

Seminar on
Strengthening Panchayati Raj Institutions in Gujarat:
Issues before the 3rd State Finance Commission”
21st July, 2012 at
Institute of Rural Management Anand (IRMA)

Status of Financial Devolution to Panchayati Raj Institutions in
Gujarat:

some observations from Budget outlay and expenditure

By

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Outlay of presentation

- Department wise and functional budget outlay to PRI (Grant in aid)
- District wise assistance to PRIs
- Petlad taluka's Budget (Receipt and Expenditure some observations)
- Suggestions

Department wise/functional BE(Devolution)/Grant-in aid to Panchayats
(Figures in Crore)

	Department	2009-10- ME	2010-11 BE	2011-12 BE	2012-13 BE
1	Agricultural and cooperation Department	107.10	905.03	182.54	211.91
2	Education Department	4128.30	7607.15	6303.31	6975.81
3	General Administration Department	3.18	3.47	5.88	6.49
4	Sports, Youth and Cultural activities	0.88	23.39	0.00	0.02
5	Health and Family welfare Development	405.34	916.18	577.61	573.07
6	Women and Children Development Department	10.00	285.67	358.30	774.91
7	Industries and Mine department	0.87	276.29	18.00	0.00
8	Social Welfare	2.15	0.00	0.00	2.70
9	Panchayat Rural Housing and Rural Development Department	369.36	1495.95	921.45	1096.81
10	Revenue Department	17.14	46.09	12.73	10.87
11	Roads and Buildings Department	881.50	762.37	427.36	424.34
12	Narmada Water Resources, water supply and Kalpsar department	0.00	1319.85	64.71	59.94
13	Social Justice and Empowerment department	111.98	1339.83	215.79	350.52
14	Tribal Development Department	486.70	836.35	490.80	701.45
	Grand Total	6524.50	15817.60	9578.49	11188.84

**Department wise/functional BE(Devolution)/Grant-in aid to Panchayats
(Figures in Crore)**

	Department	2009-10-ME	2009-10-ME %	2010-11-BE	2010-11-BE %	2011-12-BE	2011-12-BE %	2012-13-BE	2012-13-BE %
1	Agricultural and cooperation Department	107.10	1.64	905.03	5.72	182.54	1.91	211.91	1.89
2	Education Department	4128.30	63.27	7607.15	48.09	6303.31	65.81	6975.81	62.35
3	General Administration Department	3.18	0.05	3.47	0.02	5.88	0.06	6.49	0.06
4	Sports, Youth and Cultural activities	0.88	0.01	23.39	0.15	0.00	0.00	0.02	0.00
5	Health and Family welfare Development	405.34	6.21	916.18	5.79	577.61	6.03	573.07	5.12
6	Women and Children Development Department	10.00	0.15	285.67	1.81	358.30	3.74	774.91	6.93
7	Industries and Mine department	0.87	0.01	276.29	1.75	18.00	0.19	0.00	0.00
8	Social Welfare	2.15	0.03	0.00	0.00	0.00	0.00	2.70	0.02
9	Panchayat Rural Housing and Rural Development Department	369.36	5.66	1495.95	9.46	921.45	9.62	1096.81	9.80
10	Revenue Department	17.14	0.26	46.09	0.29	12.73	0.13	10.87	0.10
11	Roads and Buildings Department	881.50	13.51	762.37	4.82	427.36	4.46	424.34	3.79
12	Narmada Water Resources, water supply and Kalpsar department	0.00	0.00	1319.85	8.34	64.71	0.68	59.94	0.54
13	Social Justice and Empowerment department	111.98	1.72	1339.83	8.47	215.79	2.25	350.52	3.13
14	Tribal Development Department	486.70	7.46	836.35	5.29	490.80	5.12	701.45	6.27
	Grand Total	6524.50	100.00	15817.60	100.00	9578.49	100.00	11188.84	100.00

% of Devolution out total budget (All figures in crore)

	Department	2009-10-ME	2010-11 BE	2011-12 BE	2012-13 BE
	<u>Total Devolution to PRI</u>	6524.50	15817.60	9578.49	11188.84

ME: Modified estimates

BE: Budget estimates

RE: Revised Estimates

% of Devolution out of state's Total Revenue (TAX, NTR,& GIA)
(share in Central taxes, + state taxes + state's NTR+ Grant in aid &
contribution from Center)

State's Total Revenue	2009-10 AE	2010-11 AE	2011-12 BE	2012-13 BE
Tax, NTR and GIA to state	41672.36	52363.64	62292.22	75903.37
Total Devolution to PRIs(Functional /Department wise)	6524.50	15817.60	9578.49	11188.84
% of devolution to PRI out of total Tax Revenue)	15.66	30.21	15.38	14.74

Source: Budget in Brief, 2012-13 &

Budget Estimates of Various Years Under
APPENDICES Volume-1

% of Devolution out of state's Total Budget

	Rs in crore	Rs in crore	Rs in crore	Rs in crore
	2009-10-	2010-11-	2011-12-	2012-13-
	AE	AE	BE	BE
State's Total Revenue				
Tax, NTR and GIA to state	41672.36	52363.64	62292.22	75903.37
Capital Receipt	14531.65	17055.61	18778.22	22331.64
Total Receipt of the state	56204.01	69419.25	81070.44	98235.01
Total Devolution to PRIs	6524.5	15817.6	9578.49	11188.84
Total devolution out of state's total receipt (Rev+Cap)	11.61	22.79	11.82	11.39

Source: Budget in Brief, 2012-13 &

Budget Estimates of Various Years Under
APPENDICES Volume-1

Source of Revenue for PRI (Figures in Crore)

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
state Government Grant	2978.2	3306.38	3564.88	4574.22	5236.96	8321.68
Govt of India's Grant	471.36	472.77	740.1	735.91	312.15	409.94
Own Revenue	108.43	82.23	182.11	713.39	65.19	242.48
Loans and advances	35.34	47.02	59.91	19.14	13.63	13.53
EFC/TFC	113.5	136.34	199.66	186.2	183.2	186.20
	3706.83	4044.74	4746.66	6228.86	5811.13	9173.83

Source: CAG Report for Local Body audits, 2009-10
**(Panchayati Raj Bodies and Urban Local Bodies), Gujarat For the
 Year 2009-10**

Source of Revenue for PRI (Figures in %)

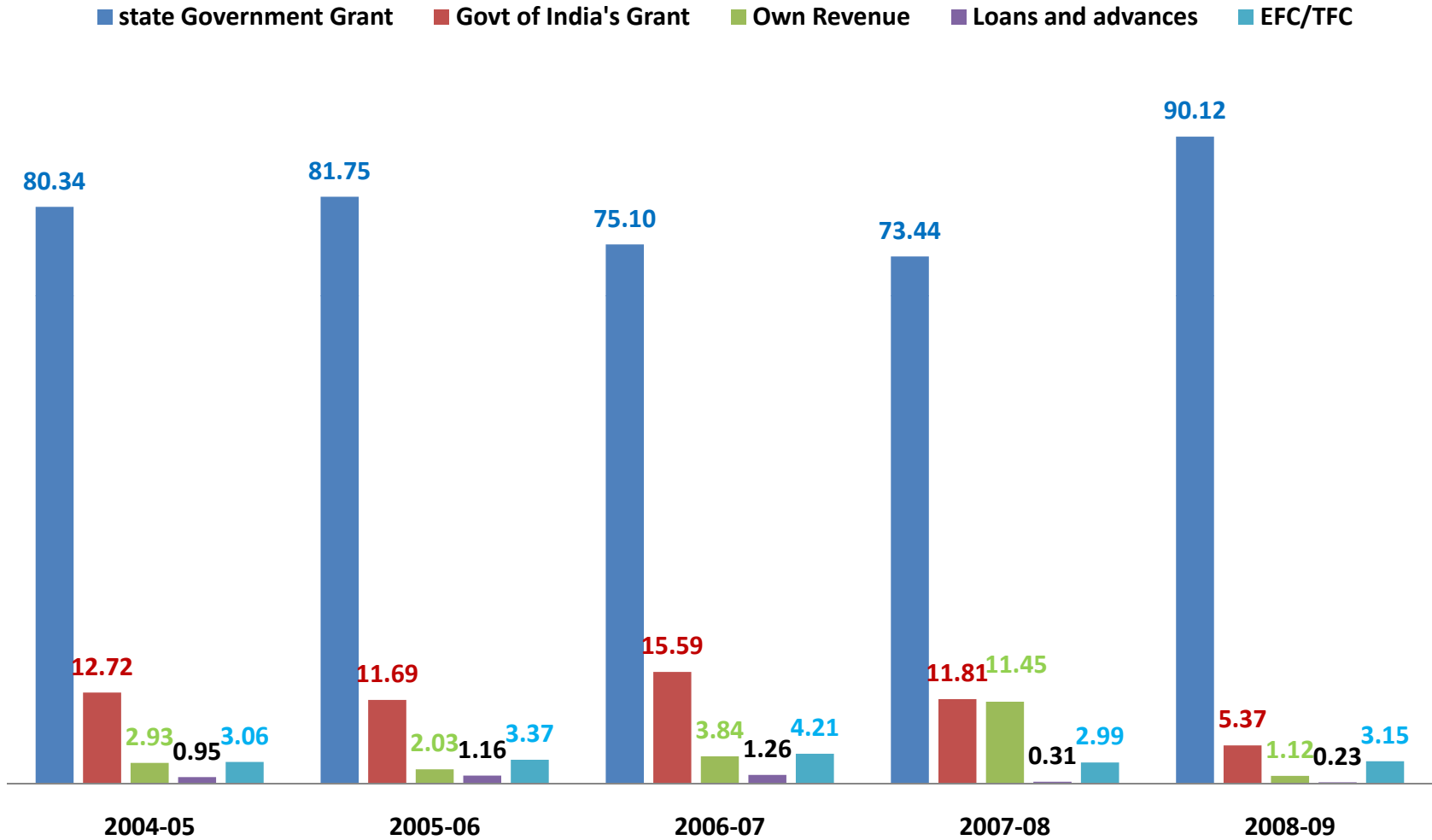
	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
state Government Grant	80.34	81.75	75.10	73.44	90.12	90.71
Govt of India's Grant	12.72	11.69	15.59	11.81	5.37	4.47
Own Revenue	2.93	2.03	3.84	11.45	1.12	2.64
Loans and advances	0.95	1.16	1.26	0.31	0.23	0.15
EFC/TFC	3.06	3.37	4.21	2.99	3.15	2.03
Total	100.00	100.00	100.00	100.00	100.00	100.00

EFC: Eleventh Finance Commission

TFC Twelfth Finance Commission

Sources of Revenue

Sources of Revenue



Devolution at state level: comparative picture in Western region

S.No	State	<i>No. and names of the Departments/subjects Transferred to Panchayats with respect to</i>		
		<i>Funds</i>	Functions	Functionaries
6.	Goa	Panchayats levy 11 types of taxes. Untied funds are given to Panchayats.	18 matters are devolved to GPs, while 6 are devolved to ZPs.	PRIs have their own core staff for the execution of works.
7.	Gujarat	8 major taxes are collected by PRIs. In 2008-09, 13 departments allocated funds to PRIs.	14 functions have been completely devolved and 5 are partially devolved.	GOs have been issued for devolution of functionaries for 14 functions.
13.	Kerala	GPs have tax domain of 9 types of taxes. Untied funds and funds for specific purposes by departments are given to PRIs.	Activity mapping for all 29 functions done and activities devolved to Panchayats.	PRIs have full managerial and part disciplinary control over transferred functionaries.
14.	Madhya Pradesh	GPs are empowered to collect taxes. Funds for 13 departments covering 19 matters are released to PRIs.	GOs containing the Activity Mapping in respect of 25 matters pertaining to 22 departments have been issued.	Functionaries for 13 departments have been transferred to the PRIs. There is a State Panchayat Service.
15.	Maharashtra	ZP and GP collect taxes. Grants for 11 departments are transferred to PRIs.	11 subjects have been fully devolved. For 18 subjects, schemes are implemented by PRIs.	Class III and Class IV employees at all levels are Zilla Parishad employees.
19.	Rajasthan	5 departments have issued GOs transferring funds to PRIs up to district level. 10% untied fund to PRIs.	Five Departments have transferred all functions up to district level to PRIs. Fresh Activity Mapping of above 5 Departments has been done.	5 departments have transferred all functionaries up to district level to PRIs.

- District wise assistance for all tier of Panchayats
Under
Normal, TASP & SCP Components

District wise assistance for all tier of Panchayats

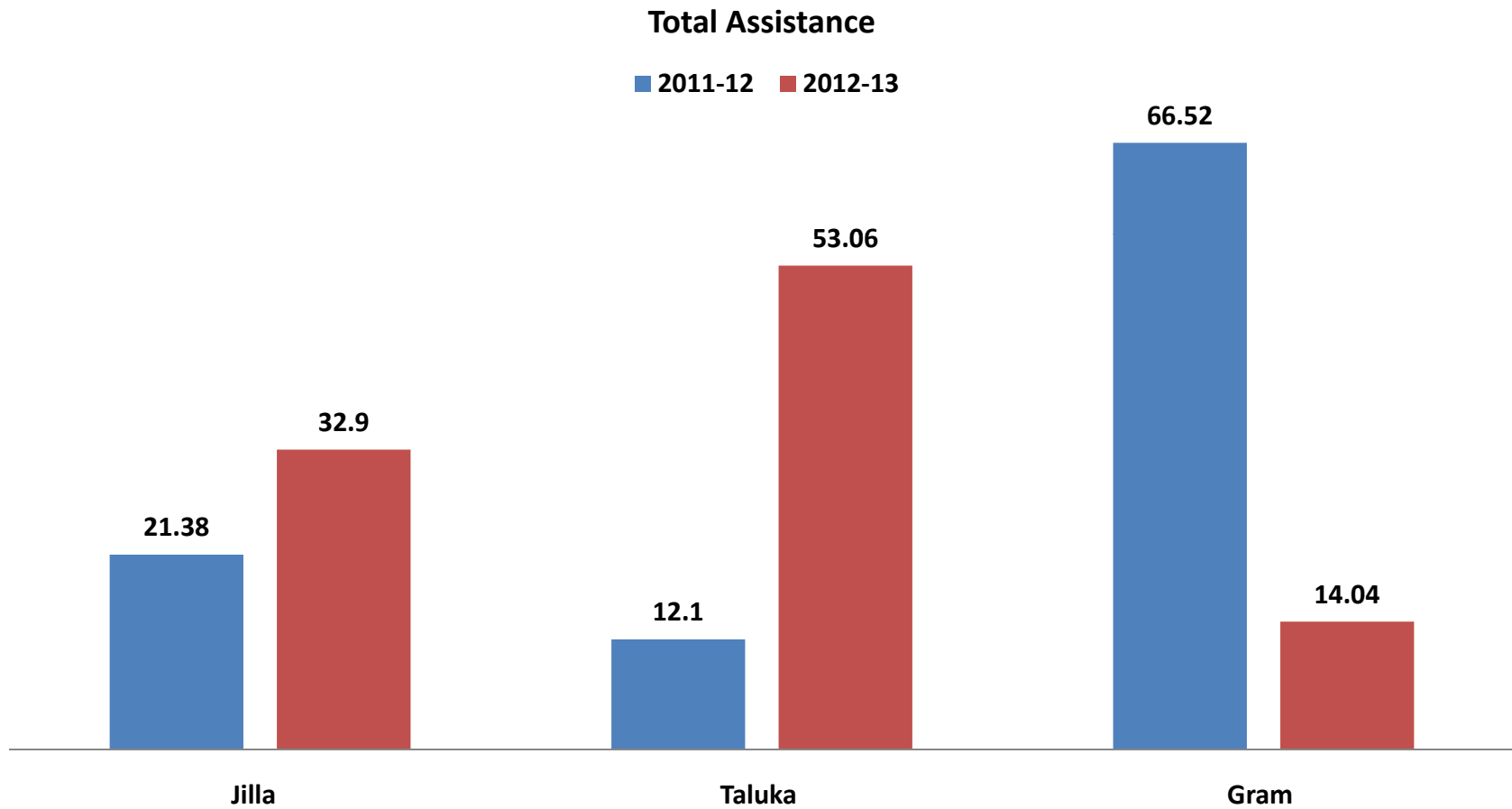
(All figures in crore)

	Jilla	Taluka	Gram	TOTAL(1 to 3)
	1	2	3	
2011-12	2180.1446	1234.178	6782.5372	10196.8598
% of Allocation	21.38	12.10	66.52	100.00
2012-13	3969.04	6402.55	1694.07	12065.66
% of Allocation	32.90	53.06	14.04	100

Budget publication No.29, Part II.

Appendices –volume-II, Supplement Statement (Panchayati Raj Institutions and Urban Local Bodies) for year 2011-12 & 2012-13

District wise assistance for all tier of Panchayats



District wise assistance for all tier of Panchayats under categories
in 2011-12
(All figures in crore)

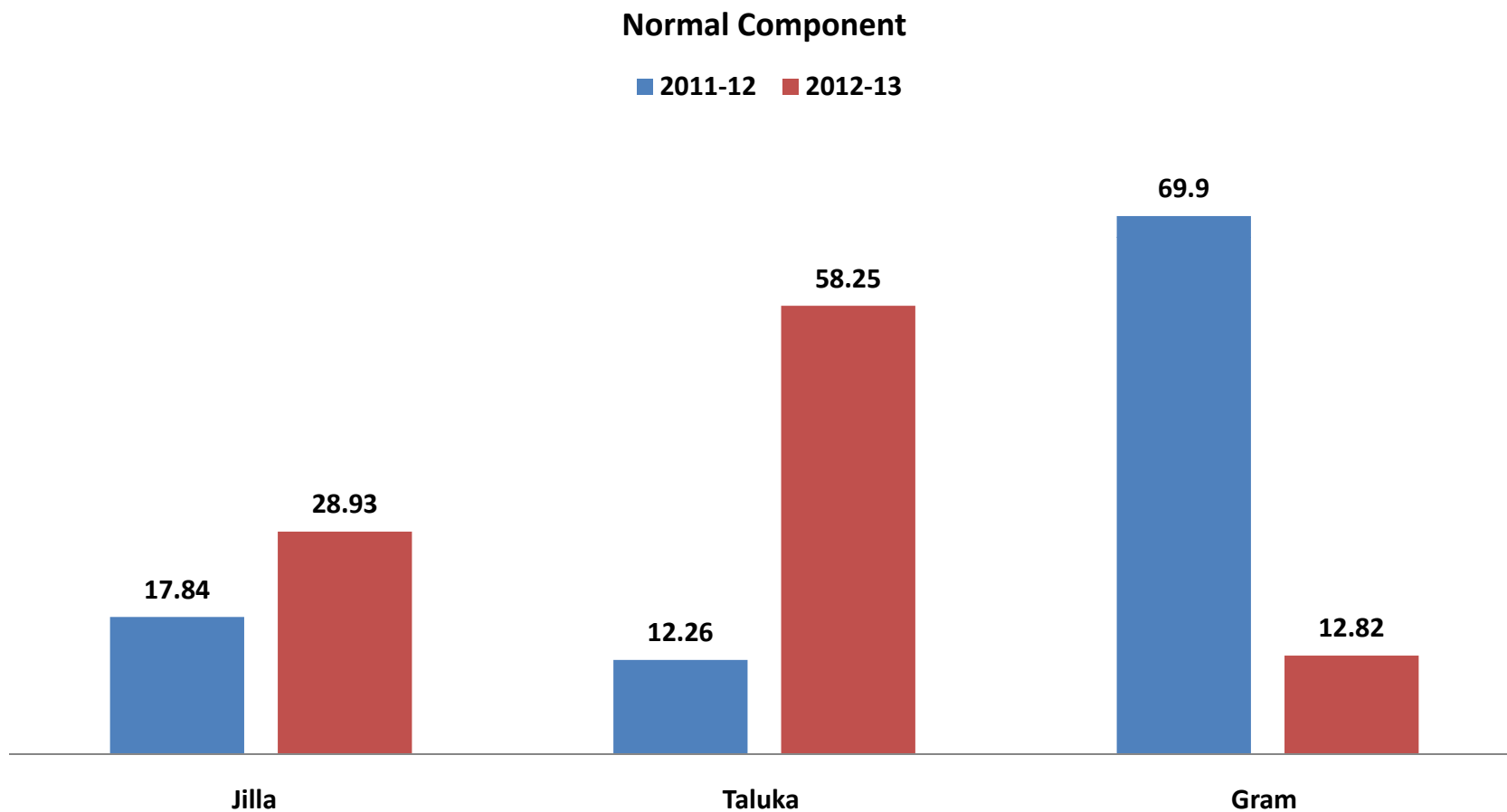
	Rs in crore	Rs in crore	Rs in crore	Rs in crore	%	%	%	%
2011-12	Jilla	Taluka	Gram	Total (1 to 3)	Jilla	Taluka	Gram	Total (5 to 7)
	1	2	3	4	5	6	7	8
Normal	1631.91	1121.70	6394.29	9147.90	17.84	12.26	69.90	100.00
TASP	292.88	97.11	190.02	580.01	50.49	16.74	32.76	100.00
SCSCP	255.36	15.37	198.22	468.95	54.45	3.28	42.27	100.00
total	2180.14	1234.18	6782.54	10196.86	21.38	12.10	66.52	100.00

District wise assistance for all tier of Panchayats under categories
in 2012-13

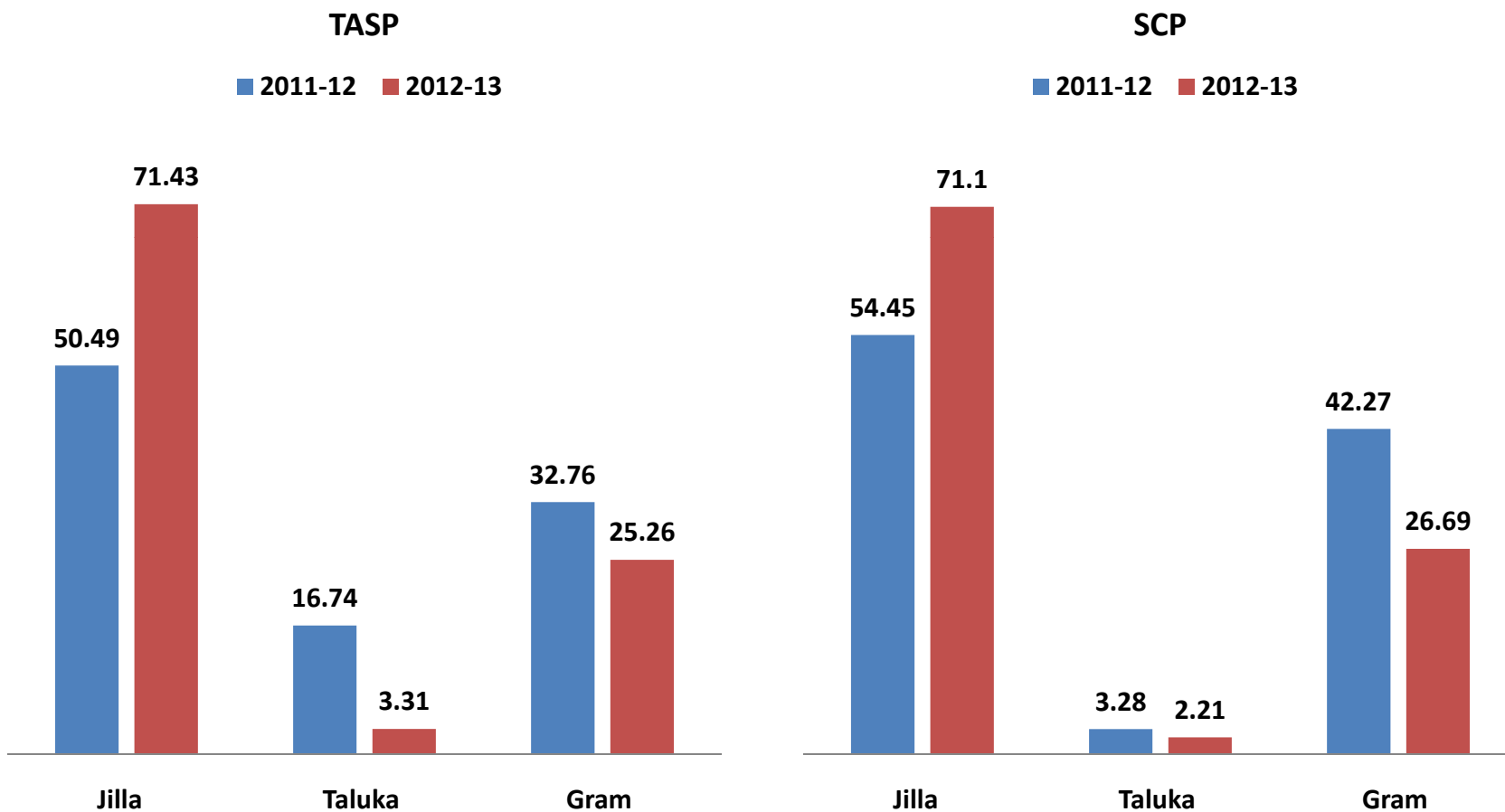
(All figures in crore)

	Rs in crore	Rs in crore	Rs in crore	Rs in crore		%	%	%	%
2012-13	Jilla	Taluka	Gram	TOTAL(1 to 3)		Jilla	Taluka	Gram	TOTAL(5 to 7)
	1	2	3	4		5	6	7	8
Normal	3164.02	6370.64	1401.72	10936.38		28.93	58.25	12.82	100.00
TASP	452.00	20.95	159.82	632.78		71.43	3.31	25.26	100.00
SCSCP	353.02	10.95	132.53	496.50		71.10	2.21	26.69	100.00
total	3969.04	6402.55	1694.07	12065.66		32.90	53.06	14.04	100.00

District wise assistance for all tier of Panchayats under Normal component in 2011-12 & 2012-13



District wise assistance for all tier of Panchayats under TASP & SCP component in 2011-12 & 2012-13



- Case study of Petlad Taluka Panchayat's Budget
Receipt and Expenditure

Petlad Taluka: Own Revenue

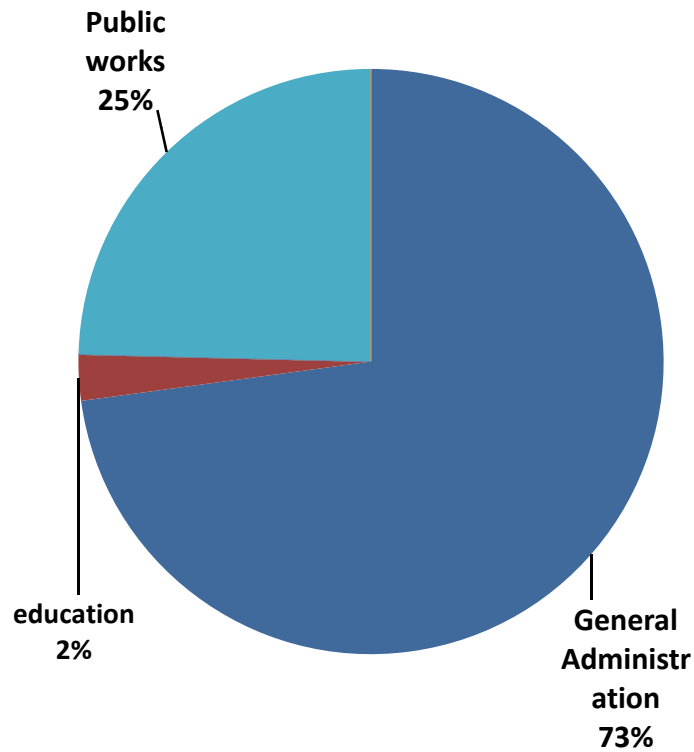
		Rs	Rs	Rs	Rs	
Details		2009-10-AE	2010-11-BE	2011-12-RE	2012-13-BE	% of 2012-13
Local taxes	સ્થાનિક કર	0	350000	300000	300000	9.30
Other taxes and fees	અન્યકર અને ફી	91550	340000	350000	350000	10.85
Statutory grants	વૈધાનિક અનુદાનો	-774517	190000	1335589	1385000	42.95
Interest	વ્યાજ	0	75000	50000	50000	1.55
Public works	જાહેર બાંધકામ	9060	10000	10000	10000	0.31
Miscellaneous	પરચુરણ આવક	46710	55000	120000	170000	5.27
Total	કુલ	-627197	1020000	2165589	2265000	70.23
Opening balance	ઉઘડતી સિલક	3680977	3050477	1257864	959953	29.77
	Total	3053780	4070477	3423453	3224953	100.00

Petlad Taluka: Expenditure from own fund

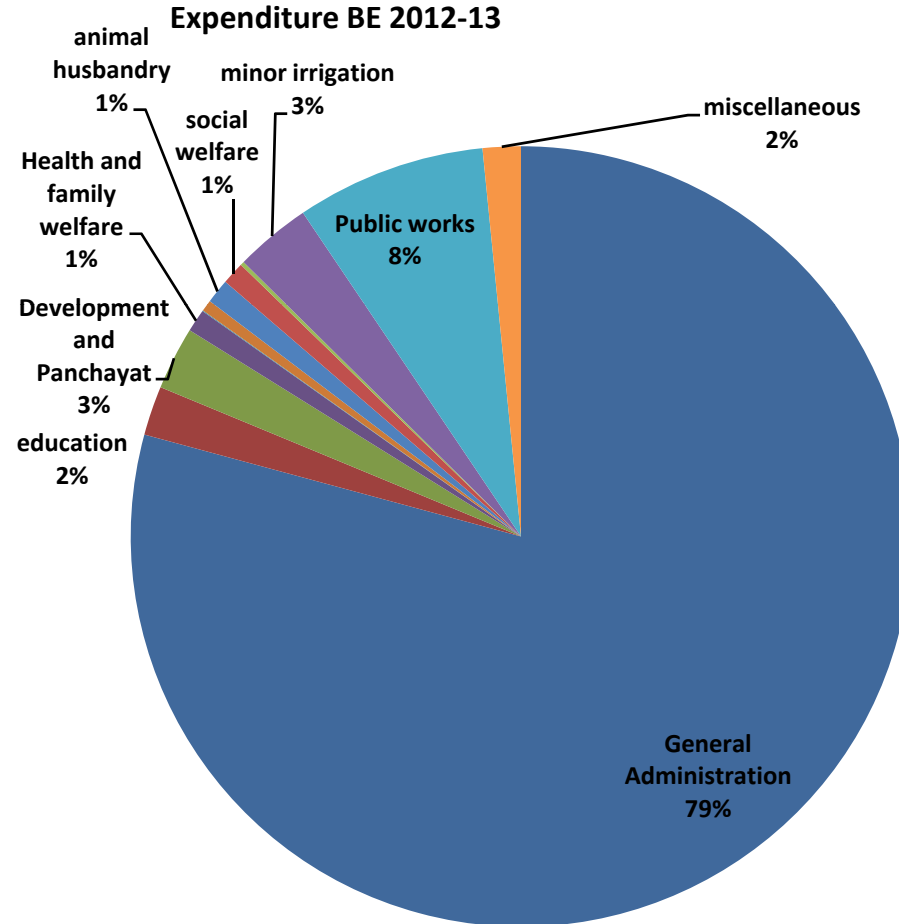
	2009-10-AE Rs.	2010-11-BE Rs.	2011-12-RE Rs.	2012-13-BE Rs.	% of 2012-13
General Administration	1308293	1000500	1902500	2517500	79.20
Education	45600	65000	65000	65000	2.04
Development and Panchayat	0	99000	33000	83000	2.61
Health and family welfare	0	0	30000	30000	0.94
Village and small industries	0	1000	1000	1000	0.03
Crop husbandry	0	0	15000	15000	0.47
Animal husbandry	0	32000	32000	32000	1.01
Social welfare	0	30000	30000	30000	0.94
Natural calamities	0	10000	5000	5000	0.16
Minor irrigation	0	175000	100000	100000	3.15
Public works	442023	200000	200000	250000	7.87
Miscellaneous	0	50000	50000	50000	1.57
Total	1795916	1662500	2463500	3178500	100.00

Petlad Taluka : Expenditure from own Revenue 2009-10 & 2012-13-BE

Expenditure 200-10



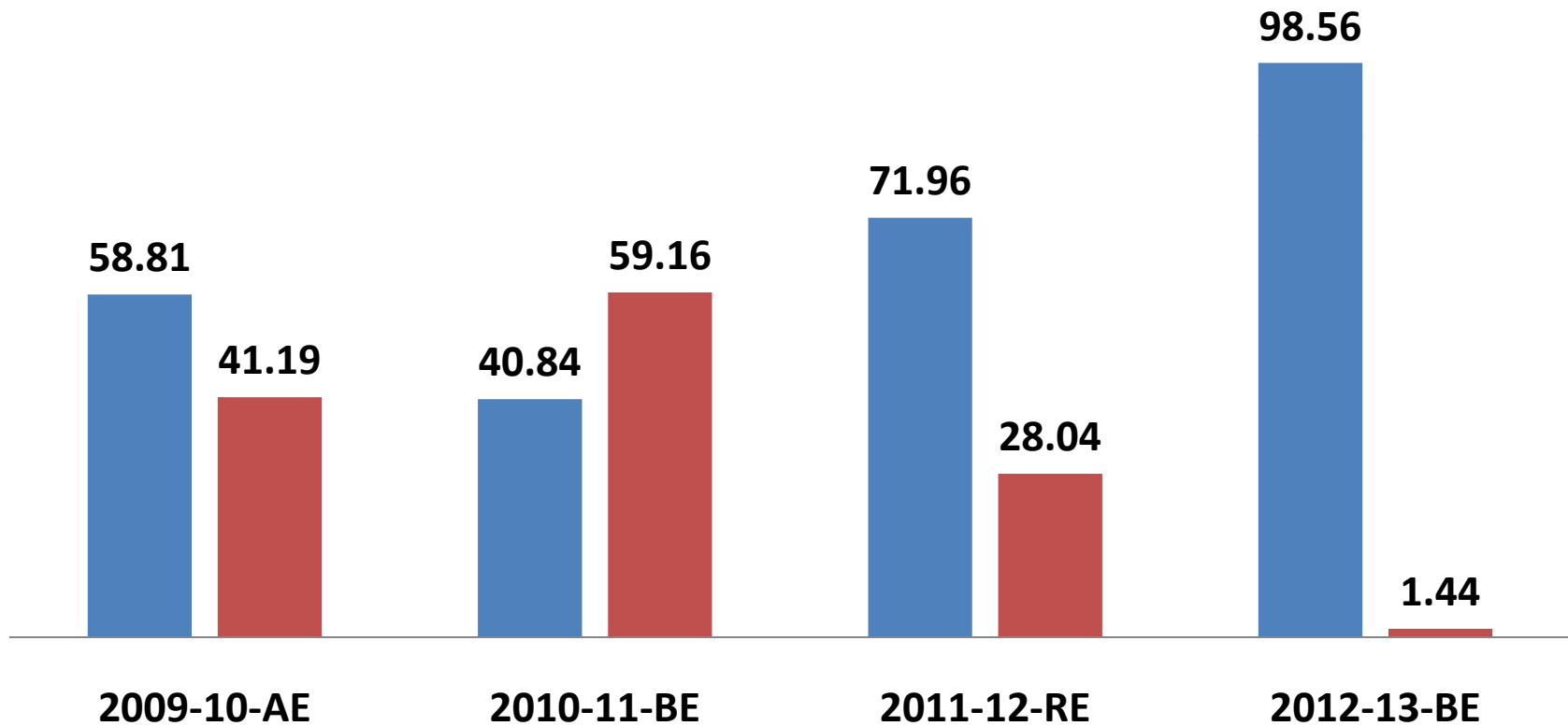
Expenditure BE 2012-13



Petlad Taluka: Expenditure & Balance amount

Expenditure Vs Balance amount: Petlad

■ Expenditure ■ Balance amount



Total Receipt of Petlad Taluka

Details		2009-10-AE Rs.	2010-11-BE Rs.	2011-12-RE Rs.	2012-13-BE Rs.	% of 2012- 13BE
local taxes	સ્થાનિક કર	0	350000	300000	300000	9.30
other taxes and fees	અન્યકર અને ફી	91550	340000	350000	350000	10.85
statutory grants	વૈધાનિક અનુદાનો	-774517	190000	1335589	1385000	42.95
interest	વ્યાજ	0	75000	50000	50000	1.55
Public works	જાહેર બાંધકામ	9060	10000	10000	10000	0.31
miscellaneous	પરચુરણ આવક	46710	55000	120000	170000	5.27
Total	કુલ	-529969	1020000	2165589	2265000	
opening balance	ઉઘડતી સિલક	3680977	3050477	1257864	959953	29.77
	Total	3053780	4070477	3423453	3224953	100.00
	Taluka Panchayat Self Fund	3053780	4070477	3423453	3224953	0.76
	District Panchayat's Plan and work	957039	684406	894051	1065051	0.25
	GIA	440123711	391041000	407222000	421004500	98.98
	loan	40000	65000	56000	56000	0.01
	Total	444174530	395860883	411595504	425350504	100

- Grant in aid from state government

Petlad Taluka: Receipt of Grant in aid

		2009-10	2010-11-BE	2011-12-RE	2012-13	
Maj No	Major Head Title	Rs.	Rs.	Rs.	Rs.	
2401	Crop Husbandry	57250	230000	230000	130000	0.03
2403	Animal Husbandry	3201362	2396000	2560000	2633000	0.63
2202	General Education	289327532	298222000	308368000	317182000	75.34
2205	Art and Culture	400000	0	0	0	0.00
2204	Sport and youth services	45000	50000	25000	25000	0.01
2215	Water supply and sanitation	13271623	13623000	13742000	14140000	3.36
2216	Housing	76965000	25060000	37087500	22145000	5.26
2053	District administration	200000	625000	750000	800000	0.19
2245	Natural calamity relief	0	360000	60000	60000	0.01
2235	social security and safety	5082000	300000	0	0	0.00
2225	welfare of STS/SC/OBC	344500	691000	372500	372500	0.09
2515	Other Rural Development programs	28700961	16937000	15725000	25725000	6.11
2553	MP Grant	0	4025000	3825000	11075000	2.63
2236	Nutrition's	22494283	22937000	24477000	26717000	6.35
2801	Power	0	10000	0	0	0.00
2210	Health and family welfare	34200	0	0	0	0.00
		440123711	385466000	407222000	421004500	100.00

Petlad Taluka: Expenditure from GIA

Maj No	Major Head Title	2009-10	2010-11-BE	2011-12-RE	2012-13	% of 2012-13
2401	Crop Husbandry	52025	230000	230000	130000	0.03
2403	Animal Husbandry	2459722	1946000	2560000	2633000	0.62
2202	General Education	291753033	298273000	308368000	317182000	74.78
2205	Art and Culture	383503	0	0	0	0.00
2204	Sport and youth services	45000	50000	25000	25000	0.01
2216	Housing	49006219	25060000	37087500	22145000	5.22
2053	District administration	676162	625000	750000	800000	0.19
2245	Natural calamity relief	0	360000	60000	60000	0.01
2235	Social security and welfare	6052000	300000	0	0	0.00
2225	Welfare of STS/SC/OBC	329275	691000	472500	472500	0.11
2515	Other Rural Development programme	13661135	13623000	13742000	14140000	3.33
2553	MP Grant	0	3955000	3755000	9555000	2.25
2236	Nutrition's	25357751	22937000	24477000	26717000	6.30
2801	Power	0	1000	0	0	0.00
2515	Other Rural Development programme	22748382	16937000	15725000	30275000	7.14
		412524207	384988000	407252000	424134500	100.00

Expenditure against Receipt (GIA)

	2009-10 Rs.	2010-11-BE Rs.	2011-12-RE Rs.	2012-13- BE Rs.
GIA Receipt	440123711	385466000	407222000	421004500
GIA Expenditure	412524207	384988000	407252000	424134500
balance	27599504	478000	-30000	-3130000
% of expenditure Against Grant received	93.73	99.88	100.01	100.74

Own revenue collection of the villages in Himmatnagar taluka

	1	2	3	4	5	6	7	%= 6x100/7
	જમીન મહેસુલ	સ્થાનિક દરો	બીજા વેરાઓ	ટોટલ	ફી	TOTAL	કુલ આવક અને દેવું	% કરવેરા નું હિસ્સો
કનાઈ	300	0	54200	54500	4000	58500	434000	12.99
ગાંભોઈ	0	0	95915.24	95915	27740	123655	395639.24	33.41
ખાંઘોલ BE2003-04	0	0	39000	39000	0	39000	288000	12.59
ગઢોઠા			290000	290000	0	290000	633000	29.80
વાંટડા	400	0	30000.	30400	10000	40400	179900	22.29
હુંઢર	0	0	103390	103390	1340	104730	1232844	8.49
કાણીજ્યોત ગ્રુપ	0		103390	103390	1340	104730	1232844	8.49
રુપાલ બી એઈ2003-04	29000		104000	132000	4400	136400	1295900	10.69
નવલપુર	0	0	39200	39200	1400	40600	149900	25.51
પોલાજપુર અ	0	0	20200	20200	2000	22200	132200	16.79
જામલા			100300	100300	2244	102544	1412044	7.90

Way ahead

- What should be the way out?

	%	%	%	%		%	%	%	%
2012-13	Jilla	Taluka	Gram	TOTAL(1 to 3)	2011-12	Jilla	Taluka	Gram	TOTAL(5 to 7)
	1	2	3	4		5	6	7	8
Normal	28.93	58.25	12.82	100.00		17.84	12.26	69.90	100.00
TASP	71.43	3.31	25.26	100.00		50.49	16.74	32.76	100.00
SCSCP	71.10	2.21	26.69	100.00		54.45	3.28	42.27	100.00
total	32.90	53.06	14.04	100.00		21.38	12.10	66.52	100.00

% of Devolution out total budget (All figures in crore)

Department	2009-10-ME	2010-11 BE	2011-12 BE	2012-13 BE
<u>Total Devolution to PRI</u>	6524.50	15817.60	9578.49	11188.84
Total Receipt of the state	56204.01	69419.25	81070.44	98235.01
% of devolution to PRI	11.61	22.79	11.82	11.39

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RE: Revised Estimates

	Department	2009-10-ME	2009-10-ME %	2010-11-BE	2010-11-BE %	2011-12-BE	2011-12-BE %	2012-13-BE	2012-13-BE %
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3	General Administration Department	3.18	0.05	3.47	0.02	5.88	0.06	6.49	0.06
4	Sports, Youth and Cultural activities	0.88	0.01	23.39	0.15	0.00	0.00	0.02	0.00
5	Health and Family welfare Development	405.34	6.21	916.18	5.79	577.61	6.03	573.07	5.12
6	Women and Children Development Department	10.00	0.15	285.67	1.81	358.30	3.74	774.91	6.93
7	Industries and Mine department	0.87	0.01	276.29	1.75	18.00	0.19	0.00	0.00
8	Social Welfare	2.15	0.03	0.00	0.00	0.00	0.00	2.70	0.02
9	Panchayat Rural Housing and Rural Development Department	369.36	5.66	1495.95	9.46	921.45	9.62	1096.81	9.80
10	Revenue Department	17.14	0.26	46.09	0.29	12.73	0.13	10.87	0.10
11	Roads and Buildings Department	881.50	13.51	762.37	4.82	427.36	4.46	424.34	3.79
12	Narmada Water Resources, water supply and Kalpsar department	0.00	0.00	1319.85	8.34	64.71	0.68	59.94	0.54
13	Social Justice and Empowerment department	111.98	1.72	1339.83	8.47	215.79	2.25	350.52	3.13
14	Tribal Development Department	486.70	7.46	836.35	5.29	490.80	5.12	701.45	6.27
	Grand Total	6524.50	100.00	15817.60	100.00	9578.49	100.00	11188.84	100.00

% of Devolution out of state's Total Revenue (TAX, NTR,& GIA)
 (share in Central taxes, + state taxes+ state's NTR+ Grant in aid & contribution from Center)

State's Total Revenue	2009-10- AE	2010-11- AE	2011-12- BE	2012-13- BE
Tax, NTR and GIA to state	41672.36	52363.64	62292.22	75903.37
Total Devolution to PRIs	6524.50	15817.60	9578.49	11188.84
% of devolution to PRI out of Tax Revenue	15.66	30.21	15.38	14.74

Source: Budget in Brief, 2012-13 &

Budget Estimates of Various Years Under
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