**Explanatory Note**

**Own Sources Revenue Generation by Panchayat Raj Institutions**

**Capability Development and Institutionalization in Karnataka**

**Background**

73rd amendment to the constitution of India has provided constitutional status to panchayat raj institutions. This has established an identical structure, periodical elections, regular flow of funds as per recommendations of finance commission and of local taxes by gram panchayats. State government has provided necessary executive powers and responsibilities for Gram Panchayats to perform as self governing institutions. As indicated in 11th schedule of the constitution of India, the Panchayat Raj Institutions, Gram Panchayats in particular, have to formulate and implement the schemes utilizing the available local resources and grants for economical and social development programme.

In accordance with the 73rd amendment to the constitution, the Karnataka panchayat raj act was enacted in 1993 to establish Panchayat Raj Institutional system by framing rules and enabling Gram Panchayats to perform as local self government institutions. The Karnataka was the first state in the country to enact the Panchayat Raj Act and has transferred 29 subjects to the Panchayat Raj Institutions (PRIs).

Karnataka state visualize decentralization as one of the instrument to address regional disparities and pursued in an equalizing pattern by vesting more resources to the poorest blocks (taluks) and villages to build capacity at local level. Karnataka state, despite its impressive record, has a long way to go for local bodies to emerge as autonomous, strong and self sustaining institutions. In order to enable the Panchayat Raj Institutions (PRIs) function more independently, necessary notifications under administrative decentralization on powers are issued and accordingly the Karnataka Local Fund Authorities Fiscal Responsibility Act, 2003 was introduced to mandatorily follow fiscal responsibility norms which involves optimal allocation of resources, preparation for future and avoiding debt. Besides Rural Development and Panchayat Raj Department, Panchayat Raj Engineering Department, State Election Commission, Karnataka Rural Water Supply and Sanitation Agency, Karnataka Rural Road Development Agency, Abdul Nazir Sab State Institute of Rural Development, Institute of Mahatma Gandhi Rural Energy and Development etc. are also effectively functioning. Therefore, to improve the economic and social conditions of people in rural areas and to improve their living conditions on infrastructure/services delivery like safe drinking water supply and sanitation (toilets) facilities are being implemented by PRIs under the overall guidance of Rural Development and Panchayat Raj Department.

**Issue to be addressed**

The Ministry of Panchayat Raj, Government of India has called an explanatory note from each state on “Addressing the challenges in Own Source Revenue Generation by Panchayats”. The explanatory note prepared is based on capacity building and best practices made adopted in GPs of the State along with the scope of following explanation and few objectives drawn by MoPR.

PRIs with proven track record in good governance for tax administration, revenue mobilization and instituting accountability and linkages between service delivery and revenue generation will also be invited to share the experience of their best practices in the National Workshop. In this context, an attempt has been made to identify some areas pertaining to best practices in mobilizing own source of revenue (OSR) at GP level. Some of these areas are listed below:

1. GPs that have good systems of tax assessment and have reduced the gap between total assessment and total collection over the years
2. GPs that have created productive assets and generated revenues using those productive assets
3. GPs that have adopted innovative revenue generation practices and strategies
4. GPs that have incentivized payment of taxes
5. GPs that have utilized the resources generated from OSR productively for improving service delivery
6. GPs that have performed well in bringing transparency and in engaging community in revenue mobilization
7. GPs that have performed well in record keeping and accounts management

**Own Source Revenue (OSR): Karnataka**

In Karnataka 5629 Gram Panchayats are functioning and are classified into 2 categories viz Grade I and Grade II. Gram panchayats with population of 6000 and above are considered as Grade-I and those with population below 6000 are considered as Grade-II. Accordingly, there is 2322 Grade-I Gram Panchayats and 3307 Grade-II Gram Panchayats. More importantly, GPs have to take over the planning function and plan for the local socio-economic development. To carry these tasks effectively, control on their resources according to Gram Panchayats Own Source Revenue and its capability is needed. In this context, the Own Source Revenue for the year 2013-14 is ***Rs.416.65 crores which has jumped from Rs. 402.46crores for the year 2012-13*** (details as shown in the Table 1 and graph captures the types of OSR). On review of recent studies of RDPR, OSR of GPs is influenced by several factors and overall development of the GP would of course be the major determinant, as it would imply higher economic activity and taxpaying capacity of citizens. There are some very obvious indicators of development such as the state and availability of infrastructure e.g. piped water supply to households, good surface roads, and agricultural productivity so on. The Nanjundappa Committee (HPCRRI) has used several indicators for measuring development, to identify regional disparities and backwardness at taluk level. The committee came out with 35 indicators over 5 sectors viz. agriculture and allied, industrial trade and finance, economic infrastructure, social infrastructure and population characteristics. The committee used CCDI index to categorize all 176 talukas into most backward, more backward, backward and relatively developed. In view of this, considering development as the major determinant of GP’s ability in mobilizing OSR, a higher correlation exist between tax compliances of households and determinants of tax compliances.

**Table-1: Own Source Revenue during the year 2012-13 and 2013-14**

|  |  |  |
| --- | --- | --- |
| **OSR (Rs. In Crore)** | **2012-13** | **2013-14** |
| Panchayats Own Revenue from Tax items | 299.30 | 324.39 |
| Panchayats Own Revenue collection from rental, lease, etc | 69.69 | 56.26 |
| Panchayats Own Revenue from other Non Tax items | 33.47 | 36.00 |
| Panchayats Own Revenue from All Sources Together | 402.46 | 416.65 |

*Source: RD&PR Department*

Gram Panchayats in Karnataka mobilizes own source revenue in various ways. A major part of their revenue is generated through tax collection. They also earn revenue through sales of certain items, leasing out property, collecting donation from the public etc. Own source revenue of the Gram Panchayats is broadly classified into: Tax Revenue and Non-Tax Revenue

**Types of Taxes, Assessment & Mobilization:** The Panchayats are empowered to levy tax and the revenue earned by them through imposition of taxes. The taxes levied by the Gram Panchayat have significantly increased over a period (details as shown in the table 2) and however during the year 2013-14 it was about Rs.324.39 crores.

**Table-2: Tax, Assessment & Mobilization**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Sl.**  **No.** | **TAX** | **Tax Assessment (Rates**  **fixed in INR)** | **Collection during the year 2013-14** | **Collection during the year 2014-15** |
| 1 | Tax on lands (lands not subject to agricultural assessment) | Rs. 1/sq ft | 4668.05 | 7406.91 |
| 2 | Tax on buildings (inclusive of land appurtenant to such buildings) | 1.Hut - Rs. 1/sqft  2. Tile House (Henchu)- Rs. 1.5/sqft   1. Sheet House- Rs. 2/sqft   4.RCC- Rs. 3/sqft | 13021.1 | 14363.29 |
| 3 | General water rate | Rs. 10 | 3295.91 | 3444.70 |
| 4 | Special water rate collected from the individual households who gets individual drinking water house pipe line connection | Rs. 25 | 2011.45 | 2244.95 |
| 5 | Tax on entertainment other than cinematograph show |  | 0.27 | 1.07 |
| 6 | Tax on vehicles other than motor vehicles | (i) For every four wheeled vehicle with springs constructed to be 25 drawn by two or more horses, bulls or bullocks.  (ii) For every two wheeled vehicle with springs constructed to be 10 drawn by one or more horses, bulls or bullocks.  (iii) For every other vehicle with 10 springs.  (iv) For every cart or other vehicle 10 without springs.  (v) For every bicycle or tricycle 5 | 2.28 | 0.005 |
| 7 | Electricity tax | Twenty rupees per entertainment. | 1377.09 | 1367.32 |
| 8 | Advertisement tax and hoardings | For every square meter or Five rupees per month part thereof | 2.54 | 5.31 |

**Types of Non Taxes, Assessment & Mobilization:** Non-tax revenue is also the part of Gram Panchayath’s own revenue earned through sources other than taxes. Non tax has shown marginal increase over the period (details as shown in the table 3) and however during the year 2013-14 it was Rs.92.26 crores.

**Table -3: Non-Tax, Assessment & Mobilization**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Sl.No.** | **Non Tax** | **Non-Tax Assessment (Rates- if fixed)** | Collection during the year 2013-14 | Collection during the year 2014-15 |
| 1 | Rent from land | Auction | 6.48 | 6.23 |
| 2 | Rent from building | Auction | 606.23 | 562.05 |
| 3 | Sale of land (including sale value of residential and commercial sites) | Auction |  |  |
| 4 | Sale of building | Auction |  |  |
| 5 | Income from lands | Auction |  |  |
| 6 | Income from garden lands (sale of fruits, grass and other minor produces | Auction | 17.40 | 80.78 |
| 7 | Other miscellaneous income (sale of wood, fuel, sale of dead or fallen trees etc.) | Auction |  |  |
| 8 | Grazing charges from Gomala Lands | Auction | 0.09 | 0.01 |
| 9 | Sale of manure and street refuses like dust, dirt, dung etc | Auction |  |  |
| 10 | Market fees:   1. For every plot measuring not Fifty Paise per day. More than one square meter. 2. For every additional plot of one Twenty five paise per day. square meter or part thereof. Eight rupees per month. 3. Per basket or bag of any Twenty five Paise commodity. 4. Per cart load bag of any Five rupees per month commodity. | Auction |  |  |
| 11 | Slaughter houses, mutton, stall, chicken stall fees | Auction | 15.53 | 9.16 |
| 12 | Bus stand fees | Auction  Two rupees per bus per day | 3.53 | 1.56 |
| 13 | Cart charges | Auction | 4.92 | 0.23 |
| 14 | Income from cattle pounds | Auction | 0.44 | 0.35 |
| 15 | Jatra fees (including fees for registration of cattle brought for sale in shandis) | Auction | 8.29 | 10.75 |
| 16 | Khatha transferred fees |  |  |  |
| 17 | License fees for construction of building or extension of existing building (Section 64 of KPR Act) | Rs. 5/sqft |  |  |
| 18 | License fees for establishment of factory or workshop or workplace (where steam, water, mechanical or electrical powers are expected to be used- section 64 of KPR Act) | Rs. 1000 per 1 HP motor |  |  |
| 19 | License fees for permitting offensive or dangerous trade (section 68 of KPR Act) (Hotels, eating houses, restaurant, sweet, meat shop, bakery, boarding house, Dharmashalas, Lodging house etc) |  |  |  |
| 20 | License fees for shops (section 64 of KPR Act) | Rs. 500-1000/shop |  |  |
| 21 | Development charges from private layouts | Rs. 40000/acre |  |  |
| 22 | Notice fees |  |  |  |
| 23 | Warrant fees (distrait warrant and writ of demand |  | 0.35 | 0.26 |
| 24 | Fines |  | 4.02 | 2.10 |
| 25 | Local Cesses (section 204 of the Act) |  |  |  |
| 26 | Other receipts (Collection charges of cess) |  | 1.11 | 1.07 |
| 27 | Health cess | 15% |  |  |
| 28 | Education Cess | 10% |  |  |
| 29 | Library Cess | 6% |  |  |
| 30 | Beggary Cess | 3% |  |  |
| 31 | Others |  |  |  |

**New Initiative:** Royalties collected at the Government level is being transferred to respective Gram Panchayats appropriately based on transactions. Under sand mining about 25% of royalty are shared with Gram Panchayats.

**Potentiality of the Gram Panchayats on Tax Administration**

An analysis of Gram Panchayat’s current year demand on all types of taxes which includes Land Tax, Building Tax, Advertisement Tax, Entertainment Tax, Vehicle Tax, General & Special Water Tax, Street Light Tax available for 5 years from 2010-11 to 2014-15 shows that increasing trend, their demand has grown drastically in the year 2011-12 which highlights the revision of tax in the same year which takes place once in 4 years as per the act which is mandatory. This is indicated by the analysis under Table 5 under each categorization of taluks which also captures socio-economic imbalances with respect to the regions. The revenue capability of the current year demand fades during the further years which shoot up in the year of revision. Continuing with, the tax revision for the year 2014-15, has been taken place in 3717 of 5629 Gram Panchayats. The new elected body 2015 (after election) may witness higher demand when tax base is increased by potential productive tax bases and better administration by functionaries. It also shows that, ***Rs. 958.56*** crores as an accumulated arrears as on 31st March 2015.

The state functionary has bill collectors to improve the tax administration. The maintenance and continuous updating of records related to OSR. There are about more than 10 registers to be maintained by the GPs which support the OSR collection. A finding in a report “Understanding Determinants of Own Source Revenue” on effective tax administration and the requirement of man power (bill collectors) for regular updation of records can be seen. Also recommends that one bill collector is required for 3000 population while for now, the state has one bill collector for every 6500 population on an average. However, Department has introduced Panchatantra, an online accounting software which helps in regular monitoring and maintenance of records at GPs which helped in capacity building and has made the tedious work more easier. The department has also taken initiative by empowering the water-man on tax collection to reduce the burden of bill collectors to some extent (Table 9- Panchayat Staff). Further, an initiative on transparency and accountability hand held devices is introduced for bill generation on all items tax and non-tax for was done on pilot basis under External Aided Project, Gram Swaraj Project.

**Table 5:** Current year demand for all types of taxes

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Current Year Demand from all types of Tax (Rs. In crore)** | | | | | | | **Year on year Growth Rate** |
| **Category** | | **Most backward** | **More backward** | **Backward** | **Relatively developed** | **Overall** |
| No. of GPs | | 1341 | 1244 | 1142 | 1902 | 5629 |
| Year | 2010-11 | 40.26 | 47.83 | 59.26 | 124.95 | 272.30 |  |
| 2011-12 | 43.69 | 57.72 | 67.00 | 153.19 | 321.57 | ***18.09*** |
| 2012-13 | 45.67 | 62.49 | 75.08 | 169.77 | 353.01 | ***9.78*** |
| 2013-14 | 47.28 | 65.95 | 84.54 | 189.52 | 387.29 | ***9.71*** |
| 2014-15 | 48.92 | 71.25 | 93.23 | 196.97 | 410.36 | ***5.96*** |
| Arrears as on 31st March 2015 | | **211.59** | **234.72** | **215.59** | **297.05** | **958.56** |  |

*Source: Panchatantra website of RD&PR*

Further the Per-Capita analysis on current year demand generated by the gram panchayats in fiscal years has shown in the Table 6 there is a considerable variation among the talukas of categories. The depicted graph will show the overall average per capita generated for said years. The table shows the marginal increases across the taluk categories. Since the tax base, tax net are more in relatively developed categories shows considerable growth rate in the demand side for the current year when compared to that of the most and more backward categories. The RDPR Department has intensively taken care on low resource base panchayats by funding them through Panchayat Sashakhikarana Projects (PSP) for carrying out IEC activities to identify and mobilize the tax revenue of panchayats whose are low from last year. The methodology accepted was, the median for the current year demand and OSR collection for all 5629 GPs were figured and around 2814 GPs were below median value. Consequently, 901 Gram Panchayats were under most backward and 600 Gram Panchayats was under more backward Talukas. Hence, these panchayats were vigorously monitored not only through PDOs, but also each Executive Officer of Taluk was made responsible and had to report to the department timely on the pros and cons faced in the field through Video Conferences.

**Table 6: Per Capita Current Year Demand for all types of Taxes**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Per Capita Current Year Demand** | | | | | | |
| **Category** | | **Most backward** | **More backward** | **Backward** | **Relatively developed** | **Overall** |
| No. of GPs | | 1341 | 1244 | 1142 | 1902 | 5629 |
| Year | 2010-11 | 39.91 | 56.05 | 77.26 | 103.43 | 70.96 |
| 2011-12 | 43.31 | 67.65 | 87.35 | 126.81 | 83.80 |
| 2012-13 | 45.27 | 73.24 | 97.88 | 140.53 | 92.00 |
| 2013-14 | 46.94 | 77.29 | 110.21 | 156.83 | 100.93 |
| 2014-15 | 48.49 | 83.50 | 121.54 | 163.05 | 106.94 |
| Arrears as on 31st March 2015 | | 209.74 | 275.08 | 281.06 | 245.90 | 249.81 |

Further, the property tax and water tax are the main source of revenue for generating OSR at gram panchayats. The Table 6 depicts, that current year demand (resource mobilization) shows increasing trend year on year which has crossed more than Rs. 100 from the year 2013-14. Keeping this as the target, the GPs has improved their tax base and tax net, by identifying taxable items within the GP which was left out and bringing them under the tax net has been done. The table explains itself the per-capita variations among the categories of taluks as well as the overall year on year variations from 2010-11 to 2014-15. The demand increase was enhanced due to the monitoring and tracking vide department by implementing Panchatantra software, which in turn linked all assets of GPs by providing RR number (Revenue Register Numbers) which brought in all properties identified and left out under the tax net. This can be witnessed by the huge registration of properties under panchatantra in this few years. Around 1, 01, 75,076 demand properties (1, 22, 88,537- includes panchayat buildings and assets) for the year 2013-14 has brought under tax net which updates every year. The demand properties for the year 2014-15 is 1 ,02 ,99 ,272 which shows an increase of 1.22% compared to previous year. It also shows that, overall Rs. 250 per capita exists for each individual which is accumulated as arrears as on 31st march 2015.

**OWN SOURCE REVENUE MOBILIZATION**

**Effort towards OSR Collections**: Majority of the GPs under all categories of taluks is and has achieved an increased tax collection and their OSR. The below table 7 shows, a significant growth in collections made by the GPs on Own Source mobilization with a positive impact on tax collection and gradual increases on OSR over the period. The mobilization of own source revenue in terms of annual average growth rate from FY 2006-07 to FY 2013-14 are 12.68%. However, the GPs of most backward taluks exhibit extraordinary achievement when compared to the GPs of other category of taluks with average growth rate of 19.56%. Further, few RDPR studies on OSR has come out with findings that, the determinants of OSR mobilization are higher in Gram Panchayats belonging to most backward talukas compared to other counterparts[[1]](#footnote-2). This is because of the intervention of other grants/funds which are untied in nature which simultaneously increases their OSR capacity than any other categories of the State and hence shows that this incentives mechanism seems to have worked for the better performance.

**Table 7: Own Source Revenue Collections (Average per GP)**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| OSR Average per GP on Category of Taluks | | | | | | Overall |
| Category | | Most backward | More backward | Backward | Relatively developed |
| **No of GPs** | | **1341** | **1244** | **1142** | **1902** | **5629** |
| Year | 2006-07 | 1.72 | 2.59 | 3.53 | 4.64 | 3.29 |
| 2007-08 | 2.47 | 3.25 | 3.83 | 5.22 | 3.87 |
| 2008-09 | 2.59 | 3.22 | 4.89 | 6.15 | 4.42 |
| 2009-10 | 2.62 | 3.38 | 4.88 | 8.09 | 5.06 |
| 2010-11 | 4.26 | 4.6 | 7.30 | 9.36 | 6.53 |
| 2011-12 | 4.54 | 5.47 | 6.32 | 8.42 | 6.43 |
| 2012-13 | 5.33 | 4.79 | 6.71 | 8.55 | 6.59 |
| 2013-14 | 5.37 | 4.84 | 6.83 | 10.87 | 7.41 |
| Annual Average Growth Rate | | 19.56 | 10.45 | 11.44 | 13.74 | 12.68 |

The above table also reveals that, the overall OSR collection on an average per GP shows an increasing trend over the year from Rs. 3.29 lakhs in 2006-07 to Rs. 7.41 lakhs in 2013-14. The OSR collection-average per GP in the graph depicted shows the exponential trend-line for the years 2006-07 to 2013-14. The Gram Panchayat capability development is witnessed in Relatively Developed Talukas. Consequently, in the year 2013-14 the collection effort made on OSR mobilization has made them to cross Rs. 10 lakhs which is significantly earmarked and added up to their sustainability for their own GP governance, service delivery, maintenance and administration.

**Variables reflecting Statistical Significance**

The variables influencing the OSR were examined through Ordinary Least Squares (OLS) regression analysis. The below Table 8, with explanatory variables namely household of the gram panchayats and the population show a very high statistical significance with 0.10 significance level. However, the economical activity of the gram panchayats is also an influencing factor for OSR mobilization. The other explanatory variables like net irrigated area of panchayat, the area covered for commercial crops, livestock per households, percentage of agricultural workers and all weather roads are also found to have statistical significance and simultaneously, the percentage of SC/ST population has also shown positive statistical significance during the year 2013-14 when compared to previous years.

Model 1: OLS, using observations 1-176 (n = 122)

Missing or incomplete observations dropped: 54

Dependent variable: OSR 2013-14

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Mean dependent var | 22558006 |  | S.D. dependent var | 31027437 |
| Sum squared resid | 3.42E+16 |  | S.E. of regression | 18685970 |
| R-squared | 0.706248 |  | Adjusted R-squared | 0.637307 |
| F(23, 98) | 10.24414 |  | P-value(F) | 3.59E-17 |
| Log-likelihood | −2202.429 |  | Akaike criterion | 4452.858 |
| Schwarz criterion | 4520.154 |  | Hannan-Quinn | 4480.191 |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | *Coefficient* | *Std. Error* | *t-ratio* | *p-value* |  |
| Constant | −5.67672e+08 | 1.84E+08 | −3.0895 | 0.003 | \*\*\* |
| l\_Current Demand Rs 2013-14 | 9.73E+06 | 4.44E+06 | 2.1919 | 0.031 | \*\* |
| l\_Geographical area (sq kms) | 9.82E+06 | 6.33E+06 | 1.5513 | 0.124 |  |
| l\_Household | −1.11912e+08 | 2.35E+07 | −4.7619 | <0.0001 | \*\*\* |
| l\_Population 2011-12 | 1.15E+08 | 2.29E+07 | 4.9965 | <0.0001 | \*\*\* |
| l\_Literacy Rate | 3.06E+07 | 2.78E+07 | 1.101 | 0.274 |  |
| l % of Agri worker | −2.8109e+07 | 7.79E+06 | −3.6098 | 0.001 | \*\*\* |
| l % of BPL families | 7.61E+06 | 3.84E+06 | 1.9815 | 0.050 | \* |
| l % of tota lcropped area | 1.48E+07 | 1.91E+07 | 0.7763 | 0.440 |  |
| l\_%of area under foodgrains | −1.5455e+06 | 2.26E+06 | −0.6852 | 0.495 |  |
| l\_% of area under horticulture | −144489 | 1.89E+06 | −0.0765 | 0.939 |  |
| l\_%of area under commercial crops | −3.47363e+06 | 1.20E+06 | −2.8897 | 0.005 | \*\*\* |
| l\_% of net area irrigated | 7.05E+06 | 2.42E+06 | 2.9136 | 0.004 | \*\*\* |
| l\_Livestock units per lakh rural population | 8.80E+06 | 4.33E+06 | 2.0313 | 0.045 | \*\* |
| l\_Road length in kilometers per1 | 7.11E+06 | 3.06E+06 | 2.3254 | 0.022 | \*\* |
| l\_Proportion of villages havinga | 5.11E+06 | 4.92E+06 | 1.0388 | 0.301 |  |
| l\_Number of motor vehicles per lakh population | −450691 | 2.58E+06 | −0.1744 | 0.862 |  |
| l\_Numbe rof doctors govt private hospitals | 5.94E+06 | 4.74E+06 | 1.2551 | 0.212 |  |
| l\_Number of students enrolled in schools | −5.61516e+06 | 3.43E+06 | −1.6354 | 0.105 |  |
| l\_% of SC and ST population | 1.57E+07 | 6.19E+06 | 2.5359 | 0.013 | \*\* |
| l\_%of non agriculturalure workers | −5.35646e+06 | 4.25E+06 | −1.2612 | 0.210 |  |
| l\_% of agricultural labroures | −5.8629e+06 | 8.80E+06 | −0.6661 | 0.507 |  |
| l\_Individual Toilets 2012-13 | −1.45161e+06 | 2.99E+06 | −0.4857 | 0.628 |  |
| Dummy | −4.36145e+06 | 4.33E+06 | −1.0079 | 0.316 |  |

**GPs with innovation revenue generation practices and strategies in Karnataka**

Around 50% (2815 GPs out of 5629 GPs) and above of the Gram Panchayats in Karnataka fall in to above median value category on higher OSR collection and these Panchayats always perform better in all aspects said below. The following are the best practices and strategies adopted for effective tax administration.

* Collection of tax are made prerequisite for many of the basic necessities of citizens like new water connection, licenses, fees, various certificates, etc.;
* Tax collection based on conditions like
  + property tax linked to water connection
  + Defaulters are asked to pay tax for getting ration card under PDS
* Giving notices, tamtam in front of houses for non-payers, tax collection drives, etc.;
* Fixing targets for bill collectors for timely and effective collection;
* Elected Representatives and members to persuade people and overseeing the tax collection drive;
* Discussion in Grama Sabhas to create awareness about tax collection, transparency & accountability in utilization of funds; and
* Regular updation of tax registers, periodical revision of tax rates ie once in 4 years,
* Making citizens aware of their participation and the importance of social audit;
* Trained functionaries for usage of panchatantra portal in capturing all required information and providing it to the public on all aspects like taxes and non taxes etc.
* The involvement of PDO in providing information and the EO on authentication of the information in panchatantra.

**PROPERTY TAX**

Most of the rural local bodies are not able to meet the increasing demand for infrastructure and services due to their slow growth in Gram Panchayat revenues, as the property tax is the major source of revenue for rural local bodies. However, the tax yield from this source remains low because of numerous problems such as poor administrative capacity, legal issues and corruptive practices. A large number of properties in rural area stay outside the tax net due to lack of information base and low collection efficiencies. In view of the poor financial conditions of the local bodies, it is recognized that the property tax must be made a revenue productive tax instrument through appropriate reform strategy.

Hence, the state has made provision to revise the tax timely, ie, once in 4 years and therefore every Gram Panchayat can revise the tax as per Schedule IV on levying tax upon buildings and lands which are not subject to agricultural assessment, within the limits of the panchayat area, provided that where an owner of the building or land has left the Panchayat area or cannot otherwise be found, the occupier of such building or land shall be liable for the tax.

The state has adopted the Annual rental value method to estimate gross annual rent of the property at which the house may reasonably be expected to let out from month to month or from year to year is determined and from this amount depreciation cost (normally 10%) is deducted. Further, since the taxation structure prescribed in the Karnataka Panchayat Raj Act, 1993 is 21 year old, there is a proposal at Government level to levy tax on properties based on the capital value and necessary amendments are being proposed.

The property tax is the only universal tax to be paid by all Gram Panchayats of Karnataka irrespectively. Hence, it is considered for the analysis of OSR. The Table 8 depicts the Demand and Collection of Property Tax per GP from the year 2009-10 to 2014-15. The demand against collection shows marginal increasing trend for the years and the percentage of DCB shows increasing trend over the years and categories of talukas against the people views on tax paying. Further, the overall collection against demand was 30.17% in 2009-10 and has increased to 44.10% in 2013-14 and variation across the categories of talukas. The graph below represents the demand against collections for the years 2009-10 to 2014-15 which shows increasing bars.

**Table 8: Property Tax (Average per Gram Panchayat)**

**Rs in Lakhs**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Year | DCB | Category of Talukas | | | | Overall |
| Most backward | More backward | Backward | Forward |
| 2009-10 | Demand | 5.76 | 7.28 | 7.19 | 6.26 | 6.59 |
| Collection | 1.35 | 1.19 | 3.03 | 2.43 | 1.99 |
| % | 23.51 | 16.36 | 42.15 | 38.8 | 30.17 |
| 2010-11 | Demand | 7.85 | 7.33 | 7.53 | 8.40 | 7.85 |
| Collection | 2.01 | 1.60 | 4.24 | 4.68 | 3.18 |
| % | 25.62 | 21.89 | 56.32 | 55.68 | 40.5 |
| 2011-12 | Demand | 10.58 | 8.70 | 8.78 | 9.11 | 9.35 |
| Collection | 3.26 | 3.90 | 4.85 | 6.40 | 4.79 |
| % | 30.81 | 44.86 | 55.22 | 70.27 | 51.20 |
| 2012-13 | Demand | 11.68 | 8.71 | 9.67 | 9.79 | 9.98 |
| Collection | 4.34 | 3.38 | 5.01 | 6.85 | 5.11 |
| % | 37.19 | 38.75 | 51.84 | 69.94 | 51.24 |
| 2013-14 | Demand | 14.65 | 10.74 | 13.93 | 17.32 | 14.54 |
| Collection | 4.86 | 3.92 | 5.78 | 9.51 | 6.41 |
| % | 33.17 | 36.55 | 41.50 | 54.95 | 44.10 |

The innovative method adopted for property tax collection at Gram Panchayat in Panchatantra

* Before year end process the concerned PDO must verify the receipt books manually for the correctness of the entries made in the Panchatantra. The same should be cross checked by chartered accountants randomly and should ensure the total of tax collection entered in the Panchatantra tallies with the Demand Collection Balance Register.
* The cess amount to be paid will be generated by system automatically when collection is entered. Therefore it should be ensured that the cess to included in the demand by entering it against the properties.
* To know the tax and cess portions of the tax collected the following formula is adopted:

Total amount collected X 100

1. Tax Amount = -------------------------------------

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Total amount collected X 34

1. Cess Amount = ---------------------------------

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**Financial Autonomy of Gram panchayats:**

OSR of Gram Panchayats has improved from an average of Rs 3.29 lakhs in 2006-07 to Rs 7.41 lakhs in 2013-14 across the categories of the taluk which are readily available for them in their kitty; the table shows that, the OSR of gram panchayats under most backward talukas has significantly improved from 1.72 lakhs/GP to 5.7 lakhs/GP from 2006-07 to 2013-14; similarly, relatively developed shows its improvement from Rs. 4.64 lakhs/GP to Rs. 10.87 lakhs/GP from 2006-07 to 2013-14. Accordingly, the annual average growth rate has reached 12.68 percent. Another important issue associated with gram panchayat is the level of financial autonomy that they have. In recent years, total revenue of gram panchayat has increased in many folds. But in reality the question is about their freedom on financial autonomy? In the sense, what is the autonomy constraint in utilizing the available resources according to their needs and priorities?

All the available resources of gram panchayats may be classified into two, i.e., tied and untied. Untied resources includes own revenue resources, statutory grant from state government and other local contribution/ deposits from the public. Grants under Central Finance Commission may be considered as untied as the amount may be spent on any developmental works. All the State and Centrally Sponsored Schemes are tied grants which are provided for specific purpose. The money has to be utilized according to the guidelines of the specific schemes or programmes. Higher level of untied resources indicates higher level financial autonomy of the GPs and vice-versa.

Few studies have highlighted that gram panchayats are expecting more untied funds to meet the needs of the community preference such as service delivery and infrastructure. For example many of the GPs are unable to meet the expenditure on safe drinking water supply, uninterrupted electricity supply, drainage and sanitation, addition and alteration of public buildings, construction of roads and bridges etc. GPs are unable to fulfill the needs of their citizen from untied resources/own funds, as the statuary grant is also a kind of tied grant as 60% goes to electricity dues and remaining 40% goes to administrative expenditure of the GP including staff salary. Hence the own sources of revenue is a deciding factor of financial autonomy. Therefore, the comparison within GP or taluk or district where high resources are generated (as shown in the above table) then, it can be sustainable. Hence, the degree of financial autonomy of gram panchayat is higher in the developed regions.

Untied expenditure of the Gram Panchayats from their OSR

1. **General Administration**: Refers to the expenses incurred towards paying the honorarium and sitting fee of president, vice-president and other elected members of the panchayat. The other expenses that are incurred under this head of account are; Meeting expenses, Expenses on Grama Sabha, the salary of Bill Collector, Watermen etc., Travelling Allowances, Postage and Telephone charges, Stationary and printing, Furniture and Other Miscellaneous Expenses. The expenditure for payment/salary is 29 paisa out of Rs. 1/-.
2. **Public Protection**: includes the maintenance of streetlights in all villages in the GP area. The expenditure for payment/salary is 17 paisa out of Rs. 1/-.
3. **Developmental Works carried out by GP**: It mainly includes the expenditure incurred towards maintenance of drinking water supply, rural sanitation, Construction & maintenance of Roads, buildings etc. Under drinking water and rural sanitation, the GPs mostly take up the maintenance – like repairs of motors for pumping of water from borewells, cleaning of drainages etc. The expenditure for payment/salary is 19 paisa out of Rs. 1/-.
4. **Public Health**: This sector includes prevention of spread of communal diseases and remedial measures against epidemics etc.
5. **Civic Amenities**: This mainly includes establishment and maintenance of village libraries, reading rooms, construction and maintenance of community assets, development and maintenance of public parks, playgrounds etc
6. **Education** : These are expenditure for education to socially backward groups of the societies for example school scholar ship to students and supply of school materials etc.,
7. **Advances**: GP receives advances from contractor to take up development works through tendering.

**Audit Observations from Department of Karnataka State Accounts**

As per the section 246(1) of Karnataka Panchayat Raj Act 1993, the officers authorized by the Controller, State Accounts Department has given power to take up the audit of Gram Panchayats every year. Simultaneously, as per section 246(12) of the Act, it empowers the submission of a consolidated report of Gram Panchayats audit from 2011. The report covers overview of Gram Panchayats, Financial Position of Gram Panchayats, Results of Audit and points noticed in implementation of various Government Schemes.

As per section 199 of Karnataka panchayat raj act 1993, the Gram Panchayats in the state are empowered to levy and collect the property tax and other taxes which are the main sources of income. The annual audit report of KSAD quoted that, many of the gram panchayats have not utilized this provision fully. As per rule 33 and 34 of Karnataka panchayat raj (Grama Panchayats Budgeting and Accounting) rules 2006, gram panchayats are required to maintain demand-collection-balance registers of various taxes levied by them. However, most of the gram panchayats have not maintained these registers. In the absence of such demand-collection-balance registers and individual balance statement, there is every possibility of slip of income of gram panchayats. Further, government has framed the Karnataka panchayat raj (conduct of panchayat Jamabandhi) rules 2004, according to which, it is the duty and the power of panchayat Jamabandhi officer to examine the proper maintenance and collection of property tax, fees and water charges. Hence, it is suggested in audit, to maintain the details of demand, collection and balance and to take action for recovery of taxes so that the income of Gram Panchayats gets increased and cases of evasion of tax are prevented. District-wise details of Demand, Collection and Balance in respect to property tax, water charges, rents, auction, etc., of Gram Panchayats are given in Annexure 5 of the KSAD Report (Available in website: [www.rdpr.kar.nic.in](http://www.rdpr.kar.nic.in) ).

**Accounting and Auditing:**

For the Gram Panchayat to perform well it has to maintain the records and manage the accounts. Therefore, Karnataka has introduced Karnataka Panchayat Raj Budget and Accounting Rules 2006, to adopt Double Entry Accounting System. To strengthen it, an accounting software based on double entry introduced- PANCHATANTRA. Initially, it started maintaining the accounts in double entry format by making the user work easier. Now it’s the online accounting system in Karnataka from which the information as whole regarding all PRIs of Karnataka are available on finger tips and also documents namely budget proposals, account statements, audited accounts annual performance report are available on internet.

The double entry accounting system includes the maintenance of 12 standard registers. This added to the accountability and transparency to a greater extent. But the observation from Auditor & Comptroller’s and the KSAD revealed that, many of the panchayats mostly of the northern Karnataka did not follow it. The vigorous monitoring and tracking of this panchayats and introduction of online system and awareness by the trainings to the ERs and the officials have impacted and the system has evolved to the newer version this time.

1. Assessment list in Form 9
2. Mutations register in form 10
3. Demand- Collection registers of taxes on land & building in Form- 11
4. Demand and Collection register of taxes on vehicle in Form 12
5. Demand and Collection register of taxes on advertisement in Form 13
6. Demand and collection register of water rates in Form 14
7. Register of revenue yielding properties and realization in Form 15
8. Register of license issued and realization of revenue in Form 16
9. Demand register for taxes on entertainment in Form 17
10. Cattle pound register in Form 18

These register maintenance will help panchayat in achieving the goal of transparency and accountability for OSR. A study on “Understanding determinants of Own Source Revenue” highlights it with the evidence and some good practices on it.

**Functionaries at Gram Panchayat Level**

The table 9 explains the functionaries of the Gram Panchayats with the designations, payment, appointing authority, no of functionaries and their remunerations respectively. The minimum fixations of salary and remuneration of GP functionary are placed in as a new initiative and has also approved 5 minimum posts which are mandatory. The expenditure to GPs all officials/staff in the State is around Rs. 511.38 crores annually for their salary/remuneration which are calculation based on minimum fixation. The Gram Panchayat pay more than Rs. 291.36 crores annually for their staffs from their total own source revenue which accounts to 70%. While the shortfall is matched with 40% from the State Statutory grants.

**Table 9:** Details of Functionaries

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Designations of functionary** | **Payment** | **Appointing authority** | **# of functionaries** | **Salary/**  **Remuneration \*** |
| Panchayat Development Officer (PDO) | Scale | State | 5484 | 20000 |
| Secretary | Scale | State | 3454 | 14550 |
| Accounts Assistant | Scale | State | 2019 | 11600 |
| Total (A) | | | **10957** |  |
| Bill Collector | Consultants | Panchayat | 5771 | 4919 |
| Clerk | Consultants | Panchayat | 1867 | 4919 |
| Data Entry Operator | Consultants | Panchayat | 5767 | 4919 |
| Waterman | Consultants | Panchayat | 16799 | 4698 |
| Pump Operator | Consultants | Panchayat | 10925 | 4698 |
| Electrician | Consultants | Panchayat | 628 | 4698 |
| Group D (Peon) | Consultants | Panchayat | 5493 | 4587 |
| Sweeper | Consultants | Panchayat | 5300 | 3484 |
| Total (B) | | | **52550** |  |
| **Total (A+B)** | | | **63507** |  |

\*Minimum fixation of Remuneration of GP functionary

Capacity Building by ANSSIRD: Training Impact

**Abdul Nazir Sab State Institute for Rural Development (ANSSIRD)** - state training institute has the responsibility of capacity building activities at the local government level. It has satellite facilities for distance learning programs, face to face training at all levels. Capacity up-gradation of the functionaries of PRIs and other concerned agencies is very important. In this purview ANSSIRD provides hand book cum work book for participants in the training programmes and also has developed a training development package. About 90.81 % of the elected representatives of PRIs and officials have received the trainings. To strengthen it further, the state has established 5 SATCOM centers (satellite based training) and face to face orientation programmes at Taluk Resource Centres (TRCs) in 175 talukas. The SATCOM centers are established in Bengaluru, Kalburgi, Davangere, Mangaluru and Dharwad with all equipments under Gram Swaraj Projcet. As a result of this, the training programmes are conducted on vast scale which in turn has made the participation rate higher by local representatives in the meetings and people are aware of their duties and responsibilities, which is a positive sign because of training programmes. Specialized training to all personnel are provided from the experts/trainers on specific issues such as:

* 1. Training to the Gram Panchayat officials on Audit and Accounts
  2. Training to Elected Representatives on Financial Management.
  3. CFC for Watermen, Bill Collectors, Second Division Accounts Assistant.
  4. Training on double entry account system to EOs, GP presidents, Account Superintendents, Team leader of CA firms, bill collector, SAD officers and other staffs.

|  |  |  |
| --- | --- | --- |
| **Sl.No.** | **Details of Specialized Training Programmes on Panchayat Finances** | **No of Participants** |
| 1 | Financial Management for Elected Representatives | 1947 |
| 2 | CFC for Watermen, Bill Collectors, Second Division Accounts Assistant | 11256 |
| 3 | Gram Panchayat Resource Mobilization for Bill Collectors | 6909 |
| 4 | Training to promote Second Divisional Accounts Assistant | 680 |
| 5 | Training on double entry account system which includes resource mobilization to EOs, GP presidents, Account Superintendents, Team leader of CA firms, bill collector, SAD officers and other staffs. | 23598 |
|  | Total | 44390 |

1. How are panchayats capacitated for OSR (Own Source Revenue)? Are there special modules on OSR?

The Panchayats are trained to capacitate the OSR under the common heading of Resource Mobilization. The functionaries of the Gram Panchayats, especially the Bill Collectors, Second Division Account Assistants, Gram Panchayat Secretaries and Panchayat Development Officers are equipped with adequate input of the sources of Revenue, the rates, the methods of resource collections and its accounting at Gram Panchayat level.

**Bill collectors**: The mode of training is by group discussion, question and answer sessions, short films etc. The bill collectors are made aware of what are the sources of revenue, the basket of resources, the rates of collection and the procedure to be followed for the collection (module & short film appended).

**SDAAs**: These are newly recruited candidates by KPSC (1750 nos). A common foundation course of 6 + 6 + 2 totally 14 weeks are organized with the emphasis laid on resources for the Gram panchayat and an integrated approach for optimizing resource mobilization, budgeting and action plan preparation to explain the book keeping required in Double Entry Accounting system (DEAS). To supplement the class room training, the trainees are given 6 weeks hands on training at the GP level for which a field visit report had to be prepared. The trainees are made to work as Bill collectors, Computer operators, SDAAs, thereby giving a reality touch. The concluding 2 weeks of class room session was about the job training and problems solving. A course on computers to acquaint the trainees about uploading information on the websites was also given as a professional input (the module + animated film appended).

For the Gram Panchayat Secretaries: Regular refresher courses are arranged where resource mobilization, budgeting and action plan preparation are built in the modules of the training. Also independent modules on resource mobilization are rolled out with the purpose of improving own resource mobilization.

For Panchayat Development Officers: A common Foundation Course was conducted in which the subject of identification, classification of resources especially own resources and funds received. The deployment of the resources after optimizing the basket of resources through proper collections is a part of budgeting exercise conducted in the training and the action plan follows. Regular monthly review meetings through the SATCOM mode have an additional input on not only trouble shooting but also input on the rates of tax collections and the mode of tax revision (CFC module of PDOs appended).

1. Who are provided training on OSR? ERs, Functionaries and Monitoring officials?

As explained above OSR training modules specially designed for optimizing resources so as to make the gram panchayats self sufficient are being rolled out. The added feature of the input is the new sources of tax revenue that have become prominent sources are added. ex: Factories, Corporate offices, Air ports etc.

The elected representatives are given a training input of the resources available, the rates of taxes and the mode of collection in the first year of Office. Additional refresher in puts regarding budgeting, optimization of own resources are given in the coming years. The GP elected members (around 91,000) are planned to be covered in the first year and regular refresher inputs at yearly intervals (atleast 3) are planned.

Functionaries and monitoring officials are trained as explained in point 1 above. The details of trainings conducted as below:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Year** | **FACE TO FACE** | | **SATELLITE** | | **Total** |
| **No.of Progms** | **No.of Participants** | **No.of programs** | **No. of Participants** |
| 2006-07 | 119 | 2,949 | 177 | 92,541 | 95,490 |
| 2007-08 | 193 | 5,897 | 186 | 1,00,704 | 1,06,601 |
| 2008-09 | 82 | 2,143 | 169 | 1,60,750 | 1,62,893 |
| 2009-10 | 139 | 5,137 | 113 | 1,31,439 | 1,36,576 |
| 2010-11\* | 114 | 9,823 | 21 | 79,470 | 89,293 |
| 2011-12 | 253 | 10,276 | 150 | 1,18,799 | 1,29,075 |
| 2012-13 | 940 | 30,540 | 132 | 2,08,585 | 2,39,125 |
| 2013-14 | 1285 | 41,053 | 50 | 2,75,561 | 3,16,614 |
| 2014-15\*\* | 3151 | 2,02,828 | 41 | 1,18,709 | 3,12,085 |
| Total. . | 6276 | 3,10,646 | 1039 | 12,86, 558 | 15,87,752 |

1. What is the nature of capability development undertaken – Are there specialized trainings on Panchayat Finance or on OSR in particular? Are these training link with improvement of service delivery and its relationships to revenue generation? Who are recipients of the training and what is the extent of coverage?

As explained above specialized modules on resources at the gram panchayat level are prepared. The bill collectors are trained to improvise the revenue generation leading to optimum own resource revenue collection. The number of bill collectors, SDAAs, Gram panchayat secretaries and PDOs is as follows:

|  |  |
| --- | --- |
| **Functionary** | **Number officials trained during the year 2014-15** |
| Bill collector | 3045 |
| SDAAs | 680 |
| Gram Secretaries | 2115 |
| PDOs | 5160 |

All trainings mentioned above in the table are conducted to capture the improvement in service delivery and resource mobilization. These specialized training programmes are linked to good governance and civic services along with poverty alleviation. The performance of the districts is rated based on their good performances on good governance and expenditure as shown.



**Conclusion**

The Gram Panchayat is the lowest tier amongst the 3 tiers of Panchayat Raj Institutions, and is closest to the people with the taxaxtion powers as per Karnataka Panchayat Raj Act 1993 which are denied for Taluk Panchayat and Zilla Panchayat. However, they can only collect stam duty and rent from their own buildings. The RD&PR Department has made several attempts to identify the determinants of Own Source Revenue of the Gram Panchayats through by conducting several studies which have recorded that, most of the Gram Panchayats of Karnataka have developed their capability towards mobilizing their own resources and strengthening the PRI system by changing the situation which existed earlier. This is wittinessed in case of Karnataka Panchayat Strengthening Project- Gram Swarj Project which adopted bottom to top approach method in OSR generation in the most backward talukas. This was done by providing incentivized untied fund/block grant to the panchayats.The above analysis potrays that, there exist maximized results through incentives, transparency, accountability and participation in the Gram Panchayats of Karnataka.

Further, Karnataka has promoted reformation in the following area: institutional capacity building, financial reforms and improving service delivery.The Finance Department every year publishes a document on medium term fiscal plan for PRIs as per the provision made under Karnataka Local Fund Authorities Fiscal Responsibility Act, 2003.In corollary to this, the RD&PR department also publishes the financial document and Annual Report along with Performance Budget which adds to its accountability. It assigns the roles and responsibility to ZP/TP and GP in specific as per the act. The ZP/TP budget is prepared in the month of Feb-March every year and review on progress would be made in Karnatka Development Programme (KDP) meeting as and when required in presence of elected representatives (MLAs/MPs). Coming to the Gram Panchayat, the budget gets finalised through gram sabha and placed in general body meeting every year in the month ofFeb –March and gets approved by Taluk Panchayat on its submission. Budget estimate of the current year is prepared on referring to the last 3 years Income and expenditure with an addition of 10% to the expenditure of the previous year. Jamabandhi will be done every year and check on previous year financial information is made. Thus, the revised plan gets approved from gram sabha. There exist certain committees in GP and as required the new ones could be created as per the act. The financial management is done by the Department through Monthly Program Implementation Calender- MPIC (Physical and Financial Achievement) and Result Framework Document (RFD) for all expenditures by PRIs on regular basis and also department ensure the management of public fiscal operations on the local funds and usage of medium term fiscal frame work of the state**.** The following are new inventories of the RD&PR Department towards it:

* Gandhi Sakshi Kayaka (Worksoft) – An Online Work Monitoring System with effective monitoring of the development Works to improve the transparency in the implementation of schemes/works in analysis of developmental works by identifying the duplication and convergence of works. It facilitates capturing different stages/activities of the works with checks and balance.
* The PanchaTantra Online System is one of the innovative ICT initiative implemented by the RDPR to improve the functioning of Gram Panchayats through monitoring Accounting System, property master, services & grievances, developmental works, general information, village statistics, gram sabha’s, Result Framework Documents, Monthly Program Implementation Calendar (MPIC) Reports etc.
* E-Swathu introduced for transparency and accountability on property registration by Form 9 and Form 11 electronically generated through online on submission of relevant and required information and also avoids illegal registrations by increasing Gram Panchayat resources.
* The introduction of Bio-metric attendance at GP level has enhanced the transparency and accountability at the grass root level.
* Gandhi gram puraskar and Incentive mechanism with OSR as a indicator. Rs 1 lakh is awarded as an incentive to the GPs whose arrears collections (property tax+water tax+fees) achieved more than 25% against the demand, while GPs are penalized by Rs. 1 Lakhs whose collections are below 25% under State Statutory Grant.
* 11 services pertaining to Gram Panchayat have been included in the Karnataka Guarantee of Services to Citizen Act, 2011. The act mandates service delivery to citizens within stipulated time.
* Jamabandhi: Social, technical and financial audit annually is mandatory and is conducted in the month of August-September.
* The new initiative by RD&PR department to fix the benchmark indicators to gram panchayats in the area of service delivery, infrastructural benefits, institutional mechanism, and resource mobilization.
* Fixation of Minimum scale of wages as a new initiative- at least 5 employees of GPs.
* Planning to create of Rural Development Officer (RDO) between Taluk Panchayat and Gram Panchayat at Cluster Level for tracking and monitoring in all aspects. This strengthens the link and acts a catalyst in carrying out developmental works for reducing the burden of Executive Officer at Taluk Level.
* Planning to create of E-Cell for convergence and integration of the existing and new application softwares. It acts as information hub for the department.

**Best Practices on Own Source Revenue in Gram Panchayats of Karnataka**

The Karnataka State stands pioneer to other States in adoption of Best Practices to strengthen the Panchayat Raj system. In this context, few gram panchayats are identified on their own best practices which are innovative in nature for resource mobilization at local self governments. An evaluation and dissemination of the best practices adopted by gram panchayats is a vital evidence for the implementation of developmental works at the grass root level. It in turn enhances the spread effects on rest of Gram Panchayats on the best practices and establishes the effective people participation to improve the revenue-raising ability of the panchayats. Below mentioned GPs are utilized the resources generated from OSR productively for improving service delivery.

**Tax fixation with scientific method**

**Annur Gram Panchayats**

**Taluk: Maddur District: Mandya**

Annur GP, Maddur taluk comes under Backward Taluk has exercised the power of act under section 199, 202 and 315. Chamundeswary Sugar Factory which is located in Annur village Panchayat limit and GP have fixed property tax and collected Rs. 35,000/- annual from 1993 to 2003-04 . The nominal amount was not paid by the factory for several years. Change in approach happened when new elected body emerged in 2005-06 and attended satellite training programmes conducted by ANSSIRD on ‘Resource Mobilization’. In respect to the commitment of GP elected members and GP secretary resulted in massive increase of tax collection. Panchayat was able to collect Rs. 7, 50,000/- amount for the tax due of previous year and revised the tax and fixed Rs. 7, 97,000/- as annual payment. Similarly in the year 2012-13 once again tax was revised with 10% hike result of this the current year GP able collect the tax was Rs. 12 06 700/- per annum. The GP has collected Rs. 4, 50,000/- from other own sources. Initially, the Gram Sabha came to decision that, unless the factory pays the due, the villagers will not pay any tax. This built up the pressure on GP and made members to work in direction to collect the tax which in turn was succeeded and villagers paid the tax and cess on time.

**Replication of Module**

**Tagganahalli Gram Panchayath of Madduru**

* With the support of Elected member and staff, panchayat able to convince NSL Sugar factory in Tagganahlli Gram Panchayat to pay the tax and able to generate Rs 10,50,000/- income to the GP at once.

**Tax fixation of power grids at GP land**

Rs.33, 000/- tax was fixed to Electricity grids in panchayat limit. Initially electricity Board refused to pay the cess and amount was due for past five years. In 2004-05 total Rs. 1, 87,320 were collected at once with collective effort of GP team. A unit of Power Generation was constituted in the name of Co-Chen under Chamundeswary Sugar Factories Administration. This establishment is considered as potential source of tax generation and has scientifically fixed a Rs. 30,000/- per annum.

The Annur Panchayat spent OSR amount for inter road connectivity with Cement Concrete Road (CC Road) in their village. Every year around Rs. 4 lakhs will be investment from their OSR for developmental works.

**Replication of Module**

**Mallanakuppe of Maddure Taluk**

* Sri. Manjunatha, PDO of Mallanahuppe GP able to convince CHESCOM to pay the power grid charges due from few years. CHESCOM responded positively and paid RS. 41,820/- at once

**A Message: Better Utilization of their Own Source Revenue**

**Santebennuru Gram Panchayat**

**Taluk: Chennagiri District: Davanagere**

Santebennuru is the second largest Gram Panchayat (GP) under Chennagiri Taluk of Most Back Category in Davangere District with 16165 Population and also has a National Monument in its boundary. This GP has 7 wards with 25 elected members working for the betterment of the villagers mainly towards saving public money and utilizing it for the development of their citizens. The GP has a more innovative for OSR productively for improving service delivery.

The people did not come forward to pay tax voluntarily as there was poor basic amenities and infrastructure and hence the revenue generation was low. Hence, to convince the thought process of people, public gatherings like celebration of National Festival, Ward Sabhas and Grama Sabhas were identified as potential places for better interaction and the functionaries of GP explained the importance of paying tax and revenue to the institutions. Simultaneously, the GP functionary provided the basic amenities and the infrastructure required like Cement Concrete Road (CC Road), Drainage under MGNREGA, Suvarna Grama etc., and then approached the people of GP for explaining the citizens that demanding quality services and basic amenities from GP is their right and at the same time paying taxes timely is also a vital duty of the citizen. Continued effort of functionaries and elected members resulted in increase of voluntary tax payment from 40 percent to 70- 75 Percent. Using this OSR, 5 new commercial buildings were constructed and now there are about 29 shops which are yielding about Rs. 4.5 lakhs or more of revenue every year.

Further,

**Decreasing expenses of GP by Annual Contract**.

1. **Drinking water motors:** Providing drinking water to citizen is prime duty of GP and it get water from bore wells, tanks, and from open wells, it has 23 motors to lift water and in a year it requires repairs of an average of 2 to 3 times. Earlier around 3,50,000/- was spent on repair of motors and transportation. To reduce the financial burden on GP, functionaries and elected body have combined and come out with a solution of getting in to annual maintenance contract(AMC) with the locally recognized and registered Contractor for 1,84,000/-( Per unit 8,000/- per annum) and this saved around 1,70,000/- per year.
2. **Street Light** Installation, maintenance and repair of street lights were the main concern of GP. In total, GP has 463 street lights and to get skilled workers for timely repair was again a tough task. To address the issue, annual maintenance contract was given to a registered contractor for Rs 300/- per unit and GP was able to save around 50- 60,000/- per year.
3. **Computer Maintenance:** GP office has 2 computers and the annual maintenance agreement was signed for Rs.7968/-, this includes 2 services, repair and protection of system.
4. **Open Bid of GP's Complex:** Gram Panchayat owns 29 shops and used to generate Rs. 14,500/- in a month. GP decided to go for open bid to rent the shops. The users/beneficiaries of the shop lead the GP to court and court denied giving stay order. The collective effort of GP in conducting open bid resulted in massive increase of institution’s income to Rs 41,100/- per month.

**Own Experience:**

Rich field experience of the officials and elected functionaries helped in building good rapport with public and helped in tax collection. Drinking water was supplied twice a week earlier due to un-notified power cut. An interactive effort with the power supply board solved the problem, and villages were covered under "Nirantara Jyothi" scheme. This provided continuous power supply to the villagers with shorter duration of power cut. Power scarcity issue was addressed and it impacted in daily water supply to the households. The effort and commitment of GP functionaries in reaching the given assurance to the citizens built in the confidence in public and influenced on tax payment.

**Community approach toward changing in the Attitude of citizens to mobilize the resource and to bring in reforms at the local level**

**Doddabaathi Gram Panchayat**

**Taluk: Daavanagere District: Daavanagere**

The Doddabaathi GP under Davanagere district comes under Relatively Developed category of taluk. The GP team with elected members, functionaries and the staff of GP resulted in increase of own source revenue collection of GP. As per 2011 census, GP has 2026 family, with 10,439 populations in which 5330 are men and 5109 are women. Doddabaathi GP consists of 3 revenue villages, 7 wards with 27 elected GP members.

**Initiation**

* GP functionaries collected qualitative data on residential, commercial, industrial buildings and sites.
* The services provided by the GP to the villagers or users
* Identified own revenue sources in GP limit
* At revenue generation the importance of team work was explained to elected body and functionaries
* A team consists of elected member of the ward, Panchayath Development Officer, Secretary, Bill Collector and Watermen visited every ward. Members interacts with the public and work towards creating awareness on importance of tax payment
* Team members listen to the issues; problems raised by the citizen calmly and responded to their queries.
* Explain existing bottle necks or hurdles in GP to provide the service demand by citizen and motivate them to pay the taxes to GP.

**Change in Approach**

* Instead of demanding collection of water charges at the end of the financial year, GP initiated monthly water charge collection on specified dates. Monthly charges are Rs. 10 for residential, Rs. 25 for individual households and Rs. 50 for commercial users. This improved new approach reduced the burden of an individual as well as GP.
* Identified the Non Governmental Organizations in GP limit and fixed the tax. A Private Educational Institution is located inside GP limit which resisted paying tax from past 4 years. GP officials briefed the provisions of Act to fix and revise the tax and explained the reason for fixing the taxes. The usage of agricultural land for non agriculture purpose needs permission from GP, also the institution using the public roads and water sources belonged to GP which are taxable. With the collective efforts of GP functionaries and elected body it was able to mobilize Rs 60, 000/- tax income from institution.
* Potential own revenue sources like, households, open site, Commercial building, hotels, shops, small scale industries, flourmills, education institutions, Private hospitals and so on are identified and fixation of tax and collection of tax occurred effectively.

When the campaign started few questions repeatedly asked by the citizens are as bellow

* Why should i pay first
* No services or few services are provided by GP
* State and Central Government release funds to GP, then why should we pay
* The amount we pay is not used to improve infrastructure of our ward

**Conclusion**

*Innovation needs effective/active functionaries to identify the avenues, opportunities and ideas which suits to convince the people to work hand in hand. As a result Doddabathi has 2 to 3 lakhs savings in its account and planning to use it to improve the service delivery mechanism in GP limits and expected to achieve 100% revenue in water charges. This was possible by motivation of Elected Representatives, who in-turn assured the public, that the collected tax in a particular ward would be spent of the same ward to improve the services.*

**Fixation of Water Rate/Tax on Scientific approach**

**Haleyangadi Gram Panchayat**

**Taluk: Mangaluru District: Dakshina Kannada**

Providing Portable Drinking water was the dream of the Panchayat, this dream came in reality with Rajiv Gandhi Rural Drinking Water Supply Scheme and to begin with GP selected 3 villages and formed a water committee consisting of President, vice president, secretary and beneficiaries as members. The elected members of the GP should chair the Ward Water committee as president and vice president, PDO act as a secretary and the beneficiaries are the members of the committee. This shows the attitude of the panchayat functionaries in relatively developed category talukas.

All villages coming under GP fixed unique prices for new water connection in their villages based on availability and distance of water source as follows:

* Haleyangadi village Rs1500/-
* Pavangi Village Rs 2000/-
* Sasihithlu Village Rs 3000/-

For smooth and proper function of water supply 6 pump operator, 2 bill collectors, and one account staffs are recruited and they are paid by village water committee fund.

Daily 2 hours water is supplied to each ward and each village has bore wells, overhead tanks and pumps and water storage tanks to reach the demand of the user.

In Haleyangadi out of 895 households 645 has individual metered water taps; The Pavanje village has 365 household of which 205 families have individual metered water tap. Similarly Sasihithly village has 471 families of which 138 households have individual water connection. Overall 1731 families from 3 villages has individual water connection rate fixed based on the usage, household, commercial and construction work has different rates.

|  |  |  |  |
| --- | --- | --- | --- |
| Water supply | Household Use | Commercial Use | Construction work use |
| Litre | Amount | Amount | Amount |
| For minimum use | Rs. 50/- | Rs. 150/- | Rs.500/- |
| 10,000- 25,000 litre, (per 1,000 litre of additional use) | Rs.2/- | Rs.10/- | Rs.15/- |
| 25,000-50,000 (per 1,000 litre of additional use) | Rs. 3 | Rs.12/- |  |

**Approach on collection**

* From the day bill served to the household, within 10 days the amount has to be paid to GP, otherwise the water supply will be disconnected without any prior instruction
* Water charges can be paid to meter reader at the time of billing or to panchayat office and collect the receipt
* In case of repair of meter, in first month the nominal charges are charged, for second month this amount would be doubled and for the third month thrice of the charges of nominal will be charged. Even though if they failed to repair the meter, the water supply will be disconnected.
* Misuse of household or commercials water connection are disconnected permanently and unauthorised connections are fined with Rs.500/-
* Water cess due are tolerable up to Rs.250/- after the limit meter chamber will be locked
* If meter or the meter lock are damaged initially Rs.100/- is fixed as fine and enforced on user

Committee meets once in a month and discusses the issues related to the water supply. Construction of new tank, bore wells, repair of wells are through Tender. Overall water supply committees are in position to pay the honorarium of the staffs and able to manage the crisis in summer and functioning according to the expectation of citizens.

**Improved Water tax Collection in**

**Kinnigoli Gram Panchayat**

**Taluk: Mangaluru District: Dakshina Kannada**

Central Government has launched Rajiv Gandhi Rural Water Supply Scheme in 2000 with an aim of providing portable drinking water to every household with 90% subsidy from Central Government and 10% contribution from the beneficiary end.

As a pilot project Haleyangadi and Kinnigodli Gram Panchayat from Dakshina Kannada District of Relatively Developed category in Karnataka were selected and scheme was implemented in 90 house hold in a ward with Rs. 1000/- contribution from beneficiary. In the second phase 210 households were covered under this scheme. The usage and benefits were able to convince the other families of villages in GP limit to own a water tap.

**Water Supply Committee**

Elected Gram Panchayat member of a particular ward will be the president of the ward water committee consisting of 9 to 13 members. To manage the system, GP recruits 2 meter readers, 10 pump operators and one account staff and their honorarium is paid by Village water and sanitation committee fund

**Water Cess**

The rate fixed for water usage is as below

First 10,000 litre is Rs. 50/-

* 10,000-20,000 limit per 1,000 litre Rs. 10/- is charged
* 20,000-30,000 litre limit per 1000 litre Rs. 20/- is charged
* 30,000-40,000 litre limit per 1,000 litre Rs 30/- is fixed and charged
* 40,000-50,000 litre limit per 1,000 liter Rs 40/- is charged

Water committee meets once in month and discusses the issues related to water supply and water cess when to be revised on the demand basis.

Cess Collection Pattern

* Water Meter Reading ends by 15th of every month
* 25th of the same month is the time bound to pay the cess
* After 25th every day delay adds Rs. 2/- to the credit of payer. After 90th day if the beneficiary failed to pay the total amount, water line will be disconnected and to get reconnected Rs. 300/- charge is fixed and this amount is non refundable
* Users can pay the cess in office of GP also

For new connection

* The capital amount of Rs. 1,000/- is fixed to get new connection and this amount is non refundable
* User have to buy 1/2 inch water pipe, meter, meter chamber and gate Valves and fix them in presence of Pump operator
* In case of diversion of line from meter or un-authorized connection from main pipeline, are noticed by Committee, the water connection is disconnected permanently
* In case of repair the action need to taken by the owner in presence of pump operator

GP consist of 7395 population with 2385 household of which 999 families has individual water tap. From water alone, GP collects Rs 5, 31,020 incomes and Govt. gives Rs. 8, 00,000 subsidies. The total revenue of the GP is Rs 32, 65,502

**Water Committees**

Water user groups at ward level are registered under Society registration Act 1960 and this units function independently without any financial support from GP.

**Uppinangadi Grama Panchayat**

**Taluk: Puttur District: Dakshina Kannada**

**Establishment of Tax Bases**

The Panchayat concept was introduced in 1948 and till 1993 the elected presidents and the appointed administrative officers worked hard and developed the city with innovative ideas like constructing bus stands out of panchayat funds and exchanged land with the forest department.

The Karnataka Panchayat Raj Act 1993 brought change in Grama Panchayat Administration. At present GP has 18 wards and the first President of Uppinangadi was from a reserved background. From the day he took charge as president action was initiated to collect own source revenue from old and existing assets. The panchayat belong to relatively developed category of taluk.

Gram Panchayat provided individual water tap services to 930 households and collected cess of Rs 8,56,915 with 83% of efficiency and aimed at achieving 100 % cess collection in water sector. Uppinangadi has 2718 households, and commercial building could generates Rs. 5, 33,492 (including Cess), by providing trade license Rs.1,60,897 and Rs. 67,897 through building license and Rs. 52,897 from advertisement. The overall GP of Uppinangadi collects 95% tax from its own sources.

**Panchayat Sources**

Panchayat assets like Fish Market, Flower Market, Daily market, STD booth, Petty Shop, News Paper Shops, Residential Houses, Apartments, Bunch of Houses, Lodge, Hotels, Old and New Bus Stands and so on . In total 31 sources of assets were identified which can generate revenue for GP.

Gram Panchayat constructed Public Toilets in KSRTC Bus and entered into a contract with Shuchi International for maintenance and pays annual assets utilization charges to GP.

Uppinangdi is located close to national highway (NH 75) 75, and nearly 100 to 150 busses take shelter in this village in both bus stands. GP collects Rs 28,914 from KSRTC Buses and Rs. 25,600 from private buses. The charges were fixed 14 years ago and have not been revisited. If Scientific methods are adopted in fixing user charges, the income of the GP will increase by 10 times.

**Way forward to work**

1. Proper and Scientific drainages in villages

2. Expansion of main road in Uppinangadi village

3. Collection of Solid waste generated in GP limits and producing organic manure

4. Auto rickshaws halt in bus stand free of cost. Fee fixation for the rickshaws is under consideration to enhance the revenue of GP.

**Revenue Increase by reinvestment of OSR**

**Laila Gram Panchayath**

**Taluk: Belthangdy District: Dakshina Kannada**

Indeed It is a land with the blessings of the natural beauty which as incorporated with the Greeneries of Malnad region. With the lapping of River Nethravathi, Fragrance of devotion of the holy land Dharmasthala.

The Laila Village of Belthangady Taluk dakshina Kannada coming under relatively developed District Karnataka State. The land which honoured by Rastriya Gaurava Grama Sabha Award by Central Governmnet.

The Laila Village is naturally rich with Green forests, historical Jamalabad Fort ( Locally it is famous as Gadayikallu). Religious diety Places Like the Chandkuru Durgaparameshwari temple, Venkataramana Temple etc. Amid all these having 1859 Hects of land area and 7280 Population. The village is stepping towards Prosperity with the dream of ideal Ramarajya.

It is the proud of the Laila Village that the central government has honoured the village panchayath by Nirmala Grama Puraskara and Rastriya Gaurava Grama Sabha for it is successful achievement in the field of sanitation and participation of people in Various programmes of village Panchayath. Basically Laila is a Land of Social integrity which consists Hindus, Muslims, Christains and Jains. Pepole are engaging in agriculture, palntaions Crops and Pottery.

At the Present the Laila Panchayath Consists 19 member administrative body. With a good Co-operation of all members. President Smt. Jayanthi leads the Panchayath association With Vice president K.Sadananda Shetty and with the guidance of Development Officer P.H Prakash Shetty Nocha. The Village administration is now very Familiar to the people of Laila for its door to door Services.

**A Successful result of Total Sanitation Campaign:- Open defecation free Village.**

It is a grand Success of Laila Panchayath that all the houses have Toilets and the Village Panchayath has achieving its good for 100%. In order grant to the BPL Families to construct toilets. The village Panchayath abolished open defecation and given awareness about sanitation to the people through Swachatha Utsav, Procession, Skitts, World Sanitation Day Celebration, door to door campaign etc.

**Steps towards Plastic Free Village:-**

The Laila Panchayath Abolished usage of plastics and symbolically released cloth hand bags to create a awareness among the people. According to the resolution of panchayath dated 01.12.2001, the Laila Panchayath implements controlling methods of the usage of Plastics.

**Turing Bio-waste to Manure:-**

The next Steps of Laila Panchayath towards turning of bio wastes to manure. The panchayath has succeeded in the production of bio manure which has named as Laila Gold. This has been meant very useful to the agriculture in following days.

In this project, the Panchayath has decided to collect the wastes of different Parts of the village and according to the suggestive methods of Bhagiratha Organization Mysore. The Laila Panchayath prepared an action Plan of 9.00 lakh Rs to mainatain the grabages and wastes. These Panchayath Completed its Project Successfully and now its active in work. The Laila Panchayath has planted many plastic houses through the village and decided to collect plastic and other non biodegradable items separately for this purpose the Panchayath distributed red and green colour dustbins to collect biodegradable as well as non bio-gradable items. Degradable wastes are to be gathered in a platform and sprinted by OS bio solution, which has been prescribed by the Bhagiratha Organization. One platform will bear the wastes of 7 days. In this way the Laila Panchayath made 7 Platform 7 weeks. After 7 weeks the first platform will be ready as compost. After refining the intended bio

Manure will get ready to use. The Mysore laboratory has tested it and certified that the Laila Gold Consists good level of NPK rather than the chemical Fertilizer. The Laila Gold is now available. In market since 28.09.2011 with the cost of 8 Rs Per Kg.

In order to eradicate the misconception of people about the composting Unit. The panchayath has constructed a garden under the project of MGNREGA Scheme. As a feather to the crown the Laila Panchayath has honored by the Central Government with the award of the Guarava Gram Sabha Pursakar with the Grant of 5.00 lakh Rs. State award and Gandhi Grama Purskar with the grant of 21 lakh Rupees etc.

Totally the Laila Panchayath has Put its steps firmly towards a clean Village Concept with all the adequate stops and becoming a people friendly Village for ever…. Certainly…

|  |  |  |
| --- | --- | --- |
| CC Road | Sakal Centre | CC Road |
| D:\Worksoft\Vivekanandanagara  Road\road.jpg | E:\Photo\DSC04641.JPG | D:\Disc top\Disc top\Worksoft 2014-15\Saint Mariys to Adarshanagara Road\2.JPG |

**Demand, Collection and Balance of Lila Gram Panchayats**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Items | Year | Demand | Collection | Balance | % |
| Property Tax | 2012-13 | 768090 | 540292 | 227798 | 70.34 |
| 2013-14 | 830692 | 628018 | 202674 | 75.60 |
| 2014-15 | 881839 | 696718 | 185121 | 79.01 |
| Rent from Buildings | 2012-13 | 137650 | 91645 | 46005 | 66.58 |
| 2013-14 | 123465 | 84329 | 39136 | 68.30 |
| 2014-15 | 291396 | 240866 | 50530 | 82.66 |
| License fees for shops | 2012-13 | 20775 | 19175 | 1600 | 92.30 |
| 2013-14 | 28230 | 27130 | 1100 | 96.10 |
| 2014-15 | 78990 | 78290 | 700 | 99.11 |
| Building license | 2012-13 |  | 96648 |  |  |
| 2013-14 |  | 171095 |  |  |
| 2014-15 |  | 124890 |  |  |

**Expenditure from OSR**

|  |  |  |  |
| --- | --- | --- | --- |
| Year | Item-wise Expenditure | Amount in Rs. | % to total |
| 2013-14 | Road development, Construction of drainage, repair of drainage | 398645 | 32.77 |
| 25% of expenditure for SC/ST population | 156283 | 12.85 |
| Street light purchase, maintenance and repairs | 96003 | 7.89 |
| GP staff payment | 565475 | 46.49 |
| Total | 1216406 | 100.00 |
| 2014-15 | Road development, Construction of drainage, repair of drainage | 368645 | 26.91 |
| 25% of expenditure for SC/ST population | 147694 | 10.81 |
| Street light purchase, maintenance and repairs | 283976 | 20.79 |
| GP staff payment | 565475 | 41.42 |
| Total | 1365790 | 100.00 |

**Tax Effort for increased OSR generation including vulnerable groups**

**Gummagol Gram Panchayath**

**Taluk: Navalgund District: Dharwad**

Gummagol Gram Panchayat coming under Karnataka State’s Dharwad Zilla Panchyat of Navalgund taluka which is considered as backward area and this panchyat consisting of Gummagol and Bylyl villages. During 2004, i.e., 10 years back this Panchyat is having 1024 families consisting total population 4576 and annual income for this panchayat is Rs. 98,000/- (only ninety eight thousand) at that time. Within this limited annual income the Panchayat is not able to provide infrastructural facilities and other basic facilities to the public and this Panchyat office itself working under small rented building and considered as backward panchayat. The Panchayat taken initiative for recovering of tax from 2004-2007 and PDO and all staff members of Panchayat actively involved in the recovering of tax from the people and 90% of tax recovered and Ground floor of Gram Panchayat was constructed with this own resource.

|  |  |  |
| --- | --- | --- |
|  |  |  |
| Construction of Ground floor of Gram Panchayat from the Tax recovered from the people of Gummagol (it was constructed with own resource) | Purchase of environment vehicle from tax recovered from the people for managing and maintaining Solid Waste of the village (from own resource) | Meeting the expenditure of (Highmast Solar) Street Ligts through tax recovered from the people (from own resource) |
|  |  |  |
| Distribution of balance water tax of SC/ST family through Tax recovered from the people (done with own resource) | Distribution of cheque to SC/ST students for encouraging and supporting for further education through Tax recovered from the people (borne through own resource) | Distribution of sewing machines to SC/ST women for undertaking self-employment for their Social and Economic stability through Tax recovered from the people (done with own resource) |

Details showing Gram Panchayat Own Resource - Tax recoved from 01.04.2001 to 31.03.2005

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Sl.  No. | Year | Balance of tax (to be recovered) | Current  Year’s Demand | Total Demand | Total Recovery | Balance | Percentage of Recovery | Tax rate increased Percentage |
| 1 | 2001-02 | 45000 | 45000 | 90000 | 54000 | 36000 | 60.00 | - |
| 2 | 2002-03 | 36000 | 45000 | 81000 | 55080 | 25920 | 68.00 | - |
| 3 | 2003-04 | 25920 | 45000 | 70920 | 62920 | 8000 | 88.71 | 50% |
| 4 | 2004-05 | 8000 | 90000 | 98000 | 68600 | 29400 | 70.00 | - |
| Total | | 114920 | 225000 | 339920 | 240600 | 99320 | 70.78 |  |

Details showing Gram Panchayat Own Resource - Tax recoved from 01.04.2005 to 31.03.2007

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Sl.  No. | Year | Balance of tax (to be recovered) | Current  Year’s Demand | Total Demand | Total Recovery | Balance | Percentage of Recovery | Tax rate increased Percentage |
| 1 | 2005-06 | 29400 | 90000 | 119400 | 118782 | 618 | 99.00 |  |
| 2 | 2006-07 | 618 | 375160 | 375778 | 375778 | - | 100.00 | 75% |
| Total | | 30018 | 465160 | 495178 | 494560 | - | 100.00 |  |

Details showing Gram Panchayat Own Resource - Tax recoved from 01.04.2007 to 31.03.2011

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Sl.  No. | Year | Balance of tax (to be recovered) | Current  Year’s Demand | Total Demand | Total Recovery | Balance | Percentage of Recovery | Tax rate increased Percentage |
| 1 | 2007-08 | - | 400500 | 400500 | 400500 |  | 100.00 |  |
| 2 | 2008-09 | - | 400500 | 400500 | 400500 |  | 100.00 |  |
| 3 | 2009-10 | - | 400500 | 400500 | 400500 |  | 100.00 |  |
| 4 | 2010-11 | - | 525000 | 525000 | 525000 |  | 100.00 | 28.5% |
| Total | |  | 1726500 | 1726500 | 1726500 |  | 100.00 |  |

Details showing Gram Panchayat Own Resource - Tax recoved from 01.04.2011 to 31.03.2013

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Sl.  No. | Year | Balance of tax (to be recovered) | Current  Year’s Demand | Total Demand | Total Recovery | Balance | Percentage of Recovery | Tax rate increased Percentage |
| 1 | 2011-12 | - | 525000 | 525000 | 525000 | - | 100.00 |  |
| 2 | 2012-13 | - | 711328 | 711328 | 711328 | - | 100.00 | 26% |
| Total | | - | 1236328 | 1236328 | 1236328 | - | 100.00 |  |

Details showing Gram Panchayat Own Resource - Tax recoved from 01.04.2013 to 31.03.2015

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Sl.  No. | Year | Balance of tax (to be recovered) | Current  Year’s Demand | Total Demand | Total Recovery | Balance | Percentage of Recovery | Tax rate increased Percentage |
| 1 | 2013-14 | - | 711328 | 711328 | 711328 | - | 100.00 | - |
| 2 | 2014-15 | - | 711328 | 711328 | 711328 | - | 100.00 | - |
| 3 | 2015-16 | - | 1080914 | 1080914 | 1080914 | 594503 | 45.00 | 34% |
| Total | |  | 2503570 | 2503570 | 2503570 | 594503 | 76.25 |  |

With the support and encouragement from Elders of the Village, public, public representatives and with the directions from the Rural Development and Panchayat Raj officers, timely Ward Sabha, Grama Sabha and General Body meetings are arranged in the village. Through these Sabhas/meeting actions taken towards development of village and accumulation of Funds/Resources, in this regard efforts are made for creating awareness about importance of tax recovery through handbills and also initiative taken for recovery of tax from the ration shops. These efforts convinenced to the people and they have come forward to pay the tax voluntarily, through this tax recovery it is possible to develop good infrastructural facilities and other basic facilities to the people in the village.

For the Development of village and providing necessary infrastructural facilities, Supply of pure drinking water, street lights maintenance, high mask solar street lights maintenance, Road repairs and development, providing drainage facilities, cleanliness maintenance, Solid Waste Management System works are done and also Environment Friendly Vehicle has been purchased out of tax recovered during 2011. The Other programmes like Education Encouragement and Support Programmes, Sewing Machines distribution to SC/ST Women for promotion of self-employment and providing Social and Economic stability in their life, has been been organized through tax recovered from the people.

The following programmes/projects are completed through tax recovery from the people :

* Construction of Beautiful and cleanly maintained Ground Floor of Gram Panchayat office.
* Purchase of Environment Friendly vehicle for managing of Solid Waste and expenditure in connection with maintenance of solid waste is also borne by tax recovery.
* Maintaining of expenditure in connection with High mask Solar Street Lights in the schools compounds.
* Maintaining of expenditure in connection with Street Lights installed in village area.
* In view of maintaining of clean environment in the village, drainage, repairs of roads, development of roads and cleanliness maintenance expenditure will be borne by tax recovery.
* Providing scholarships to meritorious students for encouraging and supporting them for further education.
* Providing funds to SC/ST students for encouraging and supporting them for further education.
* Providing Sewing Machines to SC/ST Women for starting self-employment and improving their social and economic stability.

1. A Review of the Gram Swaraj Project in Koppal District, Karnataka: Some Policy Perspectives by JN Chaubey in association with Decentralization Analysis Cell (DAC), Gram Swaraj Project, RD&PR Department, [↑](#footnote-ref-2)