

# “Fund Management difficulties in Grama Panchayats- a special reference to Mandya District”

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## Abstract:

The purpose of this paper is to explore the perceptions of PDOs towards fund management difficulties in GPs of Mandya district. The sample size was 85 out of 200 administered and simple random sampling technique was used. The structured interview schedules were used to collect the response from the focused group. The one sample t-test was used to identify the fund management difficulties in GPs. The study revealed the existence of fund management GPs. It was found that elected representatives are having less interest in tax collection target, majority of the GPs are starved for funds for their development needs etc. the solution lies in the effective enforcement of Panchayats Raj Act to bring the Governance. It helps the sustenance and development of GPs and rural.

## Keywords:

Grama Panchayats, PDOs, Fund Management, PRIs.

## I.Introduction:

Grama panchayats are originated through decentralization. Decentralization has a legitimately long history in India. Since Independence, numerous attempts have been made to rejuvenate this system. But a significant milestone in this course was the 73<sup>rd</sup> and 74<sup>th</sup> amendments to the constitutions of India in 1992. As a result Panchayat Raj Institutions (PRIs) have gained constitutional status and came to be regarded as the third level of governance after central and state. The amendment has brought many liberty to Panchayat Raj Institutions including fiscal liberty. Grama Panchayats do get fund aid from central and state governments apart from their own tax sources. Though the 73<sup>rd</sup> constitutional amendment motivates the GPs to raise required fund from outsiders, unfortunately no PRIs have tried to mop up the fund. . Managing the fund is a challenging job to Grama Panchayats. The present study is deliberated to check whether the presumed the difficulties in managing funds of grama panchayat in the view of Panchayat development officers.

## II.Review of Literature:

Varghese et al. (2007) opined that health is an important priority of the rural population of Kerala and fund allocation to health has increased people participation in grama sabha. But health priorities of the government and panchayats didn't match due to local quality attentions. Ashok (2014) advocated that empowerment of weaker sections under grama panchayats. It discloses that most of the elected members in weaker sections are from reservation candidates, they show much interest to develop their areas but they lack with sufficient skills and knowledge. Sivaramakrishnan and John (2014) enunciated decentralized natural resource management by Panchayats. But it suffers from lack of complete decentralized power to them. But they tried but build community support in natural resource governance. Bhuyan (2012) expressed that people participation in local governance should be increased and once they start participating, they should be trained effectively and efficiently. Capacity building programmes are need to be organized. Women participation should be increased, so that women empowerment could be possible. Babu (2009) noticed that since 73<sup>rd</sup> constitutional amendment, fiscal decentralization of panchayats are not been achieved. Central fiscal policies are not mandatory and this has become favour to state. PRIs have only 6% autonomy over their own sources of funds. It is due to slowest growing level of PRIs. PRIs are allowed to borrow funds for their utilities from outside institutions, but till now

only state and centre governments have borrowed and used for their requirements. The literatures reviewed have not showed light on factors influencing the fund management difficulties in grama panchayats. Hence the present study has been pursued.

### I.Scope of the Study:

The study was concerned to the factors influencing fund management difficulties in grama panchayats in Mandya district. It is confined to perceptual analysis of the Panchayat Development Officers (PDOs). The scope of the study was limited to the grama panchayats of Mandya district. It has been taken into the consideration of PDOs who are directly involved in management of finance of grama panchayats.

### II.Research Question:

Are the listed the fund management difficulties in Grama Panchayats hinders the development?

### III.Objectives of the Study:

The specific objectives of the study are:

- To know the demographic profile of the PDOs in Mandya district
- To analyse the perception of PDOs regarding fund management difficulties in Mandya district

### IV.Research Hypothesis

“Grama Panchayats are having fund management difficulties”

### V.Research Methodology:

- Sample Design:** The deliberate has population of 234 grama panchayats in Mandya district. Simple Random Sampling procedure has been used for collecting the primary data. Sampling area has been restricted to Mandya district only. The data have been collected from 85 respondents.
- Sources of Data:** Both Primary and Secondary data have been used in the study. Primary Data have been collected from Panchayat Development Officer by using interview schedules. A tool of Google form has been used to record the responses. The primary data have been collected through structured interviews and totally 200 interview schedules were administered to the Panchayat development officers. But 85 respondents were fully completed the interview schedules with the response rate of 42.50%. Secondary data have been collected through journals, newspapers, magazines, text books to review the literatures and understand theoretical background.
- Statistical tools and techniques:** The study has used suitable statistical techniques such as mean, standard deviation and one sample t-test with the help of SPSS 20 version to test the hypotheses and interpret the data to draw the conclusion.

### VI.Results and Discussion

The fund management difficulties of GPs are identified on the basis of the perceptions of PDOs. Their demographic variables such as Gender, experience, age, educational qualifications etc are very important. The following table 1 shows the demographic profile of PDOs.

**Table No.1: Showing the Demographic profile of the respondents**

Particulars		No. of Respondents	Percentage
Sex/Gender	Male	70	82.35
	Female	15	17.65
<b>Total</b>		<b>85</b>	<b>100</b>
Number of years in Government Service (Experience)	Up to and inclusive of five years	53	62.35
	Above five years and up to and inclusive of 15 years	20	23.53
	Above 15 years	12	14.12

Total		85	100
Age	Up to and including 30	12	14.12
	Above 30 but below 45	12	14.12
	45 and above but below 55	61	71.76
	At least 55		
<b>Total</b>		<b>85</b>	<b>100</b>
Educational Qualification	Up to Metriculation	01	1.18
	Up to Graduation	55	64.71
	Up to Post Graduation	26	30.59
	Professional	03	3.53
<b>Total</b>		<b>85</b>	<b>100</b>

Source: Primary Data

The table 01 shows the demographic profile of the respondents. Majority (70%) of the respondents are Male respondents. This connotes that majority of the Panchayat development officers are male. Majority of the respondents (62.35%) are having less than 5 years of service experience and shows new recruitments are made timely. 71.76% of the respondents are belonging to the age group of 45 and above but below 55. This shows the panchayat development officers are recruited at the edge of age bar level. 64.71% of the respondents are having graduation.

### Testing of Hypotheses

For the purpose of testing, the following null and alternative hypotheses are formulated.

- Ho<sub>1</sub>: "Grama Panchayats are not having fund management difficulties"
- Ha<sub>1</sub>: "Grama Panchayats are having fund management difficulties"

Table No.2: Result of One Sample t-test with respect to fund management difficulties in GPs

Statements/Factors	N	One Sample Statistics		t-Statistic	P-Value
		Mean	SD		
a) Being populist, the elected representatives assign low priority to tax collection to safeguard their electoral gains and prospects	85	1.9529	.59574	30.223	.000
b) GPs do not focus on achieving the tax collection target and expanding the tax base that they have themselves committed to	85	1.7765	.58506	27.994	.000
c) The devolution of funds and functions from the hierarchical government bureaucracy to the GPs often contravenes the provisions of the Karnataka Panchayat Raj Act	85	1.6941	.75630	20.652	.000
d) Most GPs are starved of funds and have to depend on the state government for their development needs.	85	1.6353	.50820	29.667	.000
e) The enshrined goal of enabling the local bodies to raise their own resources for their development has not been achieved	85	1.6588	.66463	23.011	.000
f) All the administrative functions and governance responsibilities prescribed by the Act should devolve to the GPs	85	1.5647	.49874	28.925	.000

Source: Primary Data

Table 2 depicts the perception of Panchayat Development Officers about the factors influencing fund management difficulties in grama panchayats of Mandya district. From the study, it is observed that the mean value of all the sample respondents are less than 3 (average of 5 rating scale). It indicates that there is a movement from agree to strongly agree about the statement and calculated SD inferred that there is a less deviation in the opinion of the PDOs (Less than 1). The one sample t-test was used to analyse the factors

influencing fund management difficulties in Grama Panchayats in Mandya district. From the study it is cleared that since the calculated p-value for all the statement/factors items like the elected representatives assign low priority to tax collection to safeguard their electoral gains and prospects, GPs do not focus on achieving the tax collection target and expanding the tax base that they have themselves committed to, The devolution of funds and functions from the hierarchical government bureaucracy to the GPs often contravenes the provisions of the Karnataka Panchayat Raj Act. Most GPs are starved of funds and have to depend on the state government for their development needs, The enshrined goal of enabling the local bodies to raise their own resources for their development has not been achieved, All the administrative functions and governance responsibilities prescribed by the Act should devolve to the GPs stood less than 0.05 at 5% level of significance it can be inferred that the alternative hypothesis stating “There are listed factors influencing fund management difficulties in Grama Panchayats” is accepted and the null hypothesis is rejected.

## VII. Findings of the Study

The fund management of grama panchayats is playing a paramount role among the functions of grama panchayats in making fiscal health of panchayats. In this study, the factors mentioned above are considered the real attributes for finding difficulties in managing the finance of grama panchayats which is evidenced by the p value ( $p < 0.05$ ) at 5% significance level

## VIII. Suggestions and Conclusion

The study suggests that the government both state and central should consider the opinion of the Panchayat development officers, so that the glitches would be minimized in managing the funds of grama panchayats. The people representatives of grama panchayats should mop up with PDOs in collection of tax dues from the village households. They should create awareness amongst households to pay tax on their properties timely. As GPs depend more on state and central government for fiscal aid, they should find their own sources and enrich them to become self-stand. Government should trust the government officials and panchayat members and devolve all administrative functions and governing responsibilities. And make them accountable under a strict surveillance. Thereby the dream of Mahatma Gandhi “Village Self-Governance” would be achieved.

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