

# A brief study on the functioning of Local Self- Government

(In selected Gram Panchayats of most backward Taluks in Karnataka)

**2008**



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*Gram Swaraj Project – A Report on field study  
undertaken in 6 Taluks*

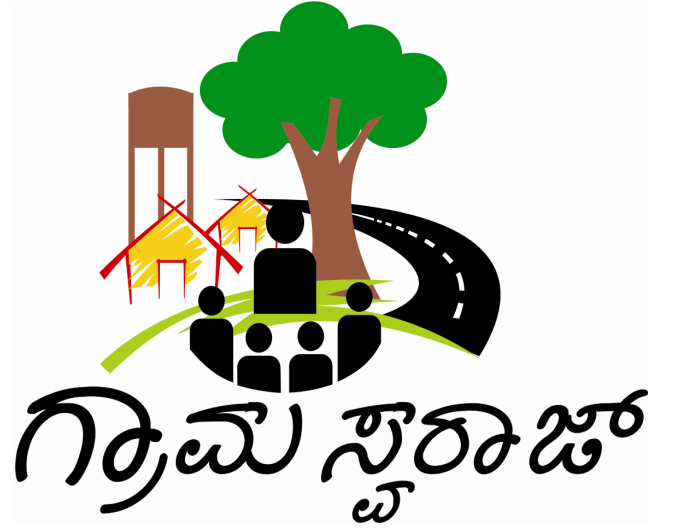
Rural Development and Panchayat Raj Department in association with the World bank has commenced the Gram Swaraj project, covering 1341 Gram Panchayats in the 39 most backward taluks of Karnataka... The project envisages, through capacity building, empowering not only these selected GPs but also the 5628 GPs in the state in routine governance, planning and management of public resources and the delivery of relevant services that the rural people prioritize.

These GPs in 39 most backward taluks are provided with special united block grants with just one condition, besides accountability for the money spent, that development works will be undertaken involving the local people in the choice of work to be undertaken. The purpose of imposing this condition was with the intention that when people participate in decision-making process, they will result in the overall development of the GP. When civic services improve it will motivate local people to pay their tax and when people pay taxes they will seek GPs to be accountable to them. If this process is put in place it will pave way to make GP a truly local self government.

Government of Karnataka and the World Bank have conceived this project with the hope that it could become a model that could then be replicated across other states in India. The project envisages at least three sets of outcomes.

1. **Fiscal performance of GPs:** Formula based and regular flow of discretionary transfers to GPs, increased own-revenue effort, increase in capital investments, computerized financial management system, etc.
2. **Quality of Gram Sabhas:** Participation, inclusion, public disclosure of GP revenues, expenditures and procurement decisions etc.
3. **Service delivery performance of GPs:** GP allocation of resources is consistent with citizen priorities, especially in services such as drinking water and sanitation; improved local area development outcomes, such as lower child mortality, lower disease incidence, lower number of out-of-school children, etc.

The Gram Swaraj Project envisaged a Decentralization Analysis Cell (DAC) to design and manage the Fiscal and Service Delivery Monitoring System for Panchayats. The publication of this report is part of the monitoring system.



The project that commenced during October 2006, has completed 20 months. During this period, the selected GPs have been provided united block grants, and simultaneously took up capacity building among elected representatives, officials in the local governments for governance and local level planning and development activities, and civil society like local NGO and self-help groups for enabling them to participate in and contribute to the democratic process. In order to find out the impact of these initiatives taken under this project to improve the present conditions of the selected GPs, a brief study was undertaken by staff of DAC. This study is by no means an exhaustive study but at best a preliminary survey to pave way for a detailed study under each of the three outcomes envisaged under this project.

This preliminary study shows that through the people in the village may not be fully aware of the project objectives, yet they do see perceptible change in the services provided. This conclusion has come out very clearly in the 6 different study conducted by different research team of DAC. However, report also concludes that there other issues that needs to be address, especially information to the constituents to make the project objectives vibrant in the selected GPs.

There is clear optimism in this preliminary report that the primary object of the project – capacity building– has been address. This is apparent from the fact that the services have improved and people have noticed these change though they may not have heard or understood of the objectives of the Gram Swaraj Project. In Short, the report reveals that ‘Gram Swaraj’ is working.

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### ***Objectives of the study***

- To assess the awareness of the people about 'Gram Swaraj' Project.
- To analyse the extent of community participation in 'Gram Swaraj' project.
- To examine the effective implementation of 'Gram Swaraj' project.
- To look at the present system as well as the constraints of local revenue mobilization.
- To analyse the expenditure pattern of the Gram Panchayats.
- To look into any best practices adopted by the Panchayats.

### ***Methodology***

- ❖To design a short questionnaire for collection of relevant information. To Carryout the field Survey.
- ❖Simple random method in selecting the sample gram panchayats.
- ❖Focus group discussion with the respondents.
- ❖To Track changes in subsequent field visit.

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*Date and Duration of field Visit: 7<sup>th</sup> May 2008 to 14<sup>th</sup> May 2008.*

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## 1. H.D Kote Taluk

**District Head Quarters – Mysore**

**Distance from District H.Q – 46 kms**

**Total No. of Gram Panchayats - 32**

**Total No. of revenue Villages - 281**

### Selected Gram Panchayats for study

❖ **Saagare - Population M (3953) F (3851)  
Area 1865.32 hectares**

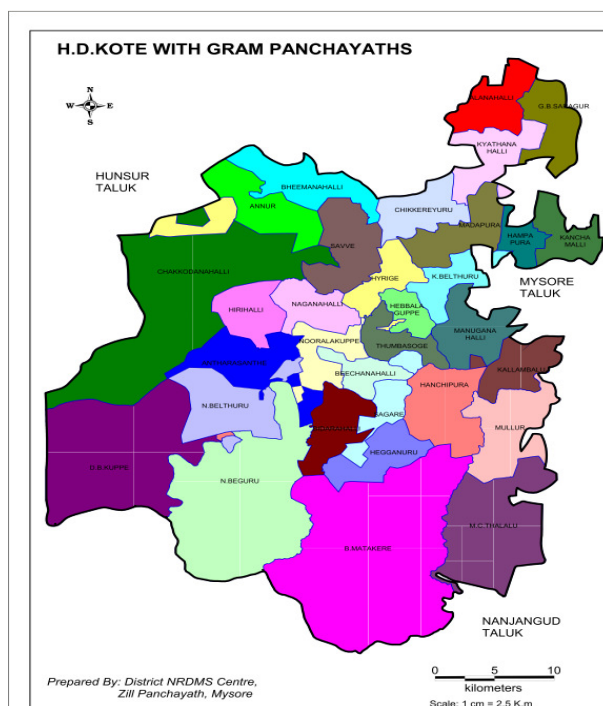
❖ **Bidarahalli - Population M (3953) F (3851)  
Area 4483.88 hectares**

❖ **Hyrige - Population M (4205) F (4406)  
Area 2017.42 hectares**

❖ **Chakkondanahalli - Population M (3672) F (3474)  
Area 9572.09 hectares**

❖ **Beechanahalli - Population M (3453) F (3492)  
Area 1875.17 hectares**

❖ **Madapura - Population M (4215) F (4063)  
Area 3431.07 hectares**



### Gram Swaraj Project

#### I. Awareness of the Project:

#### Discussions with the respondents reveal:

- ↳ The Gram Swaraj Project has started about two years ago. Initially, the Project was discussed in the gram sabhas and ward sabhas and the concerned officials had explained the concept and the objectives this project. After almost two years people appear to have forgotten the objectives of the project and perhaps during the ward and gram sabhas the project objectives are to be revisited.
- ↳ Developmental works is being routinely carried out under various schemes. But there is a definite lack of people's participation. It was evident that a large section of people were not aware how and on what the monies were spent.
- ↳ It appears that the Gram Panchayat secretaries have not made persistent efforts in creating awareness about this project's primary objective—peoples' participation- in the gram sabha and ward sabhas.
- ↳ On the other hand, the Secretaries complain that people do not show any interest or even make any effort to read the display board or enquire about any work that is being carried out by the Panchayat.

**For those, who were aware of Gram Swaraj Project, the Gram Sabha and Ward Sabha was the main source of information.**

#### Topography of H.D. Kote

The major crops grown in this taluk are Cotton and Tobacco. Paddy is grown in irrigated area. Majority of the farming community comprises of agricultural labourers. This taluk has four reservoirs viz., Kabini, Nugu, Hebbala and Taraka. Barring Kabini, other three reservoirs are always dry. The farmers are unable to raise sufficient crops and this has resulted in backwardness and also migration of people to other places. The source of water for drinking and agriculture is mainly from the river Kabini. The Taluk is covered by forest and is a protected belt covered by 'Rajeev Gandhi National Park' which spreads 643 Sq.Kms of Mysore and Kodagu districts adjoining the western ghats. The taluk is moderately connected with road network. On the demographic scenario, a considerable proportion of the population belong to tribal community—locally referred to as 'Jenukurubas'. With no agricultural lands and proper housing facility, this section of people is totally depended on labour work.

### **Awareness on the fund (amount) devolved under 'Gram Swaraj' Project to the panchayat:**

Majority of the respondents were not aware on the fund devolution under this project. The reason being as follows:

- \* Lack of co-ordination between the elected representatives and the people.
- \* Lack of any effective methodology being adopted by the Gram Panchayat in propagation of information on funding pattern of this project to the people.
- \* Lack of interest with the people to know the funding as well as the expenditure pattern of local finance.
- \* Cynical attitude of the people towards the local self-government – especially the Gram Panchayat.

### **Suggestions to create more awareness among people on Gram Swaraj Project:**

Surprisingly, no innovative suggestions emerged from the respondents. On the other hand, the GP Secretaries expressed that though they have provided enough awareness among the people – through gram sabha ward sabhas, displaying on the notice board, dissemination of the information through resource personnel appointed under Gram Swaraj Project, people have not come forward to participate in the sabha meetings.

#### **a. Kind of works carried out under 'Gram Swaraj' Project:**

Though there has been a lack of peoples participation in choosing their preferences, at the ward sabha and gram sabha they have taken decision to spend money on asset creation and development works.

From the Project funds, '**Construction of drainage**' ranked with number one with almost 95 % of the works pertain to this category. In one panchayat under the study, 100 % of the grant was spent for drainage construction during 2006-07.

*The other works that were carried out from the project funds were:*

- Construction of School building compound & renovation of an old building for library room.
- Construction of commercial shops – one by Saagare GP, two by Chakkodonahalli GP
- Construction of new building for SHGs – at Chakkodonahalli GP
- Asphalt of existing mud road to metalled road.
- Construction of kitchen for primary school.
- Construction of Mini Water Supply [MWS] tanks.
- Construction of Anganawadi Centres – by Hyrige GP.
- Construction of water ponds for animals -- drinking purpose.

### **Respondents includes...**

*President, Vice-president, elected members of the Gram Panchayat, women members of SHGs, citizens and also the Secretaries of respective Panchayats.*

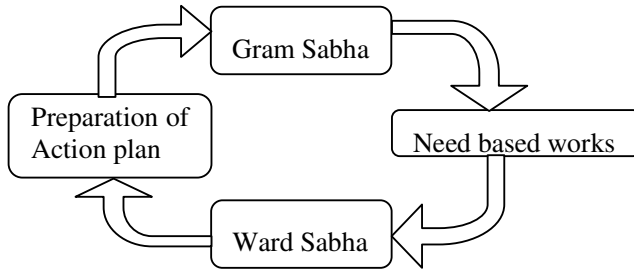
*In general, though there has been an impact due to developments works taken up, yet there was lack of awareness among the public on the basis of selecting the work and at what cost.*

*People cynicism of local self government capacity to deliver services still exists.*

*Local people generally do not bother to read the display board, notice board to know about the details of any schemes devolved to their panchayat...*

**'Construction of drainage'** ranked the number one spot, with almost 95 % of the works being spent from the block grants received under **Gram Swaraj Project**

### **b. Process of selecting the works:**



It shows that majority of the GPs under the sample study has indeed laid more emphasis where SC/ST population is highly concentrated. This was cross-checked by visiting a few localities. Hence, it is seen that the tribal people are not excluded from the main stream of development activity.

Further, it emerged from the discussion that there was no political interference in the functioning of the Panchayat.

### **Some of the lacunae that were noticed with respect to drainage work under Gram Swaraj Project:**

- ☞ First, there is no mentioning of total distance (in meters) the drainage work has been taken up – both in GP records nor physically displayed. To this, GP secretaries said that measurements would be/are noted down in ‘Measurement Book’ and in tender documents also.
- ☞ Second, although the quality of the work looks reasonably well constructed, there was a complaint from one female respondent (in one GP). She referred to a drainage that has been built in front of her house and complained that it was not up to the mark.
- ☞ Third, though expenditure has been incurred, the panchayats haven’t made any effort to make it public either by display on the notice board of the Gram Panchayat or displaying a board close to the constructed area.

### **c. Effective implementation of Gram Swaraj Project:**

Despite lack of participation by the local people in choosing their priorities majority of the respondents seemed satisfied on the kind of works taken up under Gram Swaraj Project during last two years. In some GPs there has been problems of implementation and completion of the works for the reason that:

- ☞ In certain villages, the work has been stopped due to either non release of second instalment for want of utilization certificate or the funds under various schemes are not being released within the stipulated time frame.
- ☞ No proper measures for propagation of this project – like display of sign boards at the work completed location and on notice boards of GP office indicating the start date and the end date of the works take up.
- ☞ Dissemination of information to the people on the funds devolved under Gram Swaraj Project is very poor.

*No political interference in the deliberation at the Gram Sabhas.*

*Reasonable quality of work carried out though some complaints exist.*

*Majority of the respondents seem satisfied on the kind of works taken up under Gram Swaraj Project during the last two years.*

*Most of works listed in the action plan under Gram Swaraj Project has been completed within that financial year. Also, the norms- like no construction of community hall, temples etc., laid by the project is followed by most of the panchayats under the study.*

*‘Untied Block Grant’ though have helped in taking up projects, yet with the condition of utilization certificate for the second installment has delayed the works.*

## II. Monitoring of Compliance and Revenue mobilization:

### a. Block Grants

Almost all the respondents welcomed the method of funds being devolved on a certain formula. Eventually, a few of them had the following suggestions:

- ✧ Instead of geographical area, it would be enough if only population is considered. As it is an untied grant, the area does not any significance unlike the other scheme like NREG introduced by the government.
- ✧ About 50% weightage is essential with regard to SC/ST population as there are a considerable proportion of people belonging to this section of the society in this taluk.
- ✧ The concept of certain percentage as an equal amount should be continued. However, the respondents fail to specify any fixed percentage as an equal amount.
- ✧ Weightage must be given to length of **road** and **sanitation needs**.

### b. Performance effort:

The perception of the respondents is as follows:

- ♣ It is a good concept. This indicator would motivate the elected representatives to work effectively in order to achieve the performance target.
- ♣ Keeping the performance effort percentage to 20% level would be ideal.
- ♣ In order to perform better there is a need for additional staff at the GP level. With the lack of adequate staff, it would be very difficult to achieve the points required to avail this performed based grant.

### c. Revenue mobilization:

In the following sub-sections, the respondents are Gram Panchayat Secretaries and the elected representatives.

First, with regard to revision of taxes and the water rates, it emerged that only two Gram Panchayats [see table below] has not revised the tax rate after 2004.

Name of the GP	Property Tax before 2004 (Rs)		Revised tax rate after 2004 (Rs)	
	Property Tax	Water Rate	Property Tax	Water Rate
Saagare	100 to 115	10	N.R	N.R
Bidarahalli	35 to 55	10	45 to 60	15
Hyrige	10 to 50	4	30 to 150	10
C.Halli	3 to 5/ sq.ft	22	6 to 10 / Sq. ft	25
B.Halli	40	25	60	N.R
Madapura	30 to 120	10	N.R	N.R

N.R – Not Revised

*In order to perform better, there is a need of additional staff at the GP level.*

*GP Members accept that 'Performance Effort' as an additional indicator to devolve funds under Gram Swaraj Project is appropriate and must be implemented*

*In 'Madapura' Gram Panchayat, the Secretary informed that the backlog of local taxes is about Rs 12 lakh, accumulated over a period of 7 to 8 years.*

Reasons for not revising the assessment valuation, in few Panchayats are as follows:

- ☞ As majority of the households are agricultural labourers coupled with poverty, it is very difficult for them to pay the existing tax let alone revised the assessment valuation.
- ☞ Fear of agitation/protests from the various sections of the society.
- ☞ As already there is a substantial arrears that needs to be collected from the people, further revision of local taxes may not be feasible and moreover if people resist to pay, it would add to the existing arrears and may become difficult to collect.

Some of the suggestions to recover the tax arrears, the Panchayats should insist the defaulters to pay tax before any of the following benefits are given to them:

- ❖ Ration card
- ❖ Individual household water connection
- ❖ Any official letters from the GP – like ‘No Objection’ certification.
- ❖ Requirement of local identification letter for seeking employment by any individual/household.
- ❖ To entertain complain about any problems that requires GPs intervention in their respective localities.
- ❖ In extreme cases, enforcing disconnection of drinking water facilities to their houses.
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## 2. Chamarajanagar Taluk

**District Head Quarters – Chamarajanagar**

**Distance to District H.Q – 0 Km**

**Total No. of Gram Panchayats - 42**

**Total No. of Revenue villages - 158**

### Selected Gram Panchayats for study

❖ **Udigala - Population M (3195) F (3216)**

**Area 3184.58 hectares**

❖ **Kothalavadi - Population M (3780) F (3778)**

**Area 4249.75 hectares**

❖ **Santhemanahalli- Population M (3935) F (3877)**

**Area 2087.31 hectares**

❖ **Umatturu - Population M (2580) F (2651)**

**Area 5193.17 hectares**

❖ **Sagade - Population M (3342) F (3565)**

**Area 2031.75 hectares**

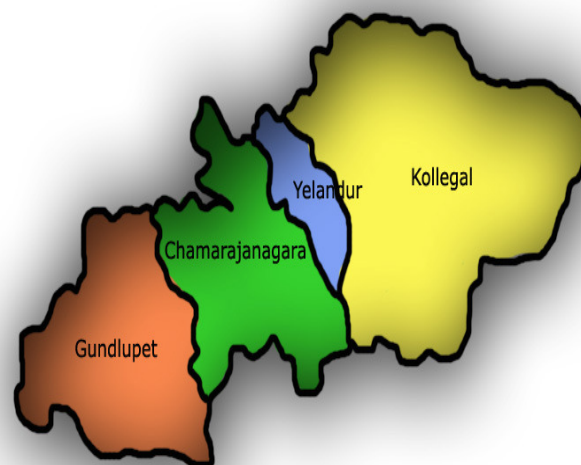
❖ **Maliyuru - Population M (2950) F (2915)**

**Area 3515.00 hectares**

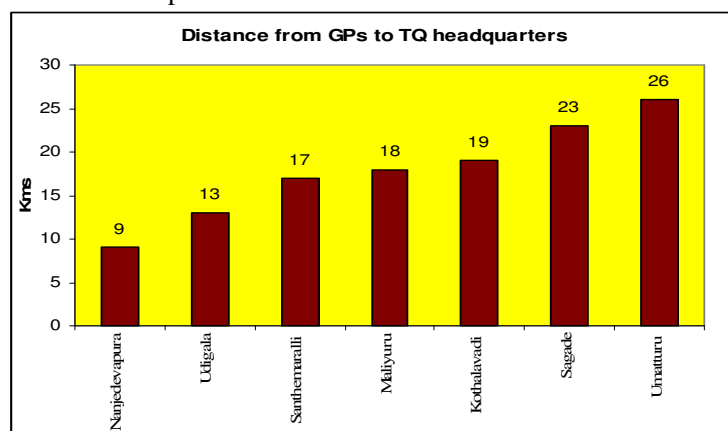
❖ **Nanjadevanapura - Population M (3504) F (3572)**

**Area 2877.86 hectares**

## Chamrajanagar District



Chamarajanagar was selected for the study as it was one of the taluks listed under Gram Swaraj Project. The seven Gram Panchayats selected randomly, among the total of 42 GPs in the taluk are Udigala, Kothalavadi, Santhemanahalli, Umatturu, Sagade, Maliyuru and Nanjedevapura. In Graph-1, the distance of each Gram Panchayat to its taluk head quarters is provided. Similarly, the demographic detail of the selected GPs is depicted in Table-1.



The distance between the selected Gram Panchayats to the taluk headquarters ranged from 9 km to 26 kms.

### Topography of the taluk

Chamarajanagar Taluk is situated bordering Mysore District, Erode district of Tamil Nadu and Wayanad District of Kerala. This taluk is named after the King Chamaraja Wodeyar of Mysore. The geographical area is 1, 68,755 hectors. As like other neighbouring taluks, this taluk is also known for its forest resources. As a result, it has a very high population of forest-dwelling tribal communities – who are locally referred as Soligas, Jenu Kurubas and Betta Kurubas. Agriculture forms the economic backbone of the taluk which is richly endowed with its mineral deposits. Ragi and Jowar are the main agricultural crops. As per the 2001 census, the total population of the taluk is 3,37,571. Scheduled castes (SCs) and Scheduled Tribes (STs) population alone is 78,755 (23.33%) and 32,968 (9.77%) respectively. The literacy rate of the taluk is 49.17% (male 58.13% and female 41.87%). The literacy rate of SC is 27.98% and ST is 24.22%, which is significantly lower than the literacy rate among other groups.

## Gram Swaraj Project

### I. Awareness of the project:

First, on the awareness of the project respondents, namely the general public, it emerged from the discussion that:

- Barring a few respondents –in two GPs, majority of them are not aware about the objectives of Gram Swaraj Project being implemented in their Gram Panchayat.
- The respondents - especially the women were totally not aware of any particular scheme being implemented in their panchayat. They are of the opinion that all works are implemented by Gram Panchayat alone, not much importance is given to know under what schemes the development works are being taken up.
- On the other, two women members -- who had attended the training programme on Gram Swaraj Project [through their self help groups] at the taluk headquarters, were aware of implementation of the project. However, these trained women did not put any effort to spread the benefit of this program to fellow SHG members.
- An interesting thing noticed from the discussion is that those who are political aware were able to provide more information on various schemes implemented in their panchayats.

For majority of the respondents who were aware of Gram Swaraj Project as well as other various schemes that are being devolved to their panchayats, the main source of information was the Gram sabha and not through ward sabha.

### Views of elected representatives and Secretaries/Staff:

#### On effective implementation of Gram Swaraj Project:

When asked on what basis the works were taken up under Gram Swaraj Project, they informed that the development works were on need based. A list of works was prepared in the gram sabha on priority basis and carried out accordingly.

Next, to the question on whether Gram Swaraj Project being implemented effectively in their respective panchayats, majority of the respondents – both elected representatives and GP Secretaries said that

- ❖ They could carry out the works under this project very effectively during the first year of its implementation, in which the works pertaining to construction of drainage, construction of GP building compound, repair of roads and anganawadi building was taken up and completed on time. Similarly, to increase their own revenue resources, new commercial shops [two] and godown [one] was constructed.

The distance between the selected Gram Panchayats to the taluk headquarters ranged from 9 km to 26 kms.

Table1: Demographic profile of the GPs

Name of the GP	Population	Percent age of SC/ST population	Sex Ratio
Santhamaralli	7812	36.05	985
Kothalavadi	7558	20.03	999
Nanjedevapura	7076	26.41	1019
Sagade	6907	31.45	1067
Udigala	6411	27.08	1007
Maliyuru	5645	18.05	981
Umatturu	5231	33.57	1028

As all the works is carried out by the panchayat, people are not concerned knowing the names of the schemes or from where the money has come.

An interesting thing noticed from the discussion is that people who are political active were able to provide more information on various schemes implemented in their panchayats.

❖ However, in the second year [2007-08], as these selected GPs under the study did not receive complete share of fund [see Table 2]-- for the reason of not submitting the Utilization Certificate to Taluk Panchayat on time, the Gram Swaraj Project could not be implemented as effectively as in the first year and as a result, the works had to be stopped halfway.

**Table 2: Total Grant allocation verses the actual release of fund to the selected GPs under Gram Swaraj Project for 2006-07 & 2007-08**

Name of the GP	2006-07	Total Amount to be received 2007-08	Amount (released) to GP for 2007-08
Udigala	5.8	7.58	0
Kothalavadi	6.03	7.69	0
Umatturu	5.59	4.69	4.37
Nanjedevapura	5.89	7.15	3.72
Maliyuru	6.15	7.10	3.37
Santhamaralli	5.93	6.95	6.95
Sagade	5.97	7.74	7.74
Total	41.36	48.9	26.15

On enquiry, it was found that these gram panchayats failed to utilize even half of the allocated amount released under first instalment. As a result, the releasing authority has held back the balance amount. This has led the Gram Swaraj Project not being able to be implemented effectively as compared to first year in these panchayats.

#### **Kind of works carried out under Gram Swaraj Project:**

When the question was asked on the kind of works carried out under Gram Swaraj Project, the general public initially, got confused between 'Gram Swaraj' and 'Gram Panchayat' [at both the words sounded same to them]. As a result, they started giving the list of the work carried out by the GP and not under 'Gram Swaraj'. When once this differentiation was clearly explained to the respondents, they provided list of works carried out Gram Swaraj Project which are as follows;

- Construction of compound to the Gram Panchayat building -- by Kothalavadi GP.
- Construction of Gram Panchayat office new building – by Santhamaralli and Umatturu GP.
- Construction of commercial shops and godown – by Udigala GP.
- Construction of drainage – by Maliyuru, Sagade and Umatturu GPs.
- Construction of Anaganwadi building -- by Kothalavadi GP.

On the issue of having awareness on the fund that is being devolved to their Panchayat under Gram Swaraj Project, it emerged from the discussion that majority of them – both men and women were not aware of this. Incidentally, some of the respondents having some political knowledge/background knew the exact amount received under this project for both the years.

*A few women belonging to a local Self-help group were aware of **Gram Swaraj Project** but did not put an effort to spread the benefit of this program to fellow SHG members or to the local people*

*The main source of information about Gram Swaraj Project is **Gram sabha** and not through ward sabha.*

*Initially, the respondents got confused between 'Gram Swaraj' and 'Gram Panchayat' as both the words sounded similar...*

### *Reasons for lack of proper awareness about Gram Swaraj Project:*

- ❖ Lack of self-interest in attending/participating in gram/ward sabhas by the people – especially by women folk.
- ❖ A few women respondents said that their spouses/dependents do not allow them to participate in the ward/gram sabha though they are interested. This has resulted in lack of awareness about this project – in general any developmental works is being taken up by the panchayat.
- ❖ With regard to men, though majority of them are interested in attending the gram sabha, they do not evince much interest in knowing the importance/benefits of any project. This holds good even for Gram Swaraj Project.

Suggestion provided by the respondents for effective participation of people in decision making process during gram sabhas are as follows;

- a. To build co-ordination between the elected representatives and the people.
- b. To have easy accessibility to the panchayat secretary or any other staff of the Gram Panchayat.
- c. To disseminate information through media or by printing pamphlets/display hoardings on the funding pattern of Gram Swaraj Project, or any other schemes to the people.
- d. Create mass awareness involving local SHGs, students from School and colleges in the panchayat activities.
- e. To develop certain strategies for making the people to participate compulsorily in gram and ward sabhas.
- f. To create awareness in men to encourage their spouses/dependents to participate in ward/gram sabha.

## **II. Monitoring of Compliance and Revenue mobilization:**

### **a. Block Grants**

When the respondents [in this case the GP secretaries and elected representatives] were asked on whether they are aware of the block grant that is being devolved to their respective Gram Panchayats is based on a formula, all the GP secretaries answered positively informing that they are aware of it. However, only half of the elected representatives under the study were aware that the funds under Gram Swaraj Project is provided based on certain weightage to total population and SC/ST population percentage in their panchayats.

Further, when asked about their views on the existing formula based block grant, except for one GP-namely Umattur, the respondents of the other six GPs said that the present formula appears reasonable. However, the GP members of Umatturu panchayat said that they have been receiving lesser amount under Gram Swaraj Project in each successive year [see table 2] even though their panchayat has made good

*A few women respondents complain that their spouses/dependents do not allow them to attend gram/ward sabha though there are interested ...*

*The opinion of the people with regard to Gram Swaraj Project is **satisfactory**.*

*In most of the panchayats under study, the fund that is devolved under Gram Swaraj Project has been divided by ward-wise on the demand of the elected members.*

effort in revenue collection in the last three years. Thus, they suggested of having a performance indicator so that it could give additional benefit for those who make the effort to achieve the target.

### **b. Performance effort:**

When the concept of ‘performance effort’ was briefed to the respondents, they readily agreed to this new idea which would help GP to perform and improve their revenue collection and service delivery. The percentage for performance effort suggested by them was not to exceed 25 % of the total block grants.

Another suggestion that emerged during the discussion was to consider the *dry land area* as one more indicator for poverty. This is because most of the Gram Panchayats in this taluk project have a considerable extent of dry land and no economic activity can be carried out in such lands.

Other sub-indicators suggested by the respondents ‘performance effort’ which are as follows:

- For computerization of accounts and day to day administrative activities of the panchayat.
- For effective participation of the people in ward/gram sabha.
- For giving importance to environmental aspects.

### **c. Revenue Mobilization:**

Firstly, to the question of having awareness about the provision to revise the tax once in every four years as provided under the PRI Act, the respondents said that they aware of this, but they were not sure of the time interval for revising the tax. During the discussion, it emerged most of the GPs under study revised their local taxes based on a government circular issued during 2004.

Re-assessment of the property of each household was carried out by all the selected Gram Panchayats under study in the year 2004. A tax of 10% was levied based on re-assessed value of the property.

Secondly, they expressed that the time duration to revise the tax for all local self-government; it should be once in every five years.

**Table 3: Panchayat-wise percentage of achievement against total demand of local tax. (Rs in Lakhs)**

Name of GP	2005-06			2006-07			2007-08		
	D	A	%	D	A	%	D	A	%
Umatturu	2.0	1.0	51.2	2.3	1.3	58.3	2.2	2.1	92.4
Nanjedevapura	1.9	0.9	48.2	1.9	0.8	47.3	1.8	1.6	89.7
Santhamaralli	2.1	1.6	73.1	2.6	1.8	69.6	2.9	1.9	66.5
Kothalavadi	3.8	1.0	27.7	4.1	1.3	31.9	4.2	2.3	54.2
Udigala	5.5	0.8	14.5	5.8	1.1	18.9	5.8	1.1	18.2
Maliyuru	4.2	1.1	26.5	4.7	0.6	12.7	5.8	0.7	12.5
Sagade	4.7	0.6	12.5	5.5	0.4	8.0	6.5	0.4	5.7
Total	24.2	7.1	28.9	26.9	7.3	27.1	29.2	10.1	34.6

D- Total Demand A – Actual collection

*The members of ‘Umatturu’ Gram Panchayat complain that their received lesser amount in each year under Gram Swaraj Project even after showing good progress in tax collection.*

*Suggestion to include ‘dry land area’ as an additional indicator under formula based grants...*

*Re-assessment of the property was carried out in the year 2004 in all the selected gram panchayats under study...*

In reference to Table-3, two GPs namely – Umatturu and Nanjedevapura have shown an increase in the tax collection for three continuous years (from 2005-06 to 2007-08). In fact for achieving this growth in tax revenue, they asked whether any additional funds would be given to them for their revenue efforts in the form of incentive under Gram Swaraj Project.

On the other hand, some of the Gram Panchyats who have not done well in their revenue efforts explained the following reasons for their failure to collect tax as under:

- Most of the villages come under dry land region coupled with scarcity of water for both drinking and agriculture purpose. In the absence of water for cultivation, people migrate to other villages and thus are not available to pay the tax. In the event the crop has failed, they will not be in a position to pay the tax.
- Bill collectors do not show interest in collecting the tax due to various reasons and furthermore the shortage of staff [in this taluk, one secretary is handling two GPs] is another reason for not able to collect effectively.
- In two GPs, migration to other places in search of employment is very high. This has resulted in non payment of tax on time by the people.
- There is some section of people who do not pay tax if they don't get any benefit from the panchayat.

***Suggestion to enforce tax:***

To recover the tax arrears, the GP secretary of one panchayat said that they would first insist to pay the tax first, when the defaulters approach them for any one of the following services:

1. *To obtain individual household water connection*
2. *To obtain any official letters from the GP – like NOC (No Objection Certification), Assessment copy etc.*
3. *To obtain the building licence or resident certification.*

***Suggestion regarding Gram Swaraj Project:***

A few suggestions provided by the respondents – GP secretaries and elected representatives regarding Gram Swaraj Project which are follows;

- ☞ Money should be allocated from the project fund to create public awareness regarding the project objectives which would help in peoples' participation.
- ☞ Works should be implemented through the department instead of tender processing.
- ☞ There should be a provision to change the action plan prepared by the GPs for Gram Swaraj Project.

*Suggestion to issue identification numbers [patta] to each house on the pattern followed by the revenue department [patta issued] to avoid the chances of double counting of households in the village...*

*Migration from home village to other places in search of employment has resulted in non-payment of local taxes on stipulated time by the people...*

*By providing fund of Gram Swaraj Project as 'untied' has benefited the panchayats very much to take up any developmental works without any constraint...*

Few GP secretaries had some reservations against the present system of tender processing. Though they accepted that it has led to more transparency, it has resulted in delay in the completion of work. Further, in order to gain higher profit margins, the contractors would compromise the quality and thus would thus do a shoddy work. Therefore the GP Secretary suggested that, instead of tendering the works, if the works could be taken up departmentally as was done earlier. He felt that this would ensure quality of work.

Finally, following are the overall opinion that emerged from the discussion with various respondents under the selected GPs:

- The untied block grant received by this taluk under Gram Swaraj Project is the higher that funds received for any particular development works. This has benefited the GPs.
- By providing fund in the form of 'untied' grants has benefited the panchayats since they can take up any developmental works without any constraint.
- The accountability and the need to perform will enabled the panchayats to increase their own revenue sources in future.
- As the works has to be processed through tenders, the respondents who favoured the tender approach have felt that this has led to transparency in both administrative and fiscal accountability of the panchayats.

*Allowing the panchayats to have capital investments under Gram Swaraj Project has enabled them to increase their own revenue resources...*

*Tendering process has ensured transparency...*

### 3. Bagepalli Taluk

**District Head Quarters – Chikkaballapura**

**Distance to District H.Q – 45 Km**

**Total No. of Gram Panchayats – 24**

**Total No. of Revenue villages - 212**

#### **Selected Gram Panchayats for study**

❖ Mettemari –	Population M (2484) F (2457)
	Area 2955.43 hectares
❖ Yallamapalli –	Population M (4696) F (4223)
	Area 2979.24 hectares
❖ Naremuddepalli –	Population M (2584) F (2475)
	Area 2754.73 hectares
❖ Pulugall –	Population M (2814) F (2809)
	Area 4235.14 hectares
❖ Parugod –	Population M (2445) F (2494)
	Area 1483.96 hectares
❖ Rajacharavu –	Population M (3076) F (3049)
	Area 2412.42 hectares

A total of Six Gram Panchayats were selected for the study. The distance to the taluk headquarters from the selected Gram Panchayats ranged from 6 km to 40 kms. Among these six Gram Panchayats three – namely Yallamapalli, Parugod and Mettamari are located close to the taluk headquarters. This proximity to taluk headquarters had led to greater economic activities in these panchayats.

#### **Awareness of the panchayat activities**

First, speaking on general awareness on the kind of activities - including the Gram Swaraj, that has been carried out by their respective panchayats, it revealed that:

- Those who attended the gram sabha had better knowledge on the works/activities that is been carried out by the panchayat.
- People who are in regular contact with the GP secretaries have some updates on the progress of work/activities being done by their respective panchayats.
- Dissemination of information in the form of hoardings, pamphlets, and paintings on the wall has not made any significant impact on the people in acquiring the knowledge on the importance of Gram Panchayat and its activities.

#### **Topography of the taluk**

Bagepalli is located at 13.78° N 77.79° E. It has an average elevation of 707 meters 2319 feet. The region is a semi arid drought prone one with low, erratic and spatial rainfall. The dust brown rocky terrain is severely undulating, with small hill ranges and outcrops that stud the topography. There is no mineral wealth and only a very thin and fragile soil cover. The average rainfall is 560 mm a year.

An adverse land: person ratio creates a strong thirst for cultivable land since less than one-half of the total land is fit for cultivation with the remaining taken over by the hills and rocky fields. Hardly 5% of the cropped lands are irrigated by an age old network of rain-fed tanks (small lakes), each irrigating 2 to 10 hectares of wet land. The low water table is tapped through bore-wells drilled to more than 100 meters depth. Groundnuts are grown on dry lands, inter-cropped with red gram, cowpea, field beans, green gram jowar, maize and castor on the



- As this taluk lies on the border of the neighbouring State - Andhra Pradesh, there is high influence of Telugu in the selected panchayats. People's knowledge of Kannada, oral and written, is considerably low as a result they are not in a position to read and understand various publicity materials and literature or government circulars.
- As there is a language barrier it was suggested that a pictorial representation would help rather than textual material.

As regards awareness on various kinds of grants that are devolved to their panchayats, it was seen that out of six selected panchayats, in three GPs the people were aware of the fund released under different schemes/project – especially the Gram Swaraj.

The GP secretaries and the elected members had some reservation on selection process of works – i.e., the tendering process. According to them, the concept of tendering will result in some additional administrative expenditure to the panchayat, which otherwise could be avoided by adopting the earlier method of carrying out the works.

Finally, on the issue of people attending the gram sabha and giving importance to it, a few interesting aspects emerged from the discussion which are as follows;

- ☞ Though gram sabha is the decision making podium for any kind of works/activities of the people, it has become more of a political sabha. People belonging to a particular party attend the meeting and the opposite party do not participate and if they do they disrupt the meeting. It appeared that there is no healthy debate to select the works for the GPs.
- ☞ Lack of interest among the people to attend the gram sabha – including those who have been affiliated to local SHGs or Youth Association. It appears that these association/SHGs have not motivated people sufficiently to attend the gram sabha and participate in selecting the wish list of the people.
- ☞ In majority of the selected Gram Panchayats under study, the ward sabha has not been conducted for several years.
- ☞ As the attendance to gram sabha is very low, all section of the people will not be aware of the implementation of any developmental project. Thus people's full participation to the gram sabha is a key issue.
- ☞ Few elected members suggested that to get people to participate there must be active participation of various departmental officers – from horticulture, health, Revenue etc., so that people's participation to gram sabha would increase. Unfortunately, according to the elected members these line department officials show reluctance to attend gram sabhas.

#### **Works carried out by panchayat – in reference to Gram Swaraj project**

- ❖ Construction of water tank (see photo-1) and water pipeline.
- ❖ Construction of cement Road (see photo -2)
- ❖ Construction of drainage

field bunds. Mulberry, Onions and sunflower are the common bore-well irrigated crops. Ragi (golden millet) and a coarse variety of paddy are cultivated under irrigation tanks.

*A particular section of respondents do not show any interest in knowing the day-to-day activities of the panchayat...*

*As this taluk borders the neighbouring state -- Andhra Pradesh, there is a high influence of Telugu in the panchayats...*

*The dissemination of information in pictorial form is preferred to written material...*

*The concept of implementing the works by calling global tenders under 'Gram Swaraj' has resulted in some additional administrative expenses to the panchayats...*

### **Opinion on Implementation of the Gram Swaraj Project:**

- With regard to this particular project, the opinion of the respondents seemed to be positive. This is because, in all the Gram Panchayats under study, the elected representatives felt that the norms laid down forces them to follow certain procedures and that there is adequate guidelines issued and therefore they are careful in the selection of work and its expenditure.
- However, as explained in the earlier section, a few GP secretaries had mentioned that the delay occurring in commencing the works is due to the tendering process introduced. Perhaps they need further training in this regard.

### **Monitoring of Compliance and Revenue Mobilization**

#### **a. Local Tax**

Tax from buildings, lands, license fees and local cess are the major source of tax and non-tax revenue in all the Gram Panchayats under study. However, in three of the panchayats, market fee is a considerable source of revenue.

With regard to the percentage of tax collection against the total demand, it emerged that almost all the Gram Panchayat are able to collect 40 % to 50 % of the total demand. The reason for its failure to achieve success in collecting the outstanding balance is as follows;

- ☞ Majority of the people belong to most economically weaker section of the society.
- ☞ With scarcity of water for agriculture, many people migrate to neighbouring state for employment. Low wage rate has also added to the problem of people not paying the tax regularly.
- ☞ Some political interference has prevented people from paying the taxes. Some Gram Panchayat members protect the people belonging to their ward from paying the tax. This has led in low tax collection.

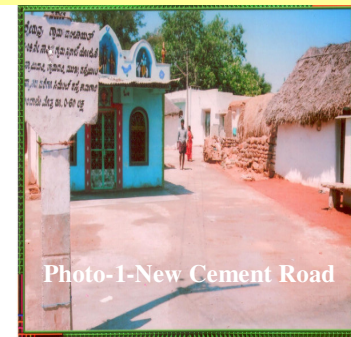
#### **Suggestions to improve tax collection:**

- ☞ Through wall posters and paper media. Painting of names of the defaulters on the walls in each ward.
- ☞ To introduce some incentive based approach. For example, if any elected member makes an effort in motivating the people to pay tax in their respective ward, and is able to recover 80 % to 90% of the arrears, then certain development work should be taken up depending on the choice of the people in such wards.

### **Expenditure pattern:**

All GPs are heavily depended on untied grant than their own source revenue for any developmental works to be implemented in their panchayats.

The general expenditure is towards maintenance of drinking water supply, electrical bill and salary component of the bill collectors and watermen. With regard to developmental expenditure, it is noticed that expenses have been incurred towards construction of drainage and road repair works.



*The line department officials show reluctance to attend gram sabhas...*

*The local people seem to be satisfied with the implementation of Gram Swaraj Project in their panchayats...*

*Only 40% to 50% of the total target would be able to achieve every year regarding local tax collection...*

*Acute scarcity of water supply to agriculture had led the people to migrate to neighbouring states for employment...*

*High political influence in the affair of panchayat activities in the selected Gram Panchayats...*

*Awareness among the people to pay local tax should be created through wall posting and print media...*

#### 4. Magadi Taluk and Kanakapura Taluk

<b>District Head Quarters – Ramanagaram</b>	
<b>Magadi Taluk</b>	<b>Magadi Taluk</b>
<b>Distance from District H.Q – 35 kms</b>	<b>Distance from District H.Q – 35 kms</b>
<b>Total No. of Gram Panchayats - 32</b>	<b>Total No. of Gram Panchayats - 32</b>
<b>Total No. of Revenue villages - 274</b>	<b>Total No. of Revenue villages - 274</b>
<b>Selected Gram Panchayats for Study</b>	
<b>Hanchikuppe</b> Population M(3237) F (3246) Area 10550.97 hectares	<b>Budiguppe</b> Population M (526) F (532) Area 266.24 hectares
<b>Nethenahalli</b> Population M (4122) F (3649) Area 2345.11 hectares	<b>Tungani</b> Population M (3233) F (3118) Area 2835.65 hectares
<b>Kudur</b> Population M (4616) F(4340) Area 900.00 hectares	
<b>Lakkenahalli</b> Population M (3988) F (3912) Area 4279.07 hectares	



#### Topography of Magadi Taluk

Magadi taluk comes under Ramanagaram district. The main industrial activity of the taluk is silk twisting and other activities include, power looms, bamboo craft, pottery, stone cutting, carpentry agarbathi manufacturing, Ragi cleaning. Magadi is situated in a scenic valley (51 km from Bangalore) is to be reached by a serpentine ghat road crossing the chain of hills running from Shivaganga through Magadi and Savanadurga.

#### Topography of Kanakapura Taluk

Kanakapura is situated to the (56 km from Bangalore) South of Bangalore is on the right bank of the river Arkavati. The main potentiality of this taluk is Granite quarries. The industrial activities include Silk Reeling, Twisting, Power looms, Brick Industries, Bamboo activities, Pottery and other rural industries. The people of this taluk mainly depend on Agriculture. Bee keeping based on Agriculture, Horticulture and forest is also followed here. The Kanakapura taluk has rich potential for Bee keeping which is termed as rural and cottage industry.

## Gram Swaraj Project

### a.Awareness

As observed from the interaction, it emerges that

- ❖ First, people's familiarity with Gram Swaraj Project and its objectives is very poor. As a matter of fact, though the development works are underway, they are not aware whether the works are being carried out from the project funds or funds from the government grant. It appears that they were not interested in knowing from where the funds came so long as the works are undertaken.
- ❖ Several developmental works are being carried out at regular intervals by the Gram Panchayat such as construction of roads, drains, water supply and so on. Since the people have not actually participated in deciding the project they did not appear interested in the details of any project that is being implemented in their panchayats.
- ❖ Some people are aware of the projects that have been/are being carried out have in their panchayat as they have attended the Gram/Ward Sabha's meetings. Yet it appears that people's preferences or wish list may not have been taken up for discussion. It appeared that the decisions to do certain item of works were pre-determined by the GP members and at the Gram Sabha people were informed of their decision.
- ❖ Another interesting observation made during the discussion is that some local people are more knowledgeable about the activities of the panchayat than the elected GP members; however, they were active in association with the local self help groups. Because of their involvement with the SHG the people within this group were more aware about the developmental works than other groups.
- ❖ During discussions people expressed that a little more efforts/publicity/training etc should be made in order to make Gram Swaraj Project, its objectives known to the people.

Regarding the devolution of funds under any project, it emerged that

- They have fair knowledge about the kind of the funds devolved to their Gram Panchayat and say that they were informed about it through the elected representatives in Gram sabha and ward Sabha's.
- The decision about the kind of development works to be undertaken was taken at the Gram Sabha's based on the requirement of the Gram Panchayat and not necessarily that of the local people.
- Most of the people interviewed have been participating in Gram Sabha's but their involvement is limited to signing the register. Only a few of them claim to have given their inputs about the needs of the GP.
- An interesting factor observed was that though women are chosen as elected representatives, it's the spouse that actually plays a part in decision making.

*Though women are chosen as elected representatives, it's the spouse that actually plays a key role in decision making in the panchayat activities.*

*Many developmental works have been accomplished such as, water supply, building compound walls for schools and hospitals, kitchens for mid-day meal scheme in schools and so on.*



Photo-1: Concrete Road in Kudur Gram Panchayat



Photo-1a: Concrete Road in a village

**Views of Secretary/President/Important Elected Representatives on the developmental works in the panchayat:**

According to Gram Panchayat Secretaries and other members of the GP, the Gram Swaraj Project is being implemented quite successfully in their Gram Panchayat. The project, according to them, has helped them to a great extent.

- The GP members felt that funds should be released in a single instalment and not on the basis of UCs because, the secretaries feel that they'll have to wait for the 2<sup>nd</sup> instalment to finish the pending works and this makes the process slower.
- With regard to works taken up in the panchayat under Gram Swaraj Project, it is as follows Construction of roads [See photo-1, 1a & 1b ] – by Kudur Gram Panchayat.
- Construction of compound walls to veterinary hospital [see photo-2] and school building [see photo-3].
- Construction of kitchen [see photo-4] for mid-day meal scheme in schools and so on. They have been able to use the funds up effectively.
- Asphaltting the Roads –Metal led Road [see photo-5] and Pukka Road [see photo-6]
- Construction of drainage and mini water supply tanks

**Block Grants**

First, with regard to awareness created on the devolution of funds – especially that of the Gram Swaraj Project to the people, in one Gram Panchayat namely Budiguppe, the Panchayat has put the details on the compound wall of the Panchayat office [see photo -6] and also at Nethenahalli Gram Panchayat.

Most of the respondents seem to be satisfied with the Block Grants being released based on the formula. They also suggested that some more parameters can be considered to distribute grants like the number of illiterates, status of roads etc. These indicators give a better picture of a GP's backwardness.

On incentive measured through performance they agree that such method will help to boost up the performance.

But in some of the GPs it was observed that the members are not very happy with the Performance Incentives. It is because people find it difficult to understand these incentives especially when their GP gets far less Block Grants than the other GPs.

**Revenue Mobilization**

First, with regard to tax revision, it emerged from the discussion that all the GPs have fixed the property tax during the year 2004-05 which are due for revision in 2008-09.



Photo-2: New compound wall to veterinary Hospital



Photo-3: Construction of compound wall school in Tungani GP



Photo-4: New Kitchen for preparing mid-day meal in Tungani GP



Photo-5: Construction of metalled Road in a Tungani GP

GP Secretaries and members are aware of this provision and feel that this is appropriate time-frame for revision. In some of the GPs it was suggested that this duration can be increased because it has been difficult for them to collect the PT with the existing rates and can be more difficult if the rates are increased. The percentage of revenue collected by the selected Gram Panchayats during 2006-07 is shown in the table below:

Table: Percent of tax collected as against the target of GPs under study

Name of the GP	Taluk	% of Revenue Collected
Hanchikuppe	Magadi	26%
Nethenahalli	Magadi	49%
Kudur	Magadi	90%
Lakkenahalli	Magadi	81.27%
Budiguppe	Kanakapura	19.35%
Tungani	Kanakapura	75.15%

All the GPs have different categories of properties viz., Hut, asbestos, RCC and commercial buildings. The tax varies according to the physical structure of the building/properties.

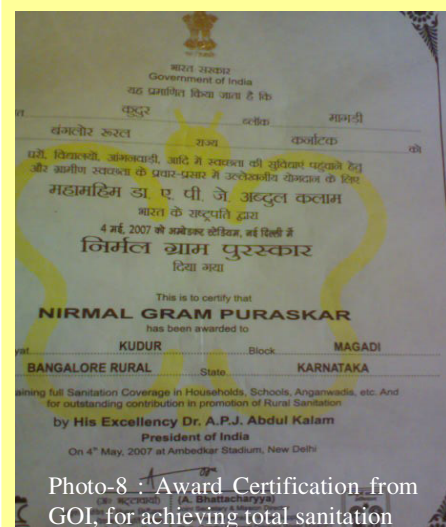
Some GPs like Kudur in Magadi have been collecting 90% revenue and has been a model GP in that Taluk. However, on the other hand, performance of some of the GPs has been below average collecting less than 50% of the total demand in the financial year.

As said by the elected representatives, people are not serious about paying the PT despite issue of demand notice and reminders. Other problem faced by the Gram Panchayat Secretaries in collecting tax is attributed to political influence that is brought in whenever people are pressurize people to pay the tax.

Further, the main reason for people failing to pay their tax is that majority of the people are mainly depended on rain fed agriculture land and when rains have failed will have very less income. As a result, they fail to pay the tax.

### Other Observations

- Kudur GP in Magadi Taluk has been awarded "Nirmal Gram Puraskar" [see photo-8] for attaining total sanitation in school Anganawadis, by the President of India. Kudur has also achieved 90% revenue collection and has been a model GP in the Taluk.
- All the GPs are computerized with internet connection. Computer operators have been appointed for all the GPs.
- They have been conducting Gram/Ward Sabhas regularly and have been disseminating information to people about various schemes.
- Steps are taken to make people aware of the benefits of paying property tax through hoardings, posters and so on.
- They have well-maintained libraries with good number of books and book racks and are supervised by librarians appointed locally.



## 5. Sira Taluk

**District Head Quarters – Tumkur**

**Distance to District H.Q – 45 Km**

**Total No. of Gram panchayats – 36**

**Total No. of Revenue villages - 235**

### Selected Gram Panchayats for study

<b>Dwaranakunte -</b>	<b>Population M (2938) F (2727)</b> <b>Area -3699.33 ha</b>
<b>Bevinahalli -</b>	<b>Population M (4407) F (4125)</b> <b>Area – 6421.95 ha</b>
<b>Chikkanahalli –</b>	<b>Population M (3061) F (3008)</b> <b>Area – 1611.76 ha</b>
<b>Kallambella -</b>	<b>Population M (4308) F (4151)</b> <b>Area – 2644.83 ha</b>
<b>Kotta –</b>	<b>Population M (3978) F (3933)</b> <b>Area – 3904.52 ha</b>
<b>Melkunte –</b>	<b>Population M (3721 ) F (3452)</b> <b>Area – 3053.33 ha</b>

### Gram Swaraj Project

#### Awareness and Perception:

1. For General Public/ members of Self help groups, village leaders the checklist was to prepared to assess the awareness and their perception about Gram Swaraj Project. In all the 6 GPs, it is observed that awareness level about Grama Swaraj Project is very poor among the people. Only few people who are having regular contact with members or their relatives have heard the name of the project. Grama Sabha/ ward sabha and members of their ward are main sources of information. However, whoever heard about the project, they are not aware of the extent of grants received under the project.

2. People are aware about the development works implemented under Gram Swaraj Project, even though they unaware under which scheme a particular work has been taken up. In all the six GPs, people have expressed their overall satisfaction about the quality of the work implemented under this project. Majority of people agree that the works taken up are need based. In two gram panchayat area, people told that they have participated in supervision of works during implementation.

- People are generally aware about the Ward Sabha and Gram Sabhas held in their villages. Out of the number of people met in the field, about 40 percent of them have reported that they have attended gram sabhas held for discussing various development schemes. During discussion with people, it is observed that Grama Sabha & Ward Sabhas are held to identify the works to be taken up Grama Swaraj Project in 2006. People's representatives and Secretaries of GPs opined that people have forgotten about the objectives of the project as they have heard two years back.



CC road with small central drain

*People generally aware about development works though not aware under which project undertaken*

## **Views of Secretary/President/Important Elected Representatives on awareness**

1. When asked about the effective implementation of the Gram Swaraj Project, majority of people's representatives and Secretaries of Gram Panchayats have positive responses, but they feel constrain in speedy implementation of the project. The main reason for delay in implementation of the project is the tendering and other procedures required to be adopted for project. However, this new method of tendering is accepted by them. For example, Secretary of Kotta GP expressed that after implementation of tendering process, 80 % corruption has come down as far as GS works are concern. Secretary of Chikkanahalli GP opined that except some hindrance, the Grama Swaraj project is very good towards of overall development of villages. The reason for this optimism is that, it is possible under this project to take up work that people prefer and create durable infrastructure. He feels that if this project is restricted to 5 years, the work will be half done work; hence he felt that this project to be continued for atleast another 5 years.

Some of the difficulties and practical problems are also expressed by members and secretaries of GPs. For example secretaries Chikkanahalli and Kotta Grama panchayat explained that, members of the Gram Panchayat distribute the grants received under Gram Swaraj Project to several works and accordingly the works have been taken. Due to this, no single work is completed during the year. For example, a drain work is taken up in a village is around 250 meter. But in due to funds allotted for this work during the year only about 50 meter drain works can be completed. That would mean that to a completed drain will benefit the people only after five years. This is the same feature observed in almost all the GPs in almost areas of work like roads and buildings. When there are slipover works of the previous year, there could be cost escalation and hence separate action plan has to be prepared.

Other problems, stated by the Secretary of Kotta GP are that, in certain cases members of Gram Panchayats themselves implement the works under this project in the name of contractors. They will bring some contractors who officially get selected under tendering process, and all transactions will be done in the name of the contractors. This leads poor quality of works. He said that delay in releasing the grants from the head office also creating some inconvenience in effective implement the project works.

2. Members and president have no idea about formula adopted for the distribution of block grants under Gram Swaraj Project, but all the GP Secretaries are aware that the block grants are based on the population and number of SC/STs and illiteracy.

When it was suggested to make allocation based on 'performance efforts', the members and secretaries of GPs agreed by saying that it is good method, however they expressed that allocation by performance would both be an advantage as well as a disadvantage. According to them, it would give an opportunity to inform people to pay taxes regularly; otherwise full grants will not be provided by the government. This will help in improving the revenue mobilisation in the future. On the negative side they feel that their panchayat may get less if they are not able to collect more revenue. Overall it seems that, if allocation is



*People have noticed recent changes in the development works undertaken... they notice transparency in administration.*



based on performance, it will be accepted by the panchayats. They did not have not give any clear response as to the percentage be fixed from the total annual block grant towards performance efforts.

## II. Monitoring of Compliance & Revenue Mobilisation :

1. House tax, General water tax, Special water tax, Streetlight user charges etc., are main sources of own revenue of the selected Gram Panchayats. 31 % of cess is being collected along with property tax. Secretary of Chikkanahalli GP said that current rent value of the house/ building would be calculated and 10 % of the annual rental value will be property tax. For commercial buildings the tax rate is 20 % of the annual rental value. For property tax, there is different valuation for different type of houses (like Hut, semi pacca house, RCC, and commercial buildings). The Gram Panchayats collect Rs. 10 as general water tax and Rs. 20 to 25 as special water tax every month. It is noted that only in Chikkanahalli GP, Rs. 20 per house/year is being charged as streetlight fee.
2. Members and Secretaries are aware that tax and other rates can be revised time to time, however, they are not aware about provision and the time interval provided under the PR Act. They simply follow up the revision process when instructions and circulars received from the governments.
3. All the 6 GPs secretaries reported that all the taxes and rates have been revised in the year 2003-04. This has resulted in increasing the revenue between 50 % to 90 % in all the six GPs.
4. All the secretaries, presidents and members opined that 5 years is right time to revise the rates and taxes for GPs.
5. Revenue mobilisation of their own sources is between 19 % to 45 % of their total outstanding demand. But in recent years, revenue mobilisation has improved considerably in almost all GPs. For example, Melkute GP has a demand of Rs. 2,78,680 for the year 2007-08 out of which they have collected Rs. 2,51,160 (about 90%). Percentage revenue collection by the GPs is shown in the Table - 3.

Table-3 : Demand & Collection of GPs for the year 2007-08 in Rupees

Name of GP	Opening Demand	Demand for the current year	Total Demand	Collection for the current year	Balance	% collection to the total demand	% collect to demand for current year
Dwaranakunte Bevinahalli Chikkanahalli	338225	262897	601122	114924	486198	19	43
Kallambella	794491	528602	1323093	494659	838334	37	93
Kotta	562844	296820	859662	255033	604629	29	85
Melkunte	518371	278680	787051	251160	535891	31	90

6. Problems faced by the panchayats in improving revenue mobilisation werediscussed with the members and Secretaries. Some of the important reasons for increasing the revenue are (1) Sira is backward taluk with most of the area being dry lands, people go to other villages for work and hence there will be nobody to pay taxes (2)

*GP await government direction to revise property tax.*

*Defaulters names to be published on notice board.*

*If 'NOC' is held up, people bring political influence for its issue*

People think that government is giving grants to Panchayats for all development works and so they need not pay any taxes to the Panchayat. (3) Poverty among people. In Bevinahalli GP, the secretary reported that political influence is also reason for not payment of taxes by the people. According to him, if a defaulter come to panchayat for some certificate or a service and when insist to pay taxes before issue of the certificate or to give the requisite service he often get political pressure to issue the certificate without payment of taxes.

7. It was discussed about whether panchayats need any help from the government or higher level panchayats in improving the level of mobilisation of their own sources. The response was more or less negative. But few Secretaries have given some suggestions in this regard. Dwaranakunte Gram Panchayat secretary expressed the difficulties of implementing revised tax because, to increase in tax, the general body has to approve. Generally members will not agree for increase in tax. The Chikkanahalli Gram Panchayat secretary suggested two things (1) Interest must be levied on dues and must be implemented. People are under the impression that since there is no penal interest for default in paying annual tax, they could postpone the payment by a year or two and when the arrears mount up they will find reasons not to pay taxes.. (2) Apart from panchayat, people get benefits from various departments under different schemes & programmes. For example, people take loan from the banks, caste & other certificates from revenue department and also get other benefits from agriculture, horticulture etc. The Secretaries felt that a system must be put into place whereby, it must be made mandatory for all the department/banks to insist production of no due certificate or copy of the up to date property tax receipt from the panchayat before providing any benefits. They feel that government has to issue orders in this regard to all the departments and banks.

Another important issue he said is that, all the panchayats have huge electricity dues. If panchayats are able to collect full receipts of their own resources, there is no need to depending on government to clear their bills.

8. It is noticed that all the gram panchayats are issuing demand notices and reminders to defaulters once in every six months.

### **III. Best Practices:**

1. All the secretaries and members of the panchayat reported that they don't have to specify item to showcase any best practices adopted in their panchayat.

### **IV. Expenditure pattern :**

Attempt was made to understand how the money received under untied grants and their own sources of revenues are being spent by the Gram Panchayats. Major portion of their own sources of revenue goes towards payment of salary for the staff and other general expenditure. The Rs. 5 lakhs statutory grant under section 206 of the PR Act is being spent on rural water supply, maintenance of streetlight and 20 % of the grant is spent for the development of SC/STs. Some portion of the grant is spent on sanitation works.

*The panchayats should levy penal interest for default in paying property tax.*

### General observation of the field visit

- **Gram Sabhas/ Ward Sabhas:** It has been noted that, in all the 6 GPs, Ward sabha & Gram sabha are conducted before preparing the action plan for Gram Swaraj project by distributing pamphlets, by beating drum and announcing through loudspeakers.

**Tendering:** All the GPs followed the tendering process by calling in the local news papers. Paper advertisement cost works out about Rs.7,000 to Rs.8,000. It has been noted that even contractors from the outside district have participated in the tender and some of them are awarded works. Generally, it appeared that tendering and selection of contractors are done in a transparent manner by all the Panchayats.

- **Display of information to the people:** It is observed that in all the 6 GPs boards are installed at the site of work carried out under Gram Swaraj Project. In few cases, boards are not seen. In these cases the Secretary of GP and local people have informed that the boards had been installed have been stolen. In Bevinahalli GP payment of bill for a road work is held up as the board has not been displayed at work site
- **Environmental issue:** As already stated in the report incomplete drain work has created sanitation and environmental problems in villages. For example two water tanks are constructed under Gram Swaraj Yojana for the purpose of washing of cattles and for general use. People wash clothes by using water from the tank but as there is no drain system incorporated with the main works there is water is logging around the tank causing health hazard.

*Tendering cost substantial money, however, it has brought in transparency.*

A temporary display board under GS



Water tank constructed GS with no drain in Kotta GP

## ***Summation of the study of 6 Taluks:***

- ✍ With regard to awareness on Gram Swaraj Project, it clearly emerges that people are not fully aware of this project because of the fact that there is no effective information medium to the people. Since this Gram Swaraj project does not offer any particular asset like a water tank or a dam or any such physical attributes in the village for people to see and relate them to a particular scheme, the immediate impact of the project is not noticed by the people. Though they are aware that some systems are in place in the last two years, they are not aware what has caused these changes.
- ✍ Works that are enlisted under that financial year has been completed in most of the GPs. However, there is need for some monitoring on the quality of the work that is being carried out.
- ✍ It appears that there is an overall acceptance for the formula based 'block grant'. However, the respondents were unable to suggest anything [except for one respondent saying that 'Area' does not have any significance] on the appropriate components as well as the corresponding weightages that would be feasible for the block grants.
- ✍ On the idea of adding 'performance effort' to the existing formula, interestingly, there is an overall positive response from the respondents. The only constraint that the GP are seeing at is the inadequacy of staff to avail the benefit of this 'performance grant'.
- ✍ With regard to revenue mobilization, a few panchayats have utilized the benefits of Gram Swaraj Project by constructing commercial shops. On the other, it emerged from the discussion, that there doesn't exist much scope to increase the local revenue in a few panchayats. The reason is that there is no availability of government land in the vicinity of their Gram Panchayats.
- ✍ Regarding adaptation of 'Best Practice', it clearly emerged from the discussion and also visits to some of the villages that none of the GPs have adopted practice that can be considered as 'best practice'. Perhaps the elected representatives are not putting efforts to adopt best practices for the development of the local self government or that they are not aware of any best practice. There is a need for creating awareness to these representatives on 'Best Practice' in the form of training or arranging their visits to some developed and well organized Panchayats wherein they are following good practices..