

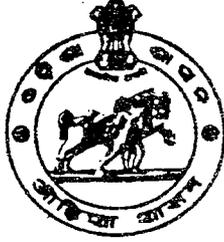
CONFIDENTIAL



GOVERNMENT OF ORISSA

**REPORT
OF
THE
*STATE FINANCE COMMISSION***

BHUBANESWAR , DECEMBER - 1998



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P R E F A C E

It gives me great pleasure to submit the Report of the Commission within the short period of four months made available to it. Despite the time constraint, the Commission attempted to analyse the problems of Local Bodies in Orissa basing on secondary data furnished by P.R. and H & U.D. Deptts. of Government of Orissa and after interaction with some officials and non-officials connected with functioning of Local Bodies. While presenting this Report, I feel it worth mentioning that in the absence of any precedent, the responsibility assigned to the Commission was highly complex and cumbersome. The problem became more complex owing to complacency shown by Rural Local Bodies in responding to the questionnaire of the Commission. During brief sojourn with some Local Bodies, the Commission noticed apathy and reluctance on their part to exploit the resource base given to them. The Local Bodies mostly look forward to Government for grants for carrying out the functions and tasks assigned to them.

I will also fail in my duty if I do not point out that the present devolution of functions to Local Bodies is quite inadequate compared to what has been envisaged for them in the 73rd and 74th Amendments to the Constitution and as illustrated in the 11th and 12th Schedules. In order that Local Bodies function as units of local self-Government as envisaged by the Constitution, the power and authority to implement schemes listed in the 11th and 12th Schedules be given to them alongwith funds and functionaries.

Owing to resource constraint faced by Government mostly on account of unbridgeable gap between revenue expenditure and receipt, the Commission did not favour the concept of global sharing of revenue receipts with Local Bodies on certain percentage basis. As an alternative, the Commission has gone for assignment and sharing of taxes and non-taxes as they exist now. Besides some new areas of taxation have been suggested in view of their local character.

I know that what we have done is not adequate and a lot more has to be done to improve the operational mechanism and financial viability of Local Bodies. All the same, I hope this Report will provide some guidelines for evolving a working mechanism needed for improvement.

I would like to place on record my sincere appreciation for the untiring and sustained effort made by the Member Secretary, Sri Durga Prasad Das in collecting necessary information and preparing

preliminary draft for the approval of the Commission. His field experience in the working of Local Bodies and knowledge in the financial matters of the State Government have enabled the Commission to prescribe the recommendations as given in the Report and submit the same within the prescribed time limit. Sri Bharat Charan Mallick with his wide experience and knowledge has given us a lot of input in preparing the Report.

I also express my deep sense of gratitude to my colleagues Sri B.C.Mallick, Sri A.P.Ray and Sri S.C.Dash whose knowledge, experience and expertise have enabled the Commission to resolve certain knotty problems.

Though it is not possible to mention the names all those who have assisted the Commission in its deliberations, prepared technical reports and rendered secretarial assistance with sincerity and dedication, I express my sincere thanks and gratitude to all of them including the previous Chairman, Member Secretaries and Consultants who had left their indelible mark in the Commission. Finally I dare express the hope that the Government will take a generous view of the recommendations given in the Report.

Prof. Baidyanath Mishra

Chairman

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CHAPTER – I

INTRODUCTION

1.1 The 73rd and 74th Constitutional Amendment Acts (1992) heralded a new era in the history of the Local Bodies by Providing, among other things, the constitution of a State Finance Commission in all the States within one year from the commencement of the Constitutional Amendment Act initially and thereafter during every fifth year.

1.2 Accordingly, the Government of Orissa by their order dated 21st November' 96 (Annexure 1.1) constituted the First Orissa State Finance Commission in pursuance of the provisions under Article 243-I of the Constitution of India read with Section-3 of Orissa Panchayati Raj Finance Commission (Miscellaneous Provisions) Amendment Act, 1996. The Commission was headed by Justice Shri S.K. Mohanty as Chairman with four other Members namely : 1) Shri Bharat Chandra Mallick, Member (2) Shri A.P. Ray, Member (3) Shri S.C. Dash, Member and (4) Shri K.C. Badu, IAS, Member Secretary. Except Chairman and the Member Secretary, the other three Members were to render part time service, as and when required.

1.3 Again, the Government reconstituted the said Commission by their order dated 24th August, 98 (Annexure 1.2) with Dr. Baidyanth Mishra as Chairman and four other Members namely; (1) Shri Bharat Chandra Mallick, Member (2) Shri A.P. Ray, Member (3) Shri S.C. Dash, Member and (4) Shri D.P. Das, Member Secretary. Except the Chairman and the Member Secretary, the other three Members were to render part time service, as and when required.

1.4 The Commission shall make recommendations relating to the following matters :-

- (i) the principles which should govern
 - (a) the distribution between State and Panchayati Raj Institutions and the Municipalities of the net proceeds of the taxes, duties, tolls and fees leviable by the State which may be divided amongst them under part IX and Part IXA of the Constitution and the allocation between the Panchayats at all levels and the Municipalities of their respective shares of such proceeds;

- (b) the determination of taxes, duties, tolls and fees which may be assigned to, or appropriated by Grama Panchayats, Panchayat Samities and Zilla Parishads or, as the case may be, Municipalities and
- (c) the grants-in-aid to the Gram Panchayats, Panchayat Samitis, Zilla parishads or, as the case may be, Municipalities from the Consolidated Fund of the State;
- (ii) the measures needed to improve the financial position of the Gram Panchayats, Panchayat Samitis, Zilla Parishads and Municipalities, and
- (iii) On any other matter, which the Governor may refer to the Commission in the interest of sound finance of Gram Panchayats, Panchayat Samitis, Zilla Parishads and Municipalities.

1.5 In making its recommendations, the Commission shall have regard, among other considerations, to :-

- (a) the revenue resources of the State Government and the demands thereon, on account of expenditure on civil administration, police and judicial administration, education, maintenance of capital assets, social welfare, debt servicing and other committed expenditures or liabilities;
- (b) the functions and liabilities of Panchayati Raj Institutions and Municipalities in respect of discharging and implementing of the schemes entrusted to them under articles 243 G and 243 W of the Constitution;
- (c) the revenue resources of Panchayati Raj Institutions and Municipalities at all levels for five years commencing on the 1st day of April, 1998 on the basis of levels of taxation reached in 1997-98 targets set for additional resources mobilisation and potential for mobilising additional revenues;
- (d) the scope for better fiscal management consistent with the need for speed, efficiency and cost effectiveness of delivery of services; and

- (e) the need for providing adequate incentive for better resources mobilisation as well as closely linking expenditure and revenue raising decisions.

1.6 On the matters aforesaid, the Commission shall make a report covering a period of five years with effect from the 1st day of April, by the 31st December, 1998.

1.7 The Commission shall indicate the basis on which it has arrived at its findings.

METHODOLOGY :

1.8 After reconstitution of the Commission, Chairman assumed office on 1st Sept.'98, Member Secretary on 24.8.98, and other Members, Shri B.C.Mallick on 24.8.98, Sri A.P.Ray, on 25.8.98 and Sri S.C.Dash on 25.8.98. Virtually, the Commission started functioning from 1st Sept.' 98.

1.9 The Orissa State Finance Commission thereafter launched its programme by adopting the following methodology.

QUESTIONNAIRE :-

1.10 The Commission adopted the Questionnaire of Eleventh Finance Commission circulated among the States in their letter No.F-4(9)EFC/98-Tech. Dated 4th August'98 and additional Questionnaire of Eleventh Finance Commission dated 7th August'98 (Annexure – 1.3-A, 1.3-B, 1.3-C, 1.3-D). Besides, the Commission prepared its own Questionnaire with the help of experts and circulated to all U.L.Bs, Panchayat Samitis, D.P.Os, H & U. D. Department and P.R. Department (Annexure – 1.4-A, 1.4 – B). Apart from this, a general appeal was made to the selected V.I.Ps, M.Ps, M.L.As, experts, eminent persons and persons who are interested in Local Body administration, to interested public and to all the District Collectors for obtaining the views and suggestions through public media (Annexure – 1.5).

CORRESPONDENCE WITH OTHER DEPARTMENTS :

1.11 The Commission made correspondence with Revenue & Excise, Forest and Environment and Finance Department regarding assignment of taxes and duties by these Departments to Local Bodies.

DATA ENTRY :

1.12 Entered the data generated by the filled-in questionnaires into Computers at the Nabakrushna Choudhury Centre for Development Studies, Bhubaneswar and retrieved.

DATA INTERPRETATION :

1.13 The data entered from the various questionnaires were interpreted through the help of Nabakrushna Choudhury Centre for Development Studies, Bhubaneswar.

VISITS TO OTHER STATES :

1.14 Chairman visited Maharashtra and held discussion with Finance, Panchayati Raj and Urban Development Secretaries regarding present functioning of U.L.Bs/R.L.Bs in that State alongwith present devolution of functions and finance after Constitutional Amendment. Shri B.C.Mallick, Shri A.P.Ray, Members and Shri K.C.Badu, erstwhile Member Secretary visited Andhra Pradesh and again Shri B.C.Mallick, Member and Shri D.P.Das, the present Member, Secretary visited Andhra Pradesh for the second time and held discussion with Secretary, P.R. Department to study their system as well as to obtain their views on present functioning of Local Government in their State.

VISIT TO OTHER INSTITUTIONS :

1.15 Shri K.C.Badu, the erstshile Member Secretary, visited the Planning Commission Cell, New Delhi, National Institute of Rural Development, Hyderabad and held discussions to know their views to augment the resources and improve the service levels in Local Bodies.

NATIONAL LEVEL FORUM :

1.16 Shri B.C. Mallick, Member and Shri D.P.Das, Member Secretary attended the National Level Work Shop in N.I.R.D. at Hyderabad on implications of S.F.C.recommendations for Panchayati Raj Institutions

and 11th N.F.C., collected relevant study materials and also held discussion with the officials of N.I.R.D.

STATE LEVEL CONFERENCES:

1.17 Shri K.C.Badu, erstwhile Member Secretary attended the State Level conference for all District Panchayat Officers in S.I.R.D. organised by the P.R. Department to elicit certain information on Panchayatiraj Institutions.

INTERACTION WITH THE SECRETARIES OF GOVERNMENT OF ORISSA:

1.18 The Commission held detailed discussions with Shri P.K.Mishra, Addl.Chief Secretary, Shri K.B.Verma, Principal Secretary to Govt., Finance Department, Shri J.K.Mohapatra, Ex-Special Secretary to Government Finance Department and Ex.- Secretary to Government, R.D. Department, Shri H.S.Chahar, Commissioner-cum-Secretary to Government, H & U.D. Department, Sri C.Basu, Commissioner-cum-Secretary to Government, P.R.Deptt. Sri Suresh Chandra Mantry, Director, Municipal Administration, Sri S.Baya, Director P.R.Department and gathered detailed information on devolution of funds, functions and functionaries to Local Bodies in accordance with 11th/12th Schedules of 73rd & 74th Constitutional Amendments.

INTERACTION WITH NODAL DEPARTMENTS :

1.19 On several occasions the Commission had detailed discussions with other officials of Finance, P.R. and Housing and Urban Development Department of Govt. of Orissa to obtain their views on allocation of resources and on various other problems faced by the Local Bodies.

INTERACTION WITH EMPLOYEES OF LOCAL BODIES :

1.20 The Office bearers of the Local Bodies Employees Association had discussion with the Commission on formation of a new cadre for G.P. Secretaries and prescription of regular scale of pay.

DISCUSSION WITH COLLECTORS AND OTHER SENIOR OFFICIALS :

1.21 The Commission held discussions with District Collectors of Nawarangpur, Khurda and the representatives of Cuttack, Ganjam and Puri on the aspect of functioning of U.L.Bs/R.L.Bs.

INTERACTION WITH OFFICIALS OF FINANCE COMMISSION OF OTHER STATES :

1.22 Shri Ramesh Ram Mishra, I.A.S., Ex-Member Secretary, Tamilnadu State Finance Commission paid a visit to this Commission and narrated his experience outlining the procedure and methodology adopted by the Tamilnadu State Finance Commission.

DISCUSSION WITH PRESIDENT OF ZILLA PARISHADS :

1.23 The Presidents of Nayagarh, Ganjam, Jagatsinghpur, Sambalpur had discussion with the Commission on call regarding the present devolution of powers and functions to Z.Ps.

DISCUSSION WITH CHAIRMAN/ EXECUTIVE OFFICERS OF U.L.Bs:

1.24 Similarly, the Chairman, Jajpur, Bhawanipatna, Municipalities, Executive Officers of Bhubaneswar Municipal Corporation and Sambalpur Municipality had detailed discussion with the commission on the functional position and other aspects of Urban Local Bodies.

DISCUSSION WITH OTHER ACADEMICIANS IN PUBLIC FINANCE :

1.25 Shri G.Kar, Director, Nabakrushna Choudhury Centre for Development Studies, on invitation, attended the discussion with the Commission and outlined his views on devolution of funds and functions to Local Bodies.

DISCUSSION WITH OTHER PUBLIC FIGURES :

1.26 Shri Banka Bihari Das, Ex-Minister, Finance and Revenue and Sri Trilochan Kanungo, Ex-Chairman, Cuttack Municipality had detailed discussion on the quantum of devolution of funds, functions and functionaries to Local Bodies after Constitutional Amendments.

FIELD VISITS MADE BY THE COMMISSION :

1.27 The Commission either individually or in groups visited Cuttack, Berhampur, Bolangir, Sambalpur, Sundargarh & Puri Municipalities, Kabisuryanagar N.A.C. in Ganjam District, Jatani N.A.C. in Khurda District and Gram Panchayats such as Bhisimagiri, Ambapua and Gudiali in Ganjam District, Gopinathpur in Puri district, Kundukela and Bhasma in Sundargarh district, Thenura in Sambalpur district, Jhankarpalli and Roth in Bolabgir district and Taradapada in Jagatsinghpur district and Urali in Cuttack district.

SITTING OF THE COMMISSION :

1.28 The Commission had nine sittings to prepare and finalise the Report.

CHAPTER – II

SOCIO ECONOMIC PROFILE OF ORISSA

2.1 Orissa, comprising 4.7% of India's landmass and with 31.66 million people (1991 census) accounts for 3.7% of population of the country. Nearly 87% of its population live in rural areas depending mostly on agriculture for their livelihood. Planned exploitation and optimum utilisation of rich minerals, land, water and other resources including human resource hold the key to rapid economic development of the State.

2.2 Demographic profile has an important bearing on the development process. The population of Orisa, which was 263.70 lakh in 1981 rose to 316.60 lakh in 1991 Census. The decennial growth rate of population of Orissa during 1981-91 was 20.06% as against 20.17% in the previous decade. The marginal decline in growth rate could have resulted on account of the rise in the literacy rate, effective dissemination of the message highlighting the benefits of small family norms and the drive launched by the State Government to contain growth of population. The sex ratio in the State i.e. number of females per 1000 males, declined from 981 to 971 in 1991 compared to all India decline from 933 to 927 during the corresponding period. The density of population which was 169 persons per sq. km in 1981 has increased to 203 in 1991. The urban population of 11.8% in 1981 has increased to 13.38% in 1991. In the literacy front, the achievement has been noticeable as the literacy has increased from 34.2% in 1981 to 49.1% in 1991. The male and female literacy rates which were 47.1% and 21.1% in 1981 have increased to 63.1% and 34.7% respectively in 1991.

2.3 SC & ST constitute 16.20% and 22.21% respectively of the State population. The scheduled areas cover nearly 45% of the total geographical area. The literacy rate of SC & ST was 36.78% and 22.31% respectively according to 1991 census.

STATE'S INCOME (Net State Domestic Product)

2.4 In the economy of the State, agriculture continues to occupy an important place as the share of this sector in the State's income during 1996-97 accounted for 31% of GDP at constant (1980-81) prices. But the predominance of this sector is also responsible for a good deal of instability of the rate of growth of income due to fluctuations in

agricultural production. Natural calamities and fluctuations in the rain-fall often cause substantial loss in crop production which eventually results in fluctuations and instability in the growth rate of State income.

2.5 The State income at constant prices (1980-81) increased from Rs. 3442.69 crore in 1980-81 to Rs. 5586.48 crore in 1996-97 registering an annual growth rate of 3.07%. The per capita income increased from Rs. 1314/- to Rs. 1595/- during the same period.

2.6 Agriculture continues to be the main-stay of the State's economy with its contribution of about 31% to SDP. The State's per capita availability of cultivated land which was 0.39 hectare in 1950-51 had declined to 0.21 hectare in 1995-96 and per capita food grains production declined from 230.44 Kg. to 197.05 Kg. per annum during the same period.

IRRIGATION :

2.7 Water for assured irrigation has been an important limiting factor for agricultural development. In absence of adequate irrigation facilities, agriculture has to depend on monsoons as a result of which, agriculture production fluctuates widely due to its erratic behaviour. The net irrigation potential created by 1996-97 from all sources was 23.36 lakh hectares which is 39.14% of the net cultivated area of the State. Out of 23.36 lakh hectares of irrigated area, 10.68 lakh hectares of land are irrigated through Major and Minor Irrigation Projects, 4.23 lakh through Minor (lift), 5.31 lakh through Minor (Flow), 3.14 lakh through other sources which include private tanks, ponds, dug-wells, water harvesting structure and alike.

FISHERY

2.8 With a coast line of 480 Kms. and a continental shelf of 32.279 Sq. Kms., Orissa has access to excellent source of marine fish production. The State has thus vast fishery resources. The total fish production in the State was 2.77 lakh M.Ts in 1996-97 of which the marine fish accounted for 48.19%, brackish water fish 5.85% and fresh water fish 45.96%.

FOREST :

2.9 The forest area in the State during 1996-97 was 58135 Kms. which constitutes 37.3% of the total geographical area of the State. Due to

deforestation and loss of forest cover, forest area has come down from 43.45% in 1960-61 to 37.3% in 1996-97.

ANIMAL RESOURCES :

2.10 The total live-stock population in the State was 242.68 lakh as per 1995 live-stock census. The main live-stock products in the State are milk, eggs, meat, bone and manure. The total milk production in the State in 1996-97 was estimated at 650.00 lakh MTs with per capita availability of 51 grms. per day.

EDUCATION :

2.11.1 Education serves as the base for development of human resources. While overall literacy was 15.8% in 1951 which was 2.3% among the females, the total literacy rate has increased to 49.1% and the same for females has gone upto 34.7% as per 1991 census. However, the rate of literacy among SC and ST females is still lower i.e. 20.74% and 10.11% respectively.

2.11.2 By end of 1996-97, there were 65,552 Primary Schools in the formal and non-formal streams with enrolment of 45.31 lakh students and 1.34 lakh teachers. But at Primary level, there were 23,448 educational institutions in non-formal stream with enrolment of 5.86 lakh students and 23,448 instructors. Similarly, by the end of 1996-97, the number of middle schools in formal stream was 11,510 with enrolment of 12.96 lakh students and 0.39 lakh teachers. In non-formal stream, there were 896 Institutions at the M.E. level with enrolment of 0.22 lakh students and 1792 Instructors. During the same period, 5,967 number of High Schools were functioning in the State with about 0.50 lakh teachers and enrolment of 8.66 lakh students. The teacher pupil ratio at Primary, Middle and Secondary stages was 1:32, 1:32 and 1:17 respectively.

2.11.3 In the field of Higher Education, the State has 5 Universities and 967 colleges with 4.74 lakh students and 16,610 teachers. In the field of Technical Education, there were 10 Engineering Colleges by the end of 1996-97 with intake capacity of 1689 students and 20 Engineering Schools/Polytechnics with intake capacity of 2675 students. Similarly, 63 i.T.Is both under Government and Private Management were functioning with intake capacity of 8400 students.

POWER

2.12 Orissa has turned into a power surplus State during 1996-97. By the end of 1996-97, the total installed capacity was 2152 MW (Hydro-1291.5MW and Thermal-960 MW). Thus, from all sources, 1195 MW was available against the estimated demand of 1136 MW.

HEALTH SERVICES :

2.13 By end of 1996-97, there were 180 Hospitals, 150 Community Health Centres, 185 PHCs, 1094 PHCs (new) and 13 Mobile Health Units in the State providing curative health services. In addition to these Institutions, there were 5 Ayurvedic Hospitals, 519 Ayurvedic Dispensaries, 9 Unani Dispensaries, 4 Homeopathic Hospitals and 460 Homeopathic Dispensaries.

MINERALS :

2.14 The State is endowed with vast mineral deposit like coal, iron-ore, manganese-ore, bauxite, chromite, dolomite etc. According to All India Mineral Resources estimates, the mineral deposits of Orissa in respect of chromite, bauxite, iron-ore and graphite were about 98.4%, 69.7%, 26.0% and 38.0% respectively of the total deposits of India. Other important mineral resources of the State are limestone, china-clay, nickel-ore, tin, beach sand, mica etc. However, the rate of exploitation of different minerals is much below the potential. During 1996-97, the State has produced 568.9 lakh M.Ts of ores and minerals valued at Rs. 1791.15 crore.

INDUSTRY :

2.15.1 With vast mineral resources and availability of abundant raw-materials, the State has immense potentiality for industrialisation. The contribution of this sector to N.S.D.P. has marginally increased from 10.4% in 1980-81 to 11.9% in 1995-96 at 1980-81 prices. The registered and unregistered manufacturing sectors together contributed 11.9% to the N.S.D.P at 1980-81 prices while agriculture contributed 31.2% in 1995-96. At the beginning of the 7th Plan, there were 1922 registered factories with total employment potential of 1.45 lakh. During 7th Plan, 103 new registered factories were commissioned increasing the total number of units to 2025 with employment potential of 1.56 lakh. At the end of 1995-96, the total number of registered factories increased to 2290 with employment potential of 1.85 lakh persons.

2.15.2 Similarly, by the end of 1996-97, 52,709 small scale industries were operating in the State with employment potential of 3.65 lakh persons.

PUBLIC SECTOR ENTERPRISES

2.16. At present, 36 public Sector Enterprises registered under the Company Acts or Special Acts of the State as well as Central Govt. are functioning in the State. The total investment in these P.S.Es in the form of share capital and term loan was of the order of Rs. 993.07 crore and Rs. 2338.23 crore of which the State Government share was Rs. 933.07 crore and Rs. 518.32 crore respectively by the end of financial year 1995-96.

RESOURCE :

2.17. The per capita availability of State's own resources(revenue) was only Rs. 63.59 in 1973-74 which increased to Rs. 233.95 in 1989-90 and Rs. 584.56 in 1996-97. Although, the availability of per capita own resources has been improved but the relative position of Orissa among many other states is low.

CHAPTER – III

LOCAL BODIES IN ORISSA

3.1. Panchayati Raj Institutions have an all India character. They were formed in Orissa long before independence and since Orissa was a part of Bengal upto 1911 and with Bihar upto 1926, these institutions did not have much of impact on decentralisation of economic and political power. Even when Orissa became a separate State, the influence of Local Government in rural areas was minimal. After independence, several provinces organised village Panchayats following the concept of “Gram Swaraj” as enunciated by Mahatma Gandhi. In 1948, Orissa Gram Panchayat Act was passed to develop local self Government in village communities. It had provided for the establishment of Gram Panchayats with a view to meeting the basic requirements of local people.

3.2. After the new Constitution was introduced on 26th January, 1950, Directive principles of State Policy explicitly stated that the State shall take steps to organise village Panchayats by empowering them with authority to function as units of self-Government. The concept of Panchayat was viewed to establish democratic decentralisation in rural areas and involve the people in development and administrative work. In the year 1952, the Community Development work was launched to improve the economic and social conditions of rural people with the direct participation. A number of Community Development Blocks were created all over the country as units of Planning and Development. Both the 1st Plan and 2nd Plan emphasised the need to develop local institutions by restructuring the pattern of local self-Government at the intermediate and district levels with village Panchayats as organic units.

3.3 The Central Government appointed two important Committees, Balwantrai Mehta Committee (1957) and Ashok Mehta Committee (1977) to recommend for the restructuring of local self-Government in India. Balwantrai Committee pointed out that the Community Development work cannot succeed unless there are local decentralised units, at each level, i.e. Panchayat at the village level, the Panchayat Samiti at the Block level and Zilla Parishad at the district level with devolution of powers. The Government of India accepted the recommendation of the Committee with three tier system and agreed to transfer power and responsibility in respect of development work. But what was accepted in theory did not percolate to local institutions.

3.4 Following the acceptance of Mehta Committee's recommendations, Panchayati Raj was introduced in various States with devolution of elaborate powers alongwith involvement in social and economic activities. Gram Panchayats were functioning in the State since 1950 under the Orissa Gram Panchayat Act, 1948. Under the Zilla Parishad and Panchayat Samiti Act of 1959 in Orissa, Panchayat Samitis were introduced at the Block level with an elected non-official as Chairman and the Block Development Officer as the Chief Executive of the Samiti. The Act also introduced a Zilla Parishad in each district with an elected Chairman. The Zilla Parishads were given a lot of powers in the field of economic and social activity.

But these insitutions could not transfer power to the people in the villages.

3.5 The Central Government again appointed Ashok Mehta Committee to enquire into the causes of failure of Local Self Government. Ashok Mehta in his report pointed out that these units are dominated by socially and economically privileged sections which are influenced by political rivalry. As such , they have not provided any benefit to the rural poor. He suggested for extensive decentralisation of power to different tiers.

3.6 The Panchayati Raj Institutions in Orissa however, could not make any mark as Local Self Government due to lack of political will in the state. With the change in Governments alongwith the emergence of different political parties in power which did not want to surrender, their power and authority, there was a great deal of onslaught on Panchyati System. The Gram Panchayats and Panchayat Samitis were dissolved very often and fresh elections were held in 1967,1970,1975,1984, 1992. After dissolution, elections were not also held many a time and the State went without Panchayat Bodies for years. The Zilla Parishads which were constituted by middle of March , 1961, were abolished in the year 1968.

3.7 Till the 73rd Constitutional Ammendment Act, 1992, Panchayati system in Orissa was in a State of flux. The 73rd Ammendment Act, 1992 came into force from 24th April 1993 and it has changed the entire contour of democratic decentralisation in rural areas of the country. It has enlarged the powers of Local Bodies and facilitated people-oriented developmental activities. The salient features of the Act are : Gram Sabha in each village, a Three-tier system of Panchayats at village, intermediate and district levels, direct elections of Members at all levels, reservation of seats for SCs/ STs candidates, reservation of one-third of total seats for women, five year tenure for every Panchayat and in case of

dissolution, elections to be held within six months, appointment of Finance Commission by every State to review the financial position of Panchayats and appointment of a State Election Commission to conduct elections for Local Bodies.

3.8 Many developmental programmes have been assigned to the Panchayati Raj system which include provision of drinking water, improvement of family welfare and womens' welfare, development of primary education and health care and so on. The eleventh schedule contains an impressive list of developmental activities which could be entrusted to the Panchayats. Their number comes to 29 items. The Gram Panchayats are given some power to impose taxes and raise some non-tax revenues. They are also to receive some tied and un-tied grants from the Government. The Panchayat Samitis and Zilla Parishads have not been given any powers to raise resources. Their functions are limited to implementing and executing various schemes of development on behalf of the State Government. In our Report we have examined how far the Panchayati system in Orissa has been able to discharge some of these functions and what are their constraints.

3.9 The present level of Rural Local Bodies in Orissa is given below :

STATE OF ORISSA AND ITS RURAL LOCAL BODIES

3.10 1. No. of Gram Panchayats	-----	5,255
2. No. of Elected Representatives for G.Ps.	--	81,077
3. No. of Panchayat Samitis	-----	314
4. No. of Elected Representatives for P.Ss.	-----	5,260
5. No. of Zilla Parishads	-----	30
6. No. of Elected Representatives for Z.Ps.	-----	854

ORIGIN AND DEVELOPMENT OF URBAN LOCAL BODIES IN ORISSA :

3.11 Municipal Government in Orissa also witnessed many ups and downs before independence. Even after independence, the Municipal institutions have not made much impact on the social and economic

condition of urban areas. The growth and development of Urban Local Bodies depend upon urban population. According to 1991 Census urban population in Orissa comes to 13.43 % . Therefore, the influence of urban population in local administration is negligible.

3.12.1 However, the Municipal Act 1950 has been a guiding factor in Municipal administration. But this Act has been amended several times and Municipal elections have been held at different periods, 1952,1954, 1958, 1960, 1973, 1992 and 1997. And again , Municipal institutions have been dissolved from time to time. There has been frequent changes in the election procedure of the Chairpersons, sometimes indirectly from among elected Councillors to direct election from Municipal voters.

3.12.2 Prior to incorporation of 74th Constitutional Amendment (1992), Orissa had some important Municipal amendments. The 1990 amendment introduced political party in 1992, Municipal election alongwith reservations for women , Scheduled Tribes and Scheduled Castes. The Constitutional Seventy-Fourth Amendment Act, 1992 on Municipalities has enlarged the powers and functions of Municipalities. As per the Amendment of the Act, all the members of the Municipalities are directly elected while the Chairman is indirectly elected. Seats shall be reserved for the Scheduled Castes and Scheduled Tribes in every Municipality. The duration of each Municipality shall be five years.

3.13 Subject to the provisions of the Constitution the Legislature of a State may by law, endow the Municipalities, with such powers and authority as may be necessary to enable them to function as institutions of self-Government. The 12th Schedule, lists 18 matters , the power and authority of which are to be given to Municipalities . This list includes urban Planning , regulation of land use and construction of buildings , planning for economic and social development and so on.

3.14 The Municipalities have power to raise some taxes and non-taxes and receive some assigned revenues. They also receive grants for various purposes from the State Government. We have now in Orissa 2 Corporations, 30 Municipalities and 70 N.A.Cs. In our Report we have also made an attempt to examine the working of such Municipalities.

CHAPTER – IV

PRESENT LEVEL OF RESOURCE TRANSFER

4.1 The Local Bodies in India whether Rural or Urban have never been and perhaps never will be self-sufficient financially. This may be due to the fact that State Government retain most of the elastic and buoyant sources of revenue, such as sales tax, excise duties and motor vehicle tax and assign sources of revenue that are stagnant and in-elastic to Local Bodies. The mis-match between expenditure responsibilities, and revenue raising capability of Local Bodies has been sought to be remedied through a system of transfer from the consolidated fund of the States to the Local Bodies. Such transfers supplement own resources of Local Bodies and enable them to provide a satisfactory level of services to the community. The transfers of resources to the Local Bodies may take various forms. The State Government may levy and collect some taxes and may share the proceeds with Local Bodies in a given proportion. For instance, the proceeds from entertainment tax in Tamil Nadu are shared between the State Government, Panchayat Unions (comparable to the Panchayat Samitis in Orissa) and G.Ps in the ratio of 40 : 30 : 30. Another mode of transfer is assigning the entire proceeds of tax with or without deducting a sum towards collection charges to the Local Bodies. The cess on land revenue in Orissa is such an example. The most important mode of transfer is however, providing grants-in-aid for general and specific purposes. The objective of the general purposes grant is to place some funds with a Local Body with the freedom to use the same for felt need of the community. The examples of the general purposes grants are the per capita grants provided in Andhra Pradesh to Rural & Urban Local Bodies. The Andhra Pradesh Government provides per capita grant @ Rs. 1/- for G.Ps, Rs. 5/- for P.Ss, Rs. 2/- for Z.Ps. and Rs. 4/- for Urban Local Bodies. The specific purpose grants are tied and hence are meant to be used for the purpose for which it is granted. Such grants are illustrated by establishment grants, road maintenance grants and the like. It may be useful for us to look into the existing system of transfers to Local Bodies in Orissa. For this purpose, we may first look into the transfers scenario in relation to Rural Local Bodies followed by an analysis of transfer to Urban Local Bodies.

TRANSFER TO RURAL LOCAL BODIES IN ORISSA:

4.2 In addition to receiving grants for various purposes the G.Ps and P.Ss in Orissa receive varying amounts on account of cess on land

revenue. Such Local Bodies existing in Kendu leaf growing areas are also entitled to receive a share from the net profits from K.L. Trade. The salient features of these two sources of income to Rural Local Bodies are given below.

CESS ON LAND REVENUE :

4.3 According to section 4 of the Orissa Cess Act, 1962, all lands excepting such lands as were not liable to payment of rent or revenue prior to the first day of April 1977 and lands in respect of which a tax on holding is assessed under the Orissa Municipal Act, 1950 are liable to the payment of cess. The cess shall be levied on the annual value of land. The annual value of land is defined as the rent payable by a tenant to the landlord. According to Section 5(2) of the Act, cess shall be collected at 50% of the annual value of the land w.e.f. 5.4.1991 and the rate may rise to 75% from a date that the Government may appoint by notification. The State Government by a notification has raised the rate of 75% w.e.f. 1.4.1994.

APPLICATION OF PROCEEDS OF THE CESS :

4.4 In terms of Section 10 (1) of the Orissa Cess Act, 1962 all amounts collected as cess shall be credited to the Consolidated Fund of the State and shall be utilised for the purpose of (a) contribution to G.Ps (b) contribution to P.Ss. The said Section 10 (1) in its present form became effective from 1.4.1994. Thus from the financial year 1994-95 the entire amount of cess collected in a year shall have to be distributed between the G.Ps and P.Ss. According to Section 10 (2) of the Act the proportion in which the amount collected as cess is to be distributed between the G.Ps and P.Ss shall be as may be prescribed.

4.5 It appears that no rule has so far been made in pursuance of Section 10 (2) of the Act to prescribe the proportion in which the amount of cess collected is to be distributed between the G.Ps. and P.Ss. The Revenue & Excise Department in their note furnished to the Commission, have taken the stand that the existing rule 6 of the Orissa Cess Rules, 1963 prescribes the proportion of the distribution between the G.Ps and P.Ss as 4 : 1. The existing rule 6 which was incorporated through a Notification dated 29.9.1970 provides that 50% of the total amount of cess collected shall be utilised for Primary Education and remaining 50% shall be divisible between the G.Ps and P.Ss in the ratio of 4 : 1. This rule is inconsistent with Section 10 (1) of the Act in its present form which does not allocate any share of the amount of cess collected for the purpose of

Primary Education. It is necessary to amend the existing rule 6 to make it consistent with the Section 10 (1) of the Act.

4.6 It is seen from the note of the Revenue & Excise Department that the amount of cess is being distributed between the G.Ps and P.Ss in the ratio of 4 : 1. Since at this ratio the cess amount has in fact, been distributed for quite sometime, it may be taken as the prescribed ratio.

4.7 It appears from the note of the Revenue & Excise Department that the amount actually distributed as cess grants between the G.Ps and P.Ss has not been determined at 50% of the amount of cess collected prior to 1994-95 or at 100% of the amount of cess collected from 1994 – 95. The actual amount distributed, as the note points out, depended on availability of budget grants which might be less than the amount due to Panchayati Raj Institutions. This is ably supported by figures given by the Board of Revenue indicating amount of cess collected and the amount distributed from 1990-91 to 1996-97. This may be seen from table-I.

TABLE - I

Year	Amount of cess collected. (Rs. in lakhs)	Amount due to P.R.Is.	Amount of cess assigned to P.R.Is. (Rs. in lakhs)
(1)	(2)	(3)	(4)
1990-91	336.75	168.37	78.48
1991-92	384.32	192.16	84.19
1992-93	460.67	230.33	58.00
1993-94	397.87	198.93	63.00
1994-95	499.57	499.57	63.00
1995-96	647.28	647.28	110.00
1996-97	533.59	533.59	110.00
Total	3260.05	2470.23	566.67

1997 – 98 (RE)	2010.00	110.00
1998 – 99 (BE)	2490.00	336.75

(Source : Board of Revenue letter No. XXX- 1/97/528/Bud. Dt. 19.8.97)

(In respect of columns (1) (2) and (4) and column (3) has been arrived at by the Commission on the basis of the principle of allocation given in the Orissa Cess Rules, 1953.)

4.8. As has been stated above, prior to 1994-95, 50% of the amount of cess collected was statutorily payable to the Panchayati Raj Institutions and from 1994-95 onwards, the entire amount of cess collected was due to the P.R.Is. On this basis the amount due to the P.R.Is from 1990-91 to 1996-97 is found to be Rs.2470.23 lakhs (See Table-I above) as per the information furnished to us by the Board of Revenue. As against an amount of Rs. 2470.23 lakhs due to P.R.Is, they have been paid an amount of Rs.566.67 lakhs only for the period from 1990-91 to 1996-97. It is not advisable to the State government to deprive the P.R.Is of their dues in the amount of cess collected on the ground of non-plan ceiling or any other ground in view of the statutory right of the P.R.Is to such amounts on the basis of an Act made by the State Legislature. As such the P.R.Is (P.Ss and G.Ps) are entitled to receive Rs. 1903.56 lakhs as arrears from 1990-91 to 1996-97.

4.9. It is seen from the note furnished by the Revenue and Excise Department that as per availability of the Budget grants, the collectors are given varying amounts as cess grants. The cess grants thus received by Collectors are divided among Panchayat Samitis and Gram Panchayats of the district in the ratio of 1:4 respectively. The interest distribution among Panchayat Samitis and Gram Panchayats is made on the basis of population as per the latest census figures available. In this scheme of distribution it has not been made clear how the share of a district in the total amount of cess distributed among all districts is determined.

4.10. The Revenue and Excise Department has informed the Commission that when Zilla Parishads existed alongside Panchayat Samitis and Gram Panchayats, the entire amount of cess collected without making any deduction towards collection charges was being distributed among Z.Ps, P.Ss and G.Ps in the ratio of 5 : 8 : 12. After the abolition of Zilla Parishads, their share in the amount of cess collected discontinued. Since the Zilla Parishads have been reintroduced and since Z.Ps have a share in the amount of cess collected in other States, it appears reasonable to give Z.Ps in Orissa a share in the amount of cess collected. It is pertinent here to mention that land revenue or a cess on land revenue is a local tax and such a tax accrues to a Local Body on derivative principle. This otherwise means that the amount of cess collected on lands situated within the territorial jurisdiction is payable to the Gram Panchayat concerned. As a matter of fact, in Andhra Pradesh a Gram Panchayat is taken as an unit of collection for cess on land revenue. Out of the amount of cess collected in a Gram Panchayat, 50% goes to the Gram Panchayat and remaining 50% is made available to the Mandal Parishad and Zilla

Parishad having jurisdiction over the Gram Panchayat equally at 25% each.

4.11. Recommendations : In view of what has been stated above, the Commission makes the following recommendations on cess on land revenue and the manner of its distribution among P.R.Is.

- (a) The existing Sec. 10 (1) and Sec. 10 (2) of the Orissa Cess Act, 1962 be amended by adding Zilla Parishad as a claimant to share in the amount of cess collected alongside Panchayat Samitis and Gram Panchayats.
- (b) The existing Rule 6 of the Orissa Cess Rules 1963 be amended by deleting primary education as a claimant in the amount of cess collected in view of the provisions in Sec. 10 (1) of the Orissa Cess Act in its present form. Since the Commission has recommended Z.P. to be a claimant in the amount of Cess collected, the Commission recommends the proportion in which the amount of cess collected shall be distributed among G.P., P.S. and Z.P to be 60 : 20 : 20, and this proportion be incorporated in the aforesaid Rule 6.
- (c) Since the amount of cess is to accrue to a Local Body on derivative principle, the Commission would like to recommend Gram Panchayat as the unit of collection and accounting. If this is done, out of the amount of cess collected within the jurisdiction of a Gram Panchayat, 60% be allocated to the G.P. concerned and 20% each to the P.S. and Z.P. within the jurisdiction of which the G.P. is situated. If there is practical difficulty in immediately adopting G.P. as an unit of collection and accounting, the district may be taken as the unit of collection and accounting. This otherwise would mean that the account of the cess collected shall be maintained district-wise. The amount of cess collected in a district during a year shall be apportioned among Z.Ps, P.Ss and G.ps of the district in the ratio of 20 : 20 : 60 as recommended earlier. The interse distribution among P.Ss and G.Ps of the district may be done on the basis of population according to the latest census figures available as is being done at present.
- (d) Neither the Orissa Cess Act, 1962 nor the Orissa Cess Rules, 1963 make it explicit if the amount of cess collected during a financial year is to be paid to the P.R's. in the same financial

year or in the subsequent year. The Commission is conscious that the correct figures of the amount of cess collected during a year can be known during November/December of the following year after A.G. furnishes the figures of actual collection for the year in question. The Commission accordingly, recommends that the amount of cess collected during a year be released in full in the following year by making a clear reference to the year for which the amount is being released. For example, the budget of 1998-99, the entire amount of cess collected during 1996-97 should be provided in full making explicit reference to the collection year 1996-97.

- (e) It has been stated in para 2.6 above that P.R.Is are entitled to receive an amount of Rs.1903.56 lakhs on account of cess on land revenue as arrears for the years from 1990-91 to 1996-97. The Commission recommends that this amount be released in five instalments in case it is not possible for the State Government to release the entire amount immediately during 1998-99. The first installment be released during 1998-99 by making necessary provision in the R.E. for 1998-99. In addition to the amount to be paid on account of arrears, P.R.Is be paid their current dues.
- (f) To determine the share of each district in the total arrears from 1990-91 to 1996-97 the Commission would recommend the derivative principle. This amounts to saying that for every district the amount of cess collected from 1990-91 to 1996-97 shall be ascertained and from this amount, the amount of cess released for the district during the above years shall be deducted to arrive at the arrear due to the district concerned. After the district share is thus determined, the amount shall be distributed among P.Ss and G.Ps of the district as per the existing principles of distribution.

A SHARE IN THE NET PROFITS OF KENDU LEAF TRADE:

4.12 The Kendu Leaf Trade in Orissa is regulated by the Orissa Kendu Leaves (Control of Trade Act) 1961 and the Orissa Kendu Leaves (Control of Trade) Rules 1962. According to Section 11(1) of the Kendu Leaves (control of Trade) Act, 1961, out of the net profits derived by the Govt. from the Trade in Kendu leaf, an amount not being less than 50% thereof shall be paid to the P.Ss and G.Ps. in terms of Section 11 (2) of

the aforesaid Act, the allocation of the said amount among different Samitis and Gram Panchayats shall be as Government may determine from time to time. The Government in Resolution no. 11341 dt.21.6.1986 of the erstwhile Community Development and Rural Reconstruction Department has determined the principle of distribution as indicated below:

4.13. (a) 90% of the amount received in pursuance of Section 11(1) of Orissa Kendu leaves (Control of Trade) Act, 1962 shall be distributed among the K.L. growing Sub-divisions specified by the Forest, Fisheries and A.H. Department. The amount due to each Sub-Division shall be specified by the said Department. The amount earmarked for a sub-division shall be distributed among the P.Ss and G.Ps of the Sub-Division @ 18% for Samitis and 72% for the Gram Panchayats of the Sub-Division. The amount earmarked for P.Ss and G.Ps in Sub-division shall be distributed equally among them. Remaining 10% of the allotted amount shall be pooled and retained by Government for promoting socially relevant purposes and activities. This amount shall be distributed as hard cash K.L. grants. In Government Resolution no.24130 dt. 24.12.1994 of the Forest and Environment Department has stipulated that out of 10% of the distributable amount as hard cash K.L.grants 2% shall be distributed / utilised by the Forest & Environment Department for forestry purposes and the remaining 8% shall be distributed by the Panchayati Raj Department among the deserving Samitis and Gram Panchayats

4.14. The allocation of atleast 50% of net profits for P.Ss and G.Ps shall be made on the basis of each year's final assessment of net profits as certified by the A.G. Orissa. The Forest & Environment Department have intimated that final grant on K.L.Trade to P.Ss and G.Ps on the basis of final accounts certified by A.G. Orissa has been paid only upto the year 1983-84. Although the accounts have been finalised and certified by A.G. Orissa upto the year 1989-90 final grants due to P.Ss and G.Ps for the years 1984-85 to 1989-90 have not been given due to non- availability of funds in the Budget. This has been stated in letter No.13688 dt. 21.7.97 of the Forest & Environment Department. It has also been stated in the said letter that proforma accounts from the year 1990-91 have not been finalised. As such P.Ss and G.Ps are being paid adhoc grants on this account. The Department has stated that final grant on K.L.Trade has been cleared only upto 1983-84.

4.15. The Commission inquired into the release position of K.L.grant for the years for which account has been finalised and certified by the A.G. orissa. The position may be seen from Table-2.

TABLE – 2

(Rs. in lakhs)

Year	Net profit	50% of net profit	Amount paid to P.R.Is	Balance due
1984-85	954	477	251	226
1985-86	1482	741	251	490
1986-87	1395	698	362	336
1987-88	1313	657	330	327
1988-89	2395	1197	251	946
1989-90	10334	5166	637	4529
TOTAL	17873	8936	2082	6854

Figures relating to net profit have been arrived at by deducting expenditure from total income earned as furnished by the Forest and Environment Department in their Letter no. 15950 dt. 22.8.97.

4.16. The position with regard to the subsequent period (i.e. 1990-91 to 1997-98) as per provisional figures is indicated below :

TABLE - 3

(Rs. in lakhs)

Y E A R	Net Profit	50% of net Profit	Amount paid to PRIs as adhoc grants
1990-91	5574	2787	401
1991-92	5524	2762	599
1992-93	4552	2276	1000
1993-94	5779	2889	1088
1994-95	4909	2455	980
1995-96	2823	1411	980
TOTAL	28161	14580	5048

1996-97 N.F.* N.F. 980

1997-98 N.F. N.F. 1048.6

N.B. : * Not Furnished,

4.17. The distribution amount from the year 1993-94 to 1997-98 has been divided into normal K.L.Grant; and Hard Cash K.L.Grant as indicated in the table - 4:

TABLE - 4

(Rs. in lakhs)

Year	Normal	Hard Cash	Total
1993-94	900	188	1088
1994 - 95	900	80	980
1995-96	900	80	980
1996-97	900	80	980
1997-98	963	85.6	1048.6

(Source : Panchayati Raj Department Letter no. 19993 dt. 21.10.98)

OBSERVATIONS AND RECOMMENDATIONS :

4.18. There is abnormal delay in working out the final net profit from the K.L.Trade. This is evident from the fact that by 1996-97 the net profits upto 1989-90 have only been stated to have been finalised. This inordinate delay deprives the P.Ss and G.Ps of their legitimate share in the net profits of K.L.Trade since they are paid only adhoc grants which have no relation to the actual profit earned in the Trade. The Commission recommends that the net profit from K.L.Trade, for a year, should be finalised within a period of two years from the year for which the Trading account relates. For example the net profit for the year 1996-97 should be finalised latest by the end of 1998-99 and the final amount due to be released in the budget for the year 1999-2000. This sequence should be followed so that P.Ss and G.Ps are not handicapped due to delay in receipt of what is due to them.

4.19. The Forest & Environment Department has stated that even for the years for which accounts have been finalised and net profit arrived at, P.Ss and G.Ps have not been paid whatever is due to them because of non-availability of funds in the budget. The share of P.Ss and G.Ps in the net profit of K.L.Trade is a statutory due. They should not be deprived of their legitimate due on the ground of non-availability of funds or on any other ground. It may be seen from the Table -2 above that G.Ps and P.Ss are entitled to receive Rs.6854 lakhs as arrear dues for the years from 1984-85 to 1989-90 which accounts have been finalised. The Commission recommends that this amount which is statutorily due to the

Panchayat Raj Institutions should expeditiously be released in 5 annual instalments. A beginning in this direction may be made in the R.E. for the year 1998-99.

4.20. Section 11 of the Orissa Kendu Leaves (Control of Trade) Act, 1961 is categorical in providing that atleast 50% of the net profits derived from the Trade in Kendu leaves shall be payable to Samitis and Gram Panchayats and to nobody else. Section 11(2) of the Act authorises the government only to determine how the allocation of the distributable amount shall be made among different Samitis and G.Ps. It is therefore not available to the State Govt. to earmark 2% of the distributable amount for the Forest and Environment Department for forestry purposes. Whether as normal K.L grant or as Hard Cash K.L.Grant, the distributable amount must go to P.Ss and G.Ps only. The Commission therefore, recommends that Government may take necessary steps to discontinue the earmarking of 2% of the distributable amount to the Forest and Environment Department as has been done in Resolution No. 24130 dt. 24.12.1994.

4.21. 10% of the amount distributable to P.Ss and G.Ps is being retained by the Government for release to deserving P.Ss and G.Ps as Hard Cash K.L. Grant. Such releases do not appear to follow any definite principle. It is desirable that discretion in releasing grants of this nature should be minimised. It is to be noted that Zilla Parishads which have been reintroduced do not get anything out of distributable net profits of the K.L. Trade. The Commission recommends that 10% of the distributable amount instead of being retained by Government, be allocated to 30 Zilla Parishads on the basis of population. Out of this 10%, Z.P would utilise 2% for improvement of forestry.

TRANSFERS TO URBAN LOCAL BODIES :

4.22. In Orissa the surcharge on admission fees for entertainment is partly transferable to the Urban Local Bodies. The surcharge on stamp duty on immovable property is levied only in areas covered by the Development Authorities, Special Planning Authorities and Improvement Trusts and is transferred to such Bodies on the basis of origin of revenue. Since these Bodies operate in the Municipal Areas, the surcharge on stamp duty may be treated as a transfer to Urban Local Bodies.

SURCHARGE ON ADMISSION FEES FOR ENTERTAINMENT:

4.23. The Orissa Entertainment Tax Act, 1946 and the Orissa Entertainment Rules, 1947 authorise the levy of

- (i) Entertainment tax on payment for admission at the rate of 60% if such payment is upto one rupee and at the rate of 70% if such payment is more than one rupee.
- (ii) Additional entertainment tax in the Municipal Areas of Bhubaneswar, Puri, Cuttack, Berhampur, Sambalpur and Rourkela at 20% of the basic income.
- (iii) Exhibition tax on advertisements displayed through slides, films and trailers in the cinema houses.
- (iv) Show tax is levied on and collected from every proprietor of the cinema houses at varying rates depending on the location and seating capacity of the cinema house.
- (v) Surcharge on payments for admission which is levied at the following rates.
 - (a) In any Municipal area other than the Municipal areas of Bhubaneswar, Cuttack, Puri, Berhampur, Sambalpur and Rourkela
 - (i) At 50 paise on every addition if the payment for addition excluding the tax does not exceed Rs. 1.50
 - (ii) At 75 paise on every addition if payment for admission excluding tax exceeds Rs. 1.50 but does not exclude tax exceeds Rs. 2.50
 - (iii) At one rupee on every admission if Payment for admisson excluding tax exceeds Rs 2.50.
 - (b) In the Municipal Areas of Cuttack, Bhubaneswar, Puri, Berhampur, Sambalpur & Rourkela
 - (i) At 50 paise on every admission if the payment for admission excluding tax does not exceed Rs. 1.00

- (ii) At 65 paise on every admission if the payment for admission excluding tax exceeds one rupee but does not exceed Rs. 1.50
 - (iii) At 90 paise on every admission if the payment for admission excluding tax exceeds Rs. 1.50 but does not exceed Rs. 2.50
 - (iv) At Rs. 1.50 paise on every admission if the payment for admission excluding tax exceeds Rs. 2.50
- (c) In other areas excluding the Municipal areas and indicated in (a) and (b) above at the rate of 25 paise on every admission.

COMPOUNDING OF ENTERTAINMENT TAX PAYABLE :

4.24. In exercise of powers vested in the State Government under Sec. 5(2) of the Orissa Entertainment Tax Act, 1964, the State Government in the Finance Department in Resolution No. 45932 dt. 31.12.1989 have specified that there shall be levied and paid a tax of 20% of the "gross collection capacity" on every show in respect of cinema autograph exhibitions in any theatre located in the Municipal areas of Cuttack, Bhubaneswar, Puri, Berhampur, Sambalpur and Rourkela with the condition that such tax shall be payable on an average of 70 shows per calender month irrespective of number shows exhibited during a month. Thus in respect of the above 6 Municipal areas, the amount of tax per month has been fixed irrespective of the amount of collection. In the aforesaid section 5(2), the "gross collection capacity" has been defined as the notional aggregate of all payments for admission to a show (inclusive of the entertainment tax, the surcharge and the additional surcharge if any on entertainment tax) if all the seats or other accommodation in the theatre specified in the licence were occupied by the spectators.

ALLOCATION OF SURCHARGE ON PAYMENT FOR ADMISSION TO ENTERTAINMENT:

4.25. In terms of Section 13(1) of the Orissa Entertainment Tax as amended in March, 1986, out of the proceeds of surcharge on payment for admission to entertainment collected in any local area under the Municipal council or the Notified Area Council, 15 paise on every admission shall be retained by the State Government to be used for the purpose of establishment of low cost cinema houses and the balance shall be paid to the council concerned. In terms of Sec. 13(2) of the Act, the

entire proceeds of the surcharge of 25 paise collected in other local areas other than the local areas under the Municipal Council or Notified Area Council shall be retained by the State Government to be used for the purpose of establishment of low cost cinema houses. In an amendment of Sections 13(1) and 13(2) of Act made in 1993 it has been stipulated that the amounts as stated above retained by the State Govt. shall be used for the purposes of (1) establishment of low cost cinema houses and (2) development of Oriya Film industry in equal proportions, the Finance Department has informed the Commission that the portion of proceeds on surcharge retained by State Government are being passed on to the Orissa Film Development Corporation with the direction that the funds thus passed on, shall be utilised by the Corporation for the purposes for which the State Government retains them.

RELEASE POSITION OF THE SURCHARGE :

4.26. The Finance Department has furnished the information on the total amount of entertainment tax including surcharge collected and the amount of surcharge released in favour of the Urban Local Bodies and the Orissa Film Development Corporation from 1990-91. This is indicated in the Table-5:

TABLE - 5

Year	Total amount of entertainment tax including surcharge collected	Surcharge released for	
		Urban Bodies	Local OFDC (Rs. in lakhs)
1	2	3	4
1990-91	425.00	83.32	16.55
1991-92	427.00	84.87	14.56
1992-93	448.00	41.20	13.32
1993-94	459.00	43.31	13.72
1994-95	454.00	44.85	13.40
1995-96	494.00	Not assessed	Not assessed
1996-97	571.97	Not assessed	Not assessed
1997-98	588.00 (RE)	Not assessed	Not assessed
1998-99	600.00 (BE)	-	-

(Source Finance Deptt. letter No. 23841/F dt. 22.5.1997)

The Finance Department has specifically stated that the amount released towards surcharge in favour of Urban Local Bodies does not include the amount payable to the Municipal Councils of Cuttack, Bhubaneswar, Puri, Berhampur, Sambalpur and Rourkela. The above Municipal Councils are not being paid the amount payable to them on account of surcharge as "Compounding of tax" has been adopted for them and apportionment of surcharge under compounding system has not yet been made. It is needless to say that the Panchayati Raj Institutions do not get any amount towards surcharge as the surcharge of 25 paise on every admission collected in the rural areas is retained by the State Government and is released in favour of the Orissa Film Development Corporation.

OBSERVATIONS AND RECOMMENDATIONS :

4.27. (a) The Section 13(1) of the Orissa Entertainment Tax Act, 1946, as amended, reads as follows :

4.27.113(1) "Every year from the proceeds of the surcharge collected under this Act in respect of every payment for admission to any entertainment within any local area under the Municipal Council or a Notified Area Council constituted under the Orissa Municipal Act, 1950 after deducting fifteen paise there-of for utilisation in equal proportion, towards establishment of low cost cinema houses in the State and development of Oriya Film Industry, the balance shall be paid to such Council". This appears to specify that the amount of surcharge collected during a year and due to a Council shall have to be released to the Council before the close of the year in question. This does not appear to be feasible since the amount due to a Council can be ascertained only after the close of the financial year. From a sanction order issued by the Finance Department, it is seen that the amount of surcharge due to the Urban Local Bodies for the year 1994-95 was released only in September, 1996. From the Table-5 it would be seen that the amounts payable to ULBs for 1996-97 have not been assessed till date. (November 1998). The Urban Local Bodies who starve for funds are evidently handicapped on account of such inordinate delay in getting what is due to them. The Commission recommends that steps may be taken to release the amount payable to ULBs by the close of the financial year following the year in which such amounts are collected and accordingly Sec 13(1) of the Act may be amended.

4.27.2(b) The Commission notes with concern of the fact of non-release of amount of surcharge payable to the Municipal Councils of Cuttack, Bhubaneswar, Puri, Berhampur, Sambalpur and Rourkela where the system of compounding has been adopted for long 8 years from 1990-91 to 1997-98. It could not be ascertained if any amount on this account shall be released for these Municipal Councils by the end of the current financial year (i.e. 1998-99). The Finance Department has stated that the amount of surcharge has not been released for the Municipal Councils because of the fact that how the surcharge under compounding system is to be apportioned, has not yet been decided. It is simply unfortunate that although the compounding system has been introduced since December, 1989, the manner of ascertaining the amount of surcharge payable to a Municipal Council has remained undetermined till date after a lapse of long eight years. It is not understood why the amount of surcharge payable to the concerned Municipal Councils under the compounding system could not be determined for so many years. As has been stated in para 4.24 above, "Gross collection capacity" is the key to the compounding system. Section 5(2) of the Act has defined the gross collection capacity to include entertainment tax, the surcharge and additional surcharge if any. This otherwise means that while collecting tax under the compounding system the surcharge has also been collected. The amount of surcharge is linked to the number of tickets of every denomination sold to the spectators. Under the compounding system the number of tickets sold has also been taken to be 20% of the number of seats specified in the license issued to the cinema house. On this basis, there should be no difficulty in ascertaining the amount of surcharge collected from a cinema house. The Commission recommends that the amount of surcharge payable to the Municipal Councils under compounding system, be determined without further delay and the amounts due, be released expeditiously to the Local Bodies.

4.27.3(c) The entertainment tax is usually treated as local tax and proceeds from this tax are either assigned to Local Bodies or are shared with Local Bodies. In Orissa, the proceeds of basic/entertainment tax, additional entertainment tax, show tax and exhibition tax on advertisements are retained in full by the State Government. Even then, the whole of surcharge on admission to entertainment is not released in favour of Local Bodies. As has been stated above, out of the total surcharge collected, the State Government retains at the rates of 15 paise on every payment for admission in Urban areas and entire 25 paise surcharge collected on every payment for admission in rural areas. This is being unfair to the Local Bodies who face serious resource problems. The

establishment of low cost cinema house and development of Oriya Film Industry may be desirable objectives. The objectives, however, should not be sought to be achieved at the cost of Local Bodies who are entrusted with the task of providing basic civic services to the people. The State Government may promote these objectives by utilising proceeds from other segments of entertainment tax and leave the entire amount of surcharge on payment for admission to entertainment. The Commission therefore recommends that Sections 13(1) and 13(2) of the Orissa Entertainment Tax Act, 1946 be suitably amended entitling the Urban Local Bodies to the whole of surcharge on payments for admission to entertainment.

4.27.4(d) The surcharge of 25 paise on every payment for admission to entertainment in local areas other than Municipal areas appears to be very low in view of existing price structure. The Commission would recommend this rate to increase to 50 paise and the proceeds there of should be released in favour of Grama Panchayats on the basis of origin.

SURCHARGE ON STAMP DUTY :

4.28 Section 78(1) of the Orissa Development Authority Act, 1982 and Section 83 (1) of the Orissa Town Planning and Improvement Trust Act, 1956 provide for levy of surcharge on stamp duty on deeds of transfer of immovable property situated within the areas to which the above Acts apply. In case of Development Authorities, the rate prescribed is additional duty of 3% and in case of Town Planning Authorities and Improvement Trusts, the rate prescribed is 2% on the value of the property transferred. According to Section 78 (4) of the Orissa Development Authority Act, 1982 all collections resulting from said increase of the Stamp duty after deducting incidental expenses, if any, shall be paid to the Development authority at such time and in such manner as may be prescribed. Under rule 98 of Orissa Development Authority Rule, 1983, 2% of the amount collected has been fixed as incidental expenses to be deducted. Similarly, section 83(4) of the Orissa Town Planning and Improvement Trust Act, 1956 provides for deduction of incidental expenses out of the amount collected and to pay the balance to the Town planning Authorities. Under rule 34 of Orissa Town Planning and Improvement Trust Rules, 1975, incidental expenses to be deducted has been fixed at 4% of the amount collected.

4.29 According to Rule 98(7) of the Orissa Development Authority Rules, 1983 the amount due to the Development Authorities on account of the aforesaid surcharge on stamp duty shall be paid to the authority

concerned before the end of the financial year following the one in which the Stamp duty has been collected by the registering authority.

4.30 According to a note furnished by the Revenue and Excise Department, the amount of surcharge on stamp duty collected under section 83 of the Town Planning Act and Section 78 of Orissa Development Authority Act and the amount assigned to the concerned Authorities is indicated in Table :

TABLE-6

YEAR	Amount of Surcharge collected (Rs. in lakhs)	Amount assigned to Development Authorities/ Planning Authorities (Rs. in lakhs)
1990-91	113.09	240.50
1991-92	133.22	163.00
1992-93	141.35	32.47
1993-94	175.75	35.46
1994 -95	207.85	148.98
1995-96	245.46	200.91

(Source : Revenue Deptt. letter No. 29963/R dt. 28.6.97)

4.31 The Revenue and Excise Department sanctions the amount assignable to Housing and Urban Development Deptt. which in turn, releases funds in favour of the beneficiary organisations.

4.32 At present the surcharge on stamp duty on transfer of immovable property is leviable only in the areas covered by Development Authorities, Special Planning Authorities and Improvement Trusts. The Urban Local Bodies not covered by such authorities and Improvement Trusts and the Rural Local Bodies are denied the benefit of income from this source. From a study made by Dr. S.K.Singh of National Institute of Rural Development, Hyderabad it is seen that Gram Panchayats in the following States are either empowered to levy surcharge on stamp duty or are assigned the income from the surcharge.

(i) Andhra Pradesh (ii) Arunachal Pradesh (iii) Haryana (iv) Himachal Pradesh (v) Kerala (vi) Madhya Pradesh (vii) Punjab (viii) Tamil Nadu (ix) Tripura (x) West Bengal.

4.33 The Panchayats at the intermediary / district level are either empowered to levy such charges or are entitled to get assignment on account of this surcharge in the following States and Urban Territories :

- (i) Andaman Nicobar Island
- (ii) Gujarat
- (iii) Maharashtra
- (iv) Rajasthan

4.34 In view of the system prevailing in most of the States as stated above, the Commission recommends that surcharge on stamp duty be leviable in all the areas including the areas at present covered by Development Authorities, Special Planning Authorities and Improvement Trusts. For this purpose suitable provisions be made in the Orissa Gram Panchayat Act, 1964 and the Orissa Municipal Act, 1950 incorporating the provisions similar to those made in Sec. 78 to Orissa Development Authorities Act, 1982. Following the incorporation of such Sections, rules under the Orissa G.P rules, 1968 and under the Orissa Municipal Rules, 1953 be made prescribing the manner of payment of surcharge on stamp duty as provided in Rule 98 of Orissa Development Authorities Rules, 1983.

4.35 It is seen that the rate of surcharge on stamp duty has been fixed at 3% for special planning Authorities and Improvement Trusts whereas the rate is 2% for Development Authorities. The Commission does not find any rational behind such differing rates. The Commission finds that in A.P, surcharge on stamp duty to be fixed by Government, may not exceed 5%, in Rajasthan the rate of surcharge has been fixed at 5%. The Commission, therefore, recommends that a uniform rate of 3% be prescribed for Development Authorities, Special Planning Authorities, Improvement Trusts, Urban Local Bodies not covered by either Development Authorities or Improvement Trusts and Gram Panchayats. Such a scheme is expected to provide a stable elastic sources of income to the Local Bodies who are starving for funds.

4.36 Similarly incidental expenses to be deducted from the amount of surcharge on stamp duty collected, has been fixed at 2% for Developmental Authorities and at 4% for Planning Authorities and Improvement Trusts. There does not appear to be sufficient reason to deduct incidental expenses at different rates. The Commission recommends that the rate be fixed at 2% of the amount collected so as to provide larger revenue to Development Authorities, Planning Authorities and to the Urban and Rural Bodies.

4.37 Transfer to Local Bodies by way of Grant-in-aid / subvention has been dealt in a separate chapter.

CHAPTER – V

GRANTS-IN-AID

5.1 Grants-in-aid are an important mode of transfer of funds from the State Government to the Rural and Urban Local Bodies. Grants are usually classified as “general purpose grants and specific purpose grants”. The general purpose grants are ‘untied’ in the sense that the institution receiving the grant, may use it for a purpose of its own choice. The ‘felt needs’ of the community usually become the ‘basis’ for determining the purpose for which the general purpose grant may be used. The specific purpose grants are ‘tied’ in the sense that the amount of grants has to be utilized for the activity or programme or project identified in the order of releasing the grant. If one looks at the structure of grants-in-aid currently being given to the Local Bodies in Orissa, it will be seen that the Local Bodies are not given any general purpose grant. The funds released in favour of Local Bodies on account of cess on land revenue, net profit on Kendu Leaf Trade, surcharge on payment for admission to entertainment and the surcharge on stamp duty on transfer of immovable property are sometimes treated as ‘grants’. In case the funds on the above accounts are treated as grants, they will qualify as general purpose grants. They belong, as the State Budget rightly classifies them, to the category of assignment and compensation. The Local Bodies are entitled to funds from these sources as a matter of right in terms of the Acts made by the State Legislature. In Orissa, therefore there are only specific purpose grants released in favour of Rural and Urban Local Bodies. In the following paragraphs we look into the grants-in-aid scenario in Orissa for Local Bodies.

GRANTS-IN-AID TO RURAL LOCAL BODIES

5.2 Gram Panchayats: Gram Panchayats in Orissa are provided with grants-in-aid both on non-plan account and state plan account. Grants on non-plan account include subsidy for remuneration payable to Gram Panchayat Secretary, daily allowance and sitting fees for Ward members, Naib Sarpanchs and Sarpanchs and honorarium for Sarpanchs and Naib Sarpanchs. Such grants may therefore be termed as establishment grants. Under plan account, grants are given for prize competition scheme, construction of G.P. ghars and Village Library Scheme. Loans are also provided to Gram-Panchayats for specific purposes on the plan account.

5.3 The subsidy towards payment of remuneration to the G.P Secretary was meant to meet a part of the remuneration payable to the Secretary till 31.10.98. The State Government has decided to bear the remuneration payable to the Gram Panchayat Secretary in full at the consolidated amount of (Rs.2,200/-) p.m. w.e.f. 1.11.98. The remuneration payable to the G.P. Secretary and the subsidy payable by the Government for this purpose upto 31.10.98 were as follows. From 1.4.88 to 31.3.95 the remuneration of the G.P. Secretary was fixed at Rs.500/ - p.m. During this period the Government granted subsidy at the rate of Rs.400/- p.m. for Gram Panchayats whose annual income was below Rs.10,000 and at the rate of Rs.200/- p.m. for Gram Panchayats whose annual income was between 10,000 and 20,000/-. From 1.4.95 the remuneration of the G.P. Secretary was raised to Rs.1000 p.m. and the subsidy paid by the Government was at the following rates.

- i) At 60% of the remuneration for each of Gram Panchayats whose annual income was below Rs.10,000/-.
- ii) At 40% of the remuneration for each of the Gram Panchayats whose annual income was between Rs.10,000/- to Rs.20,000/-.
- iii) At 20% of the remuneration for each of the Gram Panchayats whose annual income was above Rs.20,000/-

The State Government in the Panchayati Raj Department in their Resolution dated 31.10.98 have decided that the remuneration of the G.P. Secretary shall be raised to Rs.2,200/- p.m. w.e.f. 1.11.98 and that the Government would bear the expenses on this account in full. It has been estimated that the annual expenditure on this account would amount to Rs.13.88 crores. Daily allowance, sitting fees for Ward Members, Naib-Sarpanchs and Sarpanchs and honorarium for Sarpanchs and Naib-Sarpanchs have been fixed at the rates indicated in Table - 1 with effect from 1.4.94 as per Panchayati Raj Department Resolution No.11682 dated 15.12.94.

TABLE - 1

	Daily Allowance	Sitting Fee	Honorarium
Ward Member	Rs. 15.00	Rs.15.00	---
Naib Sarpanch	Rs.15.00	Rs.15.00	Rs.300.00
Sarpanch	Rs.15.00	Rs.15.00	Rs.300.00

5.4 Under the State Plan head , grants are given as has been stated above, for prize competition scheme, for construction of G.P. Ghars and Village Library Scheme. Under the prize competition scheme, a few Gram Panchayats who secure high position in terms of prescribed indicators are given prizes at varying rates. This may be therefore termed as an incentive scheme which benefits a few Gram Panchayats whose performance is better in terms of prescribed indicators. The grant for construction of G.P. ghars is provided to such Gram Panchayats which do not have such ghars. Grants on account of above two schemes do not benefit every Gram-Panchayat . The Village Library Scheme with the objective of establishing of Village Public Library was adopted during 1996-97 and a sum of Rs.31.40 lakhs was released in that year. In the 1997-98 budget, a provision of Rs.1.00 lakh only was made for this purpose. There is no provision for this purpose in the 1998-99 budget.

5.5 It may be useful to look at the release position of grants-in-aid for Gram Panchayats on both non-plan account and plan account over the past few years. The position from 1992-93 is indicated in Table 2.

TABLE 2

Year	Total Grants (Non-Plan)	Total Grants and loans (Plan)	Total (in Crores)
1992-93	1.88	0.19	2.07
1993-94	2.13	1.92	4.05
1994-95	4.76	1.40	6.16
1995-96	3.14	0.63	3.77
1996-97	5.46	0.59	6.05
1997-98(RE)	10.23	0.31	10.54
1998-99(BE)	10.20	0.01	10.21

5.6 Panchayat Samitis : Panchayat Samitis like Gram Panchayats are provided with Grants-in-aid both on non-plan account and plan account. Under the non-plan account, purposes for which grants are released are as under :

- i) Repair and maintenance of P.S. and G.P. roads
- ii) Repair of Block buildings and staff quarters
- iii) Payment of Daily Allowance, sitting fees and honorarium
- iv) Maintenance and Repair of Primary School buildings.

Grants may also be given for maintenance of drinking water wells, tanks, Minor Irrigation Projects, orchads etc. Under the plan account, grants are released for construction of sanitary latrines, special repair of P.S. and G.P. roads and extension of Block Office buildings and staff quarters.

5.7 Of the purposes for which grants are provided for Panchayat Samitis as stated above, every Panchayat Samiti is certain to get a grant only for the Purpose of Payment of daily allowance, sitting fees and honorarium. There is no reason to believe that every Panchayat Samiti would get every year grants every year for any other purpose either on the non-plan account or plan account. As regards grants towards payment of daily allowance, sitting fees and honorarium, the State Government in the Panchayati Raj Department in Resolution No.11682 dated 15.12.94 have fixed the rates as indicated in Table - 3 from 1.4.94

TABLE - 3

	Daily Allowance	Sitting Fee	Honorarium
Samiti Member	Rs.15.00	Rs.15.00	Rs.300.00
Vice Chairperson	Rs.15.00	Rs.15.00	Rs.750.00
Chair Person	Rs.15.00	Rs.15.00	Rs.750.00

Release Position of Grants to Panchayat Samitis.

5.8 The year wise position of release of grants to all the Panchayat Samitis in the State on both non-plan account and plan account is indicated in Table -4

TABLE - 4**(Rs. in Crores)**

Year	Non-Plan Grants	Plan Grants	Total (in Crores)
1992-93	10.93	8.54	19.47
1993-94	12.04	4.43	16.47
1994-95	8.70	3.49	12.19
1995-96	8.57	3.60	12.17
1996-97	1.10	0.32	1.42
1997-98 (RE)	3.45	0.62	4.07
1998-99 (BE)	3.33	0.12	3.45

The Table above shows the fluctuating nature of grants released to Panchayat Samitis. Grants released, came down to only Rs.1.42 crores in 1996-97 from Rs.19.47 crores in 1992-93. The budget provisions for 1997-98 and 1998-99 also show the declining trend in the amount of grants payable to the Panchayat Samitis.

5.9 Total Transfer on account of grants to Gram Panchayats and Panchayat Samitis, and the yearwise position of release of grants to Gram Panchayats and Panchayat Samitis taken together are indicated in table 5.

TABLE -5

(Rs. in Crore)

Year	Total Grants to Gram Panchayats	Total Grants to Panchayat Samits	Total
1	2	3	2+3
1992-93	2.07	19.47	21.54
1993-94	4.05	16.47	20.52
1994-95	6.16	12.19	18.35
1995-96	3.77	12.17	15.94
1996-97	6.05	1.42	7.47

5.10 The above table indicates the declining trend in the amount of grants released for Panchayati Raj institutions. Grants which amounted to Rs.21.54 crores came down to a mere Rs. 7.47 crores in 1996-97. It has been estimated that such non-statutory transfers in the form of grants was 1.87% of State's own revenue during 1992-93 and this came down to 0.91 percent during 1995-96. This declining trend may perhaps be explained by the fact that Gram Panchayats and Panchayat Samitis are receiving grants on account of Centrally Sponsored Schemes such as JRY, Million Wells Scheme, Indira Awas Yojana and EAS. Gram Panchayats and Panchayat Samitis are able to utilize a portion of grants received on account of these Centrally Sponsored Schemes for improvement of roads, buildings and other assets at the disposal of such Bodies.

5.11.1 At the Panchayat Samiti level, there are at present, 9085 sanctioned posts which are divided into different categories as indicated below:

BDO -314, ABDO-178, Junior Engineer-314, Addl. J.E.-243, Stipendary Engineers-314, P.A.-314 H.C.-314, Sr. Clerks-628, Jr. Clerks-314, Drivers-314, VLWs-3140, L.V.L.Ws.-809, Class-IV-1570, Chowkidars-315, Mali-1, Boatmen-3

5.11.2 This excludes employees placed at disposal of the Panchayat Samitis from line departments. The salary expenses on account of these posts are fully borne by the State Govt. and as such these are not treated as

grants to Panchayat Samitis. There is, however, no doubt that these expenses are borne for proper functioning of Panchayat Samitis and should therefore be treated as expenditure for them. Yearwise expenditure on this account is given in Table 6.

TABLE – 6

(Rs. in Thousands)

P.S. Estt.				
Year	N.P.	S.P.	C.S.P.	Total
1	2	3	4	5
1990-91	11,43,10	-	5,35,13	16,78,23
1991-92	14,90,99	-	6,96,79	21,87,78
1992-93	16,62,43	-	7,87,33	24,49,76
1993-94	17,27,79	-	8,53,13	25,80,92
1994-95	19,43,05	-	7,13,82	26,56,87
1995-96	21,31,70	-	9,83,83	31,15,53
1996-97	24,52,48	-	12,17,86	36,70,34
1997-98 (RE)	26,61,96	12,41,97	-	39,03,93
1998-99 (B.E.)	29,37,14	15,29,28-	-	44,66,42

GRANTS TO ZILLA PARISHADS:

5.12 In Orissa, Zilla Parishads as the highest tier of three tier-Panchayati Raj system, were there from 1961 to 1968 and discontinued thereafter till 1997. In pursuance of the provisions of 73rd amendment to the Constitution, Zilla Parishad were constituted as per the provisions of the Constitution by providing reservation for SC, ST and Women. For this purpose Orissa Zilla Parishad Act, 1991 was amended wherever necessary to comply with the Constitutional requirements. Such Bodies came into existence w.e.f. 15.2.97 after elections for the purpose were completed. Zilla Parishads are thus, new entrants to the Panchayati Raj system in Orissa in pursuance of 73rd amendment to the Constitution. As such there was no provision for any grants for the ZPs prior to 1996-97. In the revised budget of 96-97 an amount of Rs.4,19,000/- was provided for the purpose of honorarium and allowances to the Zilla Parishads Presidents and non-official members, but

no expenditure was incurred during 1996-97. In the budget of 1997-98 a sum of Rs16.78 lakhs was provided for the above purpose for Zilla Parishads, Besides this, a provision of Rs.1.00 crore was also made for grants to the ZPs. In the Budget Estimate for 1998-99, provisions of Rs. 128.89 lakh on account of honorarium and allowances etc and Rs.80.49 lakh as grant to Zilla Parishads have been made.

PAYMENT OF HONORARIUM

5.12 It is seen from the above provision of grants that honorarium to Sarpanchs and Naib-Sarpanchs of Gram Panchayats and to Chairpersons / Vice-Chairpersons of Panchayat Samitis are being paid every year. There does not appear to be any specific provision in the Orissa Gram Panchayat Act for payment of honorarium to the Sarpanchas and Naib-Sarpanchs. Sec.18 of the Act provides that the office of the Gram Panchayat shall be honorary and the members of G.P. including Sarpanch and Naib-Sarpanch shall be paid sitting fees, travelling allowance and daily allowance as the State Government may, by notification, determine. No other section provides that honorarium is payable to the Sarpanchs/ Naib-Sarpanchs. Similarly, Orissa Panchayat Samiti Act does not make any specific reference for payment of honorarium to Chairpersons and Vice-Chairpersons. Section 29(2) of Orissa Panchayat Samiti Act, 1959 provides that the expenses of the Samiti shall include the Salaries, allowances etc. of the employees and travelling expenses incurred by the Members of Samitis for attending meetings of the Samiti. There is no provision in any other section for payment of honorarium. There is however, clear provision in section.10 of Orissa Zilla Parishad Act, 1991 that President, Vice-President of Zilla Parishad shall be paid such honorarium as may be prescribed by Govt. from time to time. Sec. 15 (2) of the Act also provides for payment of travelling expenses incurred by the Members of the Parishads. The Commission does not question the desirability of payment of honorarium to the Sarpanchs and Naib-Sarpanchs of GPs and to the Chairpersons / Vice-Chairpersons of P.Ss. What the Commission would like to observe that such payment must be authorised in respective Acts. Necessary changes in the Orissa Gram Panchayat Act.1964 and in the Orissa Panchayat Samiti Act.1959 may therefore be introduced for allowing such allowances and honorarium.

GRANTS-IN-AID TO URBAN LOCAL BODIES

5.14 The State Government provide grant-in-aid to Urban Local Bodies both on non-plan head and plan head. Non-plan grants are given for salary of ULB staff, for road maintenance and repair and restoration of Municipal properties and to some ULBs for some special purposes such as grants to Puri Municipality on the occasion of Navakalebar of Lord Jagannath.

5.15 Grants towards the salary of the ULB staff are one important non-plan grant. This grant is meant to meet a part of the salary cost of the ULB staff. The State Government provide 53% of the total expenditure on account of pay for the posts created prior to 1.1.1974 and remaining 47% of expenditure on pay for such posts are borne by the ULB concerned. For the said posts (i.e. posts created prior to 1.1.1974) the State Government also bear a part of the expenditure on account of dearness allowance. Whatever may be percentage of pay which is given as dearness allowance, the Government bear only 50% of the expenditure that would be incurred if D.A. was at 51% of the pay. On account of such restrictions in providing grants towards staff salary, only 80 Urban Local Bodies out of 102 existing at present get such grants. Similarly out of 19,196 employees including DLRs working in 102 ULBs only 8494 employees are covered under the above scheme in meeting salary cost of ULB employees.

5.16 The Housing and Urban Development Department while submitting memorandum for the 10th Finance Commission reported that ULBs in Orissa are maintaining 9386 k.m. of roads. If the norms for maintenance of different kinds of roads as adopted by Ninth Finance Commission are applied to ULB roads, it is estimated that a sum of Rs.20 crore would be required annually for maintenance of roads. The State Government have not provided more than Rs.7 crores as road maintenance grants in any year at least since 1992-93, The ULB, because of their resource constraint, are not in a position to meet the balance amount required for maintenance of roads out of their own income. This may explain the miserable condition of the roads in ULBs of Orissa. The Government also provide small amounts annually for repair and restoration of properties such as Municipal buildings.

5.17 **State Plan Grants** :- In the State budget, the State Plan grants are provided under three sub heads; Salary and remuneration, maintenance and

repair and other grants. Under salary and remuneration, grants cover a part of salary costs of secondary school teachers working in high schools managed by the ULBs and contribution to Pension Fund of non-Local Fund Service employees of the ULBs. As reported by the Housing and Urban Development Department, 33 Urban Local Bodies are maintaining 78 schools with the financial implication of Rs.5 crores per annum for payment of salary to the teachers of such schools. The Govt. provide grants for salary purpose to 27 ULBs only and such grants have not exceeded Rs.55 lakhs in any year at least since 1992-93. Grants for road development are provided under 'maintenance and repair'.

5.18 For road development, the State Government provide 50% of the cost of development in the form of grants-in-aid. While the balance 50% is provided by the ULBs from their own funds. 'Other grants' cover a variety of purposes and schemes. The State Government provide loans to ULBs for taking up remunerative projects such as shopping complex, purchase of buses and pisciculture etc. Loans given for such purposes, are treated as grants under State Plan in the State Budget. The State Government also provide funds at the rate of 50% of the estimated costs of unremunerative but socially useful projects such as setting up parks, town halls, bathing ghats and street lighting etc. Grants are also provided for slum area improvement, Urban Basic Service Programme, Urban poverty alleviation Cells etc. The State share in the various Centrally Sponsored Schemes meant for urban areas such as NRY, Prime Minister's Integrated Poverty Eradication Programme etc. is treated as grants to ULBs in the State Budget.

Release position of Grant-in-Aid :

5.19 The year wise position in respect of release of grants both non-plan and state plan to ULBs from 1992-93 to 1996-97 and budgetary provisions for 1997-98 and 1998-99 are indicated in Table 7.

TABLE - 7

Year	Non-Plan Grants	State Plan Grants	Total (in Crores)
1992-93	11.35	6.54	17.89
1993-94	11.88	7.07	18.95
1994-95	11.92	6.52	18.44
1995-96	14.28	8.05	22.33
1996-97	14.43	10.81	25.24
1997-98 (RE)	14.81	12.83	27.64
1998-99 (BE)	13.41	9.76	23.17

5.20 During 1996-97 and 1997-98, a sum of Rs.4.78 crore for each year has been provided as state plan grants covering the amounts awarded as grants for Urban Local Bodies in Orissa by the Tenth Finance Commission over and above the amounts indicated above for these two years.

5.21 It has been estimated that non-plan and state plan grants taken together amounted to 1.56% of State's own revenue in 1992-93 amounting to Rs.1450.04 crores. This rate came down to 1.28% of State's own revenue in 1995-96 amounting to Rs.1755.41 crores.

An overview

5.22.1 The grants-in-aid picture as outlined above both for Rural and Urban Local Bodies would show that such grants lack certainty and predictability.

5.22.2 In case of Rural Local Bodies, grants meant to cover the remuneration of G.P. Secretaries are based on a formula and a Gram-Panchayat can be sure of what amount of funds it would receive for any year on this account. Similarly for Urban Local Bodies, grants meant to cover the pay and dearness allowance of ULB employees follow a definite and known formula and the ULB concerned can be sure of the amount due on this account. Excepting grants for these two purposes, no other grant is certain and Predictable. In case of ULBs again, grants for salary costs of employee do not cover all ULBs or all employees of an ULB which gets grants on this account. As has been shown above, 80 ULBs out of 102 are eligible to grant on this account and that too, for posts created prior to 1.1.1974. These 80

ULBs have to bear full salary costs of posts created on or after 1.1.1974 and 22 remaining ULBs have to bear in any case full salary costs of their employees. In spite of such restrictions in providing grants to bear salary costs, one thing good about such grants is their certainty and predictability based as they are on a formula. This cannot be said of other grants either for PRIs or ULBs, as such grants depend upon such factors as availability of funds in the State budget for launching of new schemes or projects and the like. It is desirable that grants should become certain and predictable so that the Local Bodies can plan accordingly.

CHAPTER – VI

TENTH FINANCE COMMISSION AWARD

6.1 In pursuance of the provisions of Article 280 of the Constitution of India, the Tenth Finance Commission was constituted by a Presidential order dated 15th June' 1992. The terms of reference for the Commission were based on the provisions of Article 280 of the Constitution requiring the Commission to make recommendations as to;

- (a) the distribution between the Union and the States of the net proceeds of taxes which are to be, or may be divided between them under Chapter-I of Part-XII of the Constitution and allocation between the States of the respective shares of such proceeds;
- (b) the principles which should govern the grants-in-aid of the revenues of the States out of the Consolidated Fund of India.

6.2 Subsequent to the setting up of the Commission, the 73rd and 74th amendments to the Constitution were adopted making Panchayats and Municipalities the constitutionally recognised institutions of self-government. As parts of such constitutional amendments, two new sub-clauses (b) and (c) were incorporated in Article 280(3) making it obligatory for a Finance Commission to recommend "the measures needed to augment the Consolidated Fund of a State to supplement the resources of Panchayats/Municipalities in the State on the basis of the recommendations made by the Finance Commission of the State". Thus in terms of the newly incorporated sub-Clauses to Article 280(3), a Finance Commission is duty-bound to recommend measures needed to augment the Consolidated Fund of a State so as to enable the State to supplement the resources of Panchayats/Municipalities. The recommendations of the Commission for this purpose shall, however, have to be based on the earlier recommendations of the Finance commission of the State.

6.3 The incorporation of the new sub-clauses to the Article 280(3) was not followed by an amendment of the Terms of reference of the Tenth Finance Commission requiring it to make recommendations in terms of such

new sub-Clauses. The Commission was, therefore, under no obligation to make recommendations for supplementing the resources of Panchayats and Municipalities through the Consolidated Fund of a State.

6.4 The Commission in their wisdom, however, considered the representations made by the Ministry of Rural Development, Ministry of Urban Affairs, Several State Governments, the National Commission for Women and the Rajiv Gandhi Foundation urging the Commission to recommend measures which may supplement the resources of Panchayats and Municipalities during the initial years of their new constitutional status even in the absence of the recommendations of State Finance Commissions. The Commission appreciated the reasonableness of such pleadings and accordingly recommended adhoc augmentation of the Consolidated Fund of States with the sole purpose of assisting the Panchayats and Municipalities to function effectively in keeping with “ the heightened expectations of people from these Bodies”.

6.5 The Commission did not attempt a detailed exercise to determine the quantum of additional funds that would be required for Rural and Urban Local Bodies. Instead, it made an adhoc provision of specific grants to the States. For Rural Bodies, additional funds were estimated by taking 1971 census rural population as the basis and providing Rs. 100/- per capita for such population. On this basis the Commission provided for an adhoc grant of Rs. 200.99 crores for Rural Local Bodies in Orissa for the five year period 1995-2000. For all the Urban Local Bodies in the country, it made an adhoc provision of Rs. 1000 crores for the five year period covering 1995-2000. The inter-se distribution of this sum was determined on the basis of inter-se ratio of slum population to total urban population derived from 1971 census. On this basis, an amount of Rs. 19.11 crores was provided for Urban Local Bodies in Orissa.

6.6 The Tenth Finance Commission indicated that their provision of grants for Urban Local Bodies will be needed to enable such Bodies to discharge their primary functions in an effective manner. To avoid the breakdown of basic services in view of ever increasing urban population, the grants awarded may be used to provide basic civic services like drainage facilities, garbage disposal, latrines, street lighting etc. As regards the grants awarded in favour of Rural Local Bodies, the Commission recognised that such additional funds would enable the Panchayats to discharge their duties effectively. As a result of fresh delimitation exercises, the number of

Panchayats might increase necessitating additional funds to set such Bodies on their job. The additional resources will go a long way in providing basic infrastructure facilities to the existing and new Panchayats that might come up.

6.7 As regards the use of grants recommended by it, the Commission made it clear that the amounts shall be treated as an additionality over and above the amount flowing to the Local Bodies from State Governments. The State Governments would draw up suitable schemes with detailed guidelines for the utilisation of the grant. The Local Bodies concerned would be required to provide suitable matching contribution by raising resources. The grant was not intended for expenditure on salary and wages. The State Govts. Should made the recommendations of the Commission known to the State Finance Commission. In Accordance with such directive of the Tenth Finance Commission, the Government of Orissa have brought the recommendations of the Commission to the notice of the State Finance Commission in their Memo No. 9005 dt. 4. 3. 97 even though there is no specific reference in this regard in the Notification dated 21. 11. 96 Constituting the Orissa State Finance Commission.

6.8 In the meanwhile the Finance Commission Division, Deptt. of Expenditure, Ministry of Finance in their letter dated 18. 2. 1997 have prescribed guidelines for utilisation of T. F. C. grant. The salient features of these guidelines are as follows;

- (a) The State Govt. should draw up suitable schemes with detailed guidelines giving due weight to the recommendation, of the SFC, if available.
- (b) The scheme should relate to primary functions of Local Bodies. The schemes should be in a few select areas. For Urban Local Bodies such schemes may relate to (i) setting up or overhaul of waste management system (swerage treatment) (ii) drainage (iii) biogas plant (iv) compost plant (v) purchase of loaders/dumpers. For Rural Local Bodies the schemes/projects may relate to biogas plants, godowns, tubewells, link roads and school buildings.
- (c) Salary component of project/schemes should not be financed from grants awarded by TFC.

- (d) Local Bodies would be required to provide suitable matching contribution by raising additional resources. The State Govt. may determine the manner and extent of matching contribution. Matching contribution may not be expected from every beneficiary Local Body. The objective, however, should be that Local Bodies in the State collectively raise additional internal resources which are atleast equal to total central grants.
- (e) Subsequently, Govt. of India, Ministry of Finance in their letter No. F-12 (I) – FCD/95, dated 3rd August' 98 has advised to utilise this fund for asset creating schemes in accordance with priority to such Projects as identified by the Local Bodies concerned.

RELEASE OF GRANTS TO URBAN LOCAL BODIES

6.9.1 The Tenth Finance Commission awarded a total grant amounting to Rs. 19.11 crores for Urban Local Bodies in Orissa spread over a five year period i.e. 1995-2000. The Commission however, felt that the need for additional resources would not arise until 1996-97 and accordingly distributed the total allocation of grants as follows;

Year	1996-97	1997-98	1998-99	1999-2000	Total. (1996-2000)
Grants Allocated (in Crs.)	4.78	4.78	4.78	4.77	19.11

6.9.2 Against the above recommendation, Govt. of India have released Rs. 4.78 crores during 1996-97 and Rs. 2.39 crores during 1997-98. It is ascertained that the release of the grant during 97-98 has been reduced due to non-submission of utilisation certificate for the previous years' grant. For the year 98-99, no grant has so far been released by Govt. of India.

6.9.3 The Government of Orissa in Housing and Urban Development formulated a set of guidelines for utilisation of Tenth Finance Commission awards by the ULBs. The Schemes/projects on the basis of the guidelines formulated and circulated were called for from the ULBs for release of

grants on account of Tenth Finance Commission awards. Out of 102 ULBs. Proposals/schemes/projects were received from 95 Bodies. The State Govt. released a total amount of Rs. 175.80 lakhs in favour of 63 ULBs against specific schemes/projects in the first phase. The balance amount of Rs. 302.20 lakhs released in favour of 67 ULBs without being related to specific schemes/projects in the second phase, were advised to prepare detailed work programme/action Plan according to revised guidelines and not to utilise the grant without approval by govt. of the work programme/action plan prepared by them. No revised guidelines have, however, been provided to the ULBs till date.

6.9.4 Grants released against specific schemes/projects call for scrutiny. It is seen that some of the schemes/projects against which grants have been released in favour of the following ULBs do not appear to satisfy the yardstick either of Tenth Finance Commission or of the Ministry of Finance suggested for utilisation of TFC awards. The schemes/projects in question and ULBs concerned are indicated in Table -1

TABLE - 1

	Name of ULB	Scheme/Project	Amount in lakhs
1.	Bhubaneswar Municipal Corporation	1. Electric crematorium 2. Kalyan Mandap 3. Market Complex	20 6 8
2.	Cuttack Municipal Corporation	1. Paying Nursing Home 2. Amusement park	15 10
3.	Rourkela Municipality	1. Completion of market complex 2. Civic Centre 3. Children's park 4. Kalyan Mandap	8 4 3 7
4.	Sambalpur Municipality	1. Kalyan Mandap 2. Shopping complex	10 10
5.	Puri Municipality	1. Tourist House	20
6.	Berhampur Municipality	1. Shopping complex	10
7.	Jaleswar NAC	1. Park	1

6.9.5 The Tenth Finance Commission while awarding grants for Urban Local Bodies have made it clear that the grants are meant to prevent a breakdown of Urban civic services. In view of increasing urban population there is an urgent need to maintain and improve the basic civic services like the drainage facilities, garbage disposal, latrines, street lighting etc. The guidelines for utilisation of TFC awards formulated by the Deptt. of Expenditure, Ministry of Finance, Govt. of India also emphasise the utilisation of grants for "Primary functions of the Local Bodies" illustrated by such items as "setting up or overhaul of waste management system for Urban Bodies (sewerage treatment), drainage, biogas plant, compost plant, purchase of loaders/ dumpers". Evidently the guidelines of the TFC as well as of the Ministry of Finance do not cover shopping complexes, marriage mandaps, tourist houses, parks etc, as items on which TFC awards may be utilised. As such the schemes/projects as shown against the respective Municipalities may be advised to finance such schemes/projects through market borrowing and from own resources and to concentrate on basic civic services for the purpose of utilising TFC awards.

BASIS OF INTERSE DISTRIBUTION AMONG ULBs

6.10.1 Housing and Urban Development Department have released total grant of Rs.4.78 crores for the year 1996-97 among 95 Urban Local Bodies. No allocation has been made for 7 Urban Local Bodies on the ground that they did not submit proposals/schemes/projects to the Government in spite of repeated reminders. When one looks into the allotment of varying amounts to different Local Bodies, one does not find any rational basis in such interse distribution. It appears that the Department has examined the proposals/schemes/projects and has accordingly released grants against specific schemes.

6.10.2 In order to eliminate arbitrariness in interse allocation it is necessary on the part of the Commission to determine the principles on which the grants may be distributed among the ULBs. It is clear from the recommendations of the Tenth Finance Commission that the grants to Urban Local Bodies are meant to cater to the basic civic needs of growing urban population. As such total urban population shall have to be the most important factor in determining the relative shares of Urban Local Bodies. Allocation on the basis of population only may not do justice to such Urban Local Bodies where population is spread over a relatively wider area. As such the area covered by a Municipal body should also be given some

weightage. The slums and the people living therein are weak spots in any Urban Local Body. Since slum population are not uniformly distributed over all Local Bodies, some weightage has to be given to the slum population of an Urban Local Body. On aforesaid consideration, the Commission has decided to determine the interse distribution on the basis of population, area and the slum population by assigning weightage to each as indicated below:

Population	50%
Area	25%
Slum population	25%

On the basis of the principle of interse distribution as explained above, the share of each U. L. B. on total Tenth Finance Commission grants has been shown in Annexure 6.1.

MATCHING SHARE BY ULBs .

6.11.1 The award of the 10th Finance Commission in favour of Local Bodies is meant to supplement resources of the Local Bodies via the Consolidated Fund of the State. Accordingly the recommendation of the commission (in Annexure 6.1.A) and the guidelines of Govt. of India (in Annexure 6.1.B) as contained in their letter dated 18. 2. 1997 stipulate that the Local Bodies are required to provide suitable matching contribution by raising additional resources,. This is in conformity with the spirit of Local Self Government because the development at lower level is to be taken up in participatory spirit where Central Govt. State Govt, and the Local Self-government are to join together to contribute resources required for the development. The 10th Finance Commission vide para 15.13 have therefore, rightly observed that “decentralisation of development process is a desirable objective. But it can prove effective only if local resources are mobilised for local development, thus ensuring minimum leakage and cost effective development.”

6.11.2 The determination of manner and extent of matching share by the Local Bodies has been left to the State Govt.

6.11.3 In this connection State Govt in H & U. D. Department has decided that atleast one third of the grants received by the Local Bodies should be its matching contribution by raising additional resources. In view of differing financial health of the Urban Local Bodies in the State, the matching contribution fixed at 1/3rd of the grant appears to be a resonable stipulation. Therefore, Commission recommends that the beneficiary Urban Local Body should contribute atleast one third of their due share from the 10th Finance Commission award as their minimum matching contribution.

RELEASE OF GRANTS FOR RURAL LOCAAL BODIES

6.12.1 The 10th Finance Commission awarded total grant of Rs. 200.99 crores for all Rural Local Bodies in Orissa spread over a five year period from 1995-2000. The Commission felt that the need for additional funds could not arise till 1996-97. Accordingly, the Commission distributed the total grant over a 4 year period and the year wise allocation is given below:

(Rs. in crores)				
1996-97	1997-98	1998-99	1999-2000	Total 1996-2000
50.25	50.25	50.25	50.24	200.99

Against the above recommendation, Govt. of India have released Rs.5025 lakhs during 1996-97 and Rs. 2512.50 lakhs during 1997. It is ascertained that the release of grant during 97-98 has been reduced due to non-submission of utilisation certificate for the previous years' grant. For the year 1998-99. no grant has so far been released by Govt. of India.

6.12.2 In the meanwhile the Panchayati Raj Department has distributed the grant meant for 1996-97 among the D.R.D. As of all the 30 districts. A sum of Rs. 2 crores has been released for construction of 100 Gram Panchayat Ghars in favour of 16 Districts. Another sum of Rs. 4. 91 crore has been released for construction/ completion of Zilla Parishad Buildings in 18 Districts. The remaining sum of Rs. 43. 34 crores have been released in favour of 30 Districts for the purpose of rural connectivity. While releasing grants for such purposes, the P. R. Department has made the stipulation that

the amount sanctioned shall not be utilised till the receipt of detailed instructions from the Panchayati Raj Department.

6.12.3 The 10th Finance Commission while awarding grants for Rural Local Bodies has recognised the possibility of the increase in number of Panchayats due to fresh delimitation exercises. Such new Bodies would have an initial need for infrastructure building and to get set to work in an effective manner. In view of the increase in number of districts in the State, it has become absolutely necessary to provide Zilla Parishad/D.R.D.A buildings in a number of districts. Similarly, during 1991-92 and 1994-95 the Panchayats have been re-organised and as a result, 856 Gram Panchayats have been increased. The increase in the number of Gram Panchayats has also necessitated the construction of new G.P. Ghars. At present there are 146 building less Gram Panchayats and these Gram Panchayats need basic infrastructure facilities like office building for their effective functioning. As such the allocation of the grant for building of G.P ghars and Zilla Parishad/D.R.D.A buildings are in accordance with the stipulations of the 10th Finance Commission.

6.12.4 The Deptt. of expenditure, Ministry of Finance has suggested in their letter dated 8.2.1997 that the following items may be taken up in Rural Local Bodies for utilisation of Finance Commission Awards.

- (i) Bio-gass Plant
- (ii) Godowns
- (iii) Tube Wells
- (iv) Link roads
- (v) School buildings

6.12.5 Of all the above suggested items, the Commission considers the provision of link roads to be vital in the prevailing communication conditions in Orissa. Out of 51,051 villages in the State 27,578 villages have been connected with all-weather roads. This comes to 54% of total villages. For delivery of services and effective implementation of various anti-poverty programmes and schemes in the villages, the first pre-requisite is provision of communication facilities to all villages in the State. The Commission feels that the utilisation of 10th Finance Commission awards for construction of link roads to provide all weather roads to the Block hd. Qrs. will go a long way in meeting a basic infrastructure needs of the State. During the period covered by 10th Finance Commission Awards, the entire

grant meant for Rural Local Bodies, excluding amounts already set apart for construction of G.P ghars and D.R.D.A. buildings, should be used for the construction of link roads.

INTERSE DISTRIBUTION AMONG RURAL LOCAL BODIES .

6.13.1 Panchayati Raj Department has distributed 43.34 crores among 30 DRDAs covering the amount for the year 1996-97. Looking at the district-wise distribution it appears that there is no rational basis on which the amount has been distributed and the interse distribution has been effected. The Commission would like to indicate some criteria to distribute the amount meant for rural connectivity in an equitable manner. Since the Commission recommends the entire 10th Finance Commission awards excluding the amount released for construction of Gram Panchayat Ghars, Zilla Parishad buildings, for the purpose of rural connectivity, it would be just and reasonable to give a greater weightage to the size of the district in terms of area. Further there are districts having relatively small in size but accommodating a large population. To take care of this aspect, population has to be given some weightage. Since the purpose is to provide link roads, it becomes necessary to take into account the no. of villages which have not yet been connected with all weather roads because this is one of the ways of measuring backwardness of a district. Therefore lack of rural connectivity shall be a necessary additional factor to determine interse distribution.

6.13.2 On aforesaid consideration, the Commission recommends that the interse distribution may be determined on the basis of size of the district, population and lack of rural connectivity by assigning weightage to each as indicated below:

Size/area of the district	50%
Total rural population of the District	25%
Lack of rural Connectivity	25%

The total grant awarded by the 10th Finance Commission for Rural Local Bodies for the period 1996-97 to 1999-2000 is Rs. 200.99 crores. As already indicated earlier, P.R. Department have released Rs. 6.9107 crores for construction of G.P. ghars, and Zill Parishad buildings during 1996-97.

Thus the balance amount of Rs. 19407.93 lakhs is available for rural connectivity programme and this includes Rs. 4333.93 lakhs released during 1996-97 for the said programme. On the basis of criteria suggested above, the interse distribution of Rs. 19407.93 lakhs for rural connectivity programme has been made among the district as given in Annexure 6.2. Out of the total amount due for a district on account of rural connectivity programme, the amount released for this purpose during 96-97 to a district is to be deducted and the remaining amount shall be released by Govt. in respect of the Z.Ps concerned over the remaining 3 years period starting from 1997-98.

6.13.3 The Commission recommends further that a vital programme like Rural connectivity should be implemented at the Zilla Parishad level and as such distribution of 10th Finance Commission award for rural connectivity programme shall be confined to the level of Zilla Parishads only, and the allocation should not be thinly spread by distributing to Panchayat Samitis and Gram Panchayats below the level of Zilla Parishads.

6.13.4 However the concerned Gram Panchayats should identify the rural roads in their areas in order of priority in conformity with the guidelines circulated by the State Govt. for implementation of rural connectivity programme (Annexure...6.2.) This would be scrutinised at panchayat Samiti level and recommended to Zilla Parishad for consideration and approval at that level. The roads which are finally approved by Zilla Parishad to be taken up during the year, should be financed from the share of the district from the 10th Finance Commission award. The funds should be routed through Zilla Parishad and the Zilla Parishad shall be responsible for implementing, monitoring and overseeing the implementation of rural connectivity programme from out of the funds of the 10th Finance Commission award.

MATCHING CONTRIBUTION BY RURAL LOCAL BODIES

6.14.1 The Tenth Finance Commission while awarding grants have stipulated that the Local Bodies should be required to provide suitable matching contribution by raising resources. The guidelines formulated by the Deptt. of expenditure, Ministry of Finance have left determination of the manner and extent of matching share by the Local Bodies to the State Govts. The said guidelines also state that it may not be feasible to expect matching contribution from each beneficiary Local Body under the scheme. At the

same time, they have desired that the Local Bodies in a State collectively should raise additional internal resources which should at least be equal to the Tenth Finance Commission grants. This stipulation appears unworkable. If some Local Bodies do not provide any matching contribution, others providing matching contribution would have to provide more than the grants received by them so that the total matching contribution would become equal to the total grants received. It may be difficult on the part of the State Govt. to work out the matching contribution to be made by each and every Local Body. It will be only practicable to indicate a minimum percentage of total grants that every Local Body would be required to contribute.

6.14.2 As regards matching contribution to be provided by Rural Local Bodies in Orissa, it is pertinent to note that the PSs and ZPs in the State do not have any independent sources of income of their own. All their receipts are derived by State Govt. Therefore if matching contribution is to be provided it may be expected only from the G.Ps.

6.14.3 It is, therefore, necessary to find out if GPs in Orissa are in a position to provide any matching contribution to the scheme by raising additional resources. This Commission does not favour further division of this grant beyond the district. The powers given to the GPs to raise resources in the Orissa Gram Panchayat Act, 1964 are very much limited. For instance, GPs have been empowered to levy taxes on carts and vehicles excluding motor vehicles, latrine tax, drainage tax, lighting rent and water rent. The tax on vehicles fetch very little income, other taxes and rents are almost irrelevant for most of the GPs. The GPs may also collect some registration fees, and licence fees. It has been seen that the GPs taken together raise a very small amount annually from such fees. The Public property in the form of ferries and ghats markets. Tanks, orchards etc. provide some income to the G. Ps and income from these sources is static in nature and has little buoyancy. The poor financial position of the Gram Panchayats is reflected in table - 2

TABLE - 2

Income range per annum of Gram Panchayat		No of Gram Panchayat in the income group
1.	Below Rs. 10,000	2682
2.	Between Rs. 10,000/- and less than Rs. 20,000/-	757
3.	Rs. 20, 000/- and above	1816
Total:		5255

6.14.4 It may be seen that as many as 2682 GPs out of 5255 get income below Rs. 10,000/- P. A. Some GPs have reported that their annual income does not exceed even Rs. 500/-. The weak financial position is evident further from the fact that the per capita internal income during 1981-82 was only Rs. 1.99 and by 1994-95 it has reached the figure of Rs. 2.91. This miserable state of affairs in the financial health of GPs may be due to the fact that they have not as yet been provided with some elastic source of income such as tax on lands and buildings or house tax as is prevalent in some other States.

6.14.5 In view of the weak financial position of the GPs it may not be possible for them to make any matching contribution to the scheme. The observation of the Deptt. of Expenditure, Ministry of Finance in their guidelines that the matching contribution may not be expected from each beneficiary Local Body holds good in case of all the GPs in Orissa. The Commission, therefore, does not recommend any matching contribution by Rural Local Body from their own sources simply because such sources do not exist or if they exist, are static or inelastic in character.

6.14.6 However the Commission cannot over-look the fact that what is required in the process is involvement and participation of the grass-root level Bodies. Such involvement and participation may come in the form of voluntary contribution of labour and materials from the beneficiary GPs. The concerned ZPs may take appropriate steps to encourage people, to come forward for voluntary contribution for success of the scheme.

6.14.7 In this connection it may be stated that for quite some time grants received on account of JRY have become a stable income of GPs. As per guidelines of JRY, GPs are free to determine the purpose for which the JRY grants will be used for this purpose and accordingly action plans are prepared for every year. For all practical purposes the JRY grants may be treated as own income of the GPs. With a view to involving the beneficiary GPs in the rural connectivity programme, it may be desirable to prevail upon the GPs to set apart a part of JRY grant received/receivable during a year as their contribution to the rural connectivity programme. After all construction of rural roads, subject to specific standards and specification, is an approved item on which JRY funds may be utilised. The Commission, therefore, recommends that while preparing action plan for utilisation of JRY grant, every beneficiary GP should set apart at least 30% of such grant (JRY) as their matching share towards rural connectivity programme approved, to be taken up in the GP out of TFC award.

CHAPTER - VII

FINANCIAL POSITION OF THE STATE -- AN INTROSPECTION

7.1 Para 5 (a) of the Terms of Reference as contained in the Notification No. 36091/F., dt. 24.8.98 (Annexure- 1) stipulates that in making its recommendations, the Commission shall have regard, among other considerations, to the revenue resources of the State Government and the demands thereon, on account of expenditure on civil administration, police and judicial administration, education, maintenance of capital assets, social welfare, debt servicing and other committed expenditure or liabilities.

7.2 In the mean time Finance Department have furnished the expenditure liability from 1992-93 to 1997-98 and the estimates from 1998-99 to 2001-2002, along with revenue receipts from different sources and the details of Plan resources as at Annexure -7.1.

7.3 In the income side of State Government we have to consider the revenue resources but not total resources of the State Government. Revenue resources include State's own revenue, statutory transfer from Central Govt. whereas total resources of the State Govt. include revenue resources as well as loan incurred from different sources including loan from employee's Provident Fund.

7.4 Revenue resources of the State Government consist of the following items:

7.4.1 A. State's Own Revenue:

- (i) State's own tax revenue (Sales Tax, State Excise, Land Revenue, Stamp & Registration, Entertainment Tax, Electricity duty, Motor Vehicle Tax)
- (ii) State's own non-tax revenue (Royalty on major and minor minerals, Forest Royalty, Water rent from irrigation, Fees from Education, Medical & Public Health, Interest payment, Dividend from Corporation/Public Undertakings, Guarantee fees etc.)

7.4.2 B. Statutory transfer from Central Government

- (i) Share from Income Tax, Central Excise Duty, Additional Excise Duty.

7.4.3 Under Awards of the Central Finance Commission

- (ii) Non-Plan deficit grant
- (iii) Grant in lieu of tax on railway passenger fare
- (iv) Grant under calamity relief fund
- (v) Other miscellaneous non-plan grant/subsidy

7.5 State's own tax/non-tax revenues together with statutory transfers from Central Government as indicated above constitute revenue resources of the State Government for financing the non-plan expenditure including the expenditure under calamity relief fund. Recovery of loans and advances by State Government are taken as capital receipts and are not included in the revenue resources of the State Govt. constituting a small amount ranging from Rs. 20.00 crores to Rs. 40.00 crores.

7.6 The grants under Central Plan, Centrally sponsored Plan and State Plan assistance (70% loan and 30% grant) are meant for financing the plan expenditure. Similarly, the market borrowing, small savings loan, loan from LIC, GIC and NABARD, balance in the G.P.F. etc. are utilised in Plan expenditure under State Plan.

7.7 An overall picture of the State Govt. budget for 1998-99 has been indicated in Annexure-7.2

Analysis of revenue resources and expenditure in non-plan account:-

7.8 The non- plan revenue expenditure includes salary and wages, pension, interest payment, maintenance of capital assets and other non-developmental expenditure such as Police, Civil Administration, Revenue administration etc. Because of hike in salary, interest payment, payment of pension, the gap between non-plan revenue receipt and non-plan revenue expenditure is increasing from year to year. This is called as balance from current revenue (BCR). The BCR for 1985-86 was placed at (+) Rs. 47.19 crs. and this has decreased to a level of minus Rs. 256.92 crores during 1995-96 and as per the estimate of 1998-99 it has been projected at (-) Rs.1207.47 crores. This implies that during 1985-86 there was a surplus of Rs. 47.19 crores for financing the State Plan expenditure whereas during 1995-96 there was a deficit of Rs. 256.92 crores in the

non-plan revenue account which has been met from the borrowed funds which were otherwise meant for financing the plan expenditure.

7.9 In the non-plan capital account, a small amount of receipt accrues to the State Govt. account by way of short term loan for agricultural purpose from Govt. of India, loan on account of advance to Govt. of India service officers and the net in the public account. But on the disbursement side, the repayment to Govt. of India and other Financing Institutions are reflected. A gap between the non-plan capital receipt and disbursement is called as Misc. Capital Receipt (MCR). During 1985-86 the MCR was (+) Rs. 11.63 crores whereas during 1995-96 it was (+) Rs 43.30 crores followed by (+) Rs. 403.68 crores in 1998-99. Thus the total gap in the non-plan both on revenue and capital account is represented by a total sum of BCR and MCR. During 1985-86 this gap was (+) Rs. 58.82 crores (surplus) but during 1995-96 it has been reduced to (-) Rs. 213.62 crores and as per the budget estimate for 1998-99, this gap has been estimated at (-) Rs. 803.79 crores.

7.10 The ever increase gap in the non-plan account leads to more borrowing to meet the non-plan gap and to meet the plan expenditure. As a result, the debt burden of State Government has increased enormously. During 1985-86 the total debt of the State Government was Rs. 2270.39 crores (Rs. 1945.90 crores + Rs. 324.49 crores from GPF). At the end of 1995-96 this has reached a level of Rs. 9219.91 crores (Rs. 7078.61 crores + from GPF Rs. 2035.05 crores) and as per budget estimate of 1998-99 the amount comes to Rs. 14784.48 crores. This implies that per capita debt has increased from Rs. 788/- during 1985-86 to Rs. 2680/- during 1995-96 and is likely to reach the level of Rs. 4,084 during 1998-99.

7.11 Another interesting feature of the health of the State Finance is that the State Government has to incur loan only to repay the old loan alongwith the interest. In other words, the loans which are borrowed to take up developmental work are utilised for paying back the outstanding debt. This is evident from the fact that during 1985-86 State Government had incurred loan of Rs. 371.00 crores whereas it had to pay only Rs. 206.75 crores (principal Rs. 100.84 crores + interest Rs. 105.91 crores), whereas during 1995-96 State Government had incurred loan of Rs. 1141.21 crores but has paid a sum of Rs. 1154.35 crores (principal Rs. 225.09 crores + Interest Rs. 929.26 crores).

7.12 Another important aspect of the State Finance is loss incurred in case of State Enterprises. For example, from the year 1990-91 to 1997-98,

the total amount of public investment comes to Rs. 1243.06 crores. The return comes to hardly 2 to 3%.

7.13 The major factors affecting the health of the State Finance are;

- i) The growth of non-plan revenue expenditure is disproportionately on the rise as compared to State's own revenue. For example, during the period of last 10 years from 1985-86 to 1995-96, the annual compound growth of non-plan expenditure is 15.90% whereas compound growth rate of State's own revenue being 13.79%. This is evident from Annexure-7.3.
- ii) The rise in non-plan revenue expenditure is on account of hike in salary and wages arising out of growth in employment in the Government sector. This is evident from the fact that total number of employees in 1972 was 2,87,712 and by 1992 it has increased to 5,27,669. In comparison to the inter-State assessment for the no. of employees in relation to the population in major States as on 1.1.89, it is revealed that there were 15.06 employees per thousand population for all States taken together whereas the corresponding figure for Orissa was 17.68. It is interesting to know that in respect of Gujarat there were only 7.49 employees per thousand population in Govt. Service. Which is less than the national average. On the other hand while per capita income of Gujarat in 1989-90 at 1980-81 prices was 2629, in case of Orissa it was only 1557 during the same year (during 1993-94 at 1980-81 prices, then per capita income was 1578).

7.14 The Ever increase in non-plan revenue expenditure arising out of substantial addition to the State Government employment, hike in salary and wages and pension interest etc. causes increasing gap between non-plan revenue expenditure and receipt and this in turn, necessitates higher borrowing which results in higher interest payment causing further borrowing in greater magnitude and this vicious circle thus goes on. The state of financial health of the State Govt. was aptly summarised by the 9th Finance Commission in their 2nd report (1990-95) which stated" the vicious circle of excessive growth of revenue expenditure, meagre or negative return from public enterprises, growing revenue deficit and large scale public borrowing resulting massive rise in interest burden which in turn accentuates revenue deficit leading to higher borrowing, must be broken. If the increasing disequilibrium between the revenue receipt and revenue expenditure is not effectively remedied, it may be increasingly

difficult to discharge the social and economic responsibilities of the Government.

7.15 Central transfer is inadequate to meet the actual deficit/ actual requirement. Different Finance Commissions denied the transfer of resources from Central Govt. to State Govt. on account of share of the State Govt. from Income Tax, Excise Duty, Additional Excise Duty (shared tax) and non-plan deficit grant basing on the:

- (i) Assessment of the State's own revenue
- (ii) Assessment of non-plan revenue expenditure
- (iii) Estimate of Central Tax and the share there-from by the State Govt.

But in actual practice, the deficit worked out by the Finance Commission is much less than the actual deficit which accrues the State Govt. account from year to year. For example, the revenue expenditure assessed by the 9th Finance Commission (1990-95) was Rs. 9628.12 crores whereas the actual non-plan revenue expenditure was Rs. 11387.21 crores which was Rs. 1759.09 crores more than the amount assessed by the 9th Finance Commission. Similarly, the revenue receipt assessed by the 9th Finance Commission from 1990-95 was Rs. 4835.83 crores but actual receipt was Rs. 5785.61 crores which was more only by Rs. 949.78 crores. Thus the additional expenditure of revenue account for Rs. 1759.09 crores was not neutralised by the extra receipt of Rs. 949.78 crores (809.31 crores of expenditure which remained uncovered). The position is also equally true in case of assessment made by the 10th Finance Commission. This is evident in the Table- I

TABLE - I

(Rs. in crores)

Name of the Finance Commission	Amount Projected by the State Govt.	Amount assessed by the Finance Commission	Actual	Difference between assessment by the Finance Commission and the actuals.
9 th Finance Commission-2 nd Report (1990-91 to 94-95)				
Revenue Receipt	4039.18	4835.83	5785.61	(+) 949.78
Revenue Expenditure	16379.49	9628.12	11387.21	(+) 1759.09
10 th Finance Commission (1995-96 to 1999-2000)				
Revenue Receipt	8971.20	1401.15	-	-
Revenue Expenditure	32799.30	19778.90	-	-
10 th Finance Commission for the Year 1995-96				
State's own tax & non-tax	1461.62	1690.04	1755.43	(+) 65.39
Revenue Expenditure	4713.73	3273.48	3571.86	(+) 298.38
1996-97 State's own tax and non-tax	1555.93	1886.62	1823.82	(-) 72.80
Revenue Expenditure	5555.35	3622.87	3860.47	(+) 237.60
1997-98 State's own tax and non-tax	1962.25	2086.60	1962.25 (R.E)	(-) 124.35
Revenue Expenditure	5534.31	3933.34	4564.26 (R.E)	(+) 630.92

7.16 Further the actual transfer on account of shared tax to the State Govt. is not also substantially higher than assessed by the Finance Commission as a result, the extra expenditure in non-plan revenue account as compared to assessment made by the Finance Commission is not neutralised by the extra receipt account of shared tax. Rather for the first year of the 10th Finance Commission award (1995-96), the shared tax assessed by the 10th Finance Commission was Rs. 1362.40 crores whereas

actual release to the State Govt. during that year was only Rs. 1284.92 crores. For 1997-98 the assessment made by the 10th Finance Commission on shared tax was Rs. 1786.83 crores but now as per the Central budget the amount provided for the State Govt. is Rs. 1767.55 crores. There is no scope for change in the release of non-plan deficit grant because it is fixed and there is no variation in the non-plan revenue expenditure.

State's own tax and non-tax revenue and release of shared tax.

7.17 In determining the non-plan deficit grant different Finance Commissions assume that the State Govt. would put in extra tax efforts to raise their revenue and keep the non-plan revenue expenditure at reasonable level and accordingly they worked out the non-plan revenue grant for the State Govt. in such a way that at the terminal year of the award no deficit is shown in the non-plan account of the State Govt. and as such no deficit grant is awarded for that year. This non-plan deficit grant actually decreases from year to year. This is evident in table – 2.

TABLE –2

(Rs in Crores)

Year	Non-Plan deficit grant assessed by the 10 th Finance Commission.
1995-96	192.87
1996-97	133.35
1997-98	38.34
1998-99	7.18
Total:	371.74

7.18 It may be indicated that the non-plan deficit grant recommended by the 9th Finance Commission for the period 1990-95 was Rs. 528.48 crores and in addition, a plan deficit grant of Rs. 554.50 crores was also awarded. Thus the 9th Finance Commission made a total revenue deficit grant of Rs. 1082.98 crores whereas 10th Finance Commission has awarded only Rs. 371.74 crores under non-plan revenue deficit and no plan deficit grant has been awarded. The important point to note here is that the deficit grant under Article 275 of the Constitution awarded by the different Finance Commissions are gradually decreasing and this is amply seen from the fact that the total deficit grant received by Orissa during 1990-95 was Rs. 1062.98 crores whereas Orissa could receive only Rs. 371.74 crores during 1995-2000 inspite of the fact that there has been enormous increase in non-plan deficit due to various factors stated above.

Hence there is no justification and no possibility of State Govt. banking upon the Central Govt. for higher devolution of resources by way of shared tax and deficit grant and accordingly State Govt. have to live within their means. Devolution of grants given to the Govt. should be obligatory and not discretionary depending on certain principles to secure equity just like Gadgil formula allocation in plan grant.

CHAPTER - VIII

THE APPROACH OF THE STATE FINANCE COMMISSION

8.1 The traditional responsibilities of Local Bodies which they were discharging even prior to the Constitutional Amendments and the consequential State Legislation were being funded by resources raised by the Local Bodies supplemented by Government grants. The level of civic services needs upgradation in order to satisfy the felt needs as well as the expectation of the citizens. The major task of theirs would be to raise additional resources in order to upgrade the level of civic services. With the available access to resources of revenue, it may be beyond their capacity to find the required additional resources for meeting the capital and revenue expenditure.

8.2 The resource mobilisation on the part of the Local Bodies has been uneven. The possibility of better exploitation of resources even within the frame work of existing access to sources of income does exist. The concept of presumptive income of Local Bodies would be useful in order to encourage the Local Bodies to step up their resource mobilisation efforts. A related concept which will help to regulate Government grants will be an index of tax effort by Local Bodies.

8.3 Because of paucity of time, the Commission has not been able to cover many aspects which need to be considered in depth. In approaching the subject, the Commission has been guided mostly by secondary data as submitted by Panchayati Raj Department and Housing & Urban Development Department. The field studies which can provide accurate information regarding the working of Local Bodies have been marginal. Thus, there has been quite a great-deal of deficiency in the analysis of the Commission. In approaching the subject, the specific factors that have been taken into account are given below.

8.4.1 The Constitutional provisions relating to the State Finance Commission and Terms of Reference of the Orissa State Finance Commission require the Commission to review the financial position of Panchayats and Municipalities and based on such reviews to make recommendations on the matters indicated in Article-243 I and Article- 243-Y of the Constitution. The objective of the review shall be to assess the financial needs of Rural and Urban Local Bodies in the context of tasks and

functions assigned to them. Once the financial needs are assessed, the Commission shall recommend measures as to how best the financial needs could be met.

8.4.2 An examination of the functions and tasks assigned to Panchayats and Municipalities have therefore an important place in the scheme of enquiry and investigation to be undertaken by the Commission. The functional domain of Local Bodies may be taken to consist of exclusive functions and agency functions. The exclusive functions cover such activities which a Local Body is to undertake themselves independent of any outside agency or authority. For instance, the provision of street lights is a function which lies within the exclusive jurisdiction of a Municipality or a Gram Panchayat. Agency functions refer to such activities which the Local Bodies perform on behalf of the Central/State Government as agents. The Jawahar Rozgar Yojana belongs to this category of functions.

8.5 In view of the time constraint the Commission could not make an indepth analysis of functional responsibilities entrusted to the Rural and Urban Local Bodies in their respective Acts. Among the Rural Bodies, only Gram Panchayats have as pointed out earlier been entrusted with a list of functions of their own and not much of agency functions whereas Panchayat Samitis and Zilla Parishads are to implement schemes of Government as would be entrusted to them from time to time. For assessing financial needs of Rural Local Bodies, the Commission has decided not to assess such needs for Panchayat Samities and Zilla Parishads since their financial needs shall necessarily be met by the Government while transferring Government Schemes/Programmes to them for implementation. While transferring any scheme either to the Panchayat Samiti or to the Zilla Parishad, the budgerary provisions for the scheme would necessarily go to the concerned Body. Since Gram Panchayats have exclusive functions, their financial needs for such functions has to be assessed. For this purpose, the Commission has confined its assessment of funds that may be needed to provide and maintain core civic functions such as construction and maintenance of village roads, street lighting, constructions and maintenance of drains, water supply and sanitation. Similarly, for Urban Local Bodies financial needs for core civic functions are only considered.

8.6 The Terms of Reference of the Commission require the Commission to base its recommendations on the consideration of the scope for better

fiscal management consistent with the need for speed, efficiency and cost effectiveness of delivery of services. This, among other things, would require an assessment of the existing organisational structure of Local Bodies at all levels. Personnel available to a Local Body, their technical competence and work conditions are all important for efficiency in delivery of services. The Commission, would have liked to examine the 'establishment' arrangement in Gram Panchayats, Panchayat Samities, Zilla Parishads and Municipalities to find out if at each level the functionaries as needed are available and if their work and service conditions are satisfactory. The Commission has not been able to look into the organisational structure of Local Bodies at any level. Nor the question of evaluation, monitoring, auditing and supervision has been considered.

8.7.1 The Terms of Reference also require the Commission to recommend to principles which should govern the distribution, between the State on the one hand and Panchayats and Municipalities on the other, of the net proceeds of the taxes, duties, tolls and fees leviable by the State and the allocation between the Panchayats at all levels and the Municipalities of their respective share of such proceeds. This is what has been provided in Article-243 (a) and Article 243(y) of the Constitution. The Commission is then to determine the principles on the basis of which the net proceeds of taxes etc. shall be shared between the State Government and the Rural Urban Local Bodies. One interpretation of this provision is that there shall have to be 'global sharing'. This would mean bringing together the net proceeds of all taxes, duties, tolls and fees leviable by the State Government and set apart a certain percentage of such total net proceeds for Local Bodies at all level. Another interpretation would require sharing of individual sources of revenue of the State Government. The Commission has decided not to opt for global sharing which requires a detailed study and has recommended sharing of individual taxes, duties, tolls and fees leviable by the State Government.

8.7.2 This shows that much more work than what the State Finance Commission has been able to do has to be done to develop and refine concepts. It can be said that with readily available data (which are also not comprehensive), the State Finance Commission has suggested a crude index of tax effort but hopes that further work on the concept of presumptive income and index of tax effort will be undertaken by Government or other agencies having adequate field data and abiding interest in finances of the State and Local Bodies.

CHAPTER-IX

FINANCIAL POSITION OF LOCAL BODIES - AN OVERVIEW

9.1 In this chapter the Commission looks into the financial aspects, particularly income and expenditure, of local bodies of Orissa. The analysis has been divided into three parts. The first two parts deal with the Rural Local Bodies (RLBs) and the Urban Local Bodies (ULBs) respectively. In these two parts the analysis is for the period 1990-91 to 1997-98. The data for RLBs have been provided by the Panchayati Raj Department while that of the ULBs have been provided by the Housing and Urban Development Department. The third part gives the projection of the needs and resources of RLBs and ULBs for the period 1998-99 to 2004-05. Salient features have been given at the end of each part.

I

RURAL LOCAL BODIES

Financial Position of Rural Local Bodies*

9.2 In this part the Commission seeks to analyse the income and expenditure of Gram Panchayats (GPs), Panchayat Samitis (PSs) and Zilla Parishads (ZPs) respectively.

* The data for this have been provided by the Panchayati Raj Department, Government of Orissa.

Income of Gram Panchayats

9.3 The Income of Gram Panchayats (Table 9.1) are mostly in the form of Transfers (nearly 90 per cent). Own sources of revenue are meagre whereas Loans are negligible. More importantly, the percentage share of own sources of revenue has declined over the years. This could be so because the annual average growth of Transfers is more than double that of Own Revenue.

Table 9.1
Income of Gram Panchayats
1990-91 to 1997-98

(Rupees in Thousand)

Year	Own Revenue	Tran- sfers	Loans	Total
(1)	(2)	(3)	(4)	(5)
1990-91	59037 (7.29)	750424 (92.70)	18 (0.00)	809479 (100.00)
1991-92	84790 (12.02)	620243 (87.96)	100 (0.01)	705133 (100.00)
1992-93	65058 (7.23)	834806 (92.72)	500 (0.06)	900364 (100.00)
1993-94	70323 (5.11)	1303757 (94.79)	1320 (0.10)	1375400 (100.00)
1994-95	80190 (6.81)	1094939 (92.98)	2500 (0.21)	1177629 (100.00)
1995-96	71875 (5.46)	1242570 (94.35)	2500 (0.19)	1316945 (100.00)
1996-97	71376 (6.03)	1111798 (93.93)	480 (0.04)	1183654 (100.00)
1997-98	69938 (5.05)	1314921 (94.95)	0 (0.00)	1384859 (100.00)
AAG (%)	4.20	11.23	1.32	10.27

Notes: (1) Own Revenue includes Tax and Non-Tax Revenue whereas Transfers include Assigned Revenue and Grants from the State Government (including that of Kendu Leaf Grant), Centrally Sponsored Schemes and Tenth Finance Commission. For accounting purposes Loans have also been included as a part of Income. (2) Figures in parentheses denote percentages to row total. (3) Data for 1997-98 are revised estimates. (4) AAG denotes annual average growth for the period 1990-91 to 1997-98.

9.4 Table 9.2 shows that from the own sources, Tax Revenue is around 4 per cent of Own Revenue. Further, percentage share of Tax Revenue has been marginally declining and as a corollary Non-tax Revenue has been increasing. Non-tax sources, which constituted about 95 per cent of Own Revenue, contributed the highest amount in 1991-92.

Table 9.2
Own Revenue of Gram Panchayats
1990-91 to 1997-98

(Rupees in Thousand)

Year	Tax	Non-Tax	Total	(2) as % of (4)	(3) as % of (4)
(1)	(2)	(3)	(4)	(5)	(6)
1990-91	2370	56667	59037	4.01	95.99
1991-92	2570	82220	84790	3.03	96.97
1992-93	2665	62393	65058	4.10	95.90
1993-94	2732	67591	70323	3.88	96.12
1994-95	3426	76764	80190	4.27	95.73
1995-96	2751	69106	71857	3.83	96.17
1996-97	2684	68692	71376	3.76	96.24
1997-98	2623	67315	69938	3.75	96.25
AAG (%)	2.23	4.33	4.20		

Note: As in notes (3) and (4) of Table 7.1.

9.5 The distribution of Transfers to Gram Panchayats (Table 9.3) shows that the percentage share of Grants is around 99 per cent. However, its annual average percentage growth rate is not as high as Assigned Revenue, which is basically in the form of Cess from Agricultural land. Assigned Revenue shows a relatively higher annual average percentage growth because of a sudden increase in the revised estimate of 1997-98. Because of this increase its percentage share to that of Total Transfers has also increased.

Table 9.3
Transfers to Gram Panchayats
1990-91 to 1997-98

(Rupees in Thousand)

Year	Assigned Revenue	Grants	Total	(2) as % of (4)	(3) as % of (4)
(1)	(2)	(3)	(4)	(5)	(6)
1990-91	6278	744146	750424	0.84	99.16
1991-92	6735	613468	620203	1.09	98.91
1992-93	4640	830166	834806	0.56	99.44
1993-94	5040	1298717	1303757	0.39	99.61
1994-95	5040	1089935	1094975	0.46	99.54
1995-96	8800	1233770	1242570	0.71	99.29
1996-97	8800	1102998	1111798	0.79	99.21
1997-98	80000	1234921	1314921	6.08	93.92
AAG (%)	124.07	10.44	11.24		

Note: As in notes (3) and (4) of Table 9.1.

9.6 The composition of Tax Revenue (Table 9.4) shows that it is mostly from Vehicle Tax (nearly 80 per cent). There has been a marginal decline in its percentage share from 86.54 per cent in 1990-91 to 79.64 per cent in 1997-98. This is also reflected in a lower annual average growth of 1.16 per cent. The other sources of Tax Revenues are Latrine, Light and Drainage. The percentage share of Latrine Tax to that of total Tax Revenue has remained around 5 to 7 per cent but for 1991-92 when its share was 11.63 per cent. The percentage share of Light and Drainage from total Tax revenue have been increasing with Drainage showing the highest annual average percentage growth.

Table 9.4
Tax Revenue of Gram Panchayats
1990-91 to 1997-98

(Rupees in Thousand)

Year	Vehicle	Lat- rine	Light	Drain- age	Total
(1)	(2)	(3)	(4)	(5)	(6)
1990-91	2051 (86.54)	128 (5.40)	133 (5.61)	58 (2.45)	2370 (100.00)
1991-92	2033 (79.11)	299 (11.63)	129 (5.02)	109 (4.24)	2570 (100.00)
1992-93	2078 (77.97)	197 (7.39)	153 (5.74)	237 (8.89)	2665 (100.00)
1993-94	2198 (80.45)	152 (5.56)	272 (9.96)	110 (4.03)	2732 (100.00)
1994-95	2827 (82.52)	161 (4.70)	278 (8.11)	160 (4.67)	3426 (100.00)
1995-96	2237 (81.32)	187 (6.80)	193 (7.02)	134 (4.87)	2751 (100.00)
1996-97	2180 (81.22)	192 (7.15)	183 (6.82)	129 (4.81)	2684 (100.00)
1997-98	2089 (79.64)	178 (6.79)	208 (7.93)	148 (5.64)	2623 (100.00)
AAG (%)	1.16	13.44	10.50	27.43	2.23

Notes: (1) As in notes (2), (3) and (4) of Table 9.1.

9.7 The major source of Non-tax Revenue of Gram Panchayats (Table 9.5) is Fees from Property (non-agricultural land and non-household). Its percentage share has increased from 53.58 per cent in 1990-91 to 60.61 per cent in 1997-98. Collection in the form of Fees from Property was the highest in 1991-92 when its percentage share to that of the Total Non-tax Revenue was 82.24 per cent. However, this year was a bad year in terms of collection from Fishery Rental, another major source of Non-tax Revenue. The other sources of Non-tax Revenue are Fees from Entertainment, Fees (excluding those from Property and Entertainment) and Cart Stand. The percentage share of these as also that of Fishery Rental have been declining.

Table 9.5
Sources of Non-Tax Revenue of Gram Panchayats
1990-91 to 1997-98

(Rupees in Thousand)

Year	Fishery Rental	Cart Stand	Property	Enter- tainment	Other Fees	Total
(1)	(4)	(5)	(2)	(3)	(6)	(7)
1990-91	17638 (31.13)	390 (0.69)	30362 (53.58)	2806 (4.95)	5471 (9.65)	56667 (100.00)
1991-92	5818 (7.08)	346 (0.42)	67617 (82.24)	2388 (2.90)	6051 (7.36)	82220 (100.00)
1992-93	21352 (34.22)	268 (0.43)	33060 (52.99)	2583 (4.14)	5130 (8.22)	62393 (100.00)
1993-94	22381 (33.11)	223 (0.33)	35458 (52.46)	2947 (4.36)	6582 (9.74)	67591 (100.00)
1994-95	26019 (33.89)	329 (0.43)	40876 (53.25)	3151 (4.10)	6389 (8.32)	76764 (100.00)
1995-96	18641 (26.97)	311 (0.45)	41474 (60.00)	2774 (4.01)	5924 (8.57)	69124 (100.00)
1996-97	19923 (29.00)	443 (0.64)	39392 (57.35)	2845 (4.14)	6089 (8.86)	68692 (100.00)
1997-98	17528 (26.04)	298 (0.44)	40932 (60.81)	2679 (3.98)	5878 (8.73)	67315 (100.00)
AAG (%)	26.79	0.17	13.50	-0.14	1.83	4.33

Notes: (1) As in notes (2), (3) and (4) of Table 9.1.

9.8 From Table 9.6 it is clear that Centrally Sponsored Schemes are the major source of Grants. This along with Grants from the Tenth Finance Commission, which began in 1996-97, constitutes about 90 per cent of the Total Grants received by Gram Panchayats. There has been a relative increase in the percentage share of Specific Purpose Grants by the State Government since 1994-95. Grants for General Purpose and Development Purpose have been quite low. However, one can consider 1993-94 to be an exceptional year with regard to General Purpose Grant as the amount was relatively higher. Whereas Development Purpose Grants have stopped since 1996-97. Kendu Leaf Grants, which has been restricted to those Gram Panchayats that come under Kendu Leaf growing Sub-divisions, remained constant at Rs.7.2 crore from 1992-93 to 1996-97.

Table 9.6
Sources of Grants received by Gram Panchayats
1990-91 to 1997-98

(Rupees in Thousand)

Year	State Government				Centrally Sponsored Schemes	Tenth Finance Commission	Total
	Gen Purpose	Spec Purpose	Devt Purpose	Kenduleaf Grant			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1990-91	122 (0.02)	14145 (1.90)	3900 (0.52)	28837 (3.88)	697142 (93.68)	NA	744146 (100.00)
1991-92	102 (0.02)	13870 (2.26)	1800 (0.29)	43162 (7.04)	554534 (90.39)	NA	613468 (100.00)
1992-93	502 (0.06)	18869 (2.27)	5000 (0.60)	72000 (8.67)	733795 (88.39)	NA	830166 (100.00)
1993-94	26610 (2.05)	21252 (1.64)	7490 (0.58)	72000 (5.54)	1171365 (90.19)	NA	1298717 (100.00)
1994-95	2170 (0.20)	47612 (4.37)	7475 (0.69)	72000 (6.61)	960678 (88.14)	NA	1089935 (100.00)
1995-96	2320 (0.19)	34634 (2.81)	8540 (0.69)	72000 (5.84)	1116276 (90.48)	NA	1233770 (100.00)
1996-97	2050 (0.19)	54558 (4.95)	0 (0.00)	72000 (6.53)	954390 (86.53)	20000 (1.81)	1102998 (100.00)
1997-98	2190 (0.18)	46389 (3.76)	0 (0.00)	77040 (6.24)	1079302 (87.40)	30000 (2.43)	1234921 (100.00)
AAG (%)	783.83	26.58	12.54	17.64	9.76	0.50	10.38

Notes: (1) Gen, Spec, Devt and NA denote General, Specific, Development and Not Applicable respectively. (2) As in notes (2), (3) and (4) of Table 9.1.

Expenditure of Gram Panchayats

9.9 The expenditure of Gram Panchayats (Table 9.7) has been discussed under three functional heads, viz. Establishment, Development and Maintenance. The major head of expenditure is Development but its percentage share to Total Expenditure has declined from 87.70 per cent in 1990-91 to 78.70 per cent in 1997-98. In fact, the annual average growth of Development Expenditure is low when compared to that of expenditures on Establishment and Maintenance.

Table 9.7
Expenditure Pattern of Gram Panchayats, 1990-91 to 1997-98

(Rupees in Thousand)

Year	Establi- shment	Devel- opment	Maint- enance	Total
(1)	(2)	(3)	(4)	(5)
1990-91	61183 (7.56)	709892 (87.70)	38404 (4.74)	809479 (100.00)
1991-92	62427 (8.85)	559500 (79.35)	83206 (11.80)	705133 (100.00)
1992-93	69463 (7.71)	741402 (82.34)	89499 (9.94)	900364 (100.00)
1993-94	73783 (5.36)	1182569 (85.98)	119048 (8.66)	1375400 (100.00)
1994-95	98820 (8.39)	979137 (83.14)	99672 (8.46)	1177629 (100.00)
1995-96	120215 (9.13)	1125399 (85.46)	71331 (5.42)	1316945 (100.00)
1996-97	139446 (11.78)	961942 (81.27)	82266 (6.95)	1183654 (100.00)
1997-98	179386 (12.95)	1089933 (78.70)	115540 (8.34)	1384859 (100.00)
AAG (%)	17.11	9.62	24.04	10.27

Notes: (1) As in notes (2), (3) and (4) of Table 9.1.

9.10 Establishment Expenditure is either for payment of Salary and Wages or for General Administration (Table 9.8). The former remained constant for the initial five years as a result the increase in Establishment Expenditure was towards Administration. The years when expenditure towards Salary increased, that is, 1995-96 and 1997-98 there has been a decline in the percentage share of expenditure towards Administration. The payment of Salary in Gram Panchayats is basically to a Secretary and a Peon in each of the Gram Panchayats. In 1997-98 they received per month a consolidated amount of Rs.1100/- and Rs.300/- respectively.

Table 9.8**Distribution of Establishment Expenditure of
Gram Panchayats, 1990-91 to 1997-98**

(Rupees in Thousand)

Year	Salary & Emp	Others	Total	(2) as % of (4)	(3) as % of (4)
(1)	(2)	(3)	(4)	(5)	(6)
1990-91	42237	18946	61183	69.03	30.97
1991-92	42237	20190	62427	67.66	32.34
1992-93	42237	27226	69463	60.81	39.19
1993-94	42237	31546	73783	57.24	42.76
1994-95	42237	56583	98820	42.74	57.26
1995-96	75710	44505	120215	62.98	37.02
1996-97	75710	63736	139446	54.29	45.71
1997-98	122967	56419	179386	68.55	31.45
AAG (%)	20.24	21.01	17.11		

Notes: (1) Emp denotes Employment. (2) As in notes (3) and (4) of Table 9.1.

9.11 The Development Expenditure (Table 9.9) on Minor Irrigation, Roads, Education and Gram Panchayat (GP) Ghar constitutes around 98 to 99 per cent. These expenditures are under the Centrally Sponsored Schemes and the distribution between them has also been under a formulae (see note 1 of Table 9.9). As a result the growth for this category has also remained the same. The Total Expenditure on Centrally Sponsored Schemes also tallies with that of the Total Income received from this scheme (see Table 9.6, column 6). The remaining one to two per cent of Development Expenditure is towards Agriculture, Pisciculture and on other activities.

Table 9.9
Distribution of Development Expenditure of
Gram Panchayats, 1990-91 to 1997-98

(Rupees in Thousand)

Year	Minor Irrig	Roads	Edu-cation	Others GP Ghar
(1)	(2)	(3)	(4)	(5)
1990-91	90628 (12.77)	362514 (51.07)	125486 (17.68)	118514 (16.69)
1991-92	72089 (12.88)	288358 (51.54)	99816 (17.84)	94271 (16.85)
1992-93	95393 (12.87)	381573 (51.47)	132083 (17.82)	124746 (16.83)
1993-94	152277 (12.88)	609110 (51.51)	210846 (17.83)	199132 (16.84)
1994-95	124888 (12.75)	499553 (51.02)	172922 (17.66)	163315 (16.68)
1995-96	145116 (12.89)	580464 (51.58)	200930 (17.85)	189766 (16.86)
1996-97	124071 (12.90)	496283 (51.59)	171790 (17.86)	162246 (16.87)
1997-98	140309 (12.87)	561237 (51.49)	194274 (17.82)	183482 (16.83)
AAG (%)	9.76	9.76	9.76	9.76
Year	Agri-culture	Pisci-culture	Others	Total
(1)	(6)	(7)	(8)	(9)
1990-91	253 (0.04)	8989 (1.27)	3508 (0.49)	709892 (100.00)
1991-92	376 (0.07)	2025 (0.36)	2565 (0.46)	559500 (100.00)
1992-93	1446 (0.20)	2705 (0.36)	3456 (0.47)	741402 (100.00)
1993-94	1074 (0.09)	5881 (0.50)	4249 (0.36)	1182569 (100.00)
1994-95	579 (0.06)	15643 (1.60)	2237 (0.23)	979137 (100.00)
1995-96	640 (0.06)	6325 (0.56)	2158 (0.19)	1125399 (100.00)
1996-97	988 (0.10)	4286 (0.45)	2278 (0.24)	961942 (100.00)
1997-98	890 (0.08)	7321 (0.67)	2420 (0.22)	1089933 (100.00)
AAG (%)	45.20	31.22	-1.18	9.62

Notes: (1) From the Centrally Sponsored Schemes expenditure on Minor Irrig (Irrigation), Roads, Education and Others (GP Ghar) have been 13 per cent, 52 per cent, 18 per cent

and 17 per cent respectively. (2) As in notes (2), (3) and (4) of Table 9.1.

9.12 The distribution of Maintenance Expenditure (Table 9.10) is towards Roads, Street Lighting, Water Supply and others activities. The percentage share of expenditure towards Roads has been declining from 67.46 per cent in 1990-91 to 29.63 per cent in 1997-98. This has been a gain for Others, which constituted about three-fifths of the Total Expenditure towards Maintenance in 1997-98. This is borne by the fact that annual average growth for Roads has been the least whereas that on other activities is much higher. The percentage share of Maintenance Expenditure on Street Lighting has decreased marginally whereas that of Water Supply has remained more or less the same.

Table 9.10

**Distribution of Maintenance Expenditure of
Gram Panchayats, 1990-91 to 1997-98**

(Rupees in Thousand)

Year	Roads	Street Lights	Water Supply	Others	Total
(1)	(2)	(3)	(4)	(5)	(6)
1990-91	25907 (67.46)	2169 (5.65)	2747 (7.15)	7581 (19.74)	38404 (100.00)
1991-92	40970 (49.26)	2631 (3.16)	4088 (4.92)	35477 (42.66)	83166 (100.00)
1992-93	29834 (33.33)	4197 (4.69)	2261 (2.53)	53207 (59.45)	89499 (100.00)
1993-94	44870 (37.69)	6655 (5.59)	10414 (8.75)	57109 (47.97)	119048 (100.00)
1994-95	28734 (28.82)	4151 (4.16)	7886 (7.91)	58937 (59.11)	99708 (100.00)
1995-96	30752 (43.11)	4032 (5.65)	5832 (8.18)	30715 (43.06)	71331 (100.00)
1996-97	28503 (34.65)	3974 (4.83)	8311 (10.10)	41478 (50.42)	82266 (100.00)
1997-98	34239 (29.63)	4461 (3.86)	6965 (6.03)	69875 (60.48)	115540 (100.00)
AAG (%)	9.32	15.67	48.67	69.16	24.04

Notes: (1) As in notes (2), (3) and (4) of Table 9.1.

Income of Panchayat Samitis

9.13 A perusal of Table 9.11 shows that Panchayat Samitis have no own sources of revenue. All their Income is in the form of Transfers. Nearly 99 per cent of the Transfers is in the form of Grants and the remaining is in the form of Cess from Agricultural Land and is considered as Assigned Revenue. The annual average percentage growth of revenue assigned to Panchayat Samitis is same as that of the revenue assigned to Gram Panchayats. This is so because Cess is assigned between Gram Panchayats and Panchayat Samitis in the ratio of 4:1 by the State Government.

Table 9.11**Income of Panchayat Samitis and
their Distribution, 1990-91 to 1997-98**

(Rupees in Thousand)

Year	Assigned Revenue	Grants	Total	(2) as % of (4)	(3) as % of (4)
(1)	(2)	(3)	(4)	(5)	(6)
1990-91	1570	914162	915732	0.17	99.83
1991-92	1684	954323	956007	0.18	99.82
1992-93	1160	1107407	1108567	0.10	99.90
1993-94	1260	2139549	2140809	0.06	99.94
1994-95	1260	2731475	2732735	0.05	99.95
1995-96	2200	3835120	3837320	0.06	99.94
1996-97	2200	4287185	4289385	0.05	99.95
1997-98	20000	4428067	4448067	0.45	99.55
AAG (%)	124.07	28.11	28.15		

Note: (1) As in notes (3) and (4) of Table 9.1.

9.14 As is the case with Gram Panchayats, a major source of Grants in Panchayat Samitis is from Centrally Sponsored Schemes (Table 9.12). More over its percentage share has increased from around 70 per cent in 1990-91 to about 90 per cent in 1997-98. As a corollary there has been decline in the percentage share of Grants received from the State towards Salary of Staff and Development Purpose. In fact, the Grants towards Development Purpose have declined from about Rs.7.08 crore in 1990-91 to around Rs.1.10 crore in 1997-98. Its annual average percentage growth is also negative (-4.48 per cent).

Table 9.12

Sources of Grants received by Panchayat Samitis
1990-91 to 1997-98

(Rupees in Thousand)

Year	State Government				Centra- lly Sp- onsored Schemes	Tenth Finance Commi- ssion	Total
	Gen Pur- pose	Spec Pur- pose	Devt Pur- pose	Kendu Leaf Grant			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1990-91	83 (0.01)	167823 (18.36)	70817 (7.75)	7209 (0.79)	668230 (73.10)	NA	914162 (100.00)
1991-92	0 (0.00)	218778 (22.92)	114361 (11.98)	10791 (1.13)	610393 (63.96)	NA	954323 (100.00)
1992-93	2766 (0.25)	244976 (22.12)	138567 (12.51)	18000 (1.63)	703098 (63.49)	NA	1107407 (100.00)
1993-94	4317 (0.20)	258092 (12.06)	99393 (4.65)	18000 (0.84)	1759747 (82.25)	NA	2139549 (100.00)
1994-95	17821 (0.65)	265687 (9.73)	87070 (3.19)	18000 (0.66)	2342897 (85.77)	NA	2731475 (100.00)
1995-96	8745 (0.23)	311553 (8.12)	107943 (2.81)	18000 (0.47)	3388879 (88.36)	NA	3835120 (100.00)
1996-97	6782 (0.16)	367034 (8.56)	12070 (0.28)	18000 (0.42)	3883299 (90.58)	NA	4287185 (100.00)
1997-98	24420 (0.55)	390393 (8.82)	11040 (0.25)	19260 (0.43)	3961954 (89.47)	21000 (0.47)	4428067 (100.00)
AAG (%)	111.12	13.15	-4.48	17.64	35.89	NA	28.27

Notes: (1) Gen, Spec, Devt and NA denote General, Specific, Development and Not Applicable respectively. (2) As in notes (2), (3) and (4) of Table 9.1. (3) AAG for Gen Purpose Grant of the State Government (Column 2) is for the period 1992-93 to 1997-98.

Expenditure of Panchayat Samitis

9.15 The percentage share of expenditure on Developmental fronts, which constitutes the major share in Total Expenditure of Panchayat Samitis (Table 9.13), has increased from 72.97 per cent in 1990-91 to 89.07 per cent in 1997-98. In contrast, there has been a decline in the percentage share of Establishment and Maintenance Expenditures. The actual amount spent on Maintenance Expenditure in 1997-98 (Rs.7.13 crore) is lower than that of 1990-91 (Rs.7.96 crore).

Table 9.13**Expenditure Pattern of Panchayat Samitis
1990-91 to 1997-98**

(Rupees in Thousand)

Year	Establi- shment	Devel- opment	Maint- enance	Total
(1)	(2)	(3)	(4)	(5)
1990-91	167906 (18.34)	668230 (72.97)	79596 (8.69)	915732 (100.00)
1991-92	218778 (22.88)	610393 (63.85)	126836 (13.27)	956007 (100.00)
1992-93	247742 (22.35)	703098 (63.42)	157727 (14.23)	1108567 (100.00)
1993-94	262409 (12.26)	1759747 (82.20)	118653 (5.54)	2140809 (100.00)
1994-95	283508 (10.37)	2342897 (85.73)	106330 (3.89)	2732735 (100.00)
1995-96	320298 (8.35)	3388879 (88.31)	128143 (3.34)	3837320 (100.00)
1996-97	373816 (8.71)	3883299 (90.53)	32270 (0.75)	4289385 (100.00)
1997-98	414813 (9.33)	3961954 (89.07)	71300 (1.60)	4448067 (100.00)
AAG (%)	14.02	35.89	16.46	28.15

Notes: (1) As in notes (2), (3) and (4) of Table 9.1.

9.16 From Table 9.14 it can be inferred that Establishment Expenditure of Panchayat Samitis is basically in the form of Salary, which has been increasing at an annual average percentage growth of 13.15 per cent. The staff position in 1997-98 is as follows: (1a) 251 Block Development Officers (BDOs) of the Orissa Administrative Service Cadre, (1b) 63 BDOs from the Panchayati Raj Department, (2) 178 Addl BDOs, (3) 314 Junior Engineers (JEs), (4) 243 Addl JEs, (5) 314 Stipendry Engineers, (6) 314 Progress Assistants, (7) 314 Head Clerks, (8) 628 Senior Clerks, (9) 314 Junior Clerks, (10) 314 Drivers, (11) 3140 Village Level Workers (VLWs), (12) 809 Lady VLWs, (13) 1570 Peons, (14) 1 Mali, and (15) 3 Boat Majhis.

Table 9.14**Distribution of Establishment Expenditure of
Panchayat Samitis, 1990-91 to 1997-98**

(Rupees in Thousand)

Year	Salary & Emp	Others	Total	(2) as % of (4)	(3) as % of (4)
(1)	(2)	(3)	(4)	(5)	(6)
1990-91	167823	83	167906	99.95	0.05
1991-92	218778	0	218778	100.00	0.00
1992-93	244976	2766	247742	98.88	1.12
1993-94	258092	4317	262409	98.35	1.65
1994-95	265687	17821	283508	93.71	6.29
1995-96	311553	8745	320298	97.27	2.73
1996-97	367034	6782	373816	98.19	1.81
1997-98	390393	24420	414813	94.11	5.89
AAG (%)	13.15	65.08	14.02		

Notes: (1) Emp denotes Employment. (2) As in notes (3) and (4) of Table 9.1.

9.17 The trends in the distribution of Development Expenditure (Table 9.15) shows that expenditures on Roads and Education have increased substantially (AAG of 737.24 and 456.06 respectively). Expenditure on Minor Irrigation has shown a marginal increase in its percentage share. Whereas that on Rural Housing declined initially but then again increased and it is more than one-fifth of the Total Development Expenditure for the last three years (1995-96 to 1997-98). Increase in the percentage share of expenditure on Minor Irrigation, Roads, Education and Rural Housing has meant a decline in the percentage share of Others, which has the least annual average percentage growth (14.17 per cent).

Table 9.15

**Distribution of Development Expenditure of
Panchayat Samitis, 1990-91 to 1997-98**

(Rupees in Thousand)

Year (1)	Minor Irrig (2)	Roads (3)	Edu- cation (4)	Rural Housing (5)	Others (6)	Total (7)
1990-91	68208 (10.21)	3958 (0.59)	2664 (0.40)	131738 (19.71)	461662 (69.09)	668230 (100.00)
1991-92	71304 (11.68)	4224 (0.69)	2843 (0.47)	133894 (21.94)	398128 (65.22)	610393 (100.00)
1992-93	78210 (11.12)	5624 (0.80)	3787 (0.54)	116840 (16.62)	498637 (70.92)	703098 (100.00)
1993-94	245586 (13.96)	283558 (16.11)	116166 (6.60)	170911 (9.71)	943526 (53.62)	1759747 (100.00)
1994-95	343762 (14.67)	519355 (22.17)	211596 (9.03)	219844 (9.38)	1048340 (44.75)	2342897 (100.00)
1995-96	445314 (13.14)	750815 (22.16)	304806 (8.99)	807621 (23.83)	1080323 (31.88)	3388879 (100.00)
1996-97	543654 (14.0)	1114087 (28.69)	462943 (11.92)	996529 (25.66)	766086 (19.73)	3883299 (100.00)
1997-98	544489 (13.74)	1145443 (28.91)	494962 (12.49)	908347 (22.93)	868713 (21.93)	3961954 (100.00)
AAG (%)	45.71	737.24	456.06	49.39	14.17	35.89

Notes: (1) As in notes (2), (3) and (4) of Table 9.1.

9.18 As per Table 9.16 the Maintenance Expenditure on roads has declined and it was 0 (zero) in 1997-98. As a result its annual average percentage growth is -22.41 per cent. Expenditure on the maintenance of Staff Quarters and other Buildings has shown an increase. Expenditure on this head also includes Rs.2.10 crore in 1997-98, which was received as Grants from the Tenth Finance Commission. Kendu Leaf Grant is also spent towards Maintenance. In point of fact, Panchayat Samitis receive 20 per cent of the total Kendu Leaf Grant (that is, 9 per cent of the net profit accrued by the State Government from Kendu Leaves), and this amount is distributed to Panchayat Samitis in the Kendu Leaf producing Sub-divisions of Orissa.

Table 9.16**Distribution of Maintenance Expenditure of
Panchayat Samitis, 1990-91 to 1997-98**

(Rupees in Thousand)

Year	Roads	Staff Qtr+TFC	Cess+ KLGrant	Total
(1)	(2)	(3)	(4)	(5)
1990-91	68000 (85.43)	2817 (3.54)	8779 (11.03)	79596 (100.00)
1991-92	105084 (82.85)	9277 (7.31)	12475 (9.84)	126836 (100.00)
1992-93	123777 (78.48)	14790 (9.38)	19160 (12.15)	157727 (100.00)
1993-94	84772 (71.45)	14621 (12.32)	19260 (16.23)	118653 (100.00)
1994-95	71330 (67.08)	15740 (14.80)	19260 (18.11)	106330 (100.00)
1995-96	84216 (65.72)	23727 (18.52)	20200 (15.76)	128143 (100.00)
1996-97	86 (0.27)	11984 (37.14)	20200 (62.60)	32270 (100.00)
1997-98	0 (0.00)	32040 (44.94)	39260 (55.06)	71300 (100.00)
AAG (%)	-22.41	66.27	27.92	16.46

Notes: (1) Qtr, TFC and Kl denote Quarters, Tenth Finance Commission and Kendu Leaf. (2) As in notes (2), (3) and (4) of Table 9.1.

Income and Expenditure of Zilla Parishads

9.19 In its present form the Zilla Parishads started functioning since 1996-97 and in that year their only source of income (Table 9.17) was Grants from the Tenth Finance Commission. In the subsequent year, 1997-98, the Grants from the Tenth Finance Commission increased by 304.93 per cent. Besides, it received around 41 per cent of its Total Income from Centrally Sponsored Schemes. It also obtained about 10 per cent of its Revenue from the State Government in the form of Specific Purpose and Development Purpose Grants.

Table 9.17**Income of Zilla Parishads and their Distribution
1996-97 to 1997-98**

(Rupees in Thousand)

Year	Specific Purpose	Development Purpose	Centrally Sponsored Schemes	Tenth Finance Commission	Total
(1)	(2)	(3)	(4)	(5)	(6)
1996-97	0 (0.00)	0 (0.00)	0 (0.00)	49107 (100.00)	49107 (100.00)
1997-98	14642 (3.02)	35662 (7.35)	235857 (48.63)	198850 (41.00)	485011 (100.00)
AAG (%)				304.93	887.66

Note: (1) The Zilla Parishads started working in 1996-97 in the State. (2) As in notes (2), (3) and (4) of Table 9.1.

9.20 By comparing Tables 9.17 and 9.18 it can be observed that the Specific Purpose Grants received from the State Government have been spent on General Administration and can be considered as Establishment Expenditure. Whereas Grants for Development Purpose have been used towards Sanitation under Maintenance Expenditure. Grants received through Centrally Sponsored Schemes have been used towards Roads as part of Development Expenditure. Grants received from the Tenth Finance Commission have also been spent as part of Development Expenditure.

Table 9.18**Expenditure Pattern of Zilla Parishads
1996-97 to 1997-98**

(Rupees in Thousand)

Year	Establishment Gen Admn	Development Roads Others		Maintenance Sanitation	Total
(1)	(2)	(3)	(4)	(5)	(6)
1996-97	0 (0.00)	0 (0.00)	49107 (100.00)	0 (0.00)	49107 (100.00)
1997-98	14642 (3.02)	198850 (41.00)	235857 (48.63)	35662 (7.35)	485011 (100.00)
AAG (%)		785.22			887.66

Notes: (1) Gen Admn denotes General Administration. (2) As in notes (2), (3) and (4) of Table 9.1.

Income and Expenditure of All Rural Local Bodies (RLB)

9.21 The trends in income and/or expenditure of various RLBs (Table 9.19) show that the percentage share of Gram Panchayats to that of the Total is declining whereas that of the Panchayat Samitis is increasing. This is also reflected by the fact that the annual average percentage growth in income and/or expenditure of Gram Panchayats is only 10.27 whereas that of Panchayat Samitis is 28.15 per cent. The Zilla Parishads started functioning in its present form since 1996-97.

Table 9.19
Income and/or Expenditure of
Various Rural Local Bodies, 1990-91 to 1997-98

(Rupees in Thousand)

Year	Village Panchayats	Panchayat Samitis	Zilla Panchayats	Total
(1)	(2)	(3)	(4)	(5)
1990-91	809479 (46.92)	915732 (53.08)	NA	1725211 (100.00)
1991-92	705133 (42.45)	956007 (57.55)	NA	1661140 (100.00)
1992-93	900364 (44.82)	1108567 (55.18)	NA	2008931 (100.00)
1993-94	1375400 (39.12)	2140809 (60.88)	NA	3516209 (100.00)
1994-95	1177629 (30.12)	2732735 (69.88)	NA	3910364 (100.00)
1995-96	1316945 (25.55)	3837320 (74.45)	NA	5154265 (100.00)
1996-97	1183654 (21.43)	4289385 (77.68)	49107 (0.89)	5522146 (100.00)
1997-98	1384859 (21.92)	4448067 (70.40)	485011 (7.68)	6317937 (100.00)
AAG (%)	10.27	28.15	887.67	22.40

Notes: (1) NA denotes Not Applicable. (2) As in notes (2), (3) and (4) of Table 9.1.

9.22 The item-wise income of all RLBs (Table 9.20) shows that Own Revenue (both Tax as well as Non-tax Revenue) has decreased. This is so because only Gram Panchayats have own sources of revenue. Besides, Own Revenue as percentage of Total Income of Gram Panchayats has been declining (para 9.3, Table 9.1) and the Total Income of Gram Panchayats as percentage of Total Income of all RLBs is also declining (para 9.21, Table 9.19). The percentage share of Income from Assigned Revenue has remained very low. The most important point that comes out is that Grants form the major

source of Income of RLBs.

Table 9.20

**Item-wise Income of Rural Local Bodies
1990-91 to 1997-98**

(Rupees in Thousand)

Year	Own Revenue		Transfers		Total
	Tax Revenue	Non-Tax Revenue	Assigned Revenue	Grants	
(1)	(3)	(2)	(4)	(5)	(6)
1990-91	2370 (0.14)	56667 (3.35)	7848 (0.46)	1622262 (96.04)	1689147 (100.00)
1991-92	2570 (0.16)	82220 (5.12)	8419 (0.52)	1513838 (94.20)	1607047 (100.00)
1992-93	2665 (0.14)	62393 (3.25)	5800 (0.30)	1847573 (96.31)	1918431 (100.00)
1993-94	2732 (0.08)	67591 (1.97)	6300 (0.18)	3348262 (97.76)	3424885 (100.00)
1994-95	3426 (0.09)	76764 (2.01)	6300 (0.17)	3731410 (97.73)	3817900 (100.00)
1995-96	2751 (0.05)	69106 (1.37)	11000 (0.22)	4978890 (98.36)	5061747 (100.00)
1996-97	2684 (0.05)	68692 (1.26)	11000 (0.20)	5349290 (98.48)	5431666 (100.00)
1997-98	2623 (0.04)	67315 (1.08)	100000 (1.61)	6051699 (97.27)	6221637 (100.00)
AAG (%)	2.23	4.33	124.07	23.15	22.71

Notes: (1) Total Income does not include loans, which have been incurred by Gram Panchayats only. Besides, the percentage share of loans to total income inclusive of loans is negligible (Table 9.1). (2) As in notes (2), (3) and (4) of Table 9.1.

9.23 The State and Central Governments devolve Assigned revenue as well as Grants to RLBs. Assigned Revenue is given by the State Government as Cess from Agricultural Land and distributed between the Gram Panchayats and Panchayat Samitis at 4:1 ratio. This ratio is also followed for distributing Kendu Leaf (KL) Grants. However, the distribution of Kendu Leaf Grants is only restricted to Kendu Leaf growing Sub-divisions of the State. The devolution of Grants of RLBs (excluding KL Grants) has been given in Table 9.21. It shows that the percentage share of Grants received by Gram Panchayats is decreasing whereas that of Panchayat Samitis is increasing. The only source of Income of

Zilla Parishads, which has been in operation for only two years, has been Grants.

Table 9.21

**Devolution of Grants (Excluding Kendu Leaf Grants)
to Rural Local, 1990-91 to 1997-98**

(Rupees in Thousand)

Year	Village Panch- ayats	Panch- ayat Samitis	Zilla Panch- ayats	Total
(1)	(2)	(3)	(4)	(5)
1990-91	715309 (44.09)	906953 (55.91)	NA	1622262 (100.00)
1991-92	570306 (37.67)	943532 (62.33)	NA	1513838 (100.00)
1992-93	758166 (41.04)	1089407 (58.96)	NA	1847573 (100.00)
1993-94	1226717 (36.64)	2121549 (63.36)	NA	3348266 (100.00)
1994-95	1017935 (27.28)	2713475 (72.72)	NA	3731410 (100.00)
1995-96	1161770 (23.33)	3817120 (76.67)	NA	4978890 (100.00)
1996-97	1030998 (19.27)	4269185 (79.81)	49107 (0.92)	5349290 (100.00)
1997-98	1157881 (19.13)	4408807 (72.85)	485011 (8.01)	6051699 (100.00)
AAG (%)	10.38	28.27	887.67	23.15

Notes: (1) NA denotes Not Applicable. (3) As in notes (2), (3) and (4) of Table 9.1.

9.24 The expenditure pattern of all RLBs (Table 9.22) shows that the percentage share of Development Expenditure to Total Expenditure has been increasing whereas expenditures on Establishment and Maintenance are declining. This is also corroborated by a relatively higher annual average percentage growth in expenditure under Development (25.91 per cent) as against Establishment (15.09 per cent) and Maintenance (18.15 per cent). However, nothing concrete can be said about the nature of Development Expenditure, that is, whether the expenditure incurred was on Capital Account or it was on Revenue Account.

Table 9.22
Expenditure Pattern of Rural Local Bodies
1990-91 to 1997-98

(Rupees in Thousand)

Year	Establi- shment	Devel- opment	Maint- enance	Total
(1)	(2)	(3)	(4)	(5)
1990-91	229089 (13.28)	1378122 (79.88)	118000 (6.84)	1725211 (100.00)
1991-92	281205 (16.93)	1169893 (70.43)	210042 (12.64)	1661140 (100.00)
1992-93	317205 (15.79)	1444500 (71.37)	247226 (12.84)	2008931 (100.00)
1993-94	336192 (9.56)	2942316 (83.68)	237701 (6.76)	3516209 (100.00)
1994-95	382328 (9.78)	3322034 (84.95)	206002 (5.27)	3910364 (100.00)
1995-96	440513 (8.55)	4514278 (87.58)	199474 (3.87)	5154265 (100.00)
1996-97	513262 (9.29)	4894348 (88.63)	114536 (2.07)	5522146 (100.00)
1997-98	608841 (9.64)	5486594 (86.84)	222502 (3.52)	6317937 (100.00)
AAG (%)	15.09	25.91	18.15	22.40

Notes: (1) As in notes (2), (3) and (4) of Table 9.1.

Salient Features of RLBs

9.25 The salient features of RLBs regarding the financial aspects during 1990-91 to 1997-98 are as follows:

- (1) The major source of income for all RLBs is in the form of Grants, particularly from Centrally Sponsored Schemes and of late from the Tenth Finance Commission.
- (2) In the devolution of Grants the percentage share of Gram Panchayats has been decreasing whereas that of Panchayat Samitis and Zilla Parishads have been increasing. This trend is also reflected in their percentage share of income and/or expenditure.
- (3) Assigned revenue and Kendu Leaf Grants are devolved by the State Government to Gram Panchayats and Panchayat Samitis in a 4:1 ratio.
- (4) Only Gram Panchayats have own sources of revenue.
- (5) For Zilla Parishads, Grants has been their only source of income since their inception in the present form in 1996-97.
- (6) At an aggregate level the percentage share of expenditure towards Development has

been increasing whereas expenditures on that of Establishment and Maintenance have been declining. This is also true for Panchayat Samitis. However, in case of Gram Panchayats the trends are reversed.

- (7) In Zilla Parishads the Grants received from the State Government are spent on Establishment and Maintenance whereas those received from the Centre (inclusive of the Grants from the Tenth Finance Commission) are spent towards Development.
- (8) Nothing concrete can be said about the increased percentage share of Development Expenditure as it can be either on the Capital Account or on the Revenue Account.

II

URBAN LOCAL BODIES

Financial Position of Urban Local Bodies:*

9.26 The present position of income and expenditure of the different urban local bodies is presented in Table 9.23.

Table 9.23

Income and Expenditure of Urban Local Bodies, 1990-91 to 1997-98

(Rs. in Thousands)

Year	Notified Area Councils		Municipalities		Municipal Corporations	
	Y	E	Y	E	Y	E
1	2	3	4	5	6	7
1990-91	136974	136974	291460	268604	159729	125673
1991-92	170874	170874	351356	344599	191800	177183
1992-93	208091	211815	390863	404360	194630	165600
1993-94	204075	210451	410371	421604	207185	219946
1994-95	211769	215594	427322	435376	276335	310366
1995-96	226375	226373	473835	464001	322619	302814
1996-97	247692	247692	512749	494212	387407	380596
1997-98	269577	269577	535269	543231	367989	387147
Total	1675427	1689350	3393225	3375987	2107694	2069325
Surplus/ Deficit(-)		-13923		17238		38369

Notes: (1) Y and E denote Income and Expenditure respectively. (2) Income includes Own Revenue and Transfers from Govt.

9.27 The above table shows that Municipalities and Municipal Corporations have shown surpluses, while NACs have shown deficits over a period of eight years from 1990-91 to 1997-98: This shows that NACs are unable to meet their expenditure from their income, for which they had to adhere to loan from govt. in some years for financing their expenditure.

9.28 Due to the vast disparities among the different urban local bodies (ULBs) regarding geographical area, population, water supply, business and industry, financial position, etc. it would not be proper to analyse the financial data of different ULBs collectively. Therefore, financial analyses of different ULBs, viz. Municipal Corporations, Municipalities and Notified Area Councils are made separately. The analyses of income and expenditure data of these urban bodies are made in the following paragraphs.

* Data analysed in this part are furnished by Housing and Urban Development Department, Government of Orissa.

Notified Area Councils

Income of Notified Area Councils

9.29 The income of Notified Area Councils (NACs) for the period 1990-91 to 1997-98 is given in Table 9.24.

Table 9.24

Income of Notified Area Councils, 1990-91 to 1997-98
(Rs in Thousand)

Year	Own Revenue	Transfer	Total
1	2	3	4
1990-91	93358 (68.16)	43616 (31.84)	136974 (100.00)
1991-92	122087 (71.45)	48787 (28.55)	170874 (100.00)
1992-93	150349 (72.25)	57742 (27.75)	208091 (100.00)
1993-94	136108 (66.70)	67967 (33.30)	204075 (100.00)
1994-95	136221 (64.33)	75548 (35.67)	211769 (100.00)
1995-96	139562 (61.65)	86813 (38.35)	226375 (100.00)
1996-97	131166 (52.96)	116526 (47.04)	247692 (100.00)
1997-98	171692 (63.69)	97885 (36.31)	269577 (100.00)
AAG (%)	10.27	13.17	10.50

Notes: (1) Transfer includes only grants. (2) Figures in the parentheses denote percentage shares to total. (3) AAG denotes Annual Average Growth.

9.30 The Own Revenue of the NACs has remained more than 60 per cent over the period 1990-91 to 1997-98 (except 1996-97). But its share in Total Revenue has a declining trend. It has declined from 68.16 per cent in 1990-91 to 63.69 per cent in 1997-98. On the other hand, the Transfer from the State Government in the form of Grants has got an increasing share in the total revenue of the NACs. It has increased from 31.84 per cent in 1990-91 to 36.31 per cent in 1997-98. This shows the increasing dependence of the NACs on the State Government.

9.31 *Own Revenue:* The Own Revenue is divided into two major heads, viz. Tax Revenue and Non-Tax Revenue. The distribution of these two sources of Own Revenue is given in Table 9.25.

Table 9.25**Different Items of Income from Own Source, 1990-91 to 1997-98**

(Rs in Thousand)

Year	Tax	Non-Tax	Total	(2) as % of (4)	(3) as % of (4)
1	2	3	4	5	6
1990-91	68811	24547	93358	73.71	26.29
1991-92	75551	46536	122087	61.88	38.12
1992-93	88325	62024	150349	58.75	41.25
1993-94	96166	39942	136108	70.65	29.35
1994-95	96127	40094	136221	70.57	29.43
1995-96	102656	36906	139562	73.56	26.44
1996-97	104765	26401	131166	79.87	20.13
1997-98	108205	63487	171692	63.02	36.98
AAG (%)	6.81	27.39	10.27		

Note: AAG denotes Annual Average Growth.

9.32 Tax is the major source of Own Revenue of the NACs. Its share has remained more than 60 per cent over the period 1990-91 to 1997-98 (except 1992-93). However, its share has been fluctuating. The average growth rate of Tax Revenue is observed to be 6.81 per cent as against 27.39 per cent of Non-Tax Revenue. This shows that there is scope for raising more tax revenue.

9.33 *Tax Revenue:* The NACs are imposing a number of taxes as per the provisions in the Municipal Act. However, Octroi plays a major role in the overall Tax Revenue. This can be observed from Table 9.26.

Table 9.26
Different Items of Tax Revenue Of Notified Area Councils,
1990-91 to 1997-98

(Rs in Thousand)

Year	Holding	Vehicle	Octroi	Lighting
1	2	3	4	5
1990-91	5160 (7.50)	1376 (2.00)	48167 (70.00)	4476 (6.50)
1991-92	5625 (7.45)	1500 (1.99)	53051 (70.22)	4875 (6.45)
1992-93	6525 (7.39)	1740 (1.97)	62225 (70.45)	5655 (6.40)
1993-94	6786 (7.06)	1809 (1.88)	69024 (71.78)	5881 (6.12)
1994-95	7057 (7.34)	1882 (1.96)	67899 (70.63)	6116 (6.36)
1995-96	7551 (7.36)	2013 (1.96)	72453 (70.58)	6544 (6.37)
1996-97	7778 (7.42)	2074 (1.98)	73654 (70.30)	6741 (6.43)
1997-98	8682 (8.02)	2281 (2.11)	79858 (73.80)	6415 (5.93)
AAG (%)	7.80	7.57	7.65	5.44

Contd..

Year	Water	Scavenging	Drainage	Total
1	6	7	8	9
1990-91	3784 (5.50)	2752 (4.00)	3096 (4.50)	68811 (100.00)
1991-92	4125 (5.46)	3000 (3.97)	3375 (4.47)	75551 (100.00)
1992-93	4785 (5.42)	3480 (3.94)	3915 (4.43)	88325 (100.00)
1993-94	4976 (5.17)	3619 (3.76)	4071 (4.23)	96166 (100.00)
1994-95	5175 (5.38)	3764 (3.92)	4234 (4.40)	96127 (100.00)
1995-96	5538 (5.39)	4027 (3.92)	4530 (4.41)	102656 (100.00)
1996-97	5704 (5.44)	4148 (3.96)	4666 (4.45)	104765 (100.00)
1997-98	4274 (3.95)	4563 (4.22)	2132 (1.97)	108205 (100.00)
AAG (%)	2.56	7.57	-1.62	6.81

Notes: (1) Figures in the parentheses denote percentage shares to total. (2) AAG denotes Annual Average Growth.

9.34 Among the different sources of Tax Revenue, Octroi has a major share over the period 1990-91 to 1997-98. Its share has remained more than 70 per cent during the same period. All other different sources of income have got meagre shares. The average growth of different Tax Revenues remained below 8 per cent, This shows that not much effort is being made to raise revenue from these sources.

9.35 *Non-tax Revenue*: The composition of Non-Tax Revenue is given in Table 9.27.

Table 9.27

**Different Items of Non-Tax Revenue Of Notified Area Councils,
1990-91 to 1997-98**

(Rs in Thousand)

Year	Fairs & Festival	Fishery Rental	Bus Stand Fees	Adverti- sment	Ferry Services
1	2	3	4	5	6
1990-91	924 (3.76)	2546 (10.37)	9468 (38.57)	959 (3.91)	1385 (5.64)
1991-92	1025 (2.20)	3099 (6.66)	11551 (24.82)	1253 (2.69)	1690 (3.63)
1992-93	1149 (1.85)	3161 (5.10)	11782 (19.00)	1298 (2.09)	1724 (2.78)
1993-94	1356 (3.39)	3730 (9.34)	13903 (34.81)	1712 (4.29)	2034 (5.09)
1994-95	1736 (4.33)	4774 (11.91)	12796 (31.91)	1471 (3.67)	2604 (6.49)
1995-96	1805 (4.89)	4964 (13.45)	13508 (36.60)	610 (1.65)	2708 (7.34)
1996-97	922 (3.49)	1560 (5.91)	10724 (40.62)	1143 (4.33)	2033 (7.70)
1997-98	1618 (2.55)	2448 (3.86)	12583 (19.82)	1233 (1.94)	2426 (3.82)
AAG (%)	14.23	8.86	5.19	12.68	21.00

Contd..

Year	Fines & Penalties	Project licence Fees	Trade Licence Fees	Other	Total
1	7	8	9	10	11
1990-91	1154 (4.70)	771 (3.14)	3002 (12.23)	4338 (17.67)	24547 (100.00)
1991-92	1408 (3.03)	1000 (2.15)	3662 (7.87)	21848 (46.95)	46536 (100.00)
1992-93	1436 (2.32)	1448 (2.33)	3736 (6.02)	36290 (58.51)	62024 (100.00)
1993-94	1695 (4.24)	2069 (5.18)	4408 (11.04)	9035 (22.62)	39942 (100.00)
1994-95	2170 (5.41)	1208 (3.01)	4642 (11.58)	8693 (21.68)	40094 (100.00)
1995-96	1257 (3.41)	419 (1.14)	4868 (13.19)	6767 (18.34)	36906 (100.00)
1996-97	1528 (5.79)	667 (2.53)	4905 (18.58)	2919 (11.06)	26401 (100.00)
1997-98	2022 (3.18)	853 (1.34)	3258 (5.13)	37046 (58.35)	63487 (100.00)
AAG (%)	11.70	13.93	2.76	211.57	27.39

Notes: (1) Figures in the parentheses denote percentage shares to total. (2) AAG denotes Annual Average Growth.

9.36 Among the different sources of Non-Tax Revenue, Bus Stand Fee has a major share. Its share remained between 19 per cent to about 41 per cent over the period 1990-91 to 1997-98. It is followed by the Trade License Fee. However, these two sources of revenue are growing at very low rate over the period. The NACs are also collecting a significant amount of Non Tax Revenue from Other Sources in the form of additional resource mobilisation.

9.37 *Grants*: The different sources of Grants to the NACs are presented in Table 9.28.

Table 9.28

Grants-in-aid to Notified Area Councils, 1990-91 to 1997-98

(Rs in Thousand)

Year	General Purpose	Specific Purpose	Development Purpose	TFC Grant	Cent. Sp Scheme	Total
1	2	3	4	5	6	7
1990-91	600 (1.38)	22664 (51.96)	1886 (4.32)	NA	18466 (42.34)	43616 (100.00)
1991-92	7438 (15.25)	18171 (37.25)	5295 (10.85)	NA	17883 (36.66)	48787 (100.00)
1992-93	10350 (17.59)	25801 (45.55)	10530 (18.07)	NA	11061 (18.80)	57742 (100.00)
1993-94	8079 (11.89)	34944 (51.41)	9897 (14.56)	NA	15047 (22.14)	67967 (100.00)
1994-95	11666 (15.44)	34062 (45.09)	12455 (16.49)	NA	17365 (22.99)	75548 (100.00)
1995-96	6624 (7.63)	40348 (46.48)	11806 (13.60)	NA	28035 (32.29)	86813 (100.00)
1996-97	16191 (13.89)	50818 (43.61)	13061 (11.21)	21985 (18.87)	14471 (12.42)	116526 (100.00)
1997-98	37940 (38.96)	43636 (44.81)	3550 (3.65)	9825 (9.58)	2934 (3.01)	97885 (100.00)
AAG (%)	205.26	12.19	33.15	NA	-8.08	13.17

Notes: (1) Figures in the parentheses denote percentage shares to total. (2) AAG denotes Annual Average Growth. (3) NA denotes Not Applicable. (4) TFC denotes Tenth Finance Commission.

9.38 The major sources of Grants to the NACs are Specific Purpose Grant and Grants for Centrally Sponsored Schemes. However, the average growth of Grants from Centrally Sponsored Schemes has declined at the rate of about 8 per cent over a period of 8 years from 1990-91 to 1997-98. The grants for Development Purpose and General Purpose, on the other hand, have high growth rates, but the shares are fluctuating. The NACs have got grants from Tenth Finance Commission during 1996-97 and 1997-98. However, the share has declined in 1997-98 from 1996-97.

Expenditure of the NACs

9.39 The major heads under expenditure of NACs are Establishment, Development, and

Maintenance. The distribution of these expenditures is given in Table 9.29.

Table 9.29

**Expenditure of Notified Area Councils,
1990-91 to 1997-98**

(Rs in Thousand)

Year	Establish- ment	Develop- ment	Mainten- ance	Total
1	2	3	4	5
1990-91	66908 (48.85)	13151 (9.60)	56915 (41.55)	136974 (100.00)
1991-92	81897 (47.93)	18314 (10.72)	70663 (41.35)	170874 (100.00)
1992-93	95079 (44.89)	28720 (13.56)	88016 (41.55)	211815 (100.00)
1993-94	102494 (48.70)	27365 (13.00)	80592 (38.29)	210451 (100.00)
1994-95	108537 (50.34)	24292 (11.27)	82765 (38.39)	215594 (100.00)
1995-96	116108 (51.29)	22923 (10.13)	87342 (38.58)	226373 (100.00)
1996-97	129092 (52.12)	24407 (9.85)	94193 (38.03)	247692 (100.00)
1997-98	142203 (52.75)	26295 (9.75)	101079 (37.50)	269577 (100.00)
AAG (%)	11.50	12.67	9.09	10.54

Notes: (1) Figures in the parentheses denote percentage shares to total. (2) AAG denotes Annual Average Growth.

9.40 The Establishment Expenditure has played a major role in the Total Expenditure of the NACs. Initially, though, its share has declined up to 1992-93, it has started increasing thereafter. The share of Establishment Expenditure increased from about 45 per cent in 1992-93 to 53 per cent in 1997-98. On the other hand, the share of Development Expenditure as well as of Maintenance Expenditure has started declining after 1992-93. While the share has declined from about 14 per cent in 1992-93 to 10 per cent in 1997-98 in the case of former, it has declined from about 42 per cent to 38 per cent during the same period in the case of latter. Hence, it seems that NACs are neglecting development as well as the maintenance works and spending an increasing share for establishment.

9.41 *Establishment Expenditure:* The components of Establishment Expenditure are Salary of the staff, and Other Expenditures like General Administration, etc. The Establishment Expenditure is

dominated by salary and other benefits of the staff. It can be seen in Table 9.30.

Table 9.30

**Distribution of Establishment Expenditure of Notified
Area Councils, 1990-91 to 1997-98**

(Rs in Thousand)

Year	Salary	Others	Total	(2) as % of (4)	(3) as % of (4)
1	2	3	4	5	6
1990-91	52558	14350	66908	78.55	21.45
1991-92	63941	17956	81897	78.07	21.93
1992-93	69810	25269	95079	73.42	26.58
1993-94	76394	26100	102494	74.54	25.46
1994-95	83867	24670	108537	77.27	22.73
1995-96	93620	22488	116108	80.63	19.37
1996-97	106745	22347	129092	82.69	17.31
1997-98	118463	23740	142203	83.31	16.69
AAG (%)	12.38	8.63	11.50		

Note: AAG denotes Annual Average Growth.

9.42 A larger share of the Establishment Expenditure of NACs is spent for Salary of the staff. The share of Salary has increased from 78.55 per cent in 1990-91 to 83.31 per cent in 1997-98. The rate of annual growth is 12.38 per cent as against 8.63 per cent for other expenditures. It is interesting to observe that the Salary Expenditure of the staff covers a larger share of the Own Tax Receipts, which is the main source of income of the NACs. The share has increased from 72 per cent in 1990-91 to 82 per cent in 1997-98.

9.43 *Development Expenditure:* The NACs are undertaking a number of development works as per the constitution. The distribution of expenditure on these heads is presented in Table 9.31.

Table 9.31

**Distribution of Development Expenditure of Notified
Area Councils, 1990-91 to 1997-98**

(Rs in Thousand)

Year	Water Supply	Animal Husba- ndry	Fishe- ries	Roads	Education
1	2	3	4	5	6
1990-91	1212 (9.22)	833 (6.33)	1785 (13.57)	5025 (38.21)	947 (7.20)
1991-92	1291 (7.05)	1418 (7.74)	3039 (16.59)	6979 (38.11)	1064 (5.81)
1992-93	1194 (4.16)	3399 (11.83)	7282 (25.36)	7460 (25.97)	1259 (4.38)
1993-94	1378 (5.04)	3033 (11.08)	6499 (23.75)	6550 (23.94)	1059 (3.87)
1994-95	1476 (6.08)	1891 (7.78)	4052 (16.68)	7210 (29.68)	1157 (4.76)
1995-96	1603 (6.99)	1307 (5.70)	2800 (12.21)	7924 (34.57)	1257 (5.48)
1996-97	1744 (7.15)	1250 (5.12)	2697 (11.05)	8716 (35.71)	1477 (6.05)
1997-98	1696 (6.45)	1500 (5.70)	3012 (11.45)	8936 (33.98)	1578 (6.00)
AAG (%)	5.17	20.90	19.80	9.44	8.15

Contd...

Year	Health	Women & Children	Cultural Activities	Total
1	7	8	9	10
1990-91	1921 (14.61)	833 (6.33)	595 (4.52)	13151 (100.00)
1991-92	2092 (11.42)	1418 (7.74)	1013 (5.53)	18314 (100.00)
1992-93	2300 (8.01)	3399 (11.83)	2427 (8.45)	28720 (100.00)
1993-94	3647 (13.33)	3033 (11.08)	2166 (7.92)	27365 (100.00)
1994-95	5265 (21.67)	1891 (7.78)	1350 (5.56)	24292 (100.00)
1995-96	5791 (25.26)	1307 (5.70)	934 (4.07)	22923 (100.00)
1996-97	6370 (26.10)	1256 (5.15)	897 (3.68)	24407 (100.00)
1997-98	7007 (26.65)	1500 (5.70)	1066 (4.05)	26295 (100.00)
AAG (%)	21.68	20.88	20.78	12.67

Notes: (1) Figures in the parentheses denote percentage shares to total. (2) AAG denotes Annual Average Growth.

9.44 The share of Roads and Health together in the Total Development Expenditure is more than 50 per cent during the period 1990-91 to 1997-98. Among the others, expenditure on the development of Fisheries has the highest share but is declining from 1993-94. Education, Water Supply, Development of Women and Children receive not much attention. The average growth rates of Water Supply and Education are also very low over the period 1990-91 to 1997-98.

9.45 *Maintenance expenditure*: The distribution of Maintenance Expenditure of NACs is presented in Table 9.32.

Table 9.32
Distribution of Maintenance Expenditure of Notified
Area Councils, 1990-91 to 1997-98

(Rs in Thousand)

Year	Roads	Educ at ion	Street Light	Water Supply	Sanit- ation	Others	Total
1	2	3	4	5	6	7	8
1990-91	20000 (35.14)	3791 (6.66)	9092 (15.97)	4850 (8.52)	13988 (24.58)	5194 (9.13)	56915 (100.00)
1991-92	27916 (39.51)	4256 (6.02)	9687 (13.71)	5167 (7.31)	16024 (22.68)	7613 (10.77)	70663 (100.00)
1992-93	30000 (34.08)	5036 (5.72)	8956 (10.18)	4777 (5.43)	19761 (22.45)	19486 (22.14)	88016 (100.00)
1993-94	26201 (32.51)	4238 (5.26)	10600 (13.15)	5515 (6.84)	18118 (22.48)	15920 (19.75)	80592 (100.00)
1994-95	28841 (34.85)	4585 (5.54)	11959 (14.45)	5902 (7.13)	19930 (24.08)	11548 (13.95)	82765 (100.00)
1995-96	31696 (36.29)	5029 (5.76)	13156 (15.06)	6413 (7.34)	21923 (25.10)	9125 (10.45)	87342 (100.00)
1996-97	34866 (37.02)	5910 (6.27)	14471 (15.36)	6974 (7.40)	22325 (23.70)	9647 (10.24)	94193 (100.00)
1997-98	35746 (35.36)	6312 (6.24)	15917 (15.75)	6784 (6.71)	24115 (23.86)	12205 (12.07)	101079 (100.00)
AAG (%)	9.55	8.13	8.60	5.16	8.49	24.00	9.09

Notes: (1) Figures in the parentheses denote percentage shares to total. (2) AAG denotes Annual Average Growth.

9.46 The shares of Maintenance Expenditure on Education and Water Supply are low as it is observed in the case of Development Expenditure. Their individual shares remain below 10 per cent and are declining over time. The growth rates are also lowest. Hence, expenditure on Education and Water Supply is neglected not only in development side but also in maintenance. On the other hand, maintenance of road has got highest share in the Total Maintenance Expenditure and the average growth rate is also observed to be highest. Maintenance Expenditure on roads is followed by expenditure on Sanitation and Streetlight.

Municipalities

Income of Municipalities

9.47 The income sources of Municipalities are Own Revenue, Transfer from government and Other Sources. The distribution of income is given in Table 9.33.

Table 9.33

Income Of Municipalities, 1990-1991 to 1997-98

(Rs in Thousand)

Year	Own Revenue	Trans-fer	Others	Total
1	2	3	4	5
1990-91	163712 (56.17)	80342 (27.57)	47406 (16.27)	291460 (100.00)
1991-92	190853 (54.32)	124319 (35.38)	36184 (10.30)	351356 (100.00)
1992-93	223517 (57.19)	92348 (23.63)	4998 (19.19)	390863 (100.00)
1993-94	245556 (59.84)	117587 (28.65)	47228 (11.51)	410371 (100.00)
1994-95	275567 (64.49)	116779 (27.33)	34976 (8.18)	427322 (100.00)
1995-96	313518 (66.17)	129022 (27.23)	31295 (6.60)	473835 (100.00)
1996-97	331222 (64.60)	116110 (22.64)	60417 (12.76)	512749 (100.00)
1997-98	349855 (65.36)	78337 (14.64)	10077 (20.00)	535269 (100.00)
AAG (%)	11.55	3.37	26.12	9.20

Notes: (1) Figures in the parentheses denote percentage shares to total. (2) AAG denotes Annual Average Growth.

9.48 The total income of municipalities has grown at the annual average rate of 9.20 per cent from 1990-91 to 1997-98. The growth rate is, however, lower than that of the NACs. Among the different sources of income, the share of its Own Source is highest. Its share has increased from 56.17 per cent in 1990-91 to 65.36 per cent in 1997-98. As against it, the share of Transfer from government has declined from 27.57 per cent in 1990-91 to 14.64 per cent in 1997-98. Its annual average growth rate is only 3.37 per cent over the same period. Hence, while the Own Revenue plays a significant role in the total income, the role of Transfer has been declining.

9.49 *Own Revenue*: Own Revenue consists of revenue from Tax and Non-Tax. Table 9.34 presents different items of Own Revenue.

Table 9.34

Own Revenue Of Municipalities, 1990-91 to 1997-98

(Rs in Thousand)

Year	Tax Revenue	Non-Tax Revenue	Total	(2) as % Of (4)	(3) as % of (4)
1	2	3	4	5	6
1990-91	124425	39507	163712	75.87	24.13
1991-92	145051	45802	190853	76.00	24.00
1992-93	163206	60311	223517	73.02	26.98
1993-94	195553	50003	245556	79.64	20.36
1994-95	209812	65755	275567	76.14	23.86
1995-96	234831	78687	313518	74.90	25.10
1996-97	249772	81450	331222	75.41	24.59
1997-98	264642	85213	349855	75.64	24.36
AAG (%)	11.52	12.83	11.55		

Note: AAG denotes Annual Average Growth.

9.50 Tax Revenue has an important role to play in the own income of the Municipalities. Its share revolves around 75 per cent during the period 1990-91 to 1997-98. At the same time the share of Non-Tax Revenue remains between 20 per cent to 27 per cent during the same period. Between Tax and Non-Tax sources of income, the average growth in the case of former (11.52%) is lower than the latter (12.83 %). Hence, effort can be made to increase the Tax Revenue of the municipalities.

9.51 *Transfers*: The revenue transferred to the municipalities can be divided into two parts, viz. Assigned Revenue and Grants-in-aid. Between these two, Grants-in aid has a major role in the income of the Municipalities. This is shown in Table 9.35.

Table 9.35

Transfer to the Municipalities, 1990-91 to 1997-98

(Rs in Thousand)

Year	Assigned Revenue	Grant in-aid	Total	(2) as % Of (4)	(3) as % of (4)
1	2	3	4	5	6
1990-91	2299	78043	80342	2.86	97.14
1991-92	2320	121999	124319	1.87	98.13
1992-93	2034	90314	92348	2.20	97.80
1993-94	1210	116377	117587	1.03	98.97
1994-95	2405	114374	116779	2.06	97.94
1995-96	2656	126366	129022	2.06	97.94
1996-97	2731	113379	116110	2.35	97.65
1997-98	2392	75945	78337	3.05	96.95
AAG (%)	6.81	3.53	3.37		

Note: AAG denotes Annual Average Growth.

9.52 Grants are the major source of revenue transfer to the municipalities. Its share remains more than 97 per cent as against up to 3 per cent of share of Assigned Revenue over the period 1990-91 to 1997-98. The lower share of Assigned Revenue might be due to the fact that only surcharge on entertainment tax is assigned to the municipalities.

9.53 *Tax Revenue*: A number of taxes are imposed by the Municipalities. This is given in Table 9.36.

Table 9.36

Tax Revenue Of Municipalities, 1990-91 to 1997-98

(Rs in Thousand)

Year	Holding	Profession	Octroi	Lighting	Water
1	2	3	4	5	6
1990-91	5945	36	109443	3366	3314
	(4.79)	(0.03)	(88.11)	(2.71)	(2.67)
1991-92	7960	27	127584	3190	3300
	(5.49)	(0.02)	(87.96)	(2.20)	(2.28)
1992-93	8079	22	143738	3575	3937
	(4.95)	(0.01)	(88.07)	(2.19)	(2.41)
1993-94	8198	40	176223	3869	4210
	(4.19)	(0.02)	(90.12)	(1.98)	(2.15)
1994-95	8133	36	189181	3962	3950
	(3.88)	(0.02)	(90.17)	(1.89)	(1.88)
1995-96	10292	28	213085	3672	2875
	(4.38)	(0.01)	(90.74)	(1.56)	(1.22)
1996-97	9550	29	225003	4788	3660
	(3.82)	(0.01)	(90.08)	(1.92)	(1.47)
1997-98	10797	36	240091	3999	4423
	(4.08)	(0.01)	(90.72)	(1.51)	(1.67)
AAG (%)	9.78	4.83	12.02	3.44	5.80

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Year	Scavenging	Vehicle	Drainage	Others	Total
1	7	8	9	10	11
1990-91	1023	114	541	423	124205
	(0.82)	(0.09)	(0.44)	(0.34)	(100.00)
1991-92	1081	710	571	628	145051
	(0.75)	(0.49)	(0.39)	(0.43)	(100.00)
1992-93	1335	684	659	1177	163206
	(0.82)	(0.42)	(0.40)	(0.72)	(100.00)
1993-94	666	1020	619	708	195553
	(0.34)	(0.52)	(0.32)	(0.36)	(100.00)
1994-95	1475	762	680	1633	209812
	(0.70)	(0.36)	(0.32)	(0.78)	(100.00)
1995-96	1620	691	772	1796	234831
	(0.69)	(0.29)	(0.33)	(0.76)	(100.00)
1996-97	1977	488	1189	3088	249772
	(0.79)	(0.20)	(0.48)	(1.24)	(100.00)
1997-98	1811	321	1048	2116	264642
	(0.68)	(0.12)	(0.40)	(0.80)	(100.00)
AAG (%)	17.71	67.15	11.49	39.59	11.52

Notes: (1) Figures in the parentheses denote percentage shares to total. (2) AAG denotes Annual

Average Growth.

9.54 Among the different sources of Tax Revenue Octroi has an important role. Its share varies from 88 per cent to 91 per cent of the Total Tax Revenue. Octroi is followed by Holding Tax, whose share remains below 5 per cent. The other sources of Tax Revenue have very negligible importance. Hence, there is scope for raising revenue from taxes other than Octroi.

9.55 *Non-Tax Revenue*: The different items of Non-Tax Revenue is given in Table 9.37.

Table 9.37

Non-Tax Revenue Of Municipalities, 1990-91 to 1997-98

(Rs in Thousand)

Year	Fairs & Festival	Tour-ist Bus	Fishery Rental	BusStand Fee	Adver-tise ment	Ferry Services
1	2	3	4	5	6	7
1990-91	82 (0.21)	105 (0.27)	148 (0.37)	1481 (3.75)	60 (0.15)	180 (0.46)
1991-92	150 (0.33)	365 (0.80)	221 (0.48)	1536 (3.35)	82 (0.18)	243 (0.53)
1992-93	312 (0.52)	363 (0.60)	253 (0.42)	1625 (2.69)	134 (0.22)	337 (0.56)
1993-94	180 (0.36)	102 (0.20)	119 (0.24)	1213 (2.43)	42 (0.08)	174 (0.35)
1994-95	44 (0.07)	132 (0.20)	181 (0.28)	1198 (1.82)	72 (0.11)	60 (0.09)
1995-96	107 (0.14)	154 (0.20)	97 (0.12)	1358 (1.73)	49 (0.06)	70 (0.09)
1996-97	69 (0.08)	195 (0.24)	133 (0.16)	1360 (1.67)	80 (0.10)	53 (0.07)
1997-98	27 (0.03)	120 (0.14)	357 (0.42)	1494 (1.75)	120 (0.14)	82 (0.10)
AAG (%)	17.12	29.92	31.72	0.90	26.31	0.99

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Year	Fines & Penal-ties	Trade License	Cinema House	Others	Total
1	8	9	10	11	12
1990-91	58 (0.15)	1167 (2.95)	245 (0.62)	35981 (91.07)	39507 (100.00)
1991-92	96 (0.21)	1592 (3.48)	546 (1.19)	40971 (89.45)	45802 (100.00)
1992-93	128 (0.21)	2216 (3.67)	207 (0.34)	54736 (90.76)	60311 (100.00)
1993-94	31 (0.06)	1054 (2.11)	62 (0.12)	47026 (94.05)	50003 (100.00)
1994-95	68 (0.10)	1650 (2.51)	47 (0.07)	62303 (94.75)	65755 (100.00)
1995-96	86 (0.11)	1260 (1.60)	52 (0.07)	75454 (95.89)	78687 (100.00)
1996-	41 (0.05)	1160 (1.42)	45 (0.06)	78314 (96.15)	81450 (100.00)
1997-98	35 (0.04)	1149 (1.35)	63 (0.07)	81766 (95.95)	85213 (100.00)
AAG (%)	14.56	6.74	0.53	13.60	12.83

Notes: (1) Figures in the parentheses denote percentage shares to total. (2) AAG denotes Annual Average Growth.

9.56 The important sources of Non-Tax Revenue are Bus Stand Fee and Trade License Fee. Their growth rates are, however, lower and hence, their shares decline over the period 1990-91 to 1997-98. The shares of other different sources of Non-Tax Revenue are meagre. The major share of Non-Tax Revenue comes from other source, which is the additional resource mobilisation.

9.57 *Grants*: The Grants are coming from four major sources, viz. General Purpose, Specific Purpose, Development Purpose and Centrally Sponsored Scheme. The different items of Grants are given in Table 9.38.

Table 9.38

Grants-in-aid to Municipalities, 1990-91 to 1997-98

('000s in Thousand)

Year	Gen. Pur pose	Spe. Pur pose	Dev. Pur pose	TFC Grant	Cent. spon-sored	Total
1	2	3	4	5	6	7
1990-91	32138 (41.18)	11686 (14.97)	14608 (18.72)	NA	19611 (25.13)	78043 (100.00)
1991-92	56999 (46.72)	18218 (14.93)	22799 (18.69)	NA	23983 (19.66)	121999 (100.00)
1992-93	39498 (43.73)	14362 (15.90)	17953 (19.88)	NA	18501 (20.49)	90314 (100.00)
1993-94	55225 (47.45)	20082 (17.26)	25103 (21.57)	NA	15967 (13.72)	116377 (100.00)
1994-95	54309 (47.48)	19749 (17.27)	24686 (21.58)	NA	15630 (13.67)	114374 (100.00)
1995-96	45233 (35.80)	16448 (13.02)	20560 (16.27)	145 (0.00)	43980 (34.80)	126366 (100.00)
1996-97	39171 (34.55)	14244 (12.56)	17805 (15.70)	17315 (15.27)	24844 (21.91)	113379 (100.00)
1997-98	32197 (42.40)	11707 (15.42)	14635 (19.27)	7575 (9.97)	9831 (12.94)	75945 (100.00)
AAG (%)	5.27	3.57	3.58	NA	8.72	3.53

Notes: (1) Figures in the parentheses denote percentage shares to total. (2) AAG denotes Annual Average Growth. (3) NA denotes Not Applicable.

9.58 General Purpose Grants occupy an important place in the Total Grants given to the Municipalities. However, its share has started declining since 1995-96 not only in absolute amount but also in percentages. This is followed by the Grants for Centrally Sponsored Schemes. On the other hand, Grant for Specific Purpose accounts for lower share. The municipalities are also receiving grants from the Tenth Finance Commission since 1995-96. The growth rates of different grants are, however, very small.

Expenditure of Municipalities

9.59 The pattern of expenditure of Municipalities over the period 1990-91 to 1997-98 is presented in table 9.39.

Table 9.39

Expenditure of Municipalities, 1990-91 to 1997-98.

(Rs in Thousand)

Year	Establi shment	Develo pment	Mainten ance	Total
1	2	3	4	5
1990-91	158333 (58.95)	27767 (10.34)	82504 (30.72)	268604 (100.00)
1991-92	189973 (55.13)	31783 (9.22)	122843 (35.65)	344599 (100.00)
1992-93	201420 (49.81)	67860 (16.78)	135080 (33.41)	404360 (100.00)
1993-94	238601 (56.59)	57893 (13.73)	125110 (29.67)	421604 (100.00)
1994-95	254743 (58.51)	62206 (14.29)	118427 (27.20)	435376 (100.00)
1995-96	267645 (57.68)	63449 (13.67)	132907 (28.64)	464001 (100.00)
1996-97	301105 (60.93)	64074 (12.96)	129033 (26.11)	494212 (100.00)
1997-98	329844 (60.17)	74950 (13.67)	143437 (26.16)	548231 (100.00)
AAG (%)	11.19	20.10	9.52	11.03

Notes: (1) Figures in the parentheses denote percentage shares to total. (2) AAG denotes Annual Average Growth.

9.60 Among the three major heads of expenditure, viz. Establishment, Development, and Maintenance, the share of Development Expenditure is the lowest. However, its average growth is highest. On the other hand, the share of Establishment Expenditure has remained highest over the period 1990-91 to 1997-98. Its average growth is also more than that of Maintenance Expenditure. This

indicates that the Municipalities are spending more for administration.

9.61 *Establishment Expenditure*: The Establishment Expenditure of municipalities consists of salary of staff and other administrative expenditures. The distribution is given in Table 9.40.

Table 9.40

**Distribution of Establishment Expenditure of Municipalities,
(1990-91 to 1997-98)**

(Rs in Thousand)

Year	Salary	Others	Total	(2) as % of (4)	(3) as % of (4)
1	2	3	4	5	6
1990-91	119438	38545	158333	75.43	24.34
1991-92	146683	42850	189973	77.21	22.56
1992-93	160607	40265	201420	79.74	19.99
1993-94	175535	62389	238601	73.57	26.15
1994-95	193139	60871	254743	75.82	23.90
1995-96	215973	50802	267645	80.69	18.98
1996-97	244823	55237	301105	81.31	18.34
1997-98	272583	56007	329844	82.64	16.98
AAG (%)	12.59	7.32	11.19		

Note: AAG denotes Annual Average Growth.

9.62 Expenditure on Salary constitutes the major share in the Total Establishment Expenditure. Its share increased from about 75 per cent in 1990-91 to about 83 per cent in 1997-98. The average growth rate of expenditure on Salary of the Staff is also more than the expenditure on other items. It is surprising to know that the expenditure on Salary of the Staff exceeds Tax Revenue. Hence, there is need to control the Expenditure on Salary.

9.63 *Development Expenditure*: The Municipalities are undertaking a number of developmental works. The distribution of expenditure on various heads of these works is presented in Table 9.41.

Table 9.41
Distribution of Development Expenditure of Municipalities
1990-91 to 1997-98

(Rs in Thousand)

Year	Water Supply	Animal Husbandry	Fisheries	Housing	Roads
1	2	3	4	5	6
1990-91	1306 (4.70)	1655 (5.96)	3966 (14.28)	1655 (5.96)	1004 (3.62)
1991-92	1908 (6.00)	1917 (6.03)	2750 (8.65)	914 (2.88)	1521 (4.79)
1992-93	16843 (24.82)	2859 (4.21)	8560 (12.61)	2854 (4.21)	6509 (9.59)
1993-94	11439 (19.76)	3029 (5.23)	9093 (15.71)	3031 (5.24)	1301 (2.25)
1994-95	12129 (19.50)	3577 (5.75)	10713 (17.22)	3570 (5.74)	4752 (7.64)
1995-96	13948 (21.98)	3980 (6.27)	6950 (10.95)	984 (1.55)	5227 (8.24)
1996-97	16040 (25.03)	3570 (5.57)	722 (1.13)	3580 (5.59)	5750 (8.97)
1997-98	18446 (24.61)	3978 (5.31)	1940 (2.59)	3983 (5.31)	6324 (8.44)
AAG (%)	121.11	14.49	35.52	56.30	84.95

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Year	Educ- tion	Health	Women & Child- ren	Cultural Acti- vities	Others	Total
1	7	8	9	10	11	12
1990-91	851 (3.06)	10116 (36.43)	245 (0.88)	346 (1.25)	6623 (23.85)	27767 (100.00)
1991-92	1930 (6.07)	12419 (39.07)	221 (0.70)	443 (1.39)	7760 (24.42)	31783 (100.00)
1992-93	1891 (2.79)	15697 (23.13)	351 (0.52)	872 (1.28)	11424 (16.83)	67860 (100.00)
1993-94	2639 (4.56)	13548 (23.40)	658 (1.14)	1037 (1.79)	12118 (20.93)	57893 (100.00)
1994-95	2515 (4.04)	18417 (29.61)	1174 (1.89)	1079 (1.73)	4280 (6.88)	62206 (100.00)
1995-96	2766 (4.36)	21179 (33.38)	1291 (2.03)	1186 (1.87)	5938 (9.36)	63449 (100.00)
1996-97	3043 (4.75)	24356 (38.01)	1420 (2.22)	1305 (2.04)	4288 (6.69)	64074 (100.00)
1997-98	3347 (4.47)	28009 (37.37)	1562 (2.08)	1436 (1.92)	5925 (7.91)	74950 (100.00)
AG (%)	27.09	16.63	34.98	25.41	7.84	20.10

Notes: (1) Figures in the parentheses denote percentage shares to total. (2) AAG denotes Annual Average Growth.

9.64 Health and Water Supply receive major shares of Development Expenditure of the Municipalities. These together have the share of more than 50 per cent of the Total Development Expenditure of the Municipalities. Expenditure on Water Supply assumes more importance since 1992-93. The other items, viz. Animal Husbandry, Fisheries, Education etc. though have a significant expenditure growth during the period 1990-91 to 1997-98, have very small shares in total expenditures. Hence, Water Supply and Health seem to be the important development works undertaken by the Municipalities.

9.65 *Maintenance Expenditure*: The distribution of Maintenance Expenditure is given in table 9.42.

Table 9.42

**Distribution of Maintenance Expenditure of Municipalities
(1990-91 to 1997-98)**

(Rs in Thousand)

Year	Roads	Educa- tion	Street Light	Water supply	Sanita tion	Others	Total
1	2	3	4	5	6	7	8
1990-91	18690 (22.65)	12769 (15.48)	18608 (22.55)	4203 (5.09)	19384 (23.49)	8850	82504
(10.73) (100.00)							
1991-92	30794 (25.07)	17370 (14.14)	26057 (21.21)	546 (0.44)	16673 (13.57)	31403	122843
(25.56) (100.00)							
1992-93	39694 (29.39)	17019 (12.60)	17760 (13.15)	1872 (1.39)	28795 (21.32)	29940	135080
(22.16) (100.00)							
1993-94	11707 (9.36)	23752 (18.98)	19915 (15.92)	1271 (1.02)	40467 (32.35)	27998	125110
(22.38) (100.00)							
1994-95	22764 (19.22)	22628 (19.11)	19899 (16.80)	1348 (1.14)	43529 (36.76)	8259	118427
(6.97) (100.00)							
1995-96	27040 (20.35)	20172 (15.18)	22883 (17.22)	1550 (1.17)	37881 (28.50)	23381	132907
(17.59) (100.00)							
1996-97	31744 (24.60)	27380 (21.22)	26316 (20.39)	1783 (1.38)	32670 (25.32)	9140	129033
(7.08) (100.00)							
1997-98	36919 (25.74)	28118 (19.60)	27263 (19.01)	2050 (1.43)	37937 (26.45)	11150	143437
(7.77) (100.00)							
AAG (%)	24.30	13.77	7.69	24.97	13.74	45.34	9.52

Notes: (1) Figures in the parentheses denote percentage shares to total. (2) AAG denotes Annual Average Growth.

9.66 Roads and Sanitation are the major items that receive highest shares of Maintenance Expenditure. These two together constitute more than 50 per cent of the Total Maintenance Expenditure during 1997-98. Education and Street light get fluctuating share of Total Maintenance Expenditure over the period 1990-91 to 1997-98. Interestingly, Water Supply that receives highest share (next to Health) in Development Expenditure has got least importance in Maintenance Expenditure.

Municipal Corporations

9.67 There are two Municipal Corporations in the State, which are formed recently. The analysis of income and expenditure of these two corporations together is presented in the following.

Income of Municipal Corporations

9.68 The income of Municipal Corporations consists of Own Income, transfers and Others. The different items of income under these major heads are presented in Table 9.43.

Table 9.43

Income Of Municipal Corporations, 1990-1991 to 1997-98

(Rs in Thousand)

Year	Own Revenue	Transfer	Others	Total
1	2	3	4	5
1990-91	107406 (67.24)	21343 (13.36)	30980 (19.40)	159729 (100.00)
1991-92	149952 (78.18)	33322 (17.37)	8526 (4.45)	191800 (100.00)
1992-93	156914 (80.62)	25076 (12.88)	12640 (6.49)	194630 (100.00)
1993-94	170049 (82.08)	29770 (14.37)	7366 (3.56)	207185 (100.00)
1994-95	238070 (86.15)	26449 (9.57)	11816 (4.28)	276335 (100.00)
1995-96	275434 (85.37)	38126 (11.82)	9059 (2.81)	322619 (100.00)
1996-97	276783 (71.45)	93152 (24.04)	17472 (4.51)	387407 (100.00)
1997-98	311181 (84.56)	31456 (8.55)	25352 (6.89)	367989 (100.00)
AAG (%)	17.32	23.03	15.59	13.31

Notes: (1) Figures in the parentheses denote percentage shares to total. (2) AAG denotes Annual Average Growth.

9.69 The income of Municipal Corporations is dominated by Own Source of revenue. The share of Own Revenue increased from 67.24 per cent in 1990-91 to 84.56 per cent in 1997-98. On the other hand, the share of Transfers has declined from 13.36 per cent in 1990-91 to 8.55 per cent 1997-98. Hence, the own source of revenue plays a major role in determining the income of the Municipal Corporations. This relegates the role of Grants in determining the total income.

9.70 *Own Revenue*: Tax Revenue and Non-Tax Revenue are the components of Own Revenue of the Municipal Corporations. The shares of these components in Total Own Income of the Municipal Corporations are presented in Table 9.44.

Table 9.44

Own Revenue Of Municipal Corporations, 1990-91 to 1997-98
(Rs in Thousand)

Year	Tax Revenue	Non-Tax Revenue	Total	(2) as % Of (4)	(3) as % of (4)
1	2	3	4	5	6
1990-91	101586	5820	107406	94.58	5.42
1991-92	127996	21956	149952	85.36	14.64
1992-93	143125	13789	156914	91.21	8.79
1993-94	156609	13440	170049	92.10	7.90
1994-95	208122	29948	238070	87.42	12.58
1995-96	245218	30216	275434	89.03	10.97
1996-97	251258	25525	276783	90.78	9.22
1997-98	295726	15455	311181	95.03	4.97
AAG (%)	16.87	43.75	17.32		

Note: AAG denotes Annual Average Growth.

9.71 Tax Revenue plays an important role in the own income of the Municipal corporations it has the share of more than 85 per cent in Own Income during 1990-91 to 1997-98. At the same time, the share of Non-Tax Revenue varies between 5 per cent to 15 per cent. Hence, effort can be made to raise Non-Tax Revenue.

9.72 *Transfer*: The Transferred Revenue consists of Assigned Revenue and Grants. This is shown in Table 9.45.

Table 9.45
Transfer to Municipal Corporations, 1990-91 to 1997-98

(Rs in Thousand)

Year	Assigned Revenue	Grant-in-aid	Total	(2) as % of (4)	(3) as of (4)
1	2	3	4	5	6
1990-91	897	20446	21343	4.20	95.80
1991-92	373	32949	33322	1.12	98.88
1992-93	425	24651	25076	1.69	98.31
1993-94	485	29285	29770	1.63	98.37
1994-95	511	25938	26449	1.93	98.07
1995-96	942	37184	38126	2.47	97.53
1996-97	57513	35639	93152	61.74	38.26
1997-98	1313	30143	31456	4.17	95.82
AAG (%)	852.43	9.59	23.03		

Note: AAG denotes Annual Average Growth.

9.73 Grant is the main source of Transferred Revenue of the Municipal Corporations. Its share remains more than 95 per cent over the period 1990-91 to 1997-98, except in the year 1996-97, where there is major decline in the share. The lower share of Assigned Revenue (less than 5 per cent), on the other hand, is due to the fact that only surcharge on entertainment tax is assigned to the Municipal Corporation

9.74 *Tax Revenue:* Tax Revenue of the Municipal Corporations is given in Table 9.46.

Table 9.46
Tax Revenue Of Municipal Corporations, 1990-91 to 1997-98.
(Rs in Thousand)

Year	Holding	Scaveng- ing	Octroi	Lighting
1	2	3	4	5
1990-91	4937	2432	89398	2477
	(4.86)	(2.39)	(88.00)	(2.44)
1991-92	6101	2975	111202	3599
	(4.77)	(2.32)	(86.88)	(2.81)
1992-93	5813	2741	128939	2881
	(4.06)	(1.92)	(90.09)	(2.01)
1993-94	9137	1873	138534	2123
	(5.83)	(1.20)	(88.46)	(1.36)
1994-95	8213	3134	190424	3893
	(3.95)	(1.51)	(91.50)	(1.87)
1995-96	7778	3338	226669	4126
	(3.17)	(1.36)	(92.44)	(1.68)
1996-97	10874	4279	227344	5086
	(4.33)	(1.70)	(90.48)	(2.02)
1997-98	15315	6011	263381	7354
	(5.18)	(2.03)	(89.06)	(2.49)
AAG (%)	20.18	17.90	17.20	22.32

Contd..

Year	Water	Vehicle	Others	Total
1	6	7	8	9
1990-91	430	688	1224	101586
	(0.42)	(0.68)	(1.20)	(100.00)
1991-92	416	868	2835	127996
	(0.33)	(0.68)	(2.21)	(100.00)
1992-93	419	905	1427	143125
	(0.29)	(0.63)	(1.00)	(100.00)
1993-94	443	1522	2977	156609
	(0.28)	(0.97)	(1.90)	(100.00)
1994-95	471	1230	757	208122
	(0.23)	(0.59)	(0.36)	(100.00)
1995-96	464	1020	1823	245218
	(0.19)	(0.42)	(0.74)	(100.00)
1996-97	672	996	2007	251258
	(0.27)	(0.40)	(0.80)	(100.00)
1997-98	575	883	2207	295726
	(0.19)	(0.30)	(0.75)	(100.00)
AAG (%)	5.49	6.95	39.55	16.87

Notes: (1) Figures in the parentheses denote percentage shares to total. (2) AAG denotes Annual Average Growth.

9.75 Octroi is the important source of Tax Revenue of the Municipal corporations. Its share fluctuates between 87 per cent to 92 per cent over the period 1990-91 to 1997-98. Octroi is followed by the tax on Holding, whose share, however, remains below 6 per cent. The shares of other sources of Tax Revenue are meagre. Hence there is scope for raising more tax from Holding, Lighting, Water, Vehicles and Scavenging.

9.76 *Non-Tax Revenue*: The different items of Non-Tax Revenue of Municipal corporations during the period 1990-91 to 1997-98 are given in Table 9.47.

Table 9.47

Non-Tax Revenue Of Municipal Corporations, 1990-91 to 1997-98.

(Rs in Thousand)

Year	Bus Stand	Adver- tise ment	Trade Licence	Others	Total
1	2	3	4	5	6
1990-91	0 (0.00)	2106 (36.19)	758 (13.02)	2956 (50.79)	5820 (100.00)
1991-92	368 (1.68)	1487 (6.77)	1476 (6.72)	18625 (84.83)	21956 (100.00)
1992-93	544 (3.95)	1923 (13.95)	1498 (10.86)	9824 (71.25)	13789 (100.00)
1993-94	448 (3.33)	1197 (8.91)	1533 (11.41)	10262 (76.35)	13440 (100.00)
1994-95	303 (1.01)	1855 (6.19)	1612 (5.38)	26178 (87.41)	29948 (100.00)
1995-96	65 (0.22)	2603 (8.61)	2263 (7.49)	25285 (83.68)	30216 (100.00)
1996-97	235 (0.92)	1807 (7.08)	1271 (4.98)	22212 (87.02)	25525 (100.00)
1997-98	324 (2.10)	1857 (12.02)	1307 (8.46)	11967 (77.43)	15455 (100.00)
AAG (%)	36.45	4.24	14.73	82.96	43.75

Notes: (1) Figures in the parentheses denote percentage shares to total. (2) AAG denotes Annual Average Growth.

9.77 Advertising and Trade License Fees are the important sources of Non-Tax Revenue of the Municipal Corporations. These two constitute about 20 per cent of the Total Non-Tax revenue. The

revenue under Other Sources constitutes the additional resource mobilisation.

Expenditure of Municipal Corporations

9.78 The distribution of expenditure of Municipal Corporation under the major heads is presented in Table 9.48.

Table 9.48

Expenditure of Municipal Corporations, 1990-91 to 1997-98.

(Rs in Thousand)

Year	Establi- ment	Develop- ment	Mainten- ance	Total
1	2	3	4	5
1990-91	45505 (36.21)	16429 (13.07)	63739 (50.72)	125673 (100.00)
1991-92	60913 (34.38)	17149 (9.68)	99121 (55.94)	177183 (100.00)
1992-93	74564 (45.03)	5407 (3.27)	85629 (51.71)	165600 (100.00)
1993-94	96042 (43.67)	14135 (6.43)	109769 (49.91)	219946 (100.00)
1994-95	167084 (53.83)	10456 (3.37)	132826 (42.80)	310366 (100.00)
1995-96	151837 (52.45)	12610 (4.16)	131367 (43.38)	302814 (100.00)
1996-97	181904 (47.79)	10205 (2.68)	188487 (49.52)	380596 (100.00)
1997-98	159648 (41.24)	11499 (2.97)	216000 (55.79)	387147 (100.00)
AAG (%)	22.34	12.22	21.15	19.05

Notes: (1) Figures in the parentheses denote percentage shares to total. (2) AAG denotes Annual Average Growth.

9.79 Maintenance Expenditure receives the highest share followed by Establishment Expenditure. On the other hand, lowest share of expenditure is devoted to Development work. It accounts for less than 10 per cent of the total share from 1992-92 and interestingly, the percentage share has been declining. The average annual growth rate also remains much lower compared to the growth of total expenditure. Hence, it seems that more importance is not given to the development works.

9.80 *Establishment Expenditure:* Distribution of Establishment Expenditure of Municipal Corporation is presented in Table 9.49.

Table 9.49**Distribution of Establishment Expenditure of Municipal Corporations,(1990-91 to 1997-98)**
(Rs in Thousand)

Year	Salary	Others	Total	(2) as % of (4)	(3) as of (4)
1	2	3	4	5	6
1990-91	38515	6990	45505	84.64	15.36
1991-92	53666	7247	60913	88.10	11.90
1992-93	65576	8988	74564	87.95	12.05
1993-94	95783	259	96042	99.73	0.27
1994-95	99984	67100	167084	59.84	40.16
1995-96	101379	57458	158837	63.83	36.17
1996-97	125837	56067	181904	69.18	30.82
1997-98	135316	24332	159648	84.76	15.24
AAG (%)	20.72	3666.36	22.34		

Note: AAG denotes Annual Average Growth.

9.81 The share of Salary of Staff fluctuated between 64 per cent to 100 per cent of Total Establishment Expenditure over the period 1990-91 to 1997-98. The fluctuating share of Salary might be due to the fluctuation in the share of temporary and daily wage employees

9.82 *Development Expenditure:* The distribution of Development Expenditure is given in Table 9.50.

Table 9.50
Distribution of Development Expenditure of Municipal Corporations, 1990-91 to 1997-98.

(Rs in Thousand)

Year Health	Water Supply	Animal Husbandry	Roads	Education	
1	2	3	4	5	6
1990-91	698 (4.25)	25 (0.15)	3457 (21.04)	2394 (14.57)	1264 (7.69)
1991-92	919 (5.36)	30 (0.17)	3227 (18.82)	2694 (15.71)	1996 (11.64)
1992-93	177 (3.27)	27 (0.50)	923 (17.07)	836 (15.46)	712 (13.17)
1993-94	5 (0.04)	35 (0.25)	1008 (7.13)	3202 (22.65)	700 (4.95)
1994-95	227 (2.17)	40 (0.38)	500 (4.78)	512 (4.90)	300 (2.87)
1995-96	414 (3.28)	42 (0.33)	2318 (18.38)	536 (4.25)	1695 (13.44)
1996-97	290 (2.84)	46 (0.45)	1508 (14.78)	564 (5.53)	2085 (20.43)
1997-98	108 (0.94)	50 (0.43)	1578 (13.72)	876 (7.62)	2801 (24.36)
AAG (%)	611.92	11.02	30.58	29.69	65.30

Contd..

Year	Women & Children	Cultural Activities	Others	Total
1	7	8	9	10
1990-91	75 (0.46)	16 (0.10)	8500 (51.74)	16429 (100.00)
1991-92	80 (0.47)	24 (0.14)	8179 (47.69)	17149 (100.00)
1992-93	65 (1.20)	289 (5.34)	2378 (43.98)	5407 (100.00)
1993-94	70 (0.50)	4418 (31.26)	4697 (33.23)	14135 (100.00)
1994-95	80 (0.77)	4922 (47.07)	3875 (37.06)	10456 (100.00)
1995-96	85 (0.67)	2786 (22.09)	4734 (37.54)	12610 (100.00)
1996-97	87 (0.85)	612 (6.00)	5013 (49.12)	10205 (100.00)
1997-98	90 (0.78)	199 (1.73)	5797 (50.41)	11499 (100.00)
AAG (%)	3.14	343.63	7.00	12.22

Notes: (1) Figures in the parentheses denote percentage shares to total. (2) AAG denotes

Annual Average Growth.

9.83 Like NACs and Municipalities, the important heads of expenditure in Municipal corporations are Roads, and Health. However, in this case, Education also receives sizeable expenditure, but the share is fluctuating, and declining in the later years. The average growth rates of expenditure incurred for Roads and Health are found to be more than the growth of Development Expenditure.

9.84 *Maintenance Expenditure*: The distribution of Maintenance Expenditure of Municipal Corporations is presented in Table 9.51.

Table 9.51

Distribution of Maintenance Expenditure of Municipal Corporation, 1990-91 to 1997-98.

(Rs in Thousand)

Year	Roads	Educational	Street Light	Water supply	Sanitation	Others	Total
1	2	3	4	5	6	7	8
1990-91	8067 (12.66)	5586 (8.76)	8894 (13.95)	1630 (2.56)	19615 (30.77)	19947 (31.29)	63739 (100.00)
1991-92	17531 (17.69)	6285 (6.34)	16826 (16.98)	2145 (2.16)	24659 (24.88)	31675 (31.96)	99121 (100.00)
1992-93	10770 (12.58)	6509 (7.60)	10266 (11.99)	533 (0.62)	22136 (25.85)	35415 (41.36)	85629 (100.00)
1993-94	20800 (18.95)	7070 (6.44)	13644 (12.43)	629 (0.57)	26027 (23.71)	41599 (37.90)	109769 (100.00)
1994-95	23041 (17.35)	12000 (9.03)	11635 (8.76)	5576 (4.20)	39037 (29.39)	41537 (31.27)	132826 (100.00)
1995-96	26157 (19.91)	15001 (11.42)	10486 (7.98)	2035 (1.55)	35305 (26.88)	42383 (32.26)	131367 (100.00)
1996-97	36784 (19.52)	18778 (9.96)	20323 (10.78)	2388 (1.27)	50964 (27.04)	59250 (31.43)	188487 (100.00)
1997-98	49000 (22.69)	15787 (7.31)	28074 (13.00)	3877 (1.79)	49534 (22.93)	728 (32.28)	216000 (100.00)
AAG (%)	38.57	18.38	27.21	111.02	16.43	21.06	21.15

Notes: (1) Figures in the parentheses denote percentage shares to total. (2) AAG denotes Annual Average Growth.

9.85 Sanitation receives the major share of Maintenance Expenditure, followed by Road and streetlight. The share of Maintenance Expenditure in the case of Water Supply is very low.

Salient Features of ULBs

9.86 The salient features of ULBs regarding the financial position during 1990-91 to 1997-98 are as follows:

- (1) The main source of income of different urban local bodies is their Own Source of Revenue. Its share remains more than 60 per cent in all the ULBs. However, in case of NACs, the share of Own Revenue has been declining and that of Transferred Revenue increasing.

- (2) Among the different sources of Own Revenue, Tax Revenue is playing a major role in all the ULBs. Its share remains more than 75 per cent of Total Own Revenue (except in the case of NACs). However, except Octroi, other sources of Tax Revenues are meagre.
- (3) The average growth rate of Transfer from the government is very low in the case of Municipalities (i.e. 3.37 per cent) as compared to the growth of its Own Revenue (i.e. 11.55 per cent).
- (4) The major source of Transfer to the ULBs is in the form of Grants. Its share remains more than 95 per cent of total transfer to different ULBs. Assigned Revenue, which accounts less than 5 per cent, consists of mainly surcharge on entertainment tax. NACs are, however, debarred from getting Assigned Revenue.
- (5) The Establishment Expenditure has got a major share in the Total Expenditure of ULBs, except Municipal Corporations. Its share in case of NACs and Municipalities remains more than 50 per cent over the period 1990-91 to 1997-98
- (6) Salary accounts a major share of the Establishment Expenditure of different ULBs. In case of Municipalities, the expenditure on Salary even exceeds their Tax Revenue.
- (7) Development Expenditure accounts lowest share in the Total Expenditure of the ULBs. Its share remains less than 10 per cent in case of NACs and Municipal Corporations, while it revolves around 12 per cent in case of Municipalities. Its growth rate compared to the growth rates of Expenditures on Establishment and Maintenance remains lower in case of Municipal Corporations.
- (8) While expenditure on Health accounts a sizeable share in the Total Development Expenditure of ULBs, Water Supply assumes low share in case of both Development and Maintenance Expenditures of ULBs, except the Development Expenditure of Municipalities.

PROJECTION ON NEEDS AND RESOURCES OF LOCAL BODIES**Rural Local Bodies**

9.87 This section gives the projection of Expenditure of Rural Local Bodies to be financed through Grants for the period 1998-99 to 2004-05 based on the data given by Panchayati Raj Department.

9.88 Table 9.52 shows a substantial increase in Expenditure for Gram Panchayats in 2000-01. This is basically because of two reasons. First, there is an increase in projected expenditure on three heads (a) Street Lights (from Rs.0.44 crore in 1999-2000 to Rs.8.16 crore in 2000-01), (b) Roads (from Rs.0.36 crore in 1999-2000 to Rs.1.74 crore) and (c) Library and Reading Rooms (from Rs.0.57 crore in 1999-2000 to Rs.1.57 crore in 2000-01). Second, because of additional projected expenditure on (a) Storm Water Drains (Rs.10.51 crore), (b) Park and Gardens (Rs.5.25 crore) and (c) Development of Local Markets (Rs.1.05 crore). The total projected expenditure in the above mentioned heads being about Rs.200 crore in 2000-01. Almost 98.03 per cent of this expenditure has been expected to be met by Grants from the Eleventh Finance Commission as the amount expected is nearly Rs.196.60 crore. For the period 2000-01 to 2004-05 Eleventh Finance Commission is expected to contribute about Rs.973.48 crore.

Table 9.52
Projection of Gram Panchayats Expenditure to be Financed
through EFC and Other Grants: 1998-99 to 2004-05

(Rupees in Thousand)

Year	Income less Grants	Total Expen- diture	Deficit (2)-(3)	Grants		
				TFC/EFC	Other	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1998-99	186735 (24.54)	1478632 (6.77)	-1291897 (4.61)	30000 (0.00)	1261897 (4.73)	1291897 (4.61)
1999-2000	190910 (2.24)	1513160 (2.34)	-1322250 (2.35)	30000 (0.00)	1292250 (2.41)	1322250 (2.35)
Sub-Total	376645	2991792	-2615147	60000	2554147	2614147
2000-01	199333 (4.41)	3575868 (136.32)	-3376535 (155.36)	1966024 (6453.41)	1410511 (9.15)	3376535 (155.36)
2001-02	206184 (3.44)	3684225 (3.03)	-3478041 (3.01)	1937582 (-1.45)	1540459 (9.21)	3478041 (3.01)
2002-03	213409 (3.50)	3837448 (4.16)	-3624039 (4.20)	1940801 (0.17)	1683238 (9.27)	3624039 (4.20)
2003-04	221035 (3.57)	4005469 (4.38)	-3784434 (4.43)	1944314 (0.18)	1840120 (9.32)	3784434 (4.43)
2004-05	231102 (4.55)	4189700 (4.60)	-3958598 (4.60)	1946088 (0.09)	2012510 (9.37)	3958598 (4.60)
Sub-Total	1071063	19292710	-18221647	9734809	8486838	18221647
Total	1447708	22284502	-20836794	9794809	11040985	20835794

Notes: (1) Figures for 1998-99 are budget estimates whereas the rest are projected. Panchayati Raj Department has provided the data. (2) Income is exclusive of Grants. It is basically the own sources of revenue and those assigned by the State. However, for 1998-99 and 1999-2000 an amount of Rs.5 lakh per annum is estimated and/or projected as Loans for Gram Panchayats and has been included as Income. (3) Total Expenditure includes agency functions along with those on establishment and maintenance. (4) TFC and EFC denote Tenth Finance Commission and Eleventh Finance Commission respectively. TFC is operational up to 1999-2000. From 2000-01 to 2004-05 EFC will be operational. (5a) Figures in parentheses denote annual percentage growth. (5b) The growth rate for 1998-99 are based on the revised estimates of 1997-88. (5) The first Sub-Total is for the period 1998-99 to 1999-2000. Whereas the second is for the period 2000-01 to 2004-05. Total is a summation of these two Sub-Totals.

9.89 In Panchayat Samitis the expected increase in Expenditure in 2000-01 (Table 9.53) is on (a) Additional Posts to be created (Rs.12.97 crore), (b) Maintenance of Road (Rs.6.85 crore), (c) Purchase of Computers (Rs.3.39 crore), (d) Construction of Roads (Rs.120 crore) and (e) Construction of Quarters (Rs.11.28 crore). Expenditures on these accounts (that is, Rs.154.49 crore) are to be met by the Eleventh Finance Commission. For the period 2000-01 to 2004-05 Eleventh Finance Commission is expected to give as Grants about Rs.774 crore. It also needs to be mentioned that Panchayat Samitis do not have any income of their own. However, as per the existing norm the State Government may assign some amount on account of Cess.

Table 9.53
Projection of Panchayat Samitis Expenditure to be Financed
through EFC and Other Grants: 1998-99 to 2004-05

(Rupees in Thousand)

Year	Income less Grants	Total Expen- diture	Deficit (2)-(3)	Grants		
				TFC/EFC	Other	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1998-99	20000 (0.00)	4581816 (3.01)	-4561816 (3.02)	21000 (0.00)	4540816 (3.03)	4561816 (3.02)
1999-2000	20000 (0.00)	5280876 (15.26)	-5260876 (15.32)	21000 (0.00)	5239876 (15.40)	5260876 (15.32)
Sub-Total	40000	9862692	-9822692	42000	9780692	9822692
2000-01	20000 (0.00)	7347724 (39.14)	-7327724 (39.29)	1544912 (7256.72)	5782812 (10.36)	7327724 (39.29)
2001-02	20000 (0.00)	7922539 (7.82)	-7902539 (7.84)	1525200 (-1.28)	6377339 (10.28)	7902539 (7.84)
2002-03	20000 (0.00)	8588658 (8.41)	-8568658 (8.43)	1540300 (0.99)	7028358 (10.21)	8568658 (8.43)
2003-04	20000 (0.00)	9301338 (8.30)	-9281338 (8.32)	1556100 (1.03)	7725238 (9.92)	9281338 (8.32)
2004-05	20000 (0.00)	10115387 (8.75)	-10095387 (8.77)	1573500 (1.12)	8521887 (10.31)	10095387 (8.77)
Sub-Total	100000	43275646	-43175646	7740012	35435634	43175646
Total	140000	53138338	-52998338	7782012	45216326	52998338

Note: As in Table 9.52.

9.90 Zilla Parishads have to depend on Grants as they have no other sources of income. More over, in its present form it has been operational in the state since 1996-97. And hence there is an increasing need for establishment expenditure. To be precise, increase in the projected expenditure of Zilla Parishads is on account of (a) Salary (which increases from Rs.0.24 crore in 1998-99 to Rs.0.88 crore in 1999-2000 and then to Rs.12.22 crore in 2000-01), (b) Maintenance of Assets (from Rs.1.90 crore in 1999-2000 to Rs.5.03 crore in 2000-01). The Grants expected from Eleventh Finance Commission for the period 2000-01 to 2004-05 is about Rs.335.46 crore (Table 9.54). Besides, the Panchayati Raj Department also expects an increase in Grants from Centrally Sponsored Schemes and the State Government.

Table 9.54
Projection of Zilla Parishads Expenditure to be Financed
through EFC and Other Grants: 1998-99 to 2004-05

(Rupees in Thousand)

Year	Total Expenditure	Annual Growth (%)	TFC/EFC	Annual Growth (%)	Other Grants	Annual Growth (%)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1997-98	485011		198850		286161	
1998-99	691942	42.67	380000	91.10	311942	9.01
1999-2000	1131857	63.58	380000	0.00	751857	141.02
Sub-Total	1823799		760000		1063799	
2000-01	1429776	26.32	656042	72.64	773734	2.91
2001-02	1460985	2.18	653690	-0.36	807295	4.34
2002-03	1508135	3.23	667247	2.07	840888	4.16
2003-04	1555940	3.17	681425	2.12	874515	4.00
2004-05	1604365	3.11	696188	2.17	908177	3.85
Sub-Total	7559201		3354592		4204609	
Total	9383000		4114592		5268408	

Note: As in notes (1), (3), (4), (5b) and (6) of Table 9.52.

9.91 Table 9.55 gives the scenario for All Rural Local Bodies for the period 1998-99 to 2004-05. It also gives the picture for two sub-periods (1) 1998-99 to 1999-2000 and (2) 2000-01 to 2004-05. The former covers the remaining two financial years of the Tenth Finance Commission. Whereas the latter is with regard to that of the Eleventh Finance Commission. In an overall sense, that is, for All Rural Local Bodies for the period 1998-99 to 2004-05 Income excluding Grants is projected to be about Rs.158.87 crore, Expenditure including agency functions is projected to be about Rs.8480.58 crore. As a result the deficit is projected to be Rs.8321.71 crore. From this, the deficit during the period 2000-01 to 2004-05 comes to Rs.6895.65 crore and out of this Rs.2082.94 crore is expected as Grants from the Eleventh Finance Commission.

Table 9.55
Projection of Expenditure of All Rural Local Bodies
to be Financed through EFC and Other Grants: 1998-99 to 2004-05
(Rupees in Thousand)

Items	1998-99 to 1999-2000	2000-01 to 2004-05	1998-99 to 2004-05 (2)+(3)
(1)	(2)	(3)	(4)
A. Income less Grants	417645	1171063	1588708
B. Total Expenditure	14678283	70127557	84805840
C. Deficit (A-B)	-14260638	-68956494	-83217132
D. TFC/EFC	862000	20829413	21691413
E. Other Grants	13398638	48127081	61525719
F. Total Grants (D+E)	14260638	68956494	83217132

Note: As in notes (1), (2), (3) and (4) of Table 9.52.

Salient Features of Projection of RLBs

9.92 The salient features regarding the projection on needs and resources of RLBs are as follows.

- (1) The projections show a substantial increase in income, and hence, expenditure from 2000-01. This is so because the projections are based on an anticipated increase in income through Grants from the Eleventh Finance Commission.
- (2) Increase in expenditure of the Zilla Parishads is also to be met by an increase in Specific Purpose Grants from the State Government.
- (3) Projected increase in expenditure also takes into account an increase in the amount to be spent on Salary because of a proposed increase in Staff and Building of Quarters for the new Staff.
- (4) The absence of a viable own source of income leaves the Rural Local Bodies with no alternative but to depend on Grants even for meeting their expenditures on establishment and maintenance activities.
- (5) In an overall sense, that is, for All Rural Local Bodies for the period 1998-99 to 2004-05 Income excluding Grants is projected to be about Rs.158.87 crore, Expenditure including agency functions is projected to be about Rs.8480.58 crore. As a result the deficit is projected to be Rs.8321.71 crore. From this, the deficit during the period 2000-01 to 2004-05 comes to Rs.6895.65 crore and out of this Rs.2082.94 crore is expected as Grants from the Eleventh Finance Commission.

Urban Local Bodies

9.93 This section deals with the projection of needs and resources of ULBs for the period 1998-99 to 2004-05. H&UD Department, Government of Orissa, furnishes the data for the projection. The total period of projection is divided into two parts, 1998-99 to 1999-2000 and 2000-01 to 2004-05. For the first sub-period, the needs and resources are estimated on the basis of actual of 1997-98. On the other hand, the projection is made for the period 2000-01 to 2004-05, with 10 per cent rise in revenue and 20 per cent rise in expenditure per annum over the estimated projection for the year 1999-2000. The projections are shown separately for different ULBs as well as collectively for all ULBs.

9.94 Table 9.56 presents the projection of Income and Expenditure of NACs for the period 1998-99 to 2004-05.

Table 9.56
Projection of Income and Expenditure of Notified Area Councils
1998-99 to 2004-05

(Rs in Thousand)

Year	Income	Expendi- ture	Gross Deficit (2)-(3)	Grants	Net Deficit (4)+(5)
1	2	3	4	5	6
1998-99	188863	426268	-237405	102716	-134689
1999-2000	207749	496108	-288359	107918	-180441
Sub Total	396612	922376	-525764	210634	-315130
2000-01	228524	579145	-350621	113314	-237307
2001-02	251377	677980	-426603	118980	-307623
2002-03	276513	795724	-519211	124929	-394282
2003-04	304166	936132	-631966	131175	-500791
2004-05	338808	1103678	-764870	137733	-627137
Sub Total	1399388	4092659	-2693271	626131	-2067140
Grand Total	1796000	5015035	-3219035	836765	-2382270

Notes: (1) Income includes Tax Revenue, Non-Tax Revenue and Assigned Revenue. (2) Expenditure includes Establishment, Maintenance and Development. (3) Grants are from both State and Central Governments, including TFC/EFC and are calculated on the basis of current trend. (4) Projected figures are furnished by Housing and Urban Development Dept., Govt. of Orissa.

9.95 It can be seen from the table that the projected needs of NACs are much higher than their projected resources in the total period as well as in the sub-periods. As a result of which, huge deficits are observed in the projected period. The gross deficits/gaps in the two sub-periods are about Rs 52.58 crore and Rs 269.33 crore respectively, which totalled to Rs 321.90 crore in the whole period. Even after the projected/anticipated grants of about Rs 83.68 crore during the total period, the NACs would still be left with a net gap/requirement of about Rs 238.23 crore.

9.96 Table 9.57 presents the projection of needs and resources of the Municipalities.

Table 9.57

**Projection of Income and Expenditure of Municipalities
1998-99 to 2004-05**

(Rs in Thousand)

Year	Income	Expendi- ture	Gross Deficit	Grants	Net Deficit
1	2	3	4	5	6
1998-99	496858	857747	-360889	79742	-281147
1999-2000	550558	1023335	-472777	83750	-389027
Sub Total	1047416	1881082	-833666	163492	-670174
2000-01	599415	1284490	-685075	87937	-597138
2001-02	652826	1519736	-866910	96730	-770180
2002-03	711214	1800936	-1089722	106404	-983318
2003-04	775181	2137267	-1362086	117044	-1245042
2004-05	845143	2539654	-1694511	128749	-1565762
Sub Total	3583779	9282083	-5698304	536864	-5161440
Grand Total	4631195	11163165	-6531970	700356	-5831614

Note: As in Table 9.56

9.97 The table shows the projection of huge gaps in the needs and resources of Municipalities in the sub-periods as well as in the period 1998-99 to 2004-05. The gross deficit/gap in the total period comes to about Rs 653.20 crore, with a deficit of about Rs 83.37 crore in the first sub-period and Rs 569.83 crore in the second sub-period. With the projected/anticipated grants of about Rs 70.34 crore, the Municipalities would still be left with a net gap/requirement of about Rs 583.16 crore during the period 1998-99 to 2004-05.

9.98 Table 9.58 presents the projection of needs and resources of Municipal Corporations over the period 1998-99 to 2004-05.

Table 9.58**Projection of Income and Expenditure of Municipal Corporations
1998-99 to 2004-05**

(Rs in Thousand)

Year	Income	Expendi- ture	Gross Deficit	Grants	Net Deficit
1	2	3	4	5	6
1998-99	371631	676001	-304370	31650	-272720
1999-2000	408791	872210	-463419	33233	-430186
Sub Total	780422	1548211	-767789	64883	-702906
2000-01	458969	1052991	-594022	34894	-559128
2001-02	504861	1263590	-758729	36639	-722090
2002-03	560347	1516308	-955961	38471	-917490
2003-04	580882	1819567	-1238685	40395	-1198290
2004-05	671974	2183483	-1511509	42414	-1469095
Sub Total	2777033	7835939	-5058906	192813	-4866093
Grand Total	3557455	9384150	-5826695	257696	-5568999

Note: As in Table 9.56

9.99 Projection of huge gaps in the needs and resources of Municipal Corporations are also observed in the sub-periods as well as in the total period. The gross gaps/deficits are about Rs 76.78 crore, Rs 505.89 crore and Rs 582.67 crore respectively. With the projected grants of about Rs 6.49 crore and Rs 19.28 crore in the two sub-periods and about Rs 25.77 crore in the total period, the net gap/requirement of funds would come to about Rs 70.29 crore, Rs 486.61 crore and Rs 556.90 crore respectively.

9.100 The gap in the needs and resources of total ULBs is presented in Table 9.59.

Table 9.59
Projection of Income and Expenditure of All Urban Local Bodies
1998-99 to 2004-05

(Rs. in Thousand)

Year	Income	Expendi- ture	Gross Deficit	Grants	Net Deficit
1	2	3	4	5	6
1998-99	1057352	1960016	-902664	214108	-688556
1999-2000	1167098	2391653	-1224555	224901	-999654
Sub Total	2224450	4351669	-2127219	439009	-1688210
2000-01	1286908	2916626	-1629718	236145	-1393573
2001-02	1409064	3461306	-2052242	252349	-1799893
2002-03	1548074	4112968	-2564894	269804	-2295090
2003-04	1660229	4892966	-3232737	288614	-2944123
2004-05	1855925	5826815	-3970890	308896	-3661994
Sub Total	7760200	21210681	-13450481	1355808	12094673
Grand Total	9984650	25562350	-15577700	1794817	-13782883

Note: As in Table 9.56

9.101 The table shows that the projected gross gap/requirement of funds for all ULBs during the period 1998-99 to 2004-05 is Rs 1557.77 crore. With the projected/anticipated grants of about Rs 179.48 crore during the same period, the net gap/requirement of funds would be about Rs 1378.29 crore. While the net requirement of funds during the first sub-period, 1998-99 to 1999-2000, is estimated at about Rs 168.82 crore, in the second sub-period, 2000-01 to 2004-05, it is projected at Rs 1209.47 crore.

9.102 The above projected net requirements are only to carry on the normal operation and maintenance of core services. Besides the above normal operation and maintenance, the ULBs have projected additional requirement of Rs 381.48 crore during 2000-01 to 2004-05 for the improvement of core civic services to obtain desired service level by 2005. The additional requirement are projected for Roads (Rs 230.95 crore), Street Light (Rs 60.57 crore), Solid Waste Management (Rs 1.06 crore) and Storm Water Drains (Rs 88.90 crore).

9.103 Considering both the normal operation and the additional requirement, the total net requirement of funds by the ULBs for the period 2000-01 to 2004-05 is about Rs 1590.95 crore. For the total period of projection, i.e. 1998-99 to 2004-05, the requirement becomes Rs 1659.77 crore. This amount is required in addition to the projected income from all sources.

Salient Features of Projection of ULBs

9.104 The salient features of the Projection of needs and resources of ULBs are as follows.

- (1) The projection shows a huge gap/deficit (Rs 1378.29 crore) in the needs and resources of ULBs during the period 1998-99 to 2004-05. While the net gap/deficit in the period 1998-99 to 1999-2000 is estimated at about Rs 168.82 crore, in the period 2000-01 to 2004-05 it is projected at Rs 1209.47 crore.
- (2) The huge gap is mostly due to the projection of expenditure at a higher rate (20 per cent) than that of income (10 per cent).
- (3) The high growth in the projection of expenditure of ULBs is in order to provide better services than the existing level of poor services.
- (4) Besides the requirement of funds for the normal operation, an additional amount of Rs 381.48 crore is projected for the period 2000-01 to 2004-05 for the improvement of core civic services, viz. Road (Rs 230.95 crore), Street Light (Rs 60.57 crore), Solid Waste Management (Rs 1.06 crore) and Storm Water Drains (Rs 88.90 crore), to obtain desired level of services by 2005.
- (5) In order to meet the above requirement of funds, the ULBs may be needed to raise more revenue from their own sources and to economise their spending. However, considering the present condition of ULBs, raising of additional revenue from their own sources may not be feasible. Hence, there is a need to increase the grants from the Government so as to obtain desired level of services by these ULBs.

CHAPTER – X

RECOMMENDATIONS :

10.1 It is now acknowledged after constitutional amendments, that Local Bodies have acquired a new status enlarging their scope on activities incorporated in 11th and 12th Schedules. The traditional responsibility of Local Bodies which they were discharging even prior to the constitutional amendments and the consequential State legislation depended upon their own resources which they raised with supplementary grants by the government. The level of civic services needs upgradation in order to satisfy the felt needs as well as the expectation of the citizens. The major task of theirs would be to raise additional resources in order to upgrade the level of civic services. With the available access to resources of revenue, it may be beyond their capacity to find the required additional resources for meeting the capital and revenue expenditure. The Commission thus, looking into the above factors, suggests for resource augmentation of Local Bodies by various measures i.e. (i) by increasing the efforts to exploit the existing tax and non-tax potential and (ii) by supplementing additional grants by Government through new tax measures, assignment and sharing of revenue.

10.2 The basic objectives of Local Bodies would be to render basic civic services as primary responsibility by upgrading to a certain level alongwith the responsibility of discharging certain concurrent functions and agency functions to be assigned by the Government as per the present statutes and executive orders to be issued by the Government from time to time.

10.3 The Commission has already analysed the aspect of assignment of existing revenue from land cess, surcharge on entertainment tax, surcharge on additional stamp duty and sharing the net profit from Kendu Leaf Trade on certain percentages in chapter IV. Thus, the Commission sums up the recommendation for devolution of funds in these four areas for coming five years in the following manner.

CESS ON LAND REVENUE :

10.4 The Commission has already observed that the assignable revenue from land cess due to the Rural Local Bodies is less than the amount collected in preceding years on account of lower budgetary allocation . So, apart from allocating Rs.1903.56 lakhs as arrears upto 1996-97, the PRIs will be entitled to allocation of Rs. 533.59 lakhs each year from

1998-99 to 2002-2003 as standard grant subject to additional allocation on account of higher collection than the present level. The interse distribution of this grant and mode of utilisation will be in the manner as mentioned in Chapter IV.

KENDU LEAF TRADE :

10.5 On account of adhoc policy of releasing Kendu Leaf Grant, the P.R.Is have been deprived of getting additional funds to the tune of Rs.68.54 crores from 1984-85 to 1989-90. The P.R.Is are entitled to get the above amount either in lumpsum or in installments according to the economic capacity of the Government. Over and above the above arrear dues, the Rural Local Bodies will get standard revenue of Rs. 9.80 crores each year from 1998-99 till 2002-2003 subject to additional allocation of funds on account of finalisation of proforma account with higher margin than the present level. The interse distribution and utilisation will be same as indicated in Chapter-IV.

SURCHARGE ON ENTERTAINMENT TAX :

10.6 Keeping in view the collection and release of surcharge amount for Urban Local Bodies and O.F.D.C at 1994-95 level, the Urban Local Bodies excepting Cuttack, Bhubaneswar, Berhampur, Rourkela, Puri & Sambalpur, will get Rs.44.85 lakhs each year within the period 1998-99 to 2002-2003. Similarly, instead of O.F.D.C., Rural Local Bodies will get Rs.13.40 lakhs each year for the above five year period. The amount collected on account of compounding the surcharge on entertainment tax should be assessed immediately and the dues be given to the above six Urban Local Bodies with arrears within this five year period. The additional amount on account of increasing surcharge rate as suggested in Chapter IV will also be due an additional allocation of Government take a decision in accordance with the recommendation of the Commission.

SURCHARGE ON STAMP DUTY :

10.7 Surcharge on basic stamp duty and additional stamp duty is a major source of revenue to Development Authorities, Planning Authorities and Improvement Trusts including Special Planning Authorities wherever exist. The Commission has already analysed the position at length and breadth with suggestion to levy such surcharge on transfer of properties in rural areas too. Accordingly, government should impose such surcharge in rural areas and devolve the amount collected, on account of

this new taxation measures to Local Bodies for interse distribution and utilisation in the manner recommended in Chapter IV.

IMPOSITION OF NEW TAX IN RURAL AREAS :

HOUSE TAX IN G.Ps :

10.8 On account of infrastructural development like roads, irrigation projects, and other economic activities in rural areas, it is felt that new taxation areas are to be explored. Panchayat Tax which is a kin to House Tax levied in other States, was being levied by G.Ps in Orissa for quite sometime. The Panchayat Tax was however abolished in 1967 through an amendment of G.P. Act. This type of tax is in vogue in Andhra Pradesh , Kerala and other States and this can become a substantial source of internal revenue to upgrade the present level of civic services by G.Ps. So, G.P. Act, 1964 should be suitably amended empowring G.Ps to levy house tax on buildings both residential and commercial located in G.P. area basing on the annual rental value of the building with mininum of 4% and maximum of 8% after deducting 15% towards repair and maintenance cost while finally determining the annual rental value of a holding. Of course , the G.Ps will be authorised to exempt such type of tax;

- (i) Place of worship ,
- (ii) Free or charitable choultries,
- (iii) Buildings of recognised educational institutions including hostels ,
- (iv) Protected ancient monuments ,
- (v) Burial and burning grounds ,
- (vi) Government property other than the buildings as may be exempted by Government.
- (vii) Huts in Panchayats by resolution to exempt properties whose annual rental value does not exceed Rs. 300/-.

10.9 This assignment of new tax would be followed by lighting tax , drainage tax at the rate of maximum 5% of the house tax being the

service tax wherever such services are available. The V.L.Ws should be declared as first assessing Officer and Extension Officers in the Panchayat Samiti as confirming Officers. Recovery of such type of tax from the defaulters will be in the manner of recovery of Co-operative loans through execution proceedings and the G.P. Extension Officer at the Panchayat Samiti level should be empowered to execute such proceedings.

10.10 The Rural Local Bodies are now empowered to impose a number of taxes like vehicle tax, latrine tax, drainage tax, water tax, lighting tax etc. and to raise some non-tax revenues like public resort and entertainment, licence fee for industries, factories and trade, public market and fines and penalties. These sources in rural areas of Orissa are not elastic. For example in many villages, we do not have any facility for latrine, drainage or street lighting. Many of the public properties like orchards do not exist. There are few industrial factories in rural areas. Public resort and entertainment are few and far between. In view of this, many of the Panchayats are not capable to raise sufficient revenue to meet their non-developmental expenditure. They even depend upon the government for payment of salaries to the Secretaries. We have seen some of the Panchayats who entirely depend on JRY funds to take up some construction of roads. Their tax and non-tax revenues come to hardly Rs. 10 to 20 thousand per year. Though we suggest that the Panchayats should explore all possibilities to raise revenue from the existing sources, they can be viable only if they are given additional resources & raise some new taxes which are of elastic nature and do not face much resistance from the inhabitants of rural areas. Our recommendations for imposition of tax and derivation of non-taxes are based on grounds of equity, efficiency and acceptability.

PROFESSIONAL TAX :

10.11 Under Section 131 (g), Urban Local Bodies are empowered to tax on Profession, Art and Callings and appropriate the same in full as one of the major sources of internal revenue. The State like Andhra Pradesh has assumed the responsibility of collecting this tax and is assigning a portion of the revenue to Urban Local Bodies which is a substantial amount. In the past, Government had also contemplated to exploit this source as additional resource mobilisation measure. But it is very unfortunate that despite this provision in the Municipal Act, no Urban Local Bodies are venturing to exploit this source since this is considered to be an unpopular measure. On one hand there is need for more basic services with upgradation in the existing standard in Urban

areas but such Bodies are handicapped to meet the expectation of people due to resource constraint both from internal and external sources. More so, since the Urban Local Bodies will not be in a position to make a break, through in this tax collection efforts due to popular resistance, the Govt. should assume this responsibility both for taxation and assignment of 50% of gross collection of revenue from this source to the fund starving Urban Local Bodies in the manner of Andhra Pradesh Professional Tax Act, 1987.

OCTROI :

10.12.1 Octroi is a tax levied on entry of goods into a local area. The business community and the transport sector demand for abolition of Octroi for free movement of goods throughout the country. Undoubtedly, the Octroi tax has always been looked down upon because of rampant corruption. Besides, Octroi has become a big hurdle for free movement of vehicles resulting in loss of time and consumption of extra fuel due to slowing down of vehicles and idling of engines. In many States, Octroi has been abolished and replaced by some other forms of tax. One favourite tax is entry tax. When direct taxes cannot provide adequate revenue, entry tax seems to be better since it is imposed at one point and therefore there is less harassment, less delay and less corruption. Though entry tax is better than Octroi, it will not fully compensate for the loss accruing from the abolition of Octroi tax. Further in case of entry tax, adequate revenue cannot be raised since goods coming from one town to another within a State would escape taxation. That is why, even though Octroi tax is considered undesirable and irk-some, some major States like Maharashtra, Gujrat and Punjab still continue to levy Octroi tax and are not inclined to abolish the same on the consideration that the Urban Local Bodies would lose a very elastic source of revenue.

10.12.2 In Madhya Pradesh, Octroi was abolished and replaced by entry tax about 20 years back. As per the analysis made by the Madhya Pradesh Finance Commission, the revenue from entry tax has become less than the possible gross revenue that would have been raised from Octroi. Secondly, they have concluded that grants given as compensation in lieu of Octroi are not in proportion to the rate of increase in revenue from Octroi collected during past years.

10.12.3 Despite corruption and alleged harassment, revenue on Octroi has been increasing each year. Particularly, in case of five class-I towns of the State viz; Cuttack, Berhampur, Bhubaneswar, Sambalpur and Rourkela, Octroi is the most important source of revenue. The

Urban Local Bodies exploit this source with greater degree of flexibility of income to meet their daily expenses not depending much on Government.

10.12.4 On one hand, there is adequate justification for abolition of Octroi tax on account of corruption and harassment, on the other, most of the office bearers of Urban Local Bodies in Orissa during interaction with the Commission, have opposed for abolition of this tax . They apprehend that compensation to be paid by Government in lieu of Octroi would necessarily follow the regulatory mechanism of Government like any other assignable tax revenue viz : cess, surcharge on transfer of properties , surcharge on entertainment tax etc. These assignable tax revenue depends on budgetary provision according to resource availability in Government . Despite these draw backs, imposition of Octroi in Urban Local Bodies is recognised as the mainstay of their income.

10.12.5 However replacement of Octroi in Orissa by introduction of entry tax would be a welcome measure provided the Urban Local Bodies should not be deprived of getting the compensation from this flexible and buoyant source of revenue. Firstly, the apprehension of the Urban Local Bodies not to get this compensation timely, should be cleared. If government can assure to release the compensation in the first week of each month determining the quantum spread over for the whole year with automatic increase of 10% in subsequent years, abolition of Octroi tax has some justification. Otherwise, the present system of Octroi should continue and some special drive should be made to check corruption and harassment in order to boost the income from this source and prevent the delay in movement of vehicles

HOLDING TAX :

10.13 Next to Octroi, tax on holdings is the second biggest source of income of Urban Local Bodies in Orissa. Under Section 131 of Orissa Municipal Act, 1950, the Urban Local Bodies have been empowered to levy and collect this tax @ 7.5% minimum and 10% maximum on the annual rental value of the building deducting 15% towards repair and maintenance cost. Tax on holdings is followed by service tax such as latrine tax (subject to a maximum of 10% of the annual value), Water tax (subject to a maximum of 10% of the annual value), lighting tax (subject to a maximum of 5% of the annual value of the building) and drainage tax (subject to a maximum of 10% of the annual value of the building). It is also prescribed in the aforesaid Act that the valuation of holding needs to be made in every 5 years resulting higher collection towards holding tax

and other service tax on same percentage basis. But it is unfortunate to note that most of the Urban Local bodies are not very serious about this revision. The Commission while interacting with some Chairmen of Urban Local Bodies came to know that none of them are willing to raise the holding tax and service tax, by fresh valuation, on the pretext of the apprehension of public resistance. The tendency of not taking up revaluation in time and lack of interest to effect the revision of holding tax clearly indicate the reluctance of the urban Local Bodies to raise their internal income from this source. On one hand, the inhabitants of Urban Local Bodies claim for more basic services as well as upgradation of the present level. On the other, they back-track to contribute to the coffer of the Urban Local Bodies through revision of existing tax. Of course, making periodical revaluation and effecting the revision require greater degree of political will coupled with efficient and honest official machinery. But since these are lacking, so, the Commission has come to the conclusion that the periodical revaluation should be mandatory and if due to some unavoidable reasons, valuation is not possible, there should be 3 to 5% hike in the existing holding tax as an interim measure. This provision should be incorporated in the Municipal Act to ensure higher collection.

APPORTIONMENT OF A PORTION OF M.V.TAX WITH U.L.Bs :-

10.14 During the visit of the Commission to some U.L.Bs they advocated for sharing percentage of m.V.Tax revenue as additional allocation for maintenance of roads. It is suggested that 10% of gross collection should be given to U.L.Bs to be divisible among Municipalities and N.A.Cs in the ratio 60:40 respectively. The allocation would be in the order of Rs. 1282.00 lakhs annually basing on actual collection of M.V.Tax at 1996-97 level.

ASSIGNMENT OF REVENUE FROM SAIRAT SOURCE :

10.15 Presently the revenue earned from sairat source is appropriated by Government through the agency of Revenue Department. This is basically a local source of revenue to be utilised locally for improvement of basic facilities. Commission is not aware of the actual collection by Revenue Department from this source. Considering the legitimacy of such claim by G.Ps., Commission favours to recommend to assign the entire sairat revenue to G.Ps without deducting collection charges as untied grant for utilising the same for creation of assets for use by the

community. Collection and distribution will be district-wise and the amount will be equally distributed among the G.Ps in a district.

ASSIGNMENT OF ROYALTY COLLECTED FROM MINOR FOREST PRODUCE :

10.16 This is a very good potential source of local revenue. The actual collection of royalty from this source is not available with the Commission. More so, the scheduled areas should enjoy the privilege of collecting and appropriating the licence fee on such produce. Since Government has assumed the responsibility of collection, the entire collection should be given to G.Ps and P.Ss as tied up grant for improvement of forest. The distribution should basically, be confined to scheduled areas (P.Ss & G.Ps to be apportioned in the ratio 60:40 respectively).

GRANT

UNTIED GRANT :

10.17 As per budget provision of 1998-99 a sum of Rs. 700.00 lakhs is provided under State Plan. The Commission does not favour to make any change in the present principle of utilisation. But the above plan grant of Rs. 700.00 lakhs for each year should be given to Z.Ps to be the sole agency for utilisation for creation of capital assets in deficient areas. In addition, funds provided to M.Ps and M.L.As should also be given Z.Ps to create additional capital assets.

GRANTS TOWARDS SALARY, WAGES ETC. TO U.L.Bs :

10.18.1 H & U.D. Department persistently advocated that Government should bear entire pension and other terminal benefit cost alongwith full salary cost for 19,196 (Permanent – 2865, Temporary – 11,909 and Adhoc/N.M.R/D.L.R. – 4422) employees deployed in 102 ULBs by allowing the scale of pay and the present rate of D.A. now admissible to their Government counterparts. Out of 19,196, the sanctioned number is 14,774 and the rest 4,422 are continuing without sanction. It is estimated that Rs. 57.36 crores would be required in 1996 pre-revised scale at 1997-98 level. If revised scale of pay alongwith present rate of D.A. are allowed, the requirement would jump to around Rs. 74.57 crores annually. In addition, around Rs. 0.69 crores would be required annually towards terminal benefits. Presently, 3,124 retired employees are getting pension.

10.18.2 Government have agreed to bear 53% of pay and 50% of D.A. upto 51% for the other posts approved prior to 1.1.1974 and the teaching posts approved prior to 1.11.1976. The other staff alongwith the teaching staff in the above order comes to 8.494 (other staff prior to 1.1.74 – 6.984 and teaching staff prior to 1.11.76 – 1510) in the pre – 1996 scale of pay. Since Government have agreed to bear the salary and D.A. for the above sanctioned staff in an agreed percentage, the U.L.Bs have a legitimate claim in the form of Grants-in-aid towards salary etc. On the above basis. But H & U.D.Department have not clearly indicated the exact amount required annually for the above sanctioned staff on the above principle. But in 1998-99 budget of H & U.D.Deptt. Rs 6.93 crores have been provided. So, the differential amount towards salary claim in the above basis after deducting the present budget provision should be provided by Government in 1998-99 and in subsequent years being the legitimate claim of the U.L.Bs. But this claim only relates to 80 U.L.Bs. The remaining 22 U.L.Bs are not eligible for any salary or D.A. grant either for teaching or for other staff, since they came into existence after 1.1.1974 and 1.11.1976.

10.18.3 In course of visit of the Commission to some of the Urban Local Bodies it came to notice that the ULBs in general have increased their staff strength without the approval of Government in some cases and in other cases, approval has been given on condition that the said Local Bodies would meet the salary cost of these employees from their own source. Thus, the Commission is of the view that the Local Bodies have recklessly increased the staff strength ignoring their own source of income and the future liability on account of such decisions. In such a situation, the Commission does not feel it appropriate to pass on the entire salary and other terminal benefit liability to Govt. except the claim of the approved staff appointed prior to 1.10.1974 and 1.11.1976 in an agreed percentage. It is now left to Government to consider further claim of the U.L.Bs towards salary and other liability to a reasonable level according to the economic capacity of the Government, since 22 U.L.Bs newly emerged after the cut off date of 1.1.1974 and 1.11.1976.

GRANTS TO RURAL LOCAL BODIES :

GRAM PANCHAYATS

10.19 In course of interaction of the Commission with officials and non-officials of Rural Local Bodies, they advocated for non-bureaucratisation of official machinery of G.P.s, particularly for 'G.P. staff. Administration and control of G.P. staff should be left to the G.Ps of course, with some

safe-guards to avoid undue harassment to G.P staff by G.P. authority. As to their wage, Government have already taken decision to pay Rs.2200/- per month per G.P. Secretary as consolidated remuneration for 5,255 employees w.e.f. 1.11.98. This would pose financial burden of Rs.13.88 crores annually against the current budget provision of Rs.2.57 crores. Since Government have already taken such a decision, Commission does not feel appropriate to comment on this aspect.

PANCHAYAT SAMITS :

10.20 As usually, Government are bearing the full salary and other recurring and non-recurring cost of the staff deployed by various line Departments. It is estimated that only 9085 staff belonging to P.R. Deptt. have been deployed in different capacities (B.D.O. -314, ABDO- 178, J.E.- 314, Addl.J.E. -243, Stipendary Engineer- 314, P.A.- 314, Head Clerk - 314, Sr.Clerk- 628, Junior Clerk- 314, Driver- 314, V.L.W.- 3140, Lady V.L.W.- 809, Class-IV-1570, Chowkidar-315, Mail-1, Boatman-3). A sum of Rs.4466.42 lakhs has been provided on 1998-99 P.R. Deptt. budget under plan and non-plan apart from the expenditure on the salary of other line Department staff. This quantum of money should be treated as direct devolution of funds to R.L.Bs

ZILLA PARISHADS:

10.21.1 Presently, the Z.Ps are equipped with some skeleton staff and the entire recurring and non-recurring expenses including the honorarium of President, Vice-President, Members and other ancillary expenses are borne by Government. In 1998-99 Rs.209.38, lakhs have been allocated under P.R. Department budget. The Commission does not favour to alter the present arrangement.

10.21.2 But, Z.Ps are expected to assume a bigger role after Constitutional Amendments. 11th and 12th schedules of the Constitution have enlarged their concurrent and agency functions in wide areas and Government at some point of time, have to devolve funds, functionaries and functions of various line Department. So, Z.Ps should be backed by a full fledged Secretariat. But the present resource position of the State would be hardly able to have additional financial burden for extra manpower for a full-fledged Secretariat of Z.Ps. So the D.R.D. As should be transformed to be the Secretariat of Z.Ps to meet the twin purpose of having a Secretariat for Z.Ps with no additional financial burden on such convergence and with empowerment to take up functions like monitoring, supervising, executing and administering different works which are now

being done under D.R.D.A.s. In addition, the District Planning Boards may be merged with Z.Ps with powers to prepare plans for the concerned districts with the help of Palli Sabhas. Gram Sabhas are unwidely in Orissa with voters numbering around 5000 to 6000. Such a large body cannot make any decision regarding Micro Planning. The number of voters in each Palli Sabha is within the manageable limits. Therefore, it will be easier on the part of Palli Sabhas to initiate proposals for upliftment of village life.

10.21.3 The Commission also feels that all agency functions like J.R.Y. E.A.S. etc. should be channelised through Z.Ps with power to supervise, monitor and co-ordinate the activities even though, the P.Ss the Panchayats will be entitled to take up the assigned works. If the Z.Ps are given the above powers their will be better scope for creation of productive assets.

CREATION OF OTHER ASSETS TO GENERATE PERMANENT INCOME OF R.L.Bs. :

10.22 The Commission had interaction with some Collectors to know their views on raising the own resource of G.P.s on permanent basis. They opined that in majority of G.Ps, pisciculture is a substantial source of income. In Orissa, fish production is quite inadequate to meet the domestic market. As a result, Orissa has to depend on neighbouring States particularly Andhra Pradesh, to meet its necessity to a greater extent. The Commission also visited some G.Ps and found that all other sources except pisciculture yield very low income. If pisciculture is taken up in a massive scale by adopting modern scientific technique, it will fetch adequate income to G.Ps. Funds will not be constraint on this venture. Districts are getting a sizeable amount under E.A.S. programme. If a sincere drive is made to have new pisciculture ponds / tanks in vacant Government lands in G.Ps, by utilising a portion of E.A.S. fund each year, this would assure permanent source of income to G.Ps . Government should issue guidelines accordingly and districts should formulate schemes in the same direction.

NO DUES CERTIFICATE :

10.23 Though G.P.s and U.L.Bs are empowered to levy some taxes, because of their proximity with the public, the non-official office bearers are hesitant to levy new taxes or to recover the arrear dues from the public. Even when some taxes are levied, may influential people evade to pay such taxes and the Local Bodies do not have any mechanism to

collect such arrear dues. Therefore, they clamour for more assistance from Government to provide some basic services. But, Government's kitty is not so elastic to accommodate all the claims of different localities. In order to collect arrears the G.P.s and Urban Local Bodies should be empowered to issue no due certificate to aspirant loanees on collection of certain fees. Government, semi Government and other Financial Institutions should also be advised to insist on such Certificates before sanctioning any loan of any nature. Such NO DUE CERTIFICATE may help to augment resources of Local Bodies.

CONCURRENT FUNCTIONS OF LOCAL BODIES :

10.24 The second major responsibility of Local Bodies is to discharge certain concurrent functions as per 11th and 12th Schedules of the Constitution followed with State legislations to that effect. Orissa G.P.Act, 1964 Orissa Municipal Act, 1950, Orissa Panchayat samiti Act, 1960, Orissa Z.P.Act, 1991 contain vivid descriptions of such functions in order to realise the dream of effective functioning of 3-tier system of Government. These Local Bodies have to discharge some concurrent functions in the areas of education, health, agriculture, sanitation, social security, public distribution system so on and so forth. Under Section 44 and 45 of Orissa G.P.Act, 1964, may such functions have been given with subsequent amendments. But under section 46 of the said Act, prior clearance from Government is necessary for discharge of such functions. So, Government according, should issue clear direction specifying the aspect of each activity to be dealt by G.Ps.

10.25 Letter no.5786/ dated 18.6.97 and L.No.4979/ dated 22.5.98 of P.R. Department envisage that schemes such as JRY, Rural Connectivity Programme, I.C.D.S., Mid-Day Meal Programme, Rural Sanitation Programme and Non-formal education, Adult education, Literacy programme, Public distribution system and E.A.S.(ZP to be one of the agencies is for execution) and distribution of salary of the Primary School Teachers have been transferred to Z.Ps. Similarly, schemes like drinking water supply in rural areas, opening of new dispensaries, Health centres, selection of site for opening of Veterinary dispensaries, Library, rural sanitation programme and approval of Anganwadi work and supervision of Anganwadi Centres are to be implemented through the Standing Committee of the Z.Ps. But in practice, except P.R.. Department in some respect, other Departments are yet to issue detailed guidelines and to place funds accordingly. The Commission while interacting with the officials of the Z.Ps came to know that the said agency have not been delegated with may functions as per the provisions in the Z.P / Municipal

Act. But the Commission feels that the following functions are to be transferred to the Local Bodies alongwith the funds and functionaries in the first phase.

Maintenance of roads :

10.26 As reported by the H & U.Department , 13,686 Kms (Municipal Corporation –1218 Kms, Municipalities-5496 Kms & N.A.Cs-6972 Kms) of road exist in Urban Local Bodies, out of which, some roads are owned by Irrigation Department and Woks Department. Out of 13,686 Kms, 3848 Kms are blacktapped and cement concrete, the rest 9,833 Kms are yet to be developed. In the first phase, Government should transfer the roads owned by the various line Departments alongwith maintenance grant in proportion now available with such line Departments. The Officers in charge of such work should also be transferred to the Urban Local Bodies so that they do not appoint additional staff to increase their liability.

Drinking Water :

10.27 Providing drinking water is one of the basic services to be done by the U.L.Bs. The construction work may be retained by Government. But the maintenance aspect of both tube-wells and stand posts should be transferred to U.L.Bs alongwith proportionate maintenance grant and staff component. Similarly, for Rural Local Bodies, maintenance and repair of tube-wells alongwith transfer of some mechanical personnel and proportionate maintenance grant should also be placed with the Z.Ps to undertake this task hereafter.

Health :

10.28 In big Municipalities, public health staff have been deployed by Government. But the said Urban Local Bodies do not have administrative control over these staff. So, initially, the public health staff should be placed at the disposal of the Municipalities on internal deputation alongwith allocation of proportionate salary, non-salary and other recurring grants to the Municipalities to meet the expenses.

Electricity :

10.29 In respect of street lights, there is now a dual control. Line construction and erection of poles are done by the GRIDCO whereas maintenance is done by the Municipalities. This dual control creates a

great deal of difficulties for the town dwellers. Some bigger Municipalities may be given some skeleton staff alongwith funds at the disposal of such Bodies for doing both types of work.

Swerage Line :

10.30 We have now a separate agency to maintain sewerage line in the towns. This is one of the important functions of the Municipality. Therefore, the management of such lines should be entrusted to the Municipalities alongwith maintenance. The construction of new swerage lines and upgradation of the old ones may be taken up by the P.H.D. Funds alongwith staff which are under the control of P.H.D. to manage and maintain swerage line should be transferred to the Municipalities.

Sanitation :

10.31 The Municipalities are not in a position to dispose of garbage or to improve the sanitation facility in Urban areas. Because of heavy pressure of population in urban areas, pollution is increasing alongwith spread of many contagious diseases. Improvement of sanitation is an important task of the Municipalities and since they are not in a position to improve sanitation, an attempt should be made to privatise the service to control unhealthy environment in the urban areas.

Improvement of Cultural & Physical facility in urban areas :

10.32.1 (a) Though, Municipalities have powers to provide libraries, parks playground and markets, the attempts to upgrade such services have been negligible. Libraries are store house of knowledge. The majority of our youngman in India are first generation learners, where parents might have been illiterate. This poses special challenge to the Municipalities with the task of disseminating knowledge by establishing, improving and upgrading existing libraries to broaden the horizon of young and old men living in urban areas.

(b) Similarly, playgrounds are an essential element to improve the physical well being of young men who are deprived of the facility of playing for want of playgrounds. It is seen in many urban areas of Orissa that children play cricket, badminton etc, in the main streets dislocating traffic movement.

(c) Another areas which needs further improvement is establishment of parks and upgradation of existing parks. They are not only necessary to

improve the scenic beauty of urban areas but also to improve the quality of life of the people living in urban areas. Pollution has poisoned the air, water and soil in urban areas. Parks atleast to some extent, can improve the quality of air and provide some relief to the people.

(d) Slums have great nuisance in urban areas. Almost about 35 to 40 percent of the people are living in slum areas. They are the poorest of poor and many of them provide service to neighbouring households. Removal of slums is of course a necessity to improve the quality of life in urban area. But this increases destitution of poor people and inconvenience to the residents of urban people. However, since it is imperative to remove slums, adequate provisions must be made to resettle and rehabilitate the slum dwellers with proper amenities of life. This is a human problem and must be considered not only on the basis of compassion, but on the basis of necessity so that people who are now living in slum areas can have a decent life with productive avenues of employment.

(e) In most of the towns, cabins are coming up in almost all the main roads and streets, creating traffic congestion and increasing public nuisance. But cabins provide some income to poor people who are otherwise unable to maintain their livelihood. Steps should therefore be taken to create separate market places to locate the cabins so that poor people are not deprived of their income earning capacity.

10.32.2 All these physical and cultural activities need quite a lot of additional investment which neither the Urban Local Bodies can provide nor the State Government with their inadequate resources. The Municipalities require central grant to upgrade such services.

PRIMARY EDUCATION

10.33 Government have decided to distribute the salary of the Primary School Teachers through Z.Ps. This is not adequate. The Primary Schools Teachers should be placed at the disposal of the Z.Ps on internal deputation basis for overall control except creation of posts by Z.Ps. Accordingly, salary cost of Primary School Teachers, construction and maintenance of Primary School Buildings now met by the Govt., should be placed at the disposal of the Z.Ps. Besides, some routine supervisory functions should also be vested with the G.P. authority for better functioning of such schools.

10.34 Two additional functions may be taken up to improve the working of development activities of Local Self Government. They, include Training and Data Bank.

TRAINING :

10.35 To broaden the outlook the develop expertise, regular training to Local Bodies staff including elected officials is considered essential. Both Panchayati Raj Deptt. and Housing & Urban Development should each make a minimum provision of Rs.5.00 lakh each year to impart training to different functionaries working in Local Self Government. Such training should be imparted by some technical, non-profit and autonomous institutions like Nabakrushna Choudhury Centre for Development Studies having expertise in the field of development programme.

DATA BANK :

10.36.1 In the modern world, information has come knowledge. Particularly Micro Planning alongwith execution of schemes mostly depend on accurate and valid information.

10.36.2 Since, the Local Self Government have been constitutionally recognised, storage of information is very much vital. So, a Data Bank in each district under the disposal of the Collector and one at the State Level should be developed for effective implementation of programmes of activities.

A sum of Rs.5.00 lakhs is to be provided to each district at the disposal of the Collector to collect necessary data to establish a Data Bank. In addition, at the level of State headquarters, the Government may also establish a Data Bank in collaboration with the Directorate of Economics & Statistics.

10.37 There are a lot of developmental work which Municipal Corporations and Municipalities need to do in order to improve economic and social structure of urban areas where population pressure is gradually increasing,. Since they have limited scope to raise resource, and the State Government cannot provide all the needed resources, on an experimental basis, the above institutions may borrow short-term loans from Institutional Agencies, according to their paying capacity and invest the amount in some productive and income generating assets. The enterprises so selected must generate income within a period of 3 to 4 years.

CHAPTER-XI

CONCLUSION

11.1 It has been a challenging task on the part of the Commission to prepare and submit the report to Government within a period of 4 months. The Commission attempted to elicit primary data from R.L.Bs and U.L.Bs through a separate set up questionnaires. But the response of such Local Bodies was not encouraging and whatever data received, was not up to the Commission's level of expectation. Out of 5,255 G. Ps only 251 responded through 15 P. Ss. Similarly, 48 U. L. Bs out of 102 sent their replies in the prescribed questionnaire of the Commission. The reply form both the local Bodies was mostly not within the stipulated date line. Besides, the percentage of response was not in representative character. So, the only course left to the Commission was to rely on secondary data furnished by the P.R & H & U.D. Department of Government.

11.2 An analysis of income, expenditure and projection on needs and resources of Local Bodies in future illustrated in Chapter-IX (Part-III) reveal weakness and strength of Local Bodies in the areas of resource raising to upgrade the present level of basic services. In case of Rural Local Bodies, the expenditure for 1998-99 to 2004-2005 has been projected at Rs. 8480.58 crores with own income including assigned revenue of Rs. 158.77 crores. Similarly, in respect of Urban Local Bodies, the expenditure is estimated at Rs. 2556.24 crores with Rs. 998.47 crores being the own income. So, deficits for both Local Bodies for 1998-99 and 2001-2005 have been estimated at Rs. 8321.81 crores (RLBs) and Rs. 1557.77 crores (ULBs) respectively.

11.3 But the resource position of the State vis-à-vis liability on the Government on account of expenditure on civil administration, police and judicial administration, education, maintenance of capital assets, social welfare, debt services and other committed expenditures otherwise termed as revenue expenditure as analysed in Chapter-VII showed that the State Government is not in a position to contribute much to the Local Bodies either by way of grant or by devolution through assignment and sharing of revenue. The Commission has also attempted to suggest new taxation measures in new areas to strengthen the resource base of Urban Local Bodies to some extent. But the additional income to be generated from such sources cannot possible be forecast at present. Even if, some amount are generated by new taxation measures it would be quite marginal and will not be helpful to reduce the margin of deficit projected by the Rural and Urban Local Bodies for the period 1998-99 to 2004-2005 in areas of basic services, development services and other functions. More so, the projection on needs and resources of local Bodies as explained above require a great deal of resource which cannot be raised even with the combined efforts of the State Government and Local Bodies inspite of their best efforts to raise additional resources.

11.4 The Commission has attempted to address the problem of Local Bodies in the face of 3 major constraints viz; the present poor capacity of local bodies to raise resources, inability of the State Government to devolve funds substantially on account of mounting problems of rapid increase in revenue expenditure, mismatched with revenue receipt and the time available to the Commission. The Commission therefore come to the conclusion that unless massive external assistance is provided to Local Bodies to upgrade their basic services they cannot discharge their assigned functions. Only the Central Government can supplement the income of the Local Bodies by meeting a lion's share of total requirement for the years to come.

- 11.5 The State Finance Commission in its meeting held on 19.12.98 resolves to accept and adopt the report for presentation to the Government of Orissa.

Sd/-
(B. MISRA)

CHAIRMAN

Sd/-
(B.C. MALLICK)
MEMBER

Sd/-
(A.P. RAY)
MEMBER

Sd/-
(S.C. DASH)
MEMBER

Sd/-
(D.P. DAS)
MEMBER SECRETARY

GOVERNMENT OF ORISSA
FINANCE DEPARTMENT

NOTIFICATION

Bhubaneswar , the 21st Nov.,1996.

No. FC (10) – 16/ 96- 4 8 7 0 4 / F. , In pursuance of article 243 – I of the Constitution of India read with sections 3 and 8 of the Orissa Finance Commission (Miscellaneous Provision) Act, 1993, the Governor of Orissa do hereby constitute a Finance Commission consisting of Shri Justice S.K. Mohanty as the Chairman and the following four other Members namely :-

1. Shri Bharat Chandra Mallick Member.
2. Shri Anada Prasad Ray - do -
3. Shri Sudam Chandra Das - do -
4. Shri K. C. Badu, I.A.S. Member Secretary

2. The Chairman and other Members of the Commission including Member Secretary shall hold office from the date on which they respectively assume office upto the 31st March , 1998.

3. The Chairman and the Member Secretary shall render whole time service to the Commission and the other Members shall render part-time service to the Commission, as and when required.

4. The Commission shall make recommendations relating to the following matters :-

(i) the principles which should govern –

- (a) the distribution between State and Panchayati Raj Institutions and the Municipalities of the net proceeds of the taxes, duties, tolls and fees leviable by the State which may be divided amongst them under Part IX and Part IXA of the Constitution

and the allocation between the Panchayats at all levels and the Municipalities of their respective shares of such proceeds;

- (b) the determination of taxes, duties , tolls and fees which may be assigned to , or appropriated by Gram Panchayats, Panchayat Samities and Zilla Parishads or, as the case may be , Municipalities; and
- (c) the grants – in – aid to the Gram Panchayats, Panchayat Samities, Zilla Parishads or, as the case may be, Municipalities from the Consolidated fund of the State.
- (ii) the measures needed to improve the financial position of the Gram Panchayats, Panchayat Samities, Zilla Parishads and Municipalities.
- (iii) On any other matter, which the Governor may refer to the Commission in the interest of sound finance of Gram Panchayats, Panchayat Samities, Zilla Parishads and Municipalities.

5. In making its recommendations, the Commission shall have regard, among other considerations, to :-

- (a) the revenue resources of the State Government and the demands thereon, on account of expenditure on civil administration, Police and Judicial administration, education, maintenance of capital assets, Social Welfare , debt servicing and other committed expenditures or liabilities;
- (b) the functions and liabilities of Panchayati Raj Institutions and Municipalities in respect of discharging and implementing of the schemes entrusted to them under articles 243 – G and 243 – W of the Constitution;
- (c) the revenue resources of Panchayati Raj Institutions and Municipalities at all levels for Five Years, commencing from the 1st April , 1997 on the basis of levels of taxation reached in 1996-97, targets set for additional resources mobilisation and potential for mobilising additional revenues ;
- (d) the scope for better fiscal management consistent with the need for speed, efficiency and cost effectiveness of delivery of services;

- (e) the need for providing adequate incentive for better resource mobilisation as well as closely linking expenditure and revenue raising decisions.
6. On the matters aforesaid , the Commission shall make two reports , the first report covering a period of one year commencing from the 1st day of April , 1997, by the 30th June, 1997 and the second report covering a period of 4 years commencing from the 1st day of April , 1998 , by the 31st March , 1998.
7. The Commission shall indicate the basis on which it has arrived at its findings.

BY ORDER OF THE GOVERNOR

P.K. MISHRA

PRINCIPAL SECRETARY TO GOVERNMENT

Memo No. 48705 / F dt. 21.11.96

Copy forwarded to the Director , Printing , Stationery and Publication , Orissa , Madhupatna , Cuttack for publication of the Notification in an extraordinary issue of the Orissa Gazette to-day.

This notification is statutory.

He is requested to supply 500 copies of the notification to the Government in Finance Department immediately.

Sd/-

SPECIAL SECRETARY TO GOVERNMENT.

Memo No. 48706 (225) / F. dt. 21.11.96.

Copy forwarded to All Secretaries / Heads of the Department for information and necessary action.

Sd/-

SPECIAL SECRETARY TO GOVERNMENT.

Memo No. 48707 (5) /F., dt. 21.11.96

Copy forwarded to –

1. Justice S.K. Mohanty, A/ 4 Station Square , Bhubaneswar.
2. Shri Bharat Ch. Mallick, Economist, Vani Vihar Campus, Bhubaneswar.
3. Sri Ananda Prasad Ray , Purighat, Cuttack.
4. Sri Sudam Chandra Das, Advocate, Kansaripara, Sambalpur.
5. Sri K.C. Badu , Director of Fisheries , Orissa , Cuttack for information and necessary action.

Sd/-
SPECIAL SECRETARY TO GOVERNMENT

Memo No. 48708 (30) / F dt. 21.11.96

Copy forwarded to all Collectors of the State for favour of information and necessary action.

Sd/-
DEPUTY SECRETARY TO GOVERNMENT.

Memo No. 48710 / F dt. 21.11.96

Copy forwarded to Accountant General (A&E), Orissa/ Accountant General (Audit), Orissa for information and necessary action.

Sd/-
DEPUTY SECRETARY TO GOVERNMENT

Memo No. 48831 (30) / F dt. 22.11.96

Copy forwarded to the Private Secretary to the Chief Minister / All Ministers / All State Ministers for information of the C.M. / Ministers / State Ministers.

Sd/-
DEPUTY SECRETARY TO GOVERNMENT

Memo No. 48832 (3) / F., dt. 22.11.96

Copy forwarded to the Private Secretary to the Chief Secretary / Addl. Chief Secretary / A.D.C. for information of the Chief Secretary / Addl. Chief Secretary / Addl. Development Commissioner.

Sd/-

DEPUTY SECRETARY TO GOVERNMENT

GOVERNMENT OF ORISSA

FINANCE DEPARTMENT

NOTIFICATION

Bhubaneswar, the 24 / 8 1998

No. FC (10) – 12/ 97 – 36091 / F. In pursuance of article 243 – I of the Constitution of India read with sections 3 and 8 of the Orissa Finance Commission (Miscellaneous Provision) Act, 1993 (Orissa Act 28 of 1993), the Governor of Orissa do hereby constitute a Finance Commission consisting of DR. Baidyanath Mishra as the Chairman and the following four other members, namely :-

1. Shri Bharat Chandra Mallick - Member
 2. Shri Anada Prasad Ray - -do-
 3. Shri Sudam Charan Dash - -do-
 4. Shri Durga Prasad Das, OAS-I (SG) Member – Secretary
At present – Additional Secretary to Government, Finance Department.
2. The Chairman and other members of the Commission including the Member – Secretary shall hold office with effect from the date on which they respectively assume office upto the 31st December , 1998.
 3. The Chairman and the Member – Secretary shall render whole time service to the Commission, and the other members shall render part-time service to the Commission as and when required.
 4. The Commission shall make recommendations relating to the following matters :-
 - (i) the principles which should govern –
 - (a) the distribution between State and Panchayati Raj Institutions and the Municipalities of the net proceeds of the taxes, duties, tolls and fees leviable by the state which may be divided amongst them under Part IX and Part IXA of the Constitution and the allocation between the Panchayats at all levels and the Municipalities of their respective shares of such proceeds ;

- (b) the determination of taxes , duties , tolls and fees which may be assigned to , or appropriated by Grama Panchayats, Panchayat Samities and Zilla Parishads or , as the case may be , Municipalities and
 - (c) the grants-in-aid to the Grama Panchayats, Panchayat Samitis, Zilla Parishads or , as the case may be , Municipalities from the Consolidate Fund of the State ;
 - (ii) the measures needed to improve the financial position of the Grama Panchayats , Panchayat Samities , Zilla Parishads and Municipalities; and
 - (iii) on any other matter, which the Governor may refer to the Commission in the interest of sound finance of Grama Panchayats, Panchayat Samities, Zilla Parishads and Municipalities.
5. In making its recommendations , the Commission shall have regard , among other considerations , to :-
- (a) the revenue resources of the State Government and the demands thereon , on account of expenditure on civil administration , Police and Judicial administration , education , maintenance of capital assets, social welfare, debt servicing and other committed expenditures or liabilities ;
 - (b) the functions and liabilities of Panchayat Raj Institutions and Municipalities in respect of discharging and implementing of the schemes entrusted to them under articles 243 G and 243 W of the Constitution ;
 - (c) the revenue resources of Panchayati Raj Institutions and Municipalities at all levels for five years commencing on the 1st day of April , 1998 on the basis of levels of taxation reached in 1997-98, targets set for additional resources mobilisation and potential for mobilising additional revenues ;
 - (d) the scope for better fiscal management consistent with the need for speed , efficiency and cost effectiveness of delivery of services and
 - (e) the need for providing adequate incentive for better resource mobilisation as well as closely linking expenditure and revenue raising decisions.

6. On the matters aforesaid , the Commission shall make a report covering a period of five years with effect from the 1st day of April , 1998, by the 31st December , 1998.
7. The commission shall indicate the basis on which it has arrived at its findings.

By order of the Governer
K. B. VERMA

PRINCIPAL SECRETARY TO GOVERNMENT

Memo No. 36092/F., Dated 24 / 8 / 98

Copy forwarded to the Director, Printing, Stationary and Publication, Orissa , Madhupatna , Cuttack for publication of the Notification in an extra ordinary issue of the Orissa Gazette to-day.

This notification is statutory.

He is requested to supply 500 copies of the notification to the Government in Finance Department.

Sd/-
ADDITIONAL SECRETARY TO GOVERNMENT

Memo No. 36093 (250) F., Dated . 24 / 8 / 98

Copy forwarded to All Secretaries / All Heads of the Department for information and necessary action.

Sd/-
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Nabakrushna Choudhury Centre for Development Studies,
2. Shri Bharat Chandra Mallick, Economist,
Member , Orissa Finance Commission ,
N-3 / 275 Nayapalli , Bhubaneswar.
3. Shri Anada Prasad Ray , Member .
Orissa Finance Commission,

Qrs. No. 2 S / B. Medical College Campus, Cuttack

4. Shri Sudam Chandra Das
Member , Orissa Finance Commission,
Kansaripara , Sambalpur.
5. Shri Durga Prasad Das, OAS – I (SG)
At present – Additional Secretary to
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ADDITIONAL SECRETARY TO GOVERNMENT

Annexure -1-3-A-1

STAFF OF G.P./P.S./Z.P.
(Information from 1990-91 to 1997-98 YEAR WISE)

DESIGNATION	STAFF SANCTIONED	STAFF IN POSITION	PAY SCALE	TOTAL EMOLUMENTS (Pay- DA+IR+other allowances)

(Annexure -1-3-A-2)

FUNCTIONS PERFORMED BY G.P./P.S./Z.P.
73RD AMENDMENT

S.No.	FUNCTIONS
I	General Administration
(i)	Information and Publicity
(ii)	Maintenance of Records
(iii)	Number of houses
(iv)	
II	Core Functions
(i)	Street lighting
(ii)	Water Supply
(iii)	Sanitation
(iv)	Drainage and Sewrage
III	Developmental Functions
(i)	Minor Irrigation
(ii)	Rural Housing
(iii)	Education
(iv)	Public Health
(v)	Social Welfare
(vi)	
IV	Maintenance Functions
(i)	Rural Sanitation
(ii)	Roads
(iii)	
V	Misc. Functions

Annexure -1-3-A-3

**FUNCTIONS PERFORMED BY G.P./P.S./Z.P. AFTER 73RD AMENDMENT
(AS PER ELEVENTH SCHEDULE OF THE CONSTITUTION)**

Sl. No.	FUNCTIONS	WHETHER TRANSFERRED OR NOT	IF YES, DATE OF TRANSFER (ISSUE OF NOTIFICATION ORDER)
1	Agriculture including agricultural extension		
2	Land improvement, implementation of land reforms, land consolidation and soil conservation		
3	Minor irrigation, water management and watershed development		
4	Animal Husbandary, dairying and poultry		
5	Fisheries		
6	Social Forestry and Farm Forestry		
7	Minor Forest Produce		
8	Small Scale Industries, including Food Processing Industries		
9	Khadi, Village and Cottage Industries		
10	Rural Housing		
11	Drinking Water		
12	Fuel and fodder		
13	Roads, Culverts, bridges, ferries, waterways and other means of Communication		
14	Rural electrification including distribution of electricity		
15	Non conventional energy sources		
16	Poverty alleviation programme		
17	Education including primary and secondary school		
18	Technical training and Vocational education		
19	Adult and non formal education		
20	Libraries		
21	Cultural activities		
22	Markets and fairs		
23	Health and sanitation including hospitals, primary health centres and dispensaries		
24	Family Welfare		
25	Women and Child Development		
26	Social Welfare, including welfare of the handicapped and mentally retarded		
27	Welfare of weaker sections and in particular of SC and STs		
28	Public Distribution Systems		
29	Maintenance of Community assets		
30	Any other (under Article 243 G(b))		

FUCNCTIONS OF G.P./P.S./Z.P. & EXPENDITURE INCURRED ON PERFORMING THESE FUNCTIONS

(Rs. in Thousand)

	FUNCTIONS	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99 (Estimates)
I	EXPENDITURE									
a	SALARY AND OTHER EMOLUMENTS OF STAFF									
b	TERMINAL BENEFITS									
II	OTHER EXPENDITURE									
[A]	ESTABLISHMENT									
1	GENERAL ADMINISTRATION									
2	PROPERTY TAX / HOUSE TAX									
3	RECOVERY OF OCTROI									
4	RECOVERY OF AGRICULTURAL LAND TAX									
5	RECOVERY OF OTHER TAXES									
[B]	CORE									
1.	NAMING STREETS & NUMBERING HOUSES									
2.	REGULATING OFFENSIVE OR DANGEROUS TRADES OR PRACTICES									
3.	REGISTERING BIRTHS & DEATHS									
[C]	DEVELOPMENTAL									
1.	AGRICULTURE									

2.	MINOR IRRIGATION									
3.	ANIMAL HUSBANDARY									
4.	FISHERIES									
5.	RURAL HOUSING									
6.	ROADS									
7.	EDUCATION									
8.	HEALTH									
9.	WOMEN & CHILD DEVELOPMENT									
10.	CULTURAL ACTIVITIES									
11.	OTHERS									
[D]	MAINTENANCE									
1.	ROADS									
2.	EDUCATION									
3.	STREET LIGHT									
4.	WATER SUPPLY									
5.	SANITATION									
6.	OTHERS									
	TOTAL									

ANNEXURE - 1 - 3 - A-6

AMOUNT DEVOLVED TO G.P. / P.S. / Z.P.

(Rs. Thousand)

		1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
[1]	OWN SOURCE									
	AMOUNT DEVOLVED BY									
[2]	STATE GOVERNMENT									
[3]	ZILLA PARISHAD									
[4]	PANCHAYAT SAMITI									
[5]	DISTRICT ADMINISTRATION (INCLUDING D.R.D.A)									
[6]	LINE DEPARTMENTS									
A	STATE P.W.D									

B	HEALTH									
C	EDUCATION									
D	AGRICULTURE									
E	WOMEN & CHILD DEVELOPMENT									
F	RURAL DEVELOPMENT									
G	OTHERS									

DEVOLUTION OF SHARED TAXES AND GRANTS-IN-AID TO G.P. / P.S. / Z.P.

Years	SHARED TAXES			GRANTS-IN-AID		
	Total amount	Share of Rural Local bodies	Share of Village Panchayats	Total Amount	Share of Rural Local Bodies	Share of Village Panchayats
1990-91						
1991-92						
1992-93						
1993-94						
1994-95						
1995-96						
1996-97						
1997-98						

PROJECTS UNDERTAKEN BY G.P. / P.S. / Z.P.

YEAR	NAME OF PROJECTS	COST OF THE PROJECTS (Rs. Thousand)	ASSISTANCE FROM FINANCIAL INSTITUTIONS (Rs. Thousand)
1990 - 91			
1991 - 92			
1992 - 93			
1993 - 94			
1994 - 95			
1995 - 96			
1996 - 97			
1997 - 98			

ANNEXURE - 1-3-A-9

RATE STRUCTURE OF TAXES , FEES , USER CHARGES ETC. LVIED BY G.P. / P.S./ Z.P. (1990-91 TO 1998-99)

(In Percentage)

	1990-91		1991-92		1992-93		1993-94		1994-95		1995-96		1996-97		1997-98		1998-99	
	Min	Max																
A TAXES / USER CHARGES																		
(i) Property																		
(ii) Profession																		
(iii) Vehicle																		
(iv) Pilgrim																		
(v) Octroi																		
(vi) Agricultural Land																		
(vii) Entertainment																		
(viii)																		
(ix)																		
(x)																		
B FEES, FINES ETC.																		
(i) Fairs and Festivals																		
(ii) Tourist Bus Fees																		
(iii) Fishery Rental																		
(iv) Bus Stand Fees																		
(v) Cart Stand																		
(vi) Ferry Service																		
(vii) Fines & Penalties																		
(viii) Fees																		
(ix)																		
(x)																		

ANNEXURE 1-3-A-10

TOTAL REVENUE OF G.P. / P.S. / Z.P. (1990 – 91 TO 1998 – 2000)

(Rs. in Thousand)

	ACTUAL																PROJECTED				
	1990-91		1991-92		1992-93		1993-94		1994-95		1995-96		1996-97		1997-98		1998-99		1999-2000		
	A.M	P.C	A.M	P.C	A.M	P.C															
I. OWN REVENUE																					
A. OWN TAX																					
(i) Property																					
(ii) Profession																					
(iii) Vehicle																					
(iv) Pilgrim																					
(v) Octroi																					
(vi) Agricultural Land																					
(vii) Entertainment																					
(viii)																					
(ix)																					
(x)																					
B. NON-TAX REVENUE/ USER CHARGES																					
(i) Fairs & Festivals																					
(ii) Tourist Bus Fees																					
(iii) Fishery Rental																					
(iv) Bus Stand Fees																					
(v) Cart Stand																					
(vi) Ferry Service																					

(iii) Grant for development Purpose.																				
VI. TFC GRANT																				
VII. CENTRALLY SPONSORED SCHEMES																				
VIII. LOANS FROM GOVERNMENT																				
IX. LOANS FROM FINANCIAL INSTITUTIONS																				
X. OTHERS																				
TOTAL																				

Note – AM = AMOUNT (Rs. Thousands)

PC = PER CAPITA(Rupees) information in respect of A.B. and Total may be given

TOTAL EXPENDITURE OF G.P./ P.S. / Z.P. (1990-91 TO 1999-2000)

ACTUAL

PROJECTED

	1990-91		1991-92		1992-93		1993-94		1994-95		1995-96		1996-97		1997-98		1998-99		1999-2000		
	AM	PC	AM	PC																	
A. GENERAL ADMINISTRATION																					
(i) Salary of Panchayat Staff																					
(ii) Terminal Benefits																					
(iii) Maintenance of Assets & Others																					
B. EXPENDITURE ON OBLIGATORY SERVICES																					
(i) Water Supply																					
(ii) Street Lighting																					
(iii) Solid Water Disposal																					
(iv) Education																					
(v) Public Health																					
(vi) Sanitation																					
(vii) Storm Water Drainage																					
(viii) Roads																					
(ix) Others																					
C. EXPENDITURE ON DISCRETIONARY SERVICES																					
(i) Parks & Playgrounds																					

(ii) Library & Reading Rooms																				
(iii) Markets																				
(iv) Bus Stands																				
(v)																				
D. EXPENDITURE ON DEVELOPMENT GRANTS																				
(i) Grant from State Government																				
(ii) Centrally Sponsored Schemes																				
(iii) TFC Grants																				
(iv) Others																				
E. REPAYMENT OF LOANS																				
F. ANY OTHER EXPENDITURE																				
TOTAL																				

NOTE :- AM = AMOUNT (Rs. Thousand)

PC = PER CAPITA (Rupees) information in respect of A.B and Total may be given

PROJECTED REVENUE OF G.P./ P.S./ Z.P. (2000-01 TO 2004-05)

(Rs. in Thousand)

	2000 - 01		2001 - 02		2002 - 03		2003 - 04		2004 - 05	
	AM	PC								
A. TAXES AND USER CHARGES										
(i) Land Tax (Non Agrl.)										
(ii) Profession										
(iii) Tolls on Vehicles										
(iv) Pilgrim										
(v) Special Tax on Property										
(vi) Water Rate										
(vii) Lighting Rate										
(viii) Entertainment										
(ix) Drainage Tax										
(x) Education Cess										
B. NON TAX REVENUE / USER CHARGES										
(i) Fairs and Festivals										
(ii) Tourist Bus Fees										
(iii) Fishery Rental										
(iv) Bus Stand Fees										
(v) Cart Stand										
(vi) Ferry Service										
(vii) Fines and Penalties										
(viii) Fees for ZP Shelters										
(ix) Any other fees										
(x)										

C. ADDITIONAL RESOURCE MOBILISATION										
(I) TAX REVENUE										
(II) NON TAX REVENUE										
D. ASSIGNED REVENUE										
(i) Surcharge on Stamp Duty										
(ii) Local Cess										
(iii) Entertainment Tax										
(iv) Mines and Minerals										
(v) Minor Forest Produce										
E. SHARED REVENUE										
(i) Motor Vehicle Tax										
(ii)										
(iii)										
F. GRANTS – IN – AID FROM STATE										
(i) General Purpose Grant										
(ii) Specific Purpose Grant										
(iii) Grant for Development Purpose										
G. TFC GRANTS										
H. CENTRALLY SPONSORED SCHEMES										
I. LOANS FROM GOVERNMENT										
J. LOANS FROM FINANCIAL INSTITUTIONS										
K. OTHERS										
TOTAL										

NOTE :- AM = AMOUNT (Rs. Thousand)

PC = PER CAPITA (Rupees) information in respect of A, B and Total may be given
ANNEXURE 1 - 3 - A - 13

PROJECTED EXPENDITURE OF G.P. / P.S. / Z.P. (2000 - 01 TO 2004 - 05)

(Rs. in Thousand)

	2000 - 01		2001 - 02		2002 - 03		2003 - 04		2004 - 05	
	AM	PC								
A. GENERAL ADMINISTRATION										
(i) Salary of Panchayat Staff										
(ii) Terminal Benefits										
(iii) Maintenance of Assets & others										
B. EXPENDITURE ON OBLIGATORY SERVICES										
(i) Water Supply										
(ii) Street Lighting										
(iii) Solid Water Disposal										
(iv) Education										
(v) Public Health										
(vi) Sanitation										
(vii) Storm Water Drainage										
(viii) Roads										
(ix) Others										
C. EXPENDITURE ON DISCRETIONARY SERVICES										
(i) Parks & Playgrounds										
(ii) Library & Reading Room										
(iii) Markets										

(iv) Bus Stands										
(v)										
D. EXPENDITURE ON DEVELOPMENT GRANTS										
(i) Grant from State Govt.										
(ii) Centrally Sponsored Schemes										
(iii) TFC Grants										
(iv) Others										
E. REPAYMENT OF LOANS										
F. ANY OTHER EXPENDITURE										
TOTAL										

NOTE :- AM = AMOUNT (Rs. Thousand)

PC = PER CAPITA (Rupees) information in respect of A, B and Total may be given

IMPROVEMENT IN ESSENTIAL CIVIC SERVICES IN G.P. / P.S./ Z.P.

(Rs. in Thousand)

1997-98

services	EXISTING SERVICE LEVEL	EXPENDITURE INCURRED	DESIRED SERVICE LEVEL TO BE OBTAINED BY 2005	PROJECTED EXPENDITURE IN THE YEAR 2004 -05	ADDITIONAL EXPENDITURE
Water Supply					
Sanitation & Sewerage					
Roads					
Street Lighting					
Solid Waste Management					
Storm Water Drains					
Others (Pl. Specify)					
TOTAL					

EXPENDITURE INCURRED ON SALARY OF STAFF AND OTHER RELATED EXPENDITURE

VILLAGE PANCHAYATS

CATEGORY OF STAFF	1990-91		1991-92		1992-93		1993-94		1994-95		1995-96		1996-97		1997-98		1998-99 Estimates		
	S	E	S	E	S	E	S	E	S	E	S	E	S	E	S	E	S	E	
PERMANENT																			
TEMPORARY																			
ADHOC																			
CASUAL/DAILY WAGERS																			
CONTRACT WORKERS																			
TOTAL																			
GRAND TOTAL OF EXPENDITURE																			

S = STAFF IN POSITION

E = EXPENDITURE

EXPENDITURE INCURRED ON SALARY OF STAFF AND OTHER RELATED EXPENDITURE

PANCHAYAT SAMITIS

CATEGORY OF STAFF	1990-91		1991-92		1992-93		1993-94		1994-95		1995-96		1996-97		1997-98		1998-99 Estimates		
	S	E	S	E	S	E	S	E	S	E	S	E	S	E	S	E	S	E	
PERMANENT																			
TEMPORARY																			
ADHOC																			
CASUAL/DAILY WAGERS																			
CONTRACT WORKERS																			
TOTAL																			
GRAND TOTAL OF EXPENDITURE																			

S = STAFF IN POSITION

E = EXPENDITURE

EXPENDITURE INCURRED ON SALARY OF STAFF AND OTHER RELATED EXPENDITURE

DISTRICT PANCHAYATS

CATEGORY OF STAFF	1990-91		1991-92		1992-93		1993-94		1994-95		1995-96		1996-97		1997-98		1998-99 Estimates		
	S	E	S	E	S	E	S	E	S	E	S	E	S	E	S	E	S	E	
PERMANENT																			
TEMPORARY																			
ADHOC																			
CASUAL/DAILY WAGERS																			
CONTRACT WORKERS																			
TOTAL																			
GRAND TOTAL OF EXPENDITURE																			

S = STAFF IN POSITION

E = EXPENDITURE

EXPENDITURE OF VILLAGE PANCHAYATS

SERVICES		1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98
Water Supply	LB								
	PB								
Sanitation & Sewerage	LB								
	PB								
Roads	LB								
	PB								
Street Lighting	LB								
	PB								
Solid Waste Management	LB								
	PB								
Storm Water Drains	LB								
	PB								
Any Other (Pl. Specify)	LB								
	PB								

LB = Expenditure Borne by Village Panchayats

PB = Expenditure on Account of Contracting the Services to Private Bodies

EXPENDITURE OF PANCHAYAT SAMITIS

SERVICES		1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98
Water Supply	LB								
	PB								
Sanitation & Sewerage	LB								
	PB								
Roads	LB								
	PB								
Street Lighting	LB								
	PB								
Solid Waste Management	LB								
	PB								
Storm Water Drains	LB								
	PB								
Any Other (Pl. Specify)	LB								
	PB								

LB = Expenditure Borne by Panchayat Samitis

PB = Expenditure on Account of Contracting the Services to Private Bodies

EXPENDITURE OF DISTRICT PANCHAYATS

SERVICES		1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98
Water Supply	LB								
	PB								
Sanitation & Sewerage	LB								
	PB								
Roads	LB								
	PB								
Street Lighting	LB								
	PB								
Solid Waste Management	LB								
	PB								
Storm Water Drains	LB								
	PB								
Any Other (Pl. Specify)	LB								
	PB								

LB = Expenditure Borne by District Panchayats

PB = Expenditure on Account of Contracting the Services to Private Bodies

(Annexure-1-3-C-1)

Sl.No.	FUNCTIONS		
		OBLIGATORY	DISCRETIONARY
I.	General Administration		
	(i) Information and Publicity		
	(ii) Maintenance of Records		
	(iii) Numbering of Houses		
	(iv)		
II.	Core Functions		
	(i) Street Lighting		
	(ii) Water Supply		
	(iii) Sanitation		
	(iv) Drainage and Sewerage		
	(v) Town Planning		
	(vi)		
III.	Development Functions		
	(i) Housing		
	(ii) Education		
	(iii) Public Health		
	(iv) Social Welfare		
	(v)		
IV	Maintenance Functions		
	(i) Sanitation		
	(ii) Roads		
	(iii)		
V.	Misc.Functions		

(Annexure-1-3-C-2)

DESIGNATION	STAFF SANCTIONED	STAFF POSITION	PAY SCALE	TOTAL EMOLUMENTS (Pay + DA + IR + Other allowances)

(Annexure-1-3-C-3)

Sl. No.	<u>FUNCTIONS</u>	WHETHER TRANSFERRED OR NOT	IF YES, DATE OF TRANSFER (ISSUE OF NOTIFICATION/ ORDER)
1.	Urban Planning including town planning		
2.	Regulation of land use and construction of buildings		
3.	Planning for economic and social development		
4.	Roads and bridges		
5.	Water Supply for domestic, industrial and commercial purposes		
6.	Public health, sanitation conservancy and solid waste management		
7.	Fire Services		
8.	Urban forestry, protection of the environment and promotion of ecological aspects		
9.	Safeguarding the interests of weaker sections of society, including the handicapped and mentally retarded		
10.	Slum improvement and upgradation		
11.	Urban poverty alleviation		
12.	Provision of urban amenities and facilities such as parks, gardens, playground		
13.	Promotion of cultural, educational and aesthetic aspects		
14.	Burials and burial grounds, cremations, cremation grounds and electric crematoriums		
15.	Cattle ponds prevention of cruelty to animals		
16.	Vital statistics including registration of births and deaths		
17.	Public amenities including street lighting, parking lots, bus stops and public enterprises		
18.	Regulation of slaughter houses and tanneries		
19.	Any Other (under Article 243-W)		

(Annexure-1-3-C-4)

SL. No.	FUNCTIONS
I	General Administration
(i)	
(ii)	
(iii)	
(iv)	
II	Core Function
(i)	
(ii)	
(iii)	
(iv)	
III	DEVELOPMENTAL FUNCTIONS
(i)	
(ii)	
(iii)	
(iv)	
IV	Maintenance Functions
(i)	
(ii)	
(iii)	
(iv)	
V	Miscellaneous Functions

Annexure-1-3-C-5

	FUNCTIONS	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99 (Estimated)
I	EXPENDITURE									
a	SALARY AND OTHER EMOLUMENTS OF STAFF									
b	TERMINAL BENEFITS									
II	OTHER EXPENDITURE									
(A)	ESTABLISHMENT									
1	GENERAL ADMINISTRATION									
2	PROPERTY TAX/HOUSE TAX									
3	RECOVERY OF OCTROI									
4	RECOVERY OF OTHER TAXES									
(B)	CORE									
1	NAMING STREETS AND NUMBERING HOUSES									
2	REGULATING OFFENSIVE OR DANGEROUS TRADES OR PRACTICES									
3	REGISTERING BIRTHS									

	AND DEATHS							
C)	DEVELOPMENTAL							
1	WATER SUPPLY							
2	ANIMAL HUSBANDRY							
3	FISHERIES							
4	HOUSING							
5	ROADS							
6	EDUCATION							
7	HEALTH							
8	WOMEN & CHILD DEVELOPMENT							
9	CULTURAL ACTIVITIES							
10	OTHERS							
(D)	MAINTENANCE							
1	ROADS							
2	EDUCATION							
3	STREET LIGHT							
4	WATER SUPPLY							
5	SANITATION							
6	OTHERS							
	TOTAL							

Annexure-1-3-C-6

		1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
[1]	OWN SOURCE									
	AMOUNT DEVOLVED BY									
[2]	STATE GOVERNMENT									
[3]	DISTRICT ADMINISTRATION									
[4]	LINE DEPARTMENTS									
A	STATE P.W.D.									
B	HEALTH									
C	EDUCATION									
D	WOMEN & CHILD DEVELOPMENT									
E	OTHERS									

Years	<u>TAXES SHARED</u>			<u>GRANTS-IN-AID</u>		
	Total Amount	Share of Urban Local Bodies	Share of Town Panchayats	Total amount	Share of Urban Local Bodies	Share of Town Panchayats
1990-91						
1991-92						
1992-93						
1993-94						
1994-95						
1995-96						
1996-97						
1997-98						

Annexure-1-3-C-8

YEAR	NAME OF PROJECTS	COST OF PROJECTS (Rs. Thousand)	ASSISTANCE FROM FINANCIAL INSTITUTIONS (Rs. Thousand)
1990-91			
1991-92			
1992-93			
1993-94			
1994-95			
1995-96			
1996-97			
1997-98			

(Annexure-1-3-C-9)

	1990-91		1991-92		1992-93		1993-94		1994-95		1995-96		1996-97		1997-98		1988-99	
	Min	Max																
A TAXES / USER CHARGES																		
(i) Property																		
(ii) Profession																		
(iii) Vehicle																		
(iv) Pilgrim																		
(v) Octoroi																		
(vi) Entertainment																		
(vii) Water																		
(viii) Any other																		
B FEES, FINES ETC																		
I Fairs & Festivals																		
(ii) Tourist and Bus Fees																		
(iii) Fishery Rented																		
(iv) Bus stand Fees																		
(v) Advertisement																		
(vi) Ferry Service																		
(vii) Fines and Penalties																		
(viii) D & O Trade License Fees																		
(ix) Cinema House																		
(x) Any other (s)																		

Annexure-1-3-C-10

Rs. Thousand

	Actual																Estimated				
	1990-91		1991-92		1992-93		1993-94		1994-95		1995-96		1996-97		1997-98		1998-99		1999-2000		
	Am	Pc	Am	Pc	Am	Pc															
I. OWN REVENUE																					
(viii) OWN TAX (% to Total Revenue)																					
(i) Property																					
(ii) Profession																					
(iii) Vehicle																					
(iv) Pilgrim																					
(v) Octroi																					
(vi) Lighting Tax																					
(vii) Entertainment																					
(viii) Water Tax																					
(ix) Scavenging Tax																					
(x)																					
B. NON TAX REVENUE USER CHARGES (% to Total Revenue)																					
(i) Fairs and Festivals																					
(ii) Tourist and Bus Fees																					

(iii) Fishery Rental																				
(iv) Bus Stand Fees																				
(v) Advertisement																				
(vi) Ferry Service																				
(vii) Fines & Penalties																				
(viii) D & C Trade Licence Fees																				
(ix) Cinema House																				
(x) Any Others																				
II ADDITIONAL RESOURCES MOBILIZATION																				
(A) TAX REVENUE																				
B. NON TAX REVENUE																				
III ASSIGNED REVENUE (% to Total Revenue)																				
(i) Surcharge or Stamp Duty																				
(ii) Local Cess																				
(iii) Entertainment Tax																				
(iv) Mines and Minerals																				
(v) Land Revenue																				
(vi) Any other																				
IV SHARED REVENUE (% to Total Revenue)																				

(i) Motor Vehicle Tax																				
(ii)																				
(iii)																				
V GRANT-IN-AID (% to Total Revenue)																				
(i) General Purpose Grant																				
(ii) Specific Purpose Grant																				
(iii) Grant for Development Purpose																				
VI TFC GRANTS																				
VII CENTRALLY SPONSORED SCHEMES																				
VIII LOANS FROM GOVERNMENT																				
IX LOANS FROM FINANCIAL INSTITUTIONS																				
X OTHERS																				
TOTAL																				

Notes :- A.M. Amount (Rs. in Thousands)

P.C. Per Capita (Rupees) information in respect of A.B. and total may be given.

In respect of own Tax, Non Tax, Assigned & Shared Revenue & Grants-in-aid

% to total Revenue may be given.

Annexure-1-3-C-11

REVENUE EXPENDITURE	Actual																Estimated				
	1990-91		1991-92		1992-93		1993-94		1994-95		1995-96		1996-97		1997-98		1998-99		1999-2000		
	Am	Pc	Am	Pc	Am	Pc															
A GENERAL ADMINISTRATION																					
(i) Salary of Panchayat Staff																					
(ii) Terminal Benefits																					
(iii) Maintenance of Assets and others																					
B EXPENDITURE ON OBLIGATORY SERVICES																					
(i) Water Supply																					
(ii) Street Lighting																					
(iii) Solid Water Disposal																					
(iv) Education																					
(v) Public Health																					
(vi) Sanitation																					
(vii) Roads																					
(viii) Storm Water Drainage																					
(ix) Burial & Burning Grounds																					

(x) Others																				
C EXPENDITURE ON DISCRETIONARY SERVICES																				
(i) Parks & Playgrounds																				
(ii) Library & Reading Rooms																				
(iii) Markets																				
(iv) Bus Stands																				
(v)																				
D EXPENDITURE ON DEVELOPMENT GRANTS																				
(i) Grant from State Government																				
(ii) Centrally Sponsored Schemes																				
(iii) TFC Grants																				
(iv) Others																				
E REPAYMENT OF LOANS																				
F ANY OTHER EXPENDITUR																				
TOTAL																				

A.M. = Amount (Rs. in Thousands)

P.C. = Per. Capita (Rupees) information in respect of A, B & total may be given.

Annexure-1-3-C-12

Rs. Thousand

	2000-01		2001-02		2002-03		2003-04		2004-05	
	AM	PC								
A. TAXES AND USER CHARGES										
(i) Land Tax (Non Agn)										
(ii) Profession										
(iii) Vehicles										
(iv) Pilgom										
(v) Special Tax on property										
(vi) Water Tax										
(vii) Lighting Tax										
(viii) Entertainment										
(ix) Dranage Tax										
(x) Any other fees										
B. NON TAX REVENUE USER CHARGES										
(i) Fair and Festivals										
(ii) Bus Fees										
(iii) Fishery Rental										
(iv) Bus Stand Fees										
(v) Advertisement										
(vi) Ferry Service										
(vii) Fines and Penalties										
(viii) D & O Trade Licance Fees										
(ix) Cinema House										
(x) Any other Fees										
C. ADDITIONAL RESOURSE MOBLISATION										

(i) TAX REVENUE											
(ii) NON TAX REVENUE											
D. ASSIGNED REVENUE											
(i) Surcharge on Stamp Duty											
(ii) Local Cess											
(iii) Entertainment Tax											
(iv) Mines and Minerals											
(v) Land Revenue											
(vi) Any Other											
E. SHARED REVENUE											
(i) Motor Vehicle Tax											
(ii)											
(iii)											
F. GRANT-IN-AID FROM STATE											
(i) General Purpose Grant											
(ii) Specific Purpose Grant											
(iii) Grant for Development Purpose											
G. TFC GRANTS											
H. CENTRALLY SPONSORED SCHEMES											
I. LOANS FROM GOVERNMENT											
J. LOANS FROM FINANCIAL INSTTIUTION											
K. OTHERS											
TOTAL											

NOTE:- AN= AMOUNT (Rs Thousand)

PC =PER CAPITA (Rupees) information in respect of A.E and Total may be given

Annexure-1-3-C-13

REVENUE EXPENDITURE	2000-01		2001-02		2002-03		2003-04		2004-05	
	AM	PC								
A GENERAL ADMINISTRATION										
(i) Salary of Panchayat Staff										
(ii) Terminal Benefits										
(ii) Maintenance of Assets & Others										
B EXPENDITURE ON OBLIGATORY SERVICES										
(i) Water Supply										
(ii) Street Lighting										
(iii) Solid Water Disposal										
(iv) Education										
(v) Public Health										
(vi) Sanitation										
(vii) Storm Water Drainage										
(viii) Roads										
(ix) Burial & Burring Grounds										
(x) Others										
C EXPENDITURE ON DISCRETIONARY SERVICES										
(i) Parks & Playgrounds										
(ii) Library & Reading Rooms										
(iii) Markets										
(iv) Bus Stands										
(v)										
D EXPENDITURE ON DEVELOPMENT GRANTS										
(i) Grant from State Government										
(ii) Centrally Sponsored Schemes										
(iii) TFC Grants										
(iv) Others										
E REPAYMENT OF LOANS										
F ANY OTHER EXPENDITURE										
TOTAL										

NOTE:- AM= AMOUNT (Rs. Thousand)

PC =PER CAPITA (Rupees) information in respect of A. B. and Total may be given

Annexure-1-3-C-14

REVENUE EXPENDITURE	2000-01		2001-02		2002-03		2003-04		2004-05	
	Am	PC								
A. GENERAL ADMINISTRATION										
(i) Salary of Panchayat Staff										
(ii) Terminal Benefits										
(iii) Maintenance of Assets and others										
B. EXPENDITURE ON OBLIGATORY SERVICES										
(i) Water Supply										
(ii) Street Lighting										
(iii) Solid Water Disposal										
(iv) Education										
(v) Public Health										
(vi) Sanitation										
(vii) Roads										
(viii) Storm Water Drainage										
(ix) Burial & Burning Grounds										
(x) Others										
C. EXPENDITURE ON DISCRETIONERY SERVICES										
(i) Parks & Playgrounds										
(ii) Library & Reading Rooms										
(iii) Markets										
(iv) Bus Stands										
(v)										

D. EXPENDITURE ON DEVELOPMENT GRANTS										
(i) Grant from State Government										
(ii) Centrally Sponsored Schemes										
(iii) TFC Grants										
(iv) Others										
E. REPAYMENT OF LOANS										
F. ANY OTHER EXPENDITURE										
TOTAL										

Note :- AM = Amount (Rs. in thousand)

PC = Per capita (Rupees) information in respect of A,B and total may be given.

Annexure-1-3-C-15

SERVICES	1997-98		DESIRED LEVEL TO BE OBTAINED BY 2005	PROJECTED EXPENDITURE IN THE YEAR 2004-05	ADDITIONAL EXPENDITURE
	EXISTING SERVICE LEVEL	EXPENDITURE INCURRED			
Water Supply					
Sanitation & Sewerage					
Roads					
Street Lighting					
Solid Waste Management					
Storm Water Drains					
Others (Pl. Specify)					
Total					

EXPENDITURE INCURRED ON SALARY OF STAFF AND OTHER RELATED EXPENDITURE

NAGAR PANCHAYATS

CATEGORY OF STAFF	1990-91		1991-92		1992-93		1993-94		1994-95		1995-96		1996-97		1997-98		1998-99 (Estimated)		
	S	E	S	E	S	E	S	E	S	E	S	E	S	E	S	E	S	E	
PERMANENT																			
TEMPORARY																			
ADHOC																			
CAUSAL / DAILY WAGERS																			
CONTRACT WORKERS																			
TOTAL																			
GRAND TOTAL OF EXPENDITURE																			

S- STAFF IN POSITION
E- EXPENDITURE

EXPENDITURE INCURRED ON SALARY OF STAFF AND OTHER RELATED EXPENDITURE

MUNICIPALITIES

CATEGORY OF STAFF	1990-91		1991-92		1992-93		1993-94		1994-95		1995-96		1996-97		1997-98		1998-99 (Estimated)		
	S	E	S	E	S	E	S	E	S	E	S	E	S	E	S	E	S	E	
PERMANENT																			
TEMPORARY																			
ADHOC																			
CAUSAL / DAILY WAGERS																			
CONTRACT WORKERS																			
TOTAL																			
GRAND TOTAL OF EXPENDITURE																			

S- STAFF IN POSITION
E- EXPENDITURE

EXPENDITURE INCURRED ON SALARY OF STAFF AND OTHER RELATED EXPENDITURE

MUNICIPAL CORPORATION

CATEGORY OF STAFF	1990-91		1991-92		1992-93		1993-94		1994-95		1995-96		1996-97		1997-98		1998-99 (Estimated)		
	S	E	S	E	S	E	S	E	S	E	S	E	S	E	S	E	S	E	
PERMANENT																			
TEMPORARY																			
ADHOC																			
CAUSAL / DAILY WAGERS																			
CONTRACT WORKERS																			
TOTAL																			
GRAND TOTAL OF EXPENDITURE																			

S- STAFF IN POSITION
E- EXPENDITURE

EXPENDITURE OF NAGAR PANCHAYATS

SERVICES		1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98
WATER SUPPLY	LB								
	PB								
SANITATION & SEWERAGE	LB								
	PB								
ROADS	LB								
	PB								
STREET LIGHTING	LB								
	PB								
SOLID WASTE MANAGEMENT	LB								
	PB								
STORM WATER DRAINS	LB								
	PB								
ANY OTHER (Pl Specify)	LB								
	PB								

LB = Expenditure Borne by Nagar Panchayats

PB = Expenditure on Account of Contracting the Services to Private Bodies

EXPENDITURE OF MUNICIPALITIES

SERVICES		1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98
WATER SUPPLY	LB								
	PB								
SANITATION & SEWERAGE	LB								
	PB								
ROADS	LB								
	PB								
STREET LIGHTING	LB								
	PB								
SOLID WASTE MANAGEMENT	LB								
	PB								
STORM WATER DRAINS	LB								
	PB								
ANY OTHER (Pl Specify)	LB								
	PB								

LB = Expenditure Borne by Municipalities

PB = Expenditure on Account of Contracting the Services to Private Bodies

EXPENDITURE OF MUNICIPAL CORPORATION

SERVICES		1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98
WATER SUPPLY	LB								
	PB								
SANITATION & SEWERAGE	LB								
	PB								
ROADS	LB								
	PB								
STREET LIGHTING	LB								
	PB								
SOLID WASTE MANAGEMENT	LB								
	PB								
STORM WATER DRAINS	LB								
	PB								
ANY OTHER (Pl Specify)	LB								
	PB								

LB = Expenditure Borne by Municipal Corporation

PB = Expenditure on Account of Contracting the Services to Private Bodies

BROCHURE ON G.P. –ORISSA**Sources of Income and other matters relating to Grama Panchayats-**

Under the Orissa Grama Panchayat Act, 1964 and the rules made there under, Grama Panchayats in Orissa are empowered to raise resources from taxes, fees, licence fees, fines and penalties and from public property.

Taxes

1. Vehicle Tax :- A Grama panchayat may levy taxes on following type of vehicles kept or used within the Grama. The rates of tax as prescribed for Grama Panchayats and for Municipalities are as given in the following table:

Type of vehicle	Rate for Grama Panchayats (per half year)	Rate for Municipalities (per year)
1. Four wheeled carriage drawn by horse	Rs. 9/-	Rs. 20/-
2. Two wheeled carriage including a cart, Jhatka, Tanga but excluding bicycle.	Rs. 4/-	Rs. 20/-
3. Bi-cycle	Rs. 1.50	Rs. 8.00
4. Rickshaw	Rs. 1.50	Rs. 4.00
5. Cycle, Rickshaw	Rs. 3.00	Rs. 15.00

Rate for Grama Panchayats are effective from 1975 and those for Municipalities from 1986.

(Section- 83 (bi) and First schedule of G.P. Act, and Section 131 (f) and schedule III of Municipal Act)

1. If the tax due on a vehicle is not paid, the G.P may seize and detain the vehicle at any time. If the vehicle seized is not claimed, and tax due is not paid within 15 days from the date of seizure the vehicle may be sold in public auction and excess amount if any from the sale shall be paid to owner after realising the tax due, penalty imposed and expenses incurred.

(section 103 of the G.P Act)

2. Latrine Tax: A latrine, tax may be levied in respect of private latrines, cess pools, premises and compounds only if the Grama Panchayat had made provisions for cleansing them. The maximum rate leviable is Rs. 6/- per year. Within this maximum, the rate should be fixed keeping in view the principle that net proceeds do not exceed the amount required for cleansing.

(section 83 C and Rule 98 (1))

3. Drainage Tax: A drainage tax is leviable on lands and building only where the G.P has introduced a system of drainage subject to a maximum of Rs. 3/- per year. The net proceeds of tax shall not exceed the amount required for the system of drainage introduced.

(section 83)f) Rule 99)

4. Water rate: A water rate is leviable where water is supplied by G.P based on the cost of supply of water and maintenance of water supply scheme.

(section 83 (d)

5. Lighting rate: Where the lighting of public street, places or buildings have been undertaken, a lighting rate may be levied based on the cost of lighting and maintenance.

(section 83 (e))

6. The Grama Panchayat shall fix or revise the rate of latrine tax, drainage tax and lighting rate in a meeting. The secretary shall publish the list of accesses in G.P. Notice Board and invite objections. After the G.P considers the objections the final assessment list shall published in the Notice Board. (Rule 100)

7. The Latrine tax, drainage tax, water rate and lighting rate are payable in advance in half yearly or quarterly instalments as the G.P may decide. The amounts become due on the first day of the half year or the quarter as the ease may be. (Rule 198) If the amounts are not paid within 15 days from the date they became due, the tax collector shall prepare a list of defaulters and publish it in conspicuous places of the local area. (Rule 199).

Fees and Licence Fees

8. (i) A Grama Panchayat may levy and collect fees for the use of slaughter houses and cart stands maintained by the Grama Panchayat. (section 83 (x))

- (ii) Licence Fees on private markets, cart stands and slaughter houses. (section 59,60 and 83 (g)).
- (iii) Licence fees for use of public road or place or part thereof for sale or exposure for sale of animals or articles (section 63).
- (iv) Licence fees for places of public resort or entertainment

A Grama Panchayat may notify, with previous intimation to the collector that no enclosed place or building or tent covering an area of 500 sq feet or more shall be used for public resort or entertainment without a licence from it. (section 56).

A Grama Panchayat can grant licences for holding cinemas, theatres or circuses only after the parties concerned have obtained licences from appropriate authority for showing such entertainments. For permanent buildings annual licences may be granted. Temporary licences for a period not exceeding one month may be granted to a travelling circus or other performances. Annual licence fee shall not exceed Rs. 25/- for an area of 500 sq ft and an additional fee of Rs. 5/- for every 100 sq ft or a fraction there of in excess of 500 sq ft.

Temporary licence fee shall not exceed Rs. 5/- per month or portion thereof for an area of 500 sq ft and an additional fee fo Rs. 1/- per month or portion thereof for every additional area of 100 sq.ft or a part thereof.

- (v) Licence Fees for industries and factories including dangerous and offensive trade. (section 55)

With the previous sanction of the collector, a Grama Panchayat may notify that no place within the local area of the Grama sasan shall be used for any purposes shown in the Table in Annexure A without obtaining a licence form it. No notification issued by the Grama Panchayat shall take effect till sixty days from the date of publication. Licence fees shall be collected subject to maximum amounts prescribed for each trade or business as shown in the Table in Annexure –A.

7. Fines and Penalties.

(i) A Grama Panchayat may collect fines for cattle pounded in the cattle pound at the rates as given in Annexure -B for different animals.

(ii) Fines which may run upto Rs 10/- on any person who neglects or refuses to give information on births, deaths and infections diseases. (section 66 & 67)

(iii) Fines may be imposed for infringement of the provisions of Act, Rules, Bye laws and for tampering with G.P property or for disobedience notice issued in terms of sections 128-132.

10. Public Markets

(i) The G.P may demarcate and provide places for use as public markets. The G.P may levy fees as prescribed in sec-58 (2) and Rule 68 in the public market or may lease out such as fees on such terms and conditions as the G.P may deem fit following the leasing procedure prescribed.

(ii) Prior to the date of commencement of the Orissa Grama Panchayats Amendment Act, 1994 some public markets, hats were being transferred to the Market Committee under Section-4 of the Orissa Agricultural produce market Act, 1956 subject to the condition that the net income derived by the market committee shall be shared equally by the Market Committee and the Grama Panchayat.

(iii) All such markets transferred to the Market Committee shall stand transferred to the Grama Panchayat under sec 58 (5) of the G.P Act with effect from the 'appointed date' under the Orissa Grama Panchayat Amendment Act, 1994.

11. Public Property

Public property is important source of income for Grama Panchayats. The following types of public property shall vest in Grama Sasan as per sec. 71 (4) of the Act: (a) village roads, (b) Irrigation sources, (c) Ferries, (d) Waste lands and communal lands, (e) protected forests and unreserved forests in respect of the management, protection maintenance thereof for timber, fuel, fodder and other purposes and (f) Markets and fairs

properties within the Grama belonging to the state Govt may be vested in the Grama Sasan by general or special orders of Govt.

12. Power to borrow; The Grama Sasan with previous sanction of the state Govt, may borrow money from the state Govt, any local authority, any individual or body of individuals corporate or not. The Local Authorities Loans Act, 1914 and rules made there under shall not apply in respect of money borrowed from the state Govt.

13. Recovery of claims:

(i) The secretary shall cause a notice of demand served upon the defaulters. If payment is not made within 15 days, the secretary shall issue a distress warrant. The person authorised by the distress warrant may seize such movable property of the defaulter as he deems sufficient if the amount due is not paid at once. If the defaulter does not pay within the time announced by beat of drums, the movable property detained may be sold in public auction.

(Rules 201, 202 & 203)

(ii) If a Grama Panchayat is unable to realise the dues, it may apply to the collector to recover the same as arrears of land revenue. (section 102 (7)).

(iii) Limitations: No arrears can be recovered by distress after the expiry of 3 years of after the expiry of 6 years if the due was an arrear of land revenue.

14. Tax Collection machinery

The G.P shall appoint one or more persons as tax collectors to collect taxes, fees, rents, rates etc. (Rule 197) The previous approval of the District panchayat Officer shall be necessary for such appointment. (rule 219).

The G.P shall decide the salary allowances to be paid to the tax collector. However the G.P may appoint the tax collector on commission basis. (Rule 221).

Security shall be taken from the tax collector in the same way as it is taken from the secretary. (Rule 223).

The tax collector shall prepare a list of persons who have failed to pay any tax or other dues and shall cause the list to be published in a conspicuous part of the local area (Rule 200).

15. Leasing out procedure

1. The State Govt may direct any property vested in the G.P to be leased out in favour of a registered co-operative society (Rule 86 (2)).

2. The water area vested in the G.P may, with the approval of collector, be leased out for a period not exceeding 10 years in favour of (a) a fisherman, (b) a group of individuals or a registered cooperative society consisting only of fisherman by caste/profession, land less labourers, small & marginal farmers, SC/ST persons if recommended by chief Executive officer. FFDA or district level fisheries officer. (Rule 86 (3)).

3. The Sarpanch shall forward a list of immovable properties to the S.D.O through the B.D.O before the end of October every year. If no such list is forwarded, the S.D.O shall call for the information from the concerned G.P. The S.D.O shall decide which properties shall be directly managed by the G.P and other properties shall be leased out in public auction. (Rule. 87 (a))

4. The S.D.O shall fix the period of lease and the upset price. The list of properties with periods of lease and the upset price. The list of properties with periods of lease and upset price shall be sent by the S.D. O., E.O the B.D.O. The B.D.O shall fix the dates of auction and issue notice for auction , 15- days before the date fixed for auction. The auction may be conducted by the B.D.O himself or by a junior officer authorised by him.

5. If auction does not take place on the fixed date or if the minimum bid is not reached in auction, fresh auction shall be held by giving at least 15 days notice.

- (a) Check Measurement: The G.P. secy shall measure works costing upto Rs. 1000/-. The Grama Panchayat Extension Officer shall undertake check measurement of works measured by Secretary in the presence of sarpanch and in the absence of the sarpanch in the presence of B.D.O.
- (b) The B.D.O shall check measure all works costing upto Rs. 7500/- in the presence of the Chairman Panchayat Samiti and in the absence of the Chairman in the presence of the S.D.O.
- (c) The Asst. Engineer or the Subdivisional officer shall check measure all works costing more than Rs. 7500/-. The Executive Engineer shall check measure at least 10% of every work costing more than Rs. 25,000/-.

6. Completion and utilization certificates.

It shall be the responsibility of the B.D.O to ensure that all works are measured and check measured from time to time. After the work is completed the completion certificate shall be signed by the Sarpanch for works costing up to Rs. 500/- and by the B.D.O in case of other works. The utilization certificate in each case shall be given by the Sarpanch duly countersigned by B.D.O to the panchayat Samiti or to the disbursing officer of Govt as the case may be.

16. Execution of works.

- 1. All works exceeding the cost of Rs. 250/- each shall be executed through contractors in accordance with the procedure prescribed for inviting and accepting tenders in State P.W.D works costing Rs. 250/- or less may be executed through the direct supervision of G.P. secy.
- 2. Tender shall be invited by G.P. secy in all cases. Tenders for works upto Rs. 500/- shall be opened by Secy. in the presence of the Sarpanch and tenderers. For works exceeding Rs. 500/- the tenders and other documents shall be forwarded by the Sarpanch to authorities as specified in Rule 37 for acceptance.

3. Preparation of plan and estimates for works costing upto Rs. 1000/- shall be prepared by the G.P sey. The Sarpanch shall be competent to give administrative approval to such works.
4. Plan and estimates for works costing more than Rs. 1000/- shall be prepared by engineering personnel of different grades depending upto the cost of works. Administrative approval to works costing more than Rs 1000/- shall be given by authorities at different levels as provided in Rule 36. Similarly Technical sanction will be accorded by engineering personnel of different grade as provided in Rule 36.

LOCAL SELF GOVERNMENT AND CO-OPERATION
DEPARTMENT NOTIFICATION

The 8th November 1950

No. 1263-L.S.-G.- In pursuance of section 49-G. of the Orissa Grama Panchayats Act, 1948 (Orissa Act XV of 1948), the Governor of Orissa is pleased to fix the amounts noted in column (3) of the Table below as the maximum licence fee leviable per annum by Grama Panchayats on trades and industries noted against each in column (2) of the said Table and to direct that the Grama panchayats may vary the rates within the said maximum according to the local conditions and the nature and size of the trade and industry-

TABLE

Item	Description of trades and Industries	Maximum fee (annual)
(1)	(2)	(3)
(a)	Washing solid clothes and keeping solid cloths for the purpose of washing them and washed cloths.	Rs. 1
(b)	Boiling camphor	5
(c)	Preparing Chua	10
(d)	Meltine tallow or sulphur	30
(e)	Dissolving silver and gold with Nitric Acid	20
(f)	Storing, boiling or otherwise dealing with manure offal, blood, bones, hides, fish, skin, horns or rags-	
(1)	Manure	20
(2)	Offal	30
(3)	Hides, horns, skins, bones, bloods and rags	50
(4)	Dealing in hides in small-scale	5
(5)	Storing or dealing in fish or dry fish in small-scale	200
(6)	Storing or dealing in fish or dry fish in large scale	350
(g)	Tanning hides and skins (Tannery) Skinning or disemboweling of animals	150
(h)	Washing or drying wool or hair	25
(i)	Preparing fish, oil, hydrogenated oils, ghee, butter and such other fat preparation.	10

(j)	Making soap, dyeing, boiling or pressing oil	
(1)	Making soap	30
(2)	Dyeing or printing cloth by machinery	50
(3)	Dyeing or printing cloth by hand	10
(4)	Boiling or pressing oil worked by power.	Vide item (w)
(5)	Boiling or pressing oil worked by manual power	5
(6)	Boiling or pressing oil worked by animal	10
(k)	Manufacturing or distilling sago or keuda water manufacturing artificial manure, manufacturing or refining sugar, manufacturing sugar candy or jaggery, tanning or manufacture of leather or leather goods, manufacturing lac; manufacturing bidies-	
(1)	Manufacturing or distilling sago or keuda water	20
(2)	Manufacturing artificial manure	20
(3)	Manufacturing or refining sugar	10
(4)	Manufacturing sugarcandy or jaggery	20
(5)	Tanning or manufacture of leather or leather goods	30
(6)	Manufacturing lac or bidies	10
(l)	Manufacturing gunpowder of fire works	50
(m)	(1) Burning bricks	20 per lakh
	(2) Brning tiles	20 per kiln
	(3) Burning pottery	5 per kiln
	(4) Burning lime	20 per kiln
(n)	Keeping a public halting place, dharmasala, sarai, choultry or other rest house, keeping hotel, restaurant, eating house, coffee house, tea stall, boarding house or lodging house (other than a students hostel under public or recognised control-	
	(1) Keeping a public halting place, dharmasala, sarai, choultry or other rest house.	5
	(2) Meals hotel, restaurant or eating house-	
	1 st Class	30
	2 nd Class	20
	(3) Coffee house or tea stall	
	1 st Class	50
	2 nd Class	30
	(4) Boarding house	30
	(5) Lodging house	5

	(6) hawking coffee or tea	2
(o)	Keeping a shaving or hair dressing saloon	4
(p)	Keeping together twenty or more sheeps or goats or ten or more pigs or heads of cattle.	10
(q)	Preparing flour or articles made of flour for human consumption or sweetmeats-	Rs.
	(1) Preparing flour other than by manual power	15
	(2) Articles made of flour-bakery	10
	(3) Articles made of flour-sweetmeats	
	1 st Class	30
	2 nd Class	20
	3 rd Class	10
®	Manufacturing ice or aerated water	25
(s)	Selling timber or storing it for sale or storing or selling coal, storing hay, straw, wood, thatching grass, jute, coke coal or charcoal other dangerously inflammable materials -	
	(1) Selling or storing timber-	
	Valuing Rs. 200 or less at a time	25
	Valuing more than Rs. 200 but not exceeding Rs. 500 at a time	40
	Valuing more than Rs. 500, but not exceeding Rs 1,000 at a time	60
	Valuing more than Rs. 1,000	For every additional Rs. 100 or part there of Rs. 5- subject to a maximum of Rs. 100
	(2) Selling or storing wood	Rs. 15 for each depot and Rs. 3 for each place other than depot (small scale)
	(3) Selling or storing hay, straw, thatching grass	10
	(4) Selling or storing coke or carcoal	10
(t)	Selling grain, groundnut, Chillies or jaggery wholesale or storing any of the said articles for the Wholesale trade-	
	(1) Grains	30
	(2) Groundnut	25

	(3) Chillies	10
	(4) Jaggery	25
(u)	Storing any explosive or combustible materials, storing kerosene, petroleum, naphtha or dry inflammable oil or spirit-	
	(1) Dangerous petroleum for any quantity not exceeding six gallons not intended for sale and kept in securely stopped receptacles of glass, stoneware or metal, not exceeding one quart in capacity in the case of receptacles of glass or stoneware and not exceeding five gallons in capacity in the case of receptacles metals.	
	(2) Storing non-dangerous petroleum having flashing point below 150 F to quantities not exceeding 500 gallons, provided none of it is contained in a receptacle exceeding two hundred gallons in capacity-	
	Not exceeding 100 gallons	
	Exceeding 100 gallons, but not exceeding 200 gallons	6
	Exceeding 200 gallons, but not exceeding 300 gallons	9
	Exceeding 300 gallons, but not exceeding 400 gallons	12
	Exceeding 400 gallons, but not exceeding 500 gallons	15
	(3) Strong non-dangerous petroleum having its fashing point not below 150 F, but below 200 F, to quantities not exceeding 10,000 gallons not stored in the same installations or storage shed as other petroleum and exempt from licence under the rules contained in Chapter V of the Petroleum Rules, 1937-	
	Not exceeding 100 gallons	3
	Exceeding 100 gallons, but not exceeding 200 gallons	6
	Exceeding 200 gallons, but not exceeding 300 gallons	9
	Exceeding 300 gallons, but not exceeding 400 gallons	12
	Exceeding 400 gallons, but not exceeding 500 gallons	15
	Exceeding 500 gallons, but not	

	exceeding 1,000 gallons	18 ..
	Exceeding 1,000 gallons, but not exceeding 2,000 gallons	21
	Exceeding 2,000 gallons, but not exceeding 3,000 gallons	24
	Exceeding 3,000 gallons, but not exceeding 4,000 gallons	27
	Exceeding 4,000 gallons, but not exceeding 5,000 gallons	30
	Exceeding 5,000 gallons, but not exceeding 10,000 gallons	Rs. 30 for the first 5,000 gallons and for every additional 1,000 gallons or part there of Rs. 6.
	(4) Methylated spirit	5
	Naphtha or inflammable-	
	Under 10 cases at a time	2
	Under 50 cases at a time	5
	Under 100 cases at a time	8
	Under 500 cases at a time	16
	Under 1,000 cases at a time	25
	Under 5,000 cases at a time	50
	Under 5,000 cases at a time	100
	(5) Jute, hemp, cotton	Rs. 5 for 100 bales Rs. 10 for 500 bales Rs. 25 for over 500 bales.
	(6) Storing or otherwise dealing with bamboos above 1,000.	5
	(7) Storing fire works	Rs. 4 for 50 lbs, Rs. 10 for 200 lbs, Rs. 20 for over 200 lbs
	(8) Gunpowder	Rs. 12 for every 50 lbs. or fraction thereof.
	(9) Matches	Rs. 6 for every

		grosses or fraction thereof.
(v)	Manufacturing anything from which offensive or unwholesome smell arises-	
	(1) Manufacturing arrack (distillery)	Rs. 200
	(2) Manufacturing chua oil	Rs. 10
	(3) Sawing timber by power other than manual labour- Belt cutting Table cutting	Vide item (W) Ditto
	(4) Powdering turmeric by power	Ditto
	(5) Purification of gold with acids.	Rs. 20
	(6) Other items of manufacturing anything from which offensive and unwholesome smells arise than those specified against items (1) to (5)	Rate will be fixed by Government on merits of each when it comes up the Government.
(w)	Using for any industrial purpose any fuel or machinery-	Rs.
	Using for factory, mills, mines, workshop, workplace, any machine worked by steam power, water or other mechanical power or electrical power-	
	Not exceeding 1 H.P.,	5
	Not exceeding 1 H.P., but not exceeding 5 H.P.	20
	Exceeding 5 H.P. , but not exceeding 10 H.P.	30
	For every additional 10 H.P. or fraction thereof up to 50 H.P.	30
	For every engine having H.P. above 50 up to 100	225
	For every engine having H.P. above 100 up to 150	260
	For every engine having H.P. above 150 up to 200	300
	For every engine having H.P. above 200	500
	Printing Press	15
	Using for cinema, dramatic hall or for any other industrial purpose any machinery worked by steam power, water power or other machanical power or electrical power-	
	For the first 10 H.P. or fraction thereof	30
	For every additional 5 H.P. or fraction thereof	10

	Using for touring cinema, touring dramatic company or touring circus company and the like any machinery worked by steam power, water power, or other mechanical power or electrical power-	
	For every 10 H.P. or fraction thereof	30
	Note- In the case of the existence of stand by engines in a factory, the horse power of the engine having the maximum H.P. should alone be taxed and the other engines are exempted from payment of fees.	
(x)	In general, doing in the course of any industrial process anything which is likely to be dangerous to human life of health or property-	

Smithy

None- Any other item coming under this clause may be referred to Government for fixation of the maximum fee.

By order of the Governor

P.K. TRIPATHY
Secretary to Government.

**COMMUNITY DEVELOPMENT & PANCHAYATI RAJ (G.P)
DEPARTMENT NOTIFICATION**

The 15th November 1975

S. R. O. No. 854/75 – In exercise of the powers conferred by section 12 of the Cattle Trespass Act, 1871 (I of 1871) and in supersession of all previous notifications on the subject, the State Government do hereby prescribe the following scale of fines for cattle impounded in the cattle pound situated within the Grama Panchayat area under the said Act. namely :-

	Rs.
Elephant	15.00
Camel	7.50
Buffalow	4.50
Horse	4.50
Mau	4.50
Gelding	4.50
Poney	4.50
Mule	4.50
Bull or Bullock	4.50
Cow or Heifer	4.50
Calf	3.00
Colt	3.00
Filly or Ass	3.00
Ram	3.00
Pig	3.00
Hive	3.00
Sheep	3.00
Goat	3.00

No. 27874-XL-11-125/75-G.P
By order of the Governor
S.K. BASU
Secretary to Government

QUESTIONNAIRE FOR GRAMA PANCHAYATS

Vehicle Tax

1. (a) Does the G. P. levy Vehicle tax ? Yes/No
- (b) If yes, what is the amount collected during
- | 1995-96 | 1996-97 | 1997-98 |
|---------|---------|---------|
|---------|---------|---------|
- (c) The amount spent in issuing licences
- | 1995-96 | 1996-97 | 1997-98 |
|---------|---------|---------|
|---------|---------|---------|
- (d) If tax is not collected (i)
from all vehicles kept or use in the village, Give (ii)
the reasons (iii)
- (e) Does the G.P. seize vehicles u/s 103 of the G. P. Act, 1964
when tax
is not paid ? Yes / No
- (f) Do you consider the rates of fees prescribed u/s 83 of the
G.P. Act. 1964 need upward revision ? Yes/No
- (g) If upward revision is necessary, suggest rates for each type
of vehicle:
- (1)
 - (2)
 - (3)
 - (4)
 - (5)
- (h) If vehicle tax is not levied, state the reasons

Latrine Tax

2. (a) Does the GP levy latrine tax ? Yes/No
- (b) If Yes (i) the rate of tax

- (c) What is the source of water for bathing and domestic animals ?
- (d) If drinking water is provided by the Govt., do the villagers pay for this benefit?
Yes/No
- (e) Should the GP take up the maintenance of tubewells provided by Govt.

Lighting Rate

5. (a) Does the GP levy lighting rate ? Yes/No
- (b) If yes
- (i) the rate at which it is levied ?
- (ii) the amount collected during,
- | | | |
|---------|---------|---------|
| 1995-96 | 1996-97 | 1997-98 |
|---------|---------|---------|
- (iii) Expenses in maintaining the lighting system
- | | |
|---------|---------|
| 1995-96 | 1996-97 |
|---------|---------|
- (c) If lighting is not provided, give the reasons
6. (a) Does the Grama Panchayat maintain slaughter houses and cart stands & collect fees ?
- (i) Slaughter house Yes/No
- (ii) Cart stands Yes/No
- (b) If yes, state the number of each and the rate of fees
7. Does the G.P. levy licence fees on
- (i) Private markets (u/s 59 & 60) Yes/No
- (ii) Private cart stand (u/s 59 & 60) Yes/No

(iii) Private slaughter houses (u/s 59 & 60 of the G. P. Act, 1964) Yes/No

(iv) For use of public road or place (u/s 63 of the GP Act, 1964) Yes/No

Public Resort and Entertainment

8. (a) Has the GP issued notification u/s 56 of the GP Act 1956 with intimation to the Collector prohibiting the use of enclosed place or building or tent for use for public resort or entertainment without a licence ?

(b) If No, give the reasons Yes/No

(c) If yes:

(i) At what rate annual licence fee charged ?

(ii) At what rate temporary licence fee is charged ?

(d) (i) Do you think that the rate of maximum licence fee prescribed need upward revision ? Yes/No

(ii) If yes, suggest the higher rates (1) permanent

(2) temporary

Licence fees for industries, factories and trade

9. (a) Has the GP issued Notification with previous sanction of the Collector prohibiting the use of any place within the local area for any of purposes given in annexure-A without a licence? Yes/No

(b) If No. give the reasons.

(c) If notification has been issued and licence fees are being collected, give the information in the following table by referring to list in Annexure-A

Type of industry/factory/ No.of each licence fees collected during

- 1.
- 2.
- 3.
- 4.
- 5.

(d) Even if no notification has been issued and no licence fees are collected, fill up Columns 1 and 2 of the above table under the jurisdiction of your Gram Panchayat

Fines & penalties

10. (a) Has the GP cattle ponds ? Yes/No
- (b) If yes, give (i) No. of cattle ponds
- (ii) Fines collected during 1996-97, 1997-98 (sec. 83 of the GP Act 1964 & Annexure-B
- (c) Has the GP collected any other type of fines referred to in Para-9 of the Brochure during 1996-97 Yes/No

Public Markets

11. (a) Are there public markets under the GP as prescribed u/s 58 of the GP Act 1964 & Rule 68 of the GP Rules 1968
- (i) for sale/purchase of goods Yes/No
- (ii) for sale/purchase of animals Yes/No
- (b) If Yes, give the No. of markets
- (1) for sale/purchase of goods _____
- (2) for sale/purchase of animals _____
- (c) Does the GP directly collect various types of fees from the market or lease them out?

(1) Directly collect

(2) Lease out

(d) Amount fees collected during

1995-96 1996-97 1997-98

(1) Goods Market

(2) Animal Market

(e) (i) Has any Market/hat belonging to the GP been transferred to Regulated Market Committee ? Yes / No

(ii) If Yes, when it did the transfer take place ?

Year _____

(iii) (a) Have the markets been retransferred to the GP in terms of Orissa Grama panchayat (Amendment) Act, 1994 ? (See Sl. No. 10 of the brochure) Yes/No

(b) If yes, State the year which retransfer took place.

Year _____

(c) If No, give the reasons

Public Property

12. (a) Give the information on public property vested in and managed by your GP in the following table:

Sl.No.	Type of public property No.	Annual Income in		
		1995-96	1996-97	1997-98
1.	Ferry & Ghats			
2.	Pisciculture tanks			
3.	Orchards			
4.	Waste land			

5.	Irrigation sources			
6.	Forests			
7.	Pisciculture sources other than tanks			
8.	Grain Golas			
9.	Any other			

(Note: If any public property in the list above is not available to the GP report 'Nil' against Columns 3, 4 & 5) (see Sl. No.11 of the Brochure)

(b) If there is any public property situated in the GP area but not vested in the GP, give the list of such properties indicating No, approximate area and the purpose for which the GP may use the same if vested in it.

(use separate sheet if necessary)

(c) Give the list of income generating assets created by the GP by the use of its own funds, grants/loans from the Govt.

Asset	No.	Income generated during		
		1995-96	1996-97	1997-98
1.	-----			
2.				
3.				

Note : Income generating assets include market complex, marriage mandap, pisciculture tank, plantation on community land etc.

(d) (i) Are you satisfied that income generated by each public property is satisfactory ?

Yes/No

(ii) If No. suggest measures which may increase income from each public property.

Arrears (See Para-13 of the Brochure)

13. (i) Are there arrears of dues outstanding ? Yes/No

(ii) If there are arrears, what steps are taken by the G.P to realise the arrears ?

(iii) Does the GP take resort to distress and sale for realisation of arrear dues ? Yes/No

(iv) Does the GP apply to the Collector u/s 102 (7) of the GP Act, 1964 to recover the arrear dues ? Yes/No

(v) Do you suggest that the period of 3 years as the limitation period for recovery of dues need upward revision ? Yes/No

(vi) If yes, suggest the period

(b) Indicate the arrears outstanding as on Loan

1. 4. 95 Rs. No

1. 4. 96 Rs.

1. 4. 97 Rs.

14. (a) Has the GP borrowed money from

(i) State Govt. Yes/No

(ii) Other Local authority Yes/No

(iii) Individuals Yes/No

(iv) Other sources (specify)

(b) Purposes for which money has been borrowed

(i)

(ii)

(iii)

(c) Is the repayment position satisfactory ? Yes/No

(d) If repayment position is unsatisfactory, give the reasons.

(e) Indicate the quantum of loan outstanding for repayment as on

1. 4. 95 Rs.

1. 4. 96 Rs.

- (f) Does the GP propose to make further loans ? Yes/No
- (g) If yes, state the purposes for which the loan amount may be used.
15. (a) Has the GP appointed a tax collector ? Yes/No
- (b) If yes, has he been appointed on salary or commission basis ?
Salary/Commission
- (c) If appointed on salary, what is salary per month at present ?
8 Rs.
- (d) If appointed on commission basis what is percentage of collection given as commission ?
- (e) If tax collector is not appointed, how are the tax & other dues collected ?
- (f) (i) Are all dues collected regularly ? Yes/No
- (ii) If No, and there are arrears, what steps are taken to collect arrears ?
- (g) (i) Would you favour collection of dues by the Ward Member from respective wards ? Yes/No
- (ii) If No, what is the reasons ?
- (h) Would you favour collection of dues to be entrusted to the GP Secretary ? Yes/No
16. (a) Has any property vested in GP been leased out to a cooperative society as per the direction of State Govt. ?
Yes/No
- (b)(i) Has the GP any water area used for pisciculture Yes/No
- (ii) If yes, is the water area leased out in favour of Fishermen or registered Coop. Society as required under Rule 86
(3) Yes/No

(c) Are public properties leased out as per the procedure indicated in para 15 of the Broche ? Yes/No

(d) (i) Would you favour any change in the existing leasing out procedure ? Yes/No

(ii) If yes, indicate the changes that you suggest :

17. (a) Are all works executed as per the procedure given in the rules and indicated in Para -16 of the brochure ? Yes/No

(b) (i) Would you favour the GP Secretary to execute works costing more than Rs. 250/- ? (Para 16 of the brochure) Yes/No

(ii) If yes, upto what limit the work can be entrusted to Secretary without sacrificing quality ? Upto Rs.

(c) (i) Should the Sarpanch be given the power of administrative approval of works costing more than Rs. 1.000/- ? (Para 10 of the Brochure)

(ii) If yes, upto what amount ? Upto Rs.

18.(a) What has been the income of the GP from all internal sources (excluding grants/loans) during

1995-96

1996-97

1997-98

(b) Indicate total arrears if any outstanding at the end of

1995-96

1996-97

1997-98

(c) Suggest measures to improve collection :

1.

2.

3.

(d) In addition to the existing sources of own income of Grama Panchayats, what other sources would you suggest to improve own income of your GP ?

1.

2.

3.

19. Of the obligatory functions listed below, indicate the functions which your GP performs on regular basis :

1. Construction, maintenance and cleaning of village roads Yes/No

2. Street lighting

3. Construction & maintenance of drainage system

4. Construction & maintenance of water supply sources

5. Registration of birth, deaths & marriages

6. Maintenance of Public Properties vested in GP

7. Agriculture including agricultural extension

8. Minor forest products

9. Small scale industries

10. Rural Housing

11. Poverty alleviation

12. Woman & child welfare

13. Social welfare

14. Public distribution system

15. Maintenance of community assets

16. Provision of Public latrines & cleansing of private latrines

20. Give the list of public assets vested in or created by the GP which need annual repair and maintenance:

1.	Village Roads	Type	Road length in km
		RCC	
		Black Topping	
		WBM	
		Gravel	
		Earthen	

2. Wells No.

3. Tanks No.

4. Orchards

5. Grain Gollas

6. **Buildings**

1. Panchayat Ghat

2. Community Halls

3. Market Building

4. Primary School Building

5. Street Lighting

6. Drainage System

7. Other (specify)

21. Indicate what in your view will be the amount required for annual maintenance and repair of public properties and other assets.

BROCHURE ON MUNICIPAL TAXATION

1. Under the Orissa Municipal Act, 1950 as amended from time to time, a Municipality is empowered to raise income from various sources as given below :

2. Holding Tax : Holding tax is leviable on various types of holdings subject to limitations and restrictions as indicated in each case.

(a) Holdings whose annual value is determined under Sec.137(1) by the gross annual rental which the holdings are expected to fetch minus 15% of the annual value as deductions towards repair etc. (Sec.131(1) and 137(2)).

(b) Holdings having a building or buildings which are not intended for letting or for the residence of the owner himself whose annual value is determined under Sec.137(2) by an amount which shall not exceed 7.5% of the actual cost of construction plus a reasonable ground rent for the holdings. (Sec.131(1) and 137(2))

In the above two cases, holding tax shall not exceed 10% of the annual value in each case.

(c) Holdings which are not used exclusively for agricultural purposes and are not occupied by or adjacent and appurtenant to buildings and whose capital value shall be determined under Rule 520 by their market values. The holding tax for such holdings shall not exceed ½ percent of the capital value. In case the Municipality decides to levy the tax with reference to the extent of land, the rate shall not exceed Re.1 per 100 sq. yards. (Secs. 131(2) (a) and Rules 520-524)

(d) Holding which are railway lands not used exclusively for agricultural purposes and are not occupied by or adjacent or appurtenant to buildings and whose annual value is determined under Rule 518.

The holding tax on such holdings shall not exceed 10% of the annual value. (Secs. 131(2) (b), Sec.132(1) Rule 518). Under

Rule 518, the annual value shall be determined by a Committee consisting of (1) Executive Officer, (2) Collector and (3) a representative of the Railway Administration.

- (e) Holdings which are used exclusively for agricultural purposes, holding tax shall be a proportion of the annual value as fixed by the Municipality. The annual value of such holdings shall be determined as provided under Rule 519. (Sec. 131(3) (a) and Rule 519)

3. Exemption from Holding Tax :

- (a) A place of public worship, Dharma Sala, Sarai Choultry, public burial and burning grounds are exempted.
- (b) Any holding exclusively used for charitable purposes may be exempted with Govt. permission.
- (c) The holdings of an owner whose aggregate value do not exceed Rs.60/- may be exempted.
- (d) There may be remission of holding tax on a building if it remains vacant for 90 days.

(Sec. 132)

4. Water Tax :

- i) Water tax shall be levied on the annual value of a holding subject to a maximum of 10 percent of annual value.
- ii) No water tax until water supply has been provided in the area.
- iii) No water tax on a holding which is not within a radius to be fixed by municipality from the nearest standpipe or other sources of public water supply.
- iv) The amount of water tax may vary with the distance of holding from the water supply source with the sanction of the State Government.

(Secs.131(c) and 133)

5. Lighting Tax :

- i) Lighting tax shall be levied on the annual value of holding subject to a maximum of 5% of the annual value.

- ii) No lighting tax until lamps in the area have been lighted.
(Secs.131 (d) and 133)

6. Latrine Tax :

- i) Latrine tax shall be levied on the annual value of the holdings subject to a maximum of 10% of annual value. If the annual value does not exceed Rs.25/- the latrine tax shall not be more than Rs.2/- per annum. (Section 134 (c))
- ii) No latrine tax until the Municipality has made provision for cleansing private latrines, urinals and cesspools.
- iii) The holdings in which provision has been made for septic tank latrine, the latrine tax shall be a percentage of the tax not exceeding 25%.

(Sec. 131 (b) and 134)

7. Drainage Tax :

- i) Drainage tax shall be levied on the annual value of holdings subject to a maximum of 10% of the annual value.
- ii) No drainage tax until a drainage or sewerage system has been established in the area.

In case of all the above services taxes, the rates shall be based on the principle that total net proceeds any service tax shall not

(Sec. 131 (e) and 135)

8. Education Tax :

- i) Education tax may be levied with previous sanction or direction of the State Government.
- ii) The tax so levied shall not exceed 25% of either holding tax or of professional tax or of both.
- iii) The rate shall be determined by the Municipality with previous sanction of State Govt. or by the State Govt. themselves.

(Sections 364 and 365)

9. Preparation of Valuation List :

- i) The State Govt. shall establish a Valuation Organisation and appoint such number Valuation Officers as they think fit.

- ii) The Valuation Officer shall determine the annual value of holdings and prepare valuation list.
- iii) Views of the Municipality and objections by others to the list shall be invited within 60 days from the date of publication of list.
- iv) The Valuation Officer shall consider the views and objections and publish the final list of valuation on the Notice Board of the Municipality. Every owner shall be given the particulars relating to his holding under the signature of the Executive Officer.

(Sections 142 and 143)

- v) The Executive Officer shall exercise the powers of the Valuation Officer during interim period.

10. Assessment List :

- i) The Municipality at a meeting shall determine the rate of taxes before the close of the year next proceeding the year in which the rates of taxes are to apply. Such rates shall remain in force until some other rates are determined in a meeting to be made effective at the beginning of the next year.
- ii) Where the Municipality does not determine the rates, the maximum rates prescribed shall apply. (Sec.144)
- iii) On the basis of the rates determined, the Executive Officer shall cause an assessment list prepared in respect of holdings subject to taxes (Sec.145).
- iv) New valuation and assessment list shall ordinarily be prepared once in 5 years unless the State Govt. directs otherwise. (Sec.146)
- v) The Executive Officer shall give public notice of the assessment list prepared by beat of drum and placards posted in conspicuous places. When any property is assessed for the first time or when the assessment is increased the Executive Officer shall give notice of the same to the owner or occupier if known. (Sec.152)

11. Recovery of Taxes :

- 1.(a) If the tax due is not paid within 61 days from the date on which it became due, the Executive Officer shall serve notice on the defaulter in the prescribed form.
- (b) No notice more than 6 months after any sum has been due.

(Sec.161)

2. (a) If dues are not paid within 15 days of the service of notice or if reasons why dues shall not be paid is not shown to the Executive Officer, the amount of arrear dues with costs shall be levied by distress and sale of any movable property belonging to the defaulter within 6 months from the date of service of notice.
- (b) If dues are not paid with costs before the time fixed for sale of seized movable property, the property seized shall be sold by auction. (Sections 162 and 165)
- (c) If dues cannot be realised through distress and sale, the Executive Officer shall apply to the Collector to recover such dues as arrears of land revenue. (Sec.169)
- (d) Municipality may bring suits instead distraining of or on failure of distress. (Sec.170)

12. Tax on carriages, carts, horses and other animals :

The Municipality may levy taxes on carriages, carts and animals as shown in the Third Schedules at rates not exceeding the rates given in the said schedule. The said third schedule is reproduced below. (Secs. 131(f) and 176)

13. Profession Tax :

- (i) Municipality may levy a tax on profession, art and calling. (Sec. 131(g))
- (ii) The Municipal Council shall have to decide to levy a profession tax by a resolution. (Sec.189(a))
- (iii) Profession tax is leviable on (a) companies, firms, associations, Hindu Undivided Families doing business for not less than 60 days in the Municipal area. (Sec.189 (a))
- (iv) Profession tax is payable at rates prescribed subject to a maximum of Rs.125/- per year.
- (v) No profession tax is payable if total annual income does not exceed Rs.3600/-
- (vi) Rates of profession tax as prescribed in Rule 507 are given below :

Class		Half-yearly Income		Half yearly Tax		
		Rs.		Rs.	Rs.	A.P
1	More than	1,800	But not more than	2,000	6.0	3
2	-do-	2,000	-do-	2,500	9.0	3
3	-do-	2,500	-do-	3,000	12.0	0
4	-do-	3,000	-do-	3,500	18.0	0
5	-do-	3,500	-do-	4,000	24.0	0
6	-do-	4,000	-do-	4,500	30.0	0
7	-do-	4,500	-do-	5,000	36.0	0
8	-do-	5,000	-do-	5,500	42.0	0
9	-do-	5,500	-do-	6,000	48.0	0
10	-do-	6,000	-do-	6,500	54.0	0
11	-do-	6,500	-do-	7,000	60.0	0
12	-do-	7,000	-do-	above	62.8	0
13						

13. Poll Tax

- (i) A poll tax on animals, carriages and carts other than motor vehicles carrying goods or passengers to the Municipality area where a festival or fair is held and notified by the Municipality for the purpose.
- (ii) This tax is subject to maximum and minimum rates as prescribed in Rule 513. Such rates as given in the Schedule below:

Schedule

	Minimum Daily Rs. @. P.	Minimum Daily Rs. @. P.
Animals – horse, bull or bullock	0 1 0	0 2 0
Cart- Single bullock	0 1 0	0 2 0
Double bullock	0 2 0	0 4 0
Double buffalo	0 2 0	0 4 0
Four wheeled carriage drawn by horses	0 4 0	0 8 0
Two- whelled vehicle including Jhatka tanga including bicycle and rickshaw	0 2 0	0 4 0
Bicycle	0 1 0	0 2 0
Rickshaw	0 2 0	0

14. Octorai

An Octroi on goods brought within the limits of a Municipal area for consumption, use or sale subject to prior sanction of State Govt.

15. Fees & Licence Fees:

- (a) A fee on registration of dogs (Sec. 131 (i))
- (b) A fee on vessels moored at ghats or landing places constructed and maintained by a Municipality (Sec. 131(j))
- (c) Fees and fines under Special Acts, i.e. Cattle Trespass Act, North Indian Ferries Act, Bengal Ferries Act, Canal Public Ferries Act (Sec.114 (c))
- (d) Licence fees for allowing projections and erections under Sec. 255
- (e) Licence fees for allowing sale or exposure for sale of animals/articles in or upon public road, public place or part thereof under Sec.307
- (f) Licence fees for allowing trade, business industry etc. listed under Sec. 290 (1) subject to maximum licence fees to be fixed by State Govt. through notification

- (g) Licence fees for places of public resort and entertainment subject to such fees and conditions as the State Govt. may by rule direct.

Fees prescribed by Govt. under Rules

- (i) For grant or renewal of licence for one year for an area of 100 sqm. or less ...Rs. 20/-

For every additional 50 sqm. or less an additional fee of Rs. 10/-

- (ii) temporary licence in respect of a permanent building Rs. 5/- per month or a portion thereof an area of 100 sqm. or less

An additional fee of Rs. 2.50 for addition 50 sqm. or less

- (iii) temporary licence in respect of a temporary building Rs. 10/- p.m. or portion thereof for an area of 100 sqm. or less.

Rs. 5/- for an additional area of 50 sqm. or less

- (iv) for an enclosure without roof or superstructure thereon licence fee for one year @ Rs. 4/- for an area of 200 sqm. or less

Addl. Fee of Rs.2/- for every additional 100 sqm. or less.

- (v) For an enclosure without roof or super structure thereon licence fee for one month or less, Rs. 2/- for an area of 200 sqm. or less and

Additional fee Rs. 1/- for every additional 100 sqm. or less

(Rule 597)

QUESTIONNAIRE –MUNICIPAL TAXATION

District

Municipal Corporation/Municipality/N.A.C. year of Establishment –

A - GENERAL INFORMATION

1. (a) Total population as per 1991 Census Male- Female-
- (b) Total S. C. & S. T. Population Male- Female
- (c) Percentage of S. C. & S. T. to total population
- (d) Slum population
- (e) Percentage of slum population to total population.
2. (i) Area in Sq. Kms.
- (ii) Density of population per Sq. Km.
3. Number of Wards.
4. No. of urban poor families identified for NRY/PMRY and other poverty alleviation Schemes.

PMIUPEP – Prime Minister’s Integrated Urban Poverty Eradication Programme.

IDSMT – Integrated Development of Small and Medium Towns.

B. – Holdings and Holding Related Taxes.

1. No. of holdings of different categories as on 31. 3. 98.

Category (1)	No. (2)
-----------------	------------

- (i) Holdings whose annual value is determined u/s 137 (1)

- (ii) Holdings whose annual value is determined u/s 137(2)
- (iii) Holdings not used exclusively for agricultural purposes and without

Buildings whose capital value is determined under Rules 520-524.

- (iv) Holdings which are railway lands u/s 131 (2) (b) whose annual value

Is determined under Rules 517-518

- (v) Holdings used exclusively for agricultural purposes (Sec 131(3) (a) and Rule 519

- (vi) Holdings having Govt. buildings.

(a) State Govt.

(b) Central Govt.

Total No. of Holdings (I to (vi))

2.2.If no holding tax is being levied and Collected from any of the above catagories (I to v), state the category of holding and reasons for not levying tax.

Category of holdings	Reasons for tax not being levied.
----------------------	-----------------------------------

1.

Attach separate sheet if necessary.

(Possible reasons for tax being not levied may be :

- i) The State Govt. has abolished/suspended taxes on such categories u/s 131 A.
- ii) The category of holding does not exist in the municipal area.
- iii) The list of holdings belonging to the category has not been prepared

Any other reason may also be given)

3. Rates of Holding Tax :

Category of Holding.	Existing rate & the year from which effective.	Previous rate and the year from which it was operative.
(1)	(2)	(3)
i) Holdings whose value is determined u/s 137 (1).		
ii) Holdings whose annual value is determined u/s 137(2).		
iii) Holdings referred to in Sec.131 (2) (a).		
iv) Holdings referred to in Sec.131 (2) (b).		
v) Holdings referred to in Sec.131 (3).		
vi) State Government Buildings.		
vii) Central Government Buildings.		
viii) Has the Municipal Council decided to tax the holdings referred to in Sec. 131(2) (a) of the Act with reference to the extent of land, the rate fixed by Council per 100 sq. yards (Rule 524)		

N.B. : Rate i.e. percentage of annual value/ percentage of Capital Value of holdings.

4. Rates of Holding Related Taxes :

Tax.	Existing rate & the year from which effective.	Previous rate and the year from which it was operative.
(1)	(2)	(3)
i) Latrine Tax		
ii) Water Tax		
iii) Lighting Tax		
iv) Drainage Tax		
v) Education Tax		

5. If any of five taxes indicated in 4 above is not being levied, give the reasons for such tax being not levied.

(Attach separate sheet if necessary).

6. Determination/Revision of Annual values of Holdings :

- i) The year in which last general revision/determination of annual valuation was made (See – 146)
- ii) Was the last general revision/determination done by the valuation officer of valuation organisation or by the Executive Officer.
- iii) If general revision/determination of annual values has not been done for more than 5 years, what were the reasons ?

Possible Reasons may be :

- (a) The State Govt. directed otherwise under Sec. 146 (1).
- (b) Court Orders.
- (c) Other reasons specify
(attach separate sheet if necessary)
- iv) What was the present annual contribution of the ULB towards maintenance to the Valuation Organisation ?
- v) Whether new buildings were added to the valuation list prepared at the last general revision/ determination ?
Yes/No.
- vi) If yes, how was the annual value of such additional holdings determined ?

7. Determination of rate of tax on holdings :

- (a) The date on which the ULB last revised/determined the rates of taxes u/s 144.
- (b) The date on which the Executive Officer completed the preparation of the Assessment List tax u/s 146 following the revision / determination of rates of tax u/s 144

(c) Did the Executive Officer alter the Assessment list u/s 164
Yes / No

(d) If yes , indicate the reasons for such revision

(e) If the rates of tax on holdings has not been revised and hence if the assessment list has not been revised for more than five years , give the reasons for such delay in revisions (Ref. Sec. 146)

(Attach separate sheet if necessary)

8. Other Taxes and Fees etc.

1.Does the Municipality levy taxes on carts, carriages and animals as specified in the Third schedule ?
Yes / No

2. Do you suggest that the rates as specified in the Third schedule from 1986 should be revised upwards ?

3.If yes, suggest higher rates proposed in respect of each cart / animal ;

Carts / animal	Existing rate	Proposed higher rate
i) Four wheel carriage drawn by horse or other animals	20.00	
Ii) Two wheeled vehicles excluding bicycle	20.00	
Iii) Bicycle	8.00	
Iv) Rickshaw	4.00	
v) Cycle rickshaw including Trolley	15.00	
Vi) Horse other than pony	4.00	
Vii) Elephant	24.00	
Viii) Camel	12.00	
Ix) Buffalo / She Buffalo	8.00	

4. Is collection of dues on carts / animals is satisfactory ? Yes /
No

5. If collection is unsatisfactory , suggest measures to improve
collection;

6. Some states have abolished the tax ,
would you recommend abolition of this tax ? Yes / No

7. If this tax is to be abolished , give some possible reasons .

(D) OCTROI

1. Does the Municipality levy Octroi ? Yes / No

2. If levied , attach the bye-law on Octroi

3. Would you favour abolition of Octroi ? Yes / No

4. If Octroi is to be abolished , would you prefer (I)
Surcharge on Sales Tax or Entry Tax.

5. If surcharge on Sales Tax is proposed , what percentage
of Sales tax shall be the surcharge ?

(E) PROFESSION TAX

The Municipality is empowered to levy a tax on profession, art
and calling (Sec. 131 (g)) Rule 507 of Orissa Municipal Rules
1953 prescribe maximum level of taxes . No prior sanction of
State Govt. is necessary to levy the tax.

1. Does the Municipality levy profession tax ?

2. If levied furnish the copy of notification giving rates of tax

3. If the tax is not levied, State the reasons (Attach a separate
sheet if necessary)

4. If the tax is not being levied , is there a proposal to levy
the tax during 1998-1999 Yes / No

5. Would you recommend upward revision of maximum rates
prescribed in Rule 507 Yes / No

6. If yes , suggest a schedule of rates which you think
Would be just and equitable.
(Attach a separate sheet if necessary)

(F) POLL TAX

1. Does the Municipality collect poll tax under Section 131 (h)
Yes / No
2. Do you feel that the tax has become absolute and should be
abolished ? Yes / No
3. If the tax is to continue , suggest charge in the rates prescribed
in Rule 513 in
Keeping with the present price situation.

(G) PUBLIC RESORT AND ENTERTAINMENT

1. Has the Municipality been collecting licence fees for places of
public resort and entertainment ? Yes / No
2. Do you feel that the rates of licence fees as prescribed in Rule
587 since 24.5.1979 need upward revision ? Yes / No
3. If yes, suggest by what percentage each
Prescribed licence fee should increase ?

(H) INDUSTRIES , FACTORIES , OCCUPATIONS AND PROCESSES

(Sec . 290)

1. Does the Municipality collect licence fees for granting
Licences for any of the purposes listed in Sec 290 (I) Yes/ No
2. Do you think that maximum license fees prescribed by
Notification by Government under Section 290(7) need
upward revision ?
3. If they upward revision, suggest by what percentage each such
maximum be increased.
4. Furnish a list of purposes and the license fee charged in respect of each
category during 1997-98

Upgradation of Roads

- (i) What is the road length in Kms. upgraded during 1997-98 ? :- Kms.
- (ii) What is the road length proposed to be upgraded during 1998-99 ? :- Kms.
- (iii) What is the amount earmarked for upgradation of roads during 1998-99 ?:- Rs.
- (iv) At the existing schedule of rates what is the amount needed to upgrade the lower category of roads to B.T. level ?:- Rs.
- (v) Target of U.L.B. to reach B.T. level roads by 2003 :- Kms.

Street Lighting

- (i) What is the road length of the U.L.B. In Kms. ? :- Kms.
- (ii) What is the road length covered by street lighting ? :- Kms.
- (iii) National Institute of Urban Affairs Has fixed 100ft as the distance between two lamp posts what is the actual distance between two points in the U.L.B. :- ft.
- (iv) Total No. of lamp posts of which
- (a) Ordinary bulb :-
- (b) Tube lights :-
- (c) Mercury lamps :-
- (d) Sodium Vapour :-
- (e) Focus lights :-

- (v) Has the U.L.B. fixed targets to be achieved by 2003 ? Yes/No
- (vi) If yes; what is the target to be achieved by 2003 ? No of lamp posts
- (vii) The estimated expenditure for The targets to be achieved By 2003 ? Rs.
- (viii) (a) Whether repair and restoration of light points is done by the U.L.B./ Gridco/other agency
- (b) If by other agency, name the agency
- c) Is the present arrangement with Gridco/other agency satisfactory ? Yes/No.
- (d) If the arrangement is unsatisfactory, State why it is so and suggest measures to Improve the situation.
- (ix) (a) Has the U.L.B. provided street lighting to all the slum pockets ? Yes/No.
- (b) If No, how many slums have been left out and why ?

C. Drainage

- (i) Total road length covered in drains in kms. of which :- Kms.
- (a) Pucca open drains :- Kms.
- (b) Pucca closed drains :- Kms.
- c) Cutchra drains :- Kms.
- (ii) Total road length in Kms needing Drains :- Kms.
- (iii) Has the U.L.B. fixed targets to be

achieved by 2003 in covering
uncovered roads with drains ?

Yes/No

(iv) If yes, what is the target ?

(v) What is the estimated expenditure
needed to achieve the target ?

Rs.

(vi) If the drainage system is unsatisfactory
what should be done to bring it to a
satisfactory State ?

Attach separate sheet if necessary

D. Solid Waste Management

(i) Has the U.L.B. provided dustbins for
collection of solid waste generated ?

Yes/No.

(ii) if yes, No. of households per dustbin

:-

(iii) What is the present level of collection
performance ?

:-

(iv) What is O & M cost for the existing assets annual ?

(v) What is the level of collection
performance targeted to be achieved
by 2003 ?

From

%

to

%

(vi) What is the capital investment
that may be need to reach the
targeted level over the five years
up to 2003 ?

:-

Rs.

E. Water Supply

(a) What is the mode of supply of
water in the U.L.B. ?

(i) Through House service connections

- (ii) Through Stand Posts
- (iii) Through Hand Pumps
- (iv) If there is a combination of modes, give the combination.

- 1.
- 2.
- 3.

(b) (i) If there are house service connection, whether the arrangement is by PHD(Engg) Deptt. of State or by the ULB ? PHD/ULB

(ii) No. of holdings provided with house service connections ?

(iii) What is the present level of water supply per capita per day ? Liters

(iv) Percentage of population covered through house service connections ? :- %

(v) (a) Does the ULB have a plan to increase the number of households to have house service connections during 1998-99 and upto 2003 ? Yes/No.

(b) If yes, what is the No. of house holds to be provided with house service connections during
1998-99 1999-2000 2000-2001-2001-2002 2002-2003

(c) What would be capital investment needed to provide such connections during 1998-99 1999-2000 2000-2001-2001-2002 2002-2003

Amount Rs.

(d) If there are stand posts,

- (i) What is the total number of such stand posts ?
- (ii) How many holdings are covered through such stand posts ?
- (iii) No. of families attached on the average to a stand post ?

(e) If there are hand pumps

- (i) What is the number of such Pumps ?
- (ii) How many holdings are covered through hand pumps ?
- (iii) No. of families attached on the average to a hand pump ?

(f) (i) What was the operation and maintenance cost of water supply by the ULB during 1997-98 ?

(ii) What would be the operation and maintenance cost at normative levels during five years from 1998-99 ?

(g) (i) Are there holdings to which there is no water supply either through house connections or stand posts or hand pipes provided by the ULB ? Yes/No

(ii) If yes ,
(a) What is the number of holidays :
(b) Total population of such holdings ? :

(iii) What is the source of water supply in case of such holdings :

(h) (i) Has the ULB any plan for improving water supply during five years beginning with 1998-99 ? Yes/No

(ii) If Yes, give a brief description of the the plan with estimated year wise expenditure.

F. Sewerage and Sanitation

1. No of holdings containing dwelling Houses with latrines, urinals etc.
2. No of holdings containing septic tank Latrines.
3. No of holdings without latrines
4. % populating covered with latrines including septic tank latrines
5. Total population covered with low Cost sanitation.
6. No of public latrines and urinals
7. What is the arrangement for disposal of night soil ?
(use of separate sheet if necessary)
8. Give a brief description of sewerage System in a separate sheet if necessary.
9. (i) Has the ULB any plan for improvement of sewerage and sanitation during five years beginning with 1998-99 ? Yes/No

If yes a brief description of the plan with year wise estimated expenditure may be furnished in a separate sheet if necessary.

G Slum Improvement

1. (a) Whether any slum improvement scheme has been taken up ? Yes/No
- (b) If yes, please state.
- (i) No. of slum pockets
 - (ii) Total slum population
 - (iii) Nature of improvement provided, viz; water supply, public latrine, drains, street lights etc.
(use separate sheet if necessary)
 - (iv) No. of slum taken up for improvement and population involved
 - (v) Expenditure incurred in implementing the scheme upto 1997-98
 - (a) Capital expenditure Rs.
 - (b) Revenue expenditure
 - (vi) Has the ULB any plan for slum improvement during five years beginning with 1998-99 ? Yes/No
 - (vii) If yes give a brief description of the plan with estimated expenditure over the five year period.

INCOME OF THE ULBs FROM 1993-94 TO 1997-98

1. A. Internal Sources

- | (a) Taxes | 1993-94 | 1994-95 | 1995-96 | 1996-97 | 1997-98 |
|-------------------------------|---------|---------|---------|---------|---------|
| (i) Holding Tax | | | | | |
| (ii) Octroi | | | | | |
| (iii) Other Taxes | | | | | |
| (iv) Total Income from Taxes. | | | | | |

(b) **Non-tax Sources**

- i) Registration fees,
Licenses & other fees
Fines and Penalties
Total
- (ii) Income from Public
property vested in the ULB.
- (iii) Income from Remunerative
Enterprises created by the ULB.
- (iv) Other internal Income
- (v) Total income from Internal
Sources.
- (vi) Percapita income from internal
Sources (As per 1991 Census)

B. External Sources

- (a) Grants
 - (i) Grants from State Govt. for Salary.
 - (ii) Grants from State Govt. for terminal
Benefits.
 - (iii) Other Grants from State Govt.
 - (iv) Tenth Finance Commission Grants
 - (v) Total Grants

2. Loans

Year	Purpose	Amount	Financing Institution	Rate of Interest	Amount due for payment	Amount paid	Balance
1	2	3	4	5	6	7	8

3. Total Income (A+B)

4. Total Receipts (3 + Loans)

EXPENDITURE OF THE ULB FROM 1993-94 TO 1997-98

1. General Administration

(1) General establishment cost
Including survey and Tax
Collection machinery and
Wages.

2. Civic Services

(1) Roads

(2) Street Lighting

(3) Drainage

(4) Solid waste Management

(5) Water Supply

(6) Sewerage and Sanitation

(7) Slump Improvement

3. **Other Services**
 - (1) Education
 - (2) Public Health
 - (3) Other Services
4. **Repayment of Loans**
5. **Other Expenditure if any**
6. **Total Expenditure**

I ARREARS AND RECOVERY OF ARREARS

a) Total arrears outstanding as on-

1993-94 1994-95 1995-96-1996-97 1997-98

Recovery of Arrears.

1. Have notices been served on Defaulters. Yes/No
2. If yes, state the number of such notices year wise 1993-94 1994-95 1995-96-1996-97 1997-98
3. No. of tax-payers who paid the dues on notice being served on them year wise. No.
4. Under Section 161(a), no notice is to be served after six months from the date of sum become due would you recommend longer period to be prescribed to serve notices ? Yes/No
5. If yes, what, in your opinion, should be the length of period ?
6. Has the Municipality issued warrant of distress and sale u/s 162 Yes/No

7. If yes, No. of such warrants
year wise. 1993-94 1994-95 1995-96-1996-97 1997-98
8. What is the amount Realised
by distress and sale year-wise
1993-94 1994-95 1995-96-1996-97 1997-98
9. Warrant of distress
and sale is to be issued
within 6 months from
the date of service of
notice on the defaulter
u/s 162 would you
recommend a longer
period for the purpose ? Yes/No
10. If yes, suggest what would
be the appropriate period.
11. Under Sec. 346 no distraint
is to be made or no suit is to be
made or no suit is to be
instituted or no prosecution is to
commence after 3 years from the
date on which any such step
become due would you recom-
mend the period of limitation of
3 years to be raised. Yes/No
12. If yes, suggest what you
consider to be appropriate
limitation period
13. Suggest measures which you
think would improve the
collection of arrears
(Attach separate sheet if necessary)
- A. **Memorandum Showing**
- (a) Problems faced by the
ULB in providing basic
Civic services.

- (b) Action plan for five years
Beginning with 1998-99
- (c) Estimated Expenditure for
the Action plan year wise.
- (d) Estimated of income year-
wise that may be raised
from existing own sources.
- (e) Suggestions for augmenting
own resources.

ଓଡ଼ିଶା ଅର୍ଥ କମିଶନ

ସ୍ଥାନକପତ୍ର ଆମନ୍ତ୍ରଣ

ଓଡ଼ିଶାର ମାନ୍ୟବର ରାଜ୍ୟପାଳ ସମ୍ବିଧାନର 243 -I ଓ 243 -Y ଧାରା ଅନୁଯାୟୀ ଓଡ଼ିଶା ଅର୍ଥ କମିଶନ ଗଠନ କରିଛନ୍ତି । ଏହି କମିଶନ ପର୍ଯ୍ୟାୟଚିରାନ୍ତ ସମ୍ପ୍ରା ଓ ଯୈରପାଳିକାମାନଙ୍କ ଉପରେ ନ୍ୟସ୍ତ ମୌଳିକ କାର୍ଯ୍ୟକଳାପ ପରିପେକ୍ଷରେ ସେମାନଙ୍କ ଆର୍ଥିକ ସ୍ଥିତିର ସମୀକ୍ଷା କରି ଉକ୍ତ ସମ୍ପ୍ରାମାନଙ୍କର ଆର୍ଥିକ ଅବସ୍ଥାର ଉନ୍ନତିପାଇଁ ସୁପାରିଶ କରିବେ । ନିମ୍ନ ଲିଖିତ ବିଷୟ ଉପରେ ନୀତିନିର୍ଦ୍ଧାରଣ ପୂର୍ବକ କମିଶନ ତାଙ୍କ ସୁପାରିଶ ଉପସ୍ଥାପନ କରିବେ ।

ରାଜ୍ୟ ସରକାର, ଜର, ଶୁଳ୍କ ଓ ଫିସ ଆଦି ସୂତ୍ରରୁ ଆଦାୟ କରୁଥିବା ନିର୍ଦ୍ଧାରିତ ଅର୍ଥ ରାଜ୍ୟ ସରକାର ଏବଂ ପର୍ଯ୍ୟାୟଚିରାନ୍ତ ସମ୍ପ୍ରା ତଥା ଯୈରପାଳିକାମାନଙ୍କ ମଧ୍ୟରେ ଆବଣ୍ଟନ ଏବଂ ପର୍ଯ୍ୟାୟଚିରାନ୍ତ ସମ୍ପ୍ରା ପାଇଁ ନିର୍ଦ୍ଧାରିତ ମୋଟ ଅର୍ଥରେ ପ୍ରତ୍ୟେକ ସ୍ତରର ଅଂଶ ନିର୍ଣ୍ଣୟ ।

ପର୍ଯ୍ୟାୟଚିରାନ୍ତ ସମ୍ପ୍ରା ଓ ଯୈରପାଳିକାଙ୍କ ଉପରେ ନ୍ୟସ୍ତ ଯୋଗ୍ୟ ବା ଉକ୍ତ ସମ୍ପ୍ରାମାନଙ୍କ ସପୂର୍ଣ୍ଣ ପ୍ରାପ୍ୟ ହେବା ଭଳି ଜର, ଶୁଳ୍କ ଓ ଫିସ ଆଦି ନିର୍ଣ୍ଣୟ ।

ରାଜ୍ୟ ସରକାରଙ୍କ ସମ୍ପର୍କିତ ପାଣ୍ଡିରୁ ପର୍ଯ୍ୟାୟଚିରାନ୍ତ ସମ୍ପ୍ରା ଓ ଯୈରପାଳିକା ପାଇଁ ଅନୁଦାନ ପ୍ରଦାନ ।

ଏହିଦି ବ୍ୟତୀତ ପର୍ଯ୍ୟାୟଚିରାନ୍ତ ସମ୍ପ୍ରା ଓ ଯୈରପାଳିକାମାନେ କି ଭଳି ନିଜସ୍ବ ଆୟ ବୃଦ୍ଧି କରିପାରିବେ ଓ ଲଘୁ ଆୟର କିଭଳି ସଦୁପଯୋଗ କରାଯାଇ ପାରିବ ସେ ବିଷୟରେ ମଧ୍ୟ ସୁପାରିଶ କରିବେ ।

ରାଜ୍ୟର ସମ୍ପର୍କିତ ପାଣ୍ଡିରୁ ପର୍ଯ୍ୟାୟଚିରାନ୍ତ ସମ୍ପ୍ରା ଓ ଯୈରପାଳିକାମାନଙ୍କ ପାଇଁ ଅର୍ଥ ପ୍ରଦାନ ନିମ୍ନିତ୍ତ ସୁପାରିଶ କଲେବେଳେ କମିଶନ ରାଜ୍ୟ ସରକାରଙ୍କ ମୋଟ ରାଜସ୍ବ ସମ୍ବଳ ପରିପ୍ରେକ୍ଷାରେ ସାଧାରଣ ପ୍ରଶାସନ, ପୋଲିସ, ଓ ବିଚାରବିଭାଗ, ଶିକ୍ଷା, ସରକାରୀ ସଂପତ୍ତିର

ରକ୍ଷଣାବେକ୍ଷଣ, ରକ୍ଷ ପରିଶୋଧ ଆଦି ପାଇଁ ଆବଶ୍ୟକ ନିଶ୍ଚିତ ବ୍ୟୟଭାର ବିଚାରକୁ ନେବେ ।

ଏସବୁ ବିଷୟରେ ଆଗ୍ରହୀ ଗ୍ରାମପଞ୍ଚାୟତ, ପଞ୍ଚାୟତ ସମିତି, ଜିଲ୍ଲା ପରିଷଦ, ଫୈରପାଳିକା, ବୁଦ୍ଧିଜୀବୀ, ବିଶ୍ୱବିଦ୍ୟାଳୟ, ଅନ୍ୟାନ୍ୟ ସମ୍ମୁଖା ଓ ବ୍ୟକ୍ତିବିଶେଷ ଜମିଶନକୁ ସେମାନଙ୍କର ସୁଚିନ୍ତିତ ପରାମର୍ଶ ସ୍ଥାରକପତ୍ର ମାଧ୍ୟମରେ ତା 20.9.98 ରିଖ ସୁଦ୍ଧା ନିମ୍ନ ଠିକଣାରେ ପଠାଇବା ପାଇଁ ଅନୁରୋଧ କରାଯାଉଛି ।

ଶ୍ରୀଯୁକ୍ତ ଦୁର୍ଗା ପ୍ରସାଦ ଦାଶ

ସଦସ୍ୟ ସଚିବ

ଓଡ଼ିଶା ଅର୍ଥ ଜମିଶନ

ଲୁକ ନ-8 (ନିର୍ମାଣ ସୌଧ ସମ୍ପୂର୍ଣ୍ଣ)

ସୁନିଟ୍-5, ଭୁବନେଶ୍ୱର- 751001

ଟେଲିଫୋନ-402405(କାର୍ଯ୍ୟାଳୟ),

400837(ଘର)ଫ୍ୟାକ୍ସ-0674-403589

CHAPTER X

GRANTS FOR LOCAL BODIES

10.1 The provisions of article 280 of the constitution, under which Finance Commission have been constituted, prescribe (a) mandatory terms of reference as laid down in clause (3) Article of 280 and (b) such other matters as may be referred to the commission by the President “in the interests of sound finance”. Till the time this Commission was constituted i.e. by the Presidential order dated 15th June, 1992, mandatory terms of reference under article 280 (3) were as follows.

Article 280 (3)

- (a) the distribution between the Union and the States, of the net proceeds of taxes which are to be or may be, divided between them under this Chapter and the allocation between the States of the respective shares of such proceeds.
- (b) the principles which should govern the grants-in-aid of the revenue of the States out of the States out of the Consolidated Fund of India.”

10.2 Subsequent to the setting of this Commission, article 280(3) has been amended to provide for yet another mandatory duty to be performed by the Finance Commission, By the 73rd and 74th amendments to the Constitution, two new sub-clauses (bb) and (c) have been introduced in clause 3 of article 280. These sub-clauses make it obligatory upon the Commission to recommend “the measures needed to augment the Consolidated Fund of a State to supplement the resources of the panchayats/municipalities in the State on the basis of the recommendations made by the Finance Commission of the State.”

10.3 The Union Ministers of Rural and Urban Development, several State Governments, the National Commission for Women and the Rajiv Gandhi Foundation have taken note of the fact that the recommendations

of the State Finance Commissions are not likely to be available during our term. Nevertheless, they have represented that the Commission should recommend measures needed to augment the resources of States to enable them to supplement the resources of newly created constitutional bodies i.e. panchayats and municipalities. Assuming that the reports of the State Finance Commissions will not be available earlier than mid-1995, the Union Ministry of Rural Development has argued “ while the Tenth Finance Commission cannot therefore wait for the recommendations of State Finance Commissions, it cannot also leave the subject of supplementing the resources of the Panchayats untouched as it would mean ignoring a key area which represents the basic tier of administration throughout the country . In our opinion , the Tenth Finance Commission must necessarily look into the measures needed to supplement the resources of the Panchayats .” In his evidence before the Commission , Secretary, Ministry of Rural Development had argued in much the same vein. A similar plea has been made by the Ministry of Urban Development . It has argued that “The third stratum of self-governance has been constitutionally created at a time when almost all the States are suffering from a severe financial crunch. That apart, the resource base of the States is rather narrow. Self-governance connotes a sense of autonomy. There cannot be any measure of autonomy without some degree of independence in relation to access to resources . Hence, in order to implement the Constitution (74th Amendment) Act in letter and spirit, sufficient provisions have to be made from now on for access to resources by Municipalities.”

10.4 Several States have submitted that even in the absence of recommendations of State Finance Commissions , it would still be necessary to provide for the augmentation of the consolidated fund of the State , in order to enable the latter to set up local bodies , hold elections thereto and supplement their resources . Assam has requested us to bridge the gap of Rs. 88.45 crores for the urban local bodies in the State . Karnataka has laid claim to Rs. 372.93 crores for panchayats. Orissa has asked for a provision of Rs. 492 crores to be made available for municipalities and notified area councils of the State . Rajasthan has projected a requirement of Rs. 1000 crores for the five year period. Himachal Pradesh has asked for Rs. 158.55 crores for panchayats. Bihar, Goa, Madhya Pradesh , Maharashtra, Uttar Pradesh and West Bengal have also argued for strengthening their resource base to enable them to

effectively discharge their constitutional obligation of making panchayats and municipal bodies financially viable.

10.5 The amendment of article 280(3) was not followed up by an amendment of our terms reference. The question before us now is whether we should and can recommend measures for augmenting State Resources (for the purpose of supplementing the resources of panchayat and municipalities) by taking cognizance of the purpose, Intent and spirit underlying the Constitution 73rd and 74th amendments.

10.6 Article 280 sub-clauses (bb) and (c) stipulate that the recommendation by the State Finance Commissions is to be the basis of our recommendation to the President regarding “ the measures needed to augment the Consolidated fund of a State” to supplement the resources of panchayats / municipalities. The State Finance Commission are required to be constituted under article 243- of the Constitution. In terms of article 243 –and article 243-Y, the State Finance Commission is required to review and the financial position of the Panchayats/Municipalities recommend to the Governor, inter-alia, the principles, of distribution and shares of proceeds of shareable taxes, duties, tolls and fees as between the State and panchayats/ municipalities. The commission is also required to recommend to the Governor “ the measures needed to improve the financial position “of the panchayats / municipalities.

10.7 Under article 280 (3), “ The Finance Commission” has “duty” to make a recommendation to the President regarding the “measures needed to augment the Consolidated Fund of a State”, once the recommendations of State Finance Commissions become available to it. On the ‘basis’ of the recommendations made by the State Finance Commission, the Finance Commission would have to first ascertain “need” for augmentation of the consolidated fund of a State and then recommend “measures”, which may not necessarily involve any transfer of resources. It is obvious to us, however, that once the State Finance Commissions complete their task, it would be obligatory upon the Finance Commission to assess and build into the expenditure stream of the States the funding requirement for supplementing the resources of panchayats/ municipalities. This would be necessary to determine the measures needed for augmentation of the State consolidated fund.

10.8 Since at present the recommendations of the State Finance Commissions are not available, there is no duty cast on this Commission to make a recommendation in terms of article 280(3) of the Constitution. At the same time the Commission is not precluded either, in terms of article 275 of the Constitution, from making a recommendation regarding grants-in-aid of the revenues of such States as may be determined to be in need of assistance. That being so, we have to consider whether or not we would be failing in our duty if we were to overlook the implications for State finances of local self-government consequent on the Constitutional amendments.

10.9 Our recommendations have a time span of five years i.e. 1995-2000. This entire period would witness the emergence and consolidation of the new place and role of panchayats/ municipalities in the Constitution. Now the Constitution envisages supplementation of their resources by the State with the help of the Union. It would not be wrong to assume, therefore, that while a proper consideration of the measures as such to augment the resources of the States must await the recommendations of the respective State Finance Commissions, ad hoc augmentation of the Consolidated Fund of States would be in keeping with the spirit of amendments.

- 10.10 The panchayats / municipalities are late entrants in our federal democratic structure but their action or inaction is likely to affect the welfare of the people and area under their jurisdiction more directly than either the actions of the State or the Union . Therefore, within the constraints imposed on us by our terms of reference, we are inclined to consider assistance to the States of panchayats / municipalities.

10.11 The Ministry of Rural Development has stated that the finances of panchayats have unfortunately not been studied in detail for several years now and the published figures relate only to the year 1976-77. Based on these figures , two projections have been offered for the year 1992-93. One of the projective is based on the derived share of allocable taxes and grants to panchayats and the other on the proportion of States' own resources made available to panchayats. In 1976-77 , taking all States together , per capita share of taxes and grants assigned to panchayats has been worked out as Rs. 14.75. This has been projected for the year 1992-93 to reach a per capita figure of Rs. 54.87 . It has been then multiplied

with the latest census figure of rural population of 62.87 crores to arrive at the needed amount of Rs. 34.45 crores , rounded to Rs. 3500 crores.

10.12 The Ministry of Rural Development has , however, not recommended this alternative as in their view it would amount to freezing the grant at 1976-77 level instead , the second alternative , by working out the share of taxes and grants to panchayats as a proportion of States' own revenues has been pursued. It is claimed that in 1976-77 taxes and grants assigned to panchayats for all States put together worked out to 12.02 per cent of the own resources of all the States . The Ministry is of the view that the percentage share of States' own resources being made available to panchayats by way of assigned taxes and grants would have to be improved upon . In 1976-77 87 percent of the all States' total assigned taxes and grants to panchayats was contributed by only four States – Andhara Pradesh , Gujrat , Maharashtra and West Bengal. The rest of the States put together accounted for only 13 percent. The Ministry's view is that “it will be necessary to provide them (panchayats) a minimum of 15 per cent of the total resources of the States specially earmarked for the purpose .” On this basis and taking into account the revised estimate for 1992-93 of resources of all States and Union Territories , the Ministry of Rural Development has suggested that it will be “appropriate to earmark a sum of Rs. 7,500 crores specifically for being distributed to panchayati raj institutions out of the States (and Union Territories) own resources during the period covered by the Tenth Finance Commission.”

10.13 The responsibility of sharing taxes with panchayats and assigning grants to them has been transferred from the States to the Centre. The responsibility for providing panchayats with an independent source of revenue as also grants for specified purposes is very much that of the State Governments. The State Finance Commissions are there to ensure proper allocation of resources as between the States and panchayats. If in the process of supplementation of the resources of panchayats a need arises for the augmentation of the State Consolidated Fund, it has to be considered by the Finance Commission. The percentage of States' own resources made available to panchayats in 1976-77 may be an indicator of what the States should do to help panchayats but is cannot become a standard for augmentation by the Centre or a State's Consolidated Fund. Some of the States like Gujrat and Maharashtra have had, for many years, a three tiered panchayati raj structure similar to the one new incorporated

in the 73rd ammendment of the Constitution . The figures of 1976-77 supplied by the Ministry of Rural Development indicate that in Gujrat the share of assigned taxes worked out to 29.60 per cent of States' own resources and grants accounted for 22.90 per cent of the total . Since in many other States similar institutions did not exist , they did not transfer a comparable level of resources from the States to the panchayats.

10.14 In terms of the 73rd amendment to the Constitution, many of the functions of the State would have to be transferred to panchayats. It can be assumed that the transfer of functions and responsibilities from the State to panchayats would be accompanied by the transfer of staff already working on these schemes / projects as also the financial allocation budgeted for and envisaged to be spent on the transferred activities. Such a transfer is , therefore , not likely to result in any extra burden on the State. The States are still in the process of setting up panchayats and as such it is not yet feasible to work out the additional financial burden a State might have to bear to enable the panchayats to discharge their duties effectively . Even so , it is possible to visualise that the local bodies , rearing to get on with their job once they are in position , would generate a need at least in the initial stages for augmentation of the consolidated fund of states. A few states have already reported that the number of panchayats may increase as a result of fresh delimitation exercises. Even taking into the account the existing infrastructure and other facilities , available to Panchayats there would still be an initial need for supplementation of resources in order to provide for not only the additional setup including infrastructure facilities but also the heightened expectations of people from these bodies.

10.15 While considering the 'measure' needed to augment the consolidated funds of states, in pursuance of article 73 of the Constitution, we have taken note of the fact that a large amount of money is already going to the rural areas through Jawahar Rojgar Yojana (JRY) and other district level schemes . In future these amounts are likely to be channelised through the panchayats it if much of it is tied to specific programmes and activities, it should still leave some leeway for discretionary programmes to be taken up. The corpus of untied funds in the hands of panchayats should however, require to be supplemented . We assume, though, that the need for measures to augment the State consolidate Funds , on account of supplementation of the sources of

panchayats , would not really arise until 1996-97. Hence in most cases the panchayats are yet to become actional.

10.16 In the above background we have approached our task as one of making an adhoc provision of specific grants to States. This has been estimated with reference to the rural population according to the 1971 Census figures. The rural population of all States in India was 4,380.93 lakhs. Most of the pending requirements of panchayats are likely to be met by transfer along with functions from the states and their own sources. We are making an ad hoc provision of Rs.100 per capita of rural population. For all States the figures are indicated Annexure X.1. This amount should be distributed amongst the Panchayatiraj Institution, over and above their due by way of their share of the assigned taxes, duties, tolls, fees, transferred activity stated budgets and grants. Even in those states which are not required to have Panchayats, as envisaged in the 73rd amendment of the constitution, the additional amounts would be required to be given supplement the resources of the similar local level representative bodies.

10.17 As regards the need for additional funds for municipal ies , in pursuance of the 74th amendment of the Constitution , Ministry of Urban Development has stated that without waiting the recommendations of the State Finance Commissions , a sum Rs. 500 crores , Rs. 100 crores per annum , in the next five years may be provided to improve the basic civic services in various urban local bodies. In support of its representation , the ministry has pointed out that between 1981-91 the urban population has increased from 159 million to 217 million. It registered a decadal growth of 36 per cent. By the year 2001 the population is expected to be more than 300 million . In 1991 slum population in urban areas was of the order of 46.62 million. By the year 2001, it is estimated to be 63.76 million . The phase in urban population, particularly the growth of slum population , is overstraining the meagre resources of urban local government who are now finding it difficult to provide even the basic civic services like drainage facilities , garbage disposal, latrines, street lighting, etc. The Ministry of Urban Development has , therefore, represented that there is an urgent need to supplement the resources of municipal bodies to enable them to discharge atleast their primary functions in an effective manner. The danger arising from the break-down of urban civic services has been tragically

illustrated by the outbreak of epidemics. These are reminders of the cost of neglect of civic services in urban agglomerations.

10.18 An estimate of financial needs for operation and maintenance of core municipal services in urban India made by the National Institute of Urban Affairs indicates that the estimated gap in 1995 worked out to Rs. 5,987 crores. It is expected to go up to Rs. 12,980 crores in the year 2000. While the accuracy of these estimates and the measures that the state and urban local bodies can adopt to bridge the gap are matters to be discussed and studied by the State Finance Commissions, we are of the view that a provision of Rs. 1,000 crores for the five year period covered by our recommendation will go a long way in enabling the urban local bodies to meet their primary obligations. The inter-State distribution of this sum indicated at Annexure X.2 is based on the inter-State ratio of the slum population derived from the urban population figures as per 1971 Census.

10.19 While we have made these provisions for grants to panchayats / municipalities for the discharge of their enhanced responsibilities, this need not necessarily be a precedent for future Commissions. In any case after the reports of the State Finance Commissions become available the need for measures required for augmentation would have to be determined in terms of article 280(3) of the Constitution. For the present, grants recommended by us should be made known to the State Finance Commissions. Further, these amounts should be an additionality over and above the amounts flowing to the local bodies from State Governments. They should draw up suitable schemes with detailed guidelines for utilisation of the grant. The local bodies should be required to provide suitable matching contributions by raising resources. The grant is not intended for expenditure on salaries and wages.

10.20 The total provision should be made available to the States in four equal instalments commencing from 1996-97, as at Annexure X.3 as the rural and urban local bodies are not likely to be fully functional prior to that.

Appendix II

ANNEXURE -XI

GRANTS FOR LOCAL BODIES : 73RD AMENDMENT

(Rs.in Crores)

State	1995-96	1996-97	1997-98	1998-99	1999-2000	1995-2000
1.	2	3	4	5	6	7
Andhra Pradesh	0.00	87.75	87.75	87.75	87.75	351.00
Arunachal Pradesh	0.00	1.13	1.13	1.13	1.12	4.51
Assam	0.00	33.34	33.34	33.34	33.34	133.36
Bihar	0.00	126.80	126.80	126.79	126.80	507.19
Goa	0.00	1.48	1.48	1.48	1.47	5.19
Gujrat	0.00	48.00	48.00	48.00	48.01	192.01
Haryana	0.00	20.66	20.66	20.66	20.66	82.64
Himachal Pradesh	0.00	8.05	8.05	8.04	8.04	32.18
Jammu & Kashmir	0.00	9.40	9.40	9.40	9.39	37.59
Karnataka	0.00	55.44	55.44	55.44	55.45	221.77
Kerala	0.00	44.70	44.70	44.70	44.71	178.81
Madhya Pradesh	0.00	87.17	87.17	87.17	87.18	348.69
Maharashtra	0.00	86.75	86.75	86.75	86.76	347.01
Manipur	0.00	2.33	2.33	2.33	2.32	9.31
Meghalaya	0.00	2.16	2.16	2.17	2.16	8.65
Mizoram	0.00	0.74	0.74	0.73	0.73	2.94
Negaland	0.00	1.16	1.16	1.16	1.17	4.65
Orissa	0.00	50.25	50.25	50.25	50.24	200.99
Punjab	0.00	25.84	25.84	25.84	25.83	103.35
Rajasthan	0.00	53.05	53.05	53.06	53.06	212.22
Sikkim	0.00	0.48	0.48	0.47	0.47	1.90
Tamil Nadu	0.00	71.83	71.83	71.84	71.84	287.34
Tripura	0.00	3.48	3.48	3.49	3.49	13.94
Uttar Pradesh	0.00	189.88	189.88	189.88	189.88	759.52
West Bengal	0.00	83.36	83.36	83.36	83.37	333.45
Grand Total	0.00	1095.23	1095.23	1095.23	1095.24	4380.93

1
ANNEXUREX-2

GRANTS FOR LOCAL BODIES : 74TH AMENDMENT

(Rs. in Crores)

State	1995-96	1996-97	1997-98	1998-99	1999-2000	1995-2000
1.	2	3	4	5	6	7
Andhra Pradesh	0.00	18.48	18.48	18.49	18.49	73.94
Arunachal Pradesh	0.00	0.03	0.03	0.03	0.03	0.12
Assam	0.00	3.55	3.55	3.55	3.55	14.20
Bihar	0.00	16.77	16.77	16.78	16.77	67.09
Goa	0.00	0.00	0.00	0.00	0.00	0.00
Gujrat	0.00	16.87	16.86	16.86	16.87	67.46
Haryana	0.00	4.15	4.15	4.14	4.14	16.58
Himachal Pradesh	0.00	0.51	0.51	0.51	0.52	2.05
Jammu & Kashmir	0.00	3.02	3.02	3.02	3.03	12.09
Karnataka	0.00	17.54	17.55	17.55	17.55	70.19
Kerala	0.00	6.36	6.36	6.36	6.35	25.43
Madhya Pradesh	0.00	15.44	15.44	15.43	15.43	61.24
Maharashtra	0.00	33.24	33.24	33.23	33.24	132.95
Manipur	0.00	0.56	0.56	0.56	0.55	2.23
Meghalaya	0.00	0.37	0.37	0.37	0.36	1.47
Mizoram	0.00	0.09	0.09	0.10	0.10	0.38
Negaland	0.00	0.14	0.14	0.14	0.14	0.56
Orissa	0.00	4.78	4.78	4.78	4.77	19.11
Punjab	0.00	7.65	7.65	7.65	7.65	30.60
Rajasthan	0.00	10.80	10.80	10.79	10.79	43.18
Sikkim	0.00	0.14	0.14	0.15	0.15	0.58
Tamil Nadu	0.00	28.88	28.88	28.88	28.88	115.52
Tripura	0.00	0.26	0.26	0.25	0.26	1.03
Uttar Pradesh	0.00	30.29	30.29	30.30	30.30	121.18
West Bengal	0.00	30.08	30.08	30.08	30.08	120.32
Grand Total	0.00	250.00	250.00	250.00	250.00	1000.00

No. F. 12 (1) – FCD/95
Government of India
Ministry of Finance Department of Expenditure
Finance Commission Division

Block XI, 5th floor
CGO Complex,
NEW DELHI-110003.
the 18th February, 1997

To

The Finance Secretary Government of / Andra Pradesh/ Arunachal Pradesh/ Assam/ Bihar/ Goa/ Gujarat/ Haryana/ Himachal Pradesh/ Jammu & Kashmir/ Karnataka/ Kerala/ Madhya Pradesh/ Maharashtra/ Manipur/ Meghalaya/ Mizoram/ Nagaland/ Orissa/ Punjab/ Rajasthan/ Sikkim/ Tamilnadu/ Tripura/ Uttar Pradesh/ West Bengal.

Subject :- Guidelines for utilisation of the grants from the Central Government to the State Government for Local Bodies on the recommendation of the Tenth Finance Commission.

Sir,

I am directed to forward herewith a copy of the “Guidelines for utilisation of the grants from the Central Government to the State Governments on the recommendation of the Tenth Finance Commission” as finalised for information and necessary action.

2. Please acknowledge receipt.

Yours faithfully,

(R. Viswanathan)
Joint Director

Copy to :

1. Min. of Rural Areas & Employment, Deptt. of Rural Dev.
2. Min. of Urban Affairs & Employment, Deptt. of Urban Dev.
3. Planning Commission.
4. Budget Division

5. Accountant General (Audit)/ Andra Pradesh/ Arunachal Pradesh/ Assam/ Bihar/ Goa/ Gujarat/ Haryana/ Himachal Pradesh/ Jamu & Kashmir/ Karnataka/ Kerala/ Madhya Pradesh/ Maharashtra/ Manipur/ Meghalaya/ Mizoram/ Nagaland/ Orissa/ Punjab/ Rajasthan/ Sikkim/ Tamilnadu/ Tripura/ Uttar Pradesh/ West Bengal.

(R. Viswanathan)
Joint Director

MINISTRY OF FINANCE
DEPARTMENT OF EXPENDITURE
FINANCE COMMISSION DIVISION

Guidelines for utilisation of the grants from the Central Government to the State Governments for Local Bodies on the recommendation of the Tenth Finance Commission.

1. In consonance with the purpose, intent and spirit underlying the 73rd and 74th amendments to the Constitution, the Tenth Finance Commission had recommended, under Article 275 of the Constitution, ad hoc grants to the States / to enable them to supplement the resources of Panchayati Raj Institutions (PRIs) as well as of the Urban Local Bodies (ULBs). For PRIs, the Commission recommended grants totalling to Rs.5381 crores payable during the four-year period of 1996-2000, Rs. 4381 crores on account of support to PRIs and Rs. 1000 crores on account of support to ULBs. Government has accepted the recommendations of the Commission.

2. The Commission's detailed recommendations in this regard are contained in Chapter X of their report, a copy thereof is given at Annexure I to these guidelines. The State-wise provisions recommended by the TFC are given at Annexure II & III to these guidelines. The following are the broad guidelines for utilisation of these grants :-

3. The expenditure against these grants in the State Governments budget is to be treated as part of the Plan expenditure of the State Governments and would be earmarked to be transferred to the PRIs and ULBs, collectively referred hereinafter as the Local Bodies [LBs]. Under no circumstances should these grants be diverted to other purposes or held back by the State Government.

4. The grant is meant to finance developmental expenditure and is not intended for expenditure on salaries and wages. In particular, these should not be used to finance employment generating schemes. Salary component of projects / schemes should, therefore not be allowed from

these grants. The State Governments may consider providing assistance to the LBs by reimbursement of part of the capital expenditure on identified projects. In order to set the projects rolling, a revolving credit may be initially provided. Funding pattern may be fixed according to the project cost and the internal resources of the local body. The utilisation of the budgetary support provided by the State Governments against the Central grants should be closely monitored by the State Governments and periodic releases should be tied to properly vouched utilisation certificates.

5. The grant recommended by the Commission is part of a larger Constitutional scheme of devolution of functions & responsibilities from the State to Local Bodies with mandatory elections so that these function as effective units of local self governance. Hence, the grant may be given only in respect of elected local bodies wherever such elections are mandatory under the Constitution. Also, the State should keep the Centre informed of the progress in devolution of the functions & responsibilities to Local Bodies.

6. The grant is being given to the State by the Centre. The States have to consider how to extend financial assistance and to whom keeping in view the needs and existing funding by the State. The allocation of funds among the LBs inter-se is left to be decided by the State Governments which should preferably be as per the accepted recommendations of the State Finance Commission, if available. The States which are not required to have LBS under the Constitution may allocate the funds to similar other local bodies.

7. In order that the resources are not thinly spread over a large number of projects and local bodies, the, State Governments may consider spreading out the coverage of all local bodies over several years instead of trying to provide funds to each local body every year.

8. The local bodies should be required to provide suitable matching contributions by raising additional resources. The State Government may determine the manner and extent of matching contribution by individual LBs and same may be intimated to Government of India in the Ministry of Finance. It may not be feasible to expect matching contribution from each beneficiary local body under the scheme. However, the objective should be that the LBs in a State collectively raise additional internal

resources in a year which are at least equal to the grants received from the Central Government , under these guidelines, by that State during that year .

9. The State Governments should draw up suitable schemes with detailed guidelines for utilisations of the grant having due regard to the specific needs LBs and the variation in conditions including relative backwardness obtained from region to region within the State, giving due weight to the recommendations of the State Finance Commission (SFC) (if available). The schemes should relate to the primary functions of the local bodies. The functional responsibilities of local bodies are many and varied. In order to avoid duplication in the sources of funding and executive agencies in other areas such as Education, Health and Rural Development, the projects qualifying for grant under the scheme should normally be those not covered under other schemes and will have sharp focus on a few select areas which are considered to be the primary mandate of local bodies . For example, the projects qualifying for assistance under the scheme may relate to setting up or overhaul of waste management system for urban bodies (sewage treatment , drainage, biogas plant , compost plant , purchase of loaders / dumpers). For rural local bodies , the projects may preferably relate to provision of biogas plants, godowns, tubewells, link roads , school building.

10. The State Governments may use the Central grants intended for supplementing the resources of the Urban Local Bodies under a suitable Plan scheme to facilitate the emergence of State level intermediaries for financing of municipal infrastructure projects on the principle of leveraging of extra-budgetary resources and augmentation of municipal tax effort. i.e. for using the Central grants to multiply resources for municipal infrastructure.

11. The expenditure against these grants in the State Governments budget should be an additionality over and above the amounts otherwise flowing to the LBs from State Government.

12. The release of the Central grants to the States will be in the following manner:-

a) During 1996-97 the grants will be released in two instalments without any pre-conditions . The grant in each of the

years during 1997-2000 will become due for release in equal quarterly instalments in the beginning of the quarter subject to fulfillment of the requirements of these guidelines.

b) The grants will be released after receiving utilisation certificates for the grants released more than 6 months ago. The utilisation certificate issued by the State Government should certify that the entire amount of grant received from Government of India has been utilised as per the recommendations of the TFC and these guidelines. Also, it should be accompanied with a consolidated statement showing Local Body-wise details of release of funds to different PRIs / ULBs. It should also certify that in respect of the grants released to various LBs more than 6 months ago, utilisation certificates have been received from respective LBs.

c) The last instalment of the year 1999-2000 will be released on the receipt of utilisation certificates pertaining to the second and third instalments of release of that year. This will be subject to adjustment on the basis of actuals for 1999-2000 which should be furnished latest by 31st July, 2000. The adjustment, if required will be made from any other Central grant payable to the State during 2000-2001.

d) Grants will be released to the States during the year on an on account and provisional basis, to be regularised through a Presidential Order issued at the end of the year.

No. F. 12 (1) – FCD/95
Government of India
Ministry of Finance Department of Expenditure
Finance Commission Division

Block XI, 5th floor
CGO Complex, Lodhi Road
New Delhi, the 3rd August, 1998

Subject : Revised Guidelines for utilisation of the grants from the Central Government to the State Government for Local Bodies on the recommendation of the Tenth Finance Commission – Issue of clarification.

The undersigned is directed to refer to the 'Revised guidelines' for utilisation of the grants from the Central Government to the State Government for Local Bodies on the recommendation of the Tenth Finance Commission' forwarded vide letter of even no. dated 15.10.97 and to say that TFC wanted the corpus of untied funds in the hands of Panchayats supplemented. Thus the local body grants recommended by the Tenth Finance Commission by way of augmenting the State Consolidated Funds are for the purpose of meeting the requirement of specific programme by way of providing additional funds over and above the funds flowing to Local bodies from the State Governments. The present wording para 4 of the revised guidelines indicating that these grants should not be used to finance employment generating schemes is only with the view that the grants should be used for capital schemes i.e. for asset creation. For such schemes formulated by local bodies / State Government for implementation by utilising Tenth Finance Commission recommended local body grants, the revised guidelines do not exclude normal labour component. Similarly, the word 'identified project' referred to in para 4 does not mean projects identified by State Government. Projects could be identified by Panchayats / Urban local bodies at the appropriate as per their Administrative powers.

(R.Viswanathan)
Director
Tel :4360647
Fax : 4360174

To

Finance Secretaries of all State Governments. Govt. of Orissa

Copy to :

1. Ministry of Rural Areas & Employment. Deptt. of Rural Development.
2. Min. of Urban Affairs & Employment, Deptt. of Urban Dev.
3. Planning Commission.
4. Budget Division
5. Accountant General (Audit)/ Andhra Pradesh/ Arunachal Pradesh/ Assam/ Bihar/ Goa/ Gujarat/ Haryana/ Himachal Pradesh/ Jamu & Kashmir/ Karnataka/ Kerala/ Madhya Pradesh/ Maharashtra/ Manipur/ Meghalaya/ Mizoram/ Nagaland/ Orissa/ Punjab/ Rajasthan/ Sikkim/ Tamilnadu/ Tripura/ Uttar Pradesh/ West Bengal.

(R. Viswanathan)
Joint Director

MINISTRY OF FINANCE
DEPARTMENT OF EXPENDITURE
FINANCE COMMISSION DIVISION

Revised Guidelines for utilisation of the grants from the Central Government to the State Governments for local Bodies on the recommendation of the Tenth Finance Commission.

In consonance with the purpose, intent and spirit underlying the 73rd and 74th amendments to the Constitution, the Tenth Finance Commission had recommended under Article 275 of the Constitution, adhoc grants to the States to enable them to supplement the resources of Panchayati Raj Institutions (PRIs as well as of the Urban Local Bodies (ULBs), The Commission recommended grants totalling to Rs.5381 crores payable during the four-year period of 1996-2000, Rs.4381 crores on account of support to PRI s and Rs. 1000 crores on account of support to ULBs. Government has accepted the recommendations of the Commission.

2. The Commission's detailed recommendations in this regard are contained in Chapter X of their report, a copy thereof is given at Annexure I to these guidelines. The State-wise provisions recommended by the TFC are given at Annexure II & III to these guidelines. The following are the broad guidelines for utilisation of these grants :-

3. The expenditure against these grants in the State Government's budget is to be treated as part of the Plan expenditure of the State Governments and would be earmarked to be transferred to the PRIs and ULBs, collectively referred hereinafter as the Local Bodies (LBs). Under no circumstances should these grants be diverted to other purposes or held back by the State Government.

4. The grant is meant to finance developmental expenditure and is not intended for expenditure on salaries and wages. In particular, these grants should not be used to finance employment generating schemes. Salary component of projects / schemes

should, therefore, not be allowed from these grants. The State Governments may consider providing assistance to the LBs by reimbursement of part of the capital expenditure on identified projects. In order to set the projects rolling, a revolving credit may be initially provided. Funding pattern may be fixed according to the project cost and the internal resources of the local body. The utilisation of the budgetary support provided by the State Governments against the Central grants should be closely monitored by the State Governments and periodic releases should be tied to properly vouched utilisation certificates.

5. The grant recommended by the Commission is part of a larger Constitutional schemes of devolution of functions of responsibilities from the State to Local Bodies with mandatory elections, so that they function as effectively units of local self government. Hence, the grant may be given only in respect of elected local bodies wherever such elections are mandatory under the Constitution. Also, the State should keep the Centre informed of the progress in devolution of functions & responsibilities to Local Bodies.

6. The grant is being given to the States by the Centre. The allocation of funds among the LBs inter-se is to be decided by the State Governments which should preferably be as per the accepted recommendations of the State Finance Commission, if available. Grants meant for PRI and ULBs should not however be interchanged. The States which are not required to have LBs under the Constitution may allocate the funds to similar other local bodies.

7. In order that the resources are not thinly spread over a large number of projects and local bodies, the State Governments may consider spreading out the coverage of all local bodies over several years instead of trying to provide funds to each local body every year.

8. The local bodies should be required to provide suitable matching contributions by raising additional resources. The State Government may determine the manner and extent of matching contribution by individual local bodies. However, the contribution

should not be less than the grant received by the local body out of the Finance Commission's grants. It may not be feasible to expect matching contribution from each beneficiary local body immediately, although this should be the long term objective. However, in such cases the State Government may provide the balance of funds to match grants to the local body concerned.

9. The State Governments should draw up suitable schemes with detailed guidelines for utilisation of the grant having due regard to the specific needs of LBs and the variation in conditions including relative backwardness obtained from region to region within the State, giving due weight to the recommendations of the State Finance Commission (SFC) (if available). The schemes should relate to the primary functions of the local bodies. In order to avoid duplication in the sources of funding and executive agencies in other areas such as Education, Health and Rural Development, the projects qualifying for grant under the scheme should normally be those not covered under other schemes.

10. The State Governments may use the Central grants intended for supplementing the resources of the Urban Local Bodies under suitable Plan scheme to facilitate the emergence of State level intermediaries for financing of municipal infrastructure projects on the principle of leveraging of extra-budgetary resources and augmentation of municipal tax effort, i.e. for using the Central grants to multiply resources for municipal infrastructure.

11. The expenditure against these grants in the State Governments' budget should be an additionality over and above the amounts otherwise flowing to the LBs from State Government.

12. The release of the Central grants to the States will be in the following manner :-

a) During 1996-97, the grants will be released in two installments without any pre-conditions. The grants in each of the years during 1997-2000 will become due for release in equal quarterly installments in the beginning of the quarter subject to fulfillment of the requirements of these guidelines.

b) The grants will be released after receiving a certificate from the State Government that grants released by the Centre more than a six months ago have been fully released to the local bodies. A consolidated statement showing local body-wise details of release of funds and matching contribution if any from the State Government should be furnished by the State Government along with a certificate that the grants have been released only to elected local bodies wherever elections are mandatory.

c) The local bodies should utilise the grants released to them by their State Government within a period of one year. They should furnish the utilisation certificate to the State Government which should also include a certificate that grants have not been used for salaries and wages. The State Government may exercise proper checks on the utilisation within a period of 15 months from the date of the release of funds to the local bodies. The utilisation certificates may not be sent to Government of India unless specifically asked for.

d) The last instalment of the year 1999-2000 will be released on the receipt of utilization certificates pertaining to the second and third instalments of release of that year. This will be subject to adjustment on the basis of actuals for 1999-2000 which should be furnished latest by 31st July, 2000. The adjustment, if required, will be made from any other Central grant payable to the State during 2000-2001. Details of utilisation by local bodies of all grants released upto 31.3.2000 must be furnished before 31st March, 2001.

e) Grants will be released to the State during the year on an 'on account' and provisional basis, to be regularized through a Presidential Order issued at the end of the year.

CRITERIA FOR DISTRIBUTION OF AWARD OF TENTH FINANCE COMMISSION AMONG THE ZILLA PARISHADS/ DISTRICTS FOR GRAM

Sl No.	Name of the district	Total Rural Population as per 1991 Census (in thousand)	Area in Sq.Km.	Total No. of Villages in the Dist.	Total No. of Villages Connected with all Weather Roads	No. of villages not connected with all weather Roads	Population as % to the total population of the State.	Area as % to the total area of the State.	% of the Village not connected with all weather Roads to total No of such Villages in the State	Amount due on area basis (in lakhs)	Amount due on population basis (in lakhs)	Amount due on Rural connectivity basis (in lakhs)	Total due
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1	Anugul	851	6347.0	1922	829	1093	3.1	4.1	4.7	397.87	150.41	228.04	776.32
2	Bolangir	1101	6551.5	1794	883	911	4.0	4.2	3.9	407.57	194.08	189.23	790.88
3	Balasore	1542	3705.8	2971	750	2221	5.6	2.4	9.5	232.89	271.71	460.94	965.54
4	Beragam	1126	5831.6	1208	629	579	4.1	3.7	2.5	359.05	198.93	121.30	679.28
5	Bhadrak	996	2787.9	1307	212	1095	3.6	2.0	4.7	194.08	174.67	228.04	596.79
6	Boudh	302	3444.8	1156	370	736	1.1	2.2	3.3	213.48	53.37	160.12	426.98
7	Cuttack	1487	3915.2	1865	1695	170	5.4	2.6	0.7	252.30	262.01	33.96	548.27
8	Deogarh	217	2781.7	867	211	656	0.8	1.8	2.8	174.67	38.82	135.86	349.35
9	Dhenkanal	870	4597.1	1221	726	495	3.2	2.9	2.1	281.41	155.26	101.89	538.56
10	Gajapati	408	3016.8	1576	535	1041	1.5	1.9	4.4	184.38	72.78	213.49	470.65
11	Ganjam	2280	8070.6	3171	2215	956	8.3	5.2	4.1	504.61	402.71	198.93	1106.25
12	Jagatsinghpur	938	1739.4	1391	808	583	3.5	1.5	2.5	145.56	169.82	121.30	436.68
13	Jajpur	1333	2884.9	1781	1353	428	4.9	1.8	1.8	174.67	237.75	87.34	499.76
14	Jhansuguda	287	2203.2	356	273	83	1.0	1.4	0.4	135.86	48.52	19.41	203.79
15	Kalahandi	1053	8197.4	2205	965	1240	3.8	5.3	5.3	514.31	184.38	257.15	955.84
16	Kendrapada	1086	2565.6	1532	743	789	4.0	2.0	3.4	194.08	194.08	164.97	553.13
17	Keonjhar	1170	8303.0	2127	1629	498	4.3	5.3	2.1	514.31	208.64	101.89	824.84
18	Khurda	986	2887.5	1567	1213	354	3.6	1.8	1.5	174.67	174.67	72.78	422.12
19	Koraput	858	8379.3	1997	1047	950	3.1	5.4	4.0	524.01	150.41	194.08	868.50
20	Malkangiri	387	6115.3	928	349	579	1.4	3.9	2.5	378.45	67.93	121.30	567.68
21	Mayurbhanj	1768	10418.0	3945	3240	705	6.4	6.7	3.0	650.17	310.53	145.56	1106.26
22	Nuapada	444	3407.5	659	238	421	1.6	2.2	1.8	213.49	77.63	87.33	378.45
23	Nawarangpur	805	5290.1	897	592	305	2.9	3.4	1.3	329.93	140.71	63.07	533.71
24	Nayagarh	756	3954.2	1694	1179	515	2.8	2.5	2.2	242.60	135.86	106.74	485.20
25	Phulbani	511	7649.2	2515	950	1565	1.9	4.9	6.4	475.49	92.10	310.52	878.11
26	Puri	1142	3054.8	1714	1156	568	4.2	2.00	2.4	194.08	203.78	116.45	514.31
27	Rayagada	625	7584.7	2667	797	1870	2.3	4.9	8.0	475.49	111.59	388.16	975.24
28	Sambalpur	604	6704.0	1325	520	805	2.2	4.3	3.4	417.27	106.74	164.97	688.98
29	Sonepur	442	2284.4	959	398	561	1.6	1.5	2.4	145.56	77.63	116.45	339.64
30	Sundargarh	1049	9712.0	1744	1073	671	3.8	6.2	2.9	601.65	184.37	140.71	926.73
	TOTAL	27425	155707.0	51061	27578	23483	100.0	100.0	100.0	9704.0	4851.98	4851.98	19407.93

INTERSE DISTRIBUTION OF 10TH FINANCE COMMISSION AWARD AMONG THE ZILLA PARISHADS/DISTRICTS

Total award by 10th Finance Commission in favour of Rural Local Bodies for the period 1996-97 to 1999-2000.

Rs. 20099.00 lakhs

Deduct Amount already allotted during 1996-97 for construction of G.P. ghar and Z.P./DRDA building.

(-) Rs. 691.07 lakhs.

Balance for distribution for Link Road among the Z.P.s

Rs. 19407.93 lakhs.

Allocation of Rs. 19407.93 lakh.

On area basis (50%) Rs.9703.97 lakh.

On population basis (25%) Rs.4851.98 lakh.

On lack of Rural connectivity basis (25%)

Rs.4851.98 lakhs.

**CRITERIA FOR DISTRIBUTION OF AWARD OF TENTH FINANCE COMMISSION
AMONG THE MUNICIPALITIES AND N.A.Cs.**

Sl No.	Name of the Urban Local Bodies	Total Geographical area in Sq.Km.	Total Population of ULB in lakhs	Total slum population in lakhs	Area of the ULB as % to the total Urban area	Population of the ULB as % to the total Urban population	Population of the slum as % to the total slum population	Share on Urban Area basis	Share on Urban population basis	Share on slum population basis	Total share of the ULB (Col, 9+10+11)
1	2	3	4	5	6	7	8	9	10	11	12
MUNICIPALITIES											
1	Bhubaneswar	92.91	4.12	1.12	4.12	10.93	10.28	19.69	104.49	49.03	173.21
2	Balasore	19.43	0.86	0.08	0.86	2.28	0.74	4.11	21.80	3.52	29.43
3	Bhadrak	31.08	0.76	0.14	1.38	2.02	1.29	6.60	19.31	6.15	32.06
4	Baripada	10.00	0.50	0.01	0.44	1.33	0.09	2.10	12.72	0.43	15.25
5	Brajaraj Nagar	41.44	0.70	0.41	1.84	1.86	3.76	8.80	17.78	17.93	44.51
6	Baragarh	13.21	0.51	0.20	0.59	1.35	1.83	2.82	12.91	8.72	24.45
7	Barbil	41.44	0.42	0.16	1.84	1.11	1.47	8.80	10.61	7.01	26.42
8	Bolangir	31.08	0.70	0.22	1.38	1.86	2.02	6.60	17.78	9.63	34.01
9	Biramitrapur	35.22	0.34	0.10	1.56	0.90	0.92	7.46	8.61	4.38	20.45
10	Berhampur	76.15	2.10	0.66	3.38	5.57	6.06	16.16	53.25	28.90	98.31
11	Bhawaniapatna	14.37	0.51	0.11	0.64	1.35	1.00	3.06	12.91	4.77	20.74
12	Cuttack	59.57	4.03	1.31	2.64	10.69	12.02	12.62	102.20	57.33	172.15
13	Chowdwar	31.08	0.37	0.01	1.38	0.98	0.09	6.60	9.37	0.43	16.40
14	Deogarh	24.13	0.17	0.07	1.07	0.45	0.65	5.11	4.30	3.10	12.51
15	Dhenkanal	24.82	0.46	0.04	1.10	1.22	0.37	5.26	11.67	1.76	18.69
16	Jajpur	11.65	0.27	0.18	0.52	0.72	1.65	2.48	6.89	7.87	17.24
17	Jajpur Road	12.69	0.26	0.05	0.56	0.69	0.46	2.68	6.60	2.19	11.47
18	Jharasuguda	70.47	0.65	0.34	3.13	1.72	3.12	14.96	16.45	14.88	46.29
19	Joda	26.42	0.31	0.07	1.17	0.82	0.65	5.59	7.84	3.10	16.53
20	Jeypore	25.90	0.65	0.10	1.15	1.72	0.92	5.50	16.45	4.38	26.33
21	Kendrapara	10.77	0.35	0.08	0.48	0.93	0.74	2.29	8.89	3.52	14.70
22	Keonjhar garh	15.54	0.42	0.18	0.69	1.11	1.65	3.30	10.61	7.87	21.78
23	Nowarangpur	8.26	0.23	0.01	0.37	0.61	0.09	1.77	5.83	0.43	8.03
24	Puri	16.84	1.25	0.39	0.75	3.32	3.58	3.59	31.74	17.07	52.40
25	Paralakhemundi	3.63	0.37	0.11	0.16	0.98	1.00	0.76	9.37	4.77	14.90
26	Rajgangpur	21.16	0.40	0.02	0.94	1.06	0.18	4.49	10.14	0.86	15.49
27	Rourkela	132.86	1.40	0.84	5.90	3.72	7.71	28.20	35.57	36.77	100.54
28	Rayagada	18.65	0.48	0.07	0.83	1.27	0.65	3.97	12.14	3.10	19.21
29	Sambalpur	33.66	1.31	0.50	1.49	3.47	4.59	7.12	33.18	21.89	62.19
30	Sonepur	15.13	0.14	0.07	0.67	0.37	0.65	3.20	3.54	3.10	9.84
31	Sundargarh	23.83	0.30	0.10	1.06	0.80	0.92	5.07	7.65	4.38	17.10
32	Talcher	17.66	0.20	0.04	0.78	0.53	0.37	3.73	5.07	1.76	10.56
TOTAL		1011.05	25.54	7.79	44.87	67.74	71.52	214.49	647.67	341.03	1203.19

INTERESE DISTRIBUTION OF TENTH FINANCE COMMISSION AWARD AMONG THE URBAN LOCAL BODIES

Total award by Tenth finance Commission in favour of Urban Local Bodies for the period 1996-97 to 1999-2000

Rs. 1911 lakhs

Allocation of
Rs. 1911 lakhs

On area basis (25%)
Rs 478 lakhs

On Urban population
basis (50%)
Rs. 956 lakhs

On slum population basis (25 %)
Rs. 477 lakhs.

**CRITERIA FOR DISTRIBUTION OF AWARD OF TENTH FINANCE COMMISSION
AMONG THE MUNICIPALITIES AND N.A.Cs**

Sl No.	Name of the Urban Local Bodies	Total Geographical area in Sq.Km.	Total Population of ULB in lakhs	Total slum population in lakhs	Area of the ULB as % to the total Urban area	Population of the ULB as % to the total Urban population	Population of the slum as % to the total slum population	Share on Urban Area basis	Share on Urban population basis	Share on slum population basis	Total share of the ULB (Col. 9+10+11)
1	2	3	4	5	6	7	8	9	10	11	12
NOTIFIED AREA											
COUNCIL											
1	Athagarh	10.30	0.14	0.04	0.46	0.37	0.37	2.20	3.54	1.76	7.60
2	Anandpur	9.32	0.30	0.11	0.41	0.80	1.00	1.96	7.65	4.77	14.38
3	Anugul	19.24	0.25	0.11	0.85	0.66	1.00	4.06	6.31	4.77	15.14
4	Athamallik	15.60	0.10	0.00	1.14	0.27	0.00	5.45	2.58	0.00	8.03
5	Aska	5.31	0.19	0.02	0.24	0.50	0.18	1.15	4.78	0.86	6.79
6	Banki	6.22	0.14	0.06	0.28	0.37	0.55	1.34	3.54	2.62	7.50
7	Banpur	67.13	0.14	0.01	2.98	0.37	0.09	14.24	3.54	0.43	18.21
8	Balugoan	6.40	0.12	0.02	0.28	0.32	0.18	1.34	3.06	0.86	5.26
9	Basudevpur	47.78	0.25	0.02	2.12	0.66	0.18	10.13	6.31	0.86	17.30
10	Burla	17.60	0.31	0.11	0.78	0.82	1.00	3.73	7.84	4.77	16.34
11	Belpahad	29.60	0.27	0.10	1.31	0.72	0.92	6.26	6.89	4.38	17.53
12	Barpalli	12.27	0.16	0.07	0.54	0.42	0.65	2.58	4.02	3.10	9.70
13	Bhuban	1.58	0.19	0.03	0.07	0.50	0.28	0.33	4.78	1.33	6.44
14	Binika	21.42	0.13	0.03	0.95	0.34	0.28	4.54	3.25	1.33	9.12
15	Bhanjanagar	6.06	0.17	0.01	0.21	0.45	0.09	1.29	4.30	0.43	6.02
16	Buguda	11.40	0.11	0.01	0.51	0.29	0.09	2.44	2.77	0.43	5.64
17	Belguntha	5.18	0.09	0.00	0.23	0.24	0.00	1.10	2.30	0.00	3.40
18	Balimela	4.90	0.10	0.03	0.22	0.27	0.28	1.05	2.58	1.33	4.96
19	Boudagarh	20.72	0.15	0.02	0.92	0.41	0.18	4.40	3.92	0.86	9.18
20	Chhatrapur	4.40	0.18	0.11	0.20	0.48	1.00	0.96	4.59	4.77	10.32
21	Chikiti	6.48	0.10	0.01	0.29	0.27	0.09	1.39	2.58	0.43	4.40
22	Digapahandi	25.15	0.10	0.01	1.12	0.27	0.09	5.35	2.58	0.43	8.36
23	Gopalpur	2.59	0.05	0.01	0.12	0.13	0.09	0.57	1.24	0.43	2.24
24	Ganjam	7.77	0.11	0.04	0.35	0.29	0.37	1.67	2.77	1.76	6.20
25	Gunupur	11.65	0.18	0.05	0.52	0.46	0.46	2.49	4.40	2.19	9.08
26	Gudari	12.08	0.07	0.02	0.54	0.19	0.18	2.58	1.82	0.86	5.26
27	G. Udayagiri	13.24	0.09	0.02	0.59	0.24	0.18	2.82	2.30	0.86	5.98
28	Hirakud	11.13	0.24	0.10	0.49	0.64	0.92	2.34	6.12	4.38	12.84
29	Hinjilicut	11.81	0.18	0.03	0.54	0.48	0.28	2.49	4.59	1.33	8.41
30	Jagatsingh-Pur	18.25	0.25	0.05	0.81	0.66	0.46	3.87	6.31	2.19	12.37
31	Jatani	11.82	0.48	0.12	0.52	1.27	1.10	2.49	12.14	5.24	19.87
32	Jaleswar	12.95	0.17	0.03	0.57	0.45	0.28	2.72	4.31	1.33	8.36
33	Junagarh	15.54	0.13	0.07	0.69	0.34	0.65	3.30	3.25	3.10	9.65
34	Konark	35.10	0.11	0.02	1.50	0.29	0.18	7.46	2.78	0.86	11.10
35	Khurda	25.38	0.31	0.12	1.13	0.82	1.00	5.40	7.84	0.77	18.01
36	Karanja	7.25	0.18	0.03	0.32	0.48	0.28	1.53	4.59	1.33	7.45
37	Khandapada	13.1	0.08	0.01	0.58	0.21	0.09	2.77	2.01	0.43	5.21
38	Kuchinda	16.48	0.12	0.05	0.75	0.32	0.46	3.59	3.06	2.19	8.84
39	Kamakhya Nagar	6.96	0.13	0.01	0.31	0.34	0.09	1.48	3.25	0.43	5.16

**CRITERIA FOR DISTRIBUTION OF AWARD OF TENTH FINANCE COMMISSION
AMONG THE MUNICIPALITIES AND N.A.Cs**

Annexure-6-2-B-2

Sl No.	Name of the Urban Local Bodies	Total Geographical area in Sq.Km.	Total Population of ULB in lakhs	Total slum population in lakhs	Area of the ULB as % to the total Urban area	Population of the ULB as % to the total Urban population	Population of the slum as % to the total slum population	Share on Urban Area basis	Share on Urban population basis	Share on slum population basis	Total share of the ULB (Col. 9+10+11)
1	2	3	4	5	6	7	8	9	10	11	12
40	Kantabanjhi	7.77	0.18	0.09	0.34	0.48	0.83	1.63	4.59	3.96	10.18
41	Kabisurya-Nagar	18.13	0.14	0.04	0.80	0.37	0.37	3.82	3.54	1.76	9.12
42	Kodala	12.09	0.10	0.01	0.54	0.27	0.09	2.58	2.58	0.43	5.59
43	Khalikote	28.49	0.11	0.01	1.26	0.29	0.09	6.02	2.78	0.43	9.23
44	Kashinagar	10.36	0.10	0.01	0.46	0.27	0.09	2.20	2.58	0.43	5.21
45	Koraput	97.12	0.35	0.16	4.31	0.93	1.47	20.60	8.89	7.01	36.50
46	Kotpad	12.95	0.13	0.01	0.57	0.34	0.09	2.72	3.25	0.43	6.40
47	Keshinga	14.50	0.14	0.02	0.64	0.37	0.18	3.06	3.54	0.86	7.46
48	Khariar	23.13	0.12	0.05	1.03	0.32	0.46	4.92	3.06	2.19	10.17
49	Khariar Road	11.40	0.14	0.00	0.51	0.37	0.00	2.44	3.54	0.00	5.98
50	Malkangiri	16.29	0.18	0.02	0.72	0.48	0.18	3.44	4.59	0.86	8.89
51	Nimapara	14.62	0.14	0.03	0.65	0.37	0.28	3.11	3.54	1.32	7.98
52	Nayagarh	15.54	0.10	0.03	0.69	0.27	0.28	3.30	2.58	1.33	7.21
53	Nilagiri	20.40	0.13	0.03	0.91	0.34	0.28	4.35	3.25	1.33	8.93
54	Patamundai	2.50	0.28	0.06	0.11	0.74	0.55	0.53	7.08	2.62	10.23
55	Paradeep	32.40	0.50	0.20	1.44	1.33	1.83	6.88	12.72	8.72	28.32
56	Pipili	6.40	0.12	0.02	0.28	0.32	0.18	1.34	3.06	0.86	5.26
57	Padampur	20.80	0.13	0.04	0.92	0.34	0.38	4.40	3.25	1.81	9.46
58	Patnagarh	18.26	0.16	0.07	0.81	0.42	0.65	3.87	4.02	3.10	10.99
59	Polsara	33.67	0.17	0.02	1.49	0.45	0.18	7.12	4.31	0.86	12.29
60	Purusottam-Pur	34.89	0.13	0.02	1.55	0.34	0.18	7.41	3.25	0.86	11.52
61	Phulbani	16.00	0.27	0.18	0.71	0.72	1.65	3.39	6.89	7.87	18.15
62	Rairangpur	14.38	0.18	0.02	0.64	0.48	0.18	3.06	4.59	0.86	8.51
63	Rambha	7.77	0.09	0.01	0.34	0.24	0.09	1.63	2.30	0.43	4.36
64	Soro	9.22	0.23	0.05	0.41	0.61	0.46	1.96	5.83	2.19	9.98
65	Soroda	4.92	0.13	0.00	0.22	0.34	0.00	1.05	3.25	0.00	4.30
66	Sunabeda	78.48	0.53	0.07	3.48	1.41	0.65	16.63	13.48	3.10	33.21
67	Titilagarh	10.36	0.24	0.06	0.46	0.64	0.55	2.20	6.12	2.62	10.94
68	Tarava	12.95	0.07	0.02	0.57	0.19	0.18	2.72	1.82	0.86	5.40
69	Udala	13.00	0.11	0.03	0.58	0.29	0.28	2.77	2.78	1.33	6.88
70	Umorkote	25.90	0.19	0.03	1.15	0.50	0.28	5.50	4.78	1.33	11.61
TOTAL		1242.27	12.16	3.11	55.13	32.26	28.48	263.51	308.33	135.97	707.81
TOTAL-Municipalitie		1011.05	25.54	7.79	44.87	67.74	71.52	214.49	647.67	341.03	1203.19
GRAND TOTAL		2253.32	37.70	10.90	100.00	100.00	100.00	478.00	958.00	477.00	1911.00

INTERSE DISTRIBUTION OF TENTH FINANCE COMMISSION AWARD AMONG THE URBAN LOCAL BODIES

Total award by Tenth Finance Commission in favour of Urban Local Bodies for the period 1996-97 to 1999-2000 Rs. 1911 lakhs.

Allocation of
Rs. 1911 lakhs.

On area basis (25%)
Rs. 478 lakhs.

On Urban population basis
(50%) Rs. 958 lakhs.

On slum population
basis (25%) Rs. 477 lakhs.

Annexure- 7-1

NET PROCEEDS OF THE TAXES, DUTIES, TOLLS, & LEVIABLE BY THE STATE

Item of Taxes/Duties/Fees etc	1990-91			1991-92			1992-93			1993-94 (ESTIMATED)	
	Gross amount collected	Expdt. On collection/refund etc.	Net amount collected	Gross amount collected	Expdt. On collection/refund etc.	Net amount collected	Gross amount collected	Expdt. On collection/refund etc.	Net amount collected		
	1	2	3	4	5	6	7	8	9		
(A) Items of Taxes											
1. Sales Tax	35458.20	678.81	34779.39	39416.17	829.33	38586.84	45199.58	879.68	44319.90		
2. Land Revenue	8189.66	3574.25	4615.41	2476.58	4171.58	(-) 1695.00	2716.02	4606.84	(-) 1890.82		
3.State Excise	4563.81	319.97	4243.84	5506.91	400.06	5106.85	6277.24	486.12	5791.12		
4. Motor Vehicle Tax	5228.93	170.65	5058.28	5974.83	249.34	5725.49	7713.19	261.20	7451.99		
5. Stamp Duty	2276.62	70.57	2206.05	2665.86	76.85	2589.01	3080.91	87.11	2993.80		
6. Entertainment Tax	460.99	0.00		499.02	0.00	0.00	485.16	0.05	485.11		
7. Tax on Goods & Passengers	8.11	10.39	(-)2.28	1.58	12.14	10.56	0.96	12.13	(-) 11.17		
(B) Items of Duties											
1. Electricity Duty	9875.43	134.72	9740.71	9946.12	134.73	9811.39	9733.89	146.76	9587.13		
(C) Tolls	44.67	0.00	0.00	146.37	0.00	0.00	93.70	0.00	0.00		
	(Net)			(Net)			(Net)				
(D) Fees											
1. Court Fees	267.68	0.00	0.00	289.68	0.00	0.00	337.15	0.00	0.00		
2. Registration Fees	549.70	275.17	274.53	587.46	314.54	272.92	646.30	350.33	295.97		

Item of Taxes/Duties/Fees etc	1994-95			1995-96			1996-97 (Latest Estimate)		
	Gross amount collected	Expdt. On collection/refund etc.	Net amount collected	Gross amount collected	Expdt. On collection/refund etc.	Net amount collected	Gross amount collected	Expdt. On collection/refund etc.	Net amount collected
	13	14	15	16	17	18	19	20	21
(A) Items of Taxes									
1. Sales Tax	57809.26	1056.12	56753.14	71609.96	1246.24	70363.72	90000.00	1355.24	88644.76
2. Land Revenue	3099.71	5476.71	(-)2377.00	3946.99	6213.01	(-)2266.02	3638.00	7381.07	(-) 3743.07
3. State Excise	5942.83	520.43	5422.40	7344.27	622.83	6721.44	12000.00	790.85	11209.15
4. Motor Vehicle Tax	9512.12	301.72	9210.40	10750.43	330.29	10420.14	12768.00	432.60	12335.40
5. Stamp Duty	4013.70	109.45	3904.25	4834.60	138.10	4696.50	5415.50	83.00	5332.50
6. Entertainment Tax	473.75	0.00		626.74	0.00	0.00	500.00	1.00	499.00
7. Tax on Goods & Passengers	0.54	13.51	(-)12.97	0.58	16.38	(-)15.80	0.00	17.66	(-)17.66
(B) Items of Duties									
1. Electricity Duty	10090.59	153.54	9937.05	12134.91	161.41	11973.50	16400.00	168.12	16231.88
(C) Tolls	73.62	0.00	0.00	92.96	0.00	0.00	74.00	0.00	0.00
(D) Fees									
1. Court Fees	503.42	0.00	0.00	516.98	0.00	0.00	1460.40	0.00	0.00
2. Registration Fees	815.22	416.70	398.52	953.45	488.65	464.80	1124.10	545.86	578.24

Annexure-7-2

EXPENDITURE LIABILITY OF STATE GOVERNMENT IN THE NON -PLAN REVENUE ACCOUNT FOR THE YEAR 1992-93 TO 2001-2002

Items of Expenditure	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-200	2000-200	2001-2002
						(Pre-Actuals)	(BE)	Estt.	Estt.	Estt.
1	2	3	4	5	6	7	8	9	10	11
(I.) 1. Civil Admn.	194.80	184.68	279.37	265.88	373.74	322.94	358.06	414.35	389.11	404.55
2. Police	129.06	135.34	151.91	177.28	211.48	235.62	254.06	260.39	271.24	282.59
3. Judicial	17.24	18.26	22.51	24.68	28.54	32.14	37.13	34.14	35.33	36.57
4. Education										
(a) Primary	328.44	360.87	401.97	430.78	544.40	580.09	626.50	649.05	672.42	696.63
(b) Secondary,	122.75	135.72	152.91	173.44	75.83	77.43	82.85	85.83	88.92	92.12
(c) Higher	75.34	80.91	91.82	109.78	117.46	124.50	133.22	138.02	142.99	148.14
(d) Training & Others	3.82	4.12	5.27	4.55	5.84	6.32	7.84	8.22	8.65	9.14
Total - Education	530.35	581.62	651.97	718.55	743.53	783.34	850.41	881.12	912.98	946.03
(II.) Maintenance of Capital assets	219.63	194.14	237.00	275.60	312.19	332.20	372.00	395.86	421.39	448.69
(III.) Social Welfare.	57.54	63.02	62.13	66.79	80.40	81.25	81.52	81.96	82.44	82.94
(IV) Debt servicing (Interest)	542.15	682.83	786.72	929.26	1097.31	1305.84	1506.06	1733.66	1966.24	2204.98
(V) Other Committed expenditure (like Pension Old-age Pension if not included any of above										
Pension	121.93	145.74	164.68	194.35	241.19	263.55	291.51	319.16	349.58	383.04
Other Exp. (including lump	487.90	672.00	746.50	889.47	761.44	1206.72	1541.57	1724.98	1919.74	2128.33
						(435.70)	(722.49)	(865.90)	(1018.19)	(1181.73)
Total of Non-Plan Revenue Expenditure	2300.60	2577.63	3102.85	3571.86	3860.47	0	5281.13	5845.62	6348.05	6917.72
(VI) Repayment of Loans										
i) To Govt. of India	165.17	254.74	193.22	158.15	187.95	217.84	247.46	280.16	320.19	362.13
ii) To other financial Institutions	8.93	17.15	8.63	10.33	14.26	13.59	32.79	72.94	96.09	103.07
iii) Market Borrowing	12.28	26.25	0.24	56.60	0.03	29.71	93.85	86.69	96.08	106.54
iv) Others	0	0	0	0	0	0	0	0	0	0
Grant Total on Repayment of Loans	186.38	298.14	202.09	225.08	202.24	261.14	374.10	439.79	512.36	571.54

ANNEXURE

RULES OF PROCEDURE OF THE STATE FINANCE COMMISSION

1. Formal meetings of the Commission shall be held as and when necessary for hearing evidence or for meeting representatives of the State Government , Panchayats and Municipalities and for other purposes . The time and place of such meetings shall be fixed by the Chairman after ascertaining the convenience of the other members.
2. Meetings shall ordinarily be so arranged that all the members are present . But if for any unavoidable reason any member is unable to be present , a formal meeting may still be held if at least two members , including the Chairman are present.
3. The Member Secretary of the Commission and such other officers; as the Chairman may , direct shall be present at the meetings of the Commission.
4. No Verbatim record of the proceedings of the formal meetings of the Commission shall ordinarily be kept , but the Commission may direct that such a record be kept of the proceedings of any particular meeting or meetings. When no verbatim record is kept a summary of the proceedings of the meeting shall be prepared by the Secretary as soon as possible and , after verification as provided in the succeeding rule , it shall be circulated to the members of the Commission including any member who may have been absent from such meeting.
5. Member Secretary with the approval of Chairman , will place the summaries of proceedings of meetings with senior officers representing State Government , Panchayats and Urban Local Bodies before the Commission when necessary . When a verbatim record is kept , the portion relating to each witness or member shall be shown to him for perusal.
6. No information relating to the meetings or the work of the Commission shall be furnished to the press by the Member Secretary or any member of the staff except under the direction of the Chairman.

7. The Member Secretary under the general direction of the Chairman , shall be in overall charge of the office of the Commission and shall be responsible to the Commission for its proper working .

8. All communications from the Commission , other than a formal report , shall be signed by the Member Secretary or by an officer authorised by the Chairman to sign on his behalf ; but no communication purporting to express the views of the Commission shall be issued except with the prior approval of the Commission obtained at a meeting of the Commission or , if so directed by the Chairman , by circulation among the members .

9. The Member Secretary shall keep the Commission informed from time to time of all important matters effecting the office of the Commission.

KEY TO ABBREVIATIONS AND TERMS

A.P	Andhra Pradesh
A.G	Accountant General
A.A.G	Annual Average Growth
A.B.D.O	Additional Block Development Officer
B.E.	Budget Estimate
B.D.O.	Block Development Officer
B.C.R.	Balance from Current Revenue
C.P.	Central Plan
C.S.P.	Centrally Sponsored Plan
D.P.O.	District Panchayat Officer
D.R.D.A	District Rural Development Agency
E	Expenditure
E.A.S	Employment Assurance Scheme
G.P.	Gram Panchayat
G.D.P	General Demand Price
GOO	Government of Orissa
GOI	Government of India
G.I.C	General Insurance Corporation
G.P.F.	General Provident Fund.
H & U.D.Deptt.	Housing & Urban Development Department.
H.C.	Head Clerk
I	Income
I.T.I.	Industrial Training Institute
J.E	Junior Engineer
J.R.Y.	Jawahar Rojagar Yojana
K.L.	Kendu Leaf
L.I.C	Life Insurance Corporation
L.V.L.W.	Lady Village Level Worker
M.P.	Member of Parliament
M.L.A.	Member of Legislative Assembly
M.C.R.	Miscellaneous Capital Receipt
N.F.C.	National Finance Commission
N.I.R.D.	National Institute of Rural Development
N.K.C.C.D.S.	Nabakrushna Choudhury Centre for Development Studies.
N.S.D.P.	Net State Domestic Product
N.A.C.	Notified Area Council

N.A.B.A.R.D.	National Agril. Bank for Rural Development.
N.R.Y	Nehru Rojgar Yojana
N.P.	Non-Plan
P.R.I.	Panchayati Raj Institutions
P.R.DEPTT.	Panchyati Raj Department
P.S.	Panchyat Samiti
P.H.C.	Primary Health Centre
P.S.E.	Public Sector Enterprises
P.M	Per Month
P.A	Progressive Assistant
R.L.B	Rural Local Body
R.D.DEPTT.	Rural Development Department
R.E.	Revised Estimate
S.F.C.	State Finance Commission
S.I.R.D	State Institute of Rural Development
S.C.	Schedule Caste
S.T.	Scheduled Tribe
S.D.P.	State Domestic Product
S.P.	State Plan
T.F.C.	Tenth Finance Commission
U.L.B.	Urban Local Body
V.I.P.	Very Important Person.
V.L.W	Village level Worker
Z.P.	Zilla Parishad