

“Revenue-Expenditure Gap of the Gaon Panchayats: A Miracle of Local Self Government” A study of Nalbari District of Assam

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ABSTRACT

In India, the Gaon Panchayats, the grass-root level local government, are considered as the effective mechanism of realizing the goals of democratic decentralization and for accelerating village economic development. The 73rd amendment of the Constitution of India has endowed the Gaon Panchayats with greater powers, functions along with the provisions of financial resources. Unless these provisions and recommendations are in practice in the sense of achieving the financial and functional autonomies, the objective of the 73rd amendment of the Constitution of India of strengthening the Gaon Panchayats as local self government for rural economic development will not be realized.

To work as the effective local self government, Gaon Panchayats must have functional autonomy which may be possible through financial autonomy. The Gaon Panchayats should have uniformity between the assigned functions and the financial resources. For financial autonomy, the Gaon Panchayats have to collect the own revenues from the different own tax and non-tax sources besides the assigned taxes and shared taxes. Gaon Panchayats will be called as financially autonomous only when they become able to discharge their functions effectively for the satisfaction of the people on the basis of local needs, aspirations and available resources. Unless the financial autonomy of the Gaon Panchayat is achieved in real sense and in proportion to the expenditure responsibilities, it can not serve as an effective local self government. In this light, this paper makes an attempt to make a comparative study between the revenues and expenditures of the Gaon Panchayats of Nalbari district of Assam.

Keywords: Gaon Panchayats, Financial autonomy, Revenues and Expenditure.

Introduction:

In India, the Gaon Panchayats, the grass-root level local government, are considered as the effective mechanism of realizing the goals of democratic decentralization and for accelerating village economic development. The 73rd amendment of the Constitution of India has endowed the Gaon Panchayats with greater powers, functions along with the provisions of financial resources. Unless these provisions and recommendations are in practice in the sense of achieving the financial and functional autonomies, the objective of the 73rd amendment of the Constitution of India of strengthening the Gaon Panchayats as local self government for rural economic development will not be realized.

To work as the effective local self government, Gaon Panchayats must have functional autonomy which is possible only through financial autonomy. The Gaon Panchayats should have uniformity between the assigned functions and the financial resources. For financial autonomy, the Gaon Panchayats have to collect the own revenues from the different own tax and non-tax sources besides the assigned taxes and shared taxes. Gaon Panchayats will be called as financially autonomous only when they become able to discharge their functions effectively for the satisfaction of the people on the basis of local needs, aspirations and available resources. Unless the financial autonomy of the Gaon Panchayat is achieved in real sense and in proportion to the expenditure responsibilities, it can not serve as an effective local self government for local economic development.

Objectives:

1. To study the revenue sources of the Gaon Panchayats.
2. To study the expenditure responsibilities of the Gaon Panchayats.
3. To make a comparative study between the revenues and expenditures of the Gaon Panchayats of Nalbari district.

Revenue Sources of the Gaon Panchayats:

The Article 243(H) and the Article 243(I) of the Constitution of India have made the provisions for financial resources to the Panchayats. The Article 243(H) has made the provisions of various sources of income like taxes, penalties, grants-in-aid for administration from the state government, own incomes, loans, donations, public contribution, etc. “The Article 243(I) stipulates that the state government should constitute a State Finance Commission within one year from the date of commencement of the 73rd amendment of the Constitution of India and at the expiry of every fifth year thereafter to review the financial position of the Panchayats and to make appropriate recommendations to improve their finances”, (Sekar, 2008).

To shape the Panchayats as effective organizations rural economic development, the Assam Government passed the Assam Panchayat (Financial) Rules, 2002 on 9th October, 2002 under the Assam Panchayat Act, 1994. The Gaon Panchayats of Assam derive their taxation powers from the sections 25 and 26 of the Assam Panchayat Act, 1994 read with the Rule 46 of the Assam Panchayat (Financial) Rules, 2002. Accordingly, the Gaon Panchayat may collect revenue by imposing various taxes and fees etc. Assam Panchayat (Financial) Rules, 2002 has given twelve sources of taxes and fees together to the Gaon Panchayats. Besides these sources, the Gaon Panchayats receive fund in the form of grants-in-aid from both the Central government and State government. As per the Assam State Finance Commission, the sources of income of the PRIs are regarded as own incomes from tax revenue sources and non-tax revenue sources, grants from the state government and grants from the central government and tax assignment and sharing.

The Gaon Panchayats of Assam may collect own revenue by imposing the following taxes and fees etc.

- (i) Household tax i.e. taxes for brick or R.C.C. building used for business and other than business, taxes on Assam Type house used for business and other than business, taxes on house with bamboo, mud wall and thatched roof.
- (ii) Tax on trades, callings, manufactures and productions, etc.
- (iii) An additional stamp duty on all payments for admission to any entertainment.
- (iv) Fees for providing the sanitary arrangement at the places of workshop, pilgrimage, etc.
- (v) Fees for the water arrangement for drinking or irrigation, etc.
- (vi) Fees for lighting arrangement on Public Street or places, etc.
- (vii) Fees on sale of fire wood.
- (viii) Fees on slaughter houses.
- (ix) Fees on private/ public market sheds and pounds.
- (x) License fees for running hotels, sweetmeat stall, tea stall, pharmacy, tailoring, saloon, etc.
- (xi) Fees from the registration of the cattle sold, etc.
- (xii) Vehicle tax.

Further as per the provisions of Article 243-I and Article 243-Y of the Constitution of India, the Assam Finance Commission has been constituted by the Governor of Assam, on 23rd June, 1995, to review the financial position of the local bodies namely the Panchayats and Municipalities and put forward the recommendations related to the distribution between the State of Assam and the Panchayat/ Municipalities of the net proceeds of the taxes, duties, tolls and fees to the Government of Assam

Besides the above explicit taxation powers of the GPs, the Section 26 of the Assam Panchayat Act, 1994 has made provisions for sharing of the land revenue, etc., between the GOA and the GPs. The concerned Section 26 (1) of the Assam Panchayat Act, 1994 states that “subject to the provision of this section, every Gaon Panchayat shall be entitled to receive share of land revenue and local Rates / grants-in-aid as prescribed from the consolidated fund of the state as recommended by the State Finance Commission, constituted under section 113 of this Act”, (Ghosh, 2007). Non-tax revenue sources of the Gaon Panchayats include user charges on public facilities and on the use of the common resources like forest, water bodies, queried materials and minor materials and also taxes on the private property.

Expenditure Responsibilities of the Gaon Panchayats:

The Assam Panchayat Act, 1994 has entrusted various functional responsibilities to the Gaon Panchayats. They may be categorized as general function, developmental function and assigned function.

General Functions:

The Assam Panchayat Act, 1994 has specified the following general functions for the Gaon Panchayats.

- (i) Preparation of the annual plan for the development of the Gaon Panchayat area;
- (ii) Preparation of the annual budget for the Gaon Panchayat;
- (iii) Mobilization of reliefs during natural calamities;
- (iv) Removal of the encroachments on public properties;
- (v) Organizing the voluntary labors and contributions for the community works; and
- (vi) Maintenance of the essential statistics of the villages.

Developmental Function:

After the 73rd amendment of the Constitution of India, “for strengthening the Gaon Panchayats, the Assam Panchayat Act, 1994 has entrusted the responsibilities of 23rd developmental functions to ensure economic development with social justice and equality”, (State Institute of Rural Development, 2011). These developmental functions can be classified into the following broad categories.

1. Programmes for productive activities – agriculture, irrigation, animal husbandry, fuel and fodder, poultry, fishery, small-scale industries including food processing and cottage industries;
2. Land development programmes – land reforms, soil conservation, minor irrigation, water management and watershed development, wasteland development, social forestry and grazing lands;
3. Education and cultural activities – primary schools, adult education, technical education and libraries;
4. Social welfare – women and child development, family welfare, care of people with physical and mental disabilities;
5. Provisions of civic amenities – drinking water, rural electrification, non-conventional sources of energy, rural roads, bridges, culverts, waterways, sanitation, rural housing and health;
6. Poverty alleviation and allied programmes for social and economic advancement of the weaker sections;
7. Maintenance of community assets and public distribution system;
8. Organization and control of rural markets and village fairs.

Assignment of Functions

1. The state government, by notification, may assign the following functions to the Gaon Panchayats.
 - a. Transfer to any Gaon Panchayat the management and maintenance of a forest situated in the Gaon Panchayat area;
 - b. Make over to the Gaon Panchayat the management of waste lands, pasture lands or vacant lands belonging to the state government situated within the Gaon Panchayat area;
 - c. Provided that when any transfer of the management and maintenance of a forest is made, the Government may direct that any amount required for such management and maintenance or an adequate portion of income from such forest be placed at the disposal of the Gaon Panchayat.
2. Government may, by notification, modify the functions assigned to the Gaon Panchayats.

Comparison between the Revenues and Expenditures of the Gaon Panchayats of Nalbari district

The above discussion highlights that the Gaon Panchayats have to play pivotal role for all-round development of the area under jurisdiction. Gaon Panchayats have to be able to prepare and execute the developmental plans on the basis of local needs, aspirations and available resources and monitor the implementations. For being effective local self government, Gaon Panchayats must be able to raise sufficient revenues from different sources and more particularly from own sources so that uniformity can be ensured between the expenditure responsibilities and realized revenues. Otherwise, the dependency upon the state or central government for fund will increase and it will violate the principle of self government.

To make comparative study between the revenue and expenditure, the Gaon Panchayats of Nalbari district have been considered. There are seven Community Development Blocks, 65 no's Gaon Panchayats and 7 no's Anchalik Panchayat under Nalbari Zila Parishad covering 464 villages in Nalbari District. The following table shows the revenue- expenditure comparison of the Gaon Panchayats of Nalbari district of Assam.

Revenue and Expenditure of the Gaon Panchayats of Nalbari

(Rs. In Crores)

Year	Expenditure		Total Expenditure	Sources of Revenue							Total Revenue
	Revenue	Capital		Own Revenue		Transfers from Central Government	Transfers from TFC/E	Transfers from Devolnt	Grant-in-Aid from State		
				Tax	Non tax (Including user Charges)						
2002-03	0.6982	7.0500	7.7482	0.0033	0.0344	7.0500	0.0000		0.0000	7.0877	
2003-04	0.8658	21.2737	22.1395	0.0051	0.0417	19.0700	2.2037		0.0000	21.3205	
2004-05	0.6951	1.0871	1.7822	0.0068	0.0306	0.0000	1.0871		0.0000	1.1245	
2005-06	1.3740	1.3622	2.7362	0.0054	0.0265	0.0000	1.3622		0.0000	1.3941	
2006-07	1.5277	0.8036	2.3313	0.0076	0.0371	0.0000	0.8036		0.0000	0.8483	
2007-08	1.6986	1.7736	3.4722	0.0098	0.0482	0.9700	0.8036		0.0000	1.8316	

Source: <http://sfcassam.nic.in/13thFC/nalbari.pdf>, retrieved on 07th August, 2018

The table shows that the amounts of revenues available for the Gaon Panchayats from different sources are lesser than the total expenditures. For example, percentage of revenue obtained by the Gaon Panchayats from different sources including transfers from government is around 91 percent of the total expenditure in the year 2002-03. Similarly, the percentages of revenues as compared to the total expenditure are 96%, 63%, 50%, 36% and 52% for the years 2003-04, 2004-05, 2005-06, 2006-07 and 2007-08 respectively. It indicates either the deficit or the incompleteness of the developmental works of the Gaon Panchayats. The deficiency of revenue in comparison to expenditure results the lack of functional autonomy. As a result, the Gaon Panchayats fails to prepare and execute developmental planning as per the needs and expectations of the local people.

The table also shows that the amounts of revenue mobilized by the Gaon Panchayats from own tax and non-tax sources are far lesser as compared to the total revenue. The major source of revenue for the Gaon Panchayats is the fund transferred by the government. It means that the Gaon Panchayats are yet to achieve financial autonomy. For example, the amounts of revenue mobilized by the Gaon Panchayats from own sources are 0.005%, 0.002%, 0.03%, 0.02%, 0.05% and 0.03% for the years 2002-03, 2003-04, 2004-05, 2005-06, 2006-07 and 2007-08 respectively. Due to lack of financial autonomy, Gaon Panchayats have been failed to prepare and execute developmental plans. Unless the Gaon Panchayats have been able to mobilize sufficient funds from own sources and achieve financial autonomy, the sustainability of the Gaon Panchayats as local self government for local development will not be possible.

Conclusion:

Revenue and expenditure are two important parameters for the Gaon Panchayat to work as effective local self government. Revenues of the Gaon Panchayats should be matched with the expenditure responsibilities. Otherwise, the pace of rural development will be lesser than expectation. Similarly, Gaon Panchayats must have to generate revenues from different sources for achieving financial autonomy. Without financial autonomy, functional autonomy in the sense of self government for sound rural development will not be possible.

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