



IMPACT OF SOURCE AND APPLICATIONS OF FUNDS IN DEVELOPMENT OF PANCHAYAT RAJ INSTITUTIONS

Dr. ASHOKA M. L

Professor and Research Guide

Department of Studies in Commerce, Manasagangothri, University of Mysore

Mysuru-570005, Karnataka, India

RENUKAIAH K. S

Assistant Professor

Department of Commerce, P.E.S College of Science, Arts and Commerce

Mandya-571401, Karnataka, India.

ABSTRACT

This research paper focuses on Impact of source and applications of funds in development of panchayat raj institutions in Karnataka. The researcher has adopted the qualitative and quantitative approach to carry out this article. Data has been collected through interview method to find out the validity and significance of the set objectives to prove the level of impact on concern area research article. SPSS were used to test the relationship and level of impact viz., KMO, Factor analysis has been done and test results reveals that there is significant impact on the development of panchayath raj intuitions across Karnataka.

Key Words: Sources, Application, Funds Management, PRI's, Karnataka

INTRODUCTION

The Karnataka Panchayat Raj Act, 1993 provides for three tier structure of PRIs – Zilla Panchayats at district level, Taluk Panchayat at intermediate level and Gram Panchayat at village level. The other salient features are providing reservation for women, Other Backward Classes and Scheduled Castes and Scheduled Tribes. This reservation applies not only to election of members but also to the election of office-bearers or chairpersons of these institutions. Karnataka was the first state in the country to enact the Karnataka Panchayat Raj Act, on May 10, 1993 within a few days of the 73rd Constitution Amendment being adopted. The last elections to the three tiers

of Panchayat Raj Institutions have been completed during 2010. Politically, there is a broad consensus in favor of decentralization that finds a place in the ideologies of all political parties in the State.

REVIEW OF LITERATURE

Kathleen Romig (2008) Goal of the report is to inform readers about the Trust, which is of particular interest to policy makers exploring the option of collective investment of the Social Security trust funds or establishing other private investment funds within the federal government. The report will not be updated.

Ank Michels and Laurens De Graaf (2010) Opines the Citizen participation is usually seen as a vital aspect of democracy. Many theorists claim that citizen participation has positive effects on the quality of democracy. They examine the probability of these claims for local participatory policymaking projects in two municipalities in the Netherlands. They focus on the relations between citizens and government from a citizens' perspective. The findings show that the role of citizens in these projects is limited, serving mainly to provide information on the basis of which the government then makes decisions. Nevertheless, the article argues that citizen involvement has a number of positive effects on democracy

Roy et. al., (2010) Evidenced that rural local governments in India render essential services to over 70 percent of the population. Yet, little is known of the efficacy of the financing mechanism that is behind these local governments. Nor is there a fiscal information system that can help trace rural local government expenditures and revenues.

RESEARCH OBJECTIVES

- To know sources and allocation of funds in panchayat raj institutions
- To examine the significance between source and allocation in Development of PRI's

RESEARCH METHODOLOGY

The researcher gathered data from interview method and to test the validity of data and information, statistical analysis has been done by using factor analysis, KMO test, Scree plot test and derivations. This research papers throws light on various sources and allocation of funds and its functionalities and its proper management of Panchayath Raj Institutions in Karnataka its deals with the analytical study in a quantitative way of synthesizing the gathered data information to prove set objectives.

HYPOTHESES

H₀: There is No Impact of Source and allocation of Funds on Development of Panchayat Raj Institutions.

H₁: There is A Impact of Sources of Funds and its Allocation on Development of Panchayat Raj Institutions.

SOURCES OF FUNDS OF PRI's

KMO and Bartlett's Test on Sources of Funds of PRI's

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.525
Bartlett's Test of Sphericity	Approx. Chi-Square	94.256
	Df	45
	Sig.	0.036*

***P<0.05**

Kaiser – Meyer – Olkin measure of sampling adequacy test has been adopted to measure the suitability of factor analysis. Under the sources of funds of there are ten variables were considered and all ten variables are statistically significant. Chi-square value is 94.256 and collectively meet the benchmark results of KMO and Bartlett's test sampling adequacy was 0.525 which is greater than 0.5 indicating the factors used were suitable for analysis. The Bartlett's test showed that the factors were statistically significant. It means they had significant correlations among the variables. Therefore, the results of both tests are appropriate for factor analysis on sources of funds and required to proceed further analysis

VARIMAX - Rotated Component Factors on Sources of Funds of PRI

Sl. No.	Factors	Rotated Component Factors				Communalities
		1	2	3	4	
1	Budgetary grants and its transfer to DC accounts within time limits	0.759	-0.046	1	Budgetary grants and its transfer to DC accounts within time limits	0.759
2	Discretionary grants based on expenditure o time bound constructions	-0.636	-0.272	2	Discretionary grants based on expenditure o time bound constructions	-0.636
3	Duty on transfer of immovable properties	-0.002	0.684	3	Duty on transfer of immovable properties	-0.002
4	Establishment grants to Taluk and Zilla panchayat by RDPR	-0.048	-0.136	4	Establishment grants to Taluk and Zilla panchayat by RDPR	-0.048
5	Leavy of taxes, rates by Zilla panchayat	0.828	-0.048	5	Leavy of taxes, rates by Zilla panchayat	0.828
6	Recovery of taxes and other fees within stipulated time	-0.106	0.866	6	Recovery of taxes and other fees within stipulated time	-0.106
7	Revision of tax rates and its proper collection	0.297	0.673	7	Revision of tax rates and its proper collection	0.297
8	Tax assessment appeal and leavy of local cess	0.032	-0.163	8	Tax assessment appeal and leavy of local cess	0.032
9	Taxes on maintenance, lease, acquire hold and dispose off properties	0.569	0.16	9	Taxes on maintenance, lease, acquire hold and dispose off properties	0.569
10	Usage of agency for collection and strong implementation	-0.173	0.357	10	Usage of agency for collection and strong implementation	-0.173
	Eigen Values	2.067	1.859		Eigen Values	2.067
	Percentage of Trace	20.657	18.247		Percentage of Trace	20.657

The Variance Maximization rotated components analysis results on sources of funds are shown in the above table. It could be seen that the total amount of variance extracted from the 6 variables put together stands at 72.228 per cent. The first, second, third and fourth components accounted for variance of 20.657, 18.24, 16.14 and 15.7 per cent respectively.

Therefore, it can be inferred that sixth factor, Recovery of taxes and other fees within stipulated time (**0.866**) Tenth factor Usage of agency for collection and strong implementation (**0.854**) fifth factor, Levy of taxes, rates by Zilla panchayat (**0.828**) eighth factor, Tax assessment appeal and levy of local cess (**0.796**) were considered to be the most important factors among the ten factor statements on sources of fund

GROWTH RATE AND COEFFICIENTS OF REGRESSION MODEL FOR SOURCES OF FUNDS OF PRI'S

Independent variable	Unstandardized Coefficients		Standardized Coefficients	t-value	Sig.	CGR (%)	F-value	R ² value
	B	Std. Error	Beta					
year	.073	.004	.956	16.663 **	.000**	8.30	294.682 **	0.987
(Constant)	1.000 E-013	.000						

Sources of funds are contributed well for the overall development of village panchayath therefore compound growth rates for five years 2018-19 to 2023-24 were showing positive results and values are estimated using exponential growth model. The CGR for total turnover showed 8.30 per cent with significant t-value 16.663. The model was found to be fitting well as evident from significant F-value 294.682 and high R² value 0.987.

2. ALLOCATION OF FUNDS

KMO and Bartlett's Test on Allocation of Funds

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.563
Bartlett's Test of Sphericity	Approx. Chi-Square	105.500
	Df	45
	Sig.	0.01*

*P<0.05

Kaiser – Meyer – Olkin measure of sampling adequacy test has been adopted to measure the suitability of factor analysis. Under the Allocation of funds there are ten variables were considered and all ten variables are statistically significant. Chi-square value is 105.500 and collectively meet the benchmark results of KMO and Bartlett's test sampling adequacy was 0.63 which is greater than 0.5 indicating the factors used were suitable for analysis.

VARIMAX - Rotated Component Factors on Allocation of Funds

Sl. No.	Factors	Rotated Component Factors				Communalities
		1	2	3	4	
1	Administrative / office expenses	-0.181	0.271	0.776	0.256	0.777
2	Agricultural information centre	0.869	-0.038	-0.147	0.036	0.763
3	Constructions of public parks and libraries	0.548	-0.282	0.091	-0.568	0.711
4	Disbursement of funds by CEO within time period	-0.794	0.262	-0.099	0.240	0.766
5	Farmer's helpline centre	-0.109	0.667	0.097	-0.010	0.230
6	Funds to road construction, maintenance and pot hole repairs	-0.260	0.030	-0.871	0.137	0.845
7	House constructions and concessional housing loans	-0.128	0.059	-0.060	0.807	0.675
8	Maintenance of govt building, commercial establishment	-0.207	0.856	0.083	0.160	0.774
9	Technical supervision and inspection	0.819	0.006	0.329	0.384	0.909
10	Waste management / disposal plant maintenance	-0.308	-0.651	0.109	0.453	0.735
	Eigen Values	2.590	1.558	1.543	1.496	7.187
	Percentage of Trace	24.597	14.576	15.402	14.861	72.566

Note : Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.

The Variance Maximization rotated components analysis results on Allocation of Funds shown in the above table. It could be seen that the total amount of variance extracted from the 6 variables put together stands at 71.866 per cent. The first, second, third and fourth components accounted for variance of 25.89, 15.57, 15.43 and 14.96 per cent respectively.

Therefore, it can be inferred that second factor, Agricultural information Centre (**0.869**) eighth factor, Maintenance of govt building, commercial establishment (**0.856**) ninth factor, technical supervision and inspection (**0.819**) and first factor, House constructions and concessional housing loans (**0.807**) were considered to be the most impacting factors among the ten factor statements on Allocation of Funds.

GROWTH RATE AND COEFFICIENTS OF REGRESSION MODEL FOR ALLOCATION OF FUNDS OF PRI'S

Independent variable	Unstandardized Coefficients		Standardized Coefficients	t-value	Sig.	CGR (%)	F-value	R ² value
	B	Std. Error	Beta					
year	.073	.004	.968	17.365**	.000**	9.20	365.682**	0.915
(Constant)	1.000 E-013	.000						

Sources of funds are contributed well for the overall development of village panchayath therefore compound growth rates for five years from 2018-19 to 2023-24 were showing positive results and values are estimated using exponential growth model. The CGR for total turnover showed 9.20 per cent with significant t-value 17.365. The model was found to be fitting well as evident from significant F-value 365.682 and high R^2 value 0.915

In the light of the above result of analysis on Sources of Funds and Allocation of Funds reveals that the formulated alternative sub hypotheses “There Is a Impact of Sources of Funds and its Allocation on Development of Panchayat Raj Institutions.” has been accepted and Null hypotheses is rejected.

RESULTS AND DISCUSSION

- a) There are 10 various factors were been tested using rotated component factors out 08 factors are positive and contributing highly 72.22 % for the development of Village Panchayat scope of operations.
- b) Recovery of taxes and other fees within stipulated time top impactful component
- c) Usage of agency for collection and strong implementation are impactful for the development
- d) Leavy of taxes, rates by Zilla panchayat are showing impactful in collection
- e) Tax assessment appeal and leavy of local cess are mandatory for the local development
- f) There are 10 various factors were been tested using rotated component factors out 06 factors are positive and contributing highly 72.56 % for the development of Village Panchayat scope of operations.
- g) Agricultural information centre is contributing highly for the awareness and development
- h) Maintenance of govt building, commercial establishment is highly contributing factor for development of panchayat
- i) Technical supervision and inspection are mandatory for the overall development
- j) The CGR for total turnover showed 9.20 per cent with significant t-value 17.365.
- k) The model was found to be fitting well as evident from significant F-value 365.682 and high R^2 value 0.915

CONCLUSION

The Panchayat raj system and local body administration are the oldest institutions for local governance in rural Karnataka. This long-standing system of local governance has significant impact in the overall development of rural Karnataka. Whereas Panchayat Raj ensures proper execution of rural development programmes, self-employment and empowerment programmes It encourages participation of general people in the comprehensive development programmes.

REFERENCES

- Ashok, B., & Sreeramulu, G. D. (2020). Understanding the Concept of Village Panchayat. *International Journal of Languages, Education and Social Sciences*, 1-5.
- Bahl, R., Sethi, G., & Wallace, S. (2010). Fiscal Decentralization to Rural Local Governments in India: A Case Study of West Bengal State. *Publius: The Journal of Federalism*, 40(2), 312-331.
- Challenges, E. G. (2013). Khushboo, Chauhan. *Journal of Politics & Governance*, 372-376.
- Government of Karnataka. (2018, December 7). *Finance: Government of Karnataka*. Retrieved from Government of Karnataka Web site:
<http://www.finance.kar.nic.in/gos/ZPTPGP/FD%2001%20ZPA%202018-07122018.pdf>
- Govinda, R. M., Raghunandan, T. R., Manish, G., Polly, D., Pratap, R. J., & Amarnath, H. K. (2011). *Fiscal Decentralization to Rural Local Governments in India: Selected Issues and Reform Options*. New Delhi: National Institute of Public Finance and Policy
- Nayakara, V. (2018, September 21). *Home: deccanherald.com*. Retrieved from deccanherald.com website: <https://www.deccanherald.com/opinion/main-article/short-development-693880.html>
- Nityananda, P. D. (2019). An Exploration of the Understanding/Determinants of Own Source Revenue in Gram Panchayats of West Bengal: A case study in the district of Bankura. *International Journal of Research and Analytical Reviews*, 51i - 59i