the constituent panchayats being the members. In Mysore, members are directly elected and in the new Act of Madhya Pradesh, electoral colleges of Panches are provided to elect members of Janpada Sabhas. There is provision for cooption or reservation for women, scheduled castes and scheduled tribes and for special interests like cooperative societies and banks. The M.L.As. and M.Ps. representing the constituencies, of which the Panchayat Samitis form part, are *ex-officio* members generally without voting rights. The term of Panchayat Samiti is concurrent with that of Panchayats. Its President and Vice-President are selected from among the elected members. There are, however, slight variations in Assam, Madras, Maharashtra and Punjab. In Assam, the election of Anchalik Panchayat is direct, but, the organic link with Panchayats is established by making the elected members *ex-officio* members of Panchayats. In

Madras and Punjab, every Panchayat has to elect from among its members its representatives on Panchayat Samiti. Orissa provides for one of the Panches to be elected to serve on Panchayat Samiti in addition to the Sarpanch. In Maharashtra, the councillors of Zila Parishad directly elected from the divisions in a block area become *ex-officio* members of Panchayat Samiti.

3.8. The highest tier is Zila Parishad, the jurisdiction of which generally extends over a district. In Assam, however, this generally corresponds to a sub-division while, in Madras, the 13 districts have been demarcated into 21 development districts for this purpose. As in the case of Panchayat Samiti, members of Zila Parishad are, in most cases, indirectly elected with the Presidents of Panchayat Samitis and local M.L.As. and M.Ps. as members. Provision is generally made for cooption of women, scheduled castes, scheduled tribes and special interests like cooperative banks and societies and persons interested in rural development. M.L.As. and M.Ps. have no voting rights in Orissa and Punjab. In Gujarat, Punjab and Uttar Pradesh, additional members of Panchayat Samiti are elected to serve on Zila Parishad. The only exception is Maharashtra where a pre-determined number of councillors are directly elected from the electoral divisions in the district, but, the organic link is established with Panchayat Samiti by making the councillors, members of the corresponding Panchayat Samitis. The term of office of Zila Parishad and that of Panchayat Samitis are the same.

3.9. The functions of Panchayat can be classified under the following three categories :

- (i) civic amenities;
- (ii) social welfare activities; and
- (iii) development work.

Sanitation, conservancy, public health, street lighting, safe drinking water supply, and maintenance of village roads, culverts, schools, etc., come under civic amenities which are generally obligatory, while other activities, which are optional, include setting up and maintenance of library, reading-room, community hall, play-ground and recreation, maternity and child welfare centres, cart and bus stands and burial ground, etc. In regard to development works, Panchayats function generally as agents of Samitis or Zila Parishads. In the Union Territory of Delhi, the ordinary civic functions of Panchayats, together with taxes and grants, have been entrusted to the Delhi Municipal Corporation. As a result, Panchayats are a mere agency for executing local development works and raising public contributions for them.

3.10. Panchayat Samiti is intended to take over the development functions which have been performed for the last ten years by the community development block. Besides, it has also to perform civic functions such as the administration of primary education, health and sanitation including rural dispensaries, and maintenance of village roads and minor irrigation sources. In many States, Panchayat Samitis have been entrusted with the supervision and control of Panchayats including the scrutiny and passing of their budgets. Madras is a notable exception as it does not provide for supervisory control of either by a higher body. Though it may be the responsibility of Panchayat Samiti, the execution of works like construction of school

buildings, roads, etc., is generally entrusted to Panchayats, the latter making some contribution towards the cost.

3.11. It is in the constitution and functions of Zila Parishads that the greatest differences are to be found in the States. In some States like Madras, Rajasthan and Punjab, it is a purely advisory and coordinating body which periodically meets and discusses the various problems that arise in connection with Panchayati Raj and the development schemes of the District. Maharashtra stands at the other end as Zila Parishad there is the most important self-governing body with large executive functions including primary and secondary education, district roads, hospitals and dispensaries, health and sanitation, etc. Panchayat Samiti there is mainly the implementing agency of Zila Parishad. The Chief Executive Officer of Zila Parishad is of the rank of District Collector and Zila Parishad has powers of supervision over Panchayat Samitis and Panchayats. Between these two extremes are to be found Andhra Pradesh and some other States where Zila Parishad has some executive functions like the administration of public secondary schools and distribution of grants received from the State for social welfare, etc.

3.12. As a result of our visits and discussions with the officers and the representatives of Panchayati Raj institutions, we found that Panchayats had in many places made genuine efforts to discharge their functions. There were, of course, instances where they were not discharging even the minimum obligatory functions, largely due to paucity of funds. Even the basic civic amenities like safe drinking water supply, sanitation and conservancy, were not being provided to the community. Panchayats had shown greater initiative and enthusiasm in constructing school buildings, community halls, Panchayat ghars and village approach roads, through local contributions and Government matching grants, but had been unable to maintain them in good repair. ✓

3.13. Panchayat Samitis also are unable to exercise any initiative in instituting special programmes or development projects of their choice, because they do not have independent sources of revenue. Most of the grants they receive are tied to specific projects and they act merely as agents for implementation. The schematic pattern of community development programme is not sufficiently elastic to provide much scope for their initiative.

3.14. Zila Parishads, where they are advisory bodies, do not experience any particular difficulty, but, they feel that the scope and procedure for their consultation are not satisfactory and their advice is not being given sufficient consideration by State Government. Where they have executive functions, the scarcity of resources has the same limiting effect on their activities as in the case of Samitis.

3.15. The Acts in many States provide for control, supervision and assistance of the lower tiers of Panchayati Raj institutions by higher tiers. Except in Madhya Pradesh, Madras and Punjab, Panchayat Samitis have powers of scrutiny and approval of the budgets of Panchayats. In all States except Madras, Zila Parishad scrutinizes and passes the budgets of Panchayat Samitis. One of the functions of Zila Parishads is the coordination of the activities of Panchayat Samitis. As Panchayati Raj has been functioning only for a short time, it is too early to comment on this aspect.

#### 4. RESOURCES OF PANCHAYATS

4.1. Statutory panchayats had been established in 94 per cent of Indian villages by the 31st March, 1962. In terms of rural population, they covered 352 millions. The major exception was West Bengal where only 38 per cent of villages had been covered. It is expected that before long Panchayats will be established in remaining villages of that State.

4.2. These Panchayats vary widely in population and area. The average population of a Panchayat in Kerala is, 15,493. Next to Kerala, the largest Panchayats are to be found in Orissa where the average population is 6,746. In Bihar, Jammu & Kashmir, Assam and West Bengal, it ranges between 3,000 and 4,000; in Mysore, Rajasthan and Himachal Pradesh, between 2,000 and 3,000; in Andhra Pradesh and Madras, between 1,500 and 2,000; and in Gujarat, Maharashtra, Madhya Pradesh, Punjab and Delhi, between 1,000 and 1,500. In Uttar Pradesh, it is less than 1,000. There are variations also amongst Panchayats in each State. In Madras and Mysore, Panchayats with a population of 5,000 and with an annual income of over Rs. 10,000 have been classified as Town Panchayats and, in Andhra Pradesh, as notified Panchayats. In Gujarat, village Panchayats with a population of over 10,000 and not exceeding 30,000 are known as Nagar Panchayats. Such classification is useful as these Panchayats are in the nature of semi-municipalities and can afford adequate administrative staff.

4.3. The functions of Panchayats in different States have a similarity, though their enumeration and classification varies considerably. In some States, they are divided into two categories, viz., obligatory and discretionary. For instance, in Madras they have been divided into eight obligatory and ten discretionary heads and, in Andhra Pradesh, twelve obligatory and twenty-seven discretionary. In Punjab, 27 functions have been made obligatory and the State Government has power to direct that seven discretionary functions also should be treated as obligatory. In Maharashtra, Kerala, Mysore and some other States, a large number of functions under each head, like agriculture, animal husbandry, education, health, etc., have been listed. It has generally been enjoined that, subject to their financial limitations, Panchayats should make provision for safe drinking water supply, sanitation and conservancy, maintenance of village roads, school buildings, street lighting and some other amenities like the radio, community hall and children's park. We cannot help wishing that when the Acts were passed by the legislatures, an attempt had been made to estimate the minimum cost of fulfilling the obligatory functions and to provide resources for the purpose. The actual resources often vary inversely to the number and extent of obligatory functions.

4.4. The resources of Panchayats may be classified into :

- (a) proceeds from taxes levied by them;
- (b) fees and charges imposed;
- (c) income from property, investments and remunerative undertakings;
- (d) assistance received from State Governments; and
- (e) public contributions.

4.5. All Panchayat Acts provide for the levy of taxes by Panchayats. A list of these taxes is given in Annexure IV. In certain Acts, some taxes are made obligatory and others are optional. In Assam, Gujarat, Jammu & Kashmir, Rajasthan and Uttar Pradesh, all taxes are optional. House tax is compulsory in the States of Andhra Pradesh, Kerala, Maharashtra, Madhya Pradesh, Madras, Mysore and Punjab. In these States, except Maharashtra and Punjab, profession tax is also compulsory. Vehicle tax is compulsory in the States of Kerala and Madras.

4.6. Taxation is undoubtedly an unpleasant task. In many Panchayats we visited, the argument was advanced that as the Central and State Governments were levying a number of taxes, Panchayats should not be compelled to tax the people and that they should function with resources derived from above or from optional taxes, fees and voluntary contributions. We do not agree with this view. We hold that levy of at least a few compulsory taxes is essential not only to assure every Panchayat a small income from its own resources but also to emphasise the fact that it is a self-governing body. House-tax, profession tax and vehicle tax are eminently suitable for this purpose.

4.7. At the same time, we do not think that Panchayats should be tied to any rigid rates of these taxes. Minimum and maximum limits of rates should be prescribed. While a Panchayat should be deemed to levy the tax at the minimum rate, it should be open to it to raise it up to the maximum.

4.8. House tax is levied on the basis of capital value of a house, its annual rental value or such other basis as may be prescribed by the State Government. In Madras, house tax may be levied on the basis of capital value, annual rental value, classified plinth area or on a combination of any two or more of the above bases. For a levy on capital value, the prescribed minimum rate per half year is 1/16 per cent of that value and the half yearly maximum rate, 1/2 per cent of it. On annual value, 1 per cent is the minimum rate for a half-year and 10 per cent, the maximum. The State Act prescribes minimum and maximum rates also for houses classified on plinth area basis, e.g., terraced, thatched, tiled, etc. (In most of the rural areas, excepting the areas of Town Panchayats and similar large Panchayats, rental value can generally be only notional. It is, therefore, desirable to levy house tax on the basis of capital value.)

4.9. (An important question, which arises with respect to house tax, is whether there should be any exemptions.) In Madras and Andhra Pradesh, no exemptions are provided, but, in Madhya Pradesh, all houses of the value of less than one thousand rupees are to be exempted. (Although it may be argued that poor people in rural areas, especially those living in thatched huts, should be exempted, we feel that no hut or house should be exempted. We do so as much on sociological grounds as for financial reasons. At a minimum rate of 1/10th per cent a hut valued at Rs. 250 will have to pay a tax of 25 nP. and one at Rs. 500, 50 nP. We do not believe that it will be a hardship for even the poorest families to pay at this low rate. Payment of this tax will give them a feeling that they are directly contributing to the funds of the Panchayat and are, therefore, entitled to the services and amenities which it provides to all residents. The universalisation of house tax will force every Panchayat to keep an up-to-date list of all houses of various classes and the changes in this list will be a true indication of the rise in prosperity of the village. On the other hand, any kind of



exemption may result in a considerable shrinkage of proceeds of house tax, especially in the case of poorer villages where such income will be particularly valuable.) In course of time, all huts should be converted into pucca houses if our planning is a reality. The importance of the house tax is indicated roughly by its incidence during 1961-62 in the area of the Panchayats visited by us in the following States—

	mP. per capita
Mysore .. .. .	73
Andhra Pradesh .. .. .	60
Maharashtra .. .. .	52
Madras .. .. .	36
Punjab .. .. .	13

4.10. Another important issue in connection with this tax is to ensure proper valuation of houses. In many Acts, the State Government has been empowered to make rules regarding the method of valuation. We understand that, in Andhra Pradesh, the Government is setting up an independent agency for this purpose. We consider that this is a desirable step and, wherever this is done, we are sure that income from house tax will be substantially increased.

4.11. (We, therefore,) recommend that in all States there should be a compulsory house tax without exemptions. The annual maximum and minimum rates based on capital value of houses may be as follows :—

- (a) On a house of capital value not exceeding Rs. 250. Minimum 25 nP. and maximum Re. 1
- (b) On a house of capital value ranging from Rs. 251 to Rs. 500. Minimum 50 nP. and maximum Rs. 2
- (c) On a house of capital ranging from Rs. 501 to Rs. 1,000. Minimum Re. 1 and maximum Rs. 5
- (d) On a house of capital value of over Rs. 1,000. For every increase of Rs. 500 or part thereof the increase in the minimum and maximum rate to be 50 nP. and Rs. 2·50 respectively.

For Town Panchayats, the rates may be higher.)

4.12. In some States, profession tax is leviable by Panchayats on every company or firm which transacts business in a village for not less than 60 days in aggregate in a year and on a person who exercises a profession, art or calling or transacts any business or holds any appointment, public or private, and resides in that village for not less than 60 days. It is leviable also on persons residing in a Panchayat area and are in receipt of pension. Generally, persons with income less than Rs. 300 per year are exempted. In the Andhra Pradesh Village Panchayats Bill, the following minimum and maximum rates have been provided :

Class	Yearly Income	Minimum yearly tax Rs.	Maximum yearly tax Rs.
I.	More than Rs. 30,000	200	250
II.	More than Rs. 24,000 but not more than Rs. 30,000	150	200
III.	More than Rs. 18,000 but not more than Rs. 24,000	100	150
IV.	More than Rs. 12,000 but not more than Rs. 18,000	50	100
V.	More than Rs. 9,000 but not more than Rs. 12,000	24	50
VI.	More than Rs. 6,000 but not more than Rs. 9,000	12	24
VII.	More than Rs. 3,600 but not more than Rs. 6,000	8	12
VIII.	More than Rs. 2,400 but not more than Rs. 3,600	4	8
IX.	More than Rs. 1,200 but not more than Rs. 2,400	2	4
X.	More than Rs. 600 but not more than Rs. 1,200	1	2



4.16. Besides these taxes, provision exists in certain Acts for levy of the following taxes at the option of Panchayats :—

- (a) Kolagaram or Katarusum tax is levied customarily in some districts of Andhra Pradesh on the village produce sold in village by weight, measurement or number. This tax is generally farmed out to contractors whose business it is to keep track of sales and collect the tax. It is a valuable source of income for many Panchayats in that State. Even a small levy on the produce of a village sold within its limits will yield a substantial income. We recommend that this may be added as an optional tax wherever it is not provided. Panchayats should be encouraged to levy it.
- (b) Octroi has been provided as one of the optional taxes in Mysore, Gujarat, Maharashtra and Rajasthan. In Mysore, it is confined to Town Panchayats. In the areas of big Panchayats, it is likely to prove a source of appreciable income, but, it is considered generally to be a regressive tax. While its immediate abolition in places where it is levied at present may not be practicable, we suggest that the State Governments concerned should consider if it is possible to replace it by other progressive taxes.
- (c) In Maharashtra, Gujarat, Jammu & Kashmir, Rajasthan and Bihar, pilgrim tax is leviable at the option of Panchayats. We found at Dehu in the Poona district of Maharashtra, which is the birth place of Sant Tukaram, the Panchayat was getting such a large income from this tax that it neglected all other tax sources. We consider that as pilgrim tax can be levied only at certain centres, which have religious or other importance, its levy should not be entrusted to Panchayats. Wherever it is desirable to impose it, it should be with Panchayat Samiti or Zila Parishad, a part of the proceeds being given to Panchayats concerned and the rest utilised for the common benefit of people of the area of Panchayat Samiti or the district. The expenditure that has to be incurred in this connection should also be shared suitably.
- (d) In the Panchayat Act of Jammu & Kashmir, power has been given for levy of a tax on animals. During our visit of Punjab, we were told that a tax on buffaloes and other milch cattle could yield substantial income for Panchayats. We suggest that it should be considered by the State Governments whether such a tax should be included amongst those within the powers of Panchayats.

4.17. Fees and rates may be broadly classified into; (a) fees for services; (b) licence fees; and (c) fees in the nature of fines and penalties.

- (a) Many Acts provide for levy of fees for water supply, drainage, street lighting and conservancy. Ordinarily, they should be optional, because these are normal social services which a Panchayat is expected to render to its people. But, where water supply, electric lighting, or drainage is provided through loans, it is right that a fee should be charged from all the beneficiaries. Where a Panchayat consists of many villages or hamlets and a particular service is rendered only to a part of its area, those,

who do not benefit, should be exempted from the levy of the fee. Normally, the basis for fixing the rate of such a fee may be the amount needed for servicing the loan taken or the liability incurred in providing the service.

- (b) Licence fees are levied for registration of cattle sold, collection of hides and skins, tea stalls and restaurants, or goods exposed for sale in markets, for direction of new buildings, for use of common land and community property and for carrying on offensive or dangerous trade. Annexure V gives a list of fees provided in the State Acts. We suggest that the position in each State should be reviewed to make the powers of Panchayats in this behalf as comprehensive as possible.
- (c) Fines and penalties are leviable by Panchayats for (i) encroachments, (ii) failure to take licences, and (iii) unauthorised possession of or dealing in prohibited articles, etc.

4.18. Some Acts provide that fines imposed by Nyaya Panchayats should go to village panchayats. This is generally coupled with the liability to meet the expenses of Nyaya Panchayats. We note that in the report of the Study Team on Nyaya Panchayats it has been suggested that "gram panchayats may, by law, be required to transfer a percentage of their funds to Nyaya Panchayats or alternatively the State Governments may make reasonable grants for the purpose of Nyaya Panchayats". We support the latter suggestion. The quantum of work of Nyaya Panchayats is bound to be different in different places and if it is so heavy as to require the services of a full-time Secretary or is such as to put a burden on the staff of village panchayat, the work of both bodies will suffer by merging their incomes and expenses. The provision for this purpose may be made at Panchayat Samiti level where it will be easier for the Government to make grants on the basis of actual net cost of Nyaya Panchayats.

4.19. The Panchayati Raj institutions are integral part of the State Government. It logically follows that all properties of the State Government at the village level, which can be managed by Panchayats, should vest in them, and they should have also the obligation of maintaining and improving them. We are glad to find that many Panchayat Acts vest in Panchayats the unoccupied lands belonging to State Governments. We give in Annexure VI the items transferred to Panchayats in various Acts.

4.20. During our tours, we found that there was considerable reluctance on the part of revenue and forest authorities to transfer Government lands and unreserved forests to Panchayats where such transfer was discretionary. We were also surprised to find that considerable sophistry was being exercised not to transfer the usufruct of trees on the sides of National and State highways. In some States, even cattle pounds were being retained under the control of revenue authorities. We suggest that this attitude should be given up. Unless specifically exempted, the following properties situated in a Panchayat area and not belonging to a private party should be transferred to the Panchayat :—

- (a) all land;
- (b) all trees;
- (c) ponds and tanks and fishery rights therein;
- (d) unreserved forests; and
- (e) choultries, rest houses and other buldings.

4.21. Rules will have to be made and restrictions imposed to ensure that Panchayats do not alienate, misuse or neglect such properties. We were surprised to find that a Panchayat in Rajasthan was selling its *abadi* land and spending the proceeds on its current expenses. To sell land for the purpose of house building may be justified, but, the proceeds of such sale should go into a capital fund to be used only for expenditure which will create permanent assets for Panchayat. Alienation of any kind of village immovable property by a Panchayat should be subject to permission or approval of a prescribed authority. Similarly, while Panchayat should have the usufruct of trees in its area, its right to cut them should be subject to strict conditions. One of the features of our present fuel economy has been the indiscriminate cutting of trees growing in village common lands and unreserved forests. As a result, there is a scarcity of fuel. The absence of shade makes life unpleasant for men and animals in summer. Every possible inducement should be given to Panchayats to undertake tree planting on a large scale. We are convinced that if the rights relating to land and trees are transferred to Panchayats and the responsibility for looking after them rests entirely with these bodies, villages will grow green and, in due course, become self-sufficient in fuel. It is a matter worth noting that in Punjab, as a result of consolidation of holdings, 1/10th of the total extent of consolidated land accrues to Government and 5 acres of such land are to be given to Panchayat.

4.22. In some States, in which villages have large areas of cultivable land which have not been assigned to individuals for cultivation, it may not be desirable to transfer all such land entirely to Panchayats and make it the agent for future assignment to land-less labourers or others. We suggest that, in such cases, a minimum of one cent of land per capita should be given to each Panchayat to be utilised as non-alienable community property, while the rest may be retained with the Government. At the other extreme, there are villages where practically the entire land has become the property of private persons and Panchayats have no land even for dumping of village refuse or digging of compost pits. We consider that compost making should become an obligatory duty of every Panchayat. We were told that one enterprising Panchayat in Mysore was getting a large income annually from the sale of compost. We suggest that, wherever necessary, State Governments should acquire land and hand over to each Panchayat not less than 5 acres to be used as community property for house sites, compost making, tree planting, nursery and for such other purposes.

4.23. Wherever there are ponds and tanks which do not dry up in summer, pisciculture is likely to be a valuable source of income for Panchayats. We note with satisfaction the Orissa Government's far-sighted steps to organise pisciculture all over the State on a scientific basis. Wherever fishing rights belong customarily to local communities of fishermen, the management of the tank or pond should vest in Panchayat, subject to such customary rights. It is possible that some method of sharing the income from fisheries between Panchayats and such communities can be arrived at. Panchayats will maintain and repair such tanks and collect the charges from persons who have such rights. We consider that cattle pounds should normally be the property of Panchayats. In some States like Madhya Pradesh, they are an important source of income of Panchayats. They should be handed over to Panchayats even where it does not yield a net income as it is essentially a local function. With cattle pounds, Panchayats should be given the right to fix the minimum and maximum rates.



4.24. Fairs and markets constitute a good source of income of Panchayats. In many Acts, the State Governments are empowered to classify markets into Panchayat markets and Samiti markets. In some States, big annual cattle fairs have been handed over to Zila Parishads. A classification is necessary and justified as a fair or a market may not serve exclusively the area or population of a Panchayat. We presume that this classification will be made on the basis of the income from such fairs and markets and the population served by them. In the case of markets classified as Panchayat markets, the income may go to Panchayats. In the case of markets classified as Samiti or Zila Parishad markets, we consider that a reasonable share of income should be given to Panchayats in the area of which the fair is held or the market is organised. This share may be 1/3rd of the net income, subject to a maximum of one rupee per capita of the population. In some places, markets are controlled by Market Committees or Societies established under special laws. But for such laws, Panchayats and Samitis would have been able to derive income from licence fee or by themselves managing the markets. It is, therefore, reasonable that, where Market Committees or Societies make profits or derive net income, this should be shared with Panchayati Raj institutions in a reasonable manner. We recommend that this matter should be carefully examined by the State Governments. We further recommend that, wherever, possible, Panchayats and Samitis should be allowed to participate actively in the organisation of markets.

4.25. All local bodies have to depend to a greater or lesser extent on State assistance. The Panchayat Acts provide for this in a variety of ways. Land revenue and local cess on that revenue constitute principal items of State assistance to Panchayats. They may be broadly grouped into (a) general purposes grants accruing to all Panchayats, (b) additional general purposes grants from equalisation funds and (c) specific grants. The following table gives the extent of this assistance in different States :—

(a) Andhra Pradesh	..	..	..	25 nP. per capita and 16 nP. per rupee of cess.
(b) Bihar	..	..	..	6½ per cent of land revenue (but, not yet given effect to).
(c) Kerala	..	..	..	3/4th of basic tax (provided in the Act, but, as the constitutional validity of this tax is in dispute, no actual transfer has been made).
(d) Madras	..	..	..	10 nP. per rupee of land cess for Town Panchayats and 20 nP. per capita out of land cess for Village Panchayats.
(e) Maharashtra	..	..	..	30 per cent of land revenue on collection basis.
(f) Mysore	..	..	..	30 per cent of land revenue.
(g) Punjab	..	..	..	10 per cent of land revenue.
(h) Rajasthan	..	..	..	20 nP. per capita subject to a maximum of Rs. 400.

4.26. The levy of a surcharge on stamp duty is another way of State assistance to Panchayats. In Andhra Pradesh and Madras, a surcharge at a maximum of 5 per cent is levied on the amount of consideration in sale or value of property as set forth in the instrument in case of exchange or gift and on the amount secured in case of mortgage. In Kerala, the maximum rate of surcharge is 4 per cent. This assistance is sometimes greater than the per capita grant. The position in different States regarding

surcharge on stamp duty levied for the benefit of Panchayats and higher tiers is as follows :

Sl. No.	State	Institute receiving proceeds	Limits prescribed in the Act
1.	Andhra Pradesh ..	Panchayat Samiti Parishad	At such rate as may be fixed by Government not exceeding 5 per cent of value of property.
2.	Assam .. ..	Panchayat	To be imposed at such time and in such manner as may be prescribed.
3.	Gujarat .. ..	Taluk Panchayat	At a rate not exceeding 15 per cent of stamp duty levied on an application by Taluk Panchayat/District Panchayat.
		District Panchayat	At a rate not exceeding 10 per cent of stamp duty levied on an application by District Panchayat.
4.	Kerala .. ..	Panchayat	At such rate as may be fixed by Government not exceeding 4 per cent of value of property.
5.	Madhya Pradesh ..	Janapada panchayat	Power to increase by $\frac{1}{4}$ per cent on the value of property.
6.	Madras .. ..	Panchayat	At such rate as may be fixed by Government not exceeding 5 per cent of value of property.
7.	Maharashtra ..	Zila Parishad	$\frac{1}{2}$ per cent on value of property.
8.	Mysore .. ..	Taluk Board	At a rate not exceeding 5 per cent of value of property.
9.	Punjab .. ..	Panchayat	At such rate as may be fixed by Government not exceeding 2 per cent.

4.27. Stamp duty is eminently suitable for strengthening the finances of Panchayats. As it is the purchaser or the mortgagee of the property that pays the duty, it does not affect the general population.

4.28. An issue in relation to stamp duty is whether it should go entirely to Panchayats as in Madras or it should be shared by other tiers also. In Madras, the stamp duty is collected for a Panchayat Union area as a whole and then distributed to Panchayats on the basis of land revenue collections. In Andhra Pradesh, a Panchayat gets  $\frac{3}{5}$  of the duty collected in its area and the Samiti and Zila Parishad divide the remainder equally. We, however, feel that it should be shared in some equitable proportion between the Samiti and its Panchayats and, therefore, recommend that—

- (i) surcharge on stamp duty not exceeding 5 per cent of the value of property be levied for the benefit of Panchayati Raj institutions;
- (ii) it should be levied by State Government and collected along with the State's stamp duty;
- (iii) the duty collected within the area of a Panchayat Samiti should be distributed in an equitable manner between the Samiti and its Panchayats.

4.29. Another important tax, the proceeds of which may be given wholly or partly to Panchayats and Samitis, is the State entertainment tax. In Madras and Andhra Pradesh, it has been provided that

90 per cent of entertainment tax collected within the areas of a Panchayat Union Samiti should be transferred and shared between it and its constituent Panchayats in such proportion as the State Government may determine. At present, the entire share is handed over to Panchayats. The Acts of Gujarat, Maharashtra, Kerala and Mysore empower Panchayats to levy a tax on entertainment which is usually a show tax only. We recommend that the whole or part of entertainment tax levied by the State Government should be shared with Panchayats and Samitis. They may levy a show tax in addition.

4.30. In some States, special assistance is given in the form of part or whole of the salary of the Secretary of Panchayat. We recommend that this assistance should be in the form of a purposive grant, if it cannot be covered by increasing the per capita grant, if any. It is essential that the Secretary should be paid directly by the Panchayat.

4.31. Equalisation grants are given in many States to redress inequalities of income derived on the basis of land revenue and cess. On this basis, Panchayats in areas of fertile and irrigated land are bound to get much more than others. In Maharashtra, the State Government makes up the difference between the grant equal to 30 per cent of land revenue and the amount worked out at the rate of one rupee per capita. In Andhra Pradesh, an amount equal to 25 nP. per capita is kept as an equalisation fund for distribution to backward Panchayats. In Mysore, the Panchayats, whose income from 30 per cent land revenue grants falls below 45 nP. per capita, are to be assisted to bring it to this level.

4.32. In Orissa, the revenue derived from sale of Kendu leaf is shared with Panchayats and Panchayat Samitis. We would suggest that Madhya Pradesh and Uttar Pradesh Governments, who also have this source of revenue, may consider the desirability of following the Orissa example.

4.33. In order to induce Panchayats to levy taxes at higher rates and to collect them promptly, Madras Government gives a matching grant equal to the house tax collected by a Panchayat. In some States, special prizes are awarded to Panchayats for good performance including optimum collection of revenue. We think that matching grant on a wider basis than that of Madras, but at a more moderate rate, may induce Panchayats to raise the rates above the minimum and encourage prompt collection. We, therefore, recommend that the entire tax demand of a Panchayat, excluding the arrears, may be taken as the basis for a matching grant. If collection of 75 per cent is made in a year, an amount equal to 15 per cent of such collection should be given as matching grant which should increase by at least 1 per cent for every 5 per cent increase in collection. This grant should be on more liberal basis for Panchayats in backward areas.

4.34. In spite of all these methods of assistance, we have to record the painful fact that the total income of a vast majority of Panchayats is far from adequate to give them a firm foundation. It is obvious that, without necessary administrative staff, a Village Panchayat will not be able to function effectively. Efforts of a Panchayat to raise local resources by taxation and by other ways will be more successful if people know that the proceeds are to be used for the provision of civic amenities and not for mere administrative expenses. We, therefore, recommend that a basic minimum maintenance assistance of Re. 1 *per capita* should be given to every Panchayat and that the Central Government and State Governments

should share equally in such assistance. It may be argued that the Government of India has not so far given any direct assistance to Panchayats for such purpose. But, we are sure that the Central Government is as anxious as the State Governments that this basic unit of Panchayati Raj should not languish or wither away for want of minimum income. We do not think that, without the great impetus given by the Balwantray Mehta Committee report and the resolution of National Development Council, Panchayats would have come to be established universally all over India. So far as the Central Government is concerned, this grant, which may cost it about Rs. 18 crores annually, may for the remaining period of the Third Five Year Plan be adjusted partly or wholly against the grants now being made to States under article 282. To the extent this is done, it will amount to the Central Government earmarking a portion of its assistance to States for the benefit of Panchayats. The financial assistance by State Governments to Panchayats is given in various forms mentioned above, but, wherever this assistance does not amount to a minimum of 50 nP. per head, it will have to be made up before a State Government becomes eligible for central assistance.

4.35. We do not suggest that any State should be satisfied with providing to a Panchayat an assistance equal to 50 nP. *per capita* of its population. Unless substantially more is provided, Panchayats will not be able to meet their obligations. Local bodies of the type of Panchayats in France, U.K. and some other countries have a *per capita* income ranging between Rs. 50 and Rs. 100. It will take quite some time before we can contemplate for our Panchayats an average revenue of even Rs. 5 *per capita*. We are convinced that an assistance of rupee one *per capita* is the minimum which every Panchayat should get from the Central and State Governments. We have no doubt that the acceptance of this recommendation will produce a psychological revolution in Panchayats all over the country and they will be able to raise more than they do at present from their own resources and exploit fully the compulsory and optional taxes we have suggested for them.

4.36. A remarkable achievement of the community development programme is that the practice of raising substantial local contribution for development works such as school building, roads, dispensaries, public latrines, primary health centres, Panchayat ghars, etc., has become common. This has been made possible by the offer of matching contribution from Government. We are anxious that this method should be maintained. In the Panchayat Acts of some States, there is provision for labour tax which may be commuted in cash. Again, there are provisions enabling Panchayats to levy special taxes based on land revenue, etc., for particular purposes. Recently, under the inspiration of the Community Development Ministry, Defence Labour Banks have been established in which labour donations of village people are recorded. We think it is necessary that all these efforts should be rationalised. For this purpose, we make the following recommendations :—

In all States, Panchayats should have power to levy special tax based on land revenue, house tax or on some other basis for executing specific development projects. It should be valid only for one year, but may be renewed by a resolution. In the first instance, efforts should be made to execute a scheme by voluntary contributions of labour or money. If these contributions are not adequate, resort may be had to Defence Labour Bank, labour tax or special

levy payable in cash or labour. The voluntary contributions may be adjusted towards these levies. It is essential that the people should not be burdened by too many demands voluntary, compulsory or both. At the same time, it has to be remembered that the conversion of idle labour into useful public asset is one of the most promising lines of development for our villages.

## 5. EXPENDITURE OF PANCHAYATS

5.1. When we turn to the obligations of Panchayats, we do not propose to enumerate exhaustively all the work which a Panchayat can do. The first task of every Panchayat is to provide safe drinking water for men and animals, proper maintenance of streets and buildings which are its property, repair and maintenance of tanks entrusted to it for fishery or minor irrigation and sanitation, conservancy and street lighting. We have found that it is also essential that every Panchayat should have a Panchayat Office (Ghar) where it can meet and keep its records. It may also be mentioned that every Panchayat is expected to engage actively in the development functions relating to agriculture, animal husbandry, industries, etc., under the guidance of Samitis.

5.2. Even minimum obligations can be performed only where Panchayat has at least a Secretary and a Chowkidar or messenger. There may be exceptional cases where a Sarpanch or President of Panchayat, who is sufficiently educated, energetic and public spirited, is able and willing to conduct all the affairs of Panchayat without any paid assistance. It is generally necessary to provide for minimum staff and contingencies. Here, the size of the population of Panchayat and its financial viability become crucial factors. In some places, it has been suggested that a Panchayat should be confined to a village or hamlet, however, small it may be. It is argued that this will enable the village people to conduct their affairs through Gram Sabha, Panchayats serving simply as the executive committee of the Sabha. Theoretically, this is an attractive picture. But, in practice, it is altogether visionary. Without an office and Secretary, none of the essential tasks of Panchayat can be adequately and efficiently performed. After a careful consideration, we have come to the conclusion that ordinarily a population of 1,500 to 2,000 is desirable for the satisfactory functioning of a Panchayat. It may be remarked that even this population may not ensure financial viability where the people are too poor to enable it to have sufficient income by way of taxes or otherwise. With an income of only one rupee *per capita*, even such a Panchayat will not be able to function effectively. Rs. 1,500 a year will hardly suffice to maintain minimum establishment. If our recommendations regarding taxation and Government assistance are accepted, the income of such a Panchayat will range from Rs. 3,000 to Rs. 4,000 and the position will become easier. Even in such a case, we feel that the administrative expenses should not constitute a disproportionate part of the total expenditure. We recommend that a limit of a maximum of 25 per cent of income for expenditure on administration should be aimed at, though immediately this may not be possible in the case of the smaller panchayats. By administration, we mean only the cost of maintenance of office, the pay of Secretary and Assistant who will perform all duties including that of a messenger and bill collector. It will not include sweepers and other staff engaged in performing social services.

5.3. Generally, in the case of all Panchayats with an annual income of less than Rs. 10,000, some kind of pooling of the existing village revenue staff and the staff of Panchayat is essential. If the work of collection of land revenue and of maintenance of land records is transferred to Panchayats,

this becomes automatic. Many Panchayat Acts empower State Government to transfer the work of collection of land revenue to Panchayats. This is an issue which we have not been able to study with the care that it requires and, therefore, we do not wish to make a general recommendation. Wherever the revenue authorities feel confident and Panchayats agree, revenue collection work may be transferred to them. Panchayats may take over the staff engaged in such collection or be paid commission for the work. Even without the actual transfer of the work of revenue collection or of maintenance of land records, it is possible to have common staff for revenue department and Panchayat. This has actually been achieved in Madras where the Karnam (Village Accountant) has been made the *ex-officio* Secretary of Panchayat and is paid a small additional remuneration by it. In Maharashtra, the same result is sought to be achieved by pooling the present Panchayat Secretaries, Talatis (Village Accountants) and Village Level Workers and deputing them as Secretaries to Panchayats to perform the duties of all the three functionaries. In other places, part-time Secretaries on monthly salaries ranging from Rs. 15 to Rs. 40 have been employed. In some States, the Government has appointed one Secretary for several Panchayats. In Punjab, one person serves as many as 7 to 8 Panchayats and in Uttar Pradesh, 9. This, we are afraid, has not been a success.

5.4. There is one aspect of the Maharashtra system which deserves special consideration. If a person of the standing and training of a Village Level Worker can be appointed in each Panchayat area and be made the Secretary of Panchayat, there can be no objection, but, if he has also to make the collection of land revenue and panchayat taxes, we doubt if he will have sufficient time or be really effective for purposes of development and extension work for which he is given elaborate training for two years. We would, therefore, suggest that no Village Level Worker should be entrusted with the duty of collecting taxes or maintaining land records. This may necessitate a regrouping of Panchayats in Maharashtra so as to reduce the total number of Secretaries. // ✓

5.5. Our conclusions, therefore, are—

- (a) every Panchayat should have its own Secretary;
- (b) the Secretary may perform also the duties of collection of land revenue and panchayat taxes or that of the Village Level Worker, but, in no case a Village Level Worker should be given the task of revenue and tax collection; and
- (c) where a Panchayat can afford it, each of these functions can be entrusted to a separate person.

5.6. The supply of drinking water for men and cattle is the first duty of a Panchayat. It is a matter of regret that there are still many villages where this basic necessity is yet to be provided. The actual burden of this duty varies greatly from place to place. In parts of Rajasthan, it is not only the most important but also a very heavy obligation. Often, this can be performed only through the combined efforts of neighbouring Panchayats. The entire problem of drinking water and its supply in Rajasthan and similar areas should be treated as one of great urgency and wherever possible the people should be saved the task of walking miles and waiting for hours to take a pot of water from a deep well and walking back to their homes. An over-head tank, in which water is pumped by electric ✓

motor or oil engine, a pipe line and taps at convenient centres should be an objective of all Panchayats.

5.7. The sanitation and conservancy of villages are important second only to supply of drinking water. We would like to recommend that every Panchayat, which can afford to do so, should engage one or more sweepers. Panchayats should also exercise their powers to prevent insanitary practices. This should be accompanied by a provision of pit latrines in houses and public conveniences.

5.8. The street sweeping should, as far as possible, be converted into compost. In large Panchayats, this is likely to give some revenue. Wherever sweepers are not available, it may be worthwhile to auction the right to collect the street refuse.

5.9. We consider that the proper maintenance of village approach road is one of the most important obligations of Panchayat. Here again, the nature of the task differs widely from village to village. In many villages, specially those in delta areas, earth roads become so slushy during the rainy season that they are practically unserviceable. The objective should be to convert them into fair weather roads and finally into metalled ones. In sandy and hilly areas, earth roads may be quite satisfactory, but, their mileage may be large. It may not be quite practicable to insist that a fixed proportion of the income of a Panchayat should be spent for road maintenance. Also, this is a task in which labour, voluntary or otherwise, can be a substitute for funds. We recommend that special attention should be paid by every Panchayat to this matter. Samiti, Zila Parishad and State Government should try to help where the task is beyond the ability of the Panchayat.

5.10. Another essential task of Panchayats is that of providing adequate drainage facility. Without this, all efforts to improve health and sanitation of villages may not succeed. Special assistance should be given to Panchayats in areas which are badly in need of this facility. A part of this assistance may be in the form of loan. Panchayat may be asked to levy a special fee for the purpose.

5.11. Street lighting is another function of Panchayats. But, this is not provided by a majority of them. In some Panchayat areas, kerosene lights are provided and there is no alternative to this unless villages are electrified. We suggest that electrification of villages should be speeded up as fast as possible. In Kerala and Madras, a majority of villages have electric lighting. In the budgets of some Panchayats, particularly in Kerala, expenditure on street lighting constitutes the biggest item.

5.12. Many Panchayats now have radio sets for community listening but arrangements for their maintenance and functioning are unsatisfactory. It may be worthwhile to universalise the community broad-casting in the villages and an organisation established for proper maintenance of community radio sets.

5.13. We have earlier mentioned about the need for every Panchayat having a building for its office. Where a Panchayat has funds, some may be earmarked for the purpose and constituted into a Panchayat Building Fund till sufficient amount is accumulated which, with Government assistance, will be enough for the purpose.

5.14. A Panchayat has to take up two kinds of development activities. It is the natural and generally the statutory agent of Panchayat Samiti for



executing the latter's programmes relating to agriculture, education, health, animal husbandry, minor irrigation, etc. For some of these purposes, Panchayats may be called upon to contribute in cash or labour. We have already expressed our approval of this method. But, we found that in many villages, development work has been indefinitely held up because contributions were not forthcoming for one reason or another. This is not desirable. We would, therefore, suggest that where a particular development programme is common to several Panchayats and accepted by a majority of them, the Samiti should directly or indirectly be able to enforce a special levy on recalcitrant Panchayats.

5.15. The other category of development work is in relation to provision of amenities like children's park and sports grounds which are the executive responsibilities of Panchayats. A further category is the building up of remunerative assets which in future may yield substantial income. We deal with it in a separate section.

## 6. RESOURCES OF PANCHAYAT SAMITIS

6.1. Panchayat Samitis have come to occupy a crucial position in the present set up of Panchayati Raj. They are called Panchayat Union Councils in Madras, Taluk Boards in Mysore, Kshetra Samitis in Uttar Pradesh, Anchalik Parishads in West Bengal, Anchalik Panchayats in Assam, Janapad Panchayat in Madhya Pradesh and Taluka Panchayats in Gujarat. Ordinarily, the area of a Samiti coincides with that of the National Extension Service Block; but, there are some variations. In Mysore and Gujarat, the revenue taluka has been taken as a unit, in Maharashtra some Panchayat Samitis have a population of more than a block. From the fact that there are 5,182 N.E.S. Blocks in the country, we may infer that when panchayati raj is fully established in all States, the number of Panchayat Samitis will be of the order of 5,000.

6.2. These Samitis have taken the place and assumed the functions of the National Extension Service Blocks. The Block Development Officer has become the Chief Executive Officer of Samiti. Other Extension Officers and Village Level Workers have become the employees of Samiti. Samiti gets development funds according to its stage in the community development plan and has to spend them in accordance with the schematic budget. Of 5,182 community development blocks, 659 are in pre-extension stage getting a small annual grant, 2,766 are in the first stage getting on an average Rs. 2 lakhs to Rs. 3 lakhs a year and 1,451 are in the second stage getting on an average Rs. 1 lakh per year under the schematic budget and such additional funds as may be given by State departments outside the schematic budget. The balance of 306 blocks are in post-Stage II which have to get their entire funds including the salaries of their staff from the State Government. It is obvious that the financial position will vary widely from Samiti to Samiti. This was understandable when the blocks were considered to be of temporary character, each block having special treatment during Stage I and Stage II and at the end being absorbed by the State administration.

6.3. Now that Samitis have come to be established as permanent units of local government at the block level, it has become a matter of importance as to whether these distinctions between the blocks in various stages should continue. In this connection, the Government of Madras have taken a notable step by abolishing these distinctions and evolving schematic development budgets for all the 373 blocks in the State on a uniform pattern. They have pooled the community development funds flowing from the Government of India and those from their departments and framed a budget of each Panchayat Union Council for the period of the Third Five Year Plan. Their memorandum sent to us states:

"It will be noted that the system makes no distinction between block and non-block areas and aims at planned development on a uniform pattern throughout the State through democratically elected local self-governing institutions. The State development schematic budget is more comprehensive and is larger in scope than the block schematic budget under the C.D. programme. A block schematic budget under the C.D. programme will diminish in size when a block slides from Stage I to Stage II and finally slides out of Stage II. On the other hand, the State development schematic budget offers the Unions an assured basis of income for a period of 5 years and enables them to plan their activities in advance."

6.4. Presumably, the special advantages, which accrued to blocks which had passed Stage I, have been taken into account in framing the new

development schematic budget. This has the supreme merit of giving stability to the developmental activity of the block and of committing the State Government to provide development funds to every block. We recommend that the scheme should be examined by all other States and suggest to the Government of India that it should not only permit but encourage the States to pool all grants under the C.D. schematic budgets and those from the State departments for the purpose of evolving similar development schematic budgets for Samitis.

6.5. The development budgets of Samitis are based on the block schematic budgets and both the State Government and the staff at the block level have no clear idea as to what is to happen as the blocks pass from Stage II to post-Stage II. The State Government is faced with the problem of financing such blocks from its own resources and a major issue that arises for it is whether the block staff should be continued or liability reduced by retrenchment or by combination of functions. This creates an atmosphere of uncertainty in the staff, most of whom are continuing on a temporary basis. It is desirable for its sake and for the sake of future development that this state of uncertainty should end quickly. We do not say that the existing pattern of staff should be rigidly adhered to everywhere and at all times. However, we consider that, for a continued development, a complement of staff roughly equalling in cost to the present is necessary. In some places, two Junior Engineers may have to be appointed instead of one, while it may be possible to combine in one officer the functions of Extension Officers of Agriculture and Animal Husbandry. In a certain place, one Industrial Extension Officer may not be enough, while in another, he may not have adequate work and may serve for two blocks. But, by and large, we consider the extension staff an indispensable link between the people and the departments of the State and Central Governments. We are also convinced that, unless the Central Government, which has brought them into being, assumes a share of responsibility of maintaining them on a permanent basis, it is likely that in some States at least they may be slowly liquidated and the valuable work done and the experience gained lost altogether. We feel that the Central Government should bear half the cost on the condition that the State Governments bear the other half and maintain the staff on an agreed pattern. The average cost of a block staff at present is between Rs. 50,000 and Rs. 60,000 a year and the population is of the order of 70,000. As the blocks vary in size and population and as it is not easy or desirable that continuous calculations and adjustments should be made as to the respective shares of the Centre and the States, we recommend that an annual *per capita* grant of one rupee be made to every Panchayat Samiti to be shared equally by the Central and the State Governments and to be earmarked for maintenance of staff. This need not increase the burden of the Government of India during the 3rd plan period. It may be noted that in assessing the needs of the State Governments, the third Finance Commission took into consideration their liabilities on this account. The Centre's share of the grant we propose may be met by suitable adjustments within the grants now being made by it.

6.6. So far as the State Governments are concerned, they are maintaining the block staff and, therefore, their burden will not increase. The real advantage of this proposal is that it will give permanency to the main set up of the development wing of Panchayat Samiti and enable the confirmation of staff. Regarding the liability which will accrue to the Central Government in the future, the fourth and subsequent Finance Commissions will

take it into account in adjusting the financial relations between the Centre and the States.

6.7. During the remaining period of the Third Plan, Samitis will continue to implement the schematic budget as it exists today or the development schematic budget which may be evolved as suggested above. They cannot expect to have much scope for initiative though, even within the present schematic budget, it is desirable to give them the maximum latitude in the choice of items or in fixing priorities of schemes within broad categories of development expenditure. The purpose of converting an official block development agency into an elected local governing body will be lost if Samitis are not to take an active and important share in the evolution of the Fourth Plan for their own areas. This participation can be real only if the Central and State Governments intimate to them broadly in advance the minimum and maximum financial limits which can be made available as grants and loans together with an outline of national purposes and priorities. It will then be possible for each Samiti to add to the resources indicated the amounts which they can hope to raise and to frame minimum and maximum plans which will not be altered, except marginally, in the final formulation of the plan. It is no less necessary that, in the implementation of the plan also, the limitations imposed on Samitis should be in terms of broad categories like education, health, roads, etc., and so long as they conform to the national pattern and do not transcend these limitations, they should be given utmost freedom to readjust the plan in the light of actual experience and the changing needs of the people.

6.8. In addition to the regular plan schemes for each Samiti that may be embodied in the Fourth plan, it is essential that Samiti should have freedom to take up development works and some lumpsum included in each State plan for assistance to Panchayati Raj institutions on a matching basis. A great deal of useful work has been done under the local development work scheme and the establishment of Panchayat Samitis, and Panchayats all over the country should enable the Central and State Governments to capitalise this experience to the maximum extent. We suggest that about Rs. 400 crores @ Rs. 10 *per capita* of rural population be allotted in the Fourth plan for this purpose. If Samitis and Panchayats contribute an equal amount, unspecified development schemes of the order of Rs. 800 crores can be executed during the Fourth plan to which the rural population will be contributing directly.

6.9. Besides taking over national extension service schemes, the Samitis have inherited some functions, along with liabilities and assets, belonging to the past district and taluk boards or have been handed over some functions by the departments of State Government. This has added to their liabilities as every development scheme increases the committed expenditure in the form of cost of running schools and dispensaries and maintenance of roads and other services and institutions. There are two ways of financing for these commitments. One is for the State Government to meet them by full grants. The other is to provide some flexible sources of revenue to Samiti and make up the deficit, if any, through grants, general and specific. We are glad to note that the latter principle has been generally accepted, though in actual fact Samitis are generally kept on short rations.

6.10. One major distinction between Samitis in different States is in the matter of elementary education. Wherever the maintenance and extension of elementary education in its area has been transferred to a Samiti, it

suddenly adds up significantly to the importance and dignity of that Samiti. The budget of such a Samiti is of the order of Rs. 7 lakhs to Rs. 8 lakhs in Madras, Rs. 5 lakhs to Rs. 7 lakhs in Andhra Pradesh and about Rs. 4 lakhs in Rajasthan, while it is of the order of only Rs. 1½ lakhs in Uttar Pradesh where elementary education has not been transferred. The annual expenditure on elementary education alone is of the order of Rs. 4 lakhs in Madras, Rs. 2½ lakhs in Andhra Pradesh and Rs. 1½ lakhs in Rajasthan, constituting in each case more than half the budget of a Samiti. Elementary education is one of the natural and essential functions of Panchayati Raj and we consider that its transfer to Samiti or Zila Parishad is eminently desirable. We, therefore, recommend that this should be done in every State. Its actual day to day management should vest in a Board set up by Samiti/Zila Parishad, on which not only members of that body but also others with special knowledge and experience in the proper development of education should find a place.

6.11. The financing of elementary education in a manner which will give some initiative to Samiti is not an easy one. In Andhra Pradesh, Rajasthan and some other States, the principle of the net cost grant, *i.e.* grant covering the cost of elementary education minus the proceeds of any special cess earmarked for the purpose, prevails. In Madras, a complicated system has been adopted. The cost of elementary education in that State at present is estimated to be Rs. 3.5 per capita of which the first slab of rupee one per capita is given by Government uniformly to all Unions. For the second slab of Rs. 2.50 per capita, Unions are divided into A, B, C and D categories and get shares of 50, 60, 70 and 80 per cent respectively as additional grant. The balance is to be met from the 20 nP. share of Samiti in the land cess of 45 nP. which goes to Educational Fund. We found that, under this scheme, some Unions accumulate surpluses, while others did not get enough and the Government had to meet their deficits.

6.12. It will be desirable if elementary education is financed on a simple formula based on either a per capita or per pupil grant. In the case of the former, the per capita grant will have to increase every year till universal compulsory education has been achieved. In the case of the latter, adequate measures will have to be taken to ensure accurate returns of admissions and attendance. The rate of grant will have to be re-adjusted also if there is any change in the salaries and allowances of teachers. We have not been able to gather sufficient material to work out a precise formula on either basis. We, therefore, content ourselves with recommending two general principles :

- (1) elementary education is so important and fundamental that every Samiti without exception should be able to meet its entire expenditure out of grants and resources transferred to it specially for the purpose by the State Government; and
- (2) every Samiti should also have some additional funds at its disposal for its initiative in effecting educational improvements.

6.13. The other major items of committed expenditure of Samitis are (i) inter-village roads, (ii) minor irrigation schemes, and (iii) rural medical and veterinary dispensaries, maternity centres, sanitation services and the like. It is certainly essential that the State Governments, which have transferred these items to Samitis, should meet the expenditure as in any case this would have been incurred by the departments concerned. But, the question arises as to what extent this committed expenditure can be set

off against the resources transferred to Samiti's viz. share of and revenue or cess, stamp duty, entertainment tax, etc. If the entire proceeds of these resources are consumed by these commitments, a Samiti is converted into a mere agency. We, therefore, recommend that not more than half the proceeds of such resources should be earmarked for committed expenditure and the balance of that expenditure should be financed by State Government partly by general and partly by specific grant. This will leave at least half of these resources for purposes of development. In the case of roads and minor irrigation schemes, it is desirable that specific grants are given on a satisfactory basis. Grants for maintenance of roads may be on a mileage basis and those for repair and maintenance of irrigation sources, on the basis of acreage irrigated. Samiti should also have the power to levy tolls when it constructs a new bridge, though we do not think that tolls are generally desirable.

6.14. We have already recommended that Samitis should have a share in the surcharge on stamp duty and in the proceeds of entertainment and show tax. Some Acts empower Samitis to levy surcharge on land cess and on some other taxes leviable by the State Government and Panchayats. There is no reason why this power should not be given to Samitis in all States. It is necessary, however, that levy of such surcharges should be carefully regulated. Unfortunately, in many Acts, there is considerable confusion and overlapping which will have to be straightened out. For instance, Section 187 of the Gujarat Act provides that where a District Panchayat levies any tax, similar taxes levied by the lower tiers will automatically cease to have effect. Though the District Panchayat is obliged to share the proceeds with the panchayat, it tends to blur responsibility. It must be cardinal principle of Panchayati Raj finance that there should be no confusion and overlapping in the taxation powers of Panchayat, Samiti and Zila Parishad.

6.15. Samitis are generally obliged to execute their development schemes through Panchayats. This is not only desirable, but also often necessary as Panchayats are called upon to make contribution towards the cost of schemes such as school buildings, hospitals, culverts etc. In all such cases, the work should be treated as the responsibility of Samitis, the asset created as its property and its total cost should be shown in its accounts which should show also a credit for contributions from Panchayats. In the accounts of some Samitis, only the expenditure from their funds is shown against such works, the Panchayat contributions being traceable only in the accounts of Panchayats concerned. Therefore, we recommend that, on the receipt side of every budget of Samiti, the contributions should be shown as receipts and the total expenditure on works belonging to Samitis shown on the opposite side. Where a Panchayat is assisted by its Samiti in the performance of its functions such as drinking water supply, the asset created will belong to that Panchayat.

6.16. We consider it necessary and desirable that the salaries and allowances of all staff of a Samiti should be paid from its funds and shown in its accounts. We find that, in many States, the staff is paid directly by the State Government and Samiti's accounts do not show its real expenditure in relation to its services. The fact of receiving their salaries directly from the State Government has tended in some cases to induce a feeling in the Block Development Officers, Extension Officers and others that they are really not under the administrative control of Samiti.

6.17. A Samiti should be free to add to the strength of staff so long as it is able to meet the expenditure from the one rupee per capita grant and its own resources.

6.18. As already suggested in Section 4, Panchayat Samitis should be entrusted with the management of big fairs, markets, ghats and ferries and share the proceeds with a panchayat within the area of which such fairs, markets etc. may be located. This principle may be extended to big tanks where pisciculture can be organised on a large scale and for which panchayats cannot find the capital. The same may be done in the case of large plantations.

6.19. We see no reason why the agricultural demonstration farms and seed farms, primary health centres and other similar institutions, which are intended to serve exclusively the people of a Samiti area, should not be transferred to the management and control of that Samiti. Generally, the Acts provide for such transfer, but, in most States we found great reluctance on the part of the departments to part with their power. They are also afraid that, as funds will have to be transferred with the institutions, a demand may be made for reducing the departmental staff at the district and State levels. It is also true that the Panchayat Samitis are still young and inexperienced and it may be prudent to expand slowly their functions and powers. We suggest that in every State a programme of such transfer should be made with the objective that, as early as possible, every service or institution which comes within the legitimate function of a Samiti is transferred to it.

6.20. In Section 8 we shall deal with the remunerative undertakings which may be set up by Samitis either by themselves or in cooperation with Panchayats and other persons.

## 7. ZILA PARISHADS

7.1. It is in the highest tier of Panchayati Raj that the differences are greatest. At one end, stands the Zila Parishad of Maharashtra which is conceived on a generous scale and is designed to take over the entire functions of Government at the district level except law and order, justice, national and State highways, college and university education and institutions of importance for the State as a whole. At the other end, stands the District Development Council in Madras which is purely advisory, which has no funds of its own and of which the District Collector is the Chairman. Other Zila Parishads may be divided into two categories. The Zila Parishads of Mysore, Rajasthan, Punjab, Uttar Pradesh and Orissa are essentially advisory, but, they also have functions of supervision and co-ordination of the work of Samitis and Panchayats. Sometimes they distribute among the lower tiers funds received from all India institutions for khadi, social services, backward classes, etc. In Andhra Pradesh, Assam and Gujarat, the Zila Parishads have not only advisory and supervisory functions but also some executive functions. In Andhra Pradesh, Zila Parishad manages the Government Secondary, Vocational and Industrial Schools, distributes plan funds and determines the increased annual quota of teachers, etc., among Samitis. Zila Parishads have not yet been formed in Bihar, Jammu & Kashmir, Kerala, Madhya Pradesh and West Bengal. It must be remarked that elementary education is managed by Zila Parishad in Maharashtra and U.P. The size of the budgets in selected districts in some States is as follows :

	1961-62 (Rs. lakhs)
(i) Andhra Pradesh (West Godavari) .. .. .	120
(ii) Maharashtra (Poona) .. .. .	(1962-63) 213
(iii) Orissa (Cuttack) .. .. .	26
(iv) Punjab (Ludhiana) .. .. .	6
(v) Uttar Pradesh (Meerut) .. .. .	37

In Maharashtra, the estimates of per capita revenue of Zila Parishads varies from Rs. 8.50 for Osmanabad to Rs. 14.65 for Sangli. On the whole, the Zila Parishads spend about one-third of the total revenue of the State. The most important feature of the financing of Zila Parishads in that State is the devolution of 70 per cent of land revenue, subject to a minimum of Rs. 2 per capita, the balance of 30 per cent going to Panchayats. From the statistics supplied to us, we find that only Akola and Amravati districts derive Rs. 2.48 and Rs. 2.21 per capita and the other districts had to be paid equalisation grants to make up the minimum of Rs. 2. The following is the break-up of the per capita income of Rs. 14.65 of Sangli which had the largest per capita income for 1962-63 :

	Rs.
Land Revenue grant .. .. .	1.69
Equalisation grant .. .. .	0.15
Purposive grant .. .. .	6.00
Establishment grant .. .. .	0.63
Deficit adjustment grant .. .. .	2.43
Plan grant .. .. .	0.63
Block grant .. .. .	1.80
Miscellaneous .. .. .	0.58
TOTAL .. .. .	13.91



Self raised resources consisted of :

	Rs.
Local Cess .. .. .	0·36
Other taxes and fees .. .. .	0·01
Education .. .. .	0·20
Public Works .. .. .	0·10
Other minor miscellaneous sources. . . . .	0·07
TOTAL ..	0·74

7.2. Though the transfer of 70 per cent of land revenue may appear to be a liberal devolution, the total assistance including this devolution just covers in most districts the total commitments transferred to them. It is, therefore, necessary that some more elastic sources are also transferred to Zila Parishad, if it is to fulfil the hopes raised that it will be an effective organ of Local Government at the district level. It should, however, be noted that, on a resolution of Zila Parishad, the State Government will increase the present cess of 40 nP. on land revenue up to 100 nP. and give the proceeds to it. When a Zila Parishad raises the cess in this manner, the State Government intends to give a matching grant. ✓

7.3. All the district officers and most of the institutions relating to development departments like agriculture, education, animal husbandry, health, etc., have been transferred to Zila Parishad whose Chief Executive Officer is of the rank of District Collector. The elected President and Vice-President of a Zila Parishad get honorarium of Rs. 500 and Rs. 300 P.M. respectively with house and travelling allowances. The two other councillors who preside over two Standing Committees get honorarium similar that paid to the Vice-President.

7.4. In its structure also, Zila Parishad of Maharashtra differs from other Zila Parishads. Not less than 40 and not more than 60 councillors are elected directly. To them are added the Chairmen of all Panchayat Samitis from the district and a woman is co-opted if no woman has been elected, Chairman of 5 Federal Cooperative Societies selected by the State Government become associate councillors. Panchayat Samiti in Maharashtra is mainly an agency of Zila Parishad for the execution of community development plans for the present and presumably for similar development plans in the future. It has no separate funds and all its staff are the employees of Zila Parishad. This is the case even with the Secretaries and other staff of Panchayats.

7.5. The Madras District Development Council, on the other hand, is a purely advisory body and consists of the District Collector as the Chairman, Chairmen of all Panchayat Union Councils in the district, Chairmen of all Municipal Councils in the district, Members of Parliament and Members of the State Legislatures who reside in the district and gazetted officers of the Government connected with planning and execution of development schemes in the district.

7.6. In the face of such wide variations, we do not think it is necessary or useful for us to go into the issue of the functions and resources of Zila Parishads. It is only experience that can prove the merits of one type or another.

7.7. But, whatever, may be the type, it should be such as to function effectively within its limitations. Even a purely advisory council can

render useful service if the matters on which it should be consulted are listed with imagination and precision and a convention is established that its recommendations will be accepted except when they are modified or rejected by the State Cabinet.

7.8. Wherever funds are transferred to Zila Parishad for redistribution among Samitis, there should be definite principles and criteria laid down for such distribution. And where the distribution is more or less automatic, there is no purpose in channelling the funds through Zila Parishad and they may be sent directly to Panchayat Samitis or Panchayats concerned. This question does not arise in Maharashtra where Samitis have no funds of their own. In the case of markets, ferries and other remunerative assets which have to be allocated among Panchayats, Samitis and Zila Parishads according to size and income, care should be taken to ensure an equitable distribution. The rights and duties of Zila Parishads, Panchayat Samitis and Panchayats in any particular sphere of activity, whether it is maintenance or development, should be made precise and beyond all dispute so that responsibilities may not be blurred.

7.9. A Zila Parishad should not be permitted to levy a contribution from a Samiti or a Panchayat, except for executing a development project in that Samiti or that Panchayat area. Similarly, a Samiti should demand contribution for specific development work only from Panchayat or Panchayats concerned. We do not, therefore, approve of the general provision found in some Acts enabling the higher tiers to levy contributions from lower tiers.

7.10. As in the case of Panchayats and Samitis, the salaries of the staff of Zila Parishads should be paid from Zila Parishads fund wherever such a fund exists. We found in Maharashtra that Class I and Class II officers were being paid directly by the State Government. If the salaries of these officers are paid from Zila Parishad fund, it will give a more accurate account of the total cost of Parishad. The officers in their turn will also feel that they are serving a Zila Parishad. The powers of administration, control and disciplinary action over these officers will be such as are normally applicable to deputations.

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## 8. LOANS TO PANCHAYATI RAJ BODIES

8.1. Panchayats and Panchayat Samitis derive a small income from properties transferred to them. Some of them have also inherited shops, markets and other remunerative assets. It is a matter of the highest importance that far-sighted and persistent attempts should be made to help them to start remunerative undertakings and thereby increase the scope for non-tax income.

8.2. Here, there are two extreme views. Some believe that Panchayati Raj institutions will not be able to undertake any agricultural, commercial or industrial undertaking with any reasonable prospect of working them on commercial lines and earning a profit. They would like these bodies to confine themselves to administration and social and other developmental services to be financed by taxes and grants.

8.3. At the other extreme, there are persons who hold that so long as these institutions are to be financed only by taxes or grants, they will be incurably feeble and will never be able to fight with any degree of success the demons of poverty, squalor, illiteracy and superstition which dominate the rural areas. They argue the ideal of democratic socialism involves not only public sector undertakings at the Central and State levels, but, also at all other levels of Local Government. Panchayats, Samitis and Zila Parishads should take up all kinds of agricultural, industrial and commercial undertakings for which they can find capital and talent. They are convinced that the surpluses which can be secured through these undertakings will, in due course, become significant sources of income.

8.4. We do not feel called upon to decide in favour of either of these propositions without qualification. We would like the Central and State Governments to adopt a pragmatic course. We can well imagine and we earnestly hope that some, if not all Panchayats, Samitis and Zila Parishads will be able to start and run remunerative undertakings. Their example may, in due course, become general and the limitations of local development imposed by meagre income greatly relaxed if not altogether overcome. Private enterprise and even cooperative enterprise may not be forthcoming in all places and it will be highly unfortunate if many areas are deprived altogether of the benefits of small scale and medium industries.

8.5. It is obvious that development of remunerative undertakings will involve loan capital to a far greater extent than can be directly provided by State Governments. State Governments have been providing to Panchayati Raj institutions small loans and grants for the building up of remunerative assets. Amounts provided for this purpose in 1962-63 in some States are shown below :

				(Rs. in lakhs)
Andhra Pradesh	..	..	..	23
Madras	..	..	..	69
Madhya Pradesh	..	..	..	2
Mysore	..	..	..	2
Orissa	..	..	..	4
Punjab	..	..	..	8
Rajasthan	..	..	..	50
Uttar Pradesh	..	..	..	10

3.6. Further, it will be essential that the authority, which gives loans, should be able to give expert advice regarding the use of such loans and to exercise strict watch over the nature of assets that are created and the functioning of the enterprises that are started.

8.7. Panchayati Raj institutions require loans for the following purposes :

- (a) Public utility undertakings like water supply, drainage and electric lighting. The State Governments may like to subsidise such undertakings for servicing the loan partly and for servicing the rest a special fee may have to be levied on the beneficiaries;
- (b) Construction of shops, markets, hotels and cinema houses which will ensure a steady and growing income as a result of growth of population and the urbanisation of rural areas. It is not intended that Panchayati Raj bodies should themselves run the shops, hotels or cinemas. They will own the premises and buildings and rent them out. In the States, where the whole or part of the proceeds of the entertainment and show taxes go to Panchayats or Samitis, the construction of cinema houses in populous areas will give not only rental income but also greater receipts from these levies. In rural areas, private capital has not yet entered into this field except in a few States. In the case of shops and hotels, it is desirable that they should be owned by Panchayati Raj bodies in the interest also of health and hygiene. Some Panchayats are already reaping good dividends from shops and markets and it is desirable that as many as possible should be enabled to benefit by such remunerative assets;
- (c) Purchase of tractors, pumping sets, borewell units, threshers, agricultural implements and other equipment to be hired out to agriculturists and cooperative societies and for plantations and afforestation. In dry areas, with scanty rainfall it is not often possible to retain moisture except by rapid ploughing through a tractor. Big agriculturists who can contribute the capital, own tractors privately. Therefore, it becomes difficult for a cooperative society of smaller agriculturists to raise sufficient capital to own tractors. During our visits in Orissa, a Panchayat, which was executing successfully a contract for supplying road metal from quarries, stated that its profits would considerably increase if it had its own transport. Wherever lands have come to Panchayats, either as community lands or unreserved forests, there is scope for undertaking plantations and afforestation. We saw in Madras a Panchayat having a large cocoanut plantation which after 7 or 8 years was likely to give good annual income. Scientific afforestation of even 20 to 30 acres of land with expert advice relating to cutting and replanting may make a Panchayat area self-sufficient in firewood and save the money spent on kercsene fuel;
- (d) Scientific pisciculture which may become a valuable source of income. We are glad to note that this is being undertaken on a State-wide basis by the Orissa Government;

- (e) Several kinds of industrial undertakings which can be taken up by Panchayats, Samitis or Zila Parishads. Small-scale industries, like rice and flour mills, brick-making, bone crushing, canning of fruits and bottling of fruit juices, are suitable for Panchayats. Bigger industries, like manufacture of agricultural machinery, bicycle parts and light engineering and processing industries, may be taken up by Samitis and Zila Parishads. We have actually seen a few successful ventures of each type in one State or the other.

8.8. It may be argued that it is the province of cooperative movement to take up such industrial enterprises. We would certainly like industrial cooperatives of every type and size. But, we do not think they should be the sole form of public enterprise in agriculture, and small-scale or medium size industries which would be too small to be taken up by Central or State Governments. In an industry like that of handloom or even in the case of sugar factory where the members contribute the bulk of raw material or skilled labour, the industrial cooperative may be a better form. But, where the workers are comparatively poor and unskilled and substantial capital and technical skill is required as in the case of a modern brick and tile factory, Panchayat Samitis and Panchayats can more easily take up the industry as a public enterprise. There can be no objection to giving it a cooperative form by Panchayat Samitis, Panchayats and workers becoming members, but, the main capital, management and risk will have to be that of Samiti or Panchayat.

8.9. We are convinced that loans to Panchayati Raj bodies for these purposes cannot be adequately given by the State Departments and even where it is possible, it is desirable to give loans through a special institution which will function purely as a financial concern, free from any kind of political influence. We, therefore, recommend that—

- (i) every State Government should establish a Panchayati Raj Finance Corporation;
- (ii) State Government should fix its authorised capital, subject to the minimum and maximum limits of one crore of rupees and five crores of rupees respectively;
- (iii) the authorised capital should be divided into fully paid up shares of Rs. 100 each and issued to the following parties in the proportions indicated :

	Per cent
(a) Panchayats, Panchayat Samitis and Zila Parishads .. .. .	20
(b) State Government .. .. .	20
(c) Central Government .. .. .	20
(d) Reserve Bank of India and Life Insurance Corporation of India .. .. .	20
(e) Cooperative Banks, Scheduled Banks, Insurance Companies and other financial institutions having branches in the State	20

If each Panchayat is allotted one to ten shares and a Samiti and a Zila Parishad, 10 to 100 shares the quota suggested for them can be easily subscribed;

- (iv) the share of the Finance Corporation should be guaranteed by the State Government as to the repayment of principal and minimum dividend;

- (v) the shares of the Corporation should be approved securities;
- (vi) the Corporation should be empowered to issue and sell bonds and debentures for the purpose of increasing its working capital and such bonds and debentures should be guaranteed by the State Government;
- (vii) its Board of Directors should consist of the following:
  - (a) a Managing Director appointed by the State Government in consultation with the Reserve Bank;
  - (b) three Directors, one each to be nominated by the State Government, Central Government and the Reserve Bank;
  - (c) two Directors, one to be elected by the Presidents of Zila Parishads and the other by the Chairmen of Panchayat Samitis; and
  - (d) one Director to be elected by the parties referred to in item (iii) (e);
- (viii) an elected Director should hold office for four years and a nominated Director, during the pleasure of the nominating authority;
- (ix) the Chairman of the Board should be nominated by the State Government from among the Directors not being the Managing Director;
- (x) the Corporation may give loan to a Panchayat, Samiti or Zila Parishad for the purposes broadly stated earlier;
- (xi) a loan may be for periods of 5 to 25 years as may be necessary or desirable in relation to the purpose for which it is sanctioned; and
- (xii) the Corporation should undertake to train and maintain a body of experts to give to Panchayati Raj institutions applying for loans advice regarding financial, technical and other aspects of the projected undertakings.

8.10. We consider this as an important and far reaching recommendation. We discussed the idea with the Government of States we visited and most of them welcomed it enthusiastically. We do not think that any of the existing financial institutions in the State or the Centre can take sufficient interest in the development of remunerative undertakings of the Panchayati Raj institutions or divert sufficient funds for the purpose. We earnestly hope that the Central and State Governments will accept the recommendation and implement it at an early date. Legislation will have to be passed by Parliament on the lines of the State Financial Corporations Act. We are sure that the Corporation will not allow any Panchayati Raj institution to take undue risk to affect its solvency.

## 9. BUDGET ACCOUNTS AND AUDIT

9.1. The importance of proper budgeting cannot be over-emphasised. We regret to say that 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 quantum of grants and subventions, which are due from the State Government, is not intimated to them in time and they put arbitrary estimates lest omission should prejudice their case.

9.2. The assistance from the State Governments to Panchayati Raj bodies may be classified into three broad categories, viz. : (i) share of taxes and statutory grants, (ii) grants and loans for plan and other development schemes, and (iii) grants and subventions for non-plan purposes such as maintenance of staff and institutions, matching, equalisation and deficit grants. The shares of taxes and statutory grants, wherever based on population, are a definite amount and there should be no difficulty for Panchayats and Samitis to provide for them in their budgets accurately. Where they depend on the actual receipts of a tax, fee, etc., the variation between the budgetary provision and actual payment will be minimised if disbursements in a year are based on the previous year's actuals. For this purpose, the items of assistance to be included in the budget of a Panchayati Raj Institution should be calculated by the State Government on the basis of the actual collections of the first half-year and the estimated collections for the second half of the year preceding the budget year. These amounts should be intimated to Panchayati Raj institutions well in advance of the time fixed for the preparation of their budget. It is undoubtedly difficult to estimate closely the expenditure on new development. The State Government will have to make special efforts to arrive at firm decision regarding the schemes to be executed by Panchayati Raj institutions and the amounts to be given to them for the purpose by way of grants and loans and to intimate the same to the institutions concerned well in advance of the preparation of their budget. These bodies will not include in their budgets any provision for which they have not received intimation from the State Government. Grants for maintenance of staff and institutions should be easy to work out and it should be possible for Panchayati Raj bodies themselves to prepare estimates based on the expenditure actually being incurred or likely to be incurred. Similarly, for the matching grants and deficit adjustments, where the Government orders are clear, it is for the Panchayati Raj bodies to make a proper provision in their budgets in accordance with their anticipated performance. So far as equalisation grants are concerned it is for the State Government or the Zila Parishad as the case may be to indicate what provisions should be made in the budgets of those bodies which are likely to get such grants. An intimation on this account also should be sent to such bodies well in time.

9.3. In the case of their own taxes, Panchayats and Samitis should make provision in their budgets for such taxes only as have to be actually levied in the budget year and the proceeds from which can be reasonably estimated.

9.4. Where a Samiti proposes to execute a scheme in the area of a Panchayat for which the latter has to make a contribution, that Samiti should

take a firm decision and inform the Panchayat about the quantum of contribution. We suggest the practice of deciding upon such schemes at least six months in advance of the budget year so that the sanction of Government may also be obtained for any contribution it may have to make under the rules.

9.5. One other factor which makes the budgets of Panchayats unreal is the deplorable failure of collection of taxes and dues. It is essential that the taxes, etc. provided for in the budget are promptly collected. We have already discussed the proposal of combining the functions of village accountant and Panchayat Secretary in one person. If this is done, it may be expected that the taxes of Panchayats will be collected more efficiently. Even now most Panchayat Acts provide that arrears of Panchayat taxes may be collected as arrears of land revenue, but, this is generally a pious provision. Generally, Presidents of Panchayats do not send to revenue authorities lists of arrears for collection. When they do so, the revenue authorities do not attach the same importance to their collection as to the collection of land revenue and other State taxes. We feel that this state of affairs should change radically. If, for a few years, the collection of Panchayat taxes is made with some amount of firmness, the people will realise the benefits which flow from the prosperity of Panchayats and pay the taxes readily. A suitable penalty, say of 10 per cent, may be levied on all arrears and the proceeds of this penalty may be utilised by the revenue authorities or Panchayat Samitis for appointing special staff for collection of arrears. We have already suggested special matching grant as an incentive for tax collection. Generous prizes may be offered to Panchayats which levy taxes at reasonably high rates and collect hundred per cent of its assessment.

9.6. Time schedules have been prescribed for Panchayats to submit their budgets either to prescribed authorities or to Samitis as laid down in Acts or Rules. Wherever a Samiti has to approve a Panchayat budget, arrangements should be made to have this done as soon as a budget is received. It is not realistic to expect a meeting of the whole Samiti to examine all budgets in detail. Generally, Block Development Officers put up to Samitis the budgets with their own recommendations and Samitis pass them in a routine manner. In many cases, Block Development Officers themselves have no time to look into Panchayat budgets and rely upon Panchayat Extension Officers scrutiny. We recommend that where Samitis have to pass the budgets of Panchayats, the power should be delegated to Finance Committee of Samiti or a small sub-committee of that Committee. This Committee or sub-committee will have to meet for sufficiently long periods to scrutinise the budgets effectively and it should be the duty of the Block Development Officer to assist it with his observations and comments. In Madras, it is the Revenue Divisional Officer who scrutinises the budgets and suggests changes. It is for Panchayats to accept the changes or not and if it refuses to do so, the matter is referred to the District Collector for final decision. The District Collector and the Government are the similar authorities for Unions.

9.7. In this connection, we may refer to the principle involved in the scrutiny and approval of Panchayat budgets by the Samiti or an independent Government officer. It is argued that the budget of an elected body like Panchayat should be approved or modified only by a higher elected body *i.e.* a Samiti. This is considered to be appropriate, especially as Samiti itself generally consists of the heads of constituent Panchayats. On the other



hand, it is argued with equal plausibility that it is wrong to submit the decision of one elected body to the judgment of another, that every elected body should be autonomous in its own sphere, that an expert scrutiny alone should be provided and that this principle will ensure simplicity and speed in the finalisation of budgets. We do not think this matter can or should be decided by mere theoretical argument. We suggest that State Governments should keep an open mind and be guided by actual experience. If a Samiti is inclined to interfere with the budgets of Panchayats too much or in a discriminative manner, the Government should have no hesitation in changing over to the Madras system. On the other hand, if the Revenue Divisional Officer in Madras assumes a superior attitude and treats Panchayats as subordinate agencies, the procedure of scrutiny by Samiti may be adopted.

9.8. The same considerations hold good in the case of the scrutiny and approval of the budget of Panchayat Samiti. However, in view of the composition of Samitis and the existence of an executive officer of the standing of the Block Development Officer, external scrutiny and approval should ordinarily be a mere formality. There should be no objection even to abolish this formality whenever the budget of a Samiti is passed by a large majority, say 3/4ths. It is only the budgets of those Samitis which are torn by factions that should be liable to external scrutiny and approval. This procedure may exercise a healthy influence in reducing the spirit of faction.

9.9. We do not think there is any need for us to make any suggestions regarding the budget of Zila Parishad.

9.10. As a separate Study Group is inquiring into and making recommendations in relation to accounts, audit and other ancillary matters relating to Panchayati Raj institutions, we have no desire to deal with these topics in detail. We, however, wish to make here a few suggestions which may be considered along with the recommendations of that Study Group.

- (a) The form of Panchayat accounts should be as simple as possible. The present practice of mixing up *ad hoc* income and capital expenditure with the items of normal receipts and expenditure is not desirable. The ordinary recurring receipts on the income side and the normal committed expenditure on the disbursement side should be kept separate from receipts and expenditure of a capital nature so that Panchayat may be aware whether it is solvent or not. Special contributions in the form of grants or loans received from its Samiti, the State Government or from other sources should be distinctly shown as such on the receipts side of the accounts. Similarly, expenditure on development works executed on behalf of Samiti and that on its own works like construction of Panchayat Ghar should be kept separate from each other on the expenditure side of the accounts.
- (b) We were surprised to find that in Mysore Samiti budgets supplied to us the receipts on account of loans and grants for community development programme and expenditure out of such receipts were not provided for. Pending the adoption of our proposal for an integrated schematic development budget for Samiti as in Madras, its budget should be a consolidated one showing its own ordinary receipts, community development loans and grants, other development grants from the State Government Departments, loans and contributions from Panchayats for works which are its responsibility. On the other

side, the salaries of all staff, Community Development and non-Community Development, should be included even if they are paid directly by the Government and the payment by the Government for this purpose may be shown as receipt.

- (c) Grants to Panchayats by Samiti for their schemes such as drinking water works or Panchayat roads, should be shown in Samiti's budget as such.
- (d) It is also essential that Samiti should show in some manner or the other the cumulative value of all permanent assets which have been created either through grants, loans, contributions or its own resources.
- (e) Wherever a particular public utility or remunerative undertaking has been financed by loan, proper commercial accounts should be maintained.

9.11. A Panchayat Officer is expected to scrutinise periodically the accounts of Panchayats and a District Panchayat Officer, the accounts of Samitis. In Kerala, where there is only a small number of Panchayats within a Samiti, the Panchayat Officer is able to inspect Panchayat accounts at least once a month. This may not be practicable in other States, but, we consider it essential that every Panchayat should be inspected at least once in three months by Panchayat Extension Officer and wherever this is not possible with one officer, another should be appointed. It should be the responsibility of this officer to inspect the accounts and cash balances and see that no misappropriation or falsification of accounts has taken place. If he does not detect them, he should be made equally responsible with the Panchayat President and Secretary.

9.12. There is always the danger of loss or destruction of account books of Panchayats through accident or criminal motive. In Kerala, we found that Secretary of Panchayat made out daily a copy of the day book and of the cash book and sent it to Panchayat Officer. Wherever practicable, this will be an almost fool-proof method against malpractices in connection with Panchayat accounts. Where Panchayats are too many to make this practicable, at least a weekly statement should be sent to Samiti where it should be scrutinised and filed properly.

9.13. In the case of Panchayats, keeping of considerable amount of cash either on account of collections or for purposes of expenditure presents a problem. It is desirable that all receipts should as far as possible be deposited in a bank account and money for expenses drawn from it in accordance with strict rules and procedures. In Madras, the Panchayat Samiti has been made the banker for all its constituent Panchayats. A special chest with a minimum balance is kept at the office of Panchayat Samiti. In many States, every panchayat has got an account in the nearest treasury or sub-treasury. We found that in the case of some Panchayats, the treasury accounts showed only the grants received from Government and not the collections of Panchayats. Wherever the account is kept in the treasury, it should be obligatory for Panchayat to deposit all collections and draw cash for its expenses. An imprest of cash may be kept at the office for current expenditure and it may be periodically recouped. There should be no objection to Panchayats having accounts in a Post Office Savings Bank, a branch of a scheduled bank or a Central or District Cooperative Bank.

9.14. Except where a Panchayat or a Samiti accepts an endowment for a particular purpose viz. a scholarship or provision of midday meals, it should not be encouraged to make long-term investments merely for earning interest. They should be persuaded to use their balances for constructive purposes, including the development of remunerative undertakings.

9.15. Provision generally exists in State Acts for audit of accounts of Panchayati Raj institutions by auditors appointed by the State Government. It is necessary that the accounts should be audited and the audit report made available within six months of the end of a financial year. We suggest that a special branch in office of the Examiner of Local Fund Audit should be organised in each State for this purpose. It should be impressed upon Panchayats and Samitis that the defects pointed out by auditors should be promptly remedied and satisfactory explanation offered to meet the audit objections. Where a Panchayat or a Samiti fails to correct its defects in the light of the audit report, it should be dealt with seriously. A special meeting of Panchayat and Samiti should be held for the consideration of audit report within 30 days of its receipt and the result of the discussion should be sent to supervising authority.

## 10. GENERAL

10.1. In this section, we propose to deal with some matters of general importance to all Panchayati Raj institutions. These institutions are still in a state of flux. Legislation has yet to be passed in Kerala, Jammu & Kashmir and West Bengal for setting up Samitis and Zila Parishads. In Bihar, Madhya Pradesh and Uttar Pradesh, rules have to be framed, elections have to be held and the institutions have to be brought into existence, though Acts have been passed. Andhra Pradesh was one of the earliest States to bring into existence all the three tiers of Panchayati Raj, but, the law relating to Panchayats is being revised and a comprehensive bill, which has been scrutinised by a Select Committee, is pending before the Legislature. In Mysore, a Committee set up for a similar purpose is reported to have submitted its recommendations. While all these steps to establish and revise the set up of Panchayati Raj institutions are to be welcomed, it is desirable that they should be completed as early as possible and a fairly long period of stability and continuity assured. Frequent changes in their structure, functions and resources will prevent Panchayati Raj bodies from taking root and will create around them an atmosphere of uncertainty. They will undoubtedly require continual watching, readjustments and periodical review, but, actual revision of laws and rules should be undertaken only after sufficient experience of their working has been gained.

10.2. The conditions of service and the changes of promotion of the various classes of staff of Panchayati Raj institutions should be clearly defined. In Maharashtra, all Class I and Class II officers belong to the State Services and, for each Zila Parishad, a District Technical Service Class III, a District Service Class III and a District Service Class IV have been constituted. All employees of Zila Parishad and Panchayat Samiti belong to these services. The recruitment is made by Divisional and District Selection Boards and the salaries and other conditions of service are regulated by rules. In Madras, Executive Officers and Commissioners belong to the State Services and the Government has power to constitute any other class of employees into a separate service for the whole or any part of the State. In Rajasthan, a Panchayati Raj Service Commission at State level has been set up and recruitment to services is made by a Committee at district level, presided over by a member of this Commission. The employees of Panchayati Raj institutions should belong either to a State or a district cadre. This will facilitate transfers and provide opportunities for promotion. The salaries, allowances and other conditions of service should, as far as possible, be the same as those for State Government employees of similar categories. It will be unfortunate if disparities like those existing between the Centre and the States are allowed to emerge between the State Government servants and those under Panchayati Raj institutions. The employees in any class belonging to these institutions should have the same chances of promotion to a higher grade as similar employees directly under the State and, when they are so promoted, their service under a Panchayati Raj institution should be counted for seniority, pension, etc.

10.3. The need for training, research and evaluation has been widely recognised. Both at the Centre and in the States, institutions exist for the training of Extension Officers, Village Level Workers, Panchayat Secretaries and others. We suggest that training in budgetary and accounting procedure

should be particularly emphasised in the case of Panchayat Extension Officers and Secretaries.

10.4. We have recommended the setting up of Panchayati Raj Finance Corporations for the development of remunerative assets. It is desirable that, in order to facilitate the work of these Corporations, there should be an Institute in each State to study the scope for such remunerative undertakings in particular areas and to undertake pilot projects. In this connection, we may refer to the very good work done by the Planning, Research and Action Institute of Lucknow. Ultimately, the State Panchayati Raj Finance Corporation may assume the control and financing of such institutes. But, immediately it is desirable to set up Institute as an autonomous body managed by representatives of State Government, Universities and other bodies interested in Panchayati Raj. It will have to be financed mainly by Central and State Governments. It is also desirable that this institute should have wings for evaluation and studies relating to various aspects of Panchayati Raj and their impact on the economy and psychology of rural India.

10.5. The success of Panchayati Raj will largely depend upon the emergence of enlightened and public spirited leadership at the Panchayat, Samiti and Zila Parishad levels. As education upto the age of 14 is, according to the Constitution, to be universal and compulsory, it may be expected that, in due course, a large number of members of Panchayats and most of the members of Samitis and Zila Parishads will be persons educated upto the high school standard, with a sprinkling of graduates. We recommend, therefore, that all high schools should provide for teaching about Panchayati Raj. This should be supplemented by periodic voluntary service camps of boy-scouts, National Cadet Corps and other such groups organised in villages in consultation with the local authorities of Panchayati Raj. In colleges and Universities, the study of problems relating to Panchayati Raj should be encouraged by making it a special subject or an integral part of social sciences.

10.6. It is desirable that all grants and subventions, including specific and purposive departmental grants, are pooled at the State level and sent in a consolidated form to various Panchayati Raj institutions. For this purpose, a high level officer should, at least in bigger States, be exclusively in charge of financial matters concerning these bodies.

10.7. Commissioners and District Collectors have been given powers of supervision and guidance. We found that, in many places, District and Sub-Divisional Officers were taking keen interest in the working of Panchayati Raj institutions and the Presidents and Chairmen of Samitis and Panchayats were freely accepting their guidance. We wish this were universal, but, unfortunately it is not. The future of Panchayati Raj in any State depends to a great extent on the pattern of relations that develop between it and the District and Divisional Officers. We suggest that Ministers in charge of Panchayati Raj should devote special attention to this matter and see that cordial relations are maintained between the officers and Panchayati Raj bodies.

10.8. The availability of accurate information, particularly about the finances of Panchayati Raj institutions, is of great importance. It should be the duty of every Samiti to compile, in a prescribed form, the actuals of income and expenditure for the previous year and the estimates for the current and budget years of all the Panchayats and send this compilation

to its Zila Parishad. The latter should similarly prepare consolidated statement of budgets of Panchayats and Samitis within its jurisdiction and forward it to the State Government where consolidated tables for the whole State may be prepared and published. Such a statement should, in our view, be presented annually to the Legislature of each State. The Ministry of Community Development and Cooperation should prepare consolidated statements for the country as a whole and publish them together with the Statewise tables. These compilations will not only help the Governments and the public to watch the progress of Panchayati Raj, but will also help Panchayats, Samitis and Zila Parishads in each State to compare their performance with those of other States. A healthy competition among them can result in nothing but good.

10.9 Earlier, we have referred to matching grants and prizes which may foster competition and induce better performance on the part of Panchayats, Samitis and Zila Parishads. Often, these tend to benefit institutions which are richer and better placed than those which are weaker and poorer. It is desirable that Panchayats and Samitis are classified into three or four groups according to their capacity to raise resources. This cannot be done on the basis of mere assessment or collection. A Panchayat or a Samiti, which is inherently poor, may get more income by levying taxes at maximum rates and making full collection than another which is richer, but, levies taxes at low rates or makes poor collections. Therefore, there is need to assess systematically the capacities of Panchayats and Samitis to raise resources and to classify them accordingly. It will then be possible to ensure that proportionately greater assistance is given to poorer categories. The manner in which an institution uses its resources is no less important than the actual extent of these resources. Methods will have to be devised to estimate the extent of economy and efficiency in the achievements of Panchayats and devise suitable forms of recognising meritorious performances. In this connection, it may be pointed out that in Madras, for matching grants for education and other purposes, Unions have been divided into four classes according to their *per capita* land revenue. While we appreciate this, a broader basis of classification may have to be evolved.

10.10. Backward areas, particularly hilly areas, inhabited by scheduled tribes present special problems. A routine introduction of Panchayati Raj in such areas on the general pattern is not likely to do any good. We found in Orissa that Panchayats were so big in area with scattered hamlets, each consisting of a few houses, that it was difficult for the members to walk many miles to attend a Panchayat meeting. On the other hand, as a Samiti had a well organised office located at a central place, its meetings were generally well attended. It is possible that the three-tier system may not be quite suitable in the peculiar circumstances of such areas and it may be necessary to devise special institutions and procedures.

10.11. Panchayats and Samitis situated in forest areas, where there is little agricultural land and consequently insignificant land revenue, demand with justice that a proportion of forest revenue similar to that of land revenue and cess thereon should be given to them. If our recommendation for a minimum *per capita* grant of one rupee for Panchayats is accepted, there may not be much point in this so far as Panchayats are concerned. Still, it is worth considering whether the State Governments will be able to give more satisfaction to these bodies by a share of such revenue rather than meeting their deficit. These observations hold good also in respect of quarrying and mineral royalties, etc.

10.12. The finances of Panchayati Raj institutions are not such that they can be permitted to indulge in expenditure on demonstrations or making donations for public purposes not directly concerning them. For instance, we found that some Panchayats and Samitis in Punjab had made large donations to the National Defence Fund. Though the purpose was unexceptional, we feel that this was not a right thing to do. The National Defence Fund is intended to represent the contribution of the people in addition to taxes, etc., they give. We, therefore, recommend that all donations for such purposes and expenditure, in excess of a small minimum on receptions and ceremonial occasions should be prohibited.

10.13. Many Panchayats complained that though land and other property had been transferred to them by Acts or rules and orders made under them, they did not get actual title or possession on account of lack of survey maps, encroachments and certain legal difficulties. We think that special attempts should be made to assist them in overcoming these difficulties as quickly as possible. Where Panchayati Raj institutions get involved in litigation, proper arrangements for legal advice and assistance should be made and, in suitable cases, financial help also should be given.

10.14. In some places, Panchayat has taken up the agency for collection of Small Savings and of the Life Insurance Corporation. We think that this will be a useful means of adding to the income of Panchayats. We therefore, suggest that the authorities concerned should give preference to Panchayat in its corporate capacity for agency and offer to individuals only when Panchayat is not willing to take up.

10.15. In every village, there are some old and disabled persons who are destitute. Some State Governments have started schemes for helping them. In all such cases, help should be given through Panchayati Raj institutions which should also share the burden to some extent wherever possible. In other countries, this was the major purpose for which local bodies were instituted. The joint family system in India provided some kind of protection for such persons. But, it is disappearing and measures are necessary to assist the helpless. The evolution of social security in the future will be facilitated if accurate registers of births, deaths and marriages are kept. Compulsory registration of marriages may also incidentally bring some income if a small fee is attached to such registration.

10.16. There is a long tradition of voluntary charity among our people. Hitherto, it was largely directed towards temples, *maths* and other religious purposes. It has now become common for rich persons to build or endow schools, colleges and hospitals. Panchayati Raj institutions should cherish this tradition and make full use of it for promoting welfare of the villages. Grain collections at the time of harvest can be a good source of financing mid-day meals or free supply of books and clothing to poor children. If small *hundies* are kept in every house and one or two naye paise dropped daily in them, the total collection may be substantial. If such collections are made for a specific charitable purpose such as relieving the sick or helping the destitute, there may be generous response. It is customary to offer gifts when births, marriages and other events are celebrated. Panchayat should endeavour to attract such gifts. For all these purposes, leadership and popularity are essential and we earnestly hope that they may be forthcoming in many places.

10.17. The names and titles used to designate the three tiers of Panchayati Raj and their heads vary widely from State to State. They are listed in

Annexure VII. It may be worthwhile considering whether some degree of uniformity should be attempted in the nomenclature so as to avoid confusion in inter-State comparisons and all-India reports.

10.18. It is essential that the Panchayati Raj and Cooperative institutions should work harmoniously at the various levels. We note that a Working Group constituted by the Government of India to consider the relations between Panchayats and Cooperatives submitted a report in October, 1961. We have no desire to comment on their recommendations as they do not form part of our terms of reference and we have not discussed them with the representatives of Cooperative organisations during the course of our study. However, it has been pointed out to us that while the cooperative organisations are given statutory representation on the Samitis and Zila Parishads, there is no reciprocal representation of the latter in the cooperative organisations. Wherever Cooperatives deal with the distribution of seeds, fertilizers, etc., the Panchayati Raj institutions are vitally interested in ensuring that this distribution is equitable and the poorer and weaker sections get a fair deal. It is also too much to expect, as envisaged by the Working Group, that the Panchayati Raj institutions will be engaged in the active promotion of the Cooperative movement without having some voice in their policies and operations. We, therefore, suggest that when Panchayati Raj institutions have come to be firmly established in all States, the problem of mutual cooperation may be re-examined with the help of representatives of both sides.

10.19. The extent to which the State Governments are assisting Panchayati Raj bodies by way of grants and loans is shown in the statements in Annexure VIII.

10.20. It is natural for the Central and State Governments to proceed on broad general principles and think that injustices and inequalities that result from their uniform application are unavoidable. This may be true to some extent, but, patient attention to the problems of particular Panchayats and Samitis and willingness to make minor adjustments may not cost much burden on the State finances, but, may result in much satisfaction. The popularity of Panchayati Raj institutions is as much a national asset as their efficiency and resourcefulness.



## 11. CONCLUSION

We are aware of the limitations of this report. We wish it could have been more thorough and comprehensive. But, we had to work under serious handicaps. Panchayati Raj is still in its infancy even in the States where it has been fully implemented. In some States, it has yet to be established. The statistical and other material available is not sufficient to arrive at precise conclusions on many points. We may also mention the difficulties of the Team itself. We were all part-time members and each of us had to participate in the work of the Team amidst other responsibilities. The staff at the disposal of the Team was very small. Against these shortcomings, may be set the fact that even an imperfect review at this early stage may be of great help in giving these institutions a favourable start. We earnestly hope that our recommendations will assist in strengthening their resources and will thereby enable them to be established on a firm foundation and render better service to the people. We feel that, after these bodies have functioned for some years, a comprehensive enquiry should be instituted to review the resources and finances and make suitable recommendations. There should be enquiries at State level on a uniform basis by agreement amongst the State Governments and this should be followed by an enquiry for the whole country instituted by the Government of India. At this stage it will be possible to view more clearly the financial position of various tiers of Panchayati Raj institutions and to evolve measures, including the setting up of special institutions, for periodic review and evaluation.

K. SANTHANAM *Chairman.*

SHREE NARAYAN DAS *Member.*

M. Y. GHORPADE *Member.*

M. V. MATHUR *Member.*

C. NARASIMHAM *Member.*

R. SARAN

*Secretary.*

NEW DELHI,

31st July, 1963.

## SUMMARY OF RECOMMENDATIONS AND SUGGESTIONS

Sl. No.	Reference to Paragraph No.	Summary
(1)	(2)	(3)
<b>SECTION 4—Resources of Panchayats</b>		
1.	4·6	House tax, profession tax and vehicle tax should be compulsory taxes of Panchayats.
2.	4·7	Minimum and maximum rates of compulsory taxes should be prescribed.
3.	4·8	House tax may be levied on the basis of capital value of the house.
4.	4·9	There should be no exemption from the levy of house tax.
5.	4·10	An independent agency for valuation of houses may be set up.
6.	4·11	The maximum and minimum rates of house tax based on capital value of houses may be as follows :— (a) On a house of capital value not exceeding Rs. 250. Minimum 25 nP. and maximum Re. 1. (b) On a house of capital value ranging from Rs. 251 to Rs. 500. Minimum 50 nP. and maximum Rs. 2. (c) On a house of capital value ranging from Rs. 501 to Rs. 1,000. Minimum Re. 1 and maximum Rs. 5. (d) On a house of capital value of over Rs. 1,000. For every increase of Rs. 500 or part thereof the increase in the minimum and maximum rate to be 50 nP. and Rs. 2.50 respectively.
For town Panchayats, the rates may be higher.		
7.	4·12	Profession tax should be levied at rates similar to those proposed in the Andhra Pradesh Panchayats Bill 1963.
8.	4·13	The rate of cycle tax should be fixed by Panchayat Samiti and made uniformly applicable throughout its area. Steps should be taken to see that municipalities within the area of Samiti levy the tax at the same rate.
9.	4·14	Vehicle tax should be levied on all vehicles including bicycles. Motor vehicles should continue to be exempted. The minimum rate of vehicle tax should be Rs. 2 per annum, for all vehicles and the maximum, Rs. 4 per cycle and Rs. 10 per bullock-cart.

(1)	(2)	(3)
10.	4-15	The circumstances and property tax imposed by the States of Bihar, Orissa and West Bengal should be split up into its component parts, viz., house tax and land tax, for greater precision, certainty of imposition and ease of collection.
11.	4-16	Kollagarum, a tax on produce sold in village by weight, measurement or number, may be an optional tax of Panchayats.
12.	4-16	The State Governments should consider the possibility of replacing octroi, where levied, by other progressive taxes.
13.	4-16	Pilgrim tax should preferably be levied by Panchayat Samiti or Zila Parishad, a part of the proceeds being given to Panchayats in the area of which pilgrim centres are located, and the rest utilised for the common benefit of the area of Samiti or of the district. The expenditure incurred in this connection should be shared suitably by concerned Panchayat, Samiti and Zila Parishad.
14.	4-16	The State Governments should consider the possibility of providing for levy by Panchayats of a tax on animals.
15.	4-17	The levy of fees for water supply, drainage, street lighting and conservancy should be optional. Where water supply, drainage or electric lighting is provided through loans, Panchayat should have the right to charge a fee from beneficiaries. The basis for fixing the rate of such fees may be the amount needed for servicing the loan or for covering the liability incurred in providing the service.
16.	4-17	In regard to the levy of licences and fees, the position in each State should be reviewed in the light of levies in different States so as to make the powers of Panchayats as comprehensive as possible.
17.	4-18	The expenditure on Nyaya Panchayats should be met by the Government on the net cost basis, preferably at the Samiti level.
18.	4-20	Unless specifically exempted, all public land, trees, ponds and tanks with fishery rights therein, unreserved forests, choultries, rest houses and other buildings situated in a Panchayat area and not belonging to a private party should be transferred to that Panchayat.
19.	4-21	The proceeds of sale of <i>abadi</i> land should be used only for expenditure which will create permanent assets for Panchayat.
20.	4-21	Alienation of immovable property by a Panchayat should be subject to permission or approval of a prescribed authority.
21.	4-22	In Panchayats where there are large unassigned areas of cultivable land, a minimum of one cent of land <i>per capita</i> should be given to Panchayat as non-alienable community property, while the rest may be retained with the Government for future assignment to landless labourers and others.

(1)	(2)	(3)
22.	4-22	When there is not enough land available, the State Governments should acquire and hand over to each Panchayat not less than 5 acres to be used as community property for house sites, compost making, tree planting, nursery and such other purposes.
23.	4-23	Management of fishery ponds, even where fishery rights belong customarily to local communities of fishermen, should vest in Panchayats.
24.	4-23	Cattle pounds should be the property of Panchayats, who should be given the right to fix rates for them.
25.	4-24	In the case of markets classified as Samiti and Zila Parishad markets, a reasonable share of net income, may one-third, subject to a maximum of one rupee <i>per capita</i> should be given to Panchayats in the area of which fair is held or market is organised.
26.	4-24	The question of sharing the income from markets, organised by Market Committees or Societies, with Panchayati Raj Institutions should be carefully examined by the State Governments. Panchayats and Samitis should be allowed to participate actively in the organisation of these markets.
27.	4-28	Surcharge on stamp duty not exceeding 5 per cent of the value of property should be levied and collected by State Government. The proceeds within the area of a Samiti should be distributed in an equitable manner among that Samiti and its Panchayats.
28.	4-29	The whole or a part of entertainment tax collected by State in rural areas should be shared with Panchayats and Samitis. Panchayats and Samitis may levy a show tax in addition.
29.	4-30	The State assistance, if any, for the whole or part of the salary of Secretary of Panchayat should be in the form of purposive grant. Secretary should be paid directly by Panchayat.
30.	4-32	The Governments, who derive income from the sale of Kendu leaf, may consider the desirability of sharing this income with Panchayats or Samitis.
31.	4-33	The entire tax demand of a Panchayat, excluding arrears, may be taken as the basis for matching grant and, if collection of 75 per cent is made in a year, an amount equal to 15 per cent of such collection should be given as matching grant which should increase at least by 1 per cent for every additional 5 per cent collection.
32.	4-33	The matching grant for Panchayats in backward areas should be on more liberal basis.
33.	4-34	A basic minimum maintenance grant of Re. 1 <i>per capita</i> should be given to every Panchayat and this should be shared equally by State and Central Governments.

(1)	(2)	(3)
34.	4-36	For executing specific development projects, Panchayats should have powers to levy special tax on land revenue, house tax, or on some other basis.
35.	4-36	In case voluntary contribution in cash or labour is insufficient to execute a development project, recourse may be had to labour tax, Defence Labour Bank or special levy payable in cash or labour. Voluntary contribution may be adjusted against these levies.

#### SECTION 5—Expenditure of Panchayats

36.	5-2	The expenditure on administration should not ordinarily exceed 25 per cent of the total income of a Panchayat.
37.	5-3	Wherever revenue authorities feel confident and Panchayats agree, the work of revenue collection may be transferred to Panchayats.
38.	5-4	Every Panchayat should have a Secretary who may perform also the duties of collection of land revenue and Panchayat taxes or that of the Village Level Worker, but a VLW should not be given the task of revenue and tax collection.
39.	5-6	An over-head tank, a pipe line and taps for water supply at convenient centres should be an objective of all Panchayats.
40.	5-7	Every Panchayat, which can afford, should engage one or more sweepers.
41.	5-8	Street sweepings should, as far as possible, be converted into compost.
42.	5-9	Special attention should be paid to the maintenance of village roads.
43.	5-10	Special assistance, a part of which may be in the form of loan, should be given to Panchayats in areas which are badly in need of drainage facilities.
44.	5-11	Electrification of villages should be speeded up.
45.	5-12	Community broadcasting in the villages may be universalised and a proper maintenance organisation established for servicing community listening sets.
46.	5-13	Where Panchayat has funds, a portion may be earmarked for construction of Panchayat building.
47.	5-14	Where a development project common to several Panchayats and accepted by a majority of them, is held up for want of voluntary contributions from a few Panchayats, Panchayat Samiti concerned should be able to enforce a special levy on recalcitrant Panchayats.

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(1)	(2)	(3)
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**SECTION 6.—Resources of Panchayat Samitis**

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| 48. | 6·4  | The procedure followed in Madras of pooling all grants under the community development schematic budget and those from State Departments and of evolving a development schematic budget for Samiti may be examined by all other State Governments. The Government of India should encourage the States to adopt the procedure.  |
| 49. | 6·5  | An annual average per capita grant of Re. 1 should be made to each Samiti to be shared equally by the State and Central Governments and to be earmarked for maintenance of staff on an agreed pattern. The Centre's share of the grant may be met by suitable adjustments within the grants now being made by it.   |
| 50. | 6·7  | To enable Samitis to participate in the evolution of the Fourth Plan, the Central and State Governments may intimate to them in advance the minimum and maximum financial limits that can be made available to them by way of grants and loans.   |
| 51. | 6·7  | In the implementation of the plan, limitations imposed on Samitis should be in terms of broad categories like education, health, roads, etc., and so long as they conform to national pattern, the Samitis should have freedom to readjust the plan in the light of actual experience and the changing needs of the people.   |
| 52. | 6·8  | An amount of Rs. 400 crores @ Rs. 10 per capita of rural population should be allotted in the Fourth Plan for unspecified local development works to be given on a matching basis.  |
| 53. | 6·10 | Elementary education, a natural and essential function of the Panchayati Raj, should be transferred to Samiti or Zila Parishad. Its actual day to day management may vest in a Board set up by Samiti or Zila Parishad in which not only members of that body but also others with special knowledge and experience in the proper development of education should find a place. |
| 54. | 6·12 | The entire expenditure on elementary education should be met out of grants and resources transferred specially for the purpose by the State Government.   |
| 55. | 6·12 | Every Samiti should have some additional funds at its disposal for initiative in effecting educational improvements.  |
| 56. | 6·13 | Not more than half the proceeds of resources transferred to Samitis, like share of land revenue or cess, stamp duty, entertainment tax, etc., should be earmarked for committed expenditure on schemes and institutions transferred to them and the balance of such expenditure should be financed by the State partly by general and partly by specific grants.                |
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(1)	(2)	(3)
57.	6-13	Grants for maintenance of roads may be on the basis of mileage and those for repair and maintenance of irrigation sources, on the basis of acreage irrigated.
58.	6-14	There should be no confusion and overlapping in the taxation powers of Panchayat Samiti and Zila Parishad.
59.	6-15	Contributions from Panchayats should be shown on the receipt side of the budget of every Samiti and the total expenditure on works belonging to the Samiti shown on the opposite side.
60.	6-16	The salaries and allowances of all staff working under Samiti should be paid from its funds and shown in its accounts.
61.	6-17	A Samiti should be free to add to the strength of its staff so long as it is able to meet the expenditure from the one rupee <i>per capita</i> grant and its own resources.
62.	6-18	Where it is too big to be managed by Panchayats, Samitis should be entrusted with the management of fairs, markets, ghats and ferries, tanks and plantations and share the proceeds with Panchayats where these are located or organised.
63.	6-19	Every service or institution serving exclusively the area of a Samiti and being its legitimate function should be transferred to it.

#### SECTION 7—Zila Parishads

64.	7-2	It is necessary to transfer some more elastic sources to Zila Parishad in Maharashtra so that it can be an effective organ of local Government at the district level.
65.	7-7	Even a purely advisory District Council can render useful service if the matters on which it should be consulted are listed with imagination and precision and a convention established for modification or rejection of its recommendation only by the State Cabinet.
66.	7-8	There should be definite principles and criteria for distribution of funds to Samitis through Zila Parishads. Where the distribution is more or less automatic, the funds may be sent directly to Samitis or Panchayats concerned without being channeled through Zila Parishads.
67.	7-8	The rights and duties of Zila Parishads, Samitis and Panchayats in any particular sphere of activity should be precise and beyond dispute.
68.	7-9	Zila Parishad or Samiti should not be empowered to levy contributions from a body belonging to a lower tier, except for executing development projects in the area of that body.
69.	7-10	The salaries of all staff working under a Zila Parishad should be paid from the Zila Parishad's funds.

(1)	(2)	(3)
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**SECTION 8—Loans to Panchayati Raj Bodies**

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| 70. | 8-9 | Every State Government should establish a Panchayati Raj Finance Corporation.   |
| 71. | 8-9 | State Governments should fix the authorised capital subject to a minimum of one crore of rupees and maximum of 5 crores of rupees.  |
| 72. | 8-9 | Its authorised capital should be divided into fully paid up shares of Rs. 100 each to be issued among Panchayati Raj institutions, State Government, Central Government, Reserve Bank of India, Life Insurance Corporation, Cooperative Banks, Scheduled Banks, Insurance Companies and other financial institutions. |
| 73. | 8-9 | The corporation may give loan to Panchayat, Samiti or Zila Parishad for public utility undertakings; construction of shops, markets, hotels, etc., purchase of tractors, pumping sets and bore well units; plantation and afforestation; scientific pisciculture and small-scale and medium industries.               |
| 74. | 8-9 | The corporation should maintain experts to advise Panchayati Raj institutions, seeking loans, on the financial, technical and other aspects of the projected undertakings.  |

**SECTION 9—Budget, Accounts and Audit**

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| 75. | 9-2 | For inclusion in the budget of a Panchayati Raj institution the items of assistance which depend on actual receipts of a tax, fee, etc., should be calculated by the State Government on the basis of the actual collections of the first half and the estimated collection of the second half of the year preceding the budget year. These amounts should be intimated to the Panchayati Raj institutions well in advance of the time fixed for preparation of their budgets. |
| 76. | 9-2 | The State Governments should make special efforts to arrive at decisions on the schemes to be executed by Panchayati Raj institutions and the amounts to be given to them for the purpose by way of grant and loans and to intimate the same to the institutions concerned well in advance of the preparation of the budgets.  |
| 77. | 9-3 | The Panchayats and Samitis should make provision in their budgets only for such taxes as are to be actually levied in the budget year, and the proceeds from which can be reasonably estimated.  |
| 78. | 9-4 | Samiti should adopt the practice of deciding upon schemes to be executed through Panchayats at least six months in advance of the budget year.   |



(1)	(2)	(3)
79.	9-5	A suitable penalty, say of 10 per cent, may be levied on all arrears of taxes and this penalty utilised by the revenue authorities or Samities for appointing special staff for collection of arrears.
80.	9-5	Generous prizes may be offered to Panchayats which collect hundred per cent of their assessment.
81.	9-6	Wherever Samiti is required to approve the budgets of its Panchayats, the power should be delegated to its Finance Committee.
82.	9-10	The form of Panchayat accounts should be simple and should indicate independently the normal recurring receipts on one side and the committed expenditure on the other. Special grants, contributions, its own matching contribution and loans, for development projects should be separately shown on the receipt side and expenditure on development works, either its own or of Samiti, should be shown on the expenditure side.
83.	9-10	The budget of Samiti should reflect all receipts and expenditure, whether of the community development programme, its own resources, grants from development departments, contributions from Panchayats, or loans raised by it. The expenditure should include the salaries of all staff even if they are paid directly by Government. The payment by Government for this purpose should be shown as receipt.
84.	9-10	Grants to Panchayats by Samiti for their works, like drinking water supply or Panchayat roads, should be shown separately.
85.	9-10	Samiti should show in some manner or the other the cumulative value of all permanent assets created either through grants, contributions, loans, or its own resources.
86.	9-10	Wherever a public utility or remunerative undertaking has been financed by loans, proper commercial accounts should be maintained.
87.	9-11	Every Panchayat should be inspected at least once in three months by Panchayat Extension Officer to ensure that there is no misappropriation or falsification of accounts.
88.	9-12	A weekly statement of receipts and expenditure should be sent by each Panchayat to its Samiti office where it should be scrutinised and filed properly.
89.	9-13	All receipts of a Panchayat should as far as possible be deposited in a scheduled or cooperative Bank or Post Office Savings Bank and money for expenses drawn strictly according to rules and procedures.

(1)	(2)	(3)
90.	9·14	Panchayts should not be encouraged to make long-term investments merely for earning interest, but, should be persuaded to use their balances for constructive purposes including development of remunerative undertakings.
91.	9·15	A special branch in the office of the Examiner of Lcoal Fund Audit should be organised in each State to carry-out regularly the audit of the accounts of Panchayati Raj institutions.
92.	9·15	It should be impressed upon Panchayats and Samitis that defects pointed out by auditors should be promptly remedied and satisfactory explanation offered to meet the audit objection.
93.	9·15	A special meeting of Panchayat/Samiti should be held for consideration of the audit report within 30 days of its receipt, and the result of discussion should be sent to supervising authority.

#### SECTION 10—General

94.	10·1	As frequent changes in their structure, functions, and resources will prevent Panchayati Raj bodies from taking root and will create around them an atmosphere of uncertainty, revision of laws and rules should be undertaken only after sufficient experience of their working has been gained.
95.	10·2	The salaries, allowances and other conditions of service of the employees of Panchayati Raj bodies should as far as possible be the same as those of State Government employees of similar categories.
96.	10·3	Training in budgetary and accounting procedure should be particularly emphasised in the case of Panchayat Extension Officers and Secretaries.
97.	10·4	In order to facilitate the work of Panchayati Raj Finance Corporation, there should be an institute in each State to study the scope of remunerative undertakings in particular areas and to undertake pilot projects. It is desirable that it should have wings for evaluation and studies relating to Panchayati Raj.
98.	10·5	All high schools should provide for teaching about Panchayati Raj and this should be supplemented by periodic voluntary service camps of boy scouts, National Cadet Corps, etc. In colleges and Universities, the study of problems relating to Panchayati Raj should be encouraged by making it a special subject or an integral part of social science.
99.	10·6	All grants and subventions, including specific and purposive departmental grants, may be pooled at the State level and disbursed in a consolidated form to various Panchayati Raj institutions.

(1)	(2)	(3)
100.	10-6	A high level officer should, at least in bigger States, be exclusively in charge of financial matters concerning Panchayati Raj bodies.
101.	10-7	Ministers in charge of Panchayati Raj should devote special attention to the development of cordial relations between the departmental officers and Panchayati Raj bodies.
102.	10-8	Samitis, Zila Parishads and State Governments should prepare annually consolidated statements of income and expenditure of the institutions under them. The consolidated statements for all the tiers at the State level should be published and presented to State Legislature every year.
103.	10-8	The Ministry of Community Development and Cooperation should prepare consolidated statements for the country as a whole and publish them with Statewise tables of income and expenditure.
104.	10-9	Panchayats and Samitis may be classified into three or four groups according to their capacity to raise resources to ensure that proportionately greater assistance is given to poorer categories.
105.	10-10	As the three tier system may not be quite suitable in the peculiar circumstances of backward areas, particularly hilly tracts inhabited by scheduled tribes, special institutions and procedures may be devised for them.
106.	10-11	The State Governments may consider the possibility of sharing the income from forests, quarrying and mineral royalties with Panchayats which have very little agricultural land and consequently insignificant land revenue.
107.	10-12	All donations for purposes such as those of National Defence Fund and expenditure on receptions and ceremonial occasions, in excess of a small minimum, should be prohibited.
108.	10-13	Special attempts should be made to assist Panchayats in overcoming difficulties to obtain title or possession of land and property transferred to them by Acts or rules and orders made under them. When they get involved in litigation, legal advice and financial assistance should also be extended to them.
109.	10-14	The authorities concerned should give preference to Panchayat in its corporate capacity, for agencies in respect of National Savings scheme and Life Insurance Corporation.
110.	10-15	Help to the disabled and destitutes should be given by Government through Panchayati Raj institutions which should also share the burden to some extent, wherever possible.

(1)	(2)	(3)
111.	10·16	Panchayats should endeavour to attract gifts and donations.
112.	10·17	It may be worth while considering whether some degree of uniformity should be attempted in the nomenclature of Panchayati Raj institutions and their presiding officers to avoid confusion in inter-state comparisons and all-India reports.
113.	10·18	When Panchayati Raj institutions have come to be firmly established in all States, the problems of mutual cooperation between Panchayati Raj bodies and cooperatives may be re-examined by representatives of both sides.

#### SECTION 11—Conclusion

114. After Panchayati Raj bodies have functioned for some years, there should be enquiries at State level on a uniform basis, by agreement amongst State Governments, to review their resources and finances. This should be followed by an enquiry for the whole country instituted by the Government of India.

## ANNEXURE I

(See paragraph 1.3)

1. *Demi-official letter dated the 3rd September, 1962 from Shri A. Prakash, Commissioner, Panchayati Raj, Ministry of Community Development, Panchayati Raj and Cooperation to Development Commissioners/Development Secretaries of all States and Union Territories.*

As you are aware, a Study Team under the Chairmanship of Shri K. Santhanam, Member of Parliament, has been appointed by this Ministry for making a comprehensive study of the resources and financed of Panchayati Raj institutions. A copy of the Government Resolution setting up the Study Team which contains details about the personnel and its terms of reference is enclosed for ready reference.

2. The Study Team at its first meeting held on the 1st September, 1962, felt that as the statutory provisions relating to the working of the Panchayati Raj institutions etc. vary from State to State, it is not desirable to issue a regular questionnaire for eliciting the required information. Instead, the Team decided to obtain information on some selected items which are listed in the annexure. I shall be grateful if you could kindly arrange for 7 copies of a comprehensive memoranda on all these points to be sent to the Secretary of the Study Team by the 30th September, 1962.

3. During the course of its work, the Team also intends to visit your State for about 10 days and have discussions with the Ministers, yourself, officials and non-officials concerned. While in your State, the Team would like to visit two Zilla Parishads—one having the largest resources and the other with smallest resources, in your State. In each of these districts, the team also wants to visit two Panchayat Samitis, and in each Samiti two village Panchayats selected in a similar basis. I shall be grateful if you will kindly arrange to select suitable Zilla Parishads, Panchayat Samitis and Village Panchayats for this purpose and if you could inform the Secretary of the Study Team of the names of the Presidents and Executive Officials of these institutions.

4. However, before the visits are actually made, it would be advantageous if certain background material relating to the functioning of these Panchayati Raj bodies could be made available to the Team. I am enclosing herewith letters from the Ministry to these selected Panchayati Raj institutions requesting them to supply the necessary information on some aspects. We shall be grateful if you could kindly arrange to forward them to the Panchayati Raj bodies concerned with the request that their replies may be sent to the Secretary of the Team direct at an early date. Subsequently, if any additional information is required, the Team intends to call for it from these Panchayati Raj bodies. I shall, therefore, be grateful if you could kindly confirm that your State Government have no objection to the Study Team carrying on direct correspondence with these Panchayati Raj bodies.

5. The Team is to submit its report by the end of July 1963, and it consists of two Members of Parliament and one Member of the Mysore Legislative Assembly. We shall be grateful if you could kindly indicate the dates that would be suitable to your State Government for the Study Team's visit to your State. While choosing the dates, you may kindly see whether it is possible to time the visit when the Parliament it is not likely to be in session. Along with the suggested dates, a tentative programme may also be sent to the Secretary of the Team for the consideration of the Chairman and the members.

6. May I also request you to arrange for the following material being sent to the Secretary of the Study Team:

- (a) 7 copies of the Panchayati Raj Act now in force in your State.
- (b) 7 copies of the rules governing development taxes and grants.
- (c) 7 copies of any other reports or notes and statistical information relevant to the terms of reference of the Study Team.
- (d) A list of the public bodies and institutions, including association of Panchayati Raj bodies at the district and State levels which may be interested in the Team's work and whose views and evidence could be taken by the Team.

With kind regards.

## ANNEXURE

I. Obligatory grants and subventions to be made to the Panchayati Raj institutions from the Consolidated Fund of the State; whether they are general or specific; the manner of their distribution among the different tiers of Panchayati Raj institutions and conditions, if any, attached to them.

- (1) Obligatory share, if any, of any particular sources of revenues of the State Government handed over to the Panchayati Raj institutions; how they are distributed between them and conditions, if any, attached to such distribution.
- (2) Resources of the State which may be shared with the Panchayati Raj institutions and whether they are actually shared or proposed to be shared; the manner and conditions of such sharing; details regarding their distribution etc. may be given.
- (3) Discretionary grants by the State Government to the Panchayati Raj institutions; extent of such grants made for 1961-62 and budget provision 1962-63 and their distribution.
- (4) Loans made or proposed to be made to the Panchayati Raj institutions, their amounts, terms, purpose and conditions attached to them.

II. Sources of revenue including taxation and other income transferred by law to the district Parishads; whether any of these sources has been availed of by the district Parishads and to what extent; if any, of these sources has not been availed of, partly or wholly, reasons for the same.

III. Sources of revenue and other income of Panchayat Samitis;

- (1) transferred direct from the State Government;
- (2) transferred from district bodies;
- (3) under their own powers of taxation etc.; and
- (4) income from other sources.

IV. Sources of revenue and other income of Village Panchayats:

- (1) transferred direct from the State Government;
- (2) transferred direct from the District bodies;
- (3) transferred from Panchayat Samitis;
- (4) under their own powers of taxation, etc. and
- (5) other sources.

- V. (1) Obligatory functions of a District Parishad, of a Panchayat Samiti and of a Village Panchayat and the approximate percentage of revenue of each which will enable it to discharge such obligatory functions.
- (2) Discretionary functions of the various institutions; the extent to which their present finances enable them to perform such functions.

VI. Is the present allocation of resources and finances to the Panchayati Raj institutions considered satisfactory or does it require any change or readjustment? If the latter, what are the State Government's suggestions?

VII. What is the total amount provided for by the State Government in their budget of 1962-63 for transfer to the Panchayati Raj institutions by way of share of taxes, grants and loans? Please give as much detail as available.

VIII. (1) Please send a consolidated statement, if available of accounts of each of the tiers of the Panchayati Raj institutions in the State for the latest year for which full information is available, showing in detail the income and expenditure on both revenue and capital. What is the nature of supervision exercised by the State Government over the expenditure of each tier of Panchayati Raj institutions?

- (2) Sample reports and budgets of two or three District bodies, Panchayat Samitis and Panchayats.

IX. The present extent of general and special reserve funds, if any, of district bodies, Panchayat Samitis and Panchayats; the purpose of these reserve funds and the extent to which these funds have been invested outside.

X. Inducements, if any, provided to Panchayati Raj institutions to tap fresh resources in their local areas.

XI. Measures, if any, adopted by these institutions to attract local donations and contributions.

NOTE:

District Parishads include	{ Zilla Parishads Mohkuma Parishads District Panchayats Zilla Panchayats District Development Councils.
Panchayat Samitis include	{ Anchalik Panchayats Taluka Panchayats Block Panchayat Boards Janapada Panchayats Panchayat Union Councils Taluk Development Boards Kshetra Samitis Anchal Panchayats Block Panchayat Samitis Tahsil Panchayats
Panchayats include	{ Gram Panchayats Gaon Panchayats Nagar Panchayats Village/Town Panchayats.

2. Letter No. 16/10/62-Panch, dated the 5th September, 1962 from Shri C. Srinivasa Sastry, Deputy Commissioner, Panchayati Raj, Ministry of Community Development, Panchayati Raj and Cooperation to Presidents of selected Zilla Parishads.

A Team has been set up by the Government of India, Ministry of Community Development, Panchayati Raj and Cooperation, to study the finances of the Panchayati Raj institutions in the country. A copy of the Government Resolution containing the terms of reference of the Study Team, is enclosed for your information.

2. In order to undertake a comprehensive study of the various problems, the Team intends to visit your District in the near future. However, before the visit is actually made, it would be advantageous if certain background material relating to your Parishad could be made available to the Team. The points on which information is required are listed in the annexure. I am, therefore, to request you to be good enough to furnish the material and also even copies of a memorandum on the points listed in the annexure to the Secretary of the Study Team, at an early date.

**List of points on which information is required by the Study Team from Zilla Parishads**

- (1) 7 copies of your latest budget estimates as approved by the State Government.
- (2) Financial relations between you and the lower tiers of the Panchayati Raj, i.e. Panchayat Samiti, etc.
- (3) Procedure for scrutinising and approving the budget estimate of Panchayat Samitis under your Parishad; whether it is done by the whole Parishad or by a Standing Committee; if the latter, what is the composition and powers of this Committee; have there been any difficulties in scrutiny and approval of these budgets in the allotted time.
- (4) Whether your District Parishad has to distribute any grants or subventions made by the State Government or by All India Boards and Institutions; if so, what are the principles on which such distribution is made?
- (5) Has your Parishad any power of taxation; if it has, what are those taxes?
- (6) Has the Parishad actually levied any taxes; if so, what are their details?
- (7) Do the Panchayat Samitis submit a Statement of their audited accounts annually to your Parishads; if so, when; what action does your Parishad taken on them?
- (8) Does your Parishad prepare annually a consolidated statement of revenue and expenditure of all Panchayat Samitis under its jurisdiction? If so, 7 copies of the latest statement may be sent.

- (9) Do you find the existing laws, rules, and procedures governing your financial relations with the State Government on the one hand and with the Samitis and Panchayats under your jurisdiction on the other satisfactory; have you any suggestions to simplify or improve them?

NOTE.—Seven copies of the material, and seven copies of a memorandum on the points listed above, may be sent direct to Secretary, Study Team, Panchayati Raj Finances, Ministry of Community Development, Panchayati Raj & Cooperation, Krishi Bhavan, New Delhi-1, as early as possible.

3. *Letter No. 16/10/62-Panch dated the 5th September, 1962 from Shri C. Srinivasa Sastry, Deputy Commissioner, Panchayati Raj, Ministry of Community Development, Panchayati Raj and Co-operation to Presidents of selected Panchayat Samitis.*

A Team has been set up by the Government of India, Ministry of Community Development, Panchayati Raj and Cooperation, to study the finances of the Panchayati Raj institutions in the country. A copy of the Government Resolution containing the terms of reference of the Study Team, is enclosed for your information.

2. In order to undertake a comprehensive study of the various problems, the Team intends to visit your Panchayat Samiti in the near future. However, before the visit is actually made, it would be advantageous if certain background material relating to your Panchayat Samiti could be made available to the Team. The points on which information is required are listed in the annexure. I am, therefore, to request you to be good enough to furnish the material and also seven copies of a memorandum on the points listed in the annexure to the Secretary of the Study Team, at an early date.

**List of points on which information is required by the Study Team from Panchayat Samitis**

- (1) 7 copies of your latest budget estimates as approved by the Zila Parishad. Describe the procedure of framing the Samiti budget estimates and having them approved; were the last budget estimates approved unanimously or by a majority; have you found any difficulty in getting your budget estimates approved in time by the Zila Parishad?
- (2) Financial relations between your Samiti and the Zila Parishads on the one hand and your Samiti and the Village Panchayats under it on the other.
- (3) Procedure for scrutinising and approving the budget estimates of Village Panchayats; is it done by the whole Samiti or by a Standing Committee; if the latter, please give the composition and powers of this Committee have there been any difficulties in scrutinising and approving them within the allotted time?
- (4) Whether your Panchayat Samiti has to distribute to the Village Panchayats in your jurisdiction any grants or a subventions received from the State Government or the District Parishad; if so, what are the principles upon which the distribution is made?
- (5) What are the powers of taxation vested in your Samiti; to what extent have they been exercised; please give details of any taxes levied?
- (6) Do Village Panchayats submit to you statements of their audited accounts annually; if so, when; what action does your Samiti take on such statements?
- (7) Does your Samiti prepare a consolidated statement of receipts and expenditure accounts of the Village Panchayats under your jurisdiction; if so, please send 7 copies of the latest consolidated statement?
- (8) Do you find existing laws, rules and procedures governing your financial relations with your Parishad and the State Government on one hand and the Village Panchayats under your jurisdiction on the other as satisfactory; have you got any suggestion to simplify or improve them? Please state them as briefly and as precisely as possible.
- (9) Do you find the existing financial arrangement adequate for the proper discharge of your functions; if not, what are your suggestions for improving them; are your resources sufficient to meet the needs and requirements of your Block; if not, what steps would you suggest to augment these resources?
- (10) Do you account the assistance received by you for development works and for maintenance works separately; what are the principles for distribution of the available resources between them?



- (11) Have you raised any contribution during the last three years for the public for executing—
- (a) Zilla Parishad works;
  - (b) Your own works.

Give details of such contribution in cash, materials and labour

NOTE.—Seven copies of the material, and seven copies of a memorandum on the points listed above, may be sent direct to Secretary, Study Team, Panchayati Raj Finances, Ministry of Community Development, Panchayati Raj & Cooperation Krishi Bhavan New Delhi-1, as early as possible.

4. Letter No. 16/10/62—Panch, dated the 5th September 1962 from Shri C. Srinivasa Sastry, Deputy Commissioner, Panchayati Raj, Ministry of Community Development, Panchayati Raj & Cooperation to Sarpanchas of selected Panchayats.

A Team has been set up by the Government of India, Ministry of Community Development, Panchayati Raj and Cooperation, to study the finances of the Panchayati Raj institutions in the country. A copy of the Government Resolution containing the terms of reference of the Study Team, is enclosed for your information.

2. In order to undertake a comprehensive study of the various problems, the Team intends to visit your Panchayat in the near future. However, before the visit is actually made, it would be advantageous if certain background material relating to your Panchayat could be made available to the Team. The points on which information is required are listed in the annexure. I am, therefore, to request you to be good enough to furnish the material and also seven copies of a memorandum on the points listed in the annexure to the Secretary of the Study Team, at an early date.

**List of Points on which Information is required by the Study Team from Panchayats**

- (1) 7 copies of your latest budget estimates; are they approved by the Gram Sabhas; if so, please state the procedure for obtaining its approval; has your budget also to be approved by your Panchayat Samiti; if so, please state if there has been any difficulty in getting the budget scrutinised and approved within the prescribed time. Was the last budget passed unanimously or by a majority?
- (2) Please describe the financial relations between you and the Panchayat Samiti. Is your Panchayat getting reasonable share of the funds distributed by the Samiti?
- (3) What powers, if any, of taxation—obligatory and optional—have been given to your Panchayat; to what extent have they been exercised has the Panchayat Samiti or the State Government objected to or modified any taxation measures approved by your Panchayat?
- (4) Do you find the present financial arrangement adequate for the proper discharge of your functions; if not, what are your suggestions for improving them?
- (5) Have you raised any local contributions for—
  - (a) works of the Zilla Parishad;
  - (b) works of the Panchayat Samiti;
  - (c) your own works.

NOTE.—Seven copies of the material, and seven copies of a memorandum on the points listed above, may be sent direct to Secretary, Study Team, Panchayati Raj Finances, Ministry of Community Development, Panchayati Raj & Cooperation, Krishi Bhavan, New Delhi-1, as early as possible.

## ANNEXURE II

(See Paragraph 1-4)

*Demi-Official letter No. CH/STPRF/5/62-63, dated the 4th September, 1962, from Shri K. Santhanam, M.P., Chairman, Study Team, Panchayati Raj Finances, Krishi Bhavan, New Delhi to all members of Parliament's Informal Consultative Committee of the Ministry of Community Development, Panchayati Raj & Cooperation.*

You are aware that this team has been set up to study the resources and finances of the Panchayati Raj institutions. I am enclosing herewith a copy of the resolution setting out the terms of reference.

2. The Team held its first meeting on 1st September, 1962. It decided not to frame a formal questionnaire as the problems are different from State to State and the issues have to be studied at four different levels namely, State, District, Panchayat Samiti and Village Panchayat. It has, therefore, decided to send letters to the authorities of the various levels for memoranda relating to the matters concerning them.

3. I wish to request you to send your views regarding any issues relevant to our terms of reference. If you should like to meet the Team personally, I shall be glad to make the necessary arrangements.

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### ANNEXURE III

(See paragraph 1.5)

*List of Panchayati Raj Institutions Visited by the Study Team.*

Sl. No.	State	Period of visit	Institutions visited		
			Zilla Parishad	Panchayat Samiti	Panchayat
(1)	(2)	(3)	(4)	(5)	(6)
1	Andhra Pradesh	9th to 15th Oct. 1962.	Khammam West Godavari	Ganapavaram Kallur Kothagudem Koyyalagudem	Baithapalli Ganapavaram Gangole Jallurpad Jangareddigudem Lankapalli Palwancha Pippara Desuri Gundoj Palasani Sanwad Savina Sumerpur Takhatgarh Amadalli Avarsa Desanur Havagi Kansur Kudathini Tergaon Torangallur Sandur Sampakhand Sirigeri
2	Rajasthan	14th to 20th Dec. 1962.	Jodhpur Pali Udaipur	Desuri Rajasmand	Ammapet Melakkalakkudi Nochiyurani Rameswaram Aligarh Bhoranj Chhoule Kaonke-kalan Sahabana
3	Mysore	3rd to 10th Jan. 1963.	Bellary North-Kanara	Ankola Haliyal Sandur Siddapur Siruguppa	Arthala Barokhar Khurd Bhour Budhera Zahidpur Loni Dehu Paunar Talegaon Talatule Baikunthpur Habibpur Sainthia
4	Madras	1st to 8th Feb. 1963.	Thanjavur	Ammapet Mandapam Vedaranyam Watrap Jagraon Dasuya Kharar Mangat Pathankot Pragpur Samrala Barokhar Khurd Loni Man Meerut	
5	Punjab	1st to 7th March 1963.	Kangra Ludhiana		
6	Uttar Pradesh	14th to 19th April 1963.	Banda Meerut		
7	Maharashtra	26th April to 1st May 1963.	Poona Wardha	Haveli Wardha	
8	West Bengal	22nd to 25th May 1963	—	—	

(1)	(2)	(3)	(4)	(5)	(6)
9	Orissa ..	26th to 31st May 1963.	Cuttack Phulbani	Khazuripada Narasingpur	Kanpur Khazuripada Nizgarh
10	Kerala ..	10th to 12th June 1963.	—	—	Nemon Varkala
11	Bihar ..	12th to 14th June 1963.	Monghyr	—	Chero-Kharuara Eighu Kaithma Maner-telpe
12	Madhya Pradesh*	29th June to 2nd July 1963.	Tikamgarh Chattarpur Sagar Vidhisha	—	—
13	Delhi ..	19th July 1963.	—	Najafgarh	—

\*Representatives of Panchayats in the four districts were assembled at the district headquarters to meet the Study Team.

## ANNEXURE IV

(See paragraph 4.5)

*List of taxes leviable by different tiers of Panchayati Raj under the Acts of the States*

1. House-tax
2. Profession tax
3. Duty on transfer of property
4. Vehicle tax
5. Tax on agricultural land
6. Pilgrim tax
7. Tax on fairs, festivals and entertainments
8. Sanitary tax
9. Drainage tax
10. Lighting tax
11. Tax on ferries
12. Terminal tax
13. Water tax
14. Pure food tax
15. Timber tax
16. Oil Engine tax
17. Tax on cattle fairs
18. Tax on animals brought for sale
19. Tax for safety from fire
20. Octroi
21. Kollagarum, (A tax on sale of produce in the village by weight, measurement or number)
22. Land cess
23. Surcharge on seigniorage fees
24. Tax on property and circumstances
25. Tax on commercial crops
26. Tax on fisheries
27. Tax on cultivable land lying fallow
28. Labour tax
29. Surcharge on land cess
30. Surcharge on amusement and entertainment tax

## ANNEXURE V

(See paragraph 4.15)

*List of fees leviable by different tiers of Panchayati Raj under the Acts of the States.*

1. Fees under cattle trespass Act (Cattle pounds)
2. Fees for the use of Porombokes
3. Fees for commercial crops bought and sold in the village
4. Fees for the Occupation of buildings under the charge of Panchayats
5. Fees for the registration of animals brought for sale
6. Fees on goods exposed for sale in markets.
7. Fees on cart stands
8. Fees on bus stands
9. Fees for grazing cattle in Panchayat lands
10. Fees on minor hats and private hats
11. Fees for the collection of hides and skins
12. Licence fees for starting tea stalls, restaurants etc.
13. Fees for application for construction of buildings
14. Fees for the use of slaughter houses
15. Licence fees on brokers, commission agents etc.
16. Fees for major hats
17. Fees for registration of vehicles
18. Fees for cases instituted before Nyaya Panchayats
19. Licence fees from owners of trade declared as dangerous and offensive
20. Fees for the issue of licences and permission for establishment of factories
21. Licence fees from owners of theatres
22. Fees for providing sanitary arrangements at places of worship and pilgrimage
23. Tolls on new bridges
24. Fees for the erection of temporary construction in public places
25. Fees for the occupation of village sites
26. Fees for cleaning cess pool

ANNEXURE VI

(See paragraph 4.19)

*Provision in the Acts for Vesting of Property in Panchayats*

S. No.	Item	Statutory	Discretionary
(1)	(2)	(3)	(4)
1	Porombokes .. ..	Andhra Pradesh, Bihar, Madras, Rajasthan.	Gujarat, Madhya Pradesh, Maharashtra, Mysore, Punjab.
2	Roads .. ..	Andhra Pradesh, Assam, Bihar, Jammu & Kashmir, Kerala, Madras, Orissa, Punjab, Rajasthan, Uttar Pradesh, West Bengal.	Gujarat, Madhya Pradesh, Maharashtra, Mysore.
3	Bridges and culverts	Assam, Kerala, Madras, Orissa, West Bengal.	Gujarat, Madhya Pradesh, Maharashtra.
4	Tanks, Wells, reservoirs	Andhra Pradesh, Bihar, Jammu & Kashmir, Madras, Rajasthan, West Bengal.	Gujarat, Madhya Pradesh, Maharashtra, Mysore.
5	Water ways .. ..	Andhra Pradesh, Assam, Bihar, Jammu & Kashmir, Kerala, Madras, Orissa, Punjab, Uttar Pradesh, West Bengal.	Gujarat, Maharashtra.
6	Minor irrigation sources		Andhra Pradesh, Madras, Orissa, Punjab.
7	Grazing lands .. ..	Andhra Pradesh, Madras, Rajasthan.	Gujarat, Madhya Pradesh, Maharashtra.
8	Unreserved forests ..	Jammu & Kashmir, Madras.	Andhra Pradesh, Orissa, Punjab.
9	Trees on public land ..	Jammu & Kashmir, Rajasthan.	Gujarat, Madhya Pradesh, Maharashtra, Mysore.
10	Village refuse, rubbish and cleaning.	Andhra Pradesh, Jammu & Kashmir, Kerala, Madras, Rajasthan, West Bengal.	
11	Buildings and rest houses	Bihar, Rajasthan, Orissa,	
12	Slaughter houses ..	Jammu & Kashmir.	
13	Lamps and lamp posts	Jammu & Kashmir, Rajasthan, West Bengal.	
14	Ferries .. ..	Andhra Pradesh.	
15	Communal property ..	Andhra Pradesh, Jammu & Kashmir, Kerala, Madras, Orissa, Rajasthan, Uttar Pradesh.	

NOTE:—The listing has been done on the basis of specific mention in the Acts, for the vesting of property in the Panchayats.

## ANNEXURE VIII—Contd.

## Grants and Loans given by States to Panchayats

(Rupees in lakhs)

State	1961-62			1962-63			1963-64		
	Grants	Loans	Total	Grants	Loans	Total	Grants	Loans	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1. Andhra Pradesh.	180 (0·61)	—	180	205 (0·89)	—	205	182 (0·61)	—	182
2. Assam ..	98 (0·89)	3	101	104 (0·95)	—	104	124 (1·13)	5	129
3. Bihar ..	2 (..)	—	2	2 (..)	—	2	6 (0·01)	—	6
4. Gujarat ..	NA	NA	NA	NA	NA	NA	NA	NA	NA
5. Jammu & Kashmir.	—	—	—	—	—	—	—	—	—
6. Kerala ..	37 (0·26)	6	43	41 (0·29)	6	47	42 (0·29)	4	46
7. Madhya Pradesh.	48 (0·17)	—	48	44 (0·16)	2	46	42 (0·15)	1	43
8. Madras ..	605 (2·45)	42*	647	884 (3·58)	50*	934	941 (3·81)	45*	986
9. Maharashtra	176 (0·62)	145	321	285 (1·00)	—	285	292 (1·03)	—	292
10. Mysore ..	140 (0·76)	4	144	148 (0·81)	12	160	142 (0·78)	10	152
11. Orissa ..	7 (0·04)	—	7	22 (0·13)	5	27	16 (0·10)	16	32
12. Punjab ..	67 (0·41)	9	76	24 (0·15)	6	30	29 (0·18)	—	29
13. Rajasthan ..	36 (0·21)	—	36	36 (0·21)	—	36	36 (0·21)	—	36
14. Uttar Pradesh	210 (0·33)	3	213	249 (0·39)	3	252	119 (0·19)	5	124
15. West Bengal..	22 (0·08)	—	22	30 (0·11)	—	30	20 (0·08)	—	20

NOTE:—\*1. Includes loans given to Panchayat Union Councils. Break up between panchayats and panchayat union council is not available.

2. Figures in brackets relate to per capita grants.



## ANNEXURE VIII—Contd.

## Grants and Loans given by State to Panchayat Samitis

(Rupees in lakhs)

State	1961-62			1962-63			1963-64		
	Grants	Loans	Total	Grants	Loans	Total	Grants	Loans	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1. Andhra Pradesh.	1,170 (3·94)	80	1,250	1,445 (4·86)	263	1,708	1,548 (5·21)	265	1,813
2. Assam ..	2 (..)	—	2	2 (..)	—	2	— (..)	—	—
3. Bihar ..	—	—	—	—	—	—	—	—	—
4. Gujarat ..	NA	NA	NA	NA	NA	NA	NA	NA	NA
5. Jammu & Kashmir.	—	—	—	—	—	—	—	—	—
6. Kerala ..	—	—	—	—	—	—	—	—	—
7. Madhya Pradesh.	30 (0·11)	—	30	22 (0·08)	—	22	—	—	—
8. Madras ..	1,285 (5·20)	—*	1,285	1,935 (7·84)	—*	1,935	2,001 (8·10)	—*	2,001
9. Maharashtra	—	—	—	436 (1·54)	—	436	343 (1·21)	—	343
10. Mysore ..	372 (2·03)	63	435	409 (2·23)	56	465	396 (2·16)	69	465
11. Orissa ..	260 (1·58)	16	276	446 (2·71)	30	476	368 (2·24)	46	414
12. Punjab ..	59 (0·36)	—	59	133 (0·82)	—	133	138 (0·85)	172	310
13. Rajasthan ..	703 (4·17)	232	935	705 (4·18)	249	954	793 (4·70)	203	996
14. Uttar Pradesh	68 (0·11)	—	68	143 (0·22)	—	143	15 (0·02)	—	15
15. West Bengal..	—	—	—	—	—	—	—	—	—

NOTE:—\*1. Included in the information for panchayats.

2. Figures in brackets relate to per capita grants.

## ANNEXURE VIII—Concl'd.

## Grants and Loans given by States to Zila Parishad

(Rupees in lakhs)

State	1961-62			1962-63			1963-64		
	Grants	Loans	Total	Grants	Loans	Total	Grants	Loans	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1. Andhra Pradesh. ..	613 (2·06)	8	621	841 (2·83)	45	886	943 (3·17)	30	973
2. Assam ..	—	—	—	—	—	—	—	—	—
3. Bihar ..	—	—	—	—	—	—	—	—	—
4. Gujarat ..	NA	NA	NA	NA	NA	NA	NA	NA	NA
5. Jammu & Kashmir.	—	—	—	—	—	—	—	—	—
6. Kerala ..	—	—	—	—	—	—	—	—	—
7. Madhya Pradesh. ..	—	—	—	—	—	—	—	—	—
8. Madras ..	—	—	—	—	—	—	—	—	—
9. Maharashtra	—	—	—	3,013 (10·61)	191*	3,204	3,480 (12·26)	186*	3,666
10. Mysore ..	2 (..)	—	2	2 (..)	—	2	2 (..)	—	2
11. Orissa ..	150 (0·91)	—	150	397 (2·41)	1	398	418 (2·54)	2	420
12. Punjab ..	—	—	—	10 (0·06)	—	10	18 (0·11)	12	30
13. Rajasthan ..	5 (0·03)	—	5	5 (0·03)	—	5	5 (0·03)	—	5
14. Uttar Pradesh	1,358 (2·11)	—	1,358	1,381 (2·15)	—	1,381	1,435 (2·23)	—	1,435
15. West Bengal	—	—	—	—	—	—	—	—	—

NOTE:—\*1. This includes loans given to lower tiers.

2. Figures in brackets relate to per capita grants.

**REPORT**  
**OF**  
**THE STUDY TEAM ON**  
**PANCHAYATI RAJ FINANCES**  
**1963**

**PART II**



**MINISTRY OF COMMUNITY DEVELOPMENT & COOPERATION**  
**GOVERNMENT OF INDIA**

Price : Inland Rs. 1.70 nP.  
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सत्यमेव जयते

**MINISTRY OF COMMUNITY DEVELOPMENT & COOPERATION**  
**GOVERNMENT OF INDIA**

## ANDHRA PRADESH

We were in Andhra Pradesh from 9th to 15th of October, 1962. On the first day of our visit, we had a meeting with the Chief Minister and his Cabinet colleagues and thereafter we had detailed discussions with the State Government Officers and select M.L.As. On the next day we proceeded to Khamam district. We were in that District for two days. We met the representatives of the Zila Parishad, two Panchayat Samithis and four Panchayats. Thereafter we spent two days in West Godavary District. There also we met the representatives of Zila Parishad, two Panchayat Samithis and four Panchayats. On the last day at Hyderabad, we had an opportunity of discussing various matters with the members of the Joint Select Committee on 'Panchayat Bill' and leaders of Parties in the Assembly. These meetings helped us a good deal in our detailed study of the Panchayati Raj set-up in this State with particular reference to the resources and finances of Panchayats, Panchayat Samithis and Zila Parishads. A detailed list of parties whom we met is given in Annexure I.

2. The three-tier system of Panchayati Raj in Andhra Pradesh is based on the following Acts viz.,

- (i) The Andhra Pradesh (Andhra Area) Village Panchayats Act, 1950;
- (ii) The Andhra Pradesh (Telangana Area) Gram Panchayats Act, 1956.
- (iii) The Andhra Pradesh Panchayat Samithi and Zila Parishads Act, 1959.
- (iv) The Andhra Pradesh (Andhra Area) District Boards Act, 1920.
- (v) The Andhra Pradesh (Telangana Area) District Boards Act, 1955.

The first Act came into force on the 1st April, 1951; the second Act, on the 28th July, 1956; and the third Act on the 18th September, 1959. All these three Acts extend to the Scheduled areas also. An Integrated Village Panchayats Bill is now before the Legislature. When it becomes Law, it will replace the first two Acts. Consequent on the abolition of the District Boards with effect from 1-12-1959, the Andhra Pradesh (Andhra Area) District Boards Act, 1920 and the Andhra Pradesh (Telangana Area) District Boards Act, 1955, were adopted suitably for application to Panchayat Samithis and Zila Parishads.

The structure of Panchayati Raj institutions is shown below :—

- (i) Village level—Gram Panchayat.
- (ii) Block level—Panchayat Samithi.
- (iii) District level—Zila Parishad.

All these three bodies are corporate, statutory and democratic. In addition to these, there are District Associations of Panchayats at District level and a State Chamber of Panchayati Raj and an Informal Consultative Committee at State level. These are non-statutory advisory bodies.

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The structure of Panchayati Raj institutions is shown below :—

- (i) Village level—Gram Panchayat.
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- (iii) District level—Zila Parishad.

All these three bodies are corporate, statutory and democratic. In addition to these, there are District Associations of Panchayats at District level and a State Chamber of Panchayati Raj and an Informal Consultative Committee at State level. These are non-statutory advisory bodies.

3. In Telangana area, a Panchayat is constituted for a revenue village or a group of Revenue villages. In Andhra area, a Panchayat is constituted for a revenue village or a group of revenue villages or any portion of a revenue village or for a contiguous portion of two or more villages. The Andhra Pradesh (Telangana Area) Gram Panchayats Act provides for the constitution of Gram Sabha, but, there is no such provision in the Andhra Pradesh (Andhra Area) Village Panchayats Act. In the Integrated Village Panchayats Bill, provision exists for the constitution of Gram Sabha. At present, the elections to Panchayats is partly by secret ballot and partly by show of hands. The Integrated Village Panchayat Bill provides for election to Panchayats only by Secret Ballot. It provides for constitution of Conciliation Boards and also Nyaya Panchayats. The number of members of a Panchayat varies from 6 to 16 depending upon the population of each Panchayat area. In every Panchayat, seats are reserved for Scheduled Castes with due regard to their population in its area. The Andhra Pradesh (Andhra Area) Village Panchayats Act provides for election of a woman-member by the members of Panchayat. Villages having a population of over 5,000 and an annual income of over Rs. 10,000 are classified as Major Panchayats in Andhra area. The rural area of the State is divided into 15,145 Panchayats of which 365 are Major Panchayats. Panchayats meet, at least once a month.

4. The areas covered by the Hyderabad Municipal Corporation, City Municipalities in Telangana area and Municipalities in Andhra Area are excluded from the jurisdiction of Panchayat Samithis. The rural population of this State is 29.7 million. The rural area is delimited into 448 blocks and, out of these, Panchayat Samithis are so far constituted for 414 blocks. The average population per block comes to 70,000 according to 1961 Census. The blocks do not cross Taluk boundaries and consequently there is disparity in the population of blocks. Panchayat Samithi consists of Presidents/Sarpanches of Panchayats, one or two M.L.As. and M.L.Cs., and six co-opted members—two women, one representative of Scheduled Castes, one representative of Scheduled Tribes and two persons interested in rural Development. These members elect a President and Vice-President. No person can be a member of more than one Panchayat Samithi. Panchayat Samithi meets at least once in three months.

5. Each Panchayat Samithi has seven Standing Committees. Each Standing Committee has seven members. The President, Panchayat Samithi is the *ex-officio* member and Chairman of each standing committee. They deal with the following matters :—

- (i) agriculture, animal husbandry, minor irrigation, power, reclamation including soil conservation and contour bunding and fisheries;
- (ii) co-operation, thrift and small savings, cottage industries, rural housing, statistics, and prohibition of, or temperance in the consumption of intoxicating drinks and of drugs which are injurious to health;
- (iii) education including social education, medical relief, health and sanitation including rural water supply and drainage and relief of distress in grave emergencies;
- (iii-a) welfare of women and children;



- (iii-b) social welfare;
- (iv) communications and works; and
- (v) taxation and finance.

Each one of them meets at least once in two months.

6. The Zila Parishad consists of all Presidents of Panchayat Samithis, the District Collector, Members of the Legislative Assembly of the State elected from the District, Members of Legislative Council specified by Government, Members of the House of People elected from the constituency which forms part of the District, Members of the Council of States specified by Government, one of the Presidents/Sarpanches elected by all the Presidents/Sarpanches of Panchayats in the block for which no Panchayat Samithi is constituted and four co-opted members—two women and one representative of Scheduled Castes and one representative of Scheduled Tribes. They elect a non-official as a Chairman and another non-official as a Vice-Chairman. No person can be a member of more than one Zila Parishad. They meet at least once in three months.

7. Each Zila Parishad has seven Standing Committees dealing with the following subjects :—

- (i) planning, community development and communications;
- (ii) food and agriculture, co-operation, animal husbandry, forests, irrigation and power;
- (iii) industries including cottage, village and small scale industries;
- (iii-a) welfare of women and children;
- (iii-b) social welfare;
- (iv) education, medical and public health; and
- (v) taxation and finance.

The Chairman of Zila Parishad is an *ex-officio* member of all Standing Committees and the District Collector is a member and the Chairman of all the Standing Committees. Each one of the Standing Committees meets at least once in two months.

8. Panchayat Samithis and Zila Parishads thus work under the committee system. The Standing Committees have independent powers of sanction. Within their powers of sanction, they transact the bulk of the business of Panchayat Samithis and Zila Parishads. They use Panchayat as their agency at village level for all development activities.

9. Every Panchayat Samithi has a Block Development Officer. He is its Chief Executive Officer. All the Community Development pattern staff works under Panchayat Samithis. The Secretary of Zila Parishad is a senior Deputy Collector. The staff of the abolished District Boards has been allocated to Panchayat Samithis and Zila Parishads. There is an integrated Panchayati Raj Engineering service with an Executive Engineer at District level with a number of Assistant Engineers, Junior Engineers, Supervisors and Overseers. The *Ex-Minor* Irrigation Engineering staff in the district is merged with the Panchayati Raj Engineering service at district level. This service is responsible for the entire works programme of Panchayati Raj institutions in the District.

The President of a Panchayat Samithi writes the confidential report of the Block Development Officer while the Chairman of Zila Parishad

writes the confidential report of the Secretary of Zila Parishad. The Block Development Officer/Secretary Zila Parishad have disciplinary control over the staff working in Panchayat Samithis/Zila Parishads. The President, Panchayat Samithi/Chairman, Zila Parishad has disciplinary control over non-Government servants working in Panchayat Samithi/Zila Parishad.

10. District Association of Panchayats consists of :—

- (a) the Presidents of Panchayat Samithis who are Presidents of Panchayats;
- (b) representatives of non-Samithi blocks already elected by the Presidents to the Zila Parishad; and
- (c) a representative from among the Panchayat Presidents where the President of the Samithi happens to be not a Panchayat President.

The members of the District Association will elect among themselves a President, a Vice-President and a Secretary.

The objects of a District Association are to promote Panchayati Raj through training, settling disputes, setting up norms, persuasion and propaganda.

11. State Chamber of Panchayati Raj consists of all members of the District Association. All Chairmen of Zila Parishads, representatives of Sarvodaya and select M.L.As. and M.L.Cs. Government nominates the President of the State Chamber of Panchayati Raj. The Executive Committee of the State Chamber consists of :—

- (a) 20 members one from each district elected by the District Association;
- (b) three Chairmen of Zila Parishads; and
- (c) seven other members of the General body nominated by Government.

The objects of the State Chamber are similar to those of the District Associations at the State level. It will organise conferences and seminars and explore ways and means of coordinating the activities of the District Associations.

12. The Chief Minister is the Chairman and the Minister for Planning and Panchayati Raj is the Vice-Chairman of the Informal Consultative Committee. Select Members of Parliament, and State Legislature are its Members. This Committee studies and reviews the overall progress of Community Development programme and Panchayati Raj in the State from time to time.

13. Some of the obligatory functions of a village Panchayat are: (i) the construction, repair and maintenance of village roads; (ii) lighting of public roads and public places; (iii) construction of drains and the disposal of drainage water and sullage; and (iv) preventive and remedial measures connected with any epidemic, or with malaria.

14. Amongst its discretionary functions a mention may be made of (i) planting and preservation of trees on the sides of public roads in the village; (ii) opening and maintenance of the public markets other than markets which are classified as district markets; (iii) control of fairs and festivals

other than those classified as district fairs and festivals; and (iv) opening and maintenance of elementary schools.

15. Panchayat Samithi exercises powers conferred on, and performs functions entrusted to it by or under Andhra Pradesh Panchayat Samithis and Zila Parishads Act, and such other powers and functions as may be conferred on, and entrusted to it by the Government for carrying out the purposes of the said Act. It may, with the previous approval of the Government and subject to such terms and conditions as may be prescribed borrow moneys for carrying out the purposes of the Act. It will also exercise and perform such of the powers and functions of the district board including the powers to levy any tax or fees as may be transferred to it under the Act. It may :—

- (i) with the prior approval of the Zila Parishad, levy contributions from the funds of the Panchayats and Town Committees in the Block; and
- (ii) with the prior sanction of the Government, levy a duty in the form of a surcharge on any tax imposed by a Panchayat or a Town Committee or on land cess or local cess levied within its jurisdiction, subject to a maximum of 25 nP. per Rupee.

A number of functions of normal Development Departments were transferred to Panchayat Samithis.

Powers and functions of District Boards, which are not of District importance, are also allocated to Panchayat Samithis.

16. Under the Act, every Zila Parishad has to (i) examine and approve the budgets of Panchayat Samithis in the district; (ii) distribute the funds allotted to the district; (iii) co-ordinate and consolidate the plans prepared in respect of the Blocks in the district and prepare plans in respect of the entire district; and (iv) supervise generally the activities of the Panchayat Samithis in the district.

17. So far as functions of Panchayat Samithis and Zila Parishads are concerned no distinction has been drawn between obligatory and discretionary functions. Maintenance of Minor Irrigation tanks having an ayacut of less than 250 acres in Andhra area and 100 acres in Telangana area is entrusted to Panchayat Samithis in Panchayat Samithi blocks and to Zila Parishads in non-Samithi blocks. The Primary Health Centres in Samithi blocks are under the management of Panchayat Samithis. The Government Secondary schools, and *Ex-District Board* Secondary schools are under the management of Zila Parishads. Government Elementary schools and *Ex-District Board* Elementary schools are under the management of Panchayat Samithis. Only the *Ex-District Board* Elementary schools in non-Samithi blocks in Andhra area are under the management of the Zila Parishads. Almost all the Social Welfare functions are now entrusted to Panchayat Samithis and Zila Parishads. Panchayat Samithis and their Standing Committees are empowered to sanction loans to individual farmers and Co-operative Societies for schemes relating to agriculture, minor irrigation, etc. The loan-*cum*-subsidy wells scheme is entrusted to Panchayat Samithis and Zila Parishads.

18. Every Panchayat, every Panchayat Samithi and every Zila Parishad prepares an annual estimate of its income and expenditure. The budgets of Panchayats are approved by Panchayat Samithis in Telangana area and

appropriate Panchayat Officers in Andhra area. The budgets of Panchayat Samithis are approved by Zila Parishads and those of Zila Parishads by Government. The approving authority has to satisfy itself that adequate provision has been made for giving effect to the provisions of the Acts and has powers to approve the budget with such modifications as it deems fit.

19. For each Panchayat there is a Panchayat Fund. The receipts to be credited to the "Panchayat Fund" include the following :—

- (i) proceeds of the house tax, the profession tax and any other tax or any cess or fee;
- (ii) proceeds of duty collected from plantations;
- (iii) share of surcharge on the duty on transfers of property;
- (iv) share of land/local cess;
- (v) payment made to Panchayat by market committee; and
- (vi) proceeds of taxes and tools levied in the village.

20. All moneys received by a Panchayat have to be lodged either in the nearest Government Treasury or in the nearest Post Office Savings Bank or in both. Panchayats may invest sums not required for immediate use in fixed deposits for a period up to three years in State Cooperative Bank and District Central Cooperative Banks approved by Registrar of Cooperative Societies.

21. For each Panchayat Samithi, there is a Panchayat Samithi Fund. All moneys received by a Panchayat Samithi are credited to that Fund and the moneys are lodged in the nearest Government Treasury or with the sanction of the Government in any Bank approved by them. The receipts, which are credited to Panchayat Samithi Fund, are on the following items :—

- (i) funds relating to institutions and schemes transferred by the Government or Heads of Departments of the Government to the Panchayat Samithi;
- (ii) funds relating to the Community Development Programme;
- (iii) Central and State aid and aid received from the all-India bodies and institutions for the development of cottage and village industries, Khadi, silk, coir, handicrafts and the like;
- (iv) donations and contributions received by the Panchayat Samithi from Panchayats, or town committees or from the public in any form;
- (v) such income of the district board as the Government may, by order, allocate to it;
- (vi) such share of the land revenue, State taxes or fees as may be prescribed;
- (vii) proceeds from taxes, surcharge or fees which the Panchayat Samithi is empowered to levy under the Act or any other law; and
- (viii) such contributions as the Panchayat Samithi may levy from Panchayats and town committees.

22. Similarly for all sums received by a Zila Parishad there is a Zila Parishad Fund. The Zila Parishad fund is lodged in the nearest Government Treasury. With the sanction of Government it can be lodged in any

Bank approved by them. The receipts under the following items are credited to the Zila Parishad Fund :—

- (i) the Central or State Government funds allotted to the Zila Parishad;
- (ii) grants from all-India bodies and institutions for the development of cottage, village and small scale industries, and the like;
- (iii) such share of the land cess or local cess, State taxes or fees as may be prescribed;
- (iv) proceeds from taxes or fees which the Zila Parishad may, under any law, levy;
- (v) income from endowments or trust administered by the Zila Parishad;
- (vi) such income of the district board as the Government may, by order, allocate to it;
- (vii) income of every block for which a Panchayat Samithi is not constituted;
- (viii) donations and contributions from the Panchayat Samithis or from the public in any form; and
- (ix) such contributions as the Zila Parishad may levy from the Panchayat Samithis with the previous approval of the Government.

23. Panchayat has to prepare a detailed Annual account of all receipts and expenditure for each financial year in the prescribed form and submit it along with the Administration report to the District Panchayat Officer. Panchayat Samithis have to submit an Annual Account of all receipts and expenditure for each financial year in the prescribed form to Government, Zila Parishad and the auditor. Similarly every Zila Parishad has to submit its accounts in the prescribed form to the Government with a copy to the auditor.

24. The Examiner of Local Fund Accounts has been appointed as the auditor of the accounts of all Class I and Class II Panchayats in Andhra Area. As far as Telangana area is concerned, the Inspecting Officers of Panchayats are looking after the audit of Panchayats. The Examiner of Local Fund Accounts, Andhra Pradesh, Hyderabad has been appointed as the Auditor of Panchayat Samithis and Zila Parishads also.

25. Panchayats levy the following taxes :—

- (i) house tax;
- (ii) profession tax;
- (iii) vehicle tax;
- (iv) land cess is levied in Andhra Area at 18 nP. per Rupee of L.R. 7 nP. out of it goes to Panchayats. Local Cess at 25 nP. per Rupee of L.R. is levied in Telangana Area. 12 nP. of it goes to Panchayats.
- (v) stamp duty surcharge is levied at 5 per cent in Andhra area. 3/5th of such surcharge goes to Panchayats;
- (vi) tax on agricultural land for a specific purpose; and
- (vii) pilgrim tax.

90 per cent of the State's entertainment tax collected in Panchayats' area goes to them.

26. Normally, Panchayats themselves collect the house tax, profession tax and vehicle tax levied by them. In exceptional cases, Panchayats can get their taxes collected by Village Officers after paying them 5 per cent of tax collected.

27. The Government pays an amount of 25 nP. per head of population to each Panchayat direct for general purposes. Further, an amount calculated at 25 nP. per head of population is given as equalisation grant to Panchayats.

28. Panchayat Samithis are empowered to :—

- (a) levy surcharge on land/local cess and on taxes levied by Panchayats;
- (b) levy contributions from Panchayats, Panchayat Samithis in Andhra Area get 6 nP. per Rupee of Land Revenue and in Telangana Area, 8 nP. Rupee of Land Revenue from land/local cess; and
- (c) Panchayat Samithis in Andhra Area are also entitled to 1/5th of the surcharge on stamp duty and also to a share from the Education cess levied at 19 nP. per Rupee of Land revenue.

29. The Government pays an amount of 25 nP. per head of population to each Panchayat Samithi for general purposes. It also pays a grant of 30 nP. per head of population to them for communications. Moreover, all Community Development funds are given as grants and loans to Panchayat Samithis. The net cost of Elementary Education is paid as grant-in-aid.

30. With the prior approval of Government, Zila Parishad can levy contributions from the funds of Panchayat Samithis in the District. It gets 5 nP. per Rupee of land revenue out of the Land/Local cess levied. It also receives from Government a share of Education cess in respect of non-Samithi blocks in Andhra region and 1/5th share of surcharge on Stamp duty.

31. The following grants are given to Zila Parishads :—

- (i) a grant at the rate of 30 nP. per head of population in non-Samithi blocks earmarked for communications;
- (ii) net cost of Secondary education; and
- (iii) other grants under a number of heads.

32. The State Government has decided to sanction loans to Panchayat Samithis and Zila Parishads for the following purposes :—

- (i) markets;
- (ii) cart stands;
- (iii) for purchasing power drills for sinking of wells;
- (iv) soil conservation and reclamation schemes; and
- (v) development of fisheries.

Also, a provision of Rs. 115 lakhs exists in the State's Third Five Year Plan for sanctioning of loans to Panchayats for development works and for development of community assets.

The above provision is being utilised for sanctioning loans to the Panchayats for the following purposes :—

- (i) construction of markets, bus stands, cart stands, slaughter houses, Office buildings and roads;
- (ii) water supply schemes;
- (iii) drains; and
- (iv) culverts.

Loans are being sanctioned to Panchayats, Panchayat Samithis and Zila Parishads having regard to their needs and their repaying capacity.

33. When the integrated Village Panchayats Bill becomes Law, Porambokes viz. grazing grounds including gairan and bancharai lands, threshing floors, burning and burial grounds, cattle stands, cart stands and topes, which are at the disposal of the Government and are not required by it for any specific purpose, will vest in Panchayats.

34. The funds of Panchayati Raj institutions can be applied for all objects expressly declared obligatory or discretionary by the Acts or the Rules issued under them and, in general, everything incidental to the administration. They have to provide for :—

- (a) maintenance of a Principal office;
- (b) salaries and allowances of staff and members;
- (c) any amounts falling due on any loans contracted by it; and
- (d) law charges and sums due under any decree or order of a Court.

Panchayati Raj institutions can contribute towards the expenses of any public exhibitions, ceremony, or entertainment or charitable fund or to the funds of any institution for the relief of poor, or the treatment of diseased or infirm persons or the investigation of the causes of disease and incurring other ordinary charges for purposes of like nature. Panchayat Samithis can provide emergency relief from out of their funds.

35. In Andhra Pradesh a Prize Competition Scheme among the Panchayats was introduced in the year 1961-62. It provides for a prize of Rs. 1,000 for the best Panchayat in each Block, Rs. 5,000 for the best Panchayat in each District and Rs. 15,000 for the best Panchayat in the State. Some of the important norms for judging is utilisation of powers of taxation (both mandatory and optional), assessment and collection of taxes, fees and other dues due to Panchayat and enterprises undertaken to build resources of Panchayats. The scheme has created very good enthusiasm among the competing Panchayats and activated a good number of Panchayats to compete for the prize. For doing so, each Panchayat tries to show good results under the above norms. In the year 1963-64, it is proposed to extend the scheme to Panchayat Samithis also and to award prizes judging the performance of two or three items announced in advance.

In addition, Government are considering of giving matching grants to Panchayats which have collected substantially their house tax during 1962-63.

36. The total and per capita income and expenditure of Zila Parishads, Panchayat Samithis and Panchayats (visited by us) for the years 1960-61 and 1961-62 are shown in Annexure II.

## ANNEXURE I

(See Paragraph 1)

*Parties whom the Study Team met in Andhra Pradesh*

Parties	Place	Date
1. Chief Minister, Finance Minister and Planning Minister .. .. .	Hyderabad	9-10-62
2. Khammam Zila Parishad .. .. .	Khammam	10-10-62
3. Palwancha Panchayat .. .. .	Palwancha	11-10-62
4. Kothagudam Panchayat Samithi .. .. .	Kothagudem	11-10-62
5. Jullurpad Panchayat .. .. .	Jullurpad	12-10-62
6. Kallur Panchayat Samithi .. .. .	Kallur	12-10-63
7. Lankapalli Panchayat .. .. .	Lankapalli	12-10-62
8. Baithpalli Panchayat .. .. .	Baithpalli	12-10-62
9. West Godavari Zila Parishad .. .. .	Elure	13-10-62
10. Pippara Panchayat .. .. .	Pippara	13-10-62
11. Ganapavaram Panchayat Samithi .. .. .	Ganapavaram	13-10-62
12. Ganapavaram Panchayat .. .. .	Ganapavaram	13-10-62
13. Jangareddigudem Panchayat .. .. .	Jangareddigudem	14-10-62
14. Gangole Panchayat .. .. .	Hukumpet	14-10-62
15. Koyyalagudem Panchayat Samithi .. .. .	Koyyalagudem	14-10-62
16. Leaders of opposition parties in State Legislature ..	Hyderabad	15-10-62
17. Secretaries to the State Government .. .. .	Hyderabad	15-10-62
18. Members of the Joint Select Committee of the State Legislature on Andhra Pradesh Village Panchayats Bill .. .. .	Hyderabad	15-10-62



## ANNEXURE II

(See paragraph 36)

STATEMENT 1.—*Total and per capita Income of Zila Parishads visited by the Study Team, Andhra Pradesh—1960-61*

Head of Account	West Godavary						Khammam					
	Actuals (In thousand rupees)			Per capital income (in rupees)			Actuals (in thousand rupces)			Per capital income (in rupees)		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
1. General Taxation & Misc. Revenue	1,065	—	1,065	0·54	—	0·54	120	—	120	0·11	—	0·11
2. Management .. .. .	556	—	556	0·28	—	0·28	50	—	50	0·05	—	0·05
3. Education :												
(a) Ele. Education* .. .. .	—	2,140	2,140	—	1·08	1·08	—	—	—	—	—	—
(b) Other than elementary .. .. .	2,420	122	2,542	1·22	0·06	1·28	—	—	—	—	—	—
4. Communications .. .. .	2,136	133	2,269	1·08	0·07	1·15	—	—	—	—	—	—
5. Medical & Public Health .. .. .	23	6	29	0·01	—	0·01	60	—	60	0·06	—	0·06
6. Agri. Package Programme .. .. .	—	—	—	—	—	—	—	—	—	—	—	—
7. Minor irrigation .. .. .	—	—	—	—	—	—	—	—	—	—	—	—
8. Social Welfare .. .. .	642	—	642	0·32	—	0·32	—	—	—	—	—	—
9. Remunerative schemes .. .. .	64	—	64	0·03	—	0·03	—	—	—	—	—	—
10. Amount transferred to Rly. A/C .. .. .	—	102	102	—	0·05	0·05	—	—	—	—	—	—
11. Interest on Rly. Sale price .. .. .	14	—	14	0·01	—	0·01	—	—	—	—	—	—
12. Local Dev. Works .. .. .	—	—	—	—	—	—	—	—	—	—	—	—
GRAND TOTAL .. .. .	6,920	2,503	9,423	3·49	1·26	4·75	230	—	230	0·22	—	0·22

\*Amount transferred from General to capital Account.

ANNEXURE II—Contd.

STATEMENT 2.—Total and per capita Income of Zila Parishads visited by the Study Team, Andhra Pradesh—1961-62

Head of Account	West Godavary						Khammam					
	Actuals (in thousand ruppes)			Per capita income (in ruppes)			Actuals (in thousand ruppes)			Per capita income (in ruppes)		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
1. General Taxation & Misc. Revenue	1,708	—	1,708	0·86	—	0·86	223	—	223	0·21	—	0·21
2. Management .. .. .	837	10	847	0·42	0·01	0·43	71	200	271	0·07	0·19	0·26
3. Education :												
(a) Elementary* .. .. .	—	2,413	2,413	—	1·22	1·22	—	10	10	—	0·01	0·01
(b) Other than elementary ..	3,796	170	3,966	1·92	0·09	2·01	1,556	—	1,556	1·47	—	1·47
4. Communications .. .. .	621	—	621	0·31	—	0·31	820	176	996	0·78	0·17	0·95
5. Medical & Public Health .. .. .	37	—	37	0·02	—	0·02	108	5	113	0·10	0·10	0·11
6. Agri Package Programme .. .. .	905	—	905	0·46	—	0·46	—	—	—	—	—	—
7. Minor Irrigation .. .. .	91	—	91	0·05	—	0·05	250	—	250	0·24	—	0·24
8. Social Welfare .. .. .	748	—	748	0·38	—	0·38	615	—	615	0·58	—	0·58
9. Remunerative Schemes .. .. .	67	—	67	0·03	—	0·03	100	—	100	0·09	—	0·09
10. Amount transferred to Rly. A/C ..	—	606	606	—	0·31	0·31	—	—	—	—	—	—
11. Interest on Rly. sale price .. .. .	9	—	9	0·01	—	0·01	—	—	—	—	—	—
12. Local Dev. works .. .. .	—	—	—	—	—	—	—	—	—	—	—	—
GRAND TOTAL .. .. .	8,819	3,199	12,018	4·46	1·63	6·09	3,743	391	4,134	3·54	0·38	3·92

\*Amount transferred from General to capital account.

## ANNEXURE II—Contd.

STATEMENT 3.—Total and per capita expenditure of Zila Parishads visited by the Study Team, Andhra Pradesh—1960-61

Head of Account	West Godavary						Khammam					
	Actuals (in thousand rupees)			Per capita expenditure (in rupees)			Actuals (in thousand rupees)			Per capita income (in rupees)		
	Ordinary Capital		Total	Ordinary Capital		Total	Ordinary Capital		Total	Ordinary Capital		Total
	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
1. General Taxation & Misc. Revenue	—	—	—	—	—	—	—	—	—	—	—	—
2. Management .. .. .	312	66	378	0·16	0·03	0·19	120	—	120	0·11	—	0·11
3. Education :												
(a) Elementary* .. .. .	—	2,039	2,039	—	1·03	1·03	—	—	—	—	—	—
(b) Other than elementary .. .. .	2,372	407	2,779	1·20	0·21	1·41	117	150	267	0·11	0·14	0·25
4. Communications .. .. .	1,646	120	1,766	0·83	0·08	0·91	171	—	171	0·16	—	0·16
5. Medical & Public Health .. .. .	144	3	147	0·07	—	0·07	107	—	107	0·10	—	0·10
6. Agri. Package Programme .. .. .	166	—	166	0·08	—	0·08	—	—	—	—	—	—
7. Minor Irrigation .. .. .	—	—	—	—	—	—	—	—	—	—	—	—
8. Social Welfare .. .. .	583	—	583	0·29	—	0·29	—	—	—	—	—	—
9. Remunerative schemes .. .. .	10	—	10	0·01	—	0·01	90	—	90	0·09	—	0·09
10. Amount transferred to Rly. A/C .. .. .	—	159	159	—	0·08	0·08	—	—	—	—	—	—
11. Interest on Rly. sale price .. .. .	—	—	—	—	—	—	—	—	—	—	—	—
12. Local Dev. works .. .. .	—	76	76	—	0·04	0·04	—	—	—	—	—	—
GRAND TOTAL .. .. .	5,233	2,870	8,103	2·64	1·47	4·11	605	150	755	0·57	0·14	0·71

\*Amount transferred from General to Capital Account.

ANNEXURE II—Contd.

STATEMENT 4.—Total and per capita expenditure of Zila Parishads visited by the Study Team, Andhra Pradesh—1961-62

Head of Account	West Godavary						Khammam						
	Actuals (in thousand rupees)			Per capita expenditure (in rupees)			Actuals (in thousand rupees)			Per capita income (in rupees)			
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
1. General Taxation & Misc. Revenue	—	—	—	—	—	—	—	—	—	—	—	—	—
2. Management .. .. .	340	79	419	0·17	0·04	0·21	127	200	327	0·12	0·19	0·31	
3. Education :													
(a) Elementary* .. .. .	—	2,075	2,075	—	1·05	1·05	—	10	10	—	0·01	0·01	
(b) Other than elementary .. .. .	2,689	772	3,461	1·36	0·39	1·75	1,686	—	1,686	1·59	—	1·59	
4. Communications .. .. .	1,008	—	1,008	0·51	—	0·51	981	176	1,157	0·93	0·17	1·10	
5. Medical & Public Health .. .. .	388	—	388	0·20	—	0·20	264	5	269	0·25	0·01	0·26	
6. Agri. Package Programme .. .. .	961	—	961	0·49	—	0·49	—	—	—	—	—	—	
7. Minor Irrigation .. .. .	499	—	499	0·25	—	0·25	250	—	250	0·24	—	0·24	
8. Social Welfare .. .. .	796	—	796	0·40	—	0·40	658	—	658	0·62	—	0·62	
9. Remunerative schemes .. .. .	19	—	19	0·01	—	0·01	90	—	90	0·09	—	0·09	
10. Amount transferred to Rly. A/C .. .. .	—	496	496	—	0·25	0·25	—	—	—	—	—	—	
11. Interest on Rly. sale price .. .. .	—	—	—	—	—	—	—	—	—	—	—	—	
12. Local Dev. works .. .. .	—	—	—	—	—	—	—	—	—	—	—	—	
GRAND TOTAL .. .. .	6,700	3,422	10,122	3·39	1·73	5·12	4,056	391	4,447	3·84	0·38	4·22	

\* Amount transferred from General to Capital Account.

ANNEXURE II—Contd.

STATEMENT 5.—Total and per capita income of Panchayat Samitis visited by the Study Team, Andhra Pradesh—1960-61

(Actuals in '000 Rs.)  
(Per capita in rupees)

Head of Account	Ganapavaram		Koyyalagudem		Kallur		Kothagudem	
	Actuals	Per capita	Actuals	Per capita	Actuals	Per capita	Actuals	Per capita
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1. General Taxation & Misc. Revenue .. .. .	53	0·62	23	0·37	17	0·25	45	0·37
2. Management .. .. .	74	0·87	74	1·20	86	1·26	48	0·39
3. Education :								
(a) Ele. Education .. .. .	382	4·47	188	3·06	278	4·09	123	1·01
(b) Social Education .. .. .	12	0·14	12	0·20	12	0·18	4·3	0·04
4. Communications .. .. .	54	0·63	59	0·96	91	1·34	61	0·50
5. Medical & Public Health .. .. .	107	1·25	28	0·46	23	0·34	45	0·37
6. Agriculture .. .. .	68	0·80	18	0·29	20	0·29	7·5	0·06
7. Animal Husbandry .. .. .			9·4	0·15			6·7	0·06
8. Irrigation & Reclamation .. .. .	—	—	—	—	8·5	0·13	—	—
9. Rural Arts & Crafts .. .. .	28	0·33	13	0·21	8·0	0·12	5·0	0·04
10. Social Welfare .. .. .	—	—	—	—	21	0·31	32	0·27
11. Equalisation fund .. .. .	10	0·12	6·5	0·11	—	—	—	—
12. Remunerative Enterprises .. .. .	—	—	2·6	0·04	—	—	—	—
13. Miscellaneous .. .. .	146	1·71	1·2	0·02	—	—	—	—
<b>GRAND TOTAL .. .. .</b>	<b>934</b>	<b>10·94</b>	<b>435</b>	<b>7·07</b>	<b>565</b>	<b>8·31</b>	<b>378</b>	<b>3·11</b>

ANNEXURE II—Contd.

STATEMENT 6.—Total and per capita income of Panchayat Samitis visited by the Study Team, Andhra Pradesh—1961-62

		(Actuals in '000 Rs.) (Per capita in rupees)									
Head of Account		Ganapavaram		Koyyalagudem		Kallur		Kothagudem			
		Actuals	Per capita	Actuals	Per capita	Actuals	Per capita	Actuals	Per capita		
(1)		(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)		
1.	General Taxation & Misc. Revenue	70	0·82	27	0·44	44	0·65	33	0·27		
2.	Management	60	0·70	69	1·12	77	1·13	52	0·43		
3.	Education :										
	(a) Elementary Education	358	4·19	245	3·99	186	2·74	176	1·45		
	(b) Social Education	11	0·13	7·9	0·13	7·6	0·11	5·5	0·05		
4.	Communications	51	0·60	32	0·52	39	0·57	36	0·03		
5.	Medical & Public Health	74	0·87	50	0·81	20	0·29	9·4	0·08		
6.	Agriculture	95	1·11	55	0·90	26	0·38	10	0·09		
7.	Animal Husbandry			15	0·24			3·5	0·03		
8.	Irrigation & Reclamation	2·0	0·02	10	0·16	23	0·34	18	0·15		
9.	Rural Arts & Crafts	18	0·21	12	0·20	10	0·15	4·0	0·03		
10.	Social Welfare	12	0·14	4·2	0·07	10	0·15	13	0·11		
11.	Equalisation fund	9·9	0·12	6·8	0·11	—	—	—	—		
12.	Remunerative Enterprises	—	—	2·2	0·04	—	—	—	—		
13.	Miscellaneous	39	0·46	0·7	0·01	—	—	—	—		
	GRAND TOTAL	800	9·37	537	8·74	443	6·51	361	2·99		

ANNEXURE II—Contd.

STATEMENT 7.—Total and per capita expenditure of Panchayat Samitis visited by the Study Team, Andhra Pradesh—1960-61

(Actuals in '000 Rs.)  
(Per capita in rupees)

Head of Account	Ganapavaram		Koyyalagudem		Kallur		Kothagudem	
	Actuals	Per capita	Actuals	Per capita	Actuals	Per capita	Actuals	Per capita
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1. General Taxation & Misc. Revenue .. .. .	—	—	—	—	—	—	—	—
2. Management .. .. .	88	1.03	92	1.50	81	1.19	50	0.41
3. Education :								
(a) Ele. Education .. .. .	305	3.57	178	2.90	163	2.40	103	0.85
(b) Social Education .. .. .	21	0.25	12	0.20	9.3	0.14	6.9	0.06
4. Communications .. .. .	27	0.32	50	0.81	47	0.69	38	0.31
5. Medical & Public Health .. .. .	44	0.51	54	0.88	11	0.16	2.2	0.02
6. Agriculture .. .. .	65	0.76	20	0.33	4.7	0.07	4.5	0.04
7. Animal Husbandry .. .. .			10	0.16	14	0.21	2.9	0.02
8. Irrigation & Reclamation .. .. .	—	—	—	—	2.6	0.04	—	—
9. Rural Arts & Crafts .. .. .	23	0.27	10	0.16	3.8	0.06	3.0	0.02
10. Social Welfare .. .. .	—	—	—	—	11	0.16	—	—
11. Equalization fund .. .. .	4.5	0.05	6.5	0.11	—	—	—	—
12. Remunerative Enterprises .. .. .	—	—	—	—	—	—	27	0.22
13. Miscellaneous .. .. .	89	1.04	1.1	0.02	—	—	—	—
<b>GRAND TOTAL ..</b>	<b>667</b>	<b>7.80</b>	<b>434</b>	<b>7.07</b>	<b>348</b>	<b>5.12</b>	<b>238</b>	<b>1.95</b>

ANNEXURE II—Contd.

STATEMENT 8.—Total and per capita expenditure of Panchayat Samitis visited by the Study Team, Andhra Pradesh—1961-62

(Actuals in '000 Rs.)  
(Per capita in Rupees)

Head of Account	Ganapavaram		Koyyalagudem		Kallur		Kothagudem	
	Actuals	Per capita	Actuals	Per capita	Actuals	Per capita	Actuals	Per capita
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1. General Taxation & Misc. Revenue .. .. .	—	—	—	—	—	—	—	—
2. Management .. .. .	72	0·84	105	1·71	91	1·34	75	0·62
3. Education :								
(a) Ele. Education .. .. .	324	3·79	258	4·20	249	3·66	155	1·28
(b) Social Education .. .. .	16	0·19	8·5	0·14	12	0·18	3·8	0·03
4. Communications .. .. .	46	0·54	25	0·41	42	0·62	16	0·13
5. Medical & Public Health .. .. .	89	1·04	61	0·99	19	0·28	18	0·15
6. Agriculture .. .. .	122	1·43	47	0·77	15	0·22	5·8	0·05
7. Animal Husbandry .. .. .			15	0·24	13	0·19	3·4	0·03
8. Irrigation & Reclamation.. .. .	1·8	0·02	12	0·20	20	0·29	—	—
9. Rural Arts & Crafts .. .. .	18	0·21	10	0·16	17	0·25	2·8	0·02
10. Social Welfare .. .. .	5·4	0·06	3·3	0·05	9·5	0·14	8·2	0·07
11. Equalization fund .. .. .	5·1	0·06	3·5	0·06	—	—	—	—
12. Remunerative Enterprises .. .. .	—	—	—	—	—	—	25	0·21
13. Miscellaneous .. .. .	58	0·68	2·5	0·04	3·5	0·05	—	—
<b>GRAND TOTAL .. .. .</b>	<b>758</b>	<b>8·86</b>	<b>552</b>	<b>8·97</b>	<b>492</b>	<b>7·22</b>	<b>313</b>	<b>2·59</b>



ANNEXURE II—Contd.

STATEMENT 9.—Total and per capita income of Panchayats visited by the Study Team, Andhra Pradesh—1966-61

(In rupees)

Item	Ganapavaram		Pippara		Gangole		Targareddi-gudem		Baithpalli		Lankapally		Julurpad		Paiwancha	
	Total	Per capita	Total	Per capita	Total	Per capita	Total	Per capita	Total	Per capita	Total	Per capita	Total	Per capita	Total	Per capita
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
<b>1. Government grants</b>																
(i) Statutory ..	1,267	0·16	15,931	2·77	1,468	0·28	1,302	0·17	1,638	0·33	NA	NA	438	0·25	NA	NA
(ii) Others ..	23,186	2·96	1,228	0·21	559	0·11	5,100	0·67	2,581	0·53	NA	NA	—	—	NA	NA
SUB-TOTAL ..	24,453	3·12	17,159	2·99	2,027	0·39	6,402	0·84	4,219	0·86	877	0·36	438	0·25	4,147	0·60
<b>2. Taxes and Fees</b>																
(i) Revenue from taxes	31,093	3·97	6,796	1·18	1,662	0·32	20,309	2·68	3,355	0·69	1,141	0·47	306	0·17	537	0·08
(ii) Non-tax revenue	10,637	1·36	608	0·11	900	0·17	9,345	1·23	226	0·05	150	0·06	143	0·08	585	0·09
SUB-TOTAL ..	41,730	5·33	7,404	1·29	2,562	0·49	29,654	3·91	3,581	0·73	1,291	0·54	449	0·25	1,122	0·16
<b>3. Income from property</b>																
..	4,116	0·53	4,229	0·73	108	0·02	311	0·04	769	0·16	487	0·20	517	0·29	118	0·02
<b>4. Miscellaneous</b>																
..	—	—	4	—	—	—	441	0·06	214	0·04	99	0·04	12	0·01	270	0·04
<b>GRAND TOTAL ..</b>	<b>70,299</b>	<b>8·98</b>	<b>28,796</b>	<b>5·01</b>	<b>4,697</b>	<b>0·90</b>	<b>36,808</b>	<b>4·85</b>	<b>8,783</b>	<b>1·80</b>	<b>2,754</b>	<b>1·15</b>	<b>1,416</b>	<b>0·80</b>	<b>5,657</b>	<b>0·82</b>

ANNEXURE II—Contd.

STATEMENT 10.—Total and per capita income of Panchayats visited by the Study Team, Andhra Pradesh—1961-62

(In rupees)

Item	Ganapavaram		Pippara		Gangole		Targareddi-gudem		Baithpalli		Lankapally		Julurpad		Paiwanca	
	Total	Per capita	Total	Per capita	Total	Per capita	Total	Per capita	Total	Per capita	Total	Per capita	Total	Per capita	Total	Per capita
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
<b>1. Government grants</b>																
(i) Statutory ..	493	0·06	5,118	0·89	1,434	0·28	—	—	1,232	0·25	NA	NA	647	0·37	NA	NA
(ii) Others ..	12,587	1·61	24	—	3,185	0·61	20,428	2·69	—	—	NA	NA	191	0·11	NA	NA
<b>SUB-TOTAL ..</b>	<b>13,080</b>	<b>1·67</b>	<b>5,142</b>	<b>0·89</b>	<b>4,619</b>	<b>0·89</b>	<b>20,428</b>	<b>2·69</b>	<b>1,232</b>	<b>0·25</b>	<b>3,379</b>	<b>1·41</b>	<b>838</b>	<b>0·47</b>	<b>3,148</b>	<b>0·46</b>
<b>2. Taxes and Fees</b>																
(i) Revenue from taxes ..	35,470	4·53	9,879	1·72	2,899	0·56	21,236	2·80	1,740	0·35	1,033	0·43	890	0·50	1,008	0·15
(ii) Non-tax revenue ..	10,309	1·32	3,255	0·57	502	0·10	10,371	1·37	109	0·02	149	0·06	256	0·14	5,763	0·84
<b>SUB-TOTAL ..</b>	<b>45,779</b>	<b>5·85</b>	<b>13,134</b>	<b>2·29</b>	<b>3,401</b>	<b>0·65</b>	<b>31,607</b>	<b>4·17</b>	<b>1,813</b>	<b>0·37</b>	<b>1,182</b>	<b>0·49</b>	<b>1,146</b>	<b>0·65</b>	<b>6,771</b>	<b>0·98</b>
<b>3. Income from property</b>																
..	4,135	0·53	8,753	1·52	416	0·08	968	0·13	586	0·12	456	0·19	441	0·25	19	—
<b>4. Miscellaneous</b>																
..	—	—	2	—	108	0·02	309	0·04	5	—	295	0·12	—	—	310	0·04
<b>GRAND TOTAL ..</b>	<b>62,994</b>	<b>8·04</b>	<b>27,031</b>	<b>4·70</b>	<b>8,544</b>	<b>1·64</b>	<b>53,312</b>	<b>7·03</b>	<b>3,636</b>	<b>0·74</b>	<b>5,312</b>	<b>2·21</b>	<b>2,425</b>	<b>1·37</b>	<b>10,248</b>	<b>1·49</b>

ANNEXURE II—Contd.

STATEMENT 11.—*Total and per capita expenditure of Panchayats visited by the Study Team, Andhra Pradesh—1960-61*

(In rupees)

Item	Ganapavaram		Pippara		Gangole		Targareddi- gudem		Baithpalli		Lankapally		Julurpad		Paiwancha	
	Total	Per capita	Total	Per capita	Total	Per capita	Total	Per capita	Total	Per capita	Total	Per capita	Total	Per capita	Total	Per capita
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
1. Administration ..	18,152	2·32	5,007	0·87	1,543	0·30	12,719	1·68	1,090	0·22	177	0·07	801	0·45	2,774	0·40
2. Civic amenities ..	8,847	1·13	12,687	2·21	347	0·07	7,105	0·94	355	0·07	—	—	—	—	312	0·05
3. Social and Welfare activities ..	899	0·11	773	0·13	557	0·11	1,673	0·22	580	0·12	30	0·01	157	0·09	275	0·04
4. Construction ..	26,079	3·33	7,963	1·39	1,132	0·22	9,427	1·24	6,892	1·41	1,983	0·83	—	—	—	—
5. Maintenance ..	24,717	3·16	9,582	1·67	—	—	10,316	1·36	1,162	0·24	—	—	—	—	209	0·03
6. Miscellaneous ..	621	0·80	341	0·06	79	0·02	500	0·07	297	0·06	38	0·02	45	0·03	162	0·02
GRAND TOTAL ..	79,312	10·13	36,353	6·33	3,658	0·70	41,740	5·50	10,376	2·12	2,228	0·93	1,003	0·57	3,732	0·54

ANNEXURE II—Contd.

STATEMENT 12.—Total and per capita expenditure of Panchayats visited by the Study Team, Andhra Pradesh—1961-62

Item	(In rupees)															
	Ganapavaram		Pippara		Gangole		Targareddi-gudem		Baithpalli		Lankapally		Julurpad		Paiwancha	
	Total	Per capita	Total	Per capita	Total	Per capita	Total	Per capita	Total	Per capita	Total	Per capita	Total	Per capita	Total	Per capita
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
1. Administration ..	21,663	2·77	7,681	1·34	1,301	0·25	13,553	1·79	931	0·19	258	0·11	957	0·54	1,036	0·15
2. Civic amenities ..	6,938	0·89	10,850	1·89	314	0·06	14,332	1·89	—	—	—	—	—	—	592	0·09
3. Social and Welfare activities ..	1,053	0·13	260	0·05	808	0·16	2,236	0·29	646	0·13	565	0·24	490	0·28	—	—
4. Construction ..	16,516	2·11	5,227	0·91	5,355	1·03	186	0·02	2,165	0·44	3,148	1·31	913	0·52	544	0·08
5. Maintenance ..	10,855	1·39	7,768	1·35	2,528	0·49	13,412	1·77	2,093	0·43	—	—	160	0·09	5,347	0·78
6. Miscellaneous ..	530	0·07	175	0·03	591	0·11	77	0·10	606	0·12	371	0·15	77	0·04	163	0·02
<b>GRAND TOTAL ..</b>	<b>57,555</b>	<b>7·35</b>	<b>31,961</b>	<b>5·56</b>	<b>10,897</b>	<b>2·09</b>	<b>44,496</b>	<b>5·86</b>	<b>6,441</b>	<b>1·32</b>	<b>4,342</b>	<b>1·81</b>	<b>2,597</b>	<b>1·47</b>	<b>7,682</b>	<b>1·12</b>

## ASSAM

### (Compiled from the information supplied by State Government)

The Assam Panchayat Act, 1959, was brought into force on the 1st October, 1959. It prescribes the setting up of a Gaon Sabha for a specified area with a population of 5,000 or less and its Executive Committee known as Gaon Panchayat. All persons, whose name appear on the electoral roll of the State Legislative Assembly, are the members of the Sabha. It meets at an interval of six months or less. It elects a Gaon Panchayat, draws up development plans and reviews the progress of work.

2. Gaon Panchayat of 11 to 15 members including a President and Vice-President, and in addition, one woman, one member of Scheduled Caste and one of Scheduled Tribe are co-opted when not elected. It has no obligatory duties and functions, but, it is within its discretion to provide for the requirements of its area in respect of certain specified matters in the sphere of sanitation, health, public works, education, village defence, administration, social welfare, agriculture and village industries.

3. The taxes and fees, which a Gaon Panchayat may impose with the approval of the State Government, are :—

- (i) house tax;
- (ii) tax on supply of water, sale of firewood and thatch, conservancy, lighting and slaughter houses;
- (iii) fee on registration of cattle sold in its area;
- (iv) license fee from tea stalls, hotels, sweetmeat shops and restaurants; and
- (v) license fee on collection of hides.

Other important sources of its income are hats, ferries and fisheries. Hats in a sub-division are sold by a Committee appointed by the concerned Mohkuma Parishad. If the sale proceeds of a particular hat is less than Rs. 3,000 per annum, the entire amount is given to Gaon Panchayat in the jurisdiction of which the hat falls. If the proceeds are more than Rs. 3,000 but less than Rs. 10,000 a sum of Rs. 3,000 is given to Gaon Panchayat and the balance to the Anchalik Parishad concerned. In case the proceeds exceed Rs. 10,000 the balance, after payment of Rs. 3,000 to Gaon Panchayat and Rs. 7,000 to Anchalik Panchayat, goes to a common pool at sub-divisional level. 1/3rd of this pool is distributed equally to Anchalik Panchayats and the rest equally to all Gaon Panchayats in the sub-division. The proceeds of local rate collected in its area, grants made out of the State Governments Rural Development Fund at sub-divisional level, and sale proceeds of dust, dirt, dung or refuse collected by its employees also form part of its income. The Government assigns 37½ per cent of land revenue to Gaon and Anchalik Panchayats. The Gaon Panchayat's share is 23 per cent and that of Anchalik Panchayats' 12 per cent. The balance of 2½ per cent is distributed to Panchayats in backward areas. The Government gives also grants to Gaon Panchayats for local development works, for construction of Panchayat office-cum-godown building and for maintenance of office staff. Grants and loans are given to these bodies for raising remunerative assets.

4. The Act provides for establishing a Mohkuma Parishad in each sub-division of the State and where there is no sub-division, in each district. The area of a Mohkuma Parishad is divided into as many Anchalik Panchayats as deemed necessary by the State Government. An Anchalik Panchayat has as its members (i) one (or more if the population exceeds 2,500) representative(s) of each Gaon Sabha in its area; (ii) one representative of local co-operative societies; and (iii) all local M.L.As. One member of the scheduled castes or scheduled tribes is co-opted by Anchalik Panchayat if more than 5 per cent of the total population is from these castes and tribes and if no member belonging to them is elected. Like Gaon Panchayats, Anchalik Panchayats also have no obligatory duties and functions. They may, however, provide for all development works within its jurisdiction excepting such functions as are specifically assigned to Gaon Panchayat.

5. Certain independent sources of income have been provided for Anchalik Panchayats. They are—

- (i) house/tax and tax on supply of water, conservancy and lighting in areas under their administration directly;
- (ii) tax on fisheries;
- (iii) cess on water rate for recovery of cost and maintenance and repair charges of minor irrigation works;
- (iv) fee on major hats;
- (v) license fee in respect of carts, carriages, cycles and boats; and
- (vi) tax on cultivable land lying fallow for two consecutive years (without any reason) at a rate not exceeding 25 nP. per standard bigha.

An Anchalik Panchayat can also levy a licence fee on cinema halls, circuses, professional variety shows, fairs and also on certain industries such as brick and tile kilns, confectionary and bakery, saw mills, etc. It gets a share of land revenue which is not less than 10 per cent of net collections and may receive grants from the Union and State Governments and donations from public.

6. A Mohkuma Parishad is formed of Presidents of all Anchalik Panchayats, all local M.Ps. and M.L.As., Chairman of Municipalities, Town Committees and School Boards in its area and officials (as *ex-officio* members) appointed by Government. One person belonging to scheduled castes and scheduled tribes is co-opted, if such caste or tribe is not represented on the Parishad. It is the obligatory function of a Mohkuma Parishad to scrutinise and approve budgets of Anchalik Panchayats. It has to give them guidance and review and co-ordinate their work. It should also advise the Government in the distribution and allocation of funds and in the drawing up of district plans.

7. Mohkuma Parishad has no power of taxation and no independent funds of its own. Its entire expenditure is borne by Government.

8. Both Gaon Panchayats and Anchalik Panchayats are required to prepare annual budget estimates of their receipts and expenditure. The budgets of Gaon Panchayats are sent up to Anchalik Panchayats for approval. The estimates as approved are binding on Gaon Panchayats. Similarly, the budgets of Anchalik Panchayats are sent to Mohkuma Parishad concerned whose decision thereon is binding on Anchalik Panchayats.

9. The Act provides for an annual audit of the accounts of Gaon and Anchalik Panchayats.

## BIHAR

We visited Bihar for three days from the 12th to the 14th of June, 1963, and met the representatives of four Gram Panchayats, representatives of the Bihar Raj Panchayat Parishad, the Monghyr Zila Parishad and the officers of the State Government. A list of the parties is given in Annexure I.

2. Bihar has a long tradition of Panchayats which were given a statutory shape by the Bihar Panchayat Act, 1947 and the various rules framed under it for the setting up of the two higher tiers of Panchayati Raj, the Bihar legislature has enacted the Bihar Panchayat Samiti and Zila Parishad Act, 1961. It is proposed to implement it in 4 districts on the 15th August, 1963 and to cover the entire state by the 15th August, 1964. Based on the recommendations made by the Balwantray Mehta Committee Report, the three-tier Panchayati Raj structure will be :—

- (i) an Executive Committee of "Gram Panchayat" at village level;
- (ii) Panchayat Samiti at Block level; and
- (iii) a Zila Parishad at District level.

A separation of the developmental and judicial functions at the village level has been carried out by the constitution of Gram Cutcherries to discharge the functions entrusted to Gram Panchayats.

3. Gram Panchayat in this State is the body which is known in other states as Gram Sabha. According to the Act, the Government can establish a Gram Panchayat for every village or part of different villages consisting of all adult residents.

4. Every Gram Panchayat has to hold two meetings in a year, an annual general meeting and a half-yearly general meeting after the Kharif and Rabi harvest respectively. Extraordinary general meetings can be called at the written requisition of not less than one-fifth of the total members. The Act provides that Gram Panchayat will discuss and pass its budget at the annual general meeting and consider the accounts for the preceding year at the half-yearly meeting. At both the meetings, it will consider also the Progress Report and the programme of works.

5. The functions of Gram Panchayat are performed through an Executive Committee headed by its Mukhiya and elected directly by from among its own members. The constitution of the Executive Committee is as follows :—

- (i) the Mukhiya;
- (ii) four members to be elected by the Gram Panchayat in such manner as may be prescribed; and
- (iii) four members to be appointed in a prescribed manner by the Mukhiya;

6. This partly elected and partly nominated Executive Committee is responsible for discharging all the duties entrusted to Gram Panchayat which have been divided into two main categories, Compulsory and Supplementary.

These duties cover almost all aspects of rural development and reconstruction.

7. Bihar has adopted a system of gradation of Panchayats into 3 classes or vargas viz. Tertiya Varga, Dwitya Varga and Prathma Varga. All Panchayats have, in the first instance been placed in the Tertiya Varga; promotions to Dwitya and then to Prathma Varga can be made only when a Gram Panchayat fulfills substantially certain requirements.

8. For every Gram Panchayat the Government may appoint a Panchayat Sevak who will be in charge of the office of Panchayat and be responsible for preparation of the programme of schemes and works to be undertaken by the Executive Committee. The Gram Panchayats have been also empowered to appoint a Sahayak Panchayat Sevak at their own expense. The Act provides that, in case the Executive Committee has failed to execute any approved scheme or programme, the Panchayat Sevak or the Sahayak Panchayat Sevak may be directed by a prescribed authority to get it executed and that the expenses, if any, of executing it should be paid from the Gram Panchayat Fund.

9. Section 46 of the Bihar Panchayat Raj Act provides that every Gram Panchayat will levy a compulsory tax in cash at the prescribed rates payable by the persons owning immovable property within the local limits of its jurisdiction. Besides, a Gram Panchayat may levy the following taxes and fees :—

- (a) a licence fee on persons practising as professional buyers, brokers commission agents, weighers or measures;
- (b) with the previous sanction of the Government, a tax on persons exercising any calling (other than agriculture), profession or trade within the jurisdiction of the Gram Panchayat;
- (c) a tax on vehicles, pack animals and porters bringing goods for sale into the village;
- (d) fees on goods exposed for sale in any market or place belonging to, or under the control of, the Gram Panchayat;
- (e) fees on registration of animals sold within the village area;
- (f) fees for the use of sarais, dharamshalas, resthouses and encamping grounds vesting in the Gram Panchayat;
- (g) a water-rate, where water is supplied by the Gram Panchayat;
- (h) a latrine tax where arrangement for the service of latrines is made by the Gram Panchayat;
- (j) a lighting rate where lighting of public streets, places and buildings is undertaken by the Gram Panchayat;
- (k) a pilgrim tax at places of worship and pilgrimage within the village, if approved by the Government; and
- (l) any other tax, too, fee or rate approved by the Government for the services rendered by the Gram Panchayat.

10. In common with the general difficulty faced by the Panchayats in levying taxes, Gram Panchayats in Bihar have not been able to utilise the tax potential to the full. The replies to the questionnaire sent by us indicate that the present financial arrangements are not adequate to cover the operational expenses of Panchayats.



11. In the absence of tax-receipts, the main source of a Gram Panchayats income is government grants and the following governmental financial assistance :—

- (a) most Gram Panchayats have been entrusted with the land revenue collection work for which they are given commission at a slab-rate varying from 5 to 10 per cent. Panchayats are generally earning good income from this source;
- (b) 24 Panchayats of Ranchi and Plamau districts have been associated with management of forest in their jurisdiction. This would protect the forest and create avenue for income of Panchayats for future.
- (c) about a thousand Gram Panchayats have been enrolled as agents for small savings work. They get 1½ per cent commission for this work; and
- (d) the State Government have associated Panchayats with the construction of major irrigational embankment on various rivers namely, Burhi-Gandak, Khironi, Kamla Balan and Kosi in North Bihar. Even leaving out very large volume of work done in Kosi Project, the Panchayats have done about 70 crores cft. of earth work valued at about Rs. 1.25 crores. The Panchayats are estimated to have earned about Rs. 12.1 lakhs;
- (e) the State Government gives an initial grant-in-aid of Rs. 50 to each Gram Panchayat to set up its office;
- (f) The Bihar Panchayat Raj Act provides for payment to Panchayats of six and a quarter per cent of rent received by Government in respect of land. This provision has not been put into effect;
- (g) the State Government also gives discretionary grants to Panchayats for construction of Panchayat Bhawans at the rate of 50 per cent of the total cost and gives a grant to selected Gram Panchayat for encouraging cultural programme.

So far the Bihar Government has not given any loan to any Gram Panchayat.

12. A community development block will be the jurisdictional unit of a Panchayat Samiti which will be constituted as follows :—

- (i) Mukhiyas of all Gram Panchayats in the Block;
- (ii) Chairmen of Municipalities and Vice-Chairmen of Notified Area Committees, constituted under the Bihar and Orissa Municipal Act, 1922 in the Block, if any;
- (iii) three representatives of co-operative societies in the Block;
- (iv) one of the members of the managing committee of the Central Co-operative Bank registered as such under the law relating to co-operative societies for the time being in force whose area of operation extends to the Block, to be elected in the prescribed manner by the managing committee.

The following to be co-opted :—

- (a) two persons residing in the Block whose experience in administration, public life or rural development would be of benefit to the Panchayat Samiti;
- (b) two women residing in the Block, if women are not otherwise members;
- (c) two persons residing in the Block, from each of such of the following categories whose population exceeds ten per cent of the total population of the Block, and one such person when it does not exceed ten per cent but exceeds five per cent, if such persons are not otherwise members :—
  - (i) Scheduled Castes,
  - (ii) Scheduled Tribes,
  - (iii) persons other than of Scheduled Castes and Scheduled Tribes.

Local members of the State Legislative Assembly, The State Legislative Council and House of the people will be its Associate Members.

The President of Panchayat Samiti will be designated as Pramukh and there will also be an Up-Pramukh to assist him in the discharge of his official duties. The Chief Executive Officer of Panchayat Samiti will be the Block Development Officer.

13. Panchayat Samiti will have executive functions which will cover a broad range of development activities at the block level under the following heads :—

- (1) community development;
- (2) agriculture;
- (3) animal husbandry;
- (4) health and rural sanitation;
- (5) education;
- (6) social education;
- (7) communications;
- (8) rural arts, crafts and cottage industries;
- (9) co-operation;
- (10) rural housing;
- (11) emergency relief;
- (12) collection of statistics; and
- (13) social welfare.

Panchayat Samitis have not as yet started functioning.

14. Section 26 of the Bihar Panchayat Samiti and Zila Parishad Act, 1961 prescribes the following sources of income of a Panchayat Samiti :—

- (i) grants and aids received from the Government;
- (ii) aids received from All-India bodies and institutions;
- (iii) *ad hoc* grants received from or through the Zila Parishad;
- (iv) grants and funds for such liabilities, schemes and institutions as may be transferred by the State Government to the Panchayat Samiti;

- (v) loans from the State Government or loans raised by Panchayat Samiti with the approval of the Zila Parishad and the State Government;
  - (vi) share of local cess and land revenue and other sums received from the Zila Parishad;
  - (vii) donations and contributions received from Gram Panchayats, Municipalities, Notified Area Committee members of the public or any institution.
  - (viii) proceeds from taxes, surcharge or fees which Panchayat Samitis may levy under this Act or under any other law;
  - (ix) income arising from leases granted by the Panchayat Samiti of public ferries, fairs, hats and the like, transferred to the Panchayat Samiti; and
  - (x) such contributions as the Panchayat Samiti may levy from Gram Panchayats, Notified Area Committees and Municipalities.
15. Zila Parishad at the district level will be constituted as follows :—
- (i) all Pramukh of Panchayat Samitis in the district;
  - (ii) all members of Legislative Assembly of the State and all members of the House of the People whose constituencies lie wholly or partly in the district;
  - (iii) all members of the Legislative Council of the State and of the Council of States who are residents of the district;
  - (iv) one person residing in the district from Scheduled Castes and one such person from Scheduled Tribes to be, co-opted in the prescribed manner when the population of such Castes or Tribes, as the case may be, in the district exceeds five per cent of the total population of the district, if such persons are not otherwise members;
  - (v) three persons elected in the prescribed manner by an electoral college consisting of the commissioners of municipalities and members of Notified Area Committees, if any, in the district from amongst themselves;
  - (vi) two persons elected in the prescribed manner by an electoral college consisting of the members of managing committees of all the Central Cooperative Banks registered under the law relating to co-operative societies for the time being in force functioning in the district from amongst themselves;
  - (vii) three women to be co-opted in the prescribed manner if women are not otherwise members; and
  - (viii) one person to be nominated in the prescribed manner by the Bihar State Panchayat Parishad as referred to in clause (a2) of Section 2 of the Bihar Panchayat Raj Act, 1947.

The president of Zila Parishad will be designated as Adhyaksha and the vice-president, as Upadhyaksha.

16. Zila Parishad will be mainly an advisory body. Its powers and functions as prescribed will be :—

- (i) to scrutinise and approve budget of the Panchayat Samitis through its Standing Committee for finance and taxation;
- (ii) to distribute the funds allotted to the district by the Central or State Government amongst the Panchayat Samitis and amongst the blocks in the district for which Panchayat Samitis are not constituted;
- (iii) to co-ordinate and consolidate plans prepared by the different Panchayat Samitis;
- (iv) to co-ordinate the work of the Gram Panchayats and Panchayat Samitis;
- (v) to offer guidance and supervise the progress of development work in the blocks, through the Adhyaksha or Upadyaksha or through the Chairman of the Standing Committee;
- (vi) to advise Government on matters relating to development activities in the district;
- (vii) to exercise such powers and perform such other functions in relation to any development programme as the State Government may, by notification in the Official Gazette, confer on or entrust to it;
- (viii) to exercise all such powers and perform all such functions of the district boards including power to levy taxes or fees as may be transferred to it under this Act;
- (ix) to accept trust relating exclusively to the furtherance of any purpose for which the fund of the trust may be applied;
- (x) to discharge powers and functions of the Panchayat Samiti until a Panchayat Samiti for a block is constituted, or when a Panchayat Samiti is superseded;
- (xi) to collect such data as it deems necessary;
- (xii) to publish statistics or any other information relating to the activities of the local authorities in the district;
- (xiii) to advise Government on allocation of work amongst the Gram Panchayats and Panchayat Samitis and co-ordination of work between the two bodies and amongst various Gram Panchayats themselves;
- (xiv) to require any local authority to furnish information regarding its activities;
- (xv) to establish, maintain or expand vocational and industrial schools;
- (xvi) to exercise and perform such other powers and functions as are conferred on, or delegated or entrusted to it by or under this Act; and
- (xvii) to prepare plans for the Zila Parishad.

17. The sources of income of Zila Parishad have been mentioned as follows :—

- (i) the Central or State Government funds allotted to it;
- (ii) grants from all-India bodies and institutions;
- (iii) loans raised by it with the approval of the State Government;
- (iv) donations and contributions from Panchayat Samitis or from members of the public or any institution in any form;
- (v) proceeds of the local cess and such share of land revenue as may be allowed by the State Government;
- (vi) proceeds from taxes or fees which it may, under any law, levy;
- (vii) income of every Block for which no Panchayat Samiti has been constituted; and
- (viii) income from endowment and trusts administered by it.

18. The All-India Panchayati Raj Parishad has active state-level and district-level organizations in Bihar. We found that in Monghyr District the top leadership of district level organisation has rendered useful service in strengthening the Panchayats.

19. The statements in Annexure II give the figures of total and per capita receipt and expenditure of the Panchayats (visited by us) for the years 1960-61 and 1961-62.

**ANNEXURE I**

(See paragraph 1)

*Parties whom the Study Team met in Bihar.*

Party	Place	Date
1. Maner-Telpa Gram Panchayat (Bikram Block, District Patna) .. .. .	Maner-Telpa	12-6-1963
2. Bihar Raj Panchayat Parishad .. .. .	Patna	12-6-1963
3. Eghu Gram Panchayat (Begu Sarai Block, Monghyr District). .. .. .	Eighu	13-6-1963
4. Monghyr Zila Panchayat Parishad .. .. .	Begu Sarai	13-6-1963
5. Kaitima Gram Panchayat (Begu Sarai Block—Monghyr District) .. .. .	Chaturbhuj Bisanpur	13-6-1963
6. Chero-Kharuara Gram Panchayat, (Barh sub-division—District Patna) .. .. .	Kharuara	14-6-1963
7. Officers of the Government of Bihar .. .. .	Patna	14-6-1963

ANNEXURE II

(See paragraph 19)

STATEMENT I.—Total and per capita income of Panchayats visited by the Study Team in Bihar—1960-61

(Figures in rupees)

Items	Kaithma		Eighu		Maner-Telpa		Chero-Kharuara	
	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<i>Grants and contributions :</i>								
(a) Statutory	..	..	..	..	..	..	..	..
(b) Others	250	0·06	814	0·18	90	0·06	1,500	0·28
TOTAL (a & b)	250	0·06	814	0·18	90	0·06	1,500	0·28
<i>Taxes and Fees</i>								
(a) Revenue from taxes	—	—	—	—	—	—	20	..
(b) Non-tax revenue	—	—	17	..	—	—	20	..
TOTAL (a & b)	—	—	17	..	—	—	40	0·01
Income from property	—	—	404	0·09	—	—	—	..
Miscellaneous	—	—	..	..	2	—	1,229	0·22
<b>GRAND TOTAL</b>	250	0·06	1,235	0·27	92	0·06	2,769	0·51

.. Neg.

ANNEXURE II—*contd*

STATEMENT 2.—*Total and per capita income of Panchayats visited by the Study Team in Bihar 1961-62*

(Figures in rupees)

Items	Kaithma		Eighu		Maner-Telpa		Chero-Kharuara	
	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<i>Grants and Contributions :</i>								
(a) Statutory .. .. .	..	..	..	..	—	—	—	—
(b) Others .. .. .	400	0·10	1,549	0·34	—	—	—	—
TOTAL (a & b) .. .. .	400	0·10	1,549	0·34	—	—	—	—
<i>Taxes and Fees :</i>								
(a) Revenue from taxes .. .. .	—	—	—	—	9	0·01	..	—
(b) Non-tax revenue .. .. .	—	—	20	—	18	0·01	18	..
TOTAL (a & b) .. .. .	—	—	20	..	27	0·02	18	..
Income from property .. .. .	—	—	—	—	..	—	—	—
Miscellaneous .. .. .	60	0·01	1,174	0·16	92	0·06	1,308	0·24
GRAND TOTAL .. .. .	460	0·11	2,743	0·60	119	0·08	1,326	0·24

..Neg.



ANNEXURE II—contd.

STATEMENT 3.—Total and per capita expenditure of Panchayats visited by the Study Team in Bihar—1960-61

(Figures in rupees)

Item	Kaithma		Eighu		Maner-Telpa		Chero-Kharuara	
	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1. Administration .. .. .	..	..	103	0·02	74	0·05	341	0·06
2. Civic amenities .. .. .	..	..	98	0·02	..	..	..	..
3. Social & Welfare activities .. .. .	..	..	100	0·02	..	..	..	..
4. Construction .. .. .	..	..	1,024	0·23	..	..	918	0·17
5. Maintenance .. .. .	..	..	—	—	..	..	..	—
6. Miscellaneous .. .. .	..	..	12	..	..	..	67	0·01
GRAND TOTAL .. .. .	..	..	1,337	0·29	74	0·05	1,326	0·24

.. Neg.

ANNEXURE II—contd.

STATEMENT 4.—Total and per capita expenditure of Panchayats visited by the Study Team in Bihar—1961-62

(Figures in rupees)

Item (1)	Ka'thma		Eighu		Maner-Telpa		Chero-Kharuara	
	Total (2)	Per Capita (3)	Total (4)	Per Capita (5)	Total (6)	Per Capita (7)	Total (8)	Per Capita (9)
1. Administration .. .. .	23	0·01	30	0·01	30	0·01	1,431	0·26
2. Civic amenities .. .. .	—	—	4	—	..	..	24	0·01
3. Social & Welfare activities .. .. .	—	—	—	—	92	06	—	—
4. Construction .. .. .	300	0·01	25	0·01	—	—	1,639	0·30
5. Maintenance .. .. .	—	—	—	—	—	—	—	—
6. Miscellaneous .. .. .	—	—	10	—	—	—	64	0·1
<b>GRAND TOTAL .. .. .</b>	<b>323</b>	<b>0·08</b>	<b>69</b>	<b>0·02</b>	<b>122</b>	<b>0·07</b>	<b>3,158</b>	<b>0·58</b>

## GUJARAT

### (Based on the provisions in the State Act)

From the 1st May, 1960, the day on which Gujarat State came into existence, till the 1st April, 1963, Gram Sabhas and Gram Panchayats were working in the State under the Bombay Panchayat Act, 1958. As a result of the recommendations of the Democratic Decentralisation Committee appointed by the State Government in the middle of July, 1960, the Gujarat Panchayats Act, 1961 was enacted providing for the three tier system. In addition to the existing Gram Sabhas and Gram/Nagar Panchayats, this Act prescribes for the setting up of Taluk Panchayats at Taluk level and District Panchayats at District level.

2. A Gram Sabha consists of all persons whose names appear on the electoral roll of the State Legislative Assembly and are residents of an area comprising a revenue village or a group of revenue villages or hamlets forming part of a revenue village. It has to hold at least two meetings in a year. It elects members of Gram Panchayat and considers the administration report and the annual accounts of the Panchayat and also the development and other programme of works for the ensuing year.

3. A Gram Sabha elects from among its members a Gram Panchayat when the population of a Gram Sabha area does not exceed 10,000, its executive body is called Gram Panchayat and when it exceeds 10,000 but not 30,000 it is called Nagar Panchayat. Number of members of Gram Panchayat varies from 9 to 15 including a Sarpanch and an Up-Sarpanch and that of a Nagar Panchayat, 15 to 31 including a Chairman and Vice-Chairman.

4. Obligatory duties of Gram/Nagar Panchayat as scheduled in the Act relate to a variety of subjects covering sanitation, health, public works, education, culture, village defence, planning, administration, community development, agriculture, forests, animal husbandry and village industries. It may be empowered by the State Government to collect land revenue and to maintain land records. Provided its funds permit, it may, at its discretion, take up certain other activities also such as educational and medical relief, promotion of social, economic and cultural well-being of the inhabitants of its area and arranging public receptions, ceremonies or entertainments within its jurisdiction.

5. Taluka Panchayat has as its members Sarpanchas of all Gram Panchayats/Chairmen of all Nagar Panchayats within the Taluka as ex-officio members and persons (about one-tenth of the number of ex-officio members) elected by Chairmen of cooperative societies within the Taluks from amongst themselves. It co-opts two women interested in welfare activities pertaining to women and children, two representatives of Schedule Castes, two of Schedules Tribes, if their population is not less than five per cent, and two social workers of the area having practical experience of matters pertaining to rural development. Local M.L.As., Mamlatdar or Mahalkari of the Taluka or Mahal, presidents of municipalities in the Taluk and elected members of the District Panchayat ordinarily residing in the Taluk are its associate members.

6. Taluk Panchayat's obligatory functions as scheduled in the Act range from subjects relating to sanitation, health, education, culture, social education, community development, agriculture, irrigation, animal husbandry, village and small-scale industries, cooperation, women's welfare, social welfare to subjects like rural housing, relief and pastures. As in the case of Gram/Nagar Panchayats, a number of discretionary functions have been provided for Taluka Panchayats also. They generally relate to carrying out measures likely to promote health, safety, education, comfort, etc. of the inhabitants.

7. District Panchayat consists of :—

- (i) ex-officio members : presidents of all Taluk Panchayats in the district;
- (ii) elected members : (a) one person elected by each constituent Taluk Panchayat and (b) persons (not exceeding in number the total number of seats of ex-officio members and of those elected by Taluk Panchayats) elected directly. Two of the seats intended for directly elected members are reserved for women, one or more seats for scheduled castes and one or more for scheduled tribes according to population if it is not less than five per cent; and
- (iii) co-opted members : (a) two persons having experience of matters pertaining to education and residing in the district; (b) local M.Ps. and M.L.As; (c) the District Collector; and (d) presidents of all municipalities in the district.

Its President and Vice-President are elected by the members from amongst themselves.

8. District Panchayat is vested with wide administrative and executive powers. It is responsible for establishing and maintaining dispensaries, public health centres and allied institutions. It constructs and maintains such buildings as are vested in or are required for their activities and it is in charge of District roads. It has been entrusted with a wide range of educational activities. It manages primary education and uses the agency of Taluka Panchayat to supervise it. Other educational institutions may also be entrusted to it. It co-ordinates and integrates community development schemes and looks after development of irrigation, agriculture, animal husbandry and small scale industries and also the promotion of the social welfare.

9. Subject to the minimum and maximum rates that may be fixed by Government, Panchayat may levy any or all of the following taxes and fees :—

- (i) tax on building and non-agriculture land,
- (ii) octroi;
- (iii) pilgrim tax;
- (iv) tax on fairs, festivals and entertainments;
- (v) vehicle tax;
- (vi) profession tax;
- (vii) sanitary cess;
- (viii) water rate;

- (ix) fee on markets and hats;
- (x) fee on cart and tonga stands;
- (xi) fee for temporary erection or putting up projections over and temporary occupation of public streets and public places;
- (xii) fee for cleansing a cess pool; and
- (xiii) fee for grazing cattle on Panchayat lands.

The Act also empowers it to levy, subject to certain exceptions, any prescribed tax which, under the constitution, the State Legislation may impose. Other main sources of income are fees levied for the institution of suits and cases before its Nyaya Panchayat, properties vested in it, gifts and contributions and sale proceeds of all dust, dirt, dung, refuse, etc.

10. Taluka Panchayat has been empowered to impose an educational cess subject to certain limits of rates. It has concurrent powers to levy the taxes and fees which are leviable by a Gram or a Nagar Panchayat. The proceeds of such taxes and fees are shareable with the Gram/Nagar Panchayats concerned. Taluka Panchayats may also by a resolution apply to Government for increasing stamp duty on transfer, etc., of immovable property upto a maximum of 15 per cent of the rate of duty in force. When the Government imposes such extra duty, its proceeds are made over to the concerned Taluk Panchayat(s).

11. Like Taluka Panchayat, District Panchayat also has powers to levy simultaneously taxes and fees leviable by Gram/Nagar Panchayats. Subject to the obligation to share the proceeds with its constituent Taluka Panchayats, it can apply to Government for an increase in stamp duty on transfer etc. of immovable property up to a maximum of 10% of the rate of duty as levied by Government.

12. The State Government assigns Panchayati Raj the entire proceeds of its land revenue collections which are distributed as follows :—

- (i) a percentage is set apart for meeting the salaries etc. of Secretaries of Gram Panchayats and village accountants (Talatis);
- (ii) five per cent is contributed to the State Equalisation Fund; and
- (iii) of the balance—
  - (a) 50 per cent to Gram and Nagar Panchayats;
  - (b) 25 per cent to Taluka Panchayats,
  - (c) 10 per cent to District Panchayats.
  - (d) 7½ per cent to a District Equalisation Fund; and
  - (e) 7½ per cent to a District Gram Encouragement Fund.

The State Equalisation Fund is intended for making special grants to backward districts to minimise social and economic inequalities amongst them. Similarly, a District Equalisation Fund is used for giving assistance to backward Panchayats in a district. The District Gram Encouragement Fund is for making incentive grants to Gram Panchayats to encourage them to raise their income by levying taxes and fees.

13. In addition to a share of land revenue, District Panchayat gets from the Government two per cent of the State's forest revenue. In forest areas, where grams are not assessed for land revenue, Gram Panchayats also are given a grant out of forest revenue in lieu of land revenue assignment. The

share of a Gram Panchayat in a year is not less than Rs. 500 and not more than the amount calculated on the basis of population of the gram at such per capita rate arrived at in respect of grant of land revenue.

14. Every Gram/Nagar, Taluka and District Panchayat is required to prepare annually in a prescribed form a budget statement of its income and expenditure for the ensuing year. The budget of a Gram/Nagar Panchayat is sent to its Taluka Panchayat for scrutiny and recommendations which are taken into consideration by the Gram/Nagar Panchayats before it finally passes it. Similarly the budget of every Taluka Panchayat is examined by its District Panchayat before being finally approved. District Panchayats deal with their budget themselves.

15. Accounts of income and expenditure of all tiers of Panchayats are required to be kept in a prescribed form and manner. The accounts are audited in the same manner as other local funds accounts.

16. The Government has powers, subject to such conditions and restrictions as it may impose, to vest in Gram/Nagar Panchayats open sites, waste, vacant or grazing lands and public roads, streets, bridges, ditches, dikes and pences, wells, river beds, tanks, streams, lakes, nallas, canals, water courses, trees or any other property in their respective areas and belonging to Government. A Taluka or a District Panchayat may also transfer to a Gram/Nagar Panchayat any property vested in it.

17. All movable and immovable property acquired by a Taluka Panchayat or a District Panchayat and every road, building and other works constructed by it vest in it. The State Government may also transfer to it any land or property for local public purposes.

18. Owing to national emergency, it was not considered desirable to hold elections to Taluka and District Panchayats in accordance with the provisions of this Act. An Ordinance was, therefore, issued by the Governor empowering the State Government to constitute these bodies without elections. They came into existence from the 1st April, 1963.

## JAMMU AND KASHMIR

(Compiled from the State Act)

The Jammu & Kashmir Village Panchayat Act, 1958, empowers the State Government to establish by notification in their gazette a Panchayat in every village or group of villages and to define the territorial jurisdiction thereof. Each Panchayat consists of 7 to 11 Panchas of whom a prescribed number is elected and the rest nominated.

2. The Act requires every Panchayat to call a general meeting of its voters at least once in a year for discussing its budget and programme of work proposed for the following year.

3. The obligatory functions entrusted to these Panchayats under the Act range from construction and maintenance of village roads, thoroughfares, streets, bunds, embankments, channels and drains, registration of births and deaths, cleaning and lighting of streets, removal of rubbish heaps and improvement of sanitary conditions to elementary education including securing of attendance of boys and girls of school going age in the schools. Functions for which a Panchayat may make provision at its discretion include establishment, control and management of cattle pounds, laying out and maintenance of public gardens and playgrounds, veterinary relief, maintenance of markets, public libraries and reading rooms, and supply to cultivators of improved implements, chemical fertilizers, livestock, etc.

4. The taxes and fees, which a Panchayat may levy with the approval of the Government, are :—

- (1) profession tax subject to a maximum of Rs. 12 per annum;
- (2) tax on animals not exceeding Rs. 3 per animal per annum and on vehicles not exceeding Rs. 6 per vehicle per annum;
- (3) fees on persons (not assessed to profession tax) exposing goods for sale in markets and *melas* belonging to or controlled by the Panchayat;
- (4) fee for use of slaughter-houses;
- (5) water rate where water is supplied by Panchayat;
- (6) house tax;
- (7) fee for temporary occupation of village sites, roads, etc.;
- (8) tax on boats let out on hire;
- (9) fee on application for erection or re-erection of houses;
- (10) lighting rate;
- (11) fee for grazing of cattle in lands vested in Panchayat;
- (12) terminal tax; and
- (13) pilgrim tax.

5. Other sources of a Panchayat's income are village fisheries, nurseries, cattle pound, sale of sand, stone, etc. from *nallahas* and quarries and sale proceeds of dust, dung dirt or refuse collected by its servants. A Panchayat

may also get contributions and grants-in-aid from Government and donations from private persons. Such portion of rent or other proceeds of *nazool* property or of rent of camping and other areas may also be given to it. All taxes and fees levied by a Panchayat are recoverable as if they were arrears of land revenue.

6. Every Panchayat has to prepare budget estimates of its income and expenditure for the year commencing on the 1st day of April. This budget takes effect after it has been approved by a prescribed authority. The Act also provides for audit of annual accounts of Panchayat funds.

7. A Block Panchayat Board is constituted of such number of Panchayats as the Government may determine. Each such Board consists of one representative from each Panchayat area in the block and such persons as may be nominated by the Government. One woman, who, may be interested in the work of women and children welfare, may be co-opted by the Board as its member. Representatives from each Panchayat area are elected by Members of respective Panchayats from amongst themselves. The term of office of a member of a Board is co-extensive with the term of the Panchayat he represents.

8. The Board advises the Government on development of block and opening and locating of dispensaries, new schools, dairy farms, poultry and bee-keeping centres, etc.

9. It is a matter of regret that we did not receive from the State Government any material in response to our circular letter issued in September 1962, to all the State Governments and Administrations of Union Territories calling for certain information relevant to our work. We are, therefore, not in a position to say to what extent the State Act has been implemented and how the institutions are working.



## KERALA

The note from the Director of Panchayats, Government of Kerala at Annexure I gives an account of evolution of Panchayats in Kerala. It will be seen that the Panchayats Act of 1960 has yet to be fully implemented. Though the Panchayat areas have been delimited, the elections are to be held at the end of the year.

2. Regarding the resources of Panchayats, the land revenue which was to be transferred to Panchayats has been declared unconstitutional and steps have to be taken to amend it in the light of legal decisions.

3. The Kerala Government are contemplating the enactment of legislation establishing Panchayat Samitis and Zila Parishads on the Madras model. The actual details have yet to be finalised.

4. Apparently, at the time of the enactment of 1960, Act, the intention of the Kerala Government was to have only one tier at the Panchayat level. With the change of policy and the establishment of Panchayat Samitis, there will have to be some shifting of functions and resources from the Panchayats to the Panchayat Samitis.

5. The distinctive feature of Panchayati Raj in Kerala is the size of Panchayats. The average population is over 15,000 but it should also be noted that this population is contained in the comparatively small area of less than 12 sq. miles. The large population and compact area make the Kerala Panchayats financially viable and give them the characteristics of a small municipality. This is further emphasised by the fact that one of the chief pre-occupations of these Panchayats is the electric lighting of the streets. Out of 922 Panchayats, 654 have been equipped with electric lights in the streets. It is a pity, however, that not much attempt has been made to use electricity for agricultural and industrial purposes.

6. Of the 922 Panchayats, 2 have an income of above rupees one lakh per year, 28 above Rs. 50,000 and below one lakh, 150 between Rs. 20,000 and Rs. 50,000 and the rest have an income below Rs. 20,000. Even where the income is less than a rupee per capita, the Panchayat is above to afford a qualified Executive Officer and other subordinate staff.

7. The major sources of revenue of the Panchayats as provided in the Act are :—

- (1) house tax on the basis of the rental value at a percentage between 4 to 10;
- (2) profession tax which strangely enough includes even agriculture;
- (3) land cess @ 2 nP. per every 5 cents of land;
- (4) services tax for sanitation, water-supply, scavenging, street-lighting and drainage;
- (5) duty on transfer of property subject to a maximum of 4 per cent;
- (6) tax on vehicles other than motor vehicles;
- (7) show tax; and
- (8) entertainment tax.

In addition to these taxes, Panchayats have also been given power to levy 15 different kinds of fees.

8. Many of these provisions have not been brought into force and as these resources may have to be shared with Panchayat Samitis when set up, a detailed discussion here is not likely to be of much use.

9. In the Nemon Panchayat with a population of 20,294 and an area of 6.4 sq. miles for the year 1962-63, the estimated income was Rs. 19,097.20 nP. of which the principal items were as follows :—

	Rs.
House tax	5,451
Entertainment tax	2,648
Vehicle tax	3,961
Cess on land	6,014

Contributions of different kinds from Government amounted to Rs. 4,402, the balance being accounted for by the various fees. On the expenditure side, the main items were :—

	Rs.
Establishment	3,777
Sanitation & lighting	9,952
Public Works	1,905

10. In the Varkala Panchayat with a population of 23,714 and an area of 6.5 sq. miles, the receipts for 1962-63 were estimated at Rs. 22,357.13 nP. The main items were :—

	Rs.	nP.
Rates and taxes	13,360.58	
Fees	4,805.00	
Grants	3,226.00	

On the expenditure side, the main items were :—

	Rs.	nP.
Establishment	3,427.00	
Sanitation and lighting	7,882.00	
Public Works	3,662.00	

11. In view of the transitional nature of these budgets, the above figures cannot be taken as a clear indication of the future financial position of Panchayats.

## ANNEXURE I

(See Paragraph 1)

### Note from the Director of Panchayats, Government of Kerala, giving an account of evolution of Panchayats in Kerala State

The Travancore-Cochin State was formed on 1st July, 1949, by the integration of the erstwhile Travancore and Cochin States. The integration of Malabar with Travancore-Cochin State took place in November, 1956, which resulted in the formation of the Kerala State.

2. Panchayats known as 'Unions' were first established in a few villages in the Malabar portion of Kerala State as early as 1884, under the Madras Local Boards Act, 1884. In 1920, the Madras Village Panchayats Act was passed and Panchayats were constituted in more villages. In 1930, the Madras Local Boards Act was passed and all Panchayats were brought under it. In 1951 a new Panchayat Act came into force and Panchayats with greater powers and wider functions were constituted. At the time of integration, there were altogether 399 Panchayats functioning under the Madras Village Panchayats Act, 1951. Only about two thirds of the total area was covered by Panchayats. In areas where there were no Panchayats, most of the functions entrusted to Panchayats were being carried out by the Malabar District Boards.

3. Panchayats were first established in Cochin area in 1914 under the Cochin Village Panchayats Act. This Act was in force till the time of integration and the entire area was covered by Panchayats. They numbered 101.

4. In Travancore area, Panchayats were first established under the Travancore Village Panchayats Act, 1925. Certain villages were selected and Panchayats were constituted in these villages as an experimental measure. Under this Act, only 7 Panchayats were constituted. In 1940, the Travancore Village Unions Act was passed and new Panchayats under the name 'Village Unions' were constituted in more villages. At the time of integration, there were 195 Village Unions.

5. In 1950, the Travancore-Cochin Village Panchayats Act was passed which unified the Cochin and Travancore Acts. A fresh delimitation of Panchayats was done and 548 Panchayats were constituted covering the entire State.

6. Before the implementation of the 1950 Acts in the Malabar and Travancore-Cochin areas, the Panchayats in the former Malabar, Cochin and Travancore areas were weak bodies with very limited powers and functions. Their sources of income were also very meagre. Franchise was restricted and some of the members were nominees of Government. Many of the institutions had only nominated Presidents.

7. The 1950 Acts gave larger functions and greater powers to Panchayats. It granted adult franchise and election was by secret ballot. The Act provided for the appointment of separate executive officers. The sources of a revenue also increased greatly. The Act also enabled the entrustment of more and more functions to Panchayats by Government and also for the transfer of such funds to these bodies.

8. The 1960 Act unified the Travancore and Kerala Acts. Under this Act, more functions and powers have been entrusted to Panchayats. A new delimitation of Panchayats was effected in 1960, and there are now 922 Panchayats and the entire area (1,623 revenue village) of the State have been covered by Panchayats. The jurisdiction of Panchayats and revenue villages or group of villages are co-extensive in most cases, but, there are instances where villages had to be bifurcated. The average population of a Panchayat is 15,000 and area 11.5 sq miles. The Panchayats have been grouped according to their income.

## MADHYA PRADESH

We toured Madhya Pradesh from the 29th June, 1963 to the 2nd July, 1963. We met the Minister-in-Charge of local self-government, officers of the State Government, and some members of Panchayati Raj institutions in the districts of Tikamgarh, Chattarpur, Sagar and Vidhisha. A list of parties whom we met is given in Annexure I.

2. Gram Panchayats in this State are now functioning under five different Acts for five regions comprising Mohakoshal, Madhya Bharat, Vindhya Pradesh, Bhopal and Sironj sub-division of Rajasthan. The historical growth of Panchayats in the integrating units is briefly traced in a note prepared by the State Director of Panchayats and Social Welfare which is reproduced in Annexure II.

3. There are variations both in the constitution and functions and in the nature of resources of Panchayats in different regions. Uniformity is sought to be achieved through the Madhya Pradesh Panchayat Act, 1962, which, in addition, provides for the setting up of Janapada Panchayats (corresponding to Panchayat Samitis in some other States) and Zila Panchayats.

4. According to this Act, a Gram Sabha will be constituted for a village or a group of adjoining villages with a population of one thousand or more. A Gram Panchayat will be elected for a period of 5 years, and will consist of atleast 10 elected members, with one additional member for every unit of two hundred and fifty members of population over thousand. There is reservation for women and cooperative societies. The elected members will elect from amongst themselves a Sarpanch and Up-Sarpanch.

5. A Gram Panchayat will have a number of obligatory functions, the more important among them being sanitation, lighting, supply of drinking water, medical relief, registration of births, death and marriages, repair and maintenance of public wells, tanks, ponds and maintenance of public wells, tanks, ponds and minor irrigation works. The discretionary functions include planting of trees, agricultural development, promotion of cooperative farming, construction and maintenance of play-grounds, libraries, reading-rooms and community centres.

6. The resources of Panchayat include compulsory levy of the following taxes :—

- (a) land cess @ 10 nP. per rupee of land revenue;
- (b) tax on buildings;
- (c) tax for cleansing private latrines;
- (d) lighting tax;
- (e) profession tax;
- (f) fee on persons exposing goods for sale in any market or place belonging to it or under its control or for the use of any building or structure therein; and
- (g) fee on registration of animals sold in any market or place belonging to it or under its control. An important point to be

noted in the matter of imposition of compulsory house tax is about the exemption provided under the Act for houses whose capital value does not exceed Rs. 1,000. In rural areas, most of the houses will come under this category.

7. The optional levies are :—

- (a) tolls on vehicles and pack animals bringing goods for sale into its area;
- (b) tax payable by owners of animals used for riding, driving, draught, etc.;
- (c) tax on carts, bicycles and rickshaws;
- (d) fees for use of Sarais, dharamshalas, rest-houses, slaughter houses and encamping grounds;
- (e) water rate where a regular water-supply is maintained by the Gram Panchayat;
- (f) drainage fee;
- (g) fees from persons practising the calling of buyer, broker, commission agents, weigher or measurer;
- (h) fee on vehicles other than motor vehicles;
- (i) temporary tax for special work of public utility;
- (j) general sanitary cess for construction or maintenance of public latrines and for removal and disposal of refuse;
- (k) fee on cart stands and tonga stands;
- (l) fee for temporary erection on, or putting projection over, or temporary occupations of any public street or place;
- (m) fee for grazing cattle on its grazing lands; and
- (n) any other prescribed tax which the State Legislature has power to impose under the Constitution of India.

8. A novel feature of the Madhya Pradesh Panchayat Act, 1962 is the provision for the establishment of Adivasi Panchayats, at the discretion of the State Government in areas inhabited predominantly by scheduled tribes. The essential difference is that the Sarpanch is nominated by the Government from amongst the elected Panches. Adivasi Panchayat has no powers of taxation. It is under the control of a Kahetra Panchayat, formed for a group of Adivasi Panchayats, consisting of a Sarpanch and four Panchas who are all nominated by the Government.

9. There is to be a Janapada Panchayat for every community development block. It will consist of not less than 15 and not more than 30 members. Provision exists for reservation of seats for women, scheduled caste and scheduled tribes and cooperative societies. Members of State Legislature whose constituencies are partly or wholly within the block will also be members. The Panchas and Sarpanchas of constituent Gram Panchayats within a block will elect, from among themselves, members to Janapada Panchayat. The main function of a Janapada Panchayat will be the execution of community development programme for which necessary funds will be placed at its disposal. It will have powers to raise resources by levying tolls on new bridges constructed by it, and a tax on theatres, theatrical performances and other shows for public amusement. The

proceeds of a surcharge of  $\frac{1}{2}$  per cent on the duty imposed on the transfer of property will be credited to it.

10. A Zila Panchayat will be constituted for each district. It will consist of President of all Janapada Panchayats within the district, local M.Ps. and M.L.As. and district officers representing Public Health, Agriculture, Veterinary, Education and other Development Departments in the district. Reservation is provided for women, scheduled castes, scheduled tribes and cooperative societies. Besides advising the Government on matters relating to developmental activities and co-ordinating and consolidating the block plans, Zila Panchayats will have to examine and approve the budgets of Janapada Panchayats and distribute among them the funds allotted to the district by the State and Central Governments. They will have no power of taxation.

11. All the three-tiers of Panchayati Raj are required to frame annual budgets of their income and expenditure. Gram Panchayat budget is required to be forwarded to its Janapada Panchayat for approval. The budget of Janapada Panchayat will have to be approved by its Zila Panchayat. The Zila Panchayat itself will approve its budget. It will send a copy of the same to the Commissioner of the division and to the State Government. The Act provides for audit of their accounts by authorities appointed by the Government and for this a fee will be paid by them.

12. We were told that Panchayats according to new Act would be established by the end of 1963.

**ANNEXURE I**

(See paragraph 1)

*Parties whom the Study Team met in Madhya Pradesh*

Party	Place	Date
1. Sarpanchas and representatives of some Panchayats in the district of Tikamgarh .. .. .	Tikamgarh	9-6-63
2. Sarpanchas and representatives of some Panchayats in the district of Chattarpur .. .. .	Chattarpur	10-6-63
3. Representatives of some of the Panchayati Raj institutions in Sagar district .. .. .	Sagar	10-6-63
4. Representatives of some of the Panchayati Raj institutions in Vidhisha district .. .. .	Vidhisha	1-6-63
5. State Minister in charge of Local Self-Government, Development Commissioners and other officers of the State Government .. .. .	Bhopal	2-6-63

## ANNEXURE II

(See Paragraph 2)

### *Growth of Panchayats in Madhya Pradesh*

The new State of Madhya Pradesh, which came into existence on the 1st November 1956, consists of 5 regions viz., Mahakoshal, Madhya Bharat, Vindhya Pradesh, Bhopal and Sironj Sub-Division of Rajasthan. The historical growth of Panchayats in the integrating units is briefly traced below :—

#### (1) *Mahakoshal Region*

In the erstwhile State of Madhya Pradesh, village Panchayats came into existence for the first time with the passing of C. P. and Berar local self-Government Act in the year 1920. Government established Panchayat in a village on the application of two-thirds of its inhabitants. Only municipal functions were within the competence of this Panchayat and it also dealt with simple disputes. The pace of establishment of Panchayats was so slow and their working so perfunctory that Government appointed a Committee in the year 1935 to examine the whole scene and to make suitable recommendations. The Committee recommended that some of the municipal functions should be made obligatory and a small share of the income of the District Council be made over to Village Panchayats.

With the formation of the first popular Ministry in 1946, a new legislation known as C. P. and Berar Panchayat Act, 1946 was passed. In this Act, the State Government assumed the power to establish Gram Panchayats in all the villages of the State. The duties and functions were increased including certain revenue and developmental activities. The financial resources were like-wise strengthened giving Gram Panchayats powers of compulsory and optional taxation. A separate body called Nyaya Panchayat was brought into being to decide civil and criminal disputes of a specific nature.

The State Government adopted a phased programme of establishment of Panchayats. In the first phase villages having a population of 1,000 and more acquired Panchayats for themselves. The second phase consisted of villages having a population between 500 and 1,000. The third phase related to the villages and groups of villages each having a population of 500 or less. The first two phases were completed before the reorganisation of Madhya Pradesh. The third phase was taken in hand two years ago thereby bringing every village and hamlet in the Mahakoshal region under Panchayat system. The C. P. and Berar Local Self-Government Act, 1947 created a local self-governing body called Janpada Sabha at the Tehsil level. For the first time in the country, an attempt was made to remove the hiatus between State Government and Local Government. Janpada Sabhas were conceived as units of administration run by elected representatives of the people, with a permanent services to assist them in the task. All functions of Government excepting law and order and administration of justice were progressively to be entrusted to Janpad Sabhas. With the transfer of functions of a department, the staff working at Tehsil level and the necessary finances were also to be placed at the disposal of Janpada Sabhas. A number of Standing Committee looked after the diverse functions of the Sabha. A Deputy Collector functioned as the Chief Executive Officer of the Sabha.

Janpada Sabhas were given the powers of superintendence and control over Gram Panchayats. The budgets of Gram Panchayats were passed by Janpada Sabha. The channel of correspondence for a Gram Panchayat was through Janpada Sabha.

#### (2) *Madhya Bharat Region*

The Madhya Bharat Union consisting of number of Indian States was formed in 1948. Only some of these states had anything like Gram Panchayats. The Holkar State was the first to have given systematic thought to this matter. It placed on the Statute book a Panchayat Law as early as in the year 1920. The example proved infectious and states of Gwalior, Dewas Senior, Dewas Junior, Dhar and Naraingarh followed suit. Immediately after the formation of Madhya Bharat Union, Madhya Bharat Panchayat Act was passed in 1949 with a view to achieving



uniformity in the Panchayat Laws prevalent within the Union. It was by far the most forward-looking piece of legislation inasmuch as it introduced the three-tier system long before the idea was born at the national level.

Gram Panchayats were given a wide variety of functions and sources of income for more liberal than in the past. Kendra Panchayats, formed at the Tehsil level, served to link them up with a body which was capable of coordinating their activities of undertaking inter-village programme and of providing a larger vision to village level Sarpanchas. Mandal Panchayats completed the link with the district level and promoted a common outlook amongst the Panchayats in the district besides establishing an effective liaison with the district administration.

There were Nyaya Panchayats separately established for carrying out judicial functions.

### (3) *Vindhya Pradesh Region*

Prior to the formation of Vidhya Pradesh Union, some of the integrating units had established rural local bodies variously described as Panch Sabha, Tappa Praja Mandal and Chaura. On the formation of the Union, an Ordinance was promulgated in May 1949 which later on became an Act.

Initially Gram Panchayats were established in selected villages only. Subsequently the entire area was covered by Gram Sabhas—one for each Patwari circle. A Gram Sabha consists of all adult members permanently residing within its area. The Gram Sabha elects the Executive Committee which is called Gram Panchayats and which is responsible for carrying out certain municipal and developmental functions.

There were Nyaya Panchayats separately established to perform judicial functions.

### (4) *Bhopal Region*

Village Panchayats were established for the first time in 1947 by the Nawab of Bhopal under a 'Firman'. Each Gram Panchayat was for a village or a group of villages having a population of not less than a thousand people. The scope of work allotted to Panchayats was very limited and adequate financial resources were not provided for. Consequently, most Panchayats remained inactive. The Bhopal State Panchayat Act was passed in 1952 and was brought into force on the 15th August 1953. A Gram Sabha for each Patwari circle was formed which elected at a general meeting members of Gram Panchayat. No higher body was contemplated in the Act.

There was no provision for Nyaya Panchayats.

### (5) *Sironj Sub-Division*

Soon after the formation of Rajasthan in 1948, Panchayat Raj Ordinance was promulgated which abolished Panchayats established under different Acts of covenanting States. Thus, the principle of 'one village, one Panchayat' was given up in favour of Group Panchayats. The unified Rajasthan Panchayat Act came into force from the 1st January, 1954. The population of a Panchayat established for a village or group of villages ranges from 3,000 to 5,000. A Tehsil Panchayat has been established for supervising and controlling village Panchayats.

These Panchayats perform judicial functions also. Their main sources of income are taxes, fees and rates and fine imposed in judicial cases. Tehsil Panchayats work as appellate courts over Village Panchayats. There are 19 village Panchayats and two Tehsil Panchayats in Sironj Sub-Division and they are now included in Vidhisha District of new Madhya Pradesh.

## MADRAS

We were in Madras State from the 1st to the 8th of February, 1963. After a meeting with the Chief Minister and his Cabinet colleagues on the first day, we held a detailed discussion with the State Government officers concerned on the following day. We then proceeded to Thanjavur District, where we met the representatives of two Panchayats, two Panchayat Union Councils and the District Development Council. Thereafter, in Ramanathapuram District, we visited two Panchayats and two Panchayat Union Councils. On return to Madras on the last day of our tour, we had an opportunity of having a talk with the representatives of the Madras State Union of Panchayats. All these meetings proved helpful in our detailed study of the Panchayati Raj set up in the State with particular reference to its resources and finances. A detailed list of parties whom we met is given in Annexure I.

2. In Madras State, Panchayati Raj is based on the following two Acts viz.,

- (i) the Madras Panchayats and Panchayat Unions Act, 1958; and
- (ii) the Madras District Development Councils Act, 1958.

The first Act came into force on the 30th January, 1959, and the second Act, on 1st December, 1959.

The structure of Panchayati Raj institutions is shown below :—

- |   |                |
|---|----------------|
| (i) Village level—<br>(a) Village Panchayats<br>(b) Town Panchayats   | } Statutory    |
| (ii) Block level—<br>Panchayat Unions                                 |                |
| (iii) District level—<br>District Development Councils                |                |
| (iv) State level—<br>Panchayat Development<br>Consultative Committee. | Non-statutory. |

3. A Panchayat is constituted for a revenue village or a group of villages or for any portion of a revenue village or for a contiguous portion of two or more Revenue villages. There is no provision for constituting Gram Sabhas. The election to Panchayats is by secret ballot. The number of elected members of a Panchayat varies from 5 to 15 according to population. In every Panchayat, seats are reserved for, persons of scheduled castes with due regard to their population in the area. If there is no elected woman member in a Panchayat, that Panchayat is entitled to co-opt one woman whose name appears in the electoral roll for the Panchayat. No person can be a member of more than one Panchayat. Localities with not less than 5,000 population and with a normal annual income of not less than Rs. 10,000 are classified as Town Panchayats. The rural area of the State is divided into 12,527 Panchayats of which 324 are Town Panchayats.

4. The areas covered by the city of Madras, municipalities, cantonments, townships and some other portions are excluded from the jurisdiction

of Panchayat Unions. The rural population of Madras is 2,46,96,425. The rural area is delimited into 373 Panchayat Development blocks and a Panchayat Union is constituted for each block. The average population per block is 66,200. The blocks do not cross taluk boundaries and consequently there is disparity in the population of blocks. A Panchayat Union consists of Presidents of all Panchayats in the block and 6 co-opted members— 3 women and 3 persons belonging to scheduled castes. Local M.L.As. and M.L.Cs. are members without the right to vote. The Chief Executive Officer of the Panchayat Union is called the Commissioner. The Development Officer appointed under the Community Development programme has become the Commissioner.

5. Panchayats and Panchayat Unions are together in charge of the implementation of development programme. Panchayat is the base and Panchayat Union is the apex of this organisation. Madras is in effect working a two-tier Panchayati Raj system. Panchayat and Panchayat Unions are autonomous corporate bodies in their spheres.

6. The District Development Councils are purely advisory in character and their advice is limited to functions which are transferred to Panchayats and Panchayat Unions. Some of the bigger districts have been divided into two development districts and their separate development councils have been set up with District Collector as Chairman. Chairman of all Panchayat Unions, all M.L.As., M.L.Cs. and M.Ps. of the district, Chairman of Municipal Councils, Presidents of the Cooperative Central Banks and Gazetted Officers of Government in the District concerned with Planning and execution of development schemes are members of development councils. There is no provision for cooption of any person as a member of the District Development Council. They meet once in two months. For the purpose of assisting the District Development Council, Standing Committees have been constituted for the following subjects :—

- (i) food and agriculture;
- (ii) industries and labour;
- (iii) public works;
- (iv) education; and
- (v) health and welfare including prohibition.

In addition, a Standing Committee called General Committee to deal with items of work which are general in nature covering all aspects of development has been constituted with the Collector as the Chairman and Chairman of the five Standing Committees as members.

7. To review at the State level the progress of work in the various fields of development as reported by the District Development Councils, the Government has constituted the three Panchayat Development Consultative Committees for—

- (i) administrative and works;
- (ii) production programmes; and
- (iii) welfare service programmes.

The Chief Minister is the Chairman of all the three Committees. The Ministers, Chairman of the Sub-Committees of the District Development Councils, Chief Secretary and other concerned Secretaries to Government are

members of these committees. The Collectors of the 12 rural Districts also participate in the meetings of these Committees. Each of these Committees meets once in half year.

8. The organisation at the District and State levels are purely advisory in character and they do not participate in the scheme of financial devolution.

9. The obligatory functions of a Town or Village Panchayat are—

- (a) the construction, repair and maintenance of all village roads, that is to say, all public roads in the village or town (other than those classified as National Highways, State Highways, major district roads and panchayat union roads) and of all bridges, culverts, road-dams and causeways on such roads;
- (b) the lighting of public roads and public places in built-up areas;
- (c) the construction of drains and the disposal of drainage water and sullage;
- (d) the cleansing of streets, the removal of rubbish heaps, jungle growth and prickly-pear, the filling in of disused wells, insanitary ponds, pools, ditches, pits or hollows, and other improvements of the sanitary conditions of the village or town;
- (e) the provision of public latrines and arrangements to cleanse latrines whether public or private;
- (f) the opening and maintenance of burial and burning grounds; and
- (g) the sinking and repairing of wells, the excavation, repair and maintenance of ponds or tanks and the construction and maintenance of water-works for the supply of water for washing bathing purposes and of protected water for drinking purposes.

10. The discretionary functions of a village or Town Panchayat are—

- (a) planting and preservation of trees on the sides of all public roads in the village or town subject to mutually agreed terms and conditions between the panchayat and the authority which maintains the road in case the road is not maintained by the panchayat itself;
- (b) the lighting of public roads and public places in areas other than built-up areas;
- (c) the opening and maintenance of public markets other than markets which are classified as panchayat union markets;
- (d) the control of fairs and festivals other than those classified as panchayat union fairs and festivals;
- (e) the opening and maintenance of public landing places, halting places and cart-stands and of public cattlesheds;
- (f) the opening and maintenance of public slaughter-houses;
- (g) the opening and maintenance of reading rooms;
- (h) the establishment and maintenance of wireless receiving sets, playgrounds, parks, sports clubs and centres of physical culture;

- (i) the opening and maintenance of literacy centres and centres for imparting social education; and
- (j) the construction of works of public utility and the provision of other facilities for the safety, health, comfort, convenience, culture or recreation of the inhabitants of the village or town.

11. The functions of a Panchayat Union Council are :—

- (a) the construction, repair and maintenance of all public roads in the panchayat union which are classified as panchayat union road and of all bridges, culverts, road-dams and causeways on such roads;
- (b) the establishment and maintenance of dispensaries and the payment of subsidies to rural medical practitioners;
- (c) the establishment and maintenance of maternity and child-welfare centres, including the maintenance of a "thayi" service and offering advice and assistance to mothers in family planning;
- (d) the construction and maintenance of poor houses, orphanages, shops, stalls, plinths, the training and employment of vaccinators, the removal of congestion of population and the provision of house-sites;
- (e) the opening and maintenance and expansion or improvement of elementary schools, including the payment of grants to private managements in respect of elementary schools;
- (f) preventive and remedial measures connected with any epidemic or with malaria;
- (g) the control of fairs and festivals classified by the panchayat union council as those reserved for control by it;
- (h) veterinary relief;
- (i) the extension of village sites and the regulation of building;
- (j) the opening and maintenance of public markets which are classified as panchayat union markets;
- (k) the maintenance of statistics relating to births and deaths;
- (l) the establishment and maintenance of choultries;
- (m) improvements of agriculture, agricultural stock and the holding of agricultural shows; and
- (n) the promotion and encouragement of cottage industries.

12. The Unions look after communications, elementary education including aided schools, minor irrigation tanks (up to 200 acres ayacut), rural dispensaries, but, not primary health centres; child welfare centres and all community development programmes. Primary health centres are managed by the State Medical Department. The Block Development Officer, who is designated as Panchayat Union Commissioner, is a non-gazetted officer. The Chairman has no administrative control over the Commissioner even in the matter of implementation of the Union's resolution. The Commissioner himself has no disciplinary control over the staff of the Union. Such control is vested partly in the Revenue Divisional Officer and partly in the district officer or the Collector.

13. A Panchayat Union utilises the Panchayats in its jurisdiction as its agency for execution of development programmes at the village level. The Panchayat Union is not a supervisory body over Panchayats. Only in respect of those functions which Panchayat Union has delegated to Panchayats as an agency, Union supervises the work of Panchayats.

14. As the District Development Council is purely an advisory body, it has no executive functions.

15. Every Panchayat and every Panchayat Union prepares an annual estimate of its income and expenditure. Prior to their being placed before Panchayat or Panchayat Union, they are sent to a prescribed officer. After they are approved by such officer they are placed before the Panchayat or Panchayat Union Council. If there is a difference of opinion between the officer who approved the budget in the first instance and Panchayat or Panchayat Union Council, then the budget is submitted to the Inspector of Local Boards in the case of Panchayat and to Government in the case of Panchayat Union Council. The Inspector and the Government have the power to modify the budget.

16. For each Village Panchayat, there is a Village Panchayat Fund. For each Town Panchayat, there is a Town Panchayat Fund. The receipts under the following items are to be credited to these funds :—

- (i) the house-tax, the profession tax, the vehicle tax and any other tax or any cess or fee levied under sections 119 to 122 of the Village Panchayats Act;
- (ii) the proceeds of the duty on transfers of property levied under section 124 of the Act;
- (iii) the share of the local cess under section 115;
- (iv) in respect of village panchayat fund, the village house-tax matching grant;
- (v) the taxes and tolls levied in the village under sections 117 and 118 of the Madras Public Health Act, 1939, (Madras Act III of 1939);
- (vi) fees levied in public markets classified as panchayat markets after deducting the contributions, if any, paid by the panchayat to the panchayat union council on the scale fixed by the government;
- (vii) the contribution paid to the panchayat by panchayat union councils in respect of markets classified as panchayat union markets;
- (viii) fees for the temporary occupation of village-sites, roads and other similar public places or parts thereof in the village or town;
- (ix) fees levied by the panchayat in pursuance of any provision in this Act or any rule or order made thereunder;
- (x) income from endowments and trusts under the management of the panchayat;
- (xi) the net assessment on service inams which are resumed by the Government;

- (xii) the proportionate share of the proceeds of the entertainments tax received by the Panchayat under section 13 of the Madras Entertainments tax Act, 1939 (Madras Act X of 1939);
- (xiii) income derived from village fisheries;
- (xiv) income derived from ferries under the management of the panchayat;
- (xv) unclaimed deposits and other forfeitures;
- (xvi) a sum equivalent to the seigniorage fees collected by the Government every year from persons permitted to quarry for road materials in the village or town, as the case may be;
- (xvii) all income derived from poramboke the user of which is vested in the panchayat;
- (xviii) where the village or town, as the case may be, is in a ryotwari tract, all income derived from trees standing on porambokes although the user of the porambokes is not vested in the panchayat;
- (xix) income from leases of Government property obtained by the Panchayat;
- (xx) fines and penalties levied under this Act by the town panchayat or the village panchayat or at the instance or on behalf of either the town panchayat or the village panchayat;
- (xxi) all sums other than those enumerated above which arise out of, or are received in aid of or for expenditure on, any institutions or services maintained or financed from the panchayat fund or managed by the panchayat; and
- (xxii) all other moneys received by the panchayat.

17. For each Panchayat Union there are—

- (i) a Panchayat Union (General) Fund; and
- (ii) a Panchayat Union (Education) Fund.

The receipts under the following items are credited to Panchayat Union (General) Fund :—

- (i) such part of the local cess collected in the Panchayat development block as remains after crediting to the Panchayat Union (Education) Fund, the Town Panchayat Fund and the Village Panchayat Fund under section 115;
- (ii) the local cess surcharge collected in the panchayat development block under section 116;
- (iii) the local cess surcharge matching grant paid by the Government under section 129;
- (iv) the local roads grant paid by the Government under section 131;
- (v) fees on licences issued and permissions given by the panchayat union council;
- (vi) fees levied in public markets classified as panchayat union markets after deducting the contribution, if any paid by the

- panchayat union council to the panchayat on the scale fixed by the government;
- (vii) the contribution paid to the panchayat union council by panchayats in respect of markets classified as panchayat markets;
  - (viii) fees for the temporary occupation of roads or road margins;
  - (ix) fees for the use of choultries;
  - (x) receipts from dispensaries maintained by the panchayat union council;
  - (xi) income from endowments and trusts under the management of the panchayat union council;
  - (xii) the proportionate share of the proceeds of the entertainments tax received by the panchayat union council under section 13 of the Madras Entertainments Tax Act, 1939 (Madras Act X of 1939);
  - (xiii) contributions from Government, other panchayat union councils, municipalities, other local authorities and persons in aid of any institution or service maintained or financed from panchayat union funds or managed by the panchayat union council;
  - (xiv) sale-proceeds of tools and plant, stores and materials and of trees and avenue produce appertaining to panchayat union roads;
  - (xv) income from panchayat union ferries and fisheries;
  - (xvi) interest on loans and securities;
  - (xvii) interest on arrears of revenue;
  - (xviii) income from and sale proceeds of buildings, lands and other property belonging to the panchayat union council;
  - (xix) unclaimed deposits and other forfeitures;
  - (xx) fines and penalties levied under the Act by the panchayat union council or at its instance or on its behalf;
  - (xxi) all sums other than those enumerated above or in section 136 which arise out of, or are received in aid of, or for expenditure on, any institutions or services maintained or financed from the panchayat union fund or managed by the panchayat union council; and
  - (xxii) all other moneys received by the panchayat union council. The receipts under the following heads are credited to Panchayat Union (Education) Fund :
    - (i) four-ninths of the local cess collected under section 115;
    - (ii) the land revenue assignment paid by Government under section 118;
    - (iii) the Local Education Grant paid by the Government;
    - (iv) such contribution from the Panchayat Union (General) Fund as the Government may decide to be necessary in any year in order to balance the budget of the fund for that year;



- (v) all fines and penalties levied within the jurisdiction of the panchayat union council under the provisions of the Madras Elementary Education Act, 1920 (Madras Act VIII of 1920);
- (vi) all income derived from any endowments or other property owned or managed by the panchayat union council for the benefit of elementary education; and
- (vii) all other sums which may be contributed or received by the panchayat union council for the purpose of elementary education;

18. There is a Village Panchayat Consolidated Fund which consists of all receipts on behalf of all Panchayats in the area of a Panchayat Union. It is maintained by the Panchayat Union Commissioner and a personal deposit account in respect of the Fund is maintained in the Sub-Treasury of the Taluk in which the Panchayat Union is situated. It is subject to a audit by the Examiner of Local Fund Accounts. In order to enable Panchayats to draw their requirements of cash from time to time and to remit their own collections, a cash chest is maintained in the office of every Panchayat Union. The balance in the cash chest should at no time exceed Rs. 3,000. The Presidents of Panchayats are not empowered to operate directly on Panchayat funds. They have to present their bills to the Panchayat Union office where bills are scrutinised and passed. Cash is sent by Union Office to the President of the Panchayat concerned.

19. The Commissioner of a Panchayat Union has to prepare its detailed annual account and forward a copy thereof to the auditor before the 15th May following.

20. The audit of accounts of Panchayats is done by the Extension Officer (Panchayat) except in the case of Town Panchayats. The audit of accounts of Town Panchayats and of those of Panchayat Unions is done by the Local Fund Audit Department.

21. Panchayats levy the following taxes :

- (a) house tax;
- (b) profession tax; and
- (c) vehicle tax.

22. There is difference in the agency of collection of taxes and fees between Village Panchayats and Town Panchayats. After a Village Panchayat prepares its assessment lists in respect of house tax, profession tax, vehicle tax, licence fees etc., the lists are handed over to the village official who is made responsible for collecting the dues and remitting them to the credit of the Panchayat. This does not apply to Town Panchayats which have their own collection staff.

23. The Government gives half-yearly to every Panchayat an amount equal to the house tax collected in the previous half-year. Thus, every Panchayat gets a grant equal to its collections under house tax.

A local cess at a uniform rate of 45 nP. in the rupee of land revenue is levied by the State Government. Out of its collections, four-ninth is credited to Panchayat Union's Education Fund. Of the balance, if there are Town Panchayats, two-ninth of the sum of the local cess

collected within Town Panchayat areas is credited to Town Panchayats Fund and an amount worked out at a rate which should not be less than 20 nP. per capita, is credited to Village Panchayats. The balance is credited to Panchayat Unions' General Fund. These adjustments are made monthly by the Collector in advance on the basis of anticipated collection.

The State Government levies also a stamp duty surcharge at 5 per cent of the value of the transactions of immovable property. The proceeds of this surcharge are credited to Village Panchayats. The collections within the area of a Union are pooled and are distributed to Panchayats in that area in proportion to the land revenue of each Village Panchayat. The Panchayat Union Council does not get any share of it.

The State Government also gives to Panchayats concerned 90 per cent of the entertainment tax collected in their respective areas. The Government is now considering whether a percentage share of entertainment tax collected within the area of a Union should not be given to that Union.

24. Panchayat Unions are empowered to levy (a) local cess surcharge and (b) surcharge on entertainment and show tax. Every Union has levied local cess surcharge at rates ranging from 10 nP. to 45 nP. per rupee of land revenue. Thus, the incidence of local cess actually levied together with that of surcharge thereon ranges from 55 nP. to 90 nP. per rupee. The yield from surcharge is of the order of Rs. 120.00 lakhs per year. It is collected along with the land revenue and the land cess. But, the Government pays it in 12 monthly instalments on the basis of anticipated collections and finally adjusts it after the *Jamabandi*. A surcharge on entertainment and show tax also is levied by most Unions. The maximum surcharge leviable is 100 per cent of entertainment tax and 300 per cent of show tax.

As the District Development Councils have no executive functions and do not require any funds, the markets and ferries which vested with the former District Boards now belong to Panchayat Unions most of whom derive a sizable income from them.

25. The principle underlying the State Government's schematic development budget of Panchayat Unions envisage a more rapid development of blocks which have so far been lagging behind, thus ironing out the regional disparities in development as quickly as possible. It also recognises that the capacities to raise resources within the frame work of the Act differ from block to block and hence the need for State assistance is relatively more in certain blocks than in others. The blocks have been divided into four categories, A, B, C, and D, for the purpose of assistance. This classification is according to the per capita land revenue received in an area.

26. The Government pays to Unions a grant equivalent to 75; 100; 125 or 150 per cent of the local cess surcharge actually collected according to classification of the block as (A), (B), (C) or (D) with reference to its financial status.

The expenditure on elementary education is estimated at Rs. 3.5 per capita of the population (not pupils). This is divided into two slabs—first slab of Rs. 1 per capita is met wholly by the Government and the second slab of expenditure of Rs. 2.5 per capita is shared by the Government 50, 60, 70 or 80 per cent according as a block is in (A), (B), (C) or (D) category.

20 per cent of the cost of primary education is attributed to increase in cost due to revised pay scales. This 20 per cent is met entirely by the Government in addition to the above grant.

The Government also pays 6 (six) nP. per pupil served with free meals.

Each Union gets a grant of Rs. 15 per additional enrolment during the period of Third Five Year Plan. This is intended to help Panchayat Unions to put up new school buildings or to extend existing school buildings.

For agricultural production schemes, each block gets Rs. 2 lakhs for a period of 5 years or Rs. 40,000 per year. Of this a sum of Rs. 1 lakh is given as non-matching grant and for the remaining Rs. 1 lakh, a local contribution of Rs. 50,000—is insisted upon. Thus, a sum of Rs. 2.5 lakhs becomes available to each block in a period of five years under this head.

For the maintenance of minor irrigation works transferred to Panchayat Unions, a grant is paid on the basis of average expenditure incurred during the last five years per acre of irrigated ayacut.

The Government pays annually a grant at 40 nP. per capita for the maintenance of roads vested in Union Councils.

For construction of link roads, Government makes a contribution of 50 per cent, 60 per cent, 70 per cent, or 80 per cent of the expenditure according to the classification of the Union is A, B, C, or D.

The community development funds are not given to each block according to the community development schematic budget, but they are pooled at the State level and distributed to blocks under grants and loans along with other funds available in and outside the plan in accordance with the State's schematic development budget. For example the irrigation loan of Rs. 3 lakhs is not given to every block automatically, but, merged with funds available in the plan for minor irrigation and part of it is allotted to blocks.

The State Khadi and Village Industries Board has agreed to give a sum of Rs. 1 lakh over a period of five years for development of khadi in the Union.

27. Loans to cultivators are not routed through Panchayat Unions. Loans are advanced to Panchayats and Panchayat Unions for public utility schemes and remunerative enterprises, such as water supply, drainage, town planning schemes, urban compost schemes, night soil compost and for construction of bridges, markets, buildings, electric lighting, etc. Such loans are recovered with interest on long term basis taking into account the income and financial sources of the institutions.

28. Size of a Union budget varies from Rs. 6 lakhs to Rs. 10 lakhs depending upon the economic condition of the block.

29. The District Development Councils have no source of income. They are also not given any grants. All their expenditure is met from the District budget.

30. All unreserved forest in a village vests in its Panchayat which administers it for the benefit of the village. Any property or income including any fishery right, which does not belong to any private person, becomes vested

in Panchayat on declaration by Government. All public water sources, springs, reservoirs, tank cisterns, fountains, wells, stand pipes and other water works also vest in Panchayats. Panchayats can regulate the use of grazing grounds, threshing floors, burning and burial grounds, cattle stands, cart stands and topes.

31. Panchayats and Panchayat Unions can accept denotions or trusts relating exclusively to the furtherance of any purpose to which their funds may be applied.

32. Funds of Panchayats and Panchayat Unions may be applied for all objects expressly declared obligatory or discretionary by the Act or the Rules issued under it. Panchayats and the Panchayat Unions have to provide for the payment of—

- (i) any amounts falling due on any loans contracted by it;
- (ii) the salaries and allowances and the pensions, pensionary contributions and provident fund contributions of its officers and servants;
- (iii) sums due under any decree or order of a court; and
- (iv) any other expenses rendered obligatory by or under the Madras Panchayat Act or any other law.

A Panchayat Union Council or Panchayat, may with the sanction of the Government, contribute to any fund for the defence of India.

A Panchayat Union Council or Panchayat, may with the sanction of the Inspector also—

- (i) contribute towards the expenses of any public exhibition, ceremony or entertainment in the Panchayat Development Block or village or town;
- (ii) contribute to any charitable fund, or to the funds of any institution for the relief of the poor or the treatment of disease or infirmity or the reception of diseased or infirm persons or the investigation of the causes of disease; and
- (iii) defray any other extraordinary charges.

33. Some Panchayats are actively taking up remunerative enterprises. As for example Vanduwanchery Panchayat took up plantation during 1961-62. Initially 20 acres were reclaimed. Fruit plants like mango, lime, pomegranate, gua and amla were planted. Along with the road sides, green leaf yielding plants like glyricidia and ipomea were planted to provide the required green matter.

Fodder crops like guinea grass and elephant grass are also grown near the tank in a small area. The plantation is being extended to another 30 acres.

A vegetable plot is raised. A coconut nursery is put up. The following are details of anticipated income :—

<i>Vegetables :</i>	<i>Rs. nP.</i>
Income in 1962-63.	350.00
Anticipated income in succeeding 3 years (Rs. 500 × 3)	1,530.00
<i>Fruits :</i>	
Mango Usufruct in 3rd year	2,000.00
Mango Usufruct in 4th year.	2,400.00
Mango Usufruct in 5th year.	4,000.00
Mango Usufruct in 6th year onwards.	8,000.00
Coconut—eight year of planting	5,000.00
Sunhemp seeds	1,800.00
Ultimate animal income	1,3000.00

34. The actual income and expenditure of Panchayats and Union Councils (with whom we had meetings) for the years 1960-61 and 1961-62 has been compiled in four statements in Annexures II and III.

ANNEXURE I

(See paragraph 1)

(Parties whom the Study Team met in Madras State)

Party	Place	Date
1. Chief Minister, Finance Minister and other Ministers	Madras	1-2-1963
2. Officers of the State Government .. .. .	Madras	2-2-1963
3. Vedaranyam Panchayat Union Council, (District Thanjavur) .. .. .	Vadaranyam	3-2-1963
4. Ammapet Panchayat Union Council, (District Thanjavur) .. .. .	Ammapet	4-2-1963
5. Malakalakude Panchayat, (Ammapet Panchayat Union Council, District Thanjavur) .. .. .	Ammapet	4-2-1963
6. Ammapet Town Panchayat, (Ammapet Panchayat Union, District Thanjavur) .. .. .	Ammapet	4-2-1963
7. District Development Council, Thanjavur ..	Thanjavur	4-2-1963
8. Kochiyocrani Panchayat, (Mandapam Panchayat Union, Ramanathapuram District) .. .. .	Rameswaran	5-2-1963
9. Rameswaran Town Panchayat, (Mandapam Panchayat Union, Ramanathapuram District) .. .. .	Rameswaran	5-2-1963
10. Maniapam Panchayat Union Council, (Ramanathapuram District) .. .. .	Mandapam	6-2-1963
11. Watrap Panchayat Union Council, (Ramanathapuram District) .. .. .	Watrap	7-2-1963
12. The Madras State Union of Panchayat .. .. .	Madras	8-2-1963

## ANNEXURE II

(See paragraph 34)

STATEMENT A—Itemwise details of total and per capita income for 1961-62 of Panchayat Unions visited by the Study Team in Madras  
(Figures in rupees)

Item	Vedaranyam						Ammapet					
	Actual			Per Capita			Actual			Per Capita		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
1. General Taxation and Miscellaneous revenues .. .. .	69,926	—	69,926	0·82	—	0·82	3,15,089	—	3,15,089	3·94	—	3·94
2. Management .. .. .	80	—	80	—	—	—	508	10,000	10,508	0·01	0·13	0·13
3. Communications .. .. .	32,351	33,732	66,083	0·38	0·40	0·78	35,082	95,036	1,30,118	0·44	1·19	1·63
4. Health & Welfare .. .. .	324	40,360	40,684	—	0·47	0·48	—	17,725	17,725	—	0·22	0·22
5. Remunerative enterprises .. .. .	81	—	81	—	—	—	135	—	135	—	—	—
6. Education Account .. .. .	5,72,078	3,719	5,75,797	6·70	0·04	6·74	3,02,459	6,665	3,09,124	3·79	0·08	3·87
7. School Meals Account .. .. .	1,41,415	—	1,41,415	1·66	—	1·66	13,275	—	13,275	0·17	—	0·17
8. Production Fund Account .. .. .	12,767	32,239	45,006	0·15	0·38	0·53	16,768	—	16,768	0·21	—	0·21
9. Endowment Account .. .. .	—	—	—	—	—	—	—	—	—	—	—	—
<b>GRAND TOTAL</b> ..	<b>8,29,022</b>	<b>1,10,050</b>	<b>9,39,072</b>	<b>9·71</b>	<b>1·29</b>	<b>11·00</b>	<b>6,83,316</b>	<b>1,29,426</b>	<b>8,12,742</b>	<b>8·56</b>	<b>1·62</b>	<b>10·18</b>

ANNEXURE II—Contd.

(See paragraph 34)

STATEMENT A—Itemwise details of total and per capita income for 1961-62 of Panchayat Unions visited by the Study Team in Madras

(Figures in rupees)

Item	Mandapam						Watrap					
	Actual			Per Capita			Actual			Per Capita		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
1. General Taxation and Miscellaneous revenue .. .. .	22,968	—	22,968	0·34	—	0·34	87,143	—	87,143	1·04	—	1·04
2. Management .. .. .	39	10,000	10,139	—	0·15	0·15	10,090	10,000	20,090	0·12	0·12	0·24
3. Communication .. .. .	22,252	28,536	50,788	0·33	0·42	0·74	29,204	21,736	50,940	0·35	0·26	0·61
4. Health & Welfare .. .. .	416	19,430	19,486	0·01	0·28	0·29	11	46,739	46,750	—	0·56	0·56
5. Remunerative enterprises .. .. .	—	—	—	—	—	—	551	—	551	0·01	—	0·01
6. Education Account .. .. .	2,54,064	17,730	2,71,794	3·72	0·26	3·98	3,01,423	45,226	3,46,649	3·60	0·54	4·14
7. School Meals Account .. .. .	27,119	—	27,119	0·40	—	0·40	1,17,125	—	1,17,125	1·40	—	1·40
8. Production Fund Account .. .. .	14,831	—	14,831	0·22	—	0·22	49,328	—	49,328	0·59	—	0·59
9. Endowment Account .. .. .	6,821	—	6,821	0·10	—	0·10	—	—	—	—	—	—
GRAND TOTAL .. .. .	3,48,510	75,696	4,24,206	5·10	1·11	6·21	5,94,875	1,23,701	7,18,576	7·10	1·48	5·58



ANNEXURE II—Contd.

(See paragraph 34)

STATEMENT B—Itemwise details of total and per capita expenditure for 1961-62 of Panchayat Unions visited by the Study Team in Madras

(Figures in rupees)

Item	Vedaranyam						Ammapet					
	Actual			Per Capita			Actual			Per Capita		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
1. General Taxation and Miscellaneous revenue .. .. .	—	—	—	—	—	—	—	—	—	—	—	—
2. Management .. .. .	27,289	—	27,289	0.32	—	0.32	25,664	—	25,664	0.32	—	0.32
3. Communications .. .. .	45,319	11,901	57,220	0.53	0.14	0.67	9,383	78,298	87,681	0.12	0.98	1.10
4. Health & Welfare .. .. .	24,990	38,996	63,986	0.29	0.46	0.75	18,350	20,842	39,192	0.23	0.26	0.49
5. Remunerative enterprises .. .. .	—	—	—	—	—	—	—	—	—	—	—	—
6. Education Account .. .. .	5,82,960	6,022	5,88,982	6.83	0.07	6.90	2,42,146	—	2,42,146	3.03	—	3.03
7. School Meals Account .. .. .	70,793	—	70,793	0.83	—	0.83	15,580	—	15,580	0.20	—	0.20
8. Production Fund Account .. .. .	21,618	11,741	33,359	0.25	0.14	0.39	17,901	—	17,901	0.22	—	0.22
9. Endowment Account .. .. .	—	—	—	—	—	—	—	—	—	—	—	—
GRAND TOTAL .. .. .	7,72,969	68,660	8,41,629	9.05	0.80	9.86	3,29,024	99,140	4,28,164	4.12	1.24	5.36

ANNEXURE II—Concl'd.

(See paragraph 34)

STATEMENT B—Itemwise details of total and per capita expenditure for 1961-62 of Panchayat Untons visited by the Study Team in Madras  
(Figures in rupees)

Item	Mandapam						Watrap						
	Actual			Per Capita			Actual			Per Capita			
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
1. General Taxation and Miscellaneous revenue .. .. .	—	—	—	—	—	—	—	—	—	—	—	—	—
2. Management .. .. .	17,033	—	17,033	0.25	—	0.25	28,027	—	28,027	0.33	—	0.33	
3. Communications .. .. .	21,282	31,171	52,453	0.31	0.46	0.77	28,870	26,098	54,968	0.34	0.31	0.66	
4. Health & Welfare .. .. .	19,369	15,884	35,253	0.28	0.23	0.52	15,781	42,110	57,891	0.19	0.50	0.69	
5. Remunerative enterprises .. .. .	—	—	—	—	—	—	—	—	—	—	—	—	
6. Education Account .. .. .	2,33,308	14,871	2,48,179	3.41	0.22	3.63	2,57,635	53,977	3,11,612	3.08	0.64	3.72	
7. School Meals Account .. .. .	22,053	—	22,053	0.32	—	0.32	28,913	—	28,913	0.35	—	0.35	
8. Production Fund Account .. .. .	11,448	—	11,448	0.17	—	0.17	35,225	—	35,225	0.42	—	0.42	
9. Endowment Account .. .. .	4,320	—	4,320	0.06	—	0.06	—	—	—	—	—	—	
<b>GRAND TOTAL</b> .. .. .	<b>3,28,813</b>	<b>61,926</b>	<b>3,90,739</b>	<b>4.81</b>	<b>0.91</b>	<b>5.72</b>	<b>3,94,451</b>	<b>1,22,185</b>	<b>5,16,636</b>	<b>4.71</b>	<b>1.46</b>	<b>6.17</b>	

ANNEXURE III

(See paragraph 34)

STATEMENT C

Details of total and per capita income and expenditure for 1960-61 and 1961-62  
of Panchayats visited by the Study Team in Madras

(Figures in rupees)

Item	Melakolakudi				Mochiyurani			
	1960-61		1961-62		1960-61		1961-62	
	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>INCOME</b>								
<b>I. Grants and Contributions</b>								
(a) Statutory ..	58	0.08	—	—	—	—	—	—
(b) Others ..	185	0.27	108	0.16	—	—	107	0.15
Sub-total (a & b) ..	243	0.35	108	0.16	—	—	107	0.15
<b>II. Taxes and Fees</b>								
(a) Revenue from taxes ..	153	0.22	81	0.12	70	0.10	214	0.31
(b) Non-tax re- venue ..	771	1.11	434	0.63	—	—	—	—
Sub-total (a & b) ..	924	1.33	515	0.74	70	0.10	214	0.31
<b>III. Income from property ..</b>								
	4	—	37	0.05	—	—	—	—
<b>IV. Miscellaneous</b>								
	2	—	46	0.07	41	0.06	17	0.02
<b>GRAND TOTAL</b>	<b>1,173</b>	<b>1.69</b>	<b>706</b>	<b>1.02</b>	<b>111</b>	<b>0.16</b>	<b>338</b>	<b>0.48</b>
<b>EXPENDITURE</b>								
1. Administration	462	0.67	378	0.55	41	0.06	77	0.11
2. Civic amenities	—	—	—	—	—	—	—	—
3. Social and Wel- fare Activities	61	0.09	87	0.13	—	—	—	—
4. Maintenance	102	0.15	—	—	—	—	—	—
5. Construction	—	—	501	0.72	—	—	—	—
6. Miscellaneous	3	—	—	—	—	—	63	0.09
<b>GRAND TOTAL</b>	<b>628</b>	<b>0.91</b>	<b>966</b>	<b>1.40</b>	<b>41</b>	<b>0.06</b>	<b>140</b>	<b>0.90</b>

## MAHARASHTRA

We visited the State of Maharashtra for six days from the 26th April to the 1st May, 1963. After a meeting with the State Government Officers on the first day at Bombay, we met one Panchayat, one Samithi and the Zila Parishad in Poona District and two village Panchayats, one Panchayat Samithi and the Zila Parishad in Wardha District and held discussions with their representatives. During our visits to the Zila Parishads, we had an opportunity to meet the Commissioners of Poona and Nagpur Divisions. On the conclusion of these visits, we met at Bombay the Minister for Rural Development, Minister for Revenue, Finance Minister and their officers. With all of them, we had very useful exchange of ideas. Our talk with the Ministers was particularly helpful in securing clarification on important points relating to the Panchayati Raj recently introduced by the State Government. A detailed list of parties whom we met is given in Annexure I.

2. In Maharashtra, there is a three tier system governed by the Bombay village Panchayats Act, 1958 (Bombay Act III of 1959) and the Maharashtra Zila Parishad and Panchayat Samithis Act, 1961 (Maharashtra Act No. V of 1962). According to section 10 of the Panchayat Act, a Panchayat consists of such number of members, not being less than seven or more than 15, as the Collector concerned may determine. Two seats are reserved for women; seats are also reserved for the scheduled castes and tribes having regard to their population. As per section 9 of the Zila Parishads Act, a Zila Parishad consists of Councillors chosen by direct election from electoral division in the district, being not more than sixty in number and not less than forty, as may be determined by Government in such a manner that there is one Councillor, as far as is reasonably practicable, for not more than every thirtyfive thousand of the population. The elected members co-opt a woman if no woman has been elected. The Chairmen of Panchayat Samithis in the district are *ex-officio* members. The Chairman of five federal co-operative societies as notified by the State Government are taken as Associate Councillors.

3. A Panchayat Samithi consists of all Zila Parishad members elected from the electoral divisions included in the Samithi area. Each electoral division is divided into two electoral colleges of members of Panchayats who elect one Sarpanch to the Samithi from amongst the Sarpanchs of those Panchayats. Panchayat Samithi has power to co-opt one member to represent women and one, Scheduled Castes and Tribes if the aforesaid members of the Panchayat Samithi do not include a woman and a person belonging to the Scheduled Castes or Scheduled Tribes. There is also a provision to take a couple of Chairmen of Co-operative Societies as associate members. Unlike the co-opted members who have a right to vote, the associate members do not have that right.

4. Zila Parishad is required by the Act to appoint a Standing Committee and also committee for the following subjects :—

- (a) finance ;
- (b) works ;

- (c) agriculture;
- (d) cooperatives ;
- (e) education ;
- (f) health.

The President is the *ex-officio* Chairman of the Standing Committee, and the Vice-President is the Chairman of such two of the six subjects committees as the President may determine. The Councillors elect two persons from among themselves, each to be chairmen of two of the other subject committees. Chairmen of subject committees and seven other councillors elected by Zila Parishad are members of Standing Committee together with not more than two persons co-opted by Zila Parishad for their special knowledge or experience. The Deputy Chief Executive Officer is the *ex-officio* Secretary of the Standing Committee. The District departmental heads act as *ex-officio* Secretary of such subjects committees as the Zila Parishad may direct. Each subject committee consists of seven councillors elected by Zila Parishad from amongst its members and two persons co-opted by Zila Parishad for their special knowledge or experience. Every election to a committee (including the standing committee) is held in accordance with the system of proportional representation by means of a single transferable vote. No councillor is elected on more than any two committees (including standing committee). President and Vice-President of Zila Parishad, Chairmen of Sub-Committees and Panchayat Samithis and Deputy Chairman of Samithis are paid allowances at the following rates :—

	Honorarium	Maximum House allowance	Maximum travelling allowance
President, Zila Parishad	500	200	225
Vice-President, Zila Parishad	300	150	175
Sub-Committee, Chairman	300	150	125
Samithi Chairman	300	100	100
Samithi Deputy Chairman	150	—	50

5. Each subject committee is incharge of the development schemes relating to it. It ensures that estimates are prepared and sanctioned and supervises their execution according to the provisions made in the budget. It can call for any information. It periodically reviews progress and reports to Zila Parishad. Standing Committee supervises and controls the imposition and collection of taxes, maintains a schedule of rates for construction works not exceeding Government rates, regulates the investment of the district funds passes monthly accounts of receipts and expenditure and periodically reviews the progress of all activities of Zila Parishad. It can grant leave of absence, not exceeding one month, to the Chief Executive Officer who is of the grade of a District Collector, and not exceeding four months to the other class I and class II officers serving under Zila Parishad.

6. Zila Parishad is obviously the most important body in Maharashtra. The old district board, the district school board, the district development board and the district panchayat mandal have all been combined to form Zila Parishad with some additional functions. It is an executive body. The district heads of departments are put under it and the development schemes.

relating to the subject in the district list and several plan schemes at the district level are transferred to it. The Community Development block grants are given to Samithis through Zila Parishad as Samithis are not corporate bodies and, therefore, have no funds of their own. Apart from spending the block funds within the limits set out by the National Extension Service schematic budget, Samithis perform agency functions on behalf of Zila Parishad. Certain types of works are executed by them through the agency of Panchayats. Samithis have the power to sanction the budget of Panchayats.

7. There are 19,479 panchayats in the State for a rural population of about 35 million and a total population of 40 millions. 10,113 or 52 per cent of panchayats have a population less than 1,600. 44 per cent of panchayats have a population ranging from 1,000 to 3,000; 3 per cent have a population of 3,000—5,000 and 1 per cent have a population of more than 5,000. To enable every panchayat to have a trained Secretary, the Government proposes to combine the functions of Talati (village accountant), village level worker and panchayat Secretary in one person. By this means, the Government has planned a staffing pattern at the village level as follows :—

(a) For a village with a population of	600—1200	One Assistant Gram Sevak.
(b) For a village with a population of	1201—2000	One Gram Sevak.
(c) For a village with a population of	2001—3000	One Gram Sevak and One Asst. Gram Sevak.
(d) For a village with a population of	exceeding 3000	One senior Gram Sevak and Two Asstt. Gram Sevaks.

Assistant Gram Sevak will be the lowest in the chain and, like the others, he will be a triple purpose man, collecting revenues for the Revenue Department and performing extension services for the block in addition to being panchayat Secretary.

8. Class III and class IV servants on the pay roll of Zila Parishad include (a) staff coming under specific schemes transferred to it, (b) general administration staff including Talatis and Panchayat Secretaries, and (c) the old district board staff. Since the primary school teachers are servants of Zila Parishad, a Block Development Officer cannot directly take any action against a teacher, but, can only recommend action to the Chief Executive Officer of Zila Parishad. The Block Development Officer's control over extension officers is also limited. He writes confidential reports on their work and conduct and sanctions them leave up to two months, but, as regards taking disciplinary action, he can only recommend to Chief Executive Officer. He can not even withhold increment of a village level worker. The Government, however, is thinking of decentralising more powers of control and disciplinary action to the block level.

9. Section 140 of the Panchayat Act empowers the Government to audit the accounts of Panchayats. Collector appoints sub-auditors who have to devote 20 days in a month to audit work. In addition, Collector himself may carry out special audit of the accounts of any panchayat. The Collector has also to take steps to have the defects pointed out in audit report remedied.

10. Under section 267 of the Zila Parishad Act, the Collector has powers to stop or suspend any order or action of a Zila Parishad or a Samithi which in his opinion is unlawful or likely to cause injury or annoyance to

public. Such an order has to be referred to the Government through the Commissioner.

11. The Divisional Commissioner has to do a general inspection once a year and a detailed inspection once in three years in the same way as Commissioners inspect municipalities. The Collector expects the Chief Executive Officer of Zila Parishad to inform him of important developments. Otherwise Collector is not concerned with the normal working of Zila Parishad, except that he is Chairman of District Selection Committee which recruits all class III and class IV servants. The Selection Committee consists of Collector as *ex-officio* Chairman and two non-officials who get an honorarium of Rs. 750 per month. These non-officials assist the Commissioner also in recruitment at the divisional level. Chairman of Zila Parishad and Chief Executive Officer are also associated with the Selection Committee at the district level.

12. The functions of village Panchayat fall under the following heads :—

- (i) sanitation and health;
- (ii) public works;
- (iii) education & culture;
- (iv) self defence and village defence;
- (v) administration;
- (vi) welfare of the people;
- (vii) agriculture & preservation of forests;
- (viii) breeding and protecting cattle;
- (ix) village industries; and
- (x) collection of land revenue.

In respect of entrusting village panchayats with the work of collection of land revenue, the position is as follows :—

“The State Government shall—by notification in the official Gazette, entrust to every Panchayat, all the functions and duties of a village accountant or Patel or other similar functions of any other persons by whatever name called, in relation to the collection of land revenue (including cesses) and dues recoverable as arrears of land revenues which is levied and assessed by or under the Bombay Land Revenue Code, 1879...and all other functions and duties of a village accountant under that Code or such corresponding law.”

This is qualified by Section 173 of the Village Panchayats Act which is reproduced below :—

“Notwithstanding any thing contained in the provisions hereinbefore the right of the State Government to collect land revenue and any cesses or to exercise or perform other duties and functions entrusted to a panchayat shall remain unaffected; and if, in the opinion of the State Government, a panchayat exceeds or abuses its power under this Chapter or fails to exercise the same, or is incompetent to perform or makes persistent default in performance of duties imposed, or persistently disobeys any of the orders of the Collector with regard to the exercise of any of the said powers, the State

Government may, after consultation with Zila Parishad, direct its revenue officers to recover the land revenue or cesses and direct the Collector to appoint an officer to take charge of the accounts, records and other papers and articles in connection with the recovery of land revenue or collection of cesses or to exercise and perform the duties and functions of a village accountant or revenue patel under the law."

13. Under Section 131 of Village Panchayat Act, the State Government gives to a village panchayat a grant equal to 30 per cent of ordinary land revenue including non-agricultural assessment realised. According to section 132 of the same Act, if the 30 per cent land revenue grant works out to less than one rupee per capita, the panchayat concerned is entitled to an equalisation grant equal to the shortfall.

14. There are no provisions in the said Act for inducements or incentives to village Panchayats to tap fresh resources in their local areas. We, therefore, discussed with the State Government, the idea of a matching grant for the levy of house tax or a cess above a certain minimum and also the idea of a varying percentage of matching grant (instead of a flat rate) according to a classification of panchayats so that the poorer panchayats could get a higher matching grant compared to richer ones.

15. Section 127 of the Panchayat Act, 1958, empowers the State Government to levy a cess at the rate of 20 nP. to 100 nP. on every rupee of land revenue collected by it. The amount of cess collected is transferred to Panchayats after deducting collection charges therefrom. A panchayat may, by a special resolution passed at a special meeting, recommend to Government an increase in the rate of land revenue cess, provided that the proposed increase in the rate after taking into account the cess levied under the Zila Parishad and Panchayat Samithis Act does not, on an aggregate, exceed one hundred Naya Paise on every rupee of land revenue.

16. Section 124 of the Village Panchayat Act, 1958 empowers Panchayats to levy all or any of the taxes listed therein (subject to the minimum and maximum rates which may be fixed by Government). These include tax on buildings (whether are not subject to agricultural assessment or not) and lands (which are not subject to payment of agricultural assessment), octroi, pilgrim tax, tax on fairs, festivals, entertainment and bicycles, vehicles drawn by animals, certain trades and professions such as shop and hotel-keeping, and other callings (other than agricultures) carried on with the help of mechanical or manual power, fees on markets and weekly bazars, cart stands, grazing fees, etc. Very few panchayats are levying octroi. During our discussions, the suggestion to fix an obligatory minimum for certain taxes found general acceptance. The idea of external valuation of all house property in panchayat areas for the purpose of an obligatory minimum house tax was also discussed. There was a general demand for a proper survey and for handing over of abadi lands to panchayats to enable them to deal effectively with the problems of encroachments and granting of sites for construction of houses.

17. We saw some shramdan work organised by panchayats for village works, such as repair of tank, bund, roads, etc. While in some places the public cooperation was good, it could not be said that all able bodied persons were contributing labour. Therefore, an attempt to collect contribution in cash instead of in labour was being made. Generally, it was felt



that the burden of a common village work could be shared more equitably if panchayats were given power to levy a special tax for a specific work which could be paid in cash or in the form of labour.

18. Panchayat Samithi is not a corporate body and has no powers to appoint its own staff. It gets block grant from the Government through its Zila Parishad. This grant is tied to the Community Development Schematic budget and Samithi has only a very limited scope for readjustment within the structure of the schematic pattern of expenditure.

19. In addition to the N.E.S. schemes, for the implementation of which it is directly responsible, Samithi performs certain agency functions on behalf of Zila Parishad for which necessary funds are made available by Zila Parishad. In other words, Samithi does not have any funds of its own or any general purpose grant which it can use as it likes for its own schemes. However, under Section 108(2) of the Act it has power to recommend an increase in the rate of cess on land revenue, or other tax or fee levied in the block. Any such increase, where levied by Government, has to be utilised in the block.

20. The five main heads, under which funds are made available to the Zila Parishad, are as follows (apart from plan grants under Section 187) :—

- (i) Land Revenue grant under Section 180
- (ii) Equalisation grant under Section 181
- (iii) Purposive grants under Section 182
- (iv) Establishment grant under Section 183
- (v) Deficit adjustment grant under Section 184.

21. Zila Parishad gets 70 per cent of land revenue collections in its area. When this is less than the amount arrived at on the basis of two rupees per capita of the population of the District as per 1961 census, Zila Parishad becomes entitled to an equalisation grant equal to the shortfall.

22. Purposive grants are made by the State Government towards the committed expenditure of non-plan specific works and development schemes transferred to Zila Parishad. The amount of purposive grants is not to be less than 75 per cent of the expenditure on such schemes. The method of calculating the amount of expenditure is determined by the State Government. Expenditure on the completed schemes of the previous plan becomes non-plan expenditure or committed expenditure in the current plan period. Bulk of the funds transferred to Zila Parishad fall under this head. Against plan schemes transferred to Zila Parishad, the Government is giving a 100 per cent grant.

23. The establishment grant is equal to 75 per cent of the average annual cost of salaries and allowances of class III and class IV servants of Zila Parishad, including Talatis and Panchayat Secretaries, but, excluding the old District board staff which is mostly the general administration staff not covered by purposive or plan grants.

24. The deficit of the Zila Parishad on account of (i) purposive grant schemes, (ii) establishment, and (iii) old district board staff is covered by the 70 per cent land revenue grant and the deficit adjustment grant. The deficit adjustment grant under Section 184 is, therefore, a residual grant which is equal to the deficit at the existing level of expenditure and after

taking into account the land revenue grant. In other words, in districts which become entitled to deficit grants, the 70 per cent land Revenue grant is used up to cover the deficit and is not available as a general purpose, free or untied grant. As a result, Zila Parishad can only perform agency functions and is left with little initiative to plan its own schemes and development expenditure. It merely spends tied grants unless it decides to increase the land revenue cess for which it is also entitled to the local cess matching grant under Section 185.

The following amounts were provided in the State budget for 1962-63 for transfer to Panchayati Raj institutions :—

	Rs. in lakhs.
Land revenues grant	412.50
Land revenue Equalisation grant	123.75
Purposive grant	1,379.60
Establishment grant	200.86
Plan (Block grant)	580.79
Deficit adjustment grant	250.00
<b>TOTAL</b>	<b>2,947.50</b>

26. The Act provides for (i) local cess matching grants and (ii) incentive grants for Zila Parishad and Panchayat Samithis. The former is to induce these bodies to raise the land revenue local cess from the present minimum of 40 nP. per rupee (of which 20 nP. per rupee of land revenue is levied by Government within the area of every village panchayat for the purposes of panchayats) to a maximum of 100 nP. The scope for increase is, therefore, limited to 60 nP. per rupee of land revenue. The present incidence of land revenue works out to 1.5 per cent of the value of farm produce and, according to the State Government there is substantial scope for increasing it. As an incentive to tap this source by increasing the local cess, the Naik Committee had recommended cent per cent Government matching grant. While accepting the principle of matching grant the Government has decided to give it "to such extent as the State could reasonably provide". The present land revenue and local cess in the State amount to Rs. 7 crores and Rs. 2.80 crores respectively. There is scope to raise more than Rs. 4 crores by increasing the cess. Assuming that the Zila Parishads and Samithis succeed in raising additional resources from this source to the tune of about Rs. 2 crores, the Government's matching contribution would amount to about Rs. 1.5 crores.

27. The Act also makes provision for giving incentive grants to Zila Parishads and Samithis on the basis of their developmental activities and performance. These are in the shape of prizes to selected Zila Parishads and Samithis for all round good performance.

28. Statements showing the receipts and expenditure of the Panchayati Raj bodies whom we met in Maharashtra are in Annexures II—IV.

## ANNEXURE I

(See paragraph 1)

*Parties whom the study team met in Maharashtra*

Party	Place	Date
1. Officers of the Government of Maharashtra .. ..	Bombay	26-4-1963
2. Haveli Panchayat Samiti, (District Poona) .. ..	Poona	27-4-1963
3. Dehu Village Panchayat, (Haveli Panchayat Samiti, District Poona) .. ..	Dehu	27-4-1963
4. Poona Zila Parishad, Commissioner, Poona Division and Collector Poona District .. ..	Poona	28-4-1963
5. Wardha Panchayat Samiti .. ..	Wardha	29-4-1963
6. Paunar Village Panchayat (District Wardha) ..	Paunar	29-4-1963
7. Talegaon Talatule Village Panchayat, (District Wardha) .. ..	Talegaon Talatule	30-4-1963
8. Wardha Zila Parishad, Commissioner, Wardha Division and Collector, Wardha District .. ..	Wardha	30-4-1963
9. Minister and Officers, Govt. of Maharashtra ..	Bombay	1-5-1963

## ANNEXURE II

(See paragraph 28)

*Itemwise Total and per capita Income for 1962-63 of Zila Parishads  
Visited by the Study Team in Maharashtra*

(Rupees in thousands)

Item	Poona		Wardha	
	Budget estimates 1962-63		Revised estimates 1962-63	
	Actual	Per capita	Actual	Per capita
(1)	(2)	(3)	(4)	(5)
1. Government grants .. ..	19,502·8	7·91	8,548·2	17·65
2. Receipts from Govt. for agency functions .. .. .	222·2	0·09	201·1	0·42
3. Local cess .. .. .	820·0	0·33	66·0	0·14
4. Other taxes and fees .. ..	138·5	0·06	26·0	0·05
5. Interest .. .. .	11·2	—	0·2	—
6. Police .. .. .	1·0	—	—	—
7. Education .. .. .	155·1	0·06	7·8	0·02
8. Medical .. .. .	51·5	0·02	1·0	—
9. Public Health .. .. .	3·7	—	—	0·01
10. Agriculture .. .. .	332·9	0·14	22·0	0·05
11. Animal Husbandry .. ..	1·0	—	—	—
12. Industries and Co-op. ..	—	—	—	—
13. Public works .. .. .	58·0	0·02	6·0	0·01
14. Miscellaneous .. .. .	5·0	—	7·5	0·02
<b>GRAND TOTAL ..</b>	<b>21,302·9</b>	<b>8·64</b>	<b>8,888·8</b>	<b>18·37</b>

## ANNEXURE II—contd.

(See paragraph 28)

*Details of Total and per capita expenditure for 1962-63 of Zila Parishads  
visited by the study team in Maharashtra*

((Rupees in thousands)

Item	Poona		Wardha	
	Budget estimates 1962-63		Revised estimates 1962-63	
	Actual	Per capita	Actual	Per capita
(1)	(2)	(3)	(4)	(5)
1. General Administration ..	842.0	0.34	633.1	1.31
2. Honoraria .. .. .	113.9	0.05	69.3	0.14
3. Education .. .. .	11,749.2	4.77	4,348.6	8.98
4. Medical .. .. .	39.6	0.02	21.7	0.04
5. Public Health .. .. .	1,086.1	0.44	311.7	0.64
6. Ayurved .. .. .	62.9	0.03	48.6	0.10
7. Agriculture .. .. .	303.5	0.12	234.1	0.48
8. Animal Husbandry .. .. .	172.6	0.07	110.0	0.23
9. Forest .. .. .	3.1	—	—	—
10. Social Welfare .. .. .	1,030.4	0.42	280.9	0.58
11. Co-operation .. .. .	14.0	0.01	11.0	0.02
12. Industries .. .. .	11.0	—	1.7	—
13. Community Development ..	2,137.7	0.87	1,867.3	3.86
14. Building & Communication ..	2,481.4	1.01	674.1	1.39
15. Public Health Engineering ..	36.6	0.01	—	—
16. Irrigation .. .. .	18.3	0.01	—	—
17. Pension & other benefits ..	165.3	0.07	50.2	0.10
18. Receipts from Government for agency functions .. .. .	222.2	0.09	—	—
19. Miscellaneous .. .. .	781.1	0.32	226.5	0.47
<b>GRAND TOTAL .. .. .</b>	<b>21,270.9</b>	<b>8.65</b>	<b>8,888.8</b>	<b>18.37</b>

### ANNEXURE III

(See paragraph 28)

*Itemwise Total and per capita income and expenditure for the years 1960-61 and 1961-62 of Panchayati Samitīs Visited by the study team in Maharashtra*

(Rs. in thousands)

Item	Haveli				Wardha			
	1960-61		1961-62		1960-61		1961-62	
	Actual	Per capita	Actual	Per capita	Actual	Per capita	Actual	Per capita
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1. Establishment	27,933	0·13	45,928	0·21	80,400	0·64	88,500	0·71
2. Agriculture & Animal Husbandry ..	30,160	0·14	14,130	0·07	8,200	0·07	43,000	0·34
3. Irrigation & Reclamation	72,596	0·33	146,385	0·67	6,100	0·05	300,000	2·39
4. Health & Rural Sanitation ..	11,177	0·05	9,473	0·04	11,100	0·09	32,000	0·25
5. Education ..	22,592	0·10	7,358	0·03	9,500	0·08	33,000	0·26
6. Social Education .. ..	22,592	0·10	8,594	0·04	16,800	0·13	32,000	0·25
7. Communication .. ..	19,420	0·09	15,881	0·07	1,200	0·01	10,000	0·08
8. Rural Arts & Crafts ..	30,026	0·14	26,117	0·12	21,300	0·17	15,000	0·12
9. Housing ..	3,326	0·02	797	—	7,100	0·06	25,000	0·20
10. Others ..	526	—	75	—	15,765	0·13	32,499	0·26
<b>TOTAL ..</b>	<b>244,019</b>	<b>1·12</b>	<b>274,738</b>	<b>1·27</b>	<b>177,465</b>	<b>1·43</b>	<b>580,500</b>	<b>4·86</b>
Committed (Recurring expenditure on personnel retained on N.E.S. Pattern ..	95,453	0·44	106,066	0·49	—	—	80,000	0·64

Under loans and advances by State Government under irrigation and reclamation.

## ANNEXURE IV

(See paragraph 28)

STATEMENT A—Itemwise details of total and per capita income for 1960-61 and 1961-62 of Panchayats visited by the Study Team in Maharashtra

(In Rupees)

Item	Dehu				Paunar			
	1960-1961		1961-62		1960-61		1961-62	
	Total	Per capita	Total	Per capita	Total	Per capita	Total	Per capita
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>I. Grants &amp; Contribution</b>								
(a) Statutory .. .. .	1,419	0·27	1,419	0·27	—	—	—	—
(b) Others .. .. .	16,687	3·20	3,400	0·65	2,149	0·58	2,575	0·69
TOTAL (a & b) .. .. .	18,106	3·47	4,819	0·92	2,149	0·58	2,575	0·69
<b>II. Taxes &amp; Fees</b>								
(a) Revenue from taxes .. .. .	4,977	0·95	21,997	4·22	2,798	0·75	3,110	0·83
(b) Non-tax revenues .. .. .	738	0·14	238	0·05	868	0·23	1,191	0·32
TOTAL (a & b) .. .. .	5,715	1·09	22,235	4·26	3,666	0·98	4,301	1·15
III. Income from property .. .. .	3,936	0·75	785	0·15	106	0·03	—	—
IV. Miscellaneous .. .. .	2,266	0·43	375	0·07	213	0·06	578	0·15
<b>GRAND TOTAL .. .. .</b>	<b>36,157</b>	<b>5·76</b>	<b>35,668</b>	<b>5·41</b>	<b>6,134</b>	<b>1·64</b>	<b>7,454</b>	<b>2·00</b>

ANNEXURE IV (concl'd.)

(See paragraph 28)

STATEMENT B—Itemwise details of total and per capita expenditure for 1960-61 and 1961-62 of Panchayats visited by the Study Team in Maharashtra

(In Rupees)

Item	Dehu				Paunar			
	1960-61		1961-62		1960-61		1961-62	
	Total	Per capita	Total	Per capita	Total	Per capita	Total	Per capita
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
I. Administration .. .. .	2,696	0·52	1,982	0·38	332	0·09	664	0·18
II. Civic amenities .. .. .	9,402	1·80	8,629	1·65	1,450	0·39	1,412	0·38
III. Social & Welfare activities ..	15,132	2·90	9,518	1·82	378	0·10	123	0·03
IV. Construction .. .. .	12,539	2·40	553	0·11	—	—	—	—
V. Maintenance .. .. .	378	0·07	15	—	1,434	0·38	3,710	0·99
VI. Miscellaneous .. .. .	2,668	0·51	347	0·07	951	0·25	—	—
GRAND TOTAL .. .. .	42,815	8·21	21,044	4·03	4,545	1·22	5,909	



## MYSORE

We visited Mysore State from the 3rd to the 10th January, 1963, and held meetings with the 2 District Development Councils, 5 Taluk Development Boards and 11 Panchayats. Towards the end of our tour, we met the Deputy Minister (Co-operation), the Deputy Minister (Planning), the Development Commissioner and some other officers of the State Government. We had a meeting also with the President and Members of the Mysore Pradesh Panchayati Raj Parishad. The detailed list of the parties whom we met is given in the Annexure I. With all of them, we had very useful discussions about the functioning of the Panchayati Raj in the State, the present state of their finances and resources and the steps which should be taken to improve them. We also had an opportunity to visit the Panchayati Raj Training Centre at Vidyagiri, Dharwar, where we met a batch of trainee-Sarpanchas of the Panchayats in North Kanara District.

2. The Mysore Village Panchayats and Local Boards Act, 1959, came into force on 1-11-1959. It provides for a three-tier system with a Development Council at District level, a Taluk Development Board at Taluk level and a Village or Town Panchayat at the bottom. Although the Act makes no mention of 'Gram Sabha', Section 83(4) thereof provides for convening a meeting of adult residents of the village for specified purpose. A Panchayat is ordinarily constituted for each revenue village or a group of revenue villages having a population of not less than one thousand five hundred and not more than ten thousand. Where the population is not less than five thousand and the annual income of Panchayat is estimated at not less than ten thousand rupees, the Panchayat may be declared by Government as Town Panchayat.

3. Both Panchayat and Taluk Development Board are directly elected by secret ballot. They have, therefore, no organic link as in some other States. The number of elected members of a Panchayat varies from eleven to nineteen and that of a Taluk Board, fifteen to nineteen. In each of these bodies, there are reserved seats for at least two women and for members of scheduled castes and tribes according to their population. Members of the State Legislative Assembly representing a part or whole of a Taluk whose territorial constituencies lie within a taluk and members of the State Legislative Council ordinarily resident in it are also entitled to take part in the proceedings of, and vote at, the meetings of the Taluk Board. The Block Development Officer (or Tehsildar in a non-block area) is the Chief Executive Officer of a Taluk Board.

4. A District Development Council is constituted for each district. It consists of the Presidents of all Taluk Boards within the district, members of the House of the People and the State Legislative Assembly whose constituencies lie partly or wholly within the district and members of the Council of States and the State Legislative Council ordinarily resident in the district, district officers not exceeding fifteen in number, a woman and a member of scheduled caste nominated by the Government. The Deputy Commissioner is the *ex-officio* Chairman.

5. The Mysore Act prescribes a number of functions for each tier of the Panchayati Raj institutions. In the case of Panchayats, the more

important obligatory functions are (i) construction, repair and maintenance of village roads, drains, bunds, bridges, public wells, ponds, tanks, water supply systems, public latrines and cattle pounds, (ii) maintenance of public buildings, grazing and forest lands vested in them or under their control and burial and burning grounds, (iii) sanitation and conservancy, and (iv) street lighting. Amongst their discretionary functions, mention may be made of (i) establishment and maintenance of dispensaries and maternity and child welfare centres, (ii) construction and maintenance of dharmshalas, chattrams, markets, slaughter houses, children's play-grounds, public gardens and houses for their conservancy staff, (iii) promotion, improvement and encouragement of cottage industries, and (iv) organising voluntary labour for community work. In addition to these obligatory and discretionary functions, the State Government may assign to Panchayats certain duties, such as (i) collection of land revenue on its behalf, (ii) maintenance and management of forest adjacent to the village, Government waste, pasture and vacant lands, and (iii) cultivation of common lands. None of these duties had been assigned up to the time of our visit. A Taluk Board may also transfer to any of its Panchayats maintenance of any of its institution or execution of any work on agency basis.

6. The main obligatory functions of Taluk Boards are (i) construction, repair and maintenance of public roads, primary school buildings, minor irrigation works, hospitals, dispensaries, markets, travellers bungalows, rest houses and public wells, tanks and water works which serve more than one Panchayat, (ii) plantation and preservation of trees on the sides of roads and on public grounds under their control, (iii) taking up of necessary measures for public health and sanitation affecting villages in different Panchayats, and (iv) organisation of conferences, training centres and industrial and agricultural exhibitions. Their discretionary functions range from (i) contributing towards establishment and running of institutions imparting primary and secondary education, (ii) improving cattle, fisheries and poultry, (iii) development of local arts and industries, and (iv) promotion of co-operative movement.

7. The District Development Councils are co-ordinating and supervisory bodies with no executive functions. Their chief duties are to scrutinise and approve the budgets of Taluk Boards, to review their work from time to time and to co-ordinate it where a programme pertains to more than one Taluk or has repercussions outside a Taluk.

8. Every Panchayat and every Taluk Board prepares annual budget estimates of its income and expenditure. A Panchayat's estimates have to be approved by the Chief Executive Officer of the Taluk Board concerned and those of a Taluk Board, by its District Development Council. All moneys received by a Panchayat by way of its own taxes, Government grants, loans, sale proceeds of its property, fines and other miscellaneous receipts are credited to a 'Panchayat Fund', the balance of which has to be kept in deposit in a Government Savings Bank or a Postal Savings Bank, or in a Scheduled Bank or Co-operative Bank in the State as approved by the Deputy Commissioner concerned. The accounts of receipts and expenditure of Panchayat Fund are maintained by Panchayat Secretary in a prescribed form. Under the Act, the annual accounts are to be approved by Panchayat and sent to the Taluk Board concerned and these accounts, together with the programme of work proposed for the following year, have to be explained to the adult residents of the village in a meeting convened for the purpose.

9. Similarly, all receipts of a Taluk Board are credited to a 'Taluk Board Fund' the balances of which are kept with the Government Treasury of the Taluk. Money surplus to its current requirements may be invested by a Taluk Board in Government Savings Bank, a Scheduled Bank or a Co-operative Bank or in Central and State securities. Its annual accounts of receipts and expenditure are placed before the Board.

10. The taxes, duties, fees, etc., levied by a Panchayat are collected by its Secretary. In the event of a Panchayat's inability to recover its dues, the local Tehsildar may, at the request of that Panchayat, effect recovery as arrears of land revenue.

11. The State Government makes annually a grant to every Panchayat of an amount equal to thirty per cent of the land revenue collected within the Panchayat area. The Village Panchayats in Karwar District, however, represented that as they were getting a very little of land revenue assignment, a portion of forest revenue might also be given to them. The Government makes annually a grant to every Taluk Board of an amount equal to twenty per cent of the land revenue collection of the taluk. It is stated in the Government memorandum that, as the land revenue income varies largely from taluk to taluk, in this distribution it is provided that Panchayats, whose income from this source falls below 45 nP. per capita, are assisted to bring it to this level. Taluk Boards, whose per capita income from this source is less than 33-1/3 nP. are said to be similarly assisted. Ten per cent of the State's land revenue is set apart, half for Taluk Boards and half for Panchayats as a whole, as a sort of equalisation fund to be given to Taluk Boards and Panchayats for specified purposes at the discretion of the State Government. In addition, every Taluk Board receives from the Government the proceeds of a local cess on land revenue at the rate of 12 nP. per rupee of land revenue and 12 nP. of every rupee of water rate. The latter is, however, levied at the discretion of the State Government. District Development Council being only a co-ordinating and supervisory body, does not receive any grant from the Government.

12. The Act enjoins on every Panchayat to levy, subject to such exemptions as may be prescribed and at rates not exceeding the maximum rates specified in its Schedule I, (i) a tax upon buildings and upon lands not subject to payment of agricultural assessment, (ii) a tax on professions, trades, callings and employment, and (iii) a tax on places where a trade or business is carried on for purposes of profit, payable by those engaged in the trade or business, provided that where a tax under (ii) is levied, the tax under (iii) is not to be levied. The Panchayats have also been empowered to levy, at their discretion, vehicle tax, tax on fairs, festivals and entertainments, fees on bus and cart stands and markets and charges for supply of water from their water works. In addition, Town Panchayats may levy octroi at rates not exceeding the maximum rates laid down in the Act.

13. The other sources of income of Panchayats are generally (i) sums ordered by a court of law to be paid to Panchayats, (ii) sale proceeds of all dust, dirt, dung and refuse (including dead bodies or animals) collected by their servants, and (iii) income from or proceeds of any property vested in them.

14. The State Act empowers the Government to transfer to any Panchayat the management and maintenance of a forest adjacent to the village, make

over to it the management of waste lands, pasture lands or vacant lands belonging to Government and situated within the village, entrust it with collection of land revenue and also the management and cultivation of common lands and lands under Government's management.

15. The Village Panchayats derive their income broadly from three sources, viz.—

- (i) grants from the State Government and higher institutions;
- (ii) proceeds from their taxes and fees; and
- (iii) income from their property.

16. Their expenditure may be classified under—

- (i) administration;
- (ii) civic amenities;
- (iii) social welfare activities;
- (iv) construction and maintenance; and
- (v) other miscellaneous items.

17. The actual income and expenditure of nine Panchayats (which we visited) for the years 1960-61 and 1961-62 have been compiled in the two Statements 'A' and 'B' in Annexure II. Statement 'A' shows the total and per capita income of each Panchayat under various heads. Similarly, Statement 'B' gives their total and per capita expenditure by board categories.

18. A major part of these Panchayats' income is from grants from Government and higher bodies. Proceeds from their own taxes amount to 20—30 per cent of the total income. The income from property is comparatively negligible.

19. Their detailed accounts show that the obligatory taxes are not being levied on a uniform basis. The rates are generally lower than the maximum and are, in many cases, minimum prescribed by the Act. The actual collection of taxes is generally less than the demand, in quite a few cases being below 50 per cent. Even large Panchayats, which employ whole-time tax collectors, have not shown satisfactory achievement. One Panchayat had not collected any house tax at all, while in the case of another two, there were no receipts from profession tax. Very few of them have availed of optional taxes within their powers. Of the various optional taxes, advantage has been taken in some cases to levying vehicle tax, tax on bus and cart stands and entertainment tax. The other sources generally are cattle pounds, grazing lands, sale of compost and, in some cases, interest on bank deposits.

20. Even among the few Panchayats we visited, annual per capita income and expenditure vary widely, the lowest being 72 nP. for a Village Panchayat and the highest, Rs. 4.38 for a Town Panchayat. Most of them employ a whole-time Secretary. Some have sweepers and scavengers on regular basis. Other items of expenditure relate to maintenance of buildings, cattle pounds and grazing land and also to civic amenities and welfare activities like street lighting, cleaning of roads, community radio sets, children's parks, etc.

21. While going through the accounts and budgets of several Panchayats and Taluk Development Boards, we found that their resources from their own taxes and Government grants were not sufficient to enable them to discharge even their obligatory functions adequately. In our meetings with these bodies, we made enquiries whether, apart from any efforts to raise their tax revenues, they thought of creating remunerative assets which could augment their resources. Only in some places attempts have been made in this direction. The Tergaon Panchayat in Haliyal Taluk was stated to have planted eucalyptus trees in 48 acres of land given to it by Government. The Kudathini Panchayat in Bellary Taluk has constructed a building which it has rented out for commercial purposes. The Siddapur Taluk Development Board has a scheme costing Rs. 5,000 for construction of stalls for renting. This scheme was reported to have been sent to the State Government for approval.

22. Many of the bodies, whom we met, were anxious to take up remunerative schemes provided necessary funds and other facilities were available. In our meeting with the Bellary District Development Council, it was suggested that Panchayati Raj institutions could set up small concerns like flour mills, construct shops, stalls and cinema houses and have borewell units for letting out. It was also suggested that it would be profitable for Panchayats to have tractors and bull-dozers for hiring out to agriculturists. Other suggestions included setting up of small scale industries, like manufacture of bricks, tiles and card-board, and, in forest areas, electric goods like casing. Similarly, in several other places, a variety of schemes, such as setting up of rice mills, coir, industry, cashew nut plantations, fisheries, poultry farms, boat building, pottery manufacturing and the like, were put forth.

23. Apart from receiving Government grant equal to twenty per cent of land revenue collection and assignment of local cess on land revenue and water rate mentioned earlier, the Taluk Boards have powers to levy (i) a duty on transfer of immovable property in the shape of an additional stamp duty (not exceeding three per cent), and (ii) a tax on animals brought for sale in markets in their jurisdiction (not exceeding 25 nP. per animal). Their other sources of income are (i) licence fees, (ii) fines in prosecution, and (iii) income from or proceeds of property vested in them.

24. The 1960-61 and 1961-62 accounts of income and expenditure of the 5 Taluk Boards, with whom we had discussions, have been compiled in two Statements 'A' and 'B' in Annexure III. The main source of their income is from the local cess levied by the Government at a rate of 12 nP. in the rupee on all items of land revenue and assigned entirely to these bodies. Except the Sandur Taluk Board, no other Board had so far exercised its option to levy a surcharge on stamp duty on transfer of immovable property, a tax allowed to them by the Act. Their accounts reveal wide variations in the per capita income of one as compared to that of the other. This ranges from 36 nP. to Rs. 1.18 in 1961-62.

25. The figures in the appended statements relating to the Taluk Boards do not include their income from the Community Development and N.E.S. schematic budgets and also grants, if any, from development department for works of specific nature.

26. Like income, the annual per capita expenditure also shows wide variations, ranging from 36 nP. to Rs. 1.50 in 1961-62. The main items

of expenditure relate to administration, medical, public health and communications. The Taluk Boards were set up in 1960 and it seems that the tempo of work is yet to develop. Primary education has not been transferred to them.

27. As stated earlier, in Mysore, the tier of the Panchayati Raj at the District level known as District Development Council is a co-ordinating and advisory body. It has no executive powers. Its main functions are to scrutinise the budgets of Taluk Boards and review and co-ordinate their work. During our meetings with the two Councils at Karwar and Bellary, feelings were voiced that, as constituted at present, a Council was not very effective. Its advice was not always sought by the Government. Suggestions were made that it should be an executive body with clear cut powers of taxation, defined duties and specific executive powers. Also, it was urged that functions relating to subjects such as secondary education, communications of district importance, public health, organisation of exhibitions, seminars, conference, etc., should be vested in it.

28. A committee of legislature headed by the Deputy Minister for Planning had been set up to study the functioning of Panchayati Raj institutions in other States and, if necessary, recommend changes in the State Act. We had an opportunity to meet the Chairman and some members of this Committee and to have a discussion with them about the possible changes which could benefit the process of democratic decentralisation in the State.

ANNEXURE I

(See paragraph 1)

*Parties whom the Study Team met in Mysore State*

Parties	Place	Date
1. Haliyal Taluk Development Board, (North Kanara District)	Haliyal	3-1-1963
2. Tergaon Gram Panchayat (Haliyal Taluk Development Board, North Kanara District)	Tergaon	3-1-1963
3. Havagi Gram Panchayat (Haliyal Taluk, North Kanara District)	Havagi	3-1-1963
4. North Kanara District Development Council	Karwar	4-1-1963
5. Amadalli Gram Panchayat (Karwar Taluk, North Kanara District)	Amadalli	5-1-1963
6. Aversa Gram Panchayat (Ankola Taluk, North Kanara District)	Aversa	5-1-1963
7. Ankola Taluk Development Board (North Kanara District)	Ankola	5-1-1963
8. Sampakhand Gram Panchayat, Sirsi Taluk, North Kanara District	Sampakhand	5-1-1963
9. Kansur Gram Panchayat, Siddapur Taluk, North Kanara District	Kansur	5-1-1963
10. Siddapur Taluk Development Board, North Kanara District	Siddapur	5-1-1963
11. Bellary District Development Council	Bellary	7-1-1963
12. Kudathini Panchayat, Bellary Taluk, Bellary District	Kudathini	7-1-1963
13. Torangal Panchayat (Sandur Taluk, Bellary District)	Torangal	7-1-1963
14. Sandur Town Panchayat (Sandur Taluk, Bellary District)	Sandur	7-1-1963
15. Deogiri Panchayat (Sandur Taluk, Bellary District)	Sandur	7-1-1963
16. Sandur Co-operative Society (Sandur Taluk, Bellary District)	Sandur	7-1-1963
17. Sandur Taluk Development Board, (Bellary District)	Sandur	7-1-1963
18. Sirigeri Panchayat (Siruguppa Taluk, Bellary District)	Sirigeri	8-1-1963
19. Desanur Panchayat (Siruguppa Taluk, Bellary District)	Desanur	8-1-1963
20. Siruguppa Taluk Development Board (Bellary District)	Siruguppa	8-1-1963
21. Deputy Minister, Co-operation, Deputy Minister, Planning and Development Commissioner and other Officers	Bangalore	9-1-1963
22. Chairman and Members of Committee appointed by the Mysore State Government to review the working of the State Act on Panchayati Raj	Bangalore	10-1-1963
23. President and Members of the Mysore Pradesh Panchayati Raj Parishad	Bangalore	10-1-1963

(See para-

## STATEMENT A—Itemwise total and per capita Income of Panchayats for

Head of Account	Tergaon		Havagi		Aversa		Sampakhand	
	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>I. Grants and Contributions—</b>								
(i) Statutory	1,553	0·51	1,724	1·03	1,357	0·42	N.A.	N.A.
(ii) Others ..	23,473	7·65	4,996	2·98	1,094	0·34	N.A.	N.A.
<b>SUB-TOTAL ..</b>	<b>25,026</b>	<b>8·15</b>	<b>6,720</b>	<b>4·01</b>	<b>2,451</b>	<b>0·77</b>	<b>4,152</b>	<b>1·64</b>
<b>II. Income from property ..</b>	<b>—</b>	<b>—</b>	<b>140</b>	<b>0·08</b>	<b>14</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>III. Taxes and fees—</b>								
(i) Revenue from taxes ..	1,051	0·34	739	0·44	494	0·15	2,350	0·59
(ii) Non-tax revenue	128	0·04	—	—	367	0·11	—	—
<b>SUB-TOTAL ..</b>	<b>1,179</b>	<b>0·38</b>	<b>739</b>	<b>0·44</b>	<b>861</b>	<b>0·27</b>	<b>2,350</b>	<b>0·59</b>
<b>IV. Miscellaneous</b>	<b>—</b>	<b>—</b>	<b>25</b>	<b>0·01</b>	<b>3</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>GRAND TOTAL</b>	<b>26,205</b>	<b>8·54</b>	<b>7,624</b>	<b>4·55</b>	<b>3,329</b>	<b>1·04</b>	<b>6,502</b>	<b>1·63</b>

<b>I. Grants &amp; Contributions</b>								
(i) Statutory	1,254	0·41	1,724	1·03	1,357	0·42	N.A.	N.A.
(ii) Others ..	1,556	0·51	4,874	2·91	980	0·31	N.A.	N.A.
<b>SUB-TOTAL ..</b>	<b>2,810</b>	<b>0·92</b>	<b>6,598</b>	<b>3·94</b>	<b>2,337</b>	<b>0·73</b>	<b>4,152</b>	<b>1·64</b>
<b>II. Income from property ..</b>	<b>20</b>	<b>0·01</b>	<b>232</b>	<b>0·14</b>	<b>30</b>	<b>0·01</b>	<b>—</b>	<b>—</b>
<b>III. Taxes and Fees—</b>								
(i) Revenue from taxes ..	845	0·28	706	0·42	851	0·27	2,900	0·73
(ii) Non-tax revenue	674	0·22	39	0·02	496	0·16	—	—
<b>SUB-TOTAL ..</b>	<b>1,519</b>	<b>0·49</b>	<b>745</b>	<b>0·44</b>	<b>1,347</b>	<b>0·42</b>	<b>2,900</b>	<b>0·73</b>
<b>IV. Miscellaneous</b>	<b>147</b>	<b>0·05</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>GRAND TOTAL</b>	<b>4,496</b>	<b>1·46</b>	<b>7,575</b>	<b>4·52</b>	<b>3,714</b>	<b>1·16</b>	<b>7,052</b>	<b>1·77</b>



URE II

graph 17)

1960-61 visited by the Study Team in Mysore

(in rupees)

Kansur		Kudathini		Torrangulla		Sandur		Sirigeri	
Total	Per Capita	Total	Per Capita	Total	Per* Capita	Total	Per Capita	Total	Per Capita
(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)
N.A.	N.A.	—	—	758	N.A.	2,248	0·29	—	—
N.A.	N.A.	—	—	763	N.A.	6,276	0·80	—	—
2,791	0·84	—	—	1,521	N.A.	8,524	1·09	—	—
—	—	1,737	0·26	17	N.A.	3,735	0·48	—	—
191	0·06	2,620	0·40	302	N.A.	6,302	0·84	33	0·01
24	0·01	4,293	0·65	1,657	N.A.	3,715	0·47	3,193	0·70
215	0·06	6,913	1·05	1,959	N.A.	10,017	1·28	3,226	0·71
150	0·05	255	0·04	3	N.A.	372	0·05	—	—
3,156	0·95	8,905	1·36	3,500	N.A.	22,648	2·89	3,226	0·71
N.A.	N.A.	7,588	1·16	535	N.A.	1,588	0·20	2,043	0·45
N.A.	N.A.	8,161	1·24	3,158	N.A.	2,089	0·27	—	—
4,655	1·41	15,749	2·40	3,693	N.A.	3,677	0·47	2,043	0·45
38	0·01	3,300	0·50	3,740	N.A.	3,085	0·39	655	0·14
3,020	0·91	3,277	0·50	361	N.A.	11,780	1·50	1,245	0·27
46	0·01	2,868	0·44	161	N.A.	16,483	2·10	183	0·04
3,066	0·93	6,145	0·94	522	N.A.	28,263	3·61	1,428	0·31
—	—	466	0·07	—	N.A.	99	0·01	1,075	0·23
7,759	2·34	25,660	3·91	7,955	N.A.	35,124	4·49	5,201	1·14

\*Population figures not available.

STATEMENT B—Itemwise total and per capita expenditure for

Item	Tergaon		Havagi		Aversa		Sampakhand	
	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1. Administration	1,132	0.37	958	0.57	1,459	0.46	1,500	0.38
2. Civic amenities	801	0.26	587	0.35	—	—	—	—
3. Social and Welfare Activities	6	—	25	0.01	62	0.02	—	—
4. Construction ..	7,756	2.53	—	—	2,294	0.72	2,155	0.54
5. Maintenance ..	141	0.05	4,648	2.77	379	0.12	460	0.12
6. Miscellaneous	—	—	30	0.02	111	0.03	—	—
<b>TOTAL ..</b>	<b>9,835</b>	<b>3.20</b>	<b>6,248</b>	<b>3.73</b>	<b>4,305</b>	<b>1.35</b>	<b>4,115</b>	<b>1.03</b>
1. Administration	2,213	0.72	1,112	0.66	1,993	0.62	1,393	0.35
2. Civic Amenities	542	0.18	377	0.23	384	0.12	—	—
3. Social and Welfare Activities	17	0.01	271	0.16	199	0.06	—	—
4. Construction ..	2,961	0.96	—	—	—	—	6,417	1.61
5. Maintenance ..	760	0.25	1,176	0.70	582	0.18	1,037	0.26
6. Miscellaneous	40	0.01	3	—	14	—	—	—
<b>TOTAL ..</b>	<b>6,533</b>	<b>2.13</b>	<b>2,939</b>	<b>1.75</b>	<b>3,172</b>	<b>0.99</b>	<b>8,847</b>	<b>2.22</b>

## URE II—Contd.

1961-62 of Panchayats visited by the Study Team in Mysore

(in rupees)

Kansur		Kudathini		Torrangullu		Sandur		Sirigeri	
Total	Per Capita	Total	Per Capita	Total	Per* Capita	Total	Per Capita	Total	Per Capita
(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)
1,229	0·37	6,190	0·94	940	N.A.	11,872	1·52	694	0·15
22	0·01	1,271	0·19	629	N.A.	3,482	0·44	1,382	0·30
298	0·09	891	0·14	479	N.A.	2,672	0·34	91	0·02
—	—	250	0·04	1,519	N.A.	2,617	0·33	—	—
840	0·25	571	0·09	54	N.A.	482	0·06	412	0·09
—	—	—	—	—	N.A.	83	0·01	800	0·17
2,389	0·72	9,173	1·40	3,621	N.A.	21,308	2·72	3,379	0·74
1,567	0·47	5,878	0·90	828	N.A.	21,280	2·72	1,479	0·32
95	0·03	1,847	0·28	584	N.A.	4,008	0·51	1,202	0·26
479	0·14	539	0·08	266	N.A.	703	0·09	392	0·09
2,581	0·78	2,382	0·36	3,864	N.A.	6,140	0·78	1,624	0·36
360	0·11	1,266	0·19	—	N.A.	913	0·12	2	—
20	0·01	1,309	0·20	100	N.A.	1,250	0·16	500	0·11
5,102	1·54	13,221	2·01	5,592	N.A.	34,294	4·38	5,199	1·14

\*Population figures not available.

## ANNEX

(See Para-

STATEMENT A:—Item-wise total and per capita income for 1960-61 and 1961-62 of Taluk

Head of Account	1960-61							
	Haliyal		Ankola		Siddapur		Sandur	
	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>I. Grants and Contributions</b>								
(i) Statutory .. ..	44,446	0·87	32,566	0·57	59,449	0·96	19,488	0·29
(ii) Others .. ..	—	—	—	—	22,352	0·36	—	—
<b>SUB-TOTAL</b> ..	44,446	0·87	32,566	0·57	81,801	1·32	19,488	0·29
<b>II. Income from property</b>	31	—	2,431	0·04	209	—	—	—
<b>III. Taxes and Fees</b>								
(i) Revenue from taxes .. ..	—	—	—	—	—	—	—	—
(ii) Non-tax revenue .. ..	—	—	—	—	—	—	4,481	0·07
<b>SUB-TOTAL</b> ..	—	—	—	—	—	—	4,481	0·07
<b>IV. Miscellaneous</b> .. ..	—	—	—	—	—	—	1,460	0·02
<b>GRAND TOTAL</b>	44,477	0·87	34,997	0·61	82,010	1·32	25,429	0·38
<b>1. General Administration</b> .. ..	—	—	648	0·01	3,361	0·05	2,496	0·40
<b>2. Medical and Public Health</b> .. ..	—	—	1,014	0·02	7,052	0·11	5,593	0·08
<b>3. Education</b> .. ..	—	—	—	—	—	—	—	—
<b>4. Communications</b> .. ..	4,602	0·09	3,978	0·07	4,981	0·08	2,898	0·04
<b>5. Agriculture and Animal Husbandry</b> .. ..	—	—	—	—	—	—	—	—
<b>6. Grants and Contributions</b> .. ..	—	—	—	—	—	—	—	—
<b>7. Miscellaneous</b> .. ..	—	—	—	—	338	0·01	—	—
<b>TOTAL</b> ..	4,602	0·09	5,604	0·10	15,732	0·25	10,907	0·16

URE III

graph 24)

Development Boards visited by the Study Team in Mysore

(in rupees)

1961-62											
Siriguppa		Haliyal		Ankola		Siddapur		Sandur		Siriguppa	
Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita
(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)
63,634	0.73	55,849	1.10	45,458	0.80	59,028	0.96	13,756	0.20	46,918	0.54
—	—	180	—	1,346	0.02	12,426	0.20	—	—	—	—
63,634	0.73	56,029	1.10	46,804	0.82	71,454	1.16	13,756	0.20	46,918	0.54
6,764	0.08	165	—	3,843	0.07	—	—	395	0.01	655	0.01
108	—	—	—	—	—	—	—	—	—	—	—
1,603	—	—	—	—	—	—	—	9,947	0.15	52,567	0.60
41,711	0.02	—	—	—	—	—	—	9,947	0.15	52,567	0.60
22	—	—	—	1,390	0.03	1,442	0.02	—	—	1,138	0.01
72,131	0.83	56,193	1.10	52,237	0.92	72,596	1.18	24,098	0.36	10,127	1.16
2,768	0.03	4,406	0.08	6,431	0.11	8,915	0.14	6,320	0.09	6,705	0.08
5,431	0.06	3,178	0.06	14,223	0.25	28,170	0.46	11,886	0.18	4,856	0.06
—	—	4,752	0.09	—	—	1,000	0.02	3,860	0.06	—	—
9,850	0.11	2,671	0.05	9,426	0.17	43,506	0.71	—	—	—	—
—	—	—	—	—	—	—	—	150	—	1,250	0.01
—	—	—	—	—	—	3,100	0.05	300	—	21,750	0.25
—	—	750	0.01	1,149	0.02	7,134	0.12	1,445	0.02	—	—
18,049	0.20	15,757	0.30	31,229	0.55	91,825	1.50	23,961	0.35	34,561	0.40

## ORISSA

We toured Orissa from the 26th to the 30th May, 1963. We met the State's Chief Minister, Deputy Minister-in-charge of Panchayati Raj and officers of the State Government, the Cuttack Zila Parishad, two Panchayat Samithis and two Gram Panchayats in the district, representatives of some Panchayats and Samithis in Ganjam District and the Zila Parishad, a Samithi and a Panchayat in Phulbani District. A list of parties whom we met is given in Annexure I.

2. Gram Panchayats in this State have been constituted under the Orissa Gram Panchayat Act, 1948 (as amended) which also prescribes the formation of Gram Sasan and Palli Sabhas. A Gram Sasan is constituted for a village or a group of contiguous villages with all adult residents of the area as its members. It is a body corporate and has a perpetual succession and a common seal with power to acquire and hold property.

3. The relevant provision in the Act regarding Palli Sabha says that there will be a Palli Sabha for every village consisting of all its adult residents. A village having a population of more than one thousand may have more than one Palli Sabha. It is provided in the Act that a Palli Sabha will meet once in a year in the month of March when it will consider the development programme of the village for the ensuing year and also indicate to the Gram Panchayat what amount of additional labour may be levied to meet part of the cost of development works. But, Palli Sabhas have not yet been formed.

4. A Gram Panchayat is elected for three years. It consists of eleven to twenty-five members including its Sarpanch and Naib-Sarpanch. It has a number of obligatory functions, such as those relating to sanitation, lighting, medical relief, registration of births, deaths and marriages, primary schools and construction, repair and maintenance of public wells, tanks, ponds and drainage. As discretionary functions, a Panchayat may take up planting and maintaining of trees, agricultural development, famine relief, establishment and maintenance of libraries, maternity and child welfare, development of co-operation etc.

5. Every Panchayat has to impose upon the owner of immovable property and occupier of any building within its local area a circumstances and property tax. There is no other compulsory tax, but Panchayat may, with the previous sanction of the State Government, levy :—

- (i) license fee on brokers, commission agents, weighment and measures in its area;
- (ii) rent for occupation of its open grounds or structure or building;
- (iii) fee on registration of cattle sold;
- (iv) fee for use of its markets, slaughter houses, sarais, dharamshalas and rest sheds;
- (v) conservancy tax, water rate, lighting rate, drainage, etc.;
- (vi) fee on private markets, cart stands and slaughter houses; and
- (vii) vehicle tax.

Panchayats have income also from markets, ferries and cattle pounds which were previously owned by the old District Boards, but have now been transferred to them. They also get a share in the proceeds of cess on land revenue. In Kendu leaf producing areas, they get a share of the Government's income from the sale of that leaf.

6. The Orissa Zila Parishads Act, 1959, provides for the setting up of both Panchayat Samithis and Zila Parishads. A Samithi is constituted for each area demarcated as a block. Sarpanchas of Gram Panchayats in the area, the concerned Sub-Divisional Officer, the Block Development Officer, one officer from each of the development department and of the revenue department, one person (who is not a member of Gram Panchayat) elected by each Gram Panchayat, a woman, a person Scheduled Castes and a person of Scheduled Tribes from a Samithi. Block Development Officer is its Executive Officer. The officers take part in the discussions of Samithis, but, they have no right to vote. Its functions are (i) execution of development works, (ii) management, control and spread of primary education in its area, and (iii) management of trusts, endowments and other institutions entrusted to it. So far no endowment or trust has been transferred to any Samithi.

7. Samithis have not been assigned any exclusive field of taxation. They may, if authorised by Government, levy any tax or fee as is leviable by Gram Panchayats. When a Samithi levies any tax or fee, its Panchayats cease to levy that tax or fee. Their main sources of funds are development and other grants from Government, a share of cess on land revenue and a share of profits from the State Government's Kendu leaf trade.

8. A Zila Parishad is constituted for each District. It consists of all local M.Ps. and M.L.As., Collector and District officers of development departments, all Sub-Divisional Officers in the district and Chairmen of all Panchayat Samithis in the area. Besides advising the Government on matters relating to developmental activities and co-ordinating and consolidating the block plans, Parishads examine and approve budgets of Samithis and distribute amongst them funds allotted to districts and may be required to manage such trusts and endowments and other institutions as Government may entrust to them. They have no powers of taxation and the Zila Parishad Fund receives mainly Government grants which are mostly distributed to Samithis.

9. All the three tiers of Panchayati Raj, *i.e.*, Gram Panchayat, Panchayat Samithi and Zila Parishad are required to frame annual budgets of their income and expenditure. Gram Panchayat budget is required to be sanctioned by the Samithi concerned and that of a Samithi, by its Zila Parishad. Zila Parishad has to submit its budget, along with the budgets of its Samithis, to Government. All bodies have to maintain accounts in a prescribed manner. The two Acts provide for their audit by authorities appointed by Government.

10. The actual income and expenditure of Panchayati Raj bodies (which we visited) for the years 1960-61 and 1961-62 have been compiled in the Statements in Annexure II.

## ANNEXURE I

(See paragraph 1)

(Parties whom the Study Team met in Orissa)

Party	Place	Date
1. Cuttack Zila Parishad	Cuttack	26-5-1963
2. Athgarh Panchayat Samithi	Athgarh	27-5-1963
3. Narsinghpur Panchayat Samithi	Sarsinghpur	27-5-1963
4. Nizgarh Grama Panchayat	Nizgarh	27-5-1963
5. Kanpur Gram Panchayat	Kanpur	27-5-1963
6. Chief Minister, Deputy Minister for Panchayati Raj and Co-operation and officers of the State Government	Bhubneswar	28-5-1963
7. Khallikote Panchayat Samithi	Khallikote	29-5-1963
8. Representative of two adjoining Panchayat Samithis	Bhanjnar	29-5-1963
9. Zila Parishad, Phulbani	Phulbani	30-5-1963
10. Khajuripada Panchayat Samithi	Khajuripada	30-5-1963
11. Khajuripada Gram Panchayat	Khajuripada	30-5-1963



ANNEXURE II

(See paragraph 10)

STATEMENT A—Details of annual income of Panchayat Samitis (Orissa) for the year 1961-62

(In rupees)

Head of Account (1)	Khazuripada Panchayat Samiti						Narsinghpur Panchayat Samiti					
	Actual Income			Per Capita Income			Actual Income			Per Capita Income		
	C.D. Account	General Account	Total	C.D. Account	General Account	Total	C.D. Account	General Account	Total	C.D. Account	General Account	Total
	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
1. Establishment .. .. .	75,444	5,660	81,104	2.72	2.20	2.92	58,509	—	58,509	1.06	—	1.06
2. Agriculture and animal husbandry ..	14,411	1,630	16,041	0.52	0.06	0.58	4,934	6,750	11,684	0.09	0.12	0.21
3. Irrigation .. .. .	2,900	—	2,900	0.10	—	0.10	5,500	—	5,500	0.10	—	0.10
4. Health and rural sanitation .. .. .	7,627	12,140	19,767	0.28	0.44	0.72	20,633	5,000	25,633	0.38	0.09	0.47
5. Education .. .. .	6,217	29,632	35,849	0.23	1.07	1.30	1,500	92,391	93,891	0.03	1.68	1.71
6. Social Education .. .. .	11,715	—	11,715	0.42	—	0.42	16,696	—	16,696	0.30	—	0.30
7. Communications .. .. .	16,368	14,212	30,580	0.59	0.51	1.10	12,000	9,041	21,041	0.22	0.16	0.38
8. Rural Arts & Crafts .. .. .	2,000	—	2,000	0.07	—	0.07	2,470	—	2,470	0.04	—	0.04
9. Housing (Project & Rural) .. .. .	22,393	14,172	36,565	0.81	0.51	1.32	11,369	33,650*	45,019	0.21	0.62	0.83
TOTAL ..	1,59,075	77,446	2,36,521	5.74	2.79	8.53	1,33,611	1,46,832	2,80,443	2.43	2.67	5.10

\*Includes 4650 house rent.

All the funds received by the Panchayat Samitis are distributed to the Gram Panchayats as Gram Panchayats are the executive agency of all development works.

ANNEXURE II—Contd.

STATEMENT A—Details of annual expenditure of Panchayats Samitis (Orissa) for the year 1961-62

(in rupees)

Head of Account	Khazuripada Panchayat Samiti						Narsinghpur Panchayat Samiti					
	Actual Expenditure			Per Capita Expenditure			Actual Expenditure			Per Capita Expenditure		
	C.D. Account	General Account	Total	C.D. Account	General Account	Total	C.D. Account	General Account	Total	C.D. Account	General Account	Total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
1. Establishment .. .. .	75,444	5,660	81,104	2.72	0.20	2.92	58,509	—	58,509	1.06	—	1.06
2. Agriculture and animal husbandry ..	14,411	1,630	16,041	0.52	0.06	0.58	4,934	6,750	11,684	0.09	0.12	0.21
3. Irrigation .. .. .	2,900	—	2,900	0.10	—	0.10	5,500	—	5,500	0.10	—	0.10
4. Health and rural sanitation .. .. .	7,627	12,140	19,767	0.28	0.44	0.72	20,633	5,000	25,633	0.38	0.09	0.47
5. Education .. .. .	6,217	29,632	35,849	0.23	1.07	1.30	1,500	31,446	32,946	0.03	0.57	0.60
6. Social Education .. .. .	11,715	—	11,715	0.42	—	0.42	16,696	—	16,696	0.30	—	0.30
7. Communications .. .. .	16,368	14,212	30,580	0.59	0.51	1.10	12,000	8,966	20,966	0.22	0.16	0.38
8. Rural Arts & Crafts .. .. .	2,000	—	2,000	0.07	—	0.07	2,470	—	2,470	0.04	—	0.04
9. Housing (Project and Rural) .. .. .	22,393	14,172	36,565	0.81	0.51	1.32	11,369	25,650	37,019	0.21	0.47	0.68
TOTAL .. .. .	1,59,075	77,446	2,36,521	5.74	2.79	8.53	1,33,611	77,812	2,11,423	2.43	1.41	3.84

ANNEXURE II—Contd.

STATEMENT B—Item-wise details of total and per capita income for 1960-61 and 1961-62 of Gram Panchayats visited by the Study Team in Orissa.  
(In rupees)

Item	Khazuripada				Kanpur				Nizgarh			
	1960-61		1961-62		1960-61		1961-62		1960-61		1961-62	
	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
<b>I. Grants &amp; Contributions</b>												
(a) Statutory .. .. .	6,056	1·13	1,480	0·27	2,635	0·27	612	0·06	2,496	0·35	1,003	0·14
(b) Others .. .. .	885	0·16	900	0·17	2,350	0·24	35,367	3·59	939	0·13	8,747	1·24
TOTAL (a & b) ..	6,941	1·29	2,380	0·44	4,985	0·51	35,979	3·65	3,435	0·49	9,750	1·39
<b>II. Taxes and Fees</b>												
(a) Revenue from taxes .. .. .	—	—	161	0·03	—	—	97	0·01	—	—	—	—
(b) Non-tax revenue .. .. .	418	0·08	269	0·05	250	0·03	272	0·03	567	0·08	2,502	0·36
TOTAL (a & b) ..	418	0·08	430	0·08	250	0·03	369	0·04	567	0·08	2,502	0·36
III. Income from property .. .. .	968	0·18	2,590	0·48	2,475	0·25	3,707	0·38	1,418	0·20	932	0·13
IV. Miscellaneous .. .. .	—	—	—	—	313	0·03	238	0·02	115	0·02	—	—
GRAND TOTAL ..	8,327	1·55	5,400	1·00	8,023	0·82	40,293	4·09	5,535	0·79	13,184	1·87

ANNEXURE II—Contd.

STATEMENT B—Item-wise details of total and per capita expenditure for 1960-61 and 1961-62 of Gram Panchayats visited by the Study Team in Orissa

Item	(In rupees)											
	Khazuripada				Kanpur				Nizgarh			
	1960-61		1961-62		1960-61		1961-62		1960-61		1961-62	
	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
1. Administration	2,825	0.52	2,313	0.43	1,515	0.15	2,408	0.24	1,078	0.15	1,125	0.16
2. Civic amenities	—	—	—	—	—	—	—	—	766	0.11	857	0.12
3. Social and welfare activities	1,115	0.21	1,182	0.22	260	0.03	1,756	0.18	1,423	0.20	431	0.06
4. Construction	—	—	1,458	0.27	6,458	0.66	16,665	1.69	—	—	1,118	0.16
5. Maintenance	44	0.01	735	0.14	50	—	—	—	473	0.07	3,386	0.48
6. Miscellaneous	1,200	0.22	—	—	—	—	—	—	35	—	—	—
<b>GRAND TOTAL</b>	<b>5,277</b>	<b>0.98</b>	<b>5,688</b>	<b>1.06</b>	<b>8,283</b>	<b>0.84</b>	<b>20,829</b>	<b>2.12</b>	<b>3,775</b>	<b>0.54</b>	<b>6,917</b>	<b>0.98</b>

## PUNJAB

We visited the Punjab State from the 1st to the 7th March, 1963 and held meetings with two Zila Parishads, 8 Panchayat Samitis and met the Presidents of four Panchayats. On arrival at Chandigarh, the team met the Minister for Planning and Development when the Financial Commissioner (Development) and his Accounts Officer were also present. The Minister for Planning and Development gave a description of the set up of Panchayati Raj and thereafter the Team had a general discussion with them. The Chairman and members also met the Chief Minister before proceeding on tour of the State. Towards the end of the tour, we again met the Chief Minister along with other officials concerned with the Panchayati Raj and exchanged views on the impressions formed during the course of the tour. The detailed list of parties whom we met is given in the Annexure I. With all of them, we had very useful discussions about the functioning of the Panchayati Raj in the State, the present state of their finances and resources and the steps which should be taken to make improvements in this regard.

2. Under the scheme of democratic decentralisation, three-tier system of local Government has been introduced in the State and statutory bodies have been created at the village, block and district levels.

3. The Punjab Gram Panchayat Act, 1952 makes provisions for the setting up of Village Panchayats. The Punjab Panchayat Samitis and Zila Parishads Act, 1961, which came into force on the 20th April, 1961, provides for the establishment of Panchayat Samitis at the block level and Zila Parishad at district level.

4. At the village level, Panchayats have been functioning from before. In accordance with the above mentioned Gram Panchayat Act, a Panchayat is ordinarily constituted for each revenue village and a Gram Sabha is established for each Panchayat under Section 5 of the said Act. Every Sabha has to elect a Chairman and an executive committee consisting of not less than five and not more than nine persons including the Sarpanch of the executive committee. One woman and a person belonging to scheduled castes have to be members of Gram Panchayat under Section 6 of the said Act. If the required number is not elected, such seats are filled by co-option.

5. Panchayat Samiti has been established either for every Tehsil in a district or for every block in a district. When Panchayat Samiti covers the area of a tehsil, it consists of eight members from every block in the tehsil, elected by the Panchas and Sarpanchas of Gram Panchayats, in the block from amongst themselves, two members representing Co-operative Societies and one member representing Market Committees in the tehsil. Members of State Legislature representing any area of the tehsil are associate members. Two seats for women and four seats for persons belonging to scheduled castes are reserved. Besides these non-officials, Sub-Divisional Officer having jurisdiction in the tehsil and the Block Development Officer of every block in the tehsil are also members. Where Panchayat Samiti is constituted for a block, 16 members are elected by the Sarpanchas and Panchas of Gram Panchayats in the block and representation of other interests as mentioned above is added.

6. Except for Lahaul and Spiti areas, Zila Parishads have been constituted for all districts. Where in a district Panchayat Samitis have been constituted for tehsils, Zila Parishad of such district consists of the following members :—

- (a) five members from out of the primary members of every Panchayat Samiti in the district to be elected by the Panchayat Samiti by a secret ballot;
- (b) Chairman of every Panchayat Samiti in the district;
- (c) Deputy Commissioner of the district; and
- (d) every member of Parliament or of the Punjab Legislative Assembly or Legislative Council representing the district or any part thereof. Two seats for women and 5 for persons belonging to scheduled castes are reserved. If the required number of such persons do not come by election, the seats are filled by co-option.

7. Section 19 of the Punjab Gram Panchayat Act, 1952, prescribed the duties of Panchayats. They cover almost all aspects of human welfare. Besides the usual Municipal functions, provision has been made for taking up development activities in the sphere of education, agriculture, breeding and protection of cattle and village industries.

8. The obligatory functions under the Act are to make arrangements for carrying out the requirements in respect of the following matters including all subsidiary works and buildings connected therewith :—

- (a) any public place including its sanitation and drains;
- (b) wells, water-pumps, baolies, springs, ponds and tanks for the supply of water for drinking, washing and bathing;
- (c) burial and cremation grounds;
- (d) the lighting of public places;
- (e) buildings for the accommodation of travellers;
- (f) pounds for animals;
- (g) the relief of the poor;
- (h) public health and sanitation;
- (i) the organisation and celebrations of public festivals, other than religious festivals;
- (j) the improvement of the breeds of animals used for agriculture or domestic purposes;
- (k) public gardens, play-grounds, establishment and maintenance of recreation parks, organisation of games and sports, supply of sports materials and holding of tournaments;
- (l) libraries and reading-rooms;
- (m) the voluntary registration of the sale of cattle, camels, and horses;
- (n) the development of agriculture and village industries and the destruction of weeds and pests;

- (o) starting and maintaining a grain fund for the cultivators and lending them seed for sowing purposes on such conditions as the Gram Panchayat may approve;
- (p) the construction, repair and maintenance of public places and buildings of public utility;
- (q) allotment of places for preparation and conservation of manure;
- (r) construction and maintenance of culverts and bridges;
- (s) the laying out of new roads and pathways and maintenance of existing ones;
- (t) framing and carrying out schemes for the improved methods of cultivation and management of land to increase production;
- (u) supply of water for domestic use and for cattle;
- (v) the organisation of Young Farmers' Club and Mahila Mandals for the organisation of games and sports and execution of developmental, social and cultural works in the Sabha area;
- (w) planning and preservation of trees;
- (x) measures to promote the moral, social and material well-being or convenience of inhabitants of the Sabha area;
- (y) promotion of pisciculture;
- (z) community listening; and
- (zz) organising of village voluntary force for watch and ward and for assisting the Gram Panchayat in the discharge of its functions.

Besides these functions there is a provision in section 20 of the Act that some of the functions carried out by the District Board as provided in the Punjab District Boards Act, 1883, may and shall, if so, required by Government, be delegated to the Panchayats.

9. Their discretionary functions are—

- (a) the establishment, maintenance and management of maternity and child welfare centres and the construction and repair of all buildings connected therewith;
- (b) medical relief and first-aid;
- (c) the promotion of agricultural credit and of measures including establishment of provision and implement stores and credit centres to relieve rural indebtedness and poverty;
- (d) establishment and maintenance of first-aid centres for animals;
- (e) relief against famine or other calamity; and
- (f) providing such educational facilities as may be deemed necessary and desirable.

10. Under Section 41 of the Punjab Panchayat Samitis and Zila Parishads Act, 1961, the duty of a Panchayat Samiti is to provide for and make arrangements for carrying out the requirements of the area under its jurisdiction, in respect of the following matters—

#### AGRICULTURE

Multiplication and distribution of improved seeds.  
Distribution of fertilizers.

- Popularisation of improved techniques, methods and practices and improved implements.
- Achieving self-sufficiency in green manure and composting of farm-year manure.
- Encouraging fruit and vegetable cultivation.
- Reclamation of land and swamps and conservation of soil.
- Providing credit for agriculture purposes.
- Propagating and assisting in plan protection methods.
- Laying out demonstration plots and working out better methods of farm management. (Community Development Programme).
- Bringing more acreage under irrigation and renovating and sinking wells, repairing and digging private tanks and maintaining Government minor irrigation sources and supply channels.
- Exploiting underground water sources by sinking wells, filter points and tube-wells.
- Tree planting.
- Growing of village forest.

#### ANIMAL HUSBANDRY AND FISHERIES

- Upgrading local stock by introducing pedigree breeding bulls and castrating scrub bulls.
- Introducing improved breeds of cattle, sheep, pigs, and poultry.
- Controlling contagious diseases by systematic protection.
- Establishing and maintaining of artificial insemination centres, first-aid centres and minor veterinary dispensaries.
- Developing inland fisheries.
- Educating the people about the importance of better cattle for both milk and draught.

#### HEALTH AND RURAL SANITATION

- Provision for protected drinking water facilities.
- Popularisation of smokeless chullahas.

#### COMMUNICATIONS

- Construction, repair and maintenance of inter village roads and culverts on such roads and other means of communication. (works allotted under Community Development Programme).

#### SOCIAL EDUCATION

The creation of a new out look among the people and making them self-reliant, hard working and responsive to community action and in particular—

- Establishment of Information, Community and recreation centres.
- Establishment of Youth Organisations, Mahila Mandals, Farmers' Clubs, Villagers' Clubs and the like.
- Establishment and popularisation of libraries.
- Organisation of voluntary sanitary squads.



Encouragement of physical and cultural activities.

Training and utilisation of the services of Gram Sahayaks.

Promotion of physical culture by encouragement of games and sports.

#### CO-OPERATION

Promotion of co-operation by helping in the establishment and strengthening of service co-operatives, industrial, irrigation, farming and other co-operative societies.

Participation in and assistance to service co-operatives.

#### MISCELLANEOUS

Development of cottage and small scale industries in order to provide better employment opportunities and to promote village self-sufficiency.

Management of all property vested in Panchayat Samitis.

Inspection and maintenance of serais, rest houses, markets, public parks and gardens and other public institutions.

Construction, repair and maintenance of promotion schools.

Construction, repair and maintenance of relief works, relief houses and other measures of relief on account of famines, floods, earthquakes, and calamities of like nature.

Management of such public ferries as may be entrusted to the charge of a Panchayat Samiti under section 7-A of Northern India Ferries Act, 1878.

Establishment and management of pounds including, where the Cattle Trespass Act, 1871, is in force, such functions of the Government and the Magistrate of the District under that Act as may be transferred to the Panchayat Samiti by Government.

Organisation and management of Panchayat Samitis fairs, agricultural shows and industrial exhibitions.

Encouragement of thrift through small savings and insurances.

Management of any property vested in Government which the Government may entrust to any Panchayat Samiti.

11. Besides, the State Government may entrust conditionally or unconditionally to Panchayat Samitis functions in relation to any matter to which the executive authority of the Government extends or in respect of functions which have been entrusted to the Government by the Central Government. In regard to such entrusted functions, the Panchayat Samiti acts as an agent of the Government.

12. The Punjab Panchayat Samitis and Zila Parishads Act, 1961 provides that a Zila Parishad will advise, supervise and co-ordinate the functions of the Panchayat Samiti in the district. Under this general power, a Zila Parishad has to examine and approve the budgets of Panchayat Samitis, issues directives to Panchayat Samitis with respect to the efficient performance of their duties and co-ordinates and consolidates development plans.

13. Further, the State Government had laid down that the Zila Parishads will perform the following functions also :—

#### AGRICULTURE

Providing credit for agricultural purposes

- Propagating and assisting in plant protection methods.
- Laying out demonstration plots and working out better methods of farm managements.
- Tree planting.

#### ANIMAL HUSBANDRY AND FISHERIES

- Introducing improved breeds of cattle, sheep, pigs and poultry.
- Controlling contagious diseases by systematic protection.
- Establishing and maintaining of artificial insemination centres, first-aid centres and minor veterinary dispensaries.

#### COMMUNICATIONS

- Construction, repair and maintenance of inter-village roads, and culverts on such roads and other means of communications.

14. The extensive and wide functions, both obligatory and discretionary, as laid down in the Acts, are to be regulated from time to time by rules, instructions, orders and Gazette Notifications. One has to go through the compilation of Government orders issued for the implementation of Panchayati Raj to get some idea of functions that have actually been delegated to these institutions.

15. Every Panchayat prepares its own budget and gets it approved by the Gram Sabha. It is not submitted to the Panchayat Samiti for approval. As required under Section 82 of the Punjab Panchayat Samitis and Zila Parishads Act, 1961, all Panchayat Samitis are required to submit annual estimates of their receipts and expenditure to Zila Parishad concerned for its approval.

16. The State Government makes annually to every Panchayat a grant equal to 10 per cent of the land revenue realised in its area. This grant is disbursed to the Panchayats through the Deputy Commissioner on the basis of actual realisation effected in the respective areas of the Panchayat during the last financial year. Special grant-in-aid to augment 10 per cent of land revenue grant which falls short on account of muafis and jagirs is also given. Some specific grants are also given for specific purposes like village libraries, etc. The State Government has also an intention of assigning to Panchayats concerned land revenue realised from persons owning 5 acres or less of land for expenditure on local development works.

17. Fifty per cent of the local rate was allocated to Panchayat Samitis of non-District Board area for the year 1961-62 (where previously it was the revenue of the State Government) and, for the subsequent years, 100 per cent thereof will be credited to Panchayat Samitis. Previously, the local rate was the income of the District Boards and has now been transferred to Panchayat Samitis in the District Board area on the abolition of the respective District Boards. Besides this, Rs. 6,000 per annum per Samiti is given by the State Government to be distributed as directed. The State Government gives to each Zila Parishad a grant of Rs. 10,000 for every 5 Samithis or a fraction thereof in the district.

18. The Act provides for the creation of a Sabha fund for each Panchayat which is to be utilised for carrying out the duties and obligations imposed on Panchayat. All grants from Government, the balance, if any, at the credit

of Panchayat at the commencement of the Act, all donations, all taxes, duties, cesses imposed and realised, sale proceeds of dust, dirt, dung, or refuse collected by Panchayats, income derived from village fisheries which are under its management and that derived from common lands vested in it under any law are credited to this fund.

19. The Act empowers every Panchayat to levy (a) house tax; (b) tax on profession, trade, calling and employment; (c) a duty on transfer of property in the form of surcharge on the duty imposed by the Indian Stamp Act, 1899; and (d) any other tax, duty or cess which the Legislature of the State has power to impose. They are also empowered to levy a tax for special purposes which may be paid in cash or by rendering labour.

20. The main source of income of Panchayat is from grants from Government and other higher bodies. Income from taxes and fees is comparatively small whereas income from property has been rising gradually.

21. Their expenditure may be classified as under—

- (i) administration;
- (ii) civic amenities;
- (iii) social welfare activities;
- (iv) construction and maintenance; and
- (v) other miscellaneous items.

22. The actuals of income and expenditure of four Panchayats (with which we had discussions) for years 1960-61 and 1961-62 have been compiled in the two Statements 'A' and 'B' in Annexure II. Statement 'A' shows total and per capita income of each Panchayat under various heads. Similarly, Statement 'B' gives their total and per capita expenditure by broad categories. The per capita annual income varies considerably from Panchayat to Panchayat, the highest being Rs. 9.20 (Aligarh) and the lowest, Re. 0.82 (Chhoule).

23. The detailed examination of the accounts of these Panchayats show that so far they have levied only house tax and that also at a very low rate such as Re. 1 or Rs. 2 per house whether it costs Rs. 100 or Rs. 1,000. The actual collection of this tax is generally much less than the demand. None of these Panchayats has so far availed itself of other taxes within its powers.

24. As in the case of income, the annual per capita expenditure also shows considerable variations among Panchayats, the maximum being Rs. 4.65 (Sahabana) and the minimum Re. 0.02 (Chhoule). Almost all Panchayats have part-time Secretaries. The expenditure on civic amenities and social and welfare activities is negligible. They are not in a position to undertake any welfare measure or to provide basic amenities, like street lighting, scavenging etc. for want of sufficient resources.

25. The main remunerative source of Panchayats generally is income from Shamlaat lands which have been vested in them. This, however, is not the same for all Panchayats. We were told that in the process of consolidation of holdings, every land owner would surrender one-tenth of his land to form shamlaat land. While parts of shamlaat lands have been vested in Panchayats, we were told that trees growing on these lands did not belong to them and as such their proceeds went to the State exchequer. Suggestions were made during our meetings with the representatives of some bodies that this source of income should be made available to Panchayats.

26. While going through the accounts and budget of Panchayats and Panchayat Samitis we visited, we found that their resources from their own taxes and Government grants were not sufficient to enable them to discharge even their obligatory functions adequately. In our meetings with these bodies, we made inquiries whether apart from any efforts to raise the tax revenues, they thought of establishing remunerative assets which could augment their resources. Some Panchayats in irrigated areas, where they had shamlaat lands, had income from these lands. Otherwise, no effort has been made so far to establish any remunerative assets. But, we were told that there was scope for setting up remunerative assets, like flour grinding mills, if loans were made by Government for the purpose. Demands were also voiced for the transfer to Panchayats of waste lands which these bodies could improve and utilise to their benefit. In the meeting with the members of Kangra Zila Parishad at Dharmasala, a suggestion was made that, if Government gave loan, Parishad could build rest houses which would be a source of income as there was a lack of suitable accommodation for tourists who came in large numbers.

27. Panchayat Samitis have powers to levy the following taxes which were previously levied by the District Boards :—

1. profession tax;
2. tool tax;
3. timber tax;
4. tonga tax;
5. imposition of pure food and adulteration tax;
6. oil engine tax; and
7. cattle fair tax;

Panchayat Samitis may be permitted also to impose any tax which the Legislature of the State had power to impose. Also, the Act empowers to levy fees for the use of or benefits derived from public hospitals, dispensaries, schools, serais, markets, rest houses and the supply, storage and preservation of water for drinking purposes. Except the taxes which were previously levied by District Boards and which are now deemed to be levied by Panchayat Samitis, practically no Samiti has levied any tax for imposing which they have been given powers.

28. Zila Parishads have no power to impose any tax or levy any fees or cess. The sources of their income are (a) grants from Government and all India bodies and institutions; (b) such share of land cess, State taxes or fees as may be prescribed; (c) income from endowments or trusts administered by them; (d) such income of the old District Boards as the Government may by order allocate to them; (e) donations and contributions from public; and (f) such contribution as they may levy from Panchayat Samitis.

29. Representatives of Panchayat Samitis and Zila Parishads, who met us in the course of our tour, generally complained that these bodies had to pay from their resources to the Government regular contributions towards the expenditure of provincialised health and educational institutions. This, they said, was a great burden on their resources and as a consequence some Parishads and Samitis were in deficit.

## ANNEXURE I

(See paragraph 1)

*Parties whom the Study Team met in Punjab*

Party	Place	Date
1. Minister for Planning & Development .. .. .	Chandigarh	1-3-1963
2. Chief Minister .. .. .	Chandigarh	1-3-1963
3. Kharar Panchayat Samiti (District Ambala) ..	Kharar	2-3-1963
4. Samrala Panchayat Samiti (District Ludhiana) ..	Samrala	2-3-1963
5. Ludhiana Zila Parishad .. .. .	Ludhiana	2-3-1963
6. Jagraon Panchayat Samiti (District Ludhiana) ..	Jagraon	3-3-1963
7. Kaonke Kalan Panchayat, (Jagraon Panchayat Samiti, District Ludhiana) .. .. .	Jagraon	3-3-1963
8. Aligarh Panchayat (Jagraon Panchayat Samiti, District Ludhiana) .. .. .	Jagraon	3-3-1963
9. Mangat Panchayat Samiti, (District Ludhiana) ..	Mangat	3-3-1963
10. Shahabana Panchayat (Mangat Panchayat Samiti, District Ludhiana) .. .. .	Mangat	3-3-1963
11. Chhoule Panchayat (Mangat Panchayat Samiti, District Ludhiana) .. .. .	Mangat	3-3-1963
12. Pragpur Panchayat Samiti (District Kangra) ..	Pragpur	4-3-1963
13. Kangra Zila Parishad .. .. .	Dharmsala	5-3-1963
14. Bhoranj Panchayat Samiti (District Kangra) ..	Dharmsala	5-3-1963
15. Pathankot Panchayat Samiti (District Gurdaspur) ..	Pathankot	6-3-1963
16. Dasuya Panchayat Samiti, (District Hoshiarpur) ..	Dasuya	6-3-1963
17. Chief Minister and other Cabinet Ministers of Punjab .. .. .	Chandigarh	7-3-1963

## ANNEXURE II

(See paragraph 22)

**STATEMENT A—Details of total and per capita income of Panchayats visited by the Study Team in Punjab.**

(In Rupees)

Item	1960-61								1961-62							
	Kaonke Kalan		Aligarh		Shahabana		Chhoule		Kaonke Kalan		Aligarh		Shahabana		Chhoule	
	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
<b>I. Grants and contributions</b>																
(i) Statutory ..	765	0.12	..	..	273	0.23	..	..	1,687	0.26	157	0.47	273	0.23	..	..
(ii) Others ..	4,263	0.67	..	..	150	0.13	500	0.63	1,000	0.16	1,455	4.34	177	0.15	777	0.98
SUB-TOTAL ..	5,028	0.79	..	..	423	0.36	500	0.63	2,687	0.42	1,612	4.81	450	0.38	777	0.98
<b>II. Taxes and Fees</b>																
(i) Revenue from taxes	553	0.09	..	..	53	0.04	..	..	195	0.03	..	..	178	0.15	..	..
(ii) Non-tax revenue ..	2,000	0.31	..	..	..	..	..	..	4,100	0.64	..	..	..	..	..	..
SUB-TOTAL ..	2,553	0.40	..	..	53	0.04	..	..	4,295	0.67	..	..	178	0.15	..	..
III. Income from property	2,784	0.44	1,050	3.13	2,960	2.47	..	..	3,450	0.54	1,470	4.39	5,194	4.34	..	..
IV. Miscellaneous..	108	0.02	..	..	3	..	150	0.19	189	0.03	..	..	16	0.01	133	0.17
<b>GRAND TOTAL ..</b>	<b>10,473</b>	<b>1.64</b>	<b>1,050</b>	<b>3.13</b>	<b>3,439</b>	<b>2.87</b>	<b>650</b>	<b>0.82</b>	<b>10,621</b>	<b>1.67</b>	<b>3,082</b>	<b>9.20</b>	<b>5,838</b>	<b>4.87</b>	<b>910</b>	<b>1.15</b>

ANNEXURE II—Contd.

STATEMENT B—Details of total and per capita expenditure of Panchayats Visited by the Study Team in Punjab.

(In Rupees)

Item	1960-61								1961-62							
	Koanke Kalan		Aligarh		Shahabana		Chhoule		Kaonke Kalan		Aligarh		Shahabana		Chhoule	
	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
1. Administration ..	396	0·06	..	..	96	0·08	..	..	750	0·12	108	0·32	103	0·09	98	0·12
2. Civic amenities ..	7	..	240	0·72	9	0·01	..	..	3	..	240	0·72	989	0·83	..	..
3. Social and welfare activities .. ..	128	0·02	..	..	94	0·08	..	..	10	..	75	0·22	70	0·06	12	0·02
4. Maintenance .. ..	..	..	..	..	..	..	..	..	..	..	750	2·24	..	..	118	0·15
5. Construction .. ..	7,075	1·11	..	..	3,783	3·16	..	..	6,823	1·07	..	..	4,373	3·65	..	..
6. Miscellaneous .. ..	298	0·05	100	0·30	..	..	17	0·02	32	0·01	50	0·15	39	0·03	58	0·07
TOTAL ..	7,904	1·24	340	1·01	3,982	3·32	17	0·02	7,618	3·20	1,223	3·65	5,574	4·65	286	0·36

## RAJASTHAN

We were in Rajasthan from the 4th to the 10th of December, 1962 and met there the Chief Minister and officers of the State Government, four Zila Parishads, two Panchayat Samitis, seven Panchayats and two Nyaya Panchayats. At Jaipur, we had an opportunity to meet also the representatives of the Panchayati Raj Sangh. A list of these parties is given in Annexure I.

2. In Rajasthan, Panchayats have been functioning for quite some time. At present there are 7,393 Panchayats in the State. Even before the reorganisation of Panchayats under the new legislation, they performed municipal, developmental and judicial functions. Contributing labour towards construction and maintenance of village works was customary. The entire State has now been delimited into 232 Community Development Blocks. Most of these Blocks are co-terminus with Tehsils. There is a Panchayat Samiti for a Block. Panchayats are the agency through which the Samiti undertakes development works. Under Section 42 of the Rajasthan Panchayat Samitis and Zila Parishads Act, 1959 (as amended up to 6th April, 1961) Zila Parishads have been constituted for each of 26 districts of the State. The Rajasthan Panchayat Act, 1958 (as amended up to 5th April, 1961) governs the constitution and working of Panchayats.

3. A Panchayat consists of a Sarpanch who is directly elected by all voters in Panchayat area and five to fifteen Panchas elected by wards or constituencies into which Panchayat is divided. Each Panchayat has a minimum population of 1,500. As majority of the villages are small, they have been grouped to form Panchayats.

4. In a sparsely populated State like Rajasthan, if the size of Panchayats in terms of population is increased the area becomes too large. On the other hand, the principle of one Panchayat for each village will make Panchayats financially non-viable. As it is, many Panchayats in Rajasthan are not able to afford a full-time paid Secretary. Most Panchayats employ a part-time Secretary who is either a school teacher or some other local person.

5. Panchayat Samiti consists of all Sarpanchas in the Block. A Samiti so constituted has power to co-opt the following :—

- (i) two women, if no woman has been elected and one woman if one has been elected;
- (ii) upto two scheduled caste members;
- (iii) upto two members of the scheduled tribes if their population in the block exceeds 5 per cent of the total population;
- (iv) two persons whose experience in administration, public life or rural development would be of benefit to Samiti;
- (v) one person from amongst the Managing Committees of Co-operative Societies in the Block; and
- (vi) one or two Presidents of Gram Sabhas from Gram Dan villages depending on the population of such villages.



A Zila Parishad may declare a person as 'Krishinipan' (expert in agriculture) for the Block to become member of Samiti. In case no person is declared as 'Krishinipan' for any block, Panchayat Samiti for that block may be formed without a 'Krishinipan'.

6. A Zila Parishad consists of—

- (i) Pradhans (*i.e.* Chairmen) of all Panchayat Samitis in the District;
- (ii) members of the Legislative Assembly, Council of States and Parliament elected from the area; and
- (iii) President of the Central Cooperative Bank.

It can co-opt upto two women, one schedule tribe person, if such person has not already been represented on it and two persons with experience in administration, public life or rural development. The District Development Officer is an *ex-officio* member of Zila Parishad, but has no right to vote.

7. Under section 24 of the Rajasthan Panchayats Act, 1958, the functions of Panchayats cover almost all aspects of human welfare. Besides the usual municipal functions, provision has been made for taking up developmental activities in the sphere of education, agriculture, village forests, animal husbandry and village industries. But, in practice, these functions are strictly limited by the availability of funds.

8. Powers and functions of Panchayat Samitis as specified in section 23 of the Rajasthan Panchayat Samitis and Zila Parishads Act, 1959, include all developmental activities at the block level. Amongst their other important functions, mention may be made of maintenance and running of primary schools, construction and maintenance of irrigation works costing not more than Rs. 25,000, formulation of agricultural production plans, maintenance of inter-Panchayat roads and culverts, promotion of cooperation and cottage industries, organizing emergency relief and supervision of and guidance to Panchayats in all their activities including formulation of village and Panchayat plans. For Samiti also, the scope for planning and execution of schemes transferred to them depends on the availability of funds and priorities fixed by the State and Central Governments. As regards supervision of Panchayats, it is generally found that one elected body finds it difficult, in practice, to exercise effective supervision and control over another elected body. However, as the Extension Officers and Village Level Workers are under Samiti it is in a position to provide extension services to villages and direct the activities of the latter to some extent.

9. Zila Parishad is not an executive body. Its functions are merely co-ordinating and advisory. It has to review, at least twice a year, all the developmental programmes and schemes at the District level and to make suggestions to the State Government. It is given a small staff consisting of one officer of Tehsildar grade and two Upper Division Clerks. It has a non-official as Chairman who is paid an honorarium of Rs. 250 a month. There is a strong feeling that Zila Parishad also should be given some executive functions, such as management of secondary schools, maintenance of inter-block roads, hospitals, etc., and District officials should be made to function as its officers so that the latter could supervise and co-ordinate their work more effectively.

10. As already stated, most Panchayats are able to appoint only part-time Secretary. They, therefore, have no regular agency for tax collection.

Panchayat Samiti taxes are collected by Revenue authorities. Panchayats desire that revenue authorities should collect their taxes also or at least the arrears of their taxes. Panchayats are finding it difficult to collect taxes due to their nearness to voters.

11. Gram Sabha constituted of all adult residents of a Panchayat area has to meet and discuss village problems either for Panchayat as a whole or separately for each village in its area. In Rajasthan, Gram Sabha can be said to be more successful as compared to corresponding bodies in other States, perhaps because of the relatively lesser degree of urbanisation in the State.

12. Nyaya Panchayats are functioning satisfactorily. One Nyaya Panchayat is constituted for five Panchayat, each constituent Panchayat electing one person to Nyaya Panchayat. Office-bearers of the constituent Panchayats are not eligible to be elected. This avoids concentration of power in same persons. Generally, it is allowed to retain its own income such as court fees etc., and the deficit is shared equally or on a per capita basis by Panchayat concerned. Nyaya Panchayats have given relief to the people by bringing down the cost of litigation. In the area of Takhatgarh Panchayat in Pali District, we were told that, in 1959, Nyaya Panchayat met on an average six to seven times a month and disposed of about 300 civil suits of the total value of nearly Rs. 50,000.

13. The income of Panchayats consists of :—

(a) *Grants from the State Government :*

20 nP. per head subject to a maximum of Rs. 400. It is a general purpose establishment grant.

(b) *Taxes that Panchayat may impose :*

(i) house tax;

(ii) Octroi;

(iii) vehicle tax;

(iv) pilgrim tax;

(v) tax on commercial crops;

(vi) special tax for community service;

(vii) labour tax; and

(viii) any other tax which the State legislature has, under the constitution, power to impose in the State and which has been sanctioned by the State Government.

(c) *Non-tax income :*

(i) income from court fees and fines imposed by Nyaya Panchayats;

(ii) other fines and fees including cattle pound and licence-fees, etc.;

(iii) service charges including irrigation fees;

(iv) grazing charges;

(v) proceeds from sale of abadi lands; and

(vi) contributions and donations.

The Government pays to each Panchayat 20 nP. per head subject to a maximum of Rs. 400 as a general purpose establishment grant. The Government also pays 25 nP. per head to a Panchayat if its Sarpanch and 80 per cent of its Panchas are elected without contest. This is supposed to be an incentive for unanimous elections. In practice, it is doubtful whether this is really effective and whether in principle such a grant is desirable. On the other hand, there is no matching grant at present as an incentive to greater tax effort or better performance. There is also no grant for equalisation purpose. The grant of 20 nP. per head, which is subject to a maximum of Rs. 400, meets only a small portion of the Panchayat expenditure and does not take into account the varying financial capacities of different Panchayats. A classification of Panchayats in different categories for the purpose of giving equitable assistance would be useful. In the alternative, every Panchayat should have to be assured of an adequate per capita grant. The land revenue of the State is about Rs. 8 crores. The grant of 20 nP. per head works out to a total of about Rs. 32 lakhs which is less than 5 per cent of the total land revenue. There is a demand for higher statutory grant to put Panchayats on a more sound footing.

14. The need for organising a regular cadre of Panchayat Secretaries, whose salaries could be shared by Government in varying proportion according to the financial capacity of different categories of Panchayats, was discussed with us by some Panchayats. It was argued that this would be a more effective and equitable way of giving an establishment grant instead of the present uniform grant of 20 nP. per head. From the 1961-62 actuals and per capita income and expenditure figures of the seven Panchayats visited by the Study Team (whom in Appendix II), it will be seen that the per capita tax and non-tax income of these Panchayats varies from 14 nP. to 69 nP. while the per capita expenditure on general administration varies from 21 nP. to 87 nP. Generally speaking, therefore, the tax and non-tax income and Government grant are hardly sufficient even to meet the minimum administrative expenditure and leave little to be spent on basic civic amenities and maintenance. Excluding the Sanwad Panchayat which did not spend anything on civic amenities in the year 1961-62, the per capita expenditure on civic amenities in the case of the other six Panchayats visited by us varies from 12 nP. to Rs. 1.38 and the per capita expenditure on maintenance varies from 6 nP. to Rs. 1.04. The only general purpose grant from Government is the 20 nP. per capita grant which is subject to a maximum of Rs. 400. From this it would be clear that, even at the present level, expenditure on civic amenities and maintenance is being met not from their normal revenues and Government grant, but, from income from property which includes the sale of abadi land. In that year, the income from property was as much as Rs. 16.65 per capita in one and more than Rs. 5.00 per capita in two of the seven Panchayats. Due to the increasing demand for land for construction of houses, Panchayats are able to sell abadi land. The sale proceeds are utilised to meet current liabilities. As a rule, these proceeds should be spent on works and expenditure of a capital nature. They may be used for building up remunerative assets and they should not be allowed to act as a disincentive to raise taxes and other non-tax income.

15. The Rajasthan Act does not provide for compulsorily levying any tax by Panchayats. They may at their option impose :—

- (i) house tax;
- (ii) octroi;

- (iii) vehicle tax;
- (iv) pilgrim tax; and
- (v) tax for water supply.

The State Government may, however, require any Panchayat to impose any of these taxes. House tax is virtually a nominal 'door tax'. The need to have a proper progressive house tax with an obligatory minimum was discussed with representatives of the State Government. Since there is an increasing demand for sites for construction of new houses, the feasibility of levying an obligatory house tax deserves to be explored. Of 7,393, about a thousand Panchayats have levied any taxes.

16. A Panchayat may also impose a tax on commercial crops *viz.*, chillies, cotton, sugarcane, zeera and ground nut. This has also not been imposed by many Panchayats. According to Section 65 of the Act, a Panchayat may levy a special tax on adult male members of Panchayat area for construction of any public work of general utility for the inhabitants of the said area provided that it may exempt any member from payment of this tax in lieu of doing voluntary labour. Under section 65-D thereof, a Panchayat may enforce compulsory manual labour not exceeding twelve days in the year in respect of any work of general public utility. In Rajasthan, it is customary for people to contribute labour towards village works, but, it is difficult to say that this salutary custom has been successfully translated in terms of the above two legal provisions. By and large, the practice of labour contribution is enforced by custom rather than by law.

17. Out of 232 Panchayat Samitis, 164 Samitis have levied some taxes. Section 33 of the Samitis and Zila Parishads act, empowers a Samiti to impose the following taxes, etc.—

- (i) rent on agricultural land at 5 nP. per rupee of land revenue;
- (ii) tax on such trades, callings, professions and industries as may be prescribed;
- (iii) surcharge on stamp duty payable on transfer of immovable property;
- (iv) primary education cess; and
- (v) tax on Samiti fairs.

But, these taxes are not obligatory and the Government has not fixed their minimum and maximum rates.

18. Samiti fund consists of—

- (i) Government grants for liabilities transferred by the State Government;
- (ii) annual *ad-hoc* grants by the State Government;
- (iii) grants for schemes transferred by the State Government and bodies and institutions for the development of cottage and village industries;
- (iv) loans advances by the State Government or raised by Panchayat Samiti with the previous approval of Government;
- (v) a share of land revenue calculated at the rate of 5 nP. per head of population in the block;

- (vi) proceeds from taxes and fees levied by it; and
- (vii) entertainment tax.

The Samiti also gets the community development block grants.

19. In 1961-62, Rs. 48 lakhs were given to Panchayat Samitis as "Free Fund" to be spent through Panchayats on developmental activities. This money was to be expended on such items as would get a return of 7 per cent and result in the building up of remunerative assets. The peoples' contributions was to be 60 per cent and, if spent on items of community development programme, this contribution was to be one and half times higher.

20. In 1961-62, the *per capita* expenditure of the four Samitis, which we visited, ranged from Rs. 4.28 to Rs. 4.78, while the average *per capita* income, from Rs. 4.09 to Rs. 6.00. About 20 per cent of the total expenditure was on overall management, and nearly 40 per cent, on education, the rest 40 per cent being all other development items. Larger part of receipts related to tied grants and there was no sizeable general grant for local planning and execution of schemes prepared by them. Samitis hardly raise any resources of their own, though there is some provision for them in the Act. The total allocation made to Panchayat Samitis during 1961-62 amounted to Rs. 8.71 crores consisting of the following main items :—

	(rupees in lakhs)
(i) Developmental schemes transferred to them.	557
(ii) Community Development and N.E.S. grants (including <i>ad hoc</i> grants to shadow blocks of Rs. 36 lakhs).	232
(iii) Share in land revenue	34
(iv) Free Fund	48
TOTAL	871

Of Rs. 557 lakhs transferred to Samitis against departmental schemes, Rs. 303 lakhs related to non-plan expenditure, Rs. 155 lakhs, plan expenditure and Rs. 98 lakhs, loans. Similarly, of Rs. 232 lakhs under item (ii) above, Rs. 33 lakhs were for non-plan schemes, Rs. 128 lakhs for plan expenditure and Rs. 71 lakhs as loans. Share in land revenue of Rs. 34 lakhs was general grant while Free Fund of Rs. 48 lakhs was for developmental expenditure.

21. The funds allotted to Zila Parishad are very small as it is not an executive body. However, for the purpose of Government grants for establishment charges, Zila Parishads have been divided into 3 categories *viz.*, A, B and C, each category being given an annual grant of Rs. 20,000, Rs. 15,000 and Rs. 12,000 respectively. In addition, an honorarium of Rs. 250 per month is paid to the Chairman of the Zila Parishad. The total provision in the State budget, for 1961-62 for expenditure on Zila Parishads was Rs. 4.50 lakhs.

22. To sum up, the total allocation to the three tiers of Panchayati Raj during 1961-62 was as follows :—

(rupees in lakhs)

	Grant		Loan	Total
	Plan	Non-Plan		
Panchayats	21	15	—	36
Panchayat Samitis	331	370	170	871
Zila Parishads	5	—	—	5
<b>TOTAL</b>	<b>357</b>	<b>385</b>	<b>170</b>	<b>912</b>

23. Details of income and expenditure of Panchayati Raj bodies with whom we had discussions, are summarised in the Statements in Annexure II.

ANNEXURE I

(See paragraph 1)

*Parties whom the Study Team met in Rajasthan*

Party	Place	Date
1. Zila Parishad .. .. .	Jodhpur	14-12-1962
2. Gram Panchayat, (Panchayat Samiti Luni, District Jodhpur) .. .. .	Palasani	14-12-1962
3. Zila Parishad .. .. .	Pali	15-12-1962
4. Gundoj Panchayat (Pali Panchayat Samiti, District Pali) .. .. .	Gundoj	16-12-1962
5. Takhatgarh Panchayat (Sumerpur Panchayat Samiti, District Pali) .. .. .	Takhatgarh	16-12-1962
6. Sumerpur Panchayat (Sumerpur Panchayat Samiti, District Pali) .. .. .	Sumerpur	16-12-1962
7. Sumerpur Nyaya Panchayat (Sumerpur Panchayat Samiti, District Pali) .. .. .	Sumerpur	16-12-1962
8. Desuri Panchayat Samiti (District Pali) .. .. .	Desuri	17-12-1962
9. Desuri Panchayat (Desuri Panchayat Samiti, District Pali) .. .. .	Desuri	17-12-1962
10. Rajasmand Panchayat Samiti (District Udaipur) .. .. .	Rajsamand	18-12-1962
11. Sanwad Panchayat (Rajasamand Panchayat Samiti, District Udaipur) .. .. .	Sanwad	18-12-1862
12. Savina Panchayat (Girwa Panchayat Samiti, District Udaipur) .. .. .	Savina	19-12-1962
13. Savina Nyaya Panchayat (Girwa Panchayat Samiti, District Udaipur) .. .. .	Savina	19-12-1962
14. Udaipur Zila Parishad, (Udaipur District) .. .. .	Udaipur	19-12-1962
15. Jaipur Zila Parishad .. .. .	Jaipur	20-12-1962
16. Panchayati Raj Sangh .. .. .	Jaipur	20-12-1962
17. Ministers and Officers, Government of Rajasthan	Jaipur	20-12-1962

## ANNEXURE II

(See paragraph 23)

*Total and per capita income and expenditure for 1960-61 and 1961-62 of Zila Parishads visited by the Study Team in Rajasthan*

Item	Pali				Udaipur				Jodhpur			
	1960-61		1961-62		1960-61		1961-62		1960-61		1961-62	
	Total Rs. '000	Per Capita Rs.	Total Rs. '000	Per Capita Rs.	Total Rs. '000	Per Capita Rs.	Total Rs. '000	Per Capita Rs.	Total Rs. '000	Per Capita Rs.	Total Rs. '000	Per Capita Rs.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
<i>Income</i>												
I. Grant-in-aid from Government ..	14·6	0·02	17·4	0·02	25·1	0·02	28·2	0·02	15·0	0·02	21·5	0·03
II. Donations from Panchayat Samitis ..	..	..	4·5	0·01	0·2	..	..	..	1·5	..	2·1	..
III. Others .. .. .	0·1	..	0·4	..	1·0	..	..	..	0·5	..	4·0	0·01
GRAND TOTAL .. .. .	14·7	0·02	22·3	0·03	26·3	0·02	28·2	0·02	17·0	0·03	27·6	0·04
<i>Expenditures</i>												
I. Pay and allowances.. .. .	10·1	0·02	12·3	0·02	11·0	0·01	15·4	0·01	8·9	0·01	14·2	0·02
II. Other charges .. .. .	11·8	0·01	3·7	..	9·0	0·01	9·8	0·01	8·4	0·01	13·1	0·02
GRAND TOTAL .. .. .	21·9	0·03	16·0	0·02	20·0	0·02	25·2	0·02	17·3	0·03	27·3	0·04



ANNEXURE II—Contd.

Total and per capita income for 1960-61 and 1961-62 of Panchayat Samitis  
visited by the Study Team in Rajasthan

Head of Account	Desuri				Sumerpur				Girwa				Rajsamand			
	1960-61		1961-62		1960-61		1961-62		1960-61		1961-62		1960-61		1961-62	
	Total	Per	Total	Per	Total	Per	Total	Per	Total	Per	Total	Per	Total	Per	Total	Per
	Rs. '000	Capita Rs.	Rs. '000	Capita Rs.	Rs. '000	Capita Rs.	Rs. '000	Capita Rs.	Rs. '000	Capita Rs.	Rs. '000	Capita Rs.	Rs. '000	Capita Rs.	Rs. '000	Capita Rs.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
1. Land revenue and Miscellaneous revenue .. .. .	17.5	0.28	16.9	0.27	18.5	0.27	18.5	0.21	18.0	0.25	18.0	0.25	21.3	0.34	14.5	0.23
2. Management .. .. .	89.0	1.42	55.0	0.88	92.3	1.05	61.7	0.70	78.6	1.12	68.5	0.97	77.9	1.26	55.0	0.89
3. Agriculture and Animal Husbandry	50.8	0.82	60.5	0.96	72.1	0.81	70.6	0.80	17.5	0.25	22.8	0.32	29.8	0.48	35.1	0.56
4. Irrigation and Reclamation .. .. .	3.0	0.05	1.8	0.03	1.8	0.02	1.8	0.02	8.0	0.11	9.5	0.13	8.0	0.13	1.8	0.03
5. Health and rural sanitation .. .. .	29.0	0.46	19.0	0.30	2.02	0.23	20.2	0.23	23.7	0.34	16.1	0.23	29.9	0.48	17.7	0.29
6. Education .. .. .	115.1	1.84	133.5	2.13	135.4	1.53	121.4	1.38	82.4	1.17	97.5	1.38	114.0	1.84	110.5	1.78
7. Social education .. .. .	9.0	0.14	12.6	0.20	9.8	0.11	4.8	0.05	6.5	0.09	2.1	0.03	10.9	0.18	13.6	0.22
8. Communication .. .. .	19.0	0.30	3.7	0.06	2.7	0.03	2.7	0.03	3.8	0.05	0.9	0.01	6.1	0.10	5.1	0.08
9. Rural Art & Crafts .. .. .	13.4	0.21	25.7	0.41	40.7	0.46	17.7	0.20	49.9	0.71	13.4	0.19	36.2	0.58	40.7	0.66
10. Social welfare .. .. .	10.8	0.17	21.2	0.34	5.0	0.06	3.0	0.03	115.6	1.63	9.8	0.14	18.4	0.30	20.2	0.33
11. Others .. .. .	9.9	0.16	26.0	0.41	9.9	0.12	38.5	0.44	7.9	0.11	31.1	0.44	21.5	0.35	46.5	0.76
GRAND TOTAL .. .. .	366.5	5.85	375.9	6.00	408.4	4.62	360.9	4.09	411.9	5.83	289.7	4.10	374.0	6.04	360.7	5.82

ANNEXURE II—Contd.

Total and per capita expenditure for 1960-61 and 1961-62 of Panchayat Samitis visited by the Study Team in Rajasthan

Head of Account	Desuri				Sumerpur				Girwa				Rajsamand			
	1960-61		1961-62		1960-61		1961-62		1960-61		1961-62		1960-61		1961-62	
	Total	Per	Total	Per	Total	Per	Total	Per	Total	Per	Total	Per	Total	Per	Total	Per
	Rs. '000	Capita Rs.	Rs. '000	Capita Rs.	Rs. '000	Capita Rs.	Rs. '000	Capita Rs.	Rs. '000	Capita Rs.	Rs. '000	Capita Rs.	Rs. '000	Capita Rs.	Rs. '000	Capita Rs.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
1. Land revenue and Miscellaneous revenues .. .. .	..	..	..	..	..	..	..	..	20.9	0.30	14.8	0.21	16.6	0.27	10.8	0.17
2. Management .. .. .	101.0	1.61	93.1	1.49	112.3	1.27	97.3	1.10	89.9	1.28	81.6	1.15	81.6	1.31	55.6	0.90
3. Agriculture and Animal Husbandry .. .. .	44.8	0.72	37.3	0.60	52.8	0.60	76.5	0.87	18.4	0.26	17.6	0.25	22.9	0.37	26.3	0.42
4. Irrigation and Reclamation .. .. .	5.7	0.09	1.8	0.03	3.5	0.04	1.3	0.01	7.5	0.11	1.0	0.01	7.1	0.11	..	..
5. Health and Rural Sanitation .. .. .	35.1	0.56	10.3	0.16	44.4	0.50	5.8	0.07	29.4	0.42	16.7	0.24	28.3	0.46	19.1	0.31
6. Education .. .. .	124.9	1.99	105.6	1.69	186.8	2.12	185.1	2.10	70.5	1.00	107.7	1.52	111.9	1.80	115.5	1.86
7. Social Education .. .. .	11.4	0.18	6.7	0.11	10.7	0.12	7.9	0.09	9.2	0.13	9.3	0.13	11.9	0.19	6.5	0.10
8. Communications .. .. .	4.6	0.07	..	..	6.0	0.07	..	..	3.6	0.05	2.0	0.03	5.2	0.08	4.4	0.07
9. Rural Art & Crafts .. .. .	12.8	0.20	12.1	0.19	65.4	0.74	17.8	0.20	50.3	0.71	18.5	0.26	24.9	0.40	21.8	0.35
10. Social Welfare .. .. .	18.5	0.30	4.4	0.07	36.3	0.41	..	..	32.0	0.45	24.8	0.35	6.3	0.10	7.9	0.13
11. Others .. .. .	12.3	0.20	5.5	0.09	7.0	0.08	1.7	0.02	12.0	0.17	9.1	0.13	19.0	0.31	28.9	0.46
GRAND TOTAL .. .. .	371.1	5.93	276.8	4.42	525.2	5.96	393.4	4.46	343.7	4.87	303.1	4.28	335.7	5.41	296.8	4.78

## ANNEXURE II—Contd.

Total and per capita income for 1960-61 of Panchayats visited by the Study Team in Rajasthan

(in rupees)

Item	Desuri		Savina		Takhatgarh		Palasani		Gundoj		Sumerpur		Sanwad	
	Per Total Capita	Per Total Capita	Per Total Capita	Per Total Capita	Per Total Capita	Per Total Capita	Per Total Capita	Per Total Capita	Per Total Capita	Per Total Capita	Per Total Capita	Per Total Capita	Per Total Capita	Per Total Capita
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
I. Grants and contributions.. ..														
(i) Statutory .. ..	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
(ii) Others .. ..	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
SUB-TOTAL .. ..	5,239	1.05	3,507	1.61	16,280	2.21	3,279	1.09	2,777	0.88	3,437	0.54	3,349	1.77
II. Taxes and Fees														
(ii) Revenue from taxes .. ..	1,434	0.29	..	..	3,467	0.47	14	..	1,988	0.63	5,737	0.90	NA	NA
(ii) Non-tax revenue .. ..	583	0.12	22	0.01	720	0.10	2,034	0.67	975	0.31	1,210	0.19	NA	NA
SUB-TOTAL .. ..	2,017	0.41	22	0.01	4,187	0.57	2,048	0.68	2,963	0.94	6,947	1.09	27	0.01
III. Income from property .. ..	5,003	1.01	..	..	11,674	1.58	202	0.07	3,375	1.07	13,629	2.13	..	..
IV. Miscellaneous .. ..	102	0.02	..	..	..	..	..	..	243	0.08	..	..	..	..
GRAND TOTAL .. ..	12,361	2.49	3,529	1.62	32,041	4.35	5,529	1.82	9,358	2.98	24,013	3.75	3,376	1.78

ANNEXURE II—Contd.

Total and per capita income for 1961-62 of Panchayats visited by the Study Team in Rajasthan

(in rupees)

Item	Desuri		Savina		Takhatgarh		Palasani		Gundoj		Sumerpur		Sanwad	
	Per Total Capita	Per Total Capita	Per Total Capita	Per Total Capita	Per Total Capita	Per Total Capita	Per Total Capita	Per Total Capita	Per Total Capita	Per Total Capita	Per Total Capita	Per Total Capita	Per Total Capita	Per Total Capita
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
<b>I. Grants and contributions</b>														
(i) Statutory .. ..	NA	NA	1,945	0·89	NA	NA	NA	NA	NA	NA	397	0·06	NA	NA
(ii) Others .. ..	NA	NA	1,356	0·62	NA	NA	NA	NA	NA	NA	1,228	0·19	NA	NA
SUB-TOTAL ..	9,581	1·93	3,301	1·51	2,486	0·34	12,072	3·98	41	0·01	1,625	0·25	2,863	1·51
<b>II. Taxes and Fees</b>														
(i) Revenue from taxes ..	865	0·17	427	0·20	3,912	0·53	37	0·01	901	0·29	2,788	0·44	NA	NA
(ii) Non-tax revenue ..	689	0·14	495	0·23	1,199	0·16	1,492	0·49	890	0·28	619	0·10	NA	NA
SUB-TOTAL ..	1,554	0·31	922	0·42	5,111	0·69	1,529	0·50	1,791	0·57	3,407	0·53	260	0·14
<b>III. Income from property ..</b>	6,230	1·26	11,347	5·21	1,22,706	16·65	4,144	1·37	653	0·21	37,495	5·86	501	0·26
<b>IV. Miscellaneous .. ..</b>	192	0·04	..	..	..	..	..	..	10	..	31	..	12	..
<b>GRAND TOTAL ..</b>	17,557	3·54	15,570	7·15	1,30,303	17·86	17,745	5·85	2,495	0·79	42,558	6·65	3,636	1·92

ANNEXURE II—Contd.

*Total and per capita expenditure for 1960-61 of Panchayats visited by the Study Team in Rajasthan*

(in rupees)

Item	Desuri		Savina		Takhatgarh		Palasani		Gundoj		Suwerpur		Sanwad	
	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
I. Administration .. ..	2,249	0.45	1,708	0.78	6,418	0.87	1,095	0.36	1,472	0.47	4,850	0.76	42	0.02
II. Civic amenities .. ..	1,021	0.21	251	0.12	8,737	0.19	145	0.05	200	0.06	8,804	1.38	..	..
III. Social and welfare activities ..	266	0.05	66	0.03	1,657	0.22	93	0.03	258	0.08	2,698	0.42	..	..
IV. Construction .. ..	6,737	1.36	..	..	1,366	0.19	2,900	0.96	2,661	0.85	6,797	1.06	750	0.40
V. Maintenance .. ..	5,158	1.04	136	0.06	6,544	0.89	324	0.11	2,838	0.90	1,006	0.16	..	..
VI. Miscellaneous .. ..	126	0.03	390	0.18	18	..	11	..	420	0.13	629	0.10	..	..
GRAND TOTAL .. ..	15,557	3.14	2,551	1.17	24,740	3.36	4,568	1.51	7,849	2.50	24,784	3.87	792	0.42

ANNEXURE II—Contd.

Total and per capita expenditure for 1961-62 of Panchayats visited by  
the Study Team in Rajasthan

(in rupees)

Item	Desuri		Savina		Takhatgarh		Palasani		Gundoj		Sumerpur		Sanwad	
	Per Total	Per Capita	Per Total	Per Capita	Per Total	Per Capita	Per Total	Per Capita	Per Total	Per Capita	Per Total	Per Capita	Per Total	Per Capita
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
I. Administration .. ..	3,665	0.74	896	0.41	8,533	1.16	1,462	0.48	917	0.29	5,982	0.93	491	0.26
II. Civic amenities .. ..	2,014	0.41	188	0.09	3,380	0.46	152	0.05	135	0.04	18,321	2.86	2,010	1.06
III. Social and welfare activities. ..	1,430	0.29	204	0.09	694	0.09	..	..	1,279	0.41	1,560	0.24	..	..
IV. Construction .. ..	3,047	0.61	350	0.16	14,347	1.95	6,713	2.21	114	0.04	7,269	1.14	2,350	1.24
V. Maintenance .. ..	4,722	0.95	195	0.09	5,487	0.74	183	0.06	193	0.06	910	0.14	..	..
VI. Miscellaneous .. ..	132	0.03	124	0.06	320	0.04	..	..	87	0.03	1,322	0.21	95	0.05
GRAND TOTAL ..	15,010	3.03	1,957	0.90	32,761	4.45	8,510	2.81	2,725	0.87	35,364	5.53	4,946	2.61

## UTTAR PRADESH

We visited Uttar Pradesh from the 14th to the 19th April, 1963, and met there the Chief Minister, the Minister for Panchayati Raj, Labour and Community Development and their officers, the representatives of two Antrim Zila Parishads, four Kshetra Samitis and five Panchayats. A list of these parties is given in Annxure I.

2. In Uttar Pradesh, the first tier of Panchayati Raj, *i.e.* Panchayats were given a statutory shape in 1947, under the United Provinces Panchayati Raj Act, 1947, and the two higher tiers were constituted under the Uttar Pradesh Kshetra Samitis and Zila Parishad Act, 1961. However, due to the emergency caused by the Chinese Aggression, some of the provisions of the latter Act have not yet been implemented.

3. Uttar Pradesh has a total rural population of 64.266 million residing in 111,722 villages for which 72,333 Panchayats have been formed, the average population per Panchayat being 888. Panchayat in this State is declared by Section 12 of the 1947 Act to be an Executive Committee of Gaon Sabha which consists of all adults ordinarily residing in the area. Its Chairman is designated as Pradhan. Panchayats have 16 to 31 members and have been entrusted with a number of functions divided into two broad groups, *viz.* obligatory and discretionary. Street lighting, medical relief, sanitation, repair and maintenance of village roads and other public property are some of the obligatory functions. Famine relief, establishment of libraries, clubs, recreation grounds, promotion of co-operation, etc., are amongst their discretionary functions.

4. Panchayats may levy the following taxes and fees—

- (i) tax on land not exceeding one anna in a rupee of land revenue in areas where the rights, titles, etc. have been acquired on abolition of Zamindari and in other areas, a tax on land rent not exceeding one anna in a rupee of rent;
- (ii) profession tax;
- (iii) vehicle tax;
- (iv) fees on hats, melas, etc.;
- (v) fees on registration of animals sold in their markets;
- (vi) fees for use of slaughter houses and encamping grounds;
- (vii) water rate where water is supplied by them;
- (viii) tax for private scavenging; and
- (ix) tax on buildings owned by persons not paying any of the afore-said taxes and whose income exceeds three hundred rupees a year.

All dues on account of taxes imposed by Panchayat are recoverable as arrears of land revenue if the Gaon Panchayat passes a resolution to that effect.

5. Panchayats in Uttar Pradesh have shown considerable reluctance in utilising their tax potential. They continue to depend upon other sources

of revenue which include grants-in-aid from Government and share of court fees and fines realised by Nyaya Panchayat. The following table gives figures of income of Panchayats during 1960-61 :—

Source	Income (Rs.)
1. Taxes	83,25,350.00
2. Fees and rates	1,20,335.00
3. Contributions	10,46,819.00
4. From Nyaya panchayats' fines, etc.	1,02,936.00
5. Government grants and miscellaneous	1,87,30,511.00
	2,83,25,951.00

The above table shows that, for Panchayats as a whole, the tax-receipts accounted for about 30 per cent of their total income.

6. The Uttar Pradesh Kshetra Samiti and Zila Parishad Act, 1961, provides that the Government may by notification constitute Kshetra Samiti for a specified Khand (Block) as a body corporate. Section 6 of this Act prescribes the composition of a Kshetra Samiti as follows :—

- (i) all Pradhans of constituent Gaon Sabhas;
- (ii) Chairman of each town area committee and President of each notified area committee within the Khand;
- (iii) representatives of local co-operative societies;
- (iv) all members of Zila Parishad elected from the Khand;
- (v) local M.Ps., M.L.As. and M. L.Cs.

The following are co-opted—

- (i) persons, not exceeding two, interested in planning and development;
- (ii) women upto a maximum of five;
- (iii) members of scheduled castes not exceeding eight.

The Chairman of Kshetra Samiti is designated as the Pramukh.

There is also a provision in the Act for one Senior Up-Pramukh and one Junior Up-Pramukh.

7. Kshetra Samiti is a functional body vested with a number of developmental functions relating to :—

- (1) agriculture, cooperation and minor irrigation;
- (2) animal husbandry;
- (3) cottage industry;
- (4) Medical and Public health;
- (5) education, social education and cultural activities;
- (6) harijan welfare;
- (7) planning and statistics;
- (8) supervision over Gaon Sabhas; and
- (9) public works.



8. The sources of income of Kshetra Samitis are the grants from the Government and the following fees and tolls which they are empowered to levy :

- (1) Fee for use of their property;
- (2) licence fee on brokers, etc.;
- (3) fees for the service of bulls and stallions;
- (4) fees at fairs, markets, agricultural shows and industrial exhibitions;
- (5) toll on vehicles, pack animals or porters;
- (6) market fees for the right to expose goods for sale or for use of any building or structure therein; and
- (7) fees on the registration of animals sold in the market.

At present the budget of Kshetra Samitis consists wholly of community development grants.

9. Zila Parishad has been established as the third and the apex tier of Panchayati Raj structure at the District level. The Act prescribes the composition of the Zila Parishad as follows :—

- (i) Pramukhs of all Kshetra Samitis established in the district;
- (ii) specified number of persons chosen by each Kshetra Samiti out of its members;
- (iii) presidents of all municipal boards in the district;
- (iv) representatives of local cooperative societies;
- (v) one member chosen by the State Government from such institutions of the district as, in the opinion of the State Government are doing social uplift work;
- (vi) as many persons elected by each Khand or group of Khands on the basis of adult franchise as the State Government may by notification in the Gazette specify; and
- (vii) local M.Ps., M.L.Cs. and M.L.As.

The following are co-opted—

- (i) women upto a maximum of five; and
- (ii) members of scheduled castes not exceeding eight in number.

The Chairman of Zila Parishad has been designated as Adhyaksha.

10. Zila Parishad exercises and performs the following powers and functions :—

- (i) to classify fairs and festivals;
- (ii) to classify roads as village roads, inter-village roads and district roads for the purpose of management by Gaon Panchayats, Kshetra Samitis and the Zila Parishad respectively;
- (iii) to supervise generally the activities of Gaon Panchayats and Kshetra Samitis of the district;
- (iv) to act as the main channel of correspondence between the State Government on the one hand and Kshetra Samitis and Gaon Panchayats on the other; and

(v) certain functions scheduled in the Act under the following heads—

- (1) animal husbandry;
- (2) village and cottage industries;
- (3) medical and public health;
- (4) educational and cultural activities;
- (5) public work;
- (6) relief work;
- (7) planning and statistics; and
- (8) administration.

11. Keeping in view the executive nature of Zila Parishad, the financial allocations made available to it are greater in volume as compared with other States.

The main sources of income of Zila Parishads are—

- (a) grants from the government;
- (b) tax receipts;
- (c) loans; and
- (d) income from property management.

Zila Parishads receive a number of recurring and non-recurring grants some of which are as follows :—

- (1) non-recurring grants from the Uttar Pradesh Road Fund for construction, maintenance and repairs of their roads and bridges and grants for the maintenance of Kachcha roads;
- (2) subsidy to meet the cost of dearness allowance paid to their employees;
- (3) management charges to the extent of 15 per cent of the income derived from certain *hats*, bazars and melas in ex-Zamindari areas;
- (4) non-recurring grants to certain Parishads of hill districts, *viz.* Almora, Garhwal, Nainital and Dehra Dun, to improve their finances;
- (5) special grants to Zila Parishads of Rampur and Tehri-Garhwal for carrying out local self-government activities; and
- (6) grants-in-aid for management of public ferries, equivalent to the income derived therefrom.

From a study of the budgets of two Zila Parishads of Meerut and Banda it appears that income from taxes forms only a minor fraction of total income of these bodies.

12. The statements in Annexure II give the total and *per capita* figures of receipts/expenditure of the Panchayati Raj bodies (visited by us) for the years 1960-61 and 1961-62.

## ANNEXURE I

(See paragraph 1)

### *Parties whom the Study Team met in Uttar Pradesh*

Party	Place	Date
1. Loni Kshetra Samiti (District Meerut) .. ..	Loni	14-4-1963
2. Loni Gram Panchayat (Loni Kshetra Samiti, District Meerut) .. .. .	Loni	14-4-1963
3. Arthala Panchayat (District Meerut) .. ..	Arthala	14-4-1963
4. Meerut Kshetra Samiti (District Meerut) .. ..	Meerut	14-4-1963
5. Zahidpur Gram Panchayat (Meerut Kshetra Samiti)	Zahidpur	15-4-1963
6. Meerut Antrim Zila Parishad .. .. .	Meerut	15-4-1963
7. Minister for Panchayati Raj, Labour & Community Development .. .. .	Lucknow	16-4-1963
8. Development Commissioner and his officers ..	Lucknow	17-4-1963
9. Chief Minister (Uttar Pradesh) .. .. .	Lucknow	17-4-1963
10. Banda Zila Parishad .. .. .	Banda	18-4-1963
11. Barokhar Khurd Panchayat (Barokhar Khurd Kshetra Samiti), (Banda District) .. .. .	Barokhar Khurd	18-4-1963
12. Barokhar Khurd Kshetra Samiti (District Banda) ..	Barokhar Khurd	18-4-1963
13. Collector and Officers of Banda Zila Parishad ..	Banda	18-4-1963
14. Bounri Panchayat (Manikpur Panchayati Samiti, District Banda) .. .. .	Bounri	19-4-1963
15. Man Kshetra Samiti, (District Banda) .. ..	Man	19-4-1963

ANNEXURE II

(See paragraph 12)

STATEMENT 1.—Total and per capita income for 1960-61 and 1961-62 of Zila Parishads visited by the Study Team in Uttar Pradesh

Item	Meerut Zila Parishad				Banda Zila Parishad			
	1960-61		1961-62		1960-61		1961-62	
	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita
	Rs. '000	Rs.	Rs. '000	Rs.	Rs. '000	Rs.	Rs. '000	Rs.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1. Government grants .. .. .	2,496	0·93	3,189	1·19	1,442	1·51	1,797	1·88
2. Taxes and fees .. .. .	285	0·11	255	0·10	..	..	..	..
3. Income from property .. .. .	13	..	11	..	2	..	2	..
4. Cattle pounds .. .. .	15	..	15	..	29	0·03	37	0·04
5. Public Ferries .. .. .	..	..	..	..	..	..	..	0·01
6. Markets and shops .. .. .	..	..	..	..	..	..	..	..
7. Fairs and Exhibitions .. .. .	102	0·04	79	0·03	..	..	..	..
8. Agriculture & Animal Husbandry .. .. .	21	0·01	29	0·01	3	..	4	..
9. Education .. .. .	108	0·04	124	0·05	59	0·06	58	0·06
10. Medical & Public Health .. .. .	12	..	3	..	6	0·01	6	0·01
11. Miscellaneous .. .. .	10	..	6	..	7	0·01	15	0·02
.. .. . TOTAL ..	3,062	1·13	3,711	1·38	1,548	1·62	1,929	2·02

ANNEXURE II—Contd.

STATEMENT 2.—Total and per capita income for 1960-61 and 1961-62 of Zila Parishads visited by the Study Team in Uttar Pradesh

(in rupees)

(1)	Meerut Zila Parishad				Banda Zila Parishad			
	1960-61		1961-62		1960-61		1961-62	
	Total	Per	Total	Per	Total	Per	Total	Per
	Rs. '000	Capita	Rs. '000	Capita	Rs. '000	Capita	Rs. '000	Capita
	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1. General Administration .. .. .	177	0·07	186	0·07	41	0·04	56	0·06
2. Pounds .. .. .	36	0·01	38	0·01	33	0·03	35	0·04
3. Fairs and exhibitions .. .. .	94	0·04	93	0·03	1	..	1	..
4. Agriculture & Animal Husbandry .. .. .	53	0·02	53	0·02	27	0·03	27	0·03
5. Education .. .. .	2,364	0·88	2,837	1·06	992	1·04	1,384	1·45
6. Medical and Public Health .. .. .	201	0·07	197	0·07	95	0·10	81	0·08
7. Public Works .. .. .	110	0·04	171	0·06	82	0·09	310	0·32
8. Miscellaneous .. .. .	35	0·01	48	0·02	10	0·01	2	..
.. .. . TOTAL .. .. .	3,070	1·14	3,623	1·34	1,281	1·34	1,896	1·98

ANNEXURE II—Contd.

STATEMENT 3.—Total and per capita expenditure for 1960-61 and 1961-62 of Panchayat Samitis visited by the Study Team in Uttar Pradesh  
(in rupees)

Item	Loni				Meerut				Man			
	1960-61		1961-62		1960-61		1961-62		1960-61		1961-62	
	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
1. Recurring Expenditure .. ..	37,003	0·44	32,972	0·40	27,167	0·48	57,822	1·03	NA	NA	NA	NA
2. Block Headquarters .. ..	18,955	0·23	25,239	0·30	24,855	0·44	*	*	NA	NA	NA	NA
3. Agriculture .. ..	5,000	0·60	5,420	0·60	1,649	0·03	3,700	0·07	657	0·01	2,873	0·05
4. Animal Husbandry .. ..	4,000	0·05	3,500	0·04	1,750	0·03	9,400	0·17	92	..	1,761	0·03
5. Irrigation & Reclamation .. ..	1,500	0·02	..	..	2,250	0·04	..	..	..	..	..	..
6. Public Health .. ..	6,000	0·10	10,865	0·13	10,917	0·19	8,300	0·15	45,125	0·83	1,610	0·03
7. Education .. ..	9,000	0·11	24,900	0·30	1,788	0·03	17,835	0·32	3,100	0·06	1,000	0·02
8. Social Education .. ..	10,127	0·12	8,473	0·10	7,376	0·13	8,832	0·16	..	..	..	..
9. Communication .. ..	9,000	0·10	10,000	0·11	9,500	0·17	15,100	0·27	63,097	1·16	37,050	0·68
10. Industries .. ..	7,499	0·09	6,466	0·08	5,000	0·09	2,180	0·04	..	..	..	..
11. Rural Art & Crafts .. ..	..	..	..	..	..	..	..	..	400	0·01	..	..
TOTAL ..	1,10,084	1·32	1,27,835	1·53	92,252	1·64	1,23,169	2·19	1,12,471	2·06	44,294	0·81

\*Included under recurring expenditure.

ANNEXURE II—Contd.

STATEMENT 4.—Total and per capita income for 1960-61 of Panchayats visited by the Study Team in Uttar Pradesh

(in rupees)

Item	Loni		Arthala		Zahidpur		Barokhar Khurd		Bhauri	
	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
I. Statutory and others .. .. .	713	0·13	122	0·10	581	0·49	544	0·50	..	..
II. Taxes and fees :										
(i) Revenue from taxes .. .. .	850	0·15	173	0·14	153	0·13	12	0·01	NA	NA
(ii) Non-tax revenue .. .. .	215	0·04	10	0·01	..	..	..	..	NA	NA
SUB-TOTAL .. .. .	1,065	0·19	183	0·15	153	0·13	12	0·01	70	0·03
III. Income from property .. .. .	735	0·13	..	..	58	0·05	500	0·46	..	..
IV. Miscellaneous .. .. .	..	..	3	..	299	0·25	..	..	10	..
.. .. . TOTAL ..	2,523	0·45	308	0·25	1,091	0·92	1,056	0·97	80	0·03

ANNEXURE II—Contd.

STATEMENT 5.—Total and per capita expenditure for 1960-61 of Panchayats visited by the Study Team in Uttar Pradesh

(in rupees)

Item	Loni		Arthala		Zahidpur		Barokhar Khurd		Bhauri	
	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1. Administration .. .. .	510	0·09	44	0·04	83	0·07	5	..	88	0·03
2. Civic Amenities .. .. .	241	0·04	12	0·01	..	..	..	..	..	..
3. Social & Welfare Activities .. .. .	50	0·01	..	..	..	..	90	0·08	3	..
4. Construction .. .. .	1,020	0·18	77	0·06	467	0·40	619	0·57	..	..
5. Maintenance .. .. .	20	..	..	..	..	..	..	..	..	..
6. Miscellaneous .. .. .	1,101	0·20	13	0·01	25	0·02	..	..	..	..
.. .. . TOTAL ..	2,942	0·53	146	0·12	575	0·49	714	0·66	91	0·03



ANNEXURE II—Contd.

STATEMENT 6.—Total and per capita income for 1961-62 of Panchayats visited by the Study Team in Uttar Pradesh

(in rupees)

Item	Loni		Arthala		Zahidpur		Barokhar Khurd		Bhauri	
	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
I. Statutory and others .. .. .	2,375	0.43	273	0.22	3,250	2.77	100	0.09	3,184	1.17
II. Taxes and Fees :										
(i) Revenue from taxes .. .. .	363	0.07	245	0.20	163	0.14	13	0.01	NA	NA
(ii) Non-tax revenue .. .. .	259	0.05	..	..	290	0.25	..	..	NA	NA
SUB-TOTAL .. .. .	622	0.12	245	0.20	453	0.39	13	0.01	285	0.11
III. Income from property .. .. .	1,374	0.25	1	..	46	0.04	..	..	1,790	0.66
IV. Miscellaneous .. .. .	..	..	10	0.01	633	0.54	..	..	..	..
.. .. . TOTAL .. .. .	4,371	0.80	529	0.43	4,382	3.74	113	0.10	5,259	1.94

ANNEXURE II—Contd.

STATEMENT 7.—Total and per capita expenditure for 1961-62 of Panchayats visited by the Study Team in Uttar Pradesh

(in rupees)

Item	Loni		Arthala		Zahidpur		Barokhar Khurd		Bhauri	
	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1. Administration .. .. .	925	0·17	135	0·11	31	0·03	4	..	102	0·04
2. Civic Amenities .. .. .	170	0·30	12	0·01	..	..	..	..	..	..
3. Social & Welfare activities .. .. .	1,036	0·19	24	0·02	..	..	99	0·09	185	0·07
4. Construction .. .. .	1,407	0·25	..	..	411	0·35	395	0·37	1,003	0·35
5. Maintenance .. .. .	..	..	..	..	..	..	..	..	132	0·05
6. Miscellaneous .. .. .	746	0·13	..	..	15	0·01	..	..	311	0·11
.. .. . TOTAL ..	4,284	0·77	171	0·14	457	0·39	498	0·46	1,733	0·64

## WEST BENGAL

We visited West Bengal from the 22nd to the 25th May, 1963, and again on the 1st June, 1963 on return from our tour of Orissa. We met there the Minister-in-charge of Local Self-Government, Community Development and Panchayats, and officials of the State Government, Pradhans and members of three Anchal Panchayats, and members of Block Development Board. We discussed with the Minister also the new set up of Panchayati Raj envisaged in the West Bengal Zila Parishad Bill, now before the State Legislature. The detailed list of parties whom we met is given in Annexure I.

2. In the present set up of Panchayati Raj, there are Gram Panchayats at village level and Anchal Panchayats, formed for group of Gram Panchayats. The West Bengal Zila Parishad Bill as emerged from the Select Committee makes provision for the establishment of Anchalik Parishad at the Block level and Zila Parishad at the District level.

3. The present set up of Panchayati Raj under the West Bengal Panchayat Act, 1956, is in force in about 1/3rd of the State, there are 6,500 Gram Panchayats and 1,066 Anchal Panchayats. It is expected that by January, 1964, the whole State will be covered by Gram and Anchal Panchayats. Zila Parishads and Anchalik Parishads will come into being by February next. When fully implemented, Panchayati Raj will be a four tier system in this State.

4. The existing Act provides also for the constitution of a Gram Sabha for a notified area. It consists of all persons whose names are on the electoral roll of the West Bengal Legislative Assembly. It elects a Gram Panchayat consisting of 9—15 members, its President known as Adhyaksha and Vice-President known as Up-Adhyaksha.

5. An Anchal Panchayat is comprised of as many contiguous Gram Sabhas as the Government may notify. Generally, it covers the area of a Union Board which was functioning in the State earlier. An Anchal Panchayat consists of members elected by its Gram Panchayats on the basis of one member for every two hundred and fifty members of Gram Sabha and one additional member if the number of remaining members of the Gram Sabha is not less than one hundred and twenty-five. Anchal Panchayat elects its own Pradhan and Up-Pradhan. The term of Gram Panchayat and Anchal Panchayat is four years.

6. A Gram Sabha has to hold one annual and one half-yearly meeting. In the annual meeting, budget for the following year, the report submitted by Gram Panchayat on the work done during the previous year and the work proposed to be done during the following year are considered. Quorum required for a meeting of Gram Sabha is one tenth of its total membership. Generally it becomes difficult to secure quorum in meetings and the required business is transacted in adjourned meetings when no quorum is necessary.

7. Gram Panchayat is a body corporate having perpetual succession and a common seal. The Act lays down for it certain obligatory and discretionary as well as agency functions. Sanitation, conservancy and drainage, curative and preventive measures in respect of malaria or epidemic diseases,

supply of drinking water, construction and maintenance of public streets, removal of encroachments on public streets, etc., are some of the subjects which come under obligatory functions. It is also obligatory on a Gram Panchayat to perform such other functions in respect of education, rural dispensaries, promotion of village plantation, etc. which the State Government may assign. Functions like street lighting, sinking of wells, promotion of cooperation, etc. are within its discretion. For assigned and discretionary functions to be performed, the State Government has to make available necessary funds to Gram Panchayats.

8. Gram Panchayats have no paid Secretary. Adhyaksha has to do the secretarial work himself. A secretary is, however, provided for Anchal Panchayat. If a Gram Panchayat requires the services of Anchal Panchayat Secretary they are made available on terms and conditions agreed upon between the two bodies.

9. For every Gram Panchayat, there is a Gram Panchayat Fund to which the following receipts are credited :

- (a) sum assigned by Anchal Panchayat out of the taxes, fees, etc. and any gifts or contributions received;
- (b) income from endowments and trusts made in its favour or enterprises under its management; and
- (c) all sums received by or on behalf of Gram Sabha or in its behalf.

Panchayat has no power to levy any tax and it does not get any fund direct from the State Government.

10. Under Section 46 of the West Bengal Panchayat Act, Anchal Panchayats have to perform the following obligatory functions :

- (a) the control and administration of Anchal Panchayat fund;
- (b) imposition, assessment and collection of tax, rates, tolls or fees leviable under the Act;
- (c) maintenance and control of dafadars and chowkidars within its jurisdiction; and
- (d) proper constitution and administration of Nyaya Panchayat.

The Anchal Panchayat may also perform such functions as may be assigned to it by the State Government.

11. For every Anchal Panchayat there is an Anchal Panchayat Fund to which the following items of receipts are credited :

- (a) any contribution made by the State Government for general or any special purpose;
- (b) any tax, toll, fee, rate or other imposition levied and collected;
- (c) any sum contributed by the District Board or any other local authority;
- (d) any sum raised as loan or received as gifts or contributions;
- (e) income from endowments or trusts made in its favour;
- (f) all fines and penalties imposed under the Act; and
- (g) all other sums received.

12. The only tax, that is compulsory for Anchal Panchayat to levy, is the tax on property and circumstances imposed on owners or occupiers or owners and occupiers of lands or buildings or both. The right of an Anchal Panchayat to levy this tax based on income has been questioned in the High Court. An Anchal Panchayat may also levy a tax on professions, trades or callings. Besides this, Anchal Panchayat may levy the following fees :

- (a) fee on the registration of vehicles;
- (b) fee on plaints, petitions and other processes in suits and cases instituted before the Nyaya Panchayats;
- (c) fee for providing sanitary arrangements at places of worship or pilgrimages;
- (d) water rate where arrangement for supply of water is made by a Gram Panchayat in its jurisdiction;
- (e) lighting rate where such arrangement is made by a Gram Panchayat in its jurisdiction; and
- (f) conservancy rate.

Anchal Panchayats get their taxes and other dues collected on commission basis.

13. As has been stated earlier, Anchal Panchayats have replaced Union Boards and have taken over the taxation powers of those bodies. We were told that after the setting up of Anchal Panchayats, receipts from taxes had been doubled in many cases.

14. Each Anchal Panchayat gets from the Government :
- (a) lump sum grant of rupees one thousand per annum;
  - (b) salary of the Secretary; and
  - (c) 50 per cent salaries of chowkidars and dafadars.

The assistance to each Anchal Panchayat on these three accounts is of the order of Rs. 3,000 per annum.

15. After meeting its share of salaries of dafadars and chowkidars and other administrative expenses, the income of an Anchal Panchayat from its own sources is distributed amongst its Panchayats. This distribution takes into consideration :

- (a) amount available for distribution;
- (b) amount raised as tax, toll, fee or rate from the area of each Gram Sabha; and
- (c) amounts required by each Gram Panchayat concerned according to the budget framed by it.

We, however, found that in actual practice these principles for the allotment of funds had been ineffective as a major portion of the income of Anchal Panchayat was spent by itself and not much was left for distribution.

16. Gram Panchayats and Anchal Panchayats have not been able to develop any remunerative assets for themselves. It was stated in the course of our visit that, given loans by the Government, they could develop some assets which would augment their resources.

17. Every Gram Panchayat has to prepare each year a budget of its receipts and expenditure for the ensuing year. After it is considered by Gram Sabha, the budget is sent to a prescribed authority who finally passes it with such modifications as it may think necessary. Similarly, Anchal Panchayat prepares a budget showing its estimated receipts and disbursements for the ensuing year and submits it to a prescribed authority whose decision thereon is final.

18. The Act provides that the accounts of every Anchal Panchayat and every Gram Panchayat will be audited by a prescribed agency annually or at shorter intervals.

19. The two statements in Annexure II show the actual and per capita income and expenditure of the three Anchal Panchayats (which we visited) for the years 1960-61 and 1961-62.

## ANNEXURE I

(See paragraph 1)

*Parties whom the Study Team met in West Bengal*

Party	Place	Date
1. Officers of the State Government .. .. .	Calcutta	22-5-1963
2. Sainthia Anchal Panchayat .. .. .	Sainthia	23-5-1963
3. Block Development Board .. .. .	Balsur	24-5-1963
4. Baikunthapur Anchal Panchayat .. .. .	Joteram	24-5-1963
5. Habibpur Anchal Panchayat .. .. .	Habibpur	25-5-1963
6. Minister, Local Self-Government, Community Development and Panchayats .. .. .	Calcutta	1-6-1963

ANNEXURE II

(See paragraph 19)

STATEMENT 1.—Income of Anchal Panchayats visited by the Study Team

(in rupees)

Head of Account	Sainthia				Baikunthapur				Habibpur				
	1960-61		1961-62		1960-61		1961-62		1960-61		1961-62		
	Actual	Per Capita	Actual	Per Capita	Actual	Per Capita	Actual	Per Capita	Actual	Per Capita	Actual	Per Capita	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
1. Grants and Contributions													
(a) Statutory .. .. .	1,923	0·14	2,207	0·17	3,276	0·25	3,194	0·25	2,441	0·41	2,440	0·41	
(b) Others .. .. .	39	..	40	..	4,475	0·34	4,172	0·34	..	..	1,926	0·32	
TOTAL (a) & (b) .. .. .	1,962	0·14	2,247	0·17	7,751	0·59	7,366	0·59	2,441	0·41	4,366	0·73	
2. Taxes and fees													
(a) Revenue from taxes .. .. .	20,317	1·55	23,794	1·81	4,748	0·37	4,098	0·32	3,220	0·54	3,090	0·52	
(b) Non-tax Revenue .. .. .	4	..	310	0·02	..	..	..	..	..	..	330	0·06	
TOTAL (a) & (b) .. .. .	20,321	1·55	24,104	1·83	4,748	0·37	4,098	0·32	3,220	0·54	3,420	0·58	
3. Income from property .. .. .	132	0·01	132	0·01	710	0·05	1,682	0·13	..	..	..	..	
4. Miscellaneous .. .. .	372	0·03	204	0·02	124	0·01	111	0·01	15	..	5	..	
TOTAL .. .. .	22,787	1·73	26,687	2·03	13,333	1·02	13,257	1·05	5,676	0·95	7,791	1·31	



ANNEXURE II—Contd.

STATEMENT 2.—Expenditure of Anchal Panchayats visited by the Study Team

(in rupees)

Head of Account	Sainthia				Baikunthapur				Habibpur			
	1960-61		1961-62		1960-61		1961-62		1960-61		1961-62	
	Actual	Per Capita	Actual	Per Capita	Actual	Per Capita	Actual	Per Capita	Actual	Per Capita	Actual	Per Capita
	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
1. Administration .. .. .	4,232	0·32	5,213	0·40	4,307	0·33	4,118	0·32	2,564	0·43	2,938	0·49
2. Civic Amenities .. .. .	14,151	1·08	12,642	0·96	2,334	0·18	2,341	0·18	75	0·01	477	0·08
3. Social Welfare Activities .. .. .	..	..	..	..	152	0·01	157	0·01	..	..	..	..
4. Construction work .. .. .	200	0·02	..	..	2,886	0·22	3,375	0·26	800	..	3,885	0·65
5. Maintenance work .. .. .	454	0·03	118	..	885	0·07	790	0·06	..	..	..	..
6. Amount allotted to Gram Panchayats	3,489	0·27	5,115	0·39	2,475	0·19	2,377	0·18	2,000	0·34	1,313	0·22
7. Miscellaneous .. .. .	34	..	898	0·07	4	..	..	..	..	..	50	0·01
TOTAL .. .. .	22,560	1·72	23,986	1·82	13,043	1·00	13,158	1·01	5,439	0·78	8,663	1·45

## ANDAMAN & NICOBAR ISLANDS

(Compiled from papers supplied by the Administration)

The Andaman and Nicobar Islands Gram Panchayat Regulation, 1961 provides for the setting up of a single tier of Panchayati Raj *i.e.* elected Gram Panchayats at village level. It provides also for constituting Gram Sabha of all adults ordinarily resident within the village or group of villages. It does not envisage the formation of Panchayat Samitis and Zila Parishads. Panchayats were formally established on the 26th January, 1962. 30 Gram Panchayats are reported to be in existence in the Andaman Group of Islands. An officer has been appointed with effect from middle of January, 1963 to impart training to Panchas and Secretaries of these bodies. No statutory Panchayat has yet been established in Nicobar Group.

2. Obligatory functions relating to a variety of matters concerning sanitation, health, public works, village defence, social welfare and agriculture scheduled in the Regulation have been devolved on Panchayats. Maintenance and repair of roads, streets, waterways, bridges and culverts situated within their jurisdiction have also been transferred to them. Under the provisions of the Regulation, the Chief Commissioner of the Islands may transfer to Panchayats construction, maintenance or repair of any work and management of any public institution. He may also, with their consent, entrust to them on commission basis the work of collecting land revenue and other dues recoverable as arrears of land revenue.

3. The Regulation provides for an obligatory devolution to these bodies of a share of land revenue and other Government sources of income, but, this provision has not yet been given effect to. The Territory's budget for 1962-63 provided for a sum of Rs. 75,000 for expenditure through Panchayats on specified types of works. No loans have so far been given to these bodies. Other sources of income available to them are :

- (i) grants which may be made by the Chief Commissioner for general purposes or for the improvement of the village;
- (ii) house tax;
- (iii) profession tax;
- (iv) vehicle tax;
- (v) tax on sale of cattle;
- (vi) theatre or show tax;
- (vii) lighting tax;
- (viii) drainage tax;
- (ix) octroi;
- (x) markets, *melas*, fairs and festivals;
- (xi) fee for grazing of cattle on Panchayat land;
- (xii) fee for providing watch and ward; and

(xiii) license fee on public ferries.

No panchayat has so far levied any of these taxes.

4. The Regulation requires every Panchayat to prepare an annual budget estimate of its income and expenditure and to maintain accounts in such form as may be prescribed. It provides also for an annual audit of accounts by an officer of the Chief Commissioner.

## DELHI

We visited the Najafgarh Development Block of Delhi and met the local Block Panchayat Samiti and the Bharthala Panchayat on the 19th July, 1963. A large number of Pradhans of constituent Panchayats were present at our meeting with the Samiti and also a large number of Panchas at the meeting with the Panchayat.

2. Panchayati Raj in Delhi is governed by the Delhi Panchayati Raj Act, 1954, as amended in 1959 and the Land Reforms Act, 1954, also amended in 1959, which envisage the establishment of Gaon Sabhas and Gaon Panchayats. A three-tier system does not exist in this Union Territory. Block Panchayat Samitis set up in the community development blocks by executive orders do not conform to those which have been statutorily set up in State. There is also no Zila Parishad.

3. There are 306 villages in Delhi Gaon Sabhas and Gaon Panchayats have been established for every village or a group with a population of 500 or more. A Gaon Panchayat consists of a Pradhan and 4 to 10 members depending on the population. They are directly elected by members of the Gaon Sabha area. The term of the office of Pradhan and Gaon Panchayat is for a period of three years which can be extended further for a period of two years under special circumstances.

4. The following are the main functions of the Gaon Panchayats :

- (a) Management and superintendence of Gaon Sabha property;
- (b) preparation of budget;
- (c) removal of encroachment on public streets, its public places and property vested in it;
- (d) establishment, management and care of common grazing grounds and land, for the common benefit of the persons residing within its jurisdiction;
- (e) assisting in the development of agriculture, commerce and industries;
- (f) maintenance of records relating to cattle census, population census, etc.;
- (g) establishment and maintenance of libraries or reading rooms, clubs, akharas and other places for recreation; and
- (h) setting up organisations to promote goodwill and social harmony between different communities.

5. 22 Circle Panchayats have been constituted to look after the administration of justice. Gaon Sabhas have been grouped together to form a Circle Panchayat, according to rules.

6. Gaon Panchayats in this territory have limited powers of taxation. The provision for taxation is contained in Section 39 of the Delhi Panchayati Raj Act reproduced below :—

“(1) A Gaon Sabha may, with the previous sanction of the Chief Commissioner, impose the following taxes namely :—

- (i) a tax on the rent payable by an Asami under the Delhi Land Reforms Act, 1954, not exceeding half an anna in a rupee of such rent, the aforesaid tax being payable by the person or persons severally or jointly in cultivatory possession of such lands; and
- (ii) a tax on the land revenue payable by a Bhumidhar on account of land held by him, not exceeding one anna in a rupee of such land revenue, the aforesaid tax being payable by the person or persons severally or jointly recorded as Bhumidhar on such land in revenue records.

Provided that the total amount of the aforesaid taxes in respect of anyone person shall not exceed rupees 250 per annum.

(2) The Chief Commissioner may at any time withdraw the sanction so given and the tax shall thereupon cease to be levied.”

7. Panchayats in Delhi differ sharply from Panchayats elsewhere. The basic functions, like water-supply, sanitation, roads, street-lighting, etc. vest in the Municipal Corporation of Delhi which also gets the proceeds of taxes on houses, professions and vehicles, besides getting the grants for rural development from the Government. Therefore, instead of being an organ of local government, Panchayats are merely an agency for executing local development works and raising local contributions for them. Similarly, a Panchayat Samiti, besides being a body created by an executive order, does not manage primary schools, rural dispensaries or other local services. It is merely the old Block Advisory Committee in a slightly modified form without any enlargement of powers or functions.

## GOA

(Compiled from the Regulation and other information available with the Government of India)

In exercise of the powers conferred on him by article 240 of the Constitution, the President promulgated a Regulation in September, 1962 for the setting up of Panchayati Raj bodies at village level in the Union Territory of Goa, Daman and Diu.

2. In a specified area, comprising a village or a group of villages, all persons, whose names are on the electoral roll for that area, constitute a Gram Sabha. This Sabha has to meet at least two times in a year. It is charged with the functions of discussing the annual accounts and administration report, development programme, proposals for fresh and enhanced taxation, audit report on the accounts and replies thereto and proposals for organising community service and voluntary labour.

3. A Panchayat consisting of 5, 7 or 9 members depending on population of its area ranging from 1,500 to 2,500, above 2,500 up to 3,500 or above 3,500 is elected once in four years. If no woman is elected to a Panchayat, its members co-opt one. A Secretary for every Panchayat is appointed by the Lt. Governor of the Territory and Panchayat appoints such other officers and servants as necessary after the posts have been created with the previous approval of the Lt. Governor. Section 57 of the Regulation lays down that every member of a Panchayat and its officers and employees will be deemed to be public servants within the meaning of the provisions of the laws relating to disciplinary action.

4. Obligatory functions of a Panchayat have been listed in a schedule. These relate to matters concerning public health, public works, planning and development, administration, social welfare and education. Panchayats have control of all public roads, streets, water ways, bridges and culverts within their jurisdiction and are responsible for their construction, repair and maintenance.

5. Panchayats have been given the power to levy any or all of the following taxes and fees :—

- (1) house tax;
- (2) vehicle tax;
- (3) lighting tax;
- (4) drainage tax;
- (5) pilgrim tax;
- (6) profession tax;
- (7) entertainment tax;
- (8) octroi;
- (9) fee for sale of goods in markets, melas, fairs and festivals;
- (10) fee for grazing cattle in their grazing lands;

- (11) fee on cart and tonga stands and other public parking places;
- (12) fee for providing watch and ward; and
- (13) license fee for public ferry.

They get income from markets and fairs held in public land which they manage and regulate. Sale proceeds of dust, dirt, dung and refuse collected by their servants also form part of their income. Government makes grants for general and development purposes.

6. Panchayats have to prepare a budget annually and to maintain their accounts in a prescribed form. The Regulation requires the accounts to be audited annually by an authority appointed in this behalf by the Chief Secretary of the Administration.

7. In this Union Territory, 233 villages having 234,184 votes have been demarcated into 149 Panchayat areas, 85 comprising single villages and the remaining 64, group of villages. The first elections based on adult franchise were held in October, 1962.

## HIMACHAL PRADESH

Panchayati Raj in Himachal Pradesh is governed partly by the Himachal Pradesh Panchayat Raj Act, 1952, and partly by an executive order issued in January, 1962. The Act provides for the setting up of Gram Sabhas, Gram Panchayats, Nyaya Panchayats and Tehsil Panchayats which are equivalent to Panchayat Samitis in States and the executive order, that of Zila Parishads.

2. A Gram Sabha is established for a village or group of villages with all adults ordinarily residing within the area as its members. It holds two general meetings in each year, one in summer and the other in winter. Its main functions are to elect once in three years from amongst its members a President and a Vice-President called Pradhan and Up-Pradhan respectively and an Executive Committee called Gram Panchayat, to pass at its winter meeting budget for the following year and to consider at its summer meeting accounts of the preceding year.

3. In addition to President and Vice-President, a Gram Panchayat consists of 7 to 25 members as is specified by the Administration.

4. The obligatory duties of a Gram Panchayat range from construction, repair and maintenance of public streets, public wells, tanks, ponds, waste water channels, drinking places, roads and hydro-electric installations under its management to sanitation, regulation of markets and *melas*, management of primary schools, grazing grounds and common land and administration of civil and criminal justice through a panel of persons selected by it as Panchas of Nyaya Panchayat. Amongst its discretionary functions may be mentioned planting and maintaining of trees on streets and other public places, organising village volunteer force, improved breeding of cattle and development of co-operation movement and agriculture.

5. The Himachal Pradesh Panchayat Raj Act does not prescribe levy of any obligatory tax by any tier of Panchayati Raj. A Gram Panchayat may, however, impose with the approval of the Union Territory Administration all or any of the following taxes :—

- (i) tax on rent payable under the Punjab Tenancy Act, 1887 (as extended to Himachal Pradesh) not exceeding one anna in a rupee;
- (ii) tax on rent received by land owners not exceeding six pies in a rupee;
- (iii) tax on value of produce of *Khudkasht* land at a rate not exceeding six pies in a rupee;
- (iv) tax on registration of births and marriages and on entertainments;
- (v) house tax of a maximum of one per cent of the value of the house payable either in cash or by rendering the prescribed number of labour units;
- (vi) tax on construction of buildings at a rate not exceeding Rs. 5 per building; and
- (vii) tax on transfer of immovable property not exceeding one anna in a rupee of sale price or consideration of the transfer.



If a tax under any of the first 3 items mentioned above is imposed, a tax under the next 3 items is also levied, the rates under all the 3 items bearing the same ratio to one another as to the maximum rates specified under them.

6. A local rate at twenty per cent of land revenue is levied by Government and its entire proceeds are, on the basis of collection, handed over to Tehsil Panchayats for their purpose and for distribution to their constituent Panchayats according to a scheme to be approved each year by Government.

7. Other sources of a Panchayat's income are Government grants, fees and fines realised by its Nyaya Panchayat, sale proceeds of dust, dirt, dung and refuse including dead bodies of animals collected by its servants, such portion of rent and other proceeds of nazul property as the Administration may place at its disposal and public contributions. According to the rules, Government grants are of four kinds, viz., (i) earned, (ii) cent per cent, (iii) contributory; and (iv) matching. Earned grants are those which are equal to fees, fines and local rate due to Panchayats. Cent per cent grants are given for expenditure on establishment, furniture, stationery, office equipment, cost of propaganda and publicity, magazines and books, sports and other allied purposes. Contributory grants are for a part of expenditure on certain works. Matching grants may be given equal to house tax collected. A Panchayat may enter into contract with the Administration for collection of Government taxes and dues on payment basis. It has been stated that the Administration were considering also sharing with Panchayats 25 per cent of land revenue and 50 per cent of royalty on sand-stone quarries, etc. The other schemes of augmenting their resources, which were under consideration, were (i) transfer of public property including *dehat* forests, (ii) raising of community orchards and Panchayat forests and (iii) establishing fish ponds and poultry farms.

8. A Tehsil Panchayat is established for each Tehsil or sub-Tehsil with a membership between ten and forty. Each Gram Panchayat, Municipal Committee and Notified Area Committee in the area elects one of its members to represent it on the Tehsil Panchayat. The remaining members are appointed by Government either by name or by official designation. The number of such appointed members does not, however, exceed 25 per cent of the total membership.

9. Holding of Panchayat conferences, arrangement for adult education, establishment and maintenance of libraries and reading-rooms and organising training of Panchas are the obligatory duties of a Tehsil Panchayat. It has no discretionary functions, but, Government has powers to assign any duties.

10. No powers of taxation have been given to Tehsil Panchayats. Apart from a share of local rate, the main source of their income is Government grants.

11. As stated earlier, Zila Parishads in this Pradesh have been set up by an executive order and work in an advisory capacity. They have replaced the District Planning and Development Advisory Committee which existed before 1962. A Zila Parishad consists of (i) Vice-President of all Tehsil Panchayats in the District; (ii) local members of the Territorial Council and of Parliament; (iii) District Convener of Bharat Sevak Samaj; (iv) Chairman of District Co-operation Federation and (v) such officers of

development departments as are appointed by the Administration. Parishad has powers to co-opt two women (one, if one is already a member), one person of Scheduled Caste (if no such person is already a member) and two persons with experience of administration, public life or rural development. District Panchayat Officer is its Secretary.

12. Its functions are mainly advisory in nature and include :—

- (i) examination and approval of budgets of Tehsil Panchayats;
- (ii) distribution amongst constituent Tehsil Panchayats of funds allotted to district by Government;
- (iii) co-ordination and consolidation of block plans;
- (iv) consolidation of demand for grants from different blocks; and
- (v) supervision of activities of Tehsil Panchayats.

13. The Zila Parishad have no power to raise revenue from any source.

## MANIPUR

**(Compiled from information furnished by the Administration)**

The Uttar Pradesh Panchayat Raj Act, 1947 has been extended *mutatis mutandis* to the Union Territory of Manipur. We were informed in April, 1963 that no Panchayats had so far been constituted. It was proposed to hold Panchayat elections shortly.

## PONDICHERRY

(Compiled from papers supplied by Administration)

In Pondicherry, the commune system established by the French Government still continues.

2. The whole territory has been divided into 16 communes each one of which is administered by a Municipal Council, elected by universal suffrage for a period of 6 years. Every Municipal Council elects, from amongst its members, a Mayor who presides over its deliberations. In his capacity as the agent of Municipal Council and as a Municipal Magistrate, a Mayor performs the usual municipal functions, such as maintenance and up-keep of municipal buildings, graveyards, cremation grounds, parks, roads, lighting, sanitation, etc. He also enjoys certain administrative and judicial powers as the representative of superior administration of the territory.

3. The main sources of a commune's income are taxes on house, profession and vehicles, share of certain taxes, fees from markets and slaughter houses, toll fees, weighing and measuring dues and fees for issue of birth, death and marriage certificates.

4. Its expenditure consists of maintenance of town hall and Registry office, cost of collection of municipal receipts, pension to its employees and its contribution towards the Administration's expenditure on police, medical assistance, maintenance of mental patients, etc.

## TRIPURA

(Compiled from information supplied by the Administration)

Uttar Pradesh Panchayati Raj Act, 1947, as extended to Tripura, provides for constitution of Panchayats at village level in this Union Territory. In October, 1962, we were informed that the Administration was arranging to set up Village Panchayats in as many areas as possible. The question of forming the Block level bodies with composition similar to that of Panchayat Samitis or the Zila Parishad was to be taken up only after sufficient headway had been made in establishing village Panchayats. 8 Community Development Blocks were scheduled to be covered by Panchayats during the year 1962-63, in accordance with a phased programme. Later, when Panchayat elections were already over in 3 blocks, under instructions from the Government of India further elections were postponed in view of national emergency.



