



REPORT  
OF  
THE SECOND  
STATE FINANCE COMMISSION  
RAJASTHAN  
(FOR 2000-2005)

Jaipur  
AUGUST, 2001



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## **PREFACE**

Local Bodies in the rural and urban areas as units of local government have come down historically and are now woven into the fabric of democratic set up of our country particularly and more importantly, the concept of village panchayats has been a part of the philosophy of purna swaraj and gram swaraj propounded by Mahatma Gandhi and nurtured by other national leaders during India's struggle for freedom and thereafter by the national Government through various steps taken from time to time. The concept of Panchayati Raj is enshrined in article 40 of the constitution of India. Names of Pandit Jawahar Lal Nehru, Shrimati Indira Gandhi and Shri Rajiv Gandhi will always be remembered in the context of strengthening of Panchayati Raj and rural development.

Rajasthan has the distinction of being the pioneer in the introduction of the system of democratic decentralisation or Panchayati Raj on October 2, 1959 under the leadership of the then Chief Minister Shri Mohan Lal Sukhadia.

The 73rd and 74th Constitutional Amendments have bestowed new status and significance to the Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs). These bodies now have constitutional status. The constitutional provisions about their formation, membership, term, reservation for SC/ST, OBC and women in membership and chairpersons, powers and functions, elections and financial resources have certainly contributed to the status and credibility of these bodies. These are seen as steps to make these bodies self-reliant units of local government.

An important constitutional provision introduced by the 73rd and 74th amendment is about the constitution of a State Finance Commission for every state after every five years. Article 280 of the constitution has also been amended to add clause 3(bb) and (c) to provide for the National Finance Commission to recommend "measures needed to augment the consolidated fund of a state to supplement the resources of the panchayats and municipalities of the state on the basis of the recommendations made by the Finance Commission of the state".

In pursuance of the constitutional and statutory provisions, first State Finance Commission for Rajasthan was appointed on 23rd April, 1994 which submitted its report on 30th December, 1995. The second State Finance Commission for Rajasthan has been constituted by an order of the Governor No. F2(1)FD/FCC/99 dated May 7, 1999. I gladly accepted the responsibility of chairing the Commission in view of the importance of the subject and my long association with PRIs and ULBs.

The administrative arrangements for the Commission took about 3 months and the Commission became fully functional only in August-September 1999.

We, however utilised this period in informal discussions and collection of information and material.

A serious handicap in the functioning of the Commission was the frequent change of Member Secretary. The Commission had five officers as member secretaries from time to time varying for a period of one month to nine months. This partly accounts for the delay in submission of final report by the Commission.

The methodology adopted by the Commission included collection of information and material and analysis thereof, inviting suggestions from concerned, meeting and discussions with eminent and experienced persons, inviting memoranda from the Departments of Panchayati Raj, Finance and Local Self Government, visits to some districts and discussions with the elected representatives and officers of PRIs and ULBs etc.

I must admit that the Commission faced a very difficult and delicate task of striking a suitable balance between two conflicting situations of constraint of budgetary resources before the State Government on the one hand and the requirements of PRIs and ULBs for their efficient and effective functioning on the other. I am happy, the Commission has been able to achieve the desired balance in drawing its conclusions and making its recommendations.

As desired by the State Government, the Commission submitted its Interim Report on 23.2.2001. The Commission now submits its Final Report.

I take this opportunity to express my gratitude to H.E. the Governor of Rajasthan Justice Shri Anshuman Singh Ji and the Chief Minister Shri Ashok Gehlot for entrusting this important assignment to me. I am also thankful to the Finance Minister Shri Pradyumna Singh, Panchayati Raj Minister Dr. C.P. Joshi and Local Self Government Minister Shri Shanti Dhariwal for their frank and informal discussions and valuable suggestions. Thanks are due to the Secretaries and Heads of these Departments for making readily available all necessary information and material and giving valuable suggestions.

I am highly thankful to the Members of the Commission Shri Ghanshyam Tiwari Ex Minister, Shri Dharmvir IAS (Retd.) and Shri Munna Lal Goyal IAS (Retd.). Shri Dharmvir had to resign just after about five months of the constitution of the Commission for personal reasons. Shri Ghanshyam Tiwari brought his wide experience in public affairs and his close public touch. His practical and forthright approach to issues was always refreshing. Likewise Shri Munna Lal Goyal brought the varied experience of a bureaucrat combined with the deep understanding of the popular urge for PRIs and ULBs. Both of them

proved to be source of strength and I highly value their association with the Commission.

I am thankful to sarvashri T. Shrinivasan IAS, Ramawatár IAS, R.K. Sharma IAS and Vinod Pandya B. A/c S for carrying out the responsibilities as Member Secretary. Special thanks are due to Shri S.C. Derashri IAS who shouldered the responsibility of final analysis of the plethora of information and material and finalising the report and carried out this responsibility exceedingly well.

The staff of the Commission worked dutifully without any grudge for the extra hours put in by them. I thank them all.

I do hope, the report of the Commission will be helpful in improving the finances of the PRIs and ULBs and will contribute to betterment of their functioning in keeping with the aspirations of the people and the people's representatives.

Jaipur  
August 29, 2001

(Heera Lal Devpura)

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## **INTRODUCTION**

- 1.1 The Second State Finance Commission was constituted by an order of the Governor of Rajasthan (No.F2(1)FD/FCC/99 dated May 7, 1999) contents of which are as follows :

"In pursuance of the provisions of articles 243-I and 243-Y of the Constitution of India and the Rajasthan Panchayati Raj Act, 1994 and the Rajasthan Municipalities Act, 1959 [as amended vide Rajasthan Municipalities (Amendment) Act, 1994] the Governor is pleased to constitute a State Finance Commission consisting of **Shri Heera Lal Devpura**, Member of Rajasthan Legislative Assembly and Former Chief Minister of Rajasthan, as the Chairman and **Shri Ghanshyam Tiwari**, Former Energy Minister, **Shri Dharamveer**, IAS (Retd.) as Member and **Shri T. Srinivasan**, IAS as Member Secretary (Additional Charge).

- 1.2 The Chairman and other Members of the Commission shall hold office from the date on which they respectively assume office upto the 31st December, 1999."

- 1.3 However **Shri Dharamveer** resigned from the membership of the Commission and on acceptance thereof **Shri Munna Lal Goyal**, IAS (Retd.) was appointed member of the Commission by an order of the Governor No. F2(1)FD/ FCC/99 dated October 25, 1999.

- 1.4 Similarly on posting of **Shri T. Srinivasan**, Member Secretary as Finance Secretary **Shri Ram Avatar**, IAS was appointed Member Secretary in addition to his regular duties by an order of the Governor dated June 13, 1999. Due to transfer of **Shri Ram Avatar**, IAS outside Jaipur, **Shri R.K. Sharma**, IAS was appointed Member Secretary in addition to his regular duties vide order of the Governor dated November 15, 1999. With the posting of **Shri R.K. Sharma**, IAS outside Jaipur **Shri Vinod Pandya**, RAcS was appointed Member Secretary by Governor's order dated August 18, 2000, and **Shri S.C. Derashri**, IAS has been appointed Member Secretary of the Second State Finance Commission by Governor's order dated January 4, 2001

- 1.5 With these changes, the constitution of the Commission at the time of submission of the report consisted as follows:

- (1) **Shri Heera Lal Devpura**, Chairman
- (2) **Shri Ghanshyam Tiwari**, Member
- (3) **Shri Munna Lal Goyal**, Member
- (4) **Shri S.C. Derashri**, Member Secretary

**TERMS OF REFERENCE :**

- 1.6 The Terms of Reference of the Commission as set forth in the order are as follows:
1. The Commission shall review the financial position of the Panchayats at all levels and make recommendations as to:
    - (a) the principles which should govern:
      - (i) the distribution between the State and the Panchayats at all levels of the net proceeds of the taxes, duties, tolls and fees leviable by the State, which may be divided between them under part-IX of the Constitution and the allocation between the Panchayats at all levels of their respective shares of such proceeds;
      - (ii) the determination of the taxes, duties, tolls and fees which may be assigned to, or appropriated by, the Panchayats at all levels; and
      - (iii) the grants-in-aid to the Panchayats at all levels from the Consolidated Fund of the State.
    - (b) the measures needed to improve the financial position of the Panchayats.
  2. The Commission shall also review the financial position of the Municipalities at all levels and make recommendations as to:
    - (a) the principles which should govern:
      - (i) the distribution between the State and the Municipalities of the net proceeds of the taxes, duties, tolls and fees leviable by the State, which may be divided between them under Part IX-A of the Constitution and the allocation between the Municipalities at all levels of their respective shares of such proceeds;
      - (ii) the determination of the taxes, duties, tolls and fees which may be assigned to, or appropriated by, the Municipalities; and
      - (iii) the grants-in-aid to the Municipalities from the Consolidated Fund of the State.
    - (b) the measures needed to improve the financial position of the Municipalities.

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

- (i) the financial resources of the State and demands thereon, keeping in view the non-plan deficit and surplus and, in particular, the need for providing adequate resources for funding the plan expenditure for the overall development of the State;
- (ii) the expenditure needs of the Panchayats at all levels and Municipalities at all levels for the functions and responsibilities already assigned to them and those as may be assigned to them hereafter as per provisions of new/amended legislations;
- (iii) adjustment of grants available to the Urban Local Bodies and Panchayati Raj Institutions under the recommendations of the Eleventh Finance Commission in their resources; and
- (iv) powers available to Panchayati Raj Institutions and Urban Local Bodies for raising additional resources, including powers to levy taxes.

4. The Commission shall make its report available by 31st December, 1999, on each of the matters aforesaid, covering a period of five years commencing on the 1st day of April, 2000. The Commission shall indicate the basis on which it has arrived at its findings and make available the estimates of receipts and expenditure of the Panchayats and the Municipalities at all levels.

1.7 A copy of the Governor's order dated May 7, 1999 constituting the Commission is at Annexure-I.1. The term of the Commission was extended by the order of the Governor of Rajasthan dated 24th December, 1999 initially upto 30th June, 2000. The term of the Commission was further extended vide Governor's order dated June 1, 2000 upto September 30, 2000 and later on upto February 28, 2001 by Governor's order dated September 19, 2000 and finally upto 31.8.2001 vide Governor's order dated February 22, 2001.

1.8 Since the budget exercise for finalising the budget estimates for 2001-02 and revised estimates for 2000-01 was already going on at the time of extending the Commission's term in February 2001, the State Government vide their letter dated February 23, 2001 requested the Commission to give an interim report to enable the State Government to incorporate some projections in the Revised Estimates 2000-01 and Budget Estimates 2001-02. The copy of this letter is at Annexure-I.2. The Commission

accordingly submitted its Interim Report, as required, to the Governor on February 23, 2001. The Interim Report of the Commission was accepted by the State Government and placed in the Legislative Assembly alongwith an Action Taken Report in March, 2001. The copy of Interim Report alongwith ATR is at Appendix-I.1.

**METHODOLOGY :**

- 1.9 In its methodology the Commission decided to call for detailed information relating to income and expenditure of each tier of Panchayati Raj Institutions and Urban Local Bodies under various heads for the period 1994-95 to 1999-2000 from the Panchayati Raj Department and Director, Local Bodies. As the two departments could not provide the required information inspite of several requests made at various levels formally as also on telephone the Commission had to approach the respective PRIs and ULB directly. For this purpose letters were sent to these institutions followed by reminders and telephones. In many cases the Commission had to depute some of its staff to personally visit the respective institutions for collection of information. Thus after considerable efforts and time the Commission has been able to collect Primary data of income and expenditure in respect of all the 32 Zila Parishads, 237 Panchayat Samitis and 9188 Gram Panchayats falling under the 237 Panchayat Samitis. In respect of collection of information of Gram Panchayats since the number of Gram Panchayats is quite large it was decided to consolidate the figures of Gram Panchayats at each Panchayat Samiti level in respect of the Gram Panchayats falling under its jurisdiction. In case of Urban Local Bodies information has been collected in respect of all the 3 Municipal Corporations, 11 Councils and 169 Municipalities. The decision to collect information of six years period 1994-95 to 1999-2000 was taken as the First State Finance Commission had collected five years data for the period 1989-90 to 1993-94 and to maintain the continuity of data it was thought appropriate to start from the year 1994-95.
- 1.10 The Commission also decided to invite suggestions from all concerned and to hold meetings with the persons of eminence and experience in the field of Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs). A list of such meetings held is at Annexure-L.3. Thorough analysis of the feed back received during the course of meetings and the information received from the PRIs and ULBs has been made. Expert opinions were also invited from the persons having considerable experience in the field of PRIs and the Municipalities. While discussing the problems of PRIs and Municipal Bodies with senior officials of the level of retired Chief Secretary and Secretaries to Government, Heads of

the departments, District Collectors and other experts the Commission received important feed back.

- 1.11 Although the Commission could collect financial data of income and expenditure from all the PRIs and ULBs and compiled it but the quality of data received from these institutions has been found to be very unsatisfactory with lot of misclassification of income and expenditure figures. The analysis of these data and findings based thereon is fraught with serious problems. For example the Commission asked for separate figures of octroi income when it was being levied and compensation in lieu thereof after it was abolished. But it is felt that many municipalities included the grant-in-aid amount from octroi under the own tax income. These constraints might get reflected in the report.
- 1.12 The Commission invited memoranda from the departments of Panchayati Raj, Local Self Government and Finance Department on the terms of reference and the same have been received from these departments. The Commission has made use of the information contained in these memorandum. The Commission also relied upon the financial data given in the State budget, budget study, State Economic Survey and plan documents etc. being brought out by the State Government, for the purpose of analysis. Suggestions were also invited from State Presidents of various political parties and leaders of various political parties in the legislative Assembly. A list of Memoranda and suggestions received from Departments, Organisations and Individuals is at Annexure-I.4.
- 1.13 In order to have first hand information on various functional and financial aspects of Panchayats and Municipalities of the State, the Commission visited some of the district headquarters and held discussions with the persons concerned in the districts. These meetings with district administration, local MLAs, Zila Pramukhs, Pradhans, Sarpanchas, Vikas Adhikaris, Executive Officers and elected representatives of Panchayats and Municipalities were very useful. A list of districts and field meetings held is at Annexure-I.5. In its tenure of about 28 months the Commission held in all 57 meetings.
- 1.14 In spite of observations made by the First State Finance Commission, no agency in the State shouldered the responsibility of collecting and providing financial data of PRIs and ULBs to the Commission. Presently there is hardly any mechanism for collection and consolidating the data of Panchayats, Panchayat Samitis and that of Municipalities at any level. It would be desirable that the Heads of departments of Panchayati Raj and Local Bodies maintains complete data on physical and financial progress with regard to PRIs and ULBs. The Commission strongly feels that the

Panchayati Raj Department and Local Bodies Department in the State should be made responsible to compile, consolidate and furnish to the subsequent State Finance Commissions updated physical and financial data in respect of PRIs and ULBs respectively. The First State Finance Commission had also recommended that Director, Local Fund Audit should consolidate the financial data in the proforma prescribed by the First Finance Commission for all the Rural and Urban Local Bodies for providing the authenticated and audited figures of revenue and expenditure, but we are sorry to state that this recommendation has not been implemented.

1.15 The Commission requested the Indira Gandhi Panchayati Raj and Gramin Vikas Sansthan to conduct an objective study for assessment of financial requirements of Panchayati Raj Institutions. This Institute organised one day workshop in which few elected public representatives as also former public representatives of all the three tiers of Panchayati Raj Institutions participated. On the basis of deliberations in the workshop the institute has sent us their views on the financial requirements of PRIs as also other important suggestions to make the Panchayati Raj Institutions an effective tool of Local governance. While making our recommendations the Commission has also considered the suggestions made by the Institute.

1.16 The Commission has gone through the Annual Administrative Reports of Panchayati Raj, Local Bodies, Local Fund Audit and Rural Development Departments, as also the reports and papers published by the National Institute of Rural Development, Hyderabad. National Institute of Urban Affairs, New Delhi and National Institute of Public Finance and Policy, New Delhi. The report of the study done by the Institute of Development Studies, Jaipur on functional and financial devolution on PRIs as sponsored by the Eleventh Finance Commission through NIRD has also been a useful source of information. The Eleventh Finance Commission has made some observations regarding the requirements of PRIs/ULBs and has also recommended grants for these institutions. We have also consulted this report.

#### **IMPLEMENTATION OF FIRST SFC RECOMMENDATIONS :**

1.17 The first State Finance Commission had made important recommendations both financial and others so as to strengthen the Panchayati Raj Institutions and Urban Local Bodies in the state. The State Government accepted the report of the first SFC and the report was placed in the State Legislative Assembly in March, 1996 alongwith an Action Taken Report. Although majority of the recommendations made by the first SFC have been implemented but still some important recommendations such as setting up of financial corporation for Panchayati Raj Institutions and

Urban Local Bodies could not be implemented. Based on the feed back received from the Panchayati Raj and Urban Local Bodies Departments we have prepared two statements indicating the status of implementation of first SFC recommendations in respect of Panchayati Raj Institutions and Urban Local Bodies and the same are available at Appendix-I.2 and I.3 respectively.

#### **TENTH FINANCE COMMISSION GRANTS :**

- 1.18 The Tenth Finance Commission had recommended grants amounting to Rs. 212.22 crores for the Panchayati Raj Institutions and Rs. 43.18 crores for the Urban Local Bodies totalling Rs. 255.40 crores. These grants were to be utilised during the TFC period 1995-2000. The TFC dispensation required raising of matching contributions by the local bodies. However the PRIs and ULBs could not raise the contribution and the Government of India had to relax the condition of matching contribution with the rider that instead of the local bodies the State Government should provide one third contribution in case of PRIs and matching in case of ULBs. During the visit of the Commission to various districts the representatives of Panchayati Raj Institutions raised the issue of State government directions for utilisation of TFC grants for purposes other than the local needs of panchayats. They cited the example of Swaran Jayanti Pathashala buildings. The Commission is of the view that Finance Commission grants should be utilised towards the purposes for which they are released and the Panchayats should have freedom to utilise the grant amounts as per their needs and priorities. A statement indicating yearwise release of TFC grants to PRIs and ULBs and their utilisation as received from the two departments is available at Annexure-I.6.

#### **SUGGESTIONS AND RECOMMENDATIONS :**

- 1.19 As would be evident from earlier paras of this Chapter the Member Secretary of the Commission was not appointed on full time basis initially and there were frequent changes resulting in lack of continuity and cohesiveness of thoughts and methodology. This also led to extensions in the term of the Commission and delay in submission of the report. In this regard some important recommendations have been made in the National Workshop on 'Follow-up Measures by State Governments on SFC Recommendations' held in October, 2000 at National Institute of Rural Development, Hyderabad. The Commission is in agreement with majority of the recommendations and would like to incorporate some of them in this chapter which are relevant here for implementation by the State Government.
- 1.20 The State Government should appoint the entire Commission at a time and should ensure that the composition is not changed till the Commission

completes its prescribed tasks. Further the Member Secretary should be appointed on full time basis.

- 1.21 The life span of the State Finance Commissions should be for a maximum of 18 months from the date of their constitution.
- 1.22 There should be synchronisation between the recommendations of the National Finance Commission and the State Finance Commission. To achieve this it is necessary to constitute the 3rd generation State Finance Commission much earlier than the stipulated five years so as to synchronise the time-frame of its recommendations with the needs of the 12th National Finance Commission. In this connection it should be ensured that the report of the 3rd State Finance Commission is ready six months before the date of constitution of the 12th Finance Commission. The Eleventh Finance Commission has also made similar recommendation and have further suggested amendment in the Constitution to enable formation of the State Finance Commission before expiration of every fifth year as the existing provision in Article 243 I provides for constitution of the State Finance Commission at the expiration of every fifth year.
- 1.23 The fact that the existing data base on the finances of Panchayati Raj Institutions and Urban Local Bodies at various levels is both inadequate and very unsatisfactory the State Government may consider standardisation of data formats in respect of the different components of receipts and expenditures as well as assets and liabilities of the PRIs and ULBs to lessen the burden of successive State Finance Commissions. The Eleventh Finance Commission (EFC) has examined this aspect and made important recommendation relating to maintenance of accounts and database in the chapter on Local Bodies in their report. The EFC has also provided funds for the purpose. The State Government should take necessary measures required to implement the recommendations.
- 1.24 There is need for creation of a separate permanent SFC Cell in the Finance Department to regularly collect, compile and monitor the finances of rural and urban local governments and also to monitor the follow-up measures taken by the State Government on the implementation of the recommendations of earlier State Finance Commissions.
- 1.25 This Commission would like to add here that in case it is operationally difficult to create a separate SFC cell in the state Finance Department as recommended by the workshop the existing Economic Affairs Division of Finance Department which is presently looking after the follow up action



on National Finance Commission's recommendations may also be made responsible for taking follow up action and monitor the recommendations of State Finance Commissions.

- 1.26 The Commission feels that the utilisation of Finance Commission grants for purposes other than the local needs of Panchayats should not be made. The Commission further recommends that utilisation of finance Commission grants may be made in the manner and purposes for which these are released.

**PANCHAYATI RAJ INSTITUTIONS IN RAJASTHAN****BACKGROUND :**

- 2.1 Panchayats or village assemblies existed in ancient India as self-governing institutions having distinct and well defined functions. They grew and evolved under customary laws and traditions. The functions performed by them differed from time to time with the changing pattern of social, economic and political life. Upto the Muslim period these village institutions occupied a prominent place in local administration and the state generally contented itself with law and order and revenue collection.
- 2.2 The institution of Panchayats or village assemblies represented not only the collective will but also the collective wisdom of the entire rural community. The principle of Panchayat was 'Panch Parmeshwar' i.e. "God speaking through the Five" and the unanimous decision of the Panchayat was honoured by the people as the verdict of God. 'The Panchayat looked to all the needs of the village and administered justice irrespective of caste, creed or faith. It provided the solid base on which the life of the rural people was built'.
- 2.3 In Rajasthan, village Panchayats existed as in other parts of the country. Dr. Dashrath Sharma, while discussing the administrative system then prevailing has reported that Panchayats existed during 750 to 1000 A.D. in Rajasthan. 'He has stated that direct democracy operated even more effectively in villages than towns'. According to James Tod village Panchayats existed in Rajputana during British regime.
- 2.4 The advent of the British Rule changed the situation and the system of village Panchayats suffered a set-back. The British Rulers had no regard or understanding of the people and their age-old institutions. They introduced highly centralised system of administering justice. The land tenancy system introduced by the British recognised only the individual. As a result the Panchayats received a severe blow.
- 2.5 During the viceroyalty of Lord Ripon, there was an attempt to establish local bodies. After the famous Ripon resolution and after the Indian National Congress came to power in most of the provinces in 1937 under the Montague Chelmsford Reforms, steps were taken in the British Indian Provinces for organisation of Panchayats; some princely states also took steps in this direction. In Rajasthan, the princely states of Jodhpur, Bharatpur, Jaipur, Sirohi, Udaipur and Karauli enacted legislation on Panchayats. Bikaner state had its own Gram Panchayat Act much earlier in 1928. Steps were also taken, though with limited approach in the erstwhile

states of Kota, Bundi, Jhalawar, Tonk and Shahpura. Thus, at the time of dawn of Independence, Panchayats were functioning in some of the erstwhile princely states, while in other states no such institutions existed. The new state of Rajasthan thus inherited a very vague and weak system of Panchayats. The institution of Panchayats in the British Indian Provinces was much more systematic.

#### **INDEPENDENCE AND AFTER :**

- 2.6 The State of Rajasthan came into being as a result of the process of integration of about two dozen princely states and chiefships in successive stages starting from the inauguration of Matsya Union (Comprising of the former princely states of Alwar and Bharatpur) and culminating with the merger of Sirohi state in Rajasthan Union. The Greater Rajasthan with Jaipur as capital was inaugurated on March 30, 1949. The final stage in the formation of the present state of Rajasthan was accomplished on November 1, 1956 with the merger of Part -C state of Ajmer, tehsils Abu and Delwara of Bombay and Sunel Tappa of Madhya Pradesh into Rajasthan as a result of the recommendations of the States' Reorganisation Commission, giving the state its present geographical and political identity.
- 2.7 As has been stated above some of the erstwhile princely states had village Panchayats in group of villages, others did not have Panchayats. The first definite step towards the organisation of Panchayats in the state was the promulgation of Panchayati Raj Ordinance, 1948 by the United State of Rajasthan (former Rajasthan). The Ordinance introduced the system of Panchayats for groups of villages.
- 2.8 Appearance of Mahatma Gandhi on the scene during the freedom struggle and thereafter had a considerable impact on the development of Panchayats in rural areas. His philosophy of 'Gram Swaraj' or 'Village Republics' was sought to be translated into action by the national leaders. This ideal was enshrined in the Constitution of India in Article 40 which lays down that:-
- "The state shall take steps to organise village Panchayats and endow them with such powers and authority as may be necessary to enable them to function as units of self government".
- 2.9 The Community Development Programme was launched on October 2, 1952 on a nation-wide scale to tackle the problems of rural life and initiate the process of rural development. The National Extension Service was introduced later on. These programmes formed the new pattern of administrative organisation and helped to accelerate the process of

organisation of Panchayats in the rural areas. Rural development in a way, became interlinked with the organisation and functioning of Panchayats.

- 2.10 The Rajasthan Panchayat Act, 1953 was enacted and village Panchayats were established throughout the State.

**DEMOCRATIC DECENTRALISATION - PANCHAYATI RAJ :**

- 2.11 Implementation of the programme of Community Development and National Extension service paved the way for institutional development of popular representative institutions in rural areas. The study team on 'Community Development and the National Extension Service' of the Committee on Plan Projects under the Chairmanship of Shri Balvantrai Mehta recommended that "there should be a devolution of power and a decentralisation of machinery and that such power be exercised and such machinery controlled and directed by popular representatives of the local area'. The recommendations of the study team were accepted in the National Development Council and by Government of India.
- 2.12 Rajasthan has the distinction of being the pioneer in accepting the scheme of democratic decentralisation envisaging a three tier system of representative bodies at the village, block and district level. The system later on came to be known as Panchayati Raj. On October 2, 1959, the scheme of democratic decentralisation or Panchayati Raj was inaugurated by the then Prime Minister Pandit Jawaharlal Nehru at Nagour.
- 2.13 The Rajasthan Panchayat Samitis and Zila Parishads Act, 1959 was enacted which received the assent of the President on September 9, 1959. The Act apart from providing for establishment of Panchayat Samitis at Block Level and Zila Parishads at District level made extensive amendments in the Rajasthan Panchayat Act, 1953 to bring it in conformity with the new pattern of Panchayati Raj. First elections under the Rajasthan Panchayat Samitis and Zila Parishads Act, 1959 were held in September-October, 1959. 232 Panchayat Samitis and 26 Zila Parishads were constituted. With the already existing Panchayats at the village level under the Rajasthan Panchayat Act, 1953, the three-tier scheme of Panchayati Raj began functioning on October 2, 1959.
- 2.14 As has been observed in the Ashok Mehta Committee Report on Panchayati Raj (1978) the study of Panchayati Raj has been a story of ups and downs. It seems to have passed through three phases, the phase of ascendancy (1959-64), the phase of stagnation (1964-69) and the phase of decline (1969-77). A number of developments in the past have conspired to undermine the Panchayati Raj structures and made them ineffective. The Central Government and the states were conscious of this paradoxical

situation that the system of Panchayati Raj introduced with the object of revitalising the rural economy did not meet with the desired success. A number of committees were appointed by the Government of India to go into the question and recommend measures for strengthening of PRIs. Reports of the Committees headed by Ashok Mehta, (1978) G.V.K. Rao (1985) and L.M. Singhvi (1986) are important in this context. In Rajasthan the Sadiq Ali study Team and the committees headed by S.P.S. Bhandari and Girdharilal Vyas were appointed.

- 2.15 In late eighties, the Government of India had organised a number of regional workshops to consider various aspects of strengthening democratic decentralisation and PR. During this period the state apparatus was geared to provide Constitutional status to PRIs.
- 2.16 Before the 73rd Constitutional Amendment, Panchayati Raj in Rajasthan was functioning under the following Acts and Rules:-
- (i) The Rajasthan Panchayat Act, 1953.
  - (ii) The Rajasthan Panchayat Samitis and Zila Parishads Act, 1959.
  - (iii) Set of rules framed under the Rajasthan Panchayat Act, 1953- General Rules and Election Rules.
  - (iv) Set of rules framed from time to time under the Rajasthan Panchayat Samitis and Zila Parishads Act, 1959 in respect of various matters relating to functioning of PRIs.
- 2.17 It was a three - tier system with Panchayat at the village level (for a village or group of villages) Panchayat Samiti at Block level and Zila Parishad at the District level. The three institutions were organisationally linked as the sarpanch (chairpersons) of Panchayats were ex-officio members of the Panchayat Samiti and Pradhans (chairpersons) of Panchayat Samitis were ex-officio members of the Zila Parishad. The ward panchas of the Panchayat and the sarpanch were directly elected by the voters. There were provisions for co-option of two women and two members each of SC/ST at each level in case members of these categories were not represented in the institution through election or ex-officio membership. The Panchayat Samitis and Zila Parishads functioned through standing committees/sub-committees.

#### **THE 73RD AMENDMENT :**

- 2.18 The 73rd Amendment Act of Constitution (1992) has been the most significant booster to the cause of local self governance through PRIs. The 1992 Act provides for the following:
- Basic uniform pattern of Panchayati Raj set-up in the country;
  - Constitutional status to the PRIs and Gram Sabhas;

- Election to PRIs has to be mandatory and should be held through the State Election Commission;
- Reservation of seats for members of the SC/ST and women in membership as well as Chair persons;
- Devolution of powers and functions on PRIs with respect to planning for economic development and social justice and implementation thereof;
- Provisions for District Planning Committee;
- Setting up of State Finance Commission to recommend financial devolution on PRIs; and
- Addition of Eleventh Schedule in respect of functions which may be given to PRIs.

Thus, the 73rd constitutional amendment has been an important land mark that has changed the scenario in respect of Panchayati Raj and rural development.

#### **PANCHAYATI RAJ IN RAJASTHAN AFTER THE 73RD AMENDMENT :**

- 2.19 As a consequence of the 73rd amendment, Rajasthan Panchayati Raj Act was passed in 1994 which came in to force w.e.f. April 23, 1994. The act has incorporated mandatory provisions of the 73rd amendment besides a few others, such as, procedure of Gram Sabhas, reservation in the membership and Chairpersonship for members of the OBCs. The Rajasthan Panchayati Raj Act (1994) provides for functions and powers of the PRIs. For conduct of fair elections, the Rajasthan Panchayati Raj (Election) Rules, 1994 were framed. The Rajasthan Panchayati Raj Rules, 1996 were framed and made effective from 30th December, 1996 for smooth functioning of PRIs. For extending these provisions to Scheduled Areas Rajasthan Panchayat (Extension to scheduled Areas) Act, 1999 has been enacted.

#### **ORGANISATIONAL STRUCTURE :**

- 2.20 The Organisational Structure of Panchayati Raj Institutions (PRIs) in Rajasthan is a three tier system. Gram Panchayats at village level are the key units. While the middle level comprises of Panchayat Samitis at the block level. The virtual authority in PRI system is vesting with Panchayat Samitis (PSs). As a matter of fact Panchayat Samitis are the conduits through which funds for rural development are flowing to Gram Panchayats. Zila Parishad, at the district level, the third tier of PRI, is responsible for preparation of integrated Annual Plan of the district for the rural as well as urban area through the District Planning Committee. The Zila Parishad has an important role in the supervision and co-ordination of various rural development programmes as also in ensuring compliance of State Government directions.

#### **GRAM PANCHAYAT :**

- 2.21 As of today, the number of Gram Panchayats (GP) in the State of Rajasthan, totals to 9189. The organisational structure of a Gram Panchayat comprises of a directly elected Sarpanch and Ward Panchas, as provided under the Rajasthan Panchayati Raj Act, 1994. As regards other staff, Section 78 of Rajasthan Panchayati Raj Act (RPR Act) provides for a Secretary at each Panchayat level or a Group Secretary for a group of Panchayats. Rajasthan has had the shortage of secretaries at Panchayat level. The first SFC also recommended providing atleast one person for each Panchayat. The Panchayati Raj Department has informed that there are 5993 sanctioned posts of Gram Sevaks and ex-officio Panchayat Secretary and the State Government has agreed to appoint another 3192 persons as Panchayat Secretary which totals to 9185. However during the field visits of the Commission in the districts the representatives of Panchayati Raj Institutions mentioned that either the surplus employees posted by the Panchayati Raj Department have not joined duties as Panchayat Secretary or the people posted do not know anything about the functioning of Gram Panchayats. With the result that the working of Gram Panchayat offices has not come to proper shape and order at many places.

#### **PANCHAYAT SAMITIS :**

- 2.22 Panchayat Samitis in the State are the NODAL agencies, identified for implementation of rural development programmes assigned to Panchayati Raj Institutions (PRIs). As Government Agencies, Panchayat Samitis are also looking after the distribution of funds to the Gram Panchayats for developmental activities.
- 2.23 A Panchayat Samiti is headed by an elected non-official, the Pradhan, duly assisted by a Chief Executive known as Block Development Officer (BDO) supported by Progress Extension Officer, Co-operative Extension Officer, Panchayat Extension Officer, Jr. Engineer, Jr. Accountant and other ministerial staff.

#### **ZILA PARISHADS :**

- 2.24 Zila Parishads have the MPs and MLAs besides the directly elected members from its territorial Constituencies of the district. Zila Parishad is headed by a Zila Pramukh who has a Chief Executive Officer who is also Project Director of District Rural Development Agency to assist him, flanked by other officers. The other functionaries are : Addl. Chief Executive Officer, Asstt. Engineer, Accounts Officer, Panchayat Extension Officer, Accountant and ministerial staff. The post of Gram

Sevak or Panchayat Secretary is sanctioned on Panchayat Samitis strength. The details of posts sanctioned in Panchayati Raj Institutions is as follows:

<b>Details of Sanctioned Posts in PRIs</b>	
<b>Name of Post</b>	<b>Sanctioned Post</b>
<b>A- Panchayat Samitis</b>	
1. Block Development Officer	237
2. Progress Extension Officer	236
3. Co-op. Extension Officer	236
4. Panchayat Extension Officer	235
5. Junior Engineer	474
6. Agriculture Extension Officer	21
7. Junior Accountant	232
8. Upper Division Clerk	134
9. Lower Division Clerk	903
10. Driver	195
11. Gram Sevak (VLW)	8913
12. Class-IV	640
<b>Total-A</b>	<b>12456</b>
<b>B- Zila Parishads</b>	
1. Addl. Chief Executive Officer	32
2. Assistant Engineer	32
3. Accounts Officer	32
4. Panchayat Extension Officer	48
5. Accountant	36
6. Steno	31
7. Upper Division Clerk	63
8. Computer	31
9. Lower Division Clerk	118
10. Driver	57
11. Class-IV	109
<b>Total-B</b>	<b>589</b>
<b>Grand Total ( A+B)</b>	<b>13045</b>

*Source : Annual Administrative Report of Panchayat Raj Department 2000-01.*

#### **ROLE OF PANCHAYATS IN SUCCESSIVE FIVE YEAR PLANS :**

- 2.25 Considering the importance of Panchayati Raj Institutions the First Five Year Plan of the country laid sufficient emphasis on Rural Administration for implementation of development activities. People's participation was ensured through Panchayati Raj Institutions which were identified as units of rural administration.
- 2.26 The Second Five Year Plan projected the PRIs as effective instruments of integrated social infrastructure in the rural areas. The Planning Commission provided to establish Panchayats as statutory bodies for the villages selected for community development.



- 2.27 The Third Five Year Plan of the country specified the role of Panchayati Raj Institutions in the rural development of the country:-
- (i) by mobilising public participation and acceptance of rural development programmes by the masses;
  - (ii) by promoting the network of village level Panchayats and by highlighting the role of co-operatives in the rural development;
  - (iii) by identifying the training needs at village level;
  - (iv) by organising programmes which could be beneficial to the community at large by using local resources; and
  - (v) by promoting welfare programmes for the upliftment of weaker sections of society.
- 2.28 The Fourth Five Year Plan emphasised the need of establishing socio-economic democracy by introducing institutional changes in setting up of Panchayati Raj Institutions and co-operatives at the grass root level. The Plan also impressed upon the need of strengthening the district level planning and to activate the PRIs with a view to improve the general conditions of scheduled castes, scheduled tribes and backward classes.
- 2.29 The Fifth Five Year Plan impressed upon the need to induce credibility and viability of Panchayati Raj Institutions if they were to become an effective instrument of change and to raise expectations amongst masses for better living. The plan document made it desirable to review the size and viability of Gram Panchayats and to assert that Panchayat Samitis or Zila Parishads should become appropriate agency for carrying out identified development programmes.
- 2.30 The Sixth Five Year Plan aimed at implementing Ashok Mehta Committee's recommendations by making Panchayati Raj Institutions truly democratic in delivery of goods and services to the people.
- 2.31 The Seventh Five Year Plan projected a role model for Panchayati Raj Institutions at village and block level with their active involvement in planning and implementation of rural development programmes concerned with the poverty alleviation and providing of minimum needs.
- 2.32 The Eighth Five Year Plan provided for revitalisation of Panchayati Raj Institutions in the country. During the period the 73rd Constitutional Amendment was introduced in the parliament in 1991, with specific provision for reservation to the weaker sections of the society including women. It also provided a uniformly fixed tenure for elected officials, sufficient powers and responsibilities to the Panchayati Raj Institutions for preparing plans for economic development and social justice.

- 2.33 The Ninth Five Year Plan document observed that "Plans need to be formulated on the basis of local needs, perceptions, priorities and resource endowment to reflect the grass-roots realities. This would also ensure greater participation by masses and inculcate a sense of belonging in them. There is need to strengthen PRIs and secure their participation in decentralised planning at the district and block level". Now with the 73rd amendment in Constitution the role of Panchayati Raj Department and its institutions has increased many fold and they have to play a vital role in the process of rural development and ensuring effective involvement of the local people in the developmental process. There has been a revolutionary change in women representation due to 1/3 reservation for women at all levels.

**FUNCTIONS AND POWERS OF PRIs UNDER THE RAJASTHAN PANCHAYATI RAJ ACT, 1994 :**

- 2.34 Section 50 to 52 of the Rajasthan Panchayati Raj Act lays down the functions and powers of the three tiers of Panchayati Raj Institutions. These sections mention that subject to such conditions as may be prescribed by the State Government from time to time these institutions shall perform the functions and exercise the powers given in First, Second and Third Schedule. While the First Schedule lays down the functions and powers of Gram Panchayats the Second and Third Schedules lays down the functions and powers of Panchayat Samitis and Zila Parishads respectively. Under these schedules majority of the 29 subjects listed in the Eleventh Schedule of the constitution have been covered and these schedules further include some more functions to be performed by these bodies. The functions listed in the three schedules are as follows :

**THE FIRST SCHEDULE : FUNCTIONS AND POWERS OF PANCHAYATS**

1. General Functions
2. Administrative Functions
3. Agriculture including Agriculture Extension
4. Animal Husbandry, Dairying and Poultry
5. Fisheries
6. Social and Farm Forestry, Minor Produce, Fuel and Fodder
7. Minor Irrigation
8. Khadi, Village and Cottage Industries
9. Rural Housing
10. Drinking Water
11. Roads, Buildings, Culverts, Bridges, Ferries, Waterways and other Means of Communication
12. Rural Electrification including Providing for and Maintenance of Lighting of Public Streets and other Places.
13. Non-Conventional Energy Source
14. Poverty Alleviation Programme

15. Education (Primary)
16. Adult and Non-Formal Education
17. Libraries
18. Cultural Activities
19. Markets and Fairs
20. Rural Sanitation
21. Public Health and Family Welfare
22. Women and Child Development
23. Social Welfare including Welfare of the Handicapped and Mentally Retarded
24. Welfare of the Weaker Sections and in particular the Scheduled Castes and Scheduled Tribes
25. Public Distribution System
26. Maintenance of Community Assets
27. Construction and Maintenance of Dharmshalas and similar institutions.
28. Construction and Maintenance of Cattle Sheds, Ponds, and Cart Stands.
29. Construction and Maintenance of Slaughter Houses.
30. Maintenance of Public Parks, Playgrounds etc.
31. Regulation of Manure Pits in Public places
32. Regulation of Liquor Shops.
33. General Powers of the Panchayats.

**THE SECOND SCHEDULE : FUNCTIONS AND POWERS OF PANCHAYAT SAMITIS**

1. General Functions
2. Agriculture, including Agriculture Extension
3. Land Improvement and Soil Conservation
4. Minor Irrigation, Water Management and Watershed Development
5. Poverty Alleviation Programmes
6. Animal Husbandry, Dairying and Poultry
7. Fisheries
8. Khadi, Village and Cottage Industries
9. Rural Housing
10. Drinking Water
11. Social and Farm Forestry, Fuel and Fodder
12. Roads, Buildings, Bridges, Ferries, Waterways and Other Means of Communication
13. Non-Conventional Energy Sources
14. Education including Primary Schools
15. Technical Training and Vocational Education
16. Adult and Non-formal Education
17. Cultural Activities
18. Markets and Fairs
19. Health and Family Welfare

20. Women and Child Development
21. Social Welfare including Welfare of the Handicapped and Mentally Retarded
22. Welfare of the Weaker sections and in particular of the Scheduled Castes, Scheduled Tribes and Backward Classes
23. Maintenance of Community Assets
24. Statistics
25. Emergency Relief
26. Co-operation
27. Libraries
28. Supervision of and Guidance to the Panchayats in all their Activities and Formulation of Village and Panchayat Plans.
29. Miscellaneous
30. General Powers of the Panchayat Samitis

#### **THE THIRD SCHEDULE : FUNCTIONS AND POWERS OF ZILA PARISHADS**

1. General Functions
2. Agriculture
3. Minor Irrigation, Ground Water Resources and Watershed Development
4. Horticulture
5. Statistics
6. Rural Electrification
7. Soil Conservation
8. Social Forestry
9. Animal Husbandry and Dairying
10. Fisheries
11. Household and Cottage Industries
12. Rural roads and Buildings
13. Health and Hygiene
14. Rural Housing
15. Education
16. Social Welfare and Welfare of Weaker Sections
17. Poverty Alleviation Programmes
18. Social Reform Activities
19. General Powers of the Zila Parishads

#### **CHANGING FACE OF PANCHAYATI RAJ IN RAJASTHAN :**

- 2.35 Recently several measures have been taken to promote the local self governance by the PRIs. A-few important features of new initiatives are as under:

#### **CO-ORDINATION BETWEEN PR & RD SCHEMES :**

- 2.36 With the objective of greater co-ordination between Zila Parishads and District Rural Development Agencies (DRDAs) the Zila Pramukhas have been made the Chairpersons of DRDAs. This will facilitate involvement

of elected representatives in the implementation of various rural development projects and may also help in their speedy implementation.

**TRANSFER OF DRDA SCHEMES TO ZILA PARISHADS :**

2.37 To strengthen PRIs, nine schemes of DRDAs have been brought under the control of Zila Parishads so that the developmental works may be executed through PRI leaders. These schemes are:

- Battees Zile Battees Kam
- Untied Funds
- Rural Growth Centres
- Mewat Vikas Yojana
- Dang Vikas Yojana
- Vanprasth Yojana
- Rehabilitation of Bonded Labour
- Biogas, and
- Apna Gaon - Apna Kam Yojana

2.38 For sanctioning projects under the above mentioned schemes a district level committee consisting of two MLAs, two Pradhans, two ZP members, Distt. Collector, Addl. Collector (Development) and CEO, ZP under the Chairmanship of Zila Pramukha has been constituted.

**EFFORTS FOR SCHEDULED NOTIFIED AREAS :**

2.39 For giving more powers to PRIs in the scheduled notified areas Rajasthan Panchayat (Extension to Scheduled Areas) Act, 1999 has been enacted. According to this, separate Gram Sabhas will be organised in different villages. Gram Sabhas have been empowered to protect the cultural heritage, social customs, community resources and settlement of disputes in these areas. It has also been provided that the approval of Gram Sabha will be necessary for use of small water resources, minor minerals and grant of licence deeds of minerals in the scheduled areas. All developmental works under taken in the scheduled area will be approved by the Gram Sabhas. It has also been provided that the Chairperson of PRIs in scheduled areas will be elected from Tribal people only.

**MEMBERSHIP OF PANCHAYAT SAMITIS & ZILA PARISHADS:**

2.40 Sarpanchas have been granted the membership of Panchayat Samitis. Similarly, Pradhans have been made members of the Zila Parishads for their greater involvement in the planning and execution of developmental projects and effective functioning of the three tier Panchayati Raj System.

**GRAM SABHAS :**

2.41 During this period measures have been initiated to strengthen the Gram Sabhas. Panchayats have been made responsible to Gram Sabhas so that people at large may participate in programmes meant for alleviating

poverty and upliftment of people. Issues like prioritising development works, selection of beneficiaries, audit of accounts and budget are mandatory to be discussed and suitable decisions are to be taken by the Gram Sabhas. Four meetings of Gram Sabhas have been made obligatory for all the Panchayats of the State to be held on 26th January, 1st May, 15th August and 2nd October. More meetings could be held as decided by these bodies.

#### **WARD SABHAS :**

- 2.42 Considering the fact that there may be more than one village in the Panchayat and that people (who are the members of the Gram Sabha) generally, may not attend the meetings of Gram Sabhas due to the physical/geographical distance, it was considered appropriate to make the ward sabha meetings mandatory. For ensuring people's participation in the developmental activities of the Panchayats the ward sabhas are considered useful. The Rajasthan Government has promulgated an ordinance on 6th January, 2000 to further amend the Rajasthan Panchayati Raj Act, 1994. Under the ordinance it has been provided that every Panchayat will have ward sabhas consisting of all adult population of a ward in a Panchayat circle. There shall be atleast two meetings of ward sabhas every year. The functions of ward sabhas include rendering assistance to Panchayats in formulation of development plans and prioritise schemes for the benefit of people; identification of beneficiaries; suggesting locations of public utilities, amenities and services; promoting harmony and unity among various groups, promoting literacy, education, child care and nutrition and getting information which may be conducive to the people's interest. Thus, ward sabhas should become the real instruments of promoting self governance at the grass roots level.

#### **PROGRAMMES OF VARIOUS DEPARTMENTS :**

- 2.43 For strengthening the PRIs, execution of programmes of various departments has been brought under the fold of these institutions. A few of these programmes are as under:
- Zila Parishads will have administrative control over PHCs and sub-centres whereas the department of Medical & Health will provide technical support to PHCs & sub-centres;
  - All programmes related to Public Health and Family Welfare will be under the PRIs for their effective implementation;
  - 'B' class Ayurvedic dispensaries operated in rural areas will be under the control of PRIs whereas their technical aspects will be taken care of by the Department of Ayurveda;

- Panchayati Raj Institutions will henceforth execute the non-conventional energy activities under Integrated Rural Energy Programme;
- With adequate staff, preparations & budget the maintenance and upkeep of Hand Pumps will be transferred to PRIs.
- Through Gram Van Surksha Samiti's the protection of forests, afforestation and minor forest products are to be managed at village level in collaboration with PRIs.
- Veterinary sub-centres have been brought under the administrative control of PRIs whereas its technical aspects will be steered by the department of Animal Husbandry. Similarly the fisheries staff and water resource related to 'D' class tanks has been transferred to PRIs with technical support from the concerned department.
- Work related to Watershed projects under IRDP, Agricultural extension, Water Tanks upto 200 acres for irrigation, Khadi Supervisors' work etc. have been assigned to PRIs with technical support from their respective departments.
- The PRIs will oversee the functions of PDS, SC/ST hostels, ICDS etc. and will initiate necessary action for their effective functioning.
- Elementary Education and Programmes like Literacy, Shiksha Karmj, Lok Jumbish, DPEP etc. have been transferred to the Panchayati Raj Institutions.
- For universalisation of Primary Education the Panchayati Raj Institutions have the prime responsibilities. To supplement the effort initiated through regular primary schools the State has embarked upon the project of 'Rajeev Gandhi Swarna Jayanti Pathshalas for promoting primary education in the rural areas, particularly, in the remote areas of Panchayats where no schools are in existence.

#### **ADMINISTRATIVE CONTROL OVER GOVERNMENT FUNCTIONARIES:**

- 2.44 In July, 1999 the Panchayats have been given rights to oversee and administer the functioning of Government employees in their jurisdiction. For monitoring the attendance at the work place a committee consisting of Ward Pancha, retired Govt. servant residing in the village and local school teacher will be constituted. This committee may recommend transfers of defaulting Govt. employees to the Divisional Commissioner. This measure will promote attendance of Govt. functionaries at ward/village level.

#### **WORKING OF DISTRICT PLANNING COMMITTEES :**

- 2.45 Under 73rd amendment necessary provisions have been made for effective working of District Planning Committees. Now, in all the 32 districts, the District Planning Committees have been constituted. The process of strengthening the DPCs has been initiated by several administrative measures at the state and district levels.

#### **IMPROVEMENT OF WATER RESOURCES :**

- 2.46 Recurrent droughts in several parts of the state year after year have increased the miseries of people. In light of this, the PRIs have been facilitated by the State to improve the traditional water resources like wells, open wells, tanks and other sources by providing 70 percent of expenses on upgradation of traditional water resources.

#### **LAND RELATED MATTERS :**

- 2.47 Matters related to land, land ownership, pastures, Abadi, Sivay Chaks etc. have been bothering the villagers for several generations. The Gram Panchayats have been given powers relating to mutations, land allotments, housing, conversion of land for commercial uses, allotment of house sites, disputes relating to path and boundaries, development of pasture and abadi. The Board of Revenue has issued "citizens charter" in November, 1999 which has come into force. In the charter the duties of Patwari and the rights of people as also the responsibilities of Panchayat-Patwari have been mentioned. Through this chart now the public representatives and people at large have the access to all information related to these matters. It is a big step forward for empowering the people in rural areas.

#### **SOCIAL AUDIT :**

- 2.48 It is usually felt that people are hardly informed about the funds obtained by the Panchayats and expenditure incurred by them. To have a greater transparency in the works executed by the Panchayats the Gram Sabha has been authorised to issue utilisation certificates in respect of works costing upto Rs. 50000/-. Moreover to ensure the implementation of various provision of Rajasthan Panchayati Raj Act/Rules and right to information, instructions have been issued for regular Social Audit in Ward Sabhas and Gram Sabha meetings. This effort will bring in more transparency in governance at all levels.

#### **RIGHT TO INFORMATION :**

- 2.49 A legislation granting 'Right to information' to the people has been passed in the year 2000. Under the Act any person desiring to obtain copies of various records can do so by submitting a written request. This measure will foster confidence among people and will also allow them to have greater involvement in public affairs. The Act provides for rights of people and responsibilities of officials at various levels.

#### **OTHERS :**

- 2.50 Recently some new initiatives have been taken to strengthen Panchayati Raj and accelerate the pace of rural development. Under these initiatives separate Task Force have been set up on Panchayati Raj and Rural Development.



#### **SUGGESTIONS AND RECOMMENDATIONS :**

- 2.51 Looking to the vast areas of functions at all the three levels under the Panchayati Raj Act and new required initiatives for PRIs greater roles and responsibilities should be given to the PRIs. Besides, keeping in view the functions envisaged in the Act the PRIs need to be strengthened to also act as catalyst, organisers, mobilisers, managers, promoters, executors, facilitators, agents of social change, promoters of gender in development, responsive administration and other aspects of rural life. This would naturally bring in more responsibilities and greater roles for the PRIs, their elected representatives, other PRI functionaries and people at large. The task will be more challenging and would require appropriate strategies to cope with the emerging new scenario of Panchayati Raj in Rajasthan. For ensuring effective role of elected representatives in the functioning of PRIs at all the three tiers training of elected representatives is very essential. This is all the more necessary for those who have been elected to the PRIs for the first time and do not have background and experience of the functioning of PRIs.
- 2.52 The Eleventh Schedule of the Constitution and the subsequent Rajasthan Panchayati Raj Act, 1994 envisages various functions, roles and responsibilities for the PRIs. The State Government has also issued various orders/circulars as contained in the memorandum received from the Panchayati Raj Department to assign some of the functions to these bodies. However, the Commission is of the view that the measures taken so far are neither adequate nor in accordance with the spirit and requirements of the 73rd Constitutional amendment, with the result that the Panchayati Raj Institutions are still to become effective instruments of governance at the grass root level.
- 2.53 The Commission, therefore, recommends that the activities as listed in the Eleventh Schedule of the Constitution and sections 50, 51 and 52 of the Rajasthan Panchayati Raj Act, 1994 needs to be transferred to the respective PRIs alongwith budget, staff and other logistic support so that these institutions could effectively undertake the functions assigned to them under the Constitution and the Rajasthan Panchayati Raj Act at their level.
- 2.54 The Commission is further of the view that it will be possible to achieve real transfer of powers, functions and responsibilities between the State Government and the PRIs only when the subjects are bifurcated between the State and the PRIs (District Governments) on the lines of division of subjects between the Centre and the State in the Union and States list respectively. This would ensure three tiers of Government at the Centre level, State level and the District level with division of powers, functions and responsibilities. The Commission recommends that necessary

amendments in the Constitution may be made to achieve this objective so that the PRIs could really become Governments at the grass root level.

- 2.55 During the meetings of the Commission at various districts it was mentioned by the representatives of Panchayati Raj Institutions that either the Gram Sevak posted by the State Government has not joined duties or the person posted is inexperienced about the functioning of Panchayati Raj Institutions and has so far been able to make little contribution. The Commission feels that for meaningful discharge of functions by a Panchayat, at least one person has to be there to keep records and discharge day to day office functions. We, therefore, strongly recommend engaging one person in each Panchayat to work as Assistant Secretary/Secretary.
- 2.56 The State Government has designated Zila Pramukhs as Chairperson of District Rural Development Agencies with the objective of achieving greater co-ordination between Zila Parishads and DRDA's. However, it has been observed that the Zila Pramukhs have not been able to involve people from grass root level to contribute in the implementation of rural development programmes to the desired extent. For a meaningful and effective involvement of Public representatives in the implementation of rural development programmes the Commission recommends merger of DRDA's with the Zila Parishads.
- 2.57 The present set up of Panchayati Raj Institutions ensures representation of members of Scheduled Castes/Scheduled Tribes/Other Backward Classes and women at all the three tiers. With a view to ensure effective participation of all the elected representatives in the functioning of PRIs training to the newly elected persons is very essential. The Commission therefore, recommends training of newly elected representatives particularly for those who have been elected for the first time and do not have any background or experience of the functioning of PRIs.
- 2.58 The Commission is also recommending some funds to be placed at the disposal of Zila Parishad for organising training programmes for newly elected Ward Panchas/Sarpanchas, Members of Panchayat Samitis, Zila Parishads and other elected public representatives. For the convenience of elected representatives these training programmes could be organised at the district level with the help of district administration, wherein the officers of district administration, DRDA's and others associated with the implementation of various developmental schemes/programmes as also academicians could impart training about the functioning of various government departments and schemes being implemented as also other related matters concerning the PRIs.

## URBAN LOCAL BODIES IN RAJASTHAN

### BACKGROUND :

- 3.1 With growing urbanisation, the concerns for governance in the urban areas have assumed greater importance. The modern concept of urban governance has its roots in early nineteenth century. The Mayor courts were set up under Royal Charter of, 1828 through which members called 'justice of peace' were appointed in Madras (now Chennai), Bombay (now Mumbai) and Calcutta (now Kolkata). Under the Bengal Act of, 1842 the urban services were planned to be provided in Bengal Presidency only. Later, in 1850 the Municipal Services like health, sanitation and street lighting were extended to entire country under Act No. 26. Thereafter stray efforts were made in matters related to revenue and other functions. On the recommendations of the Royal Commission, election of municipal members became a reality in 1915. Through the Acts of 1919 and 1935 the sharing of resources between regional governments and municipalities was facilitated. After independence of the country a Committee to enquire about local finances was set up in 1951. Article 40 of the Constitution of India deals with Local Self Governments which enshrines the Directive Principles of the State Policy. Thereafter number of Committees were appointed to go into problems of finances of ULBs. The 74th amendment in the Constitution is the land mark in Local Urban governance in India.

### URBAN DEMOGRAPHIC SCENARIO :

- 3.2 There has been an increasing trend in growth of urbanisation in the country for the last half a century. The situation in Rajasthan is no different from that of India. We have witnessed an increasing trend of population in the urban areas. In 1951 Census the number of towns was 141 with 18.50 percent population living in urban areas. In 2001 census the number of towns increased to 222 with a population of 132.05 lacs, that is about 23.38 percent of total population. The following table indicate the trends of population growth in urban areas:

**Urban Population of Rajasthan (1941-2001)**

Year	Total Population (in lacs)	% Growth Rate	Total Urban population (In lacs)	% Growth Rate in urban population	No. of Towns/ UA in the State	% of Urban population to total population
1941	138.64	-	21.17	-	118	15.27
1951	159.71	15.20	29.55	39.58	141	18.50
1961	201.56	26.20	32.81	11.03	141	16.28
1971	257.66	27.83	45.44	38.49	151	17.63
1981	342.62	32.97	72.10	58.67	201	21.04
1991	440.06	28.44	100.67	39.63	222	22.88
2001	564.73	28.33	132.05	31.17	222	23.38

- 3.3 This unabated population growth has become a massive and frightening reality. This large scale shift of population from rural areas to urban areas has caused a lot of pressure on various aspects of urban living.
- 3.4 The growth of urban population is an outcome of several factors. Migration, natural trends of population growth, development of new towns, reclassification etc. are the reasons behind this phenomenal increase in population in the urban areas. The impacts of urbanisation are rather too well known. A few of these are: pressure on employment avenues, medical and health, sanitation, housing, transport, water supply services and energy requirements.
- 3.5 In view of the prevailing urban scenario something needs to be done immediately. As a strategic measure, the formulation of an Urban Development Policy for the State may be of great importance for which the State Government in the Urban Development Department may take appropriate measures.

#### **ULBs IN RAJASTHAN :**

- 3.6 Considered from the angle of geographical area in the country, Rajasthan is the largest among Indian States covering 3.42 lacs sq. kilometres. As we have seen earlier the population in urban areas is growing very fast, therefore, long term planning is required to be formulated to reduce the pressure of population in urban areas. Before doing this it will be useful to understand the genesis of Urban Local Bodies in the State.

#### **GENESIS :**

- 3.7 The first Municipality in Rajasthan was set up in Ajmer (of the then Merwara State) in 1866. By the end of 19th century there were 16 Municipalities in Rajputana States. In early 20th century the number of Municipalities was around 100. After independence many more Municipalities were set up and in early seventies the number grew to 145. The number of Municipalities was 196 in the year 1986 which was subsequently reduced to 182 owing to the recommendations of the Mukherjee Committee. With the addition of Rawat Bhata, the number of Municipalities in Rajasthan has gone upto 183.
- 3.8 According to 2001 census, number of towns and urban population works out to 222 and 132.05 lacs respectively. However, number and population of urban local bodies works out to 183 and 126.98 lacs respectively. The variation in number of urban areas/towns and population varies because of different criteria adopted by Census Authorities for classification of towns/urban areas and that adopted by State Government for classification of urban local bodies and their population.

#### **CENSUS CLASSIFICATION OF TOWNS :**

3.9 The criteria adopted by Census Department for reckoning the urban area are as follows:

- (a) All places with municipality, corporation, cantonment board or notified area committee.
- (b) All other places which satisfy the following criteria:-
  - (i) A minimum population of 5000.
  - (ii) At least 75% of the male working population being engaged in non agricultural (and allied) activities.
  - (iii) A density of population of at least 400 per square kilometre (or 1000 per square mile).

#### **CATEGORIES OF URBAN LOCAL BODIES :**

3.10 Municipal bodies have been classified into five categories based on population, location and per capita income by the State Government. City Corporations have a population of more than 5 lacs. Presently there are three Corporations, namely; Jaipur, Jodhpur and Kota. The other categories are :

- First class Municipal Councils (11) having a population between one and five lac persons.
- Municipal Boards having a population below one lac persons are further sub-divided into:
  - (a) Second category (39) with population between 50000 to 99999 or Municipalities at the District Headquarters or where per capita income is Rs. 200 or more.
  - (b) Third category (58) with population between 25000 and 49999 or where per capita income is Rs. 150.
  - (c) Fourth category (72) with less than 25000 population.

3.11 Though (a) of census definition of urban areas as mentioned in para 3.9 above cover the state's concept of municipal areas (except for the cantonment area). Part (b) of the census definition of urban areas include areas which according to the state might be rural areas.

3.12 The first State Finance Commission also pointed out towards different criteria being adopted in classification of the urban areas by the Census Department and Urban Local Bodies Department and thereby creation of resultant anomaly. This commission therefore, reiterate the issue and

expect the State Government to look into the anomaly for appropriate action.

- 3.13 The Commission feels that while the over all division of funds between urban and rural areas should be done on population ratio the distribution of population based Governmental assistance should be done on the basis of actual population of notified ULBs. Therefore, for the sake of reliable data we have considered census data for devolution of funds to the Urban Local Bodies (as classified by the State Government).

**STATUTORY PROVISIONS FOR MUNICIPALITIES IN RAJASTHAN :**

- 3.14 At the time of integration of Princely States several Municipal Acts were prevalent. After formation of the State of Rajasthan, the Rajasthan Town Municipalities Act, 1951 came into existence. Due to reorganisation of the State in 1956 and other requirements, a comprehensive Act was enacted which came into force 1959. It is called the Rajasthan Municipalities Act, 1959 as amended from time to time.

**74TH AMENDMENT AND THEREAFTER :**

- 3.15 With a view to strengthen and provide more powers to municipalities, the 74th Amendment in the Constitution of India was passed making the amended provisions mandatory. The State Governments were required to follow suit and pass necessary bills in their respective areas. The State Government has also passed Rajasthan Municipalities (Second Amendment) Act, 1994. The main features of the Amended Act relate to: Definitions, Constitution and Composition of Municipalities, various Committees, Reservation of Seats, Duration of Municipalities, Disqualification for Members, Powers, Authority and Responsibilities of Municipalities etc., Powers to impose taxes, funds of Municipalities, Finance Commission, Audit of Accounts, Election of Municipalities, District Planning Committee and Metropolitan Planning Committee. The 74th amendment also provided special dispensation for Metropolitan area having a population of ten lakhs or more, comprised in one or more districts and consisting of two or more municipalities or panchayats or other contiguous areas, specified by the Governor by notification to be a Metropolitan area. Now that the population of Jaipur has crossed even twenty lakhs the State government may examine framing necessary act/rules for declaring Jaipur a "Metropolitan area".
- 3.16 As a sequel to amendments made in the Rajasthan Municipalities (second amendment) Act, 1994 a few administrative changes have been made over the years. These are related to enhancement of financial powers of the Mayor and Chairman, Committees have been constituted and their numbers have been increased to have better representation of elected members; Representation to ULBs on the District Planning Committees

have been granted and some other stray efforts have been made. But in functional domain the Municipal Bodies have, by and large, remained the same. Efforts in the areas of urban environment have been limited to slum improvement programmes as was being done earlier. A highly satisfying area has been the reservation for women, SC/ST and OBCs. Presently, the categorywise number of Mayors/Chairpersons of ULBs is as follows:

S.No.	Name of Category	Woman	Man	Total
1	General Category	38	76	114
2	Scheduled Caste	9	18	27
3	Scheduled Tribe	1	4	5
4	Other Backward Classes	13	24	37
	<b>Total</b>	<b>61</b>	<b>122</b>	<b>183</b>

3.17 A study conducted by the Harish Chandra Mathur Rajasthan Institute of Public Administration in 1997 speaks of Government of Rajasthan's urban agenda for the future. It consists of the following:

1. Preparation of Municipal Corporation Act/Nagar Nigam Act.
2. House Tax Simplification.
3. Devolution of powers and functions to local bodies according to 74th Amendment Act.
4. Preparation of State Urban Policy.
5. Preparation of Manual to take up technical works in ULBs.
6. Finalising norms and legal provisions related to sanitation, street light, slaughter houses etc.
7. Framing guidelines for management of urban services through private sector and community participation.
8. Human Resource Development effort for municipal functionaries including elected representatives.

#### **FUNCTIONS OF ULBs :**

3.18 Urban Local Bodies are the backbones of democracy due to their proximity to the people as they serve the people in a number of ways. These ULBs are expected to provide public utilities, civic amenities, community facilities and shelter. The Indian Constitution under article 243-W provides for the legislature of a State to endow such powers and responsibilities to ULBs as may be necessary for preparation, implementation, execution of plans of socio-economic development and social justice. Subjects which are to be performed by the municipalities have been listed in the twelfth schedule of the constitution:

3.19 In Rajasthan the functions of ULBs are listed in the Rajasthan Municipalities Act under sections 98 and 101. While section 98 provides for functions which every Municipality is expected to perform and could

be termed as primary functions, Section 101 provides for secondary functions of these bodies.

3.20 Section 98 of Rajasthan Municipalities Act, mention that it shall be the duty of every board to make reasonable provision for the following matters within the Municipality under its authority namely:-

- (a) lighting public streets, places and buildings;
- (b) watering public streets and places;
- (c) cleaning public streets, places and sewers, and all spaces, not being private property, which are open to the enjoyment of the public, whether such spaces are vested in the board or not, removing noxious vegetation and abating all public nuisances;
- (d) removing filth, rubbish, night-soil, odour, or any other noxious or offensive matter from privies, latrines, urinals, cess-pools or other common receptacles for such matter or in pertaining to a building or buildings;
- (e) extinguishing fires and protecting life and property when fire occurs;
- (f) regulating offensive or dangerous trades or practices;
- (g) removing obstructions and projections in public streets or places and in spaces, not being private property which are open to the enjoyment of the public, whether such spaces are vested in the board or belong to the State Government;
- (h) securing or removing dangerous buildings or places and reclaiming unhealthy localities;
- (i) acquiring, maintaining, changing and regulating places for the disposal of the dead and of the carcasses of dead animals;
- (j) constructing, altering and maintaining public streets, culverts, municipal boundary marks, markets, slaughter-houses, drains, sewers, drainage-works, sewerage-works, baths, washing places, drinking fountains, tanks, wells, dams and the like;
- (k) constructing public latrines, privies and urinals;
- (l) obtaining supply or an additional supply of water, proper and sufficient for preventing danger to the health of inhabitants from the insufficiency or unwholesomeness of the existing supply;
- (m) naming streets and numbering houses;
- (n) registering births and deaths;
- (o) public vaccination;
- (p) suitable accommodation for any calves, cows or buffaloes required within the municipality for the supply of animal lymph;
- (q) arranging for the destruction or the detention and preservations of such dogs within the municipality as may be dealt with under section 208 of this Act;



- (r) printing such annual reports on the administration of the municipality as the State Government by general or special orders, require the board to print;
- (s) paying the salary and the contingent expenditure on account of such police guards as may be required by the board for the purpose of this Act or for the protection of any municipal property and providing such accommodation as may be required by the State Government under the law in force relating to police;
- (t) raising volunteer force with such functions and duties in relation to the protection of persons, the security of property and the public safety as may be prescribed
- (u) making arrangements for preparation of compost manure from night-soil and rubbish; and
- (v) establishing and maintaining cattle ponds.
- (w) promoting population control, family welfare and small family norm

3.21 Section 101 of the Rajasthan Municipalities Act provides that Boards may at their discretion, provide out of the municipal property and fund, either wholly or partly, for:-

- (a) laying out, whether in areas previously built open or not, new public streets and acquiring land for that purpose, including land requisite for the construction of buildings or cartilages thereof, to about on such streets;
- (b) constructing, establishing, maintaining or contributing to the maintenance of the public parks, gardens, libraries, museums, reading rooms, radio receiving stations, lunatic asylums, halls, offices, dharamshalas, rest houses, encamping grounds and other public buildings and places;
- (c) constructing and maintaining where necessary, suitable sanitary houses for the habitation of the poor and granting loans for the construction of such houses or for effecting necessary improvements connected therewith;
- (d) providing accommodation for any class of servants employed by the board or granting loans to such servants for construction of houses subject to the rules prescribed in this behalf;
- (e) planting and maintaining road side and other trees;
- (f) taking a census and granting rewards for information which may tend to secure the correct registration of vital statistics;
- (g) securing or assisting to secure suitable places for the carrying on of the offensive trades mentioned in section 248;
- (h) supplying, constructing and maintaining receptacles, fittings, pipes other appliances whatsoever, on or for the use private premises,

- for receiving and conducting the sewage thereof into sewers under the control of the board;
- (i) establishing and maintaining a farm or factory for the disposal of sewage;
  - (j) providing music for the people;
  - (k) the promotion of public health or infant welfare;
  - (l) contribution towards any public fund raised for the relief of human suffering with or without the municipality;
  - (m) by a resolution passed at a general meeting and supported by one-half of the whole number of members, any public reception, ceremony, entertainment, or exhibition within the municipality;
  - (n) the organisation or maintenance of shops or stalls for the sale of necessities of life during scarcity;
  - (o) holding fairs and exhibitions;
  - (p) supply of milk;
  - (q) establishing labour welfare centres for its employees and subsidising the activities of any association upon or club of such employees by grant of loan for its general advancement;
  - (r) organising or contributing to a Municipal Board union;
  - (s) maintenance of ambulance service;
  - (t) establishing and maintaining public hospitals and dispensaries and providing public medical relief;
  - (u) providing facilities for anti-rabic treatment and meeting the expenses of indigent persons undergoing anti-rabic treatment within or outside the municipal limits;
  - (v) housing and maintaining destitute orphans and cripples and maintaining maternity centres and child welfare clinics;
  - (w) establishing and maintaining primary schools;
    - (i) Preparation of plans for economic development and social justice.
    - (ii) the performance of functions and the implementation of the schemes that may be entrusted by the State Government to it, including those in relation to the matters listed in the Twelfth Schedule of the Constitution of India.
  - (x) any other matter not herein before specifically named which is likely to promote education or the public health, safety or convenience or the advancement of economic condition of the inhabitants or the board or which is necessary for the carrying out of this Act, expenditure whereon is resolved by the board by the votes of not less than two-thirds of the whole number of members and with the approval of the State Government to be an appropriate charge on the municipal fund.

3.22 Although the 74th Amendment and the twelfth schedule of the constitution of India envisages 18 subjects to be discharged by the Urban Local Bodies

but the Rajasthan Municipalities Act, envisages 23 obligatory and 24 discretionary functions for the municipalities in the state. However inspite of incorporation of obligatory and discretionary functions the urban local bodies have not been able to provide satisfactory level of basic civic services. Even the basic civic amenity of sewerage and solid waste management remains a problem in large cities having municipal corporation and councils leave aside small towns. The management of solid waste is one of the essential services and an obligatory duty of municipal bodies to arrange for daily street cleaning and transport, processing and disposal of waste in the urban areas. Inspite of this in most urban areas the management of urban waste is looked at as an inferior function fit to be supervised only by the lower level officers. The people at the helm of affairs do not consider solid waste management as a priority area though very large percentage of funds of the urban local bodies are spent towards this most essential service. Thus apathy of the decision makers and planners is also the reason for the poor level of solid waste management in the urban areas.

#### **ON GOING PROGRAMMES OF ULBs :**

3.23 The ULBs suffer from meagreness of financial resources and technical personnel. It is, therefore, very natural that most of ULBs are engaged in routine functions and are unable to persue urban development programmes in an effective manner. However, in Rajasthan the ULBs are engaged in the implementation of following programmes/projects:

- Environmental improvement programme in Kacchi Bastis;
- Consolidation of fire fighting services
- Low cost sanitation programme
- Sahbhagi Nagar Vikas Yojana
- Balika Smridhi Yojana
- National Slum Development Programme
- Chief Minister Employment Scheme
- Swaran Jayanti Urban Employment Scheme
- Scheme of Urban Wage Employment
- Basic Infrastructure

3.24 Besides these schemes/programmes a number of other activities are being taken up by the ULBs in addition to obligatory and discretionary functions. Thus, the areas of responsibilities of ULBs are vast. But there are many problems in performing the roles and responsibilities by the ULBs due to various reasons. Several factors are responsible for this state of affairs.

#### **ORGANISATIONAL STRUCTURE :**

3.25 The organisational structure of an ULB depends on its category. While, there is no distinction between the various categories of ULBs in the

statutory and discretionary functions assigned under sections 98 and 101 of the Municipal Act, yet the number of sections and personnel differ from Council to Council and Board to Board. The first State Finance Commission had recommended for initiating a study for devising a suitable organisational structure based on the statutory functions. The study does not seem to have been conducted. The organisational structure of a Corporation or Council consists of several sections. The following ten sections exist in all most all the Corporations and Councils:-

1. Revenue
2. Health and Sanitation
3. Public Works
4. Garage
5. Garden and Parks
6. Legal Affairs
7. Street Lighting
8. Fire Fighting
9. Accounts
10. General Administration

3.26 These sections are headed by officers of respective divisions. Some of the sections do not exist in other categories. In class two, three and four municipalities, sections related to gardens and street lighting do not exist separately. In class three and four municipalities separate sections related to legal affairs, fire fighting and accounts do not exist separately. The staff of ULBs is drawn from a variety of cadres of Municipal and other services.

3.27 The Directorate of Local Bodies is the nodal agency in the Government to co-ordinate activities of the ULBs at the State level. The Directorate has following cells/sections to perform and co-ordinate activities at the State level. These units are:

1. Project Section
2. Engineering Section
3. Accounts Section
4. Establishment Sections separately for officers and employees
5. Statistical Cell
6. Vigilance Cell
7. Legal Cell

#### STAFF OF ULBs :

3.28 The first State Finance Commission had discussed the question of staff under ULBs at length. The staffing pattern, policy and practices have not

changed over the years and almost the earlier trends in staffing continue to dominate the scene except for the fact that due to abolition of octroi large number of employees were rendered surplus. Many employees who were engaged in octroi collection have been absorbed against vacant position in the respective Municipality as also in some other organisations but still some of them who could not be absorbed due to some or the other reasons are being paid salaries without any work. The position of posts of various categories sanctioned/persons working in the Corporations, Councils and Municipal Boards consisting of officers/staff including safai karamcharis works out to 55522 as furnished in the Memorandum by the Local Bodies Department. The details are available at Annexure-III.1.

3.29 As mentioned earlier the first State Finance Commission had highlighted the staff related issues and put forward the alternatives for having a viable staff policy in the context of privatisation efforts. These very issues and measures are more relevant today particularly due to the idle octroi staff which has to be paid salaries without any work. During the field visit of the Commission it was brought to our notice that posts of doctors and other health staff were created in municipal bodies which are no more needed at many places as these posts/persons have no work in the respective municipalities. But still people are being posted on these posts whereas cleaning staff or sweepers which are very much in demand due to addition of new colonies and rising population are not being recruited due to ban on recruitment imposed by the Department. Thus the municipalities are required to pay salaries to idle octroi staff, doctors, nurses etc. without much work and at the same time not able to cater to sanitation and solid waste management requirements due to lack of sweepers. Therefore, there is urgent need for consideration of these issues relating to rationalisation of sanctioned posts, abolition of posts which are not needed, allowing recruitment of sweepers, mechanisation and privatisation of sanitation functions so as to ensure proper cleaning of urban areas. During the field visit it was also brought to our notice that for hiring persons for sweeping/sanitation job on various occasions the urban local body is required every time to seek the permission of the Local Body Department which is a lengthy process. It was suggested that these powers could be delegated to District Collector who may permit hiring of sweepers on special occasions keeping in view the local conditions. The State Government may examine this issue for appropriate action keeping in view the large number of urban local bodies in the state and the delay involved in seeking/granting such permissions every time.

3.30 As we have mentioned earlier there is an increasing trend of urbanisation and at this pace of urbanisation it is expected that within the next 15 to 20 years, nearly a half of total population will be urban. The Local Bodies

have a significant role to play in the socio-economic development of people. The Municipalities or city governments are the backbone of democracy and by their proximity to the people they are expected to be sensitive and alive to the needs and aspirations of the community. They are expected to provide the citizens public utilities, civic services, community facilities and shelter. Besides providing a healthy environment to the citizens, they are also expected to play a significant role in economic growth for expanding job opportunities in their areas. However, Municipal Bodies have not been able to discharge their functions satisfactorily on account of various reasons mainly due to the inadequacy of financial resources coupled with poor infrastructure, inefficient human resource and general apathy of the decision makers and planners towards providing basic civic amenities. The withdrawal of octroi has further made these bodies dependent on the State Government grant even for payment of salaries to the staff and to meet day to day expenses.

- 3.31 The present set up of elected Urban Local Bodies ensures representation of members of Scheduled Castes/Scheduled Tribes/Other Backward classes and women at all levels. With a view to ensure effective participation of all the elected representatives in the functioning of Urban Municipal Bodies training is necessary so that they are aware of the latest programmes and schemes to be implemented and the Urban Local Bodies could become effective institutions of city governments. Training is particularly necessary for those public representatives who have been elected for the first time and do not have any background or experience of the functioning of ULBs.

#### **SUGGESTIONS AND RECOMMENDATIONS :**

- 3.32 The 74th amendment of the Constitution and the consequent amendments in the Rajasthan Municipalities Act envisages various powers, functions and responsibilities to the Urban Local Bodies. However, for achieving real functional autonomy for the Urban Local Bodies it is necessary that the division of powers and functions takes place between the State Government and the Urban Local Bodies in the same manner as powers and functions of the Centre and the State Governments have been divided in the Union List and the States List. The Commission, therefore, suggests that for making the Urban Local Bodies "City Governments" in the real sense these bodies should be empowered to decide all matters listed in the Twelfth Schedule and for this purpose, if need be, necessary amendment in the relevant Act/Rules be made.
- 3.33 There are three Municipal Corporations in the State. The Municipal Corporations and their elected representatives with the large size of population to be served need separate set of Act/Rules powers and

functional autonomy but the same Municipal Act is applicable to them which regulates the small Municipalities. The State Government may therefore, consider framing separate Act/Rules for Municipal Corporations. The 74th amendment also provides constitution of "Metropolitan area" for contiguous area having a population of ten lakhs or more. Now that the population of Jaipur has crossed twenty lakhs the State government may examine framing necessary Act/rules for declaring Jaipur a Metropolitan area.

- 3.34 The issue regarding rationalisation of sanctioned posts and mechanisation/privatisation of cleaning job in urban areas needs to be resolved to enable the urban local bodies to discharge their main civic function of sweeping/sanitation effectively. The State Government may also examine the feasibility of delegating powers relating to hiring the services of sweepers for cleaning on special occasions to the concerned local body or alternatively authorising the District Collector to permit such hiring to the concerned urban local body. The Commission also feels that there is need for close supervision and monitoring of solid waste management function by senior officers and elected representatives of urban local bodies as it is an obligatory duty of every municipality to arrange for daily street cleaning, transport, processing and disposal of waste.
- 3.35 With a view to ensure effective participation of newly elected public representatives particularly from weaker sections of the society and women in the Urban Local Bodies the State Government should arrange for training of the public representatives.
- 3.36 The basis for categorisation of urban areas as adopted by the Urban Local Bodies Department is different than that adopted by the census Authorities. This has created an anomalous situation and leads to problems in adoption of population and other data for study, analysis and distribution of assistance. The first State Finance Commission also pointed out towards this anomaly and made recommendation for appropriate solution. This Commission would like to reiterate the issue and expects the State Government to resolve the same.

## STATE'S FINANCE

- 4.1 In making our recommendations regarding transfer of resources to Panchayati Raj Institutions and Urban Local Bodies, we are required under terms of reference to consider the financial resources of the State and demands thereon keeping in view the non-plan deficit/surplus and in particular the need for providing adequate resources for funding the plan expenditure for the over all development of the State.
- 4.2 In this connection the Commission received Memorandum containing various information relating to state finances from the State Government in the Finance Department. The State Finance Department in their Memorandum has urged the Commission to take a holistic view of the situation keeping in view the resources available with the state for plan development, likely implications of imposing a Fiscal Regulation Act, debt ceiling and decreasing state domestic product due to consecutive droughts. It has also been mentioned by the Finance Department that presently apart from per capita grant, development grants and various transfers under recommendations of the State Finance Commission, the PRIs and ULBs are also sharing individual taxes such as land revenue and entertainment tax. The Commission may therefore consider the transfers taking into account the overall resources being transferred to the Panchayati Raj Institutions/Urban Local Bodies and the balance from current revenues.

### IMPORTANT FINANCIAL INDICATORS :

- 4.3 The Finance Department has furnished to us information containing important financial indicators of the State finances. It would be worthwhile to reproduce the broad data containing vital information so as to understand and appreciate the financial position of the State Government based on actual figures pertaining to the period 1994-95 to 1999-2000 which are as follows :

Table - IV.1  
Important Financial Indicators of the State

Indicator	1994-95	1995-96	1996-97	1997-98	1998-99	(Rs. in crores)	
						1999-2000	Average % increase yearly
<b>I. Revenue Receipts</b>							
A. State's Revenue	3602.74	4987.35	4484.88	4973.00	5292.73	6104.67	12.20
(i) State's Own-Tax Revenue	2307.17	2730.60	3123.76	3610.58	3939.34	4530.89	14.49
(ii) State's Non-tax Revenue	1295.57	2256.75	1361.12	1362.42	1353.39	1573.78	10.04



Indicator	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000	Average % increase yearly
<b>B. State Share in Central Taxes</b>	1291.69	1483.22	1765.84	1808.73	1964.28	2184.83	11.23
<b>C. Union Grants etc. (GOI)</b>	1427.30	1159.12	1309.00	1622.49	1322.26	1500.10	2.61
<b>Total (A + B + C)</b>	<b>6321.73</b>	<b>7629.69</b>	<b>7559.72</b>	<b>8404.22</b>	<b>8579.27</b>	<b>9789.60</b>	<b>9.43</b>
<b>2. Capital Receipts</b>							
<b>A. Internal Debt of the State i.e. Market and other institutional borrowings</b>	1716.55	2961.84	5205.17	3768.97	5023.05	8060.36	42.89
<b>B. Loans from Centre</b>	887.47	1140.22	1489.88	1879.34	1963.50	3354.60	32.12
<b>C. Recovery of Loans &amp; Advance</b>	128.44	402.13	315.13	887.83	80.45	120.04	66.29
<b>D. Public Account (Net)</b>	766.24	894.83	829.58	1216.51	1418.80	1574.78	16.75
<b>Total (A+B+C+D)</b>	<b>3498.66</b>	<b>5399.02</b>	<b>7839.76</b>	<b>7752.65</b>	<b>8485.80</b>	<b>13109.78</b>	<b>32.47</b>
<b>Total Receipts (1+2)</b>	<b>9820.39</b>	<b>13028.71</b>	<b>15399.48</b>	<b>16156.87</b>	<b>17065.07</b>	<b>22899.38</b>	<b>19.12</b>
<b>3. Expenditure</b>							
(i) Revenue Expenditure	6746.48	8331.56	8425.67	8986.06	11575.57	13429.55	15.22
(ii) Capital Outlay	1060.61	1757.46	1657.89	2506.99	1792.03	1517.27	13.48
(iii) Loans and Advances	405.77	517.08	297.77	351.04	443.01	324.05	0.45
(iv) Repayment of Public Debt	1551.46	2625.49	4896.76	4354.92	3513.36	7132.85	45.67
<b>Total Expenditure (i to iv)</b>	<b>9764.32</b>	<b>13231.59</b>	<b>15278.09</b>	<b>16199.01</b>	<b>17323.97</b>	<b>22403.72</b>	<b>18.65</b>
<b>4. Budgetary deficit (1+2-3)</b>	56.07	-202.58	121.39	-42.14	-258.90	495.66	-106.60
<b>5. Revenue Deficit/ Surplus (1-3 (i))</b>	-424.75	-701.87	-865.95	-581.84	-2996.30	-3639.95	98.45
<b>6. Fiscal Deficit [1+2C - {3(i)+(ii)+(iii)}]</b>	-1762.73	-2574.28	-2506.48	-2552.04	-5150.89	-5361.23	30.23
<b>7. Total Debt of the State Govt.</b>	11833.34	14103.99	16775.76	19261.75	24169.97	30010.86	20.52
<b>8. Gross State Domestic Product</b>	41110.75	46307.43	55930.92	59140.49	65634.72	67804.94	10.69
<b>9. Revenue Deficit as %age of GSDP</b>	-1.03	-1.52	-1.55	-0.98	-4.57	-5.37	79.32
<b>10. Fiscal Deficit as %age of GSDP</b>	-4.29	-5.56	-4.48	-4.32	-7.85	-7.91	17.82
<b>11. Debt as %age of GSDP</b>	28.78	30.46	29.99	32.57	36.82	44.26	9.23

- 4.4 The figures given in the above table indicate that during the period 1994-95 to 1999-2000 the total expenditure of the State increased by an average annual rate of 18.65% and revenue expenditure by an average annual growth rate of 15.22% whereas the average annual growth in total revenue receipts was 9.43% only. The other indications are increase in debt burden of the State which recorded an average annual increase of 20.52% during the same period. The State had to resort to higher borrowings to fill the gap between revenue expenditure and revenue receipts. The main reasons for higher level of revenue expenditure are implementation of Fifth Pay Commission's recommendations, higher levels of grants to Local Bodies in lieu of octroi and interest payments etc.

#### ESSENTIAL EXPENDITURE OF THE STATE :

- 4.5 The expenditure of the State Government on essential items such as salary, wages, pension payments, interest and grant-in-aid to various institutions which is given mainly for payment of salaries to their employees has increased considerably. The figures of these expenditures and their percentage to total revenue receipts are given below in Table-IV.2:

Table - IV.2  
Essential Expenditure of the State

Item	(Rs. in crores)					
	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000
Salary	2138.26	2533.02	2923.72	3262.59	4583.27	4861.45
	<i>33.82</i>	<i>33.20</i>	<i>38.67</i>	<i>38.82</i>	<i>53.42</i>	<i>49.66</i>
Wages	136.64	132.75	165.17	132.66	153.55	181.58
	<i>2.16</i>	<i>1.74</i>	<i>2.18</i>	<i>1.58</i>	<i>1.79</i>	<i>1.85</i>
Pension	299.89	374.03	489.97	595.66	879.40	1336.69
	<i>4.74</i>	<i>4.90</i>	<i>6.48</i>	<i>7.09</i>	<i>10.25</i>	<i>13.65</i>
Interest	1035.93	1238.88	1553.11	1896.67	2242.92	2825.21
	<i>16.39</i>	<i>16.17</i>	<i>20.54</i>	<i>22.57</i>	<i>26.14</i>	<i>28.86</i>
Grant-in-Aid	1307.98	1548.65	1542.78	1379.50	1741.65	2149.78
	<i>20.69</i>	<i>20.30</i>	<i>20.41</i>	<i>16.41</i>	<i>20.30</i>	<i>21.96</i>
<b>Total</b>	<b>4918.70</b>	<b>5822.23</b>	<b>6674.75</b>	<b>7267.08</b>	<b>9600.79</b>	<b>11354.71</b>
	<i>77.81</i>	<i>76.31</i>	<i>88.29</i>	<i>86.47</i>	<i>111.91</i>	<i>115.99</i>
<b>Total Revenue Receipts</b>	<b>6321.73</b>	<b>7629.69</b>	<b>7559.72</b>	<b>8404.22</b>	<b>8579.28</b>	<b>9789.60</b>

*Note: Figures in Italics show %age of Expenditure to Total Revenue Receipts.*

- 4.6 The analysis of these figures indicate that the total expenditure on essential items or obligatory expenditure which was 77.81% of total revenue receipts in 1994-95 has gone up to 115.99% in the year 1999-2000. This implies that the State Government is required to resort to borrowings even to meet its essential items of expenditure. This has led to

higher levels of borrowings and consequent interest burden with the result that the State has already slipped in "Fiscal Stress". The fiscal stress was defined by the Tenth Finance Commission as ratio of interest payments to revenue expenditure. Where this ratio exceeds 17% a State is said to be under fiscal stress. This ratio for Rajasthan was 15.35% in 1994-95 which increased to 21.04% in 1999-2000.

#### FINANCING OF PLAN EXPENDITURE :

- 4.7 The increasing gap in resources of the State has also started reflecting in resources to be mobilised for funding Annual Plans. The following table indicates Annual Plan outlays and financing of the plan mainly from borrowings:

Table - IV.3  
Financing of Plan Expenditure

Year	Plan outlay A.P.	Actual Expenditure	Resources to Fund Plan	Borrowings for Financing Plan	(Rs. in crores)	
					Borrowings as percentage to outlay	Borrowings as %age of Actual Expenditure
1992-1993	1410.00	1445.09	1331.64	1229.95	87.23	85.11
1993-1994	1704.76	1855.31	1699.70	1661.36	97.45	89.55
1994-1995	2450.00	2447.07	2507.31	2028.67	82.80	82.90
1995-1996	3200.00	3120.09	2789.46	2362.48	73.83	75.72
1996-1997	3310.49	3131.41	3111.64	2624.66	79.28	83.82
<b>Total</b>	<b>12075.25</b>	<b>11998.97</b>	<b>11439.75</b>	<b>9907.12</b>	<b>82.04</b>	<b>82.57</b>
1997-1998	3514.42	3987.35	4621.27	3285.76	93.49	82.40
1998-1999	4300.00	3832.83	3123.92	4612.93	107.28	120.35
1999-2000	4750.00	3600.95	4312.67	6537.98	137.64	181.56

- 4.8 An analysis of the table-IV.3 indicates that whereas in the year 1995-96 the amount of borrowings as a percentage to total plan outlay was 73.83%, this rose to 137.64% of the total plan outlay during 1999-2000 and in terms of actual plan expenditure the borrowings as a percentage were still higher. While in 1995-96 as against the total plan expenditure of Rs. 3120.09 crores the State borrowed Rs. 2362.48 crores, in 1999-2000 against the total plan expenditure of Rs. 3600.95 crores the State had to borrow Rs. 6537.98 crores which worked out to 181.56% of the plan expenditure. It simply indicates that the funds which should have been used for plan development had to be diverted to meet the non-plan revenue deficit i.e. to meet the negative balance from current revenues.
- 4.9 The present financial situation is on account of various factors mainly the burden of increased pay, allowances and pensions due to Fifth Pay Commission, abolition of octroi, expenditure on providing drought relief etc. The Central Government has asked the State Government for fiscal consolidation so as to achieve a zero non-plan revenue deficit by the year 2004-05. A Memorandum of understanding had also been reached

between the Central and the State Government in this regard in March, 1999. In pursuance of the aforesaid Memorandum the State Government is required to raise additional resources and reduce expenditures.

**EXISTING TRANSFERS TO PRIs AND ULBs FROM THE STATE :**

- 4.10 The Panchayati Raj Institutions and Urban Local Bodies are implementing various developmental schemes and programmes of the State Governments for which financial assistance is given by the State Government for their implementation. In case of Panchayati Raj Institutions the entire expenses of payment of salaries and allowances to the employees are also borne by the State Government. There is a misconception that only 2.18% of State tax revenue is devolved to Panchayati Raj Institutions and Urban Local Bodies from the State Government. To make this position clear the Commission consider it appropriate to indicate the level of funds devolved to the PRIs and ULBs out of State budget during the financial year 1995-96 to 1999-2000 and the percentage of these transfers to State net tax revenues. The table - IV.4 given below would make this position clear:

Table - IV.4  
**Transfer of total Funds to PRIs and ULBs and  
its proportions to net tax revenues of the State**

	(Rs. in crores)				
	1995-96	1996-97	1997-98	1998-99	1999-2000
States Own Net					
Tax Revenue	2520.00	2909.05	3350.44	3615.26	4171.96
Transfer to PRIs	513.37	652.99	604.47	784.17	931.14
Transfer to ULBs	45.73	50.56	68.12	77.19	65.06
<b>Total</b>	<b>559.10</b>	<b>703.55</b>	<b>672.59</b>	<b>861.36</b>	<b>996.20</b>
Transfer to PRIs and ULBs as %age of State Net Tax Revenue	22.19	24.18	20.07	23.83	23.88

- 4.11 It is evident from the above table that during 1995-96 the total amount of devolution from the State to PRIs and ULBs was Rs. 559.10 crores which worked out to 22.19% of the State's net tax revenue, the amount rose to Rs. 996.20 crores and in percentage terms it works out to 23.88 during 1999-2000. It is further mentioned here that the Panchayati Raj Institutions also perform agency functions for implementation of various rural development programmes for which funds are directly given by the District Rural Development Agencies of the respective districts. The amounts so given by the DRDA's are not reflected here.
- 4.12 Another aspect of State's Finances which needs mention is that the Pensionary liabilities in respect of the employees of Panchayati Raj Institutions rests with the State Government whereas in case of Urban

Local Bodies it is not so. The State Government is spending sizeable amount on payment of Pensions and retirement benefits to the employees of PRIs which would be evident from the figures given below:

(Rs. in lacs)				
1995-96	1996-97	1997-98	1998-99	1999-2000
375.51	472.96	440.22	421.91	564.59

- 4.13 The Eleventh Finance Commission has assessed the State's Finances and after adding the devolution of central taxes to the State's projected receipts for the year 2000-01 worked out a non-plan revenue deficit of Rs. 955.26 crores and accordingly recommended for a grant of this amount to the State. Similarly, for the year 2001-02 the Eleventh Finance Commission after considering the estimated devolutions of central taxes worked out a non-plan revenue deficit of Rs. 289.42 crores and has accordingly recommended grant of this amount. Thereafter as per the estimates of the Eleventh Finance Commission the State should have a non-plan revenue surplus. However, the State budget document for the year 2001-02 reflects non-plan revenue deficit of Rs. 1824.29 crores for the year 2000-01 (RE) and Rs. 2222.51 crores for the financial year 2001-02. This indicates that the actual scenario is much different than what has been visualised by the Eleventh Finance Commission. But in terms of total transfers the amount recommended by the Eleventh Finance Commission for the period 2000-05 is Rs. 23588.63 crores which is more than double of the amount of Rs. 11400.87 crores recommended by the Tenth Finance Commission for the state.
- 4.14 As mentioned earlier the State Government has also provided to us information relating to the Balance from Current Revenues for the period 1995-96 to 1999-2000 and projections which cover our report period. These projections indicate that as against a positive Balance from current revenues of Rs. 28.70 crores during 1995-96 the position has been deteriorating thereafter and in 1999-2000 the BCR rose to a negative level of Rs. (-)3132.20 crores. It is further projected to reach a negative level of Rs. (-) 4221.88 crores in 2004-05.
- 4.15 The availability of budgetary resources for funding the State plan as contained in FD memo indicates that as against availability of Rs. 2666.16 crores in the year 1995-96 the amount slightly rose to Rs. 2850.47 crores in 1999-2000 mainly due to higher receipts of share of loan against net small savings but this is projected to go down to a level of Rs. 1955.94 crores during 2004-05 mainly due to the increased negative balance from current revenues. The reduced availability of resources to fund the plan is going to adversely affect planned development of the State which would also have a bearing on PRIs and ULBs.

- 4.16 As mentioned in earlier para the Finance Department in its Memorandum to the Commission has requested us to view the State resources in its overall perspective and take a holistic view while making recommendations regarding devolution to PRIs and ULBs. The Commission does feel concerned about the growing deficit and negative balance from current revenues, however at the same time the Commission feels that the financial position of PRIs and ULBs is no better and they need to be made financially viable so that they could discharge their civic functions to a satisfactory level. Therefore, the Commission while recommending transfers of funds to PRIs and Urban Local Bodies has tried to strike a balance so that atleast the bare minimum requirements of these bodies are met and at the same time they are also motivated to raise additional resources at their own level.

**ASSESSMENT OF STATE'S OWN NET TAX REVENUES :**

- 4.17 The terms of reference require us to estimate the state net proceeds of the taxes, duties, tolls and fees leviable by the state which may be divided between the State Government and Panchayati Raj Institutions/Urban Local Bodies.
- 4.18 The taxation subjects assigned to the State Governments are somewhat inelastic in nature. The tax revenue of the State Government is mainly derived from Sales Tax, Entertainment Tax, State Excise, Taxes on Motor Vehicles, Registration & Stamps, Electricity Duty, Land and Building Tax, Land Revenue etc. With exemption of Barani Land and small holdings from land revenue the proceeds from this source are almost stagnant. However, with the credit of conversion charges of agricultural land to non-agricultural purposes under this head the receipt under this item has gone up.
- 4.19 We have projected state's own net tax revenue except from entertainment tax for the period 2000-2001 to 2004-2005 on the basis of average yearly growth rate for revenue as well as expenditure on tax collection achieved during the last nine years commencing 1991-92 to 1999-2000. This long period of nine years growth rate forms fairly reasonable basis and covers good and bad years in the economic development of the state, including drought years. Based on this parameter the net tax revenue of the state, excluding entertainment tax would work out as follows for the period covered under our report:

(Rs. in crores)

Year	2000-01	2001-02	2002-03	2003-04	2004-05	Total
Net Tax Revenue excluding Entertainment Tax	4797.62	5553.05	6427.31	7439.07	8609.92	32826.97

We have also projected the net receipts from Entertainment Tax separately on the same basis as discussed above for the Award Period. The revenue from this tax as projected by us work out as follows :

(Rs. in crores)						
Year	2000-01	2001-02	2002-03	2003-04	2004-05	Total
Net Revenue from Entertainment Tax	29.69	32.55	35.69	39.13	42.90	179.96

The calculation sheets of the net own tax revenues excluding entertainment tax and separate sheet of projected net tax revenue from entertainment tax as assessed by us are available at Annexure-IV.1 and IV.2.

#### STATE'S NON-TAX REVENUE FROM MINERALS :

- 4.20 As regards non tax revenue although the total amount of receipts under this segment was Rs. 1573.78 crores during 1999-2000, but these mainly consists of interest receipts on loans given by the State Government to various public sector and others, receipts from drinking water supply, irrigation charges, receipts from Forest Department, Circuit Houses etc., which are in the nature of service charges.
- 4.21 The only important item which is in the nature of a tax but classified under the non-tax category is receipts of royalty from major and minor minerals. The rates of royalty on major minerals are determined by the Central Government but the revenue is collected and utilised by the State Government, whereas in case of minor minerals royalty rates are determined, collected and utilised by the State Government.
- 4.22 The issue regarding assignment of some portion of royalty receipts by the State Government to the Panchayati Raj Institutions was discussed in the Commission. It was felt that mining activities do create environmental and other problems in rural areas thereby creating extra pressure on civic services to be performed by the Panchayati Raj Institutions. During the field visits of the Commission, public representatives also raised this issue and demanded adequate share from mineral royalties for the PRIs. In Haryana the first SFC had recommended devolution of 20% royalty receipts from minor minerals to the Gram Panchayats and Urban Local Bodies. Keeping in view all these considerations the Commission has also assessed the net receipts from mining for the period 2000-2005 based on the same formula of nine years average growth in revenue from mining and expenditure incurred on collection. Accordingly the five years projected receipts from royalty on minerals works out as under :

(Rs. in crores)						
Years	2000-01	2001-02	2002-03	2003-04	2004-05	Total
Net projected receipts from mining	371.96	454.42	554.79	676.93	825.52	2883.62

The calculation sheet of the net receipts from mining as assessed by us is available at Annexure-IV.3.

- 4.23 Thus as assessed above the projected net own tax revenues excluding entertainment tax of the state for the period 2000-01 to 2004-05 works out to Rs. 32826.97 crores and net projected revenue from entertainment tax at Rs. 179.96 crores for the same period. Similarly the net projected receipts from royalty on mineral for the period 2000-05 works out to Rs. 2883.62 crores. The Commission is to determine the reasonable ratios and amounts that could be devolved to the Panchayati Raj Institutions and Urban Local Bodies at various levels for the proper discharge of various functions assigned to them particularly the maintenance and upkeep of basic civic services in their respective jurisdictions.



**PANCHAYAT FINANCE****REVENUE SOURCES :**

- 5.1 The main sources of revenue of PRIs are own income from tax and non-tax measures and receipts from the State Government. Apart from this the PRIs also perform agency functions to implement various rural development programmes for which they get funds from the District Rural Development Agencies.
- 5.2 The provisions relating to the taxation by the Panchayat are contained in section 65 of the Rajasthan Panchayati Raj Act, 1994 which provides that subject to the rules and any orders made by the State Government in this behalf a Panchayat may impose any or more of following taxes, namely:-
- (a) a tax on building owned by persons not exceeding such rate as may be prescribed;
  - (b) an octroi on animals or goods brought within the Panchayat Circle for consumption or use therein;
  - (c) vehicle tax except on those which are used for the purpose of cultivation;
  - (d) pilgrim tax;
  - (e) a tax for arranging the supply of drinking water within the Panchayat Circle;
  - (f) a tax on commercial crops;
  - (g) any other tax which the State Legislature has, under the Constitution, power to impose in the State and which has been sanctioned by the Government.

It has further been mentioned that except levy of vehicle tax and octroi of more than half percent the permission of the State Government will not be required for imposing the taxes mentioned above. For the purpose of this section, commercial crops are chillies, cotton, mustard, sugarcane, zeera and groundnut.

- 5.3 Section 66 of the Act empowers a Panchayat to impose a special tax on the adult male members of the Panchayat area for the construction of any public work of general utility for the inhabitants of the said area.
- 5.4 Section 67 of the Act empowers a Panchayat to charge fees for any licence or permission granted or given by it for making any temporary erection or for filling up any projection or for temporary occupation of any public or other land vested in the Panchayat.

- 5.5 The taxation powers of a Panchayat Samiti are contained in section 68 of the Act which provides that a Panchayat Samiti may impose and levy in the prescribed manner a tax on the rent payable for the use or occupation of agriculture land, at the rate of fifty paise in a rupee of such rent, such tax being payable by the person cultivating the land or in receipt of any income therefrom. This section further provides that subject to the provision of Article 276 of the constitution of India and to any general or special order of the State Government, a Panchayat Samiti may also impose and levy in the prescribed manner all or any of the following taxes, namely:-
- (a) a tax on such trades, callings, professions and industries as may be prescribed;
  - (b) a primary education cess; and
  - (c) a tax in respect of Panchayat Samiti fairs held within the limits of its jurisdiction.
- 5.6 The powers of Zila Parishad to levy taxes and fees are contained in section 69 of the Act. This section provides that subject to such maximum rates as the Government may prescribe, a Zila Parishad may levy:-
- (a) a fee for licence for a fair or mela;
  - (b) water rate, where management for the supply of water for drinking, irrigation or any other purpose is made by the Zila Parishad within its jurisdiction.
  - (c) **Surcharge -**
    - (i) upto five percent on stamp duty on sale of property in rural areas; and
    - (ii) upto a half percent on the market fees referred to in section 17 of the Rajasthan Agriculture produce Market Act, 1961.
- 5.7 The procedure for recovery of taxes and fees decided to be levied by the Panchayati Raj Institution after following the due procedure has been indicated in the Rajasthan Panchayati Raj Rules, 1996. Section 67 of these rules provides that the taxes shall be recovered by the Patwari who will be paid 5% as collection charges by way of deducting such amount from the gross receipts. The Patwari is also responsible for maintaining the record of demand, recovery and balance. In case the taxes are not recovered by the Patwari as provided in the rules the same are recoverable as an arrear of land revenue. Surcharge on stamp duty shall be collected by Sub-registrar for properties transferred in rural areas in the district and deposited with the Zila Parishad as per procedure laid down by the State Finance Department. Similarly the rules provide for recovery of surcharge on agricultural produce by the Secretary Mandi Committee in the district and credit to Zila Parishad every month.

5.8 However the Panchayati Raj Department has informed the Commission that the resolution passed by some of the Zila Parishads for levy of surcharge on stamp duty and agriculture produce are not being implemented by the Sub-Registrar and Secretary Mandi Committees for want of direction from the State Government in the Finance Department and Department of Agriculture Marketing respectively. During the visit of the Commission to Sikar the Zila Pramukh specifically mentioned to the Commission that as per the provisions of Rajasthan Panchayati Raj Act/Rules the Zila Parishad passed a resolution for levy of surcharge on Stamp Duty and sent to the sub registrar for recovery but he refused to recover the amount for want of instructions from his department. This is a very anomalous situation and needs to be sorted out at the State level by the intervention of Finance Department so that the PRIs can get their legitimate share in these taxes.

5.9 The rules framed under the Rajasthan Panchayati Raj Act, also lays down the rates of various taxes and fees that can be levied by the PRIs. Rule 68 of these rules lays down the maximum rates at which a Panchayat may levy fees for the services rendered to the public. These rates are as follows:-

(i)	Application fees	Rs. 5/-
(ii)	Certificate for residence, caste, income etc.	Rs. 10/- (50% for SC/ST)
(iii)	Certificate of successors for mutation etc.	Rs. 20/- (50% for SC/ST)
(iv)	No objection certificate for electricity or piped water supply	Rs. 20/- (50% for SC/ST)
(v)	Application for purchase of Abadi Land	Rs. 10/-
(vi)	Expenses for preparation of site plan and site inspection	Rs. 25/-
(vii)	Ration Card including application form and printing	Rs. 5/-
(viii)	Registration of Birth and Death after 30 days	Rs. 10/-
(ix)	Permission for building construction	Rs. 1/- (per sq. mtr. for pakka construction)
(x)	Addition/Alteration in site plan already approved by Panchayat	Rs. 50/-
(xi)	Regularisation of unauthorised construction without permission of Panchayat provided there is clear title and right of way is not disturbed.	Rs. 2/- (per sq. mtr.) maximum Rs. 500/-
(xii)	Petrol/Diesel Pump	Rs. 500/- (per year)
(xiii)	Hotel/Dhaba/Automobile/Repairs Shop	Rs. 200/- (per year)
(xiv)	Any other business unit	Rs. 100/- (per year)

5.10 The Panchayats are required to pass resolution in general meeting to levy the above fees and after inviting objections/suggestions from the residents of the Panchayat circle pass the resolution again for imposing the fees from first of the next month.

5.11 Rule 73 of the Rajasthan Panchayati Raj Rules, 1996 lays down the rates of tax on buildings popularly known as house tax. These rates are as under:

S. No.	Particulars	Maximum amount of tax (per annum)
(i)	Where constructed pakka roof area is upto 500 sq.ft.	Rs. 100/-
(ii)	When area is 501 to 1000 sq. ft.	Rs. 200/-
(iii)	When area is 1001 to 2000 sq. ft.	Rs. 300/-
(iv)	When area is more than 2000 sq. ft.	Rs. 500/-

However no tax shall be payable for houses not constructed with stone, bricks or not having stone slabs/RCC roof. Similarly no building tax is to be levied on kaccha houses, IRDP selected families, Indira Avas, and pakka houses having floor area of less than 200 sq. ft.

5.12 The Panchayat Samitis have been authorised under the Rajasthan Panchayati Raj Act to levy tax on trade, callings, professions and industries. The maximum rates of these taxes as laid down under rule 72 are as under:-

S.No.	Particulars	Rs.
(i)	Advocates	300/- per year
(ii)	Oil presses, cotton presses, printing presses/ware houses and other industries (except cottage industries)	1000/- per year
(iii)	Money lenders	1000/- per year
(iv)	Wholesale and retail traders, auctioneers, contractors, commission agents, brokers, workshops	500/- per year
(v)	Clinics, nursing homes, private hospitals	300/- per year
(vi)	Private practitioners, vaidyas, homeopaths, dentists, veterinary surgeons	150/- per year

S.No.	Particulars	Rs.
(vii)	Architects/ engineers	300/- per year
(viii)	Keepers of hotels, lodging houses, boarding houses	500/- per year
(ix)	Editors/proprietors of news papers	250/- per year
(x)	Professional artists, photographers, actors, dancers, musicians	120/- per year
(xi)	Owners of circus/cinema/video shops	1000/- per year (in addition to 100% entertainment tax on sale of tickets)
(xii)	Dealers in animals, vehicles, dairy	250/- per year

5.13 For imposition of above taxes the Panchayat Samitis are required to follow the procedure laid down in rule 58 to 60 of the Rajasthan Panchayati Raj Rules, 1996 which inter-alia envisages resolution by the Panchayat Samiti, publication of notice inviting objections, consideration of objection, and publication and operation of the resolutions etc.

5.14 A special provision exists under the Rajasthan Panchayati Raj Act, 1994 which empowers the State Government to require increase in income of PRIs. Section 73 of the Act, provides that if in the opinion of the State Government, the income of a Panchayat, a Panchayat Samiti or a Zila Parishad falls below that, what is necessary for the proper discharge of its duties under the Act, the State Government may require the Panchayat, the Panchayat Samiti or the Zila Parishad to take steps within such period, not being less than six months, as may be specified in the requisition to increase its income to such extent as the State Government considers necessary.

5.15 Although provisions exist in the Panchayati Raj Act and Rules for levy of various taxes and fees by the PRIs but it has been observed that the PRIs have not utilised their powers of taxation and recovering non-tax revenues to the desirable extent due to their proximity to the voters, as also due to the fact that imposition of taxes and recovery of fees for the services rendered is not obligatory under the Rajasthan Panchayati Raj Act/Rules. Some Panchayats have levied vehicle tax, house tax and pilgrim tax. Octroi was being recovered by some Panchayats which has since been abolished by the State Government and grant-in-aid in lieu of octroi is being given by the State Government to the Panchayats based on the

income from octroi in the year preceding its abolition with a trend increase every year. Thus, after abolition of octroi an item of tax which can generate considerable revenue for the Gram Panchayats is house tax which is being levied by very few institutions. At the Panchayat Samiti level cess on land revenue and education cess appear to be the most popular impositions.

#### ADDITIONAL RESOURCE MOBILISATION :

- 5.16 The PRIs have not been able to achieve the nominal targets of additional resource mobilisation as assessed by the first State Finance Commission. The first State Finance Commission by working out the own resources of PRIs had estimated that the own income of PRIs would increase from Rs. 26.84 crores in 1995-96 to Rs. 42.24 crores in 1999-2000. Details of the own income for all the three tiers of PRIs including nominal additional resource mobilisations and the actual performance against the targets is given below:

Table - V.1  
**Targets and Achievements of Own Income**  
(Including Additional Resource Mobilisation)

Institutions	(Rs. in crores)									
	1995-96		1996-97		1997-98		1998-99		99-2000	
	Target	Ach.	Target	Ach.	Target	Ach.	Target	Ach.	Target	Ach.
Panchayats	15.83	15.16	16.34	17.24	16.86	18.90	17.41	20.51	17.96	22.98
Panchayat Samitis	8.18	7.40	9.05	11.62	10.02	10.18	11.09	9.07	12.28	10.71
Zila Parishads	2.83	1.21	4.06	3.59	5.83	2.67	8.36	2.23	12.00	2.93
<b>Total</b>	<b>26.84</b>	<b>23.77</b>	<b>29.45</b>	<b>32.45</b>	<b>32.71</b>	<b>31.75</b>	<b>36.86</b>	<b>31.81</b>	<b>42.24</b>	<b>36.62</b>
Short Fall / Excess (In amount)	-	-3.07		3.00	-	-0.96	-	-5.05	-	-5.62
%age Short Fall	-	-11.44	-	10.19	-	-2.93	-	-13.70	-	-13.30

- 5.17 As would be evident from the table V.1 while in absolute terms the PRIs have not been able to fulfil the revenue targets for four years out of five years, the performance of Panchayats has been encouraging except for the year 1995-96 when they could not achieve the targets. As regards Panchayat Samitis they could achieve the targets only twice during the five year period. In case of Zila Parishad the achievement has been lower in all the five years. The shortfall ranges between 2.93% in 1997-98 to 13.70% in 1998-99.

- 5.18 As the PRIs have not been able to generate revenues at the local level by levy of taxes, income from non-tax revenue remains the main source of own income. But the receipts from the State Government and receipts from the District Rural Development Agencies form the most important sources of receipts of funds for these institutions. The position of total receipts of PRIs for the period 1994-95 to 1999-2000 has been given in following table-V.2.

**Table - V.2**  
**Total Sources of Funds of PRIs**

	(Rs. in crores)					
Particulars	1994-95	1995-96	1996-97	1997-98	1998-99	99-2000
<b>A. Zila Parishad</b> (District level)						
1. Own income	1.48	1.21	3.59	2.67	2.23	2.93
2. Receipts from State Govt.	28.25	63.78	28.08	21.16	47.36	42.98
3. Other Grants (DRDA)	0.62	1.86	1.61	3.45	3.42	76.85
<b>Total - A</b>	<b>30.35</b>	<b>66.85</b>	<b>33.28</b>	<b>27.28</b>	<b>53.01</b>	<b>122.76</b>
<b>B. Panchayat Samiti</b> (Intermediate level)						
1. Own income	6.24	7.40	11.62	10.18	9.07	10.71
2. Receipts from State Govt.	394.97	466.38	664.22	605.07	786.41	914.38
3. Other Grants (DRDA)	200.85	216.97	279.70	245.09	266.95	218.46
<b>Total - B</b>	<b>602.06</b>	<b>690.75</b>	<b>955.54</b>	<b>860.34</b>	<b>1062.43</b>	<b>1143.55</b>
<b>C. Gram Panchayat</b> (Village level)						
1. Own income	9.84	15.16	17.24	18.90	20.51	22.98
2. Receipts from State Govt.	25.45	31.69	65.78	60.39	112.92	143.01
3. Other Grants (DRDA)	156.84	187.97	214.44	232.54	272.27	246.67
<b>Total - C</b>	<b>192.13</b>	<b>234.82</b>	<b>297.46</b>	<b>311.83</b>	<b>405.70</b>	<b>412.66</b>
<b>All PRIs</b>						
1. Own income	17.56	23.77	32.45	31.75	31.81	36.62
2. Receipts from State Govt.	448.67	561.85	758.08	686.62	946.69	1100.37
3. Other Grants (DRDA)	358.31	406.80	495.75	481.08	542.64	541.98
<b>Total (A+B+C)</b>	<b>824.54</b>	<b>992.42</b>	<b>1286.28</b>	<b>1199.45</b>	<b>1521.14</b>	<b>1678.97</b>

*Detail statement indicating itemwise figures of PRIs receipts has been given in Annexure-V.1.(a), (b) and (c).*

- 5.19 As is evident from table V.2 own income constitute a very negligible portion of the total funds available with all the three tiers of PRIs. Receipts from the State Government and receipts from DRDA forms the major chunk of their funds. Transfer of funds from the State Government is sizeable on account of the fact that expenditure on pay and allowances of Panchayati Raj employees is borne by the State Government and funds are transferred into the personal deposit accounts of PRIs for the purpose.

- 5.20 Funds transfer from District Rural Development Agencies are for implementation of various rural development programmes and the quantum depends on the funds provided by the Central/State Governments under various schemes and programmes in their budgets.

#### EXPENDITURE OF PRIs :

- 5.21 The expenditure of all the three tiers of PRIs has been classified in three broad categories namely, pay and allowances, expenditure on developmental activities and expenditure on maintenance of services provided by them. The expenditure on development is incurred for implementation of various plan schemes and programmes out of funds released to PRIs for the purpose by the State Government and District Rural Development Agencies. The total expenditure for the three tiers of PRIs for the year 1994-95 to 1999-2000 has been shown in table V.3.

Table - V.3  
Total expenditure of Panchayati Raj Institutions

(Rs. in crores)						
Particulars	1994-95	1995-96	1996-97	1997-98	1998-99	99-2000
<b>A. Zila Parishad</b> (District level)						
1. Salary and Allowances	4.88	6.33	7.36	5.74	7.68	15.22
2. Development	17.92	22.17	34.20	16.23	16.91	62.08
3. Maintenance	1.19	1.10	4.59	1.27	2.03	3.40
<b>Total - A</b>	<b>23.99</b>	<b>29.60</b>	<b>46.15</b>	<b>23.24</b>	<b>26.62</b>	<b>80.70</b>
<b>B. Panchayat Samiti</b> (Intermediate level)						
1. Salary and Allowances	329.00	395.32	470.16	509.54	620.17	799.26
2. Development	214.98	227.19	331.89	294.82	354.47	348.30
3. Maintenance	5.69	5.39	8.04	8.21	11.10	14.05
<b>Total - B</b>	<b>549.67</b>	<b>627.90</b>	<b>810.09</b>	<b>812.57</b>	<b>985.74</b>	<b>1161.61</b>
<b>C. Gram Panchayat</b> (Village level)						
1. Salary and Allowances	10.29	7.13	8.89	9.34	10.75	13.12
2. Development	159.03	197.18	233.46	253.11	316.04	325.68
3. Maintenance	-	-	-	-	-	-
<b>Total - C</b>	<b>169.32</b>	<b>204.31</b>	<b>242.35</b>	<b>262.45</b>	<b>326.79</b>	<b>338.80</b>
<b>All PRIs</b>						
1. Salary and Allowances	344.17	408.78	486.41	524.62	638.60	827.60
2. Development	391.93	446.54	599.55	564.16	687.42	736.06
3. Maintenance	6.88	6.49	12.63	9.48	13.13	17.45
<b>Grand Total</b>	<b>742.98</b>	<b>861.81</b>	<b>1098.59</b>	<b>1098.26</b>	<b>1339.15</b>	<b>1581.11</b>
<b>(A+B+C)</b>						

Detail statement indicating headwise figures of PRIs expenditure has been given in Annexure-V.2(a)(b)(c).



- 5.22 Analysis of table V.3 indicates that the expenditure on salary and allowances increased substantially in 1998-99 and 1999-2000 as compared to previous years due to the implementation of Fifth Pay Commission's recommendations. The maintenance expenditure of PRIs has been negligible during the period. The PRIs expenditure on maintenance is mainly met out of their own income. Since their own income is negligible, the expenditure level on maintenance of services has also been limited to the availability of funds with them. In case of Gram Panchayat Rs. 22.95 crores was sanctioned as maintenance grant by first SFC. However, no expenditure on maintenance has been reported, this calls for proper classification of expenditure at the Gram Panchayat level. Comparative analysis of total receipts and expenditure figures of PRIs given in Table-V.2 and V.3 indicates surplus position of funds with these institutions. This is due to the fact that while most of the funds are transferred to them at the end of the financial year, their utilisation takes time and is spread through out the year. Further majority of these funds are transferred by the District Rural Development Agencies for execution of various developmental programmes as the PRIs perform agency function. But, the PRIs face scarcity of funds for performing their basic civic functions.

**REQUIREMENT OF FUNDS FOR THE PRIs :**

- 5.23 We have seen the sources of income and expenditure incurred by the PRIs in earlier paras of this chapter. The position that has emerged from the information is that the PRIs have been incurring expenditure mainly on establishment and on implementing various developmental programmes as agencies function. The expenditure on maintenance of civic services has been negligible due to low levels of their own sources of income and limited amount of grant for the purpose from the State Government and other sources.
- 5.24 For working out the requirement of funds for the PRIs we have to keep in view the functions that are required to be performed by them. While the eleventh schedule and the subsequent provisions made in section 50 to 52 of the Rajasthan Panchayati Raj Act, envisages transfer of various subjects to the PRIs but the fact remains that all these subjects have not been transferred to these institutions. However, the Panchayats as Local Level Institutions are supposed to perform the basic or core civic functions. The core civic functions have been identified by the Eleventh Finance Commission as primary education, primary health care, safe drinking water, street lighting, sanitation including drainage and scavenging facilities, maintenance of cremation and burial grounds, public conveniences and other common property resources. While transfer of these responsibilities to the PRIs is required to be speeded up the fact remains that in Rajasthan the functions relating to primary education,

primary health care and drinking water are being looked after by the State Government. In case of drinking water supply, although the digging of new hand pumps and installation in rural areas is with the Public Health Engineering Department, their repair and maintenance has been transferred to the Panchayati Raj Institutions.

5.25 The Commission has, therefore, attempted to estimate the additional requirement of funds for the PRIs at various levels for maintenance of core or basic civic services. Out of the eight civic services identified by the Eleventh Finance Commission the PRIs in Rajasthan are presently responsible for maintenance of following civic services namely:-

1. Street lighting
2. Sanitation including drainage and scavenging facilities
3. Maintenance of cremation and burial grounds, Public conveniences and Other property resources

5.26 While the EFC has recommended speedy transfer of core services such as primary education, primary health care, safe drinking water to the PRIs, as we have seen in earlier chapters of this report that the State Government has transferred local supervision of these services to the PRIs but their implementation, budgetary provisions and technical supervision still remains with the State Government.

5.27 For assessment of requirements of funds for the PRIs the Commission received Memorandum from the Panchayati Raj Department of the State. The Commission also requested the Indira Gandhi Panchayati Raj and Gramin Vikas Sansthan, Rajasthan, Jaipur to conduct a study to know their views on the subject. The Institute of Development Studies Jaipur also conducted a study in this regard for the NIRD Hyderabad which was sponsored by the Eleventh Finance Commission. The National Institute of Rural Development in its study has also attempted estimation of the requirements of funds on normative basis for capital cost as well as maintenance of basic civic services.

#### **GRAM PANCHAYATS :**

5.28 The Panchayati Raj Department in its Memorandum has classified the functions of Gram Panchayats in following categories and has accordingly presented additional requirements for the award period as under:-

1. Civic functions
2. Regulatory functions
3. Administrative functions
4. Development functions, and
5. Miscellaneous functions

## **I. CIVIC FUNCTIONS :**

- (i) Street lighting      Rs. 30,000 per Panchayat per year ;  
Total  $30,000 \times 9188 \times 5 = \text{Rs. 140 crores}$
- (ii) Sanitation          Two labour per Panchayat per day @ Rs. 60/- per day  
Total  $\text{Rs. } 60 \times 2 \times 365 \times 9188 = 40.23 \times 5 = \text{Rs. 205.00 crores}$
- (iii) Maintenance      (a) Village Roads Rs. 100 crores lumpsum  
                                 (b) School Buildings Rs. 3000/- per year per building (there  
                                 are about 50000 school buildings) : so total  $3000 \times 50,000 \times 5$   
                                 = Rs. 75 crores  
                                 (c) other buildings such as Panchayat Bhawan, Dispensary etc.  
                                 Rs. 50,000 per panchayat for the 5 year period = Rs. 50 crores

## **II. ADMINISTRATIVE FUNCTIONS :**

The department has mentioned that Panchayats execute various developmental works but there is no technical help available to it. Therefore, a retired technical Overseer may be allowed to be engaged @ Rs. 2000/- per month per Panchayat. The total requirement has been worked out to  $2000 \times 12 \times 9188 \times 5 = \text{Rs. 110 crores}$ . The department has also mentioned the requirement for account keeping functions @ Rs. 4000/- per Panchayat per annum totalling Rs. 19 crores.

## **III. DEVELOPMENT FUNCTIONS:**

As regards development functions the department has mentioned that these may continue to be taken up under Centrally Sponsored Schemes, MP/MLA Local Area Development Scheme depending upon the availability of funds. However, if any scheme requires contribution of Panchayat/State the same may be provided out of State Plan Budget.

## **IV. MISCELLANEOUS FUNCTIONS :**

- (i)      The department has indicated the requirements of Rs. 2500/- per Panchayat per annum for providing news papers and magazines to promote library. The total requirement works out to  $\text{Rs. } 2500 \times 5 \times 9188 = \text{Rs. 11.50 crores}$ .
- (ii)     It has been proposed to give incentive grant of Rs. 1.00 lac to Panchayat where Sarpanchs and all Panchas are elected unopposed. Amount required Rs. 2.00 crores.
- (iii)    Start up grant of Rs. 50,000 for newly created Panchayats, provision Rs. 5.00 Lacs.

- 5.29 Thus the total additional requirement indicated by the Panchayati Raj Department for Gram Panchayats for the award period would be as follows :

	(Rs. in crores)
<b>I Civic Functions :</b>	
(i) Street Lighting	140.00
(ii) Sanitation	205.00
(iii) Maintenance	
(a) Village Roads	100.00
(b) School Buildings	75.00
(c) Other Buildings	50.00
<b>Total - I</b>	<b>570.00</b>
<b>II Administrative Functions :</b>	
(i) For Technical Person	110.00
(ii) For Accounts	19.00
<b>Total - II</b>	<b>129.00</b>
<b>III Miscellaneous Functions :</b>	
(i) Library	11.50
(ii) Incentive Grant	2.00
(iii) Start-up Grant	0.05
<b>Total - III</b>	<b>13.55</b>
<b>Grand Total</b>	<b>712.55</b>

- 5.30 **PANCHAYAT SAMITIS :** For working out the additional requirements of Panchayat Samitis the department has mentioned that they are the pivotal institutions and have to co-ordinate between Gram Panchayats and Zila Parishads as also with the State Government. The Panchayat Samitis are required to supervise and co-ordinate various activities in rural areas. The department in its Memorandum has broadly classified their functions into following three categories and worked out the requirements as under :

1. General Functions
2. Co-ordination Functions
3. Administrative Functions

**I. GENERAL PURPOSE REQUIREMENTS :**

- (i) **POL and Vehicles :** POL Rs. 1.00 lac per Panchayat Samiti per year as the existing budget of Rs. 15000/- is inadequate total requirement  $1 \times 5 \times 237 = \text{Rs. 12 crores.}$
- (ii) **Office Expenses :** Rs. 50,000/- per Panchayat Samiti per year as the existing provision of Rs. 10,000/- is inadequate total Rs. 6.00 crores.
- (iii) Rs. 10,000 per year per Panchayat Samiti for computerisation of accounts : total Rs. 1.20 crores.

**II. MAINTENANCE GRANT :**

- (a) Rs. 20,000/- per year per Panchayat Samiti for buildings : total Rs. 2.50 crores.
- (b) Lump sum amount of Rs. 2.00 crores per Panchayat Samiti for maintenance of various assets : total Rs. 475 crores.

**III. ESTABLISHMENT GRANT :**

Creation of one post of Asstt. Engineer (additional) in every Panchayat Samiti. Requirement Rs. 25-26 crores for five years. Another provision of Rs. 20,000/- per year to carry out clerical and other work as and when needed. Amount indicated Rs. 2.50 crores.

**IV. INCENTIVE GRANT :**

Incentive Grant of Rs. 5.00 lacs to Panchayat Samitis where the Pradhan is elected unopposed to be used for developmental work. Total implication Rs. 1.10 crores.

5.31 Thus the total additional requirements indicated for Panchayat Samitis is as follows:

	(Rs. in crores)
<b>I General Purpose :</b>	
(1) POL & Vehicle	12.00
(2) Office Expenses	6.00
(3) Updating of Accounts	1.20
<b>Total - I</b>	<b>19.20</b>
<b>II Maintenance Grant</b>	
(1) Works	477.50
(2) Establishment Grant	27.76
<b>Total - II</b>	<b>505.26</b>
<b>III Miscellaneous Requirements</b>	
(1) Incentive Grant	1.10
<b>Total - III</b>	<b>1.10</b>
<b>Grant Total</b>	<b>525.56</b>

**ZILA PARISHAD :**

5.32 Zila Parishads are responsible for formulation of developmental and maintenance activities in rural areas. They are also required to co-ordinate and supervise various activities. The department has indicated the additional requirements of funds for Zila Parishads as under:-

**I. GENERAL PURPOSE :**

- (a) Office Expenses : Rs. 60,000/- per block for office expenses, total amount Rs. 8.00 crores.
- (b) Vehicle & POL : The existing provision for POL is inadequate. Additional requirement Rs. 1.00 lac per Zila Parishad per year totalling to Rs. 1.60 crores for five year.

- (c) Purchase of a computer for each Zila Parishad and updating the office @ Rs. 2.00 lacs per Zila Parishad, total requirement Rs. 0.64 crores.

**II. ESTABLISHMENT :**

Creation of two posts of Jr. Accountant and one post of Computer Operator. Total Implication Rs. 7.50 crores.

**III. MAINTENANCE GRANT :**

Maintenance Grant of Rs. 15,000/- per annum for office building. Apart from this the department has proposed lumpsum amount of Rs. 1.00 crore per Zila Parishad for rejuvenation of assets in rural areas to be decided by the District Planning Committee. Total requirement Rs. 32.25 crores.

**IV. Training of Public Representatives, the department has given requirement of Rs. 3.64 crores without any break up.**

- 5.33 Thus the total additional requirement for Zila Parishads would be as under:

	(Rs. in crores)
(i) General Purpose	10.24
(ii) Establishment	7.50
(iii) Maintenance	32.25
(iv) Training, HRD	3.64
<b>Total</b>	<b>53.63</b>

- 5.34 The Total additional requirement of funds indicated by Panchayati Raj Department in their Memorandum for all the three tier institutions as per details given in the above paras would work out as follows. While working out the requirements the department has rounded off the requirements in some items while in other exact calculation has been made. Moreover while giving additional requirements the existing provisions have not been kept in view.

	(Rs. in crores)			
Item	Gram Panchayats	Panchayat Samitis	Zila Parishads	Total
<b>General Purpose</b>				
(i) Civic Services	345.00	19.20	10.24	374.44
(ii) Administrative			7.50	7.50
<b>Maintenance</b>				
(i) Works	225.00	477.50	32.25	734.75
(ii) Establishment	129.00	27.76	-	156.76
(iii) Miscellaneous	13.55	1.10	3.64	18.29
<b>Total</b>	<b>712.55</b>	<b>525.56</b>	<b>53.63</b>	<b>1291.74</b>

- 5.35 After receipt of the Memorandum the Commission has received a letter dated 23.6.2001 from the Director Panchayati Raj Department requesting the Commission to recommend assistance of Rs. 91.58 lacs for 24 vehicles, for two Zila Parishads namely Bharatpur and Dausa and for 22 Panchayat Samitis of 14 districts. These two Zila Parishads and twenty two Panchayat Samitis are not having vehicles at present and are also not in a position to purchase vehicles as they do not have sufficient own income . Thus with the addition of Rs. 91.58 lacs the total additional requirement of Panchayati Raj Institutions would works out to Rs. 1292.66 crores for the five years i.e. award period of the Commission.
- 5.36 On the request of the Commission the Indira Gandhi Panchayati Raj and Gramin Vikas Sansthan, Jaipur conducted a study to assess the requirement of PRIs. The Sansthan has proposed minimum requirement of PRIs at Rs. 124.88 crores per annum. The Institute of Development Studies (IDS) Jaipur also conducted a study in this regard for the national institute of rural development, Hyderabad. The IDS study estimated gross annual financial requirement of Rs. 215.33 crores for the PRIs. The first State Finance Commission had estimated additional requirement of Rs. 348.84 crores per annum for the PRIs.
- 5.37 The National Institute of Rural Development (NIRD), Hyderabad conducted a study for working out the capital as well as operation and maintenance requirements of selected states for the period 2000-01 to 2004-05. While conducting the study the NIRD adopted certain norms so as to cover the entire population with minimum basic/core civic services by 2004-05. In the study conducted by NIRD the requirements of Rajasthan were also assessed. According to this study the requirement assessed is as under :

Table V.4

(Rs. in crores)				
S.No.	Activity/Service	Capital Cost	O&M Cost	Total
1.	Drinking Water Supply	225.59	623.58	849.17
2.	Rural Sanitation	3251.74	21.90	3273.64
3.	Street Lighting	-	284.88	284.88
4.	Primary Education	239.05	2302.18	2541.23
5.	Primary Health Care	417.21	21.90	439.11
6.	Rural Roads	696.04	5043.04	5739.08
<b>Grand Total</b>		<b>4829.63</b>	<b>8297.48</b>	<b>13127.11</b>

- 5.38 A perusal of the assessment made by the NIRD reveals that even the requirements for operation and maintenance of three basic services namely Rural Sanitation Rs. 21.90 crores, Street Lighting Rs. 284.88 crores and Rural Roads Rs. 5043.04 crores; totals to Rs. 5349.82 crores. While out of

the six core services listed in the above assessment, the above three are supposed to be maintained by the Panchayati Raj Institutions in the rural areas. It is worthwhile to note that O&M cost in above assessment for the three core services which should be performed by the PRIs is quite sizeable.

- 5.39 Since no definite guidelines are available for working out the norms and assessment of resources required for providing basic services in the rural areas the Commission had to rely on the requirements intimated by the department, as also to refer to the studies made by various other organisations for assessment of requirements. Keeping in view the minimum levels of basic services the Commission has worked out the requirements for the basic civic services which needs to be provided in the rural areas through the PRIs. Accordingly the additional funds needed for providing these services have been worked out for all the three tier institutions as under :-

**I. GRAM PANCHAYATS :**

S. No.	Name of Activity	(Rs. in crores)	
		Additional Requirement of Funds	
		For One Year	For Five Years
1.	Sanitation	34.18	170.90
2.	Street Lighting	18.78	93.90
3.	Local Administration & Management	27.57	137.85
4.	Maintenance of Buildings/public places	45.95	229.75
5.	Provision for creation of public facilities like toilets, bus sheds, water huts etc.	-	202.16
6.	Maintenance of roads	27.60	138.00
7.	Maintenance of Accounts	3.68	18.40
8.	Database Development		7.35
<b>Total Gram Panchayats</b>			<b>998.31</b>

**II. PANCHAYAT SAMITIS :**

S. No.	Name of Activity	(Rs. in crores)	
		Additional Requirement of Funds	
		For One Year	For Five Years
1.	Maintenance of Buildings	1.19	5.95
2.	Establishment of existing staff of Ist SFC	-	65.00
3.	Maintenance of Accounts	0.09	0.45
4.	Database Development		0.16
<b>Total Panchayat Samitis</b>			<b>71.56</b>



### III. ZILA PARISHADS :

S. No.	Name of Activity	(Rs. in crores)	
		Additional Requirement of Funds	
		For One Year	For Five Years
1.	Maintenance of Buildings	0.16	0.80
2.	Training of public representatives	1.19	5.95
3.	Incentive to Gram Panchayats for raising additional revenues		12.57
4.	Database Development		0.03
5.	Office Expenses	1.66	8.30
6.	POL	0.32	1.60
<b>Total Zila Parishad</b>			<b>29.25</b>
<b>Grand Total all PRIs</b>			<b>1099.12</b>
Less : Total grant given by EFC			(-)490.95
Net Requirement			608.17

*Note: The detailed calculation sheet containing itemwise requirements is available at Annexure-V.3.*

5.40 Thus the net additional requirements after taking into account the EFC grants for the three tier Panchayati Raj Institutions, for providing and maintenance of basic services works out to Rs. 608.17 crores for the entire period of five years. As has been mentioned earlier these requirements do not include the funds needed for development and providing employment or housing etc. in rural areas. While the first SFC had also worked out the requirements on account of generation of employment and housing, this Commission feels that these aspects needs to be covered in various employment generation and other developmental schemes being implemented in rural as well as in urban areas by the Central and State Governments.

5.41 The Commission has however felt that infrastructure for basic facilities like bus sheds, toilets, water huts etc. needs to be created and maintained in small towns falling in rural areas. Since funds for these facilities are normally not provided in other developmental schemes, the Commission has tried to consider the requirements for these purposes. But the Commission feels that the demand for additional staff posed by the Panchayati Raj Department in their Memorandum may not be considered. Instead the department should go for the computerisation of accounting, database and office work. The EFC has already provided funds for Accounting and Database development. Additional requirement if any, for these purposes could also be met out of the funds being recommended by this Commission.

- 5.42 While working out the requirements of the PRIs the Commission has not considered the escalation in cost that may take place during the next four years. Moreover the PRIs as local level institutions are expected to perform many other functions which may not have found mention in the assessment made by this Commission. Keeping these aspects into consideration the Commission has decided not to account for the meagre resource available with the PRIs under the item own income from tax/non-tax measures. Therefore, the resources requirement assessed by us are in addition to the existing level of expenditure being incurred at present by these institutions on providing and maintenance of civic services out of their own sources.
- 5.43 To provide this level of assistance to the PRIs during the period 2000-01 to 2004-05 the State Government will be required to part with a reasonable amount which would be specified in subsequent chapters from State's net own tax revenues and receipts from royalties on minerals which together with the EFC grants should cover major portion of the requirements of PRIs for maintenance of basic civic services to a considerable extent. The balance requirements should be met by the PRIs by raising additional resources by levy of taxes and collection of fees for the services being rendered by them.

#### **RECEIPTS FROM MINOR FOREST PRODUCE:**

- 5.44 Minor forest produce has been an important source of livelihood of the village people from centuries and they were also having a stake in forest protection. But with the Government control over forest and its management the village people have developed the tendency of distancing themselves from forests protection and maintenance. The Commission is of the view that the Gram Panchayats being the representative bodies of village people should have some stake in protection and management of forest and income from minor forest produce.
- 5.45 With a view to collect information regarding the extent of receipts from minor forest produce and modalities of its sharing with the Gram Panchayats the Commission asked the State Forest Department to indicate the yearwise income from minor forest produce for the period 1994-95 to 1999-2000. The Forest Department in turn intimated the Commission that with a view to promote people's participation the Forest Department has issued orders in October, 2000 to constitute Joint Forest Management Committees consisting of NGOs, co-operative societies and voluntary organisations as also field level functionaries of Forest Department for protection of forest and afforestation in degraded forests/new areas and the scheme envisages utilisation of minor forest produce by the Joint Forest Management Committee for protection of forest and further plantation in

the area given to them for management. It was intimated that 3042 Joint Forest Management Committees have been constituted upto January, 2001 for more than 3 lakh hectare area, involving 2.72 lakh families including 1.87 lakh SC/ST families. The Forest Department also mentioned that their past experience of involving the Gram Panchayats for protection of afforestation works undertaken under Social Forestry, Aravali and other afforestation schemes has not been encouraging. The Forest Department, therefore, requested the Commission not to recommend transfer of receipts from minor forest produce to the Gram Panchayats.

- 5.46 The matter was discussed in the Commission and it was felt that looking to the decision of the Forest Department to constitute joint forest management committees and the progress achieved so far in this regard, the Commission may not consider transfer of receipts from minor forest produce to Gram Panchayats.

**SUGGESTIONS AND RECOMMENDATIONS :**

- 5.47 The Rajasthan Panchayati Raj Act/Rules empowers all the three tier institutions to levy taxes and collect fees for the services rendered by them. But it has been felt that majority of the Panchayati Raj Institutions are not levying the taxes mentioned in the Act/Rules nor recovering fees for the services being rendered by them with the result that the own income of these institutions is very meagre. The PRIs should levy taxes and collect fees to improve their own income. The Commission is also suggesting an incentive scheme in this regard.
- 5.48 The Panchayati Raj Act and Rules authorise these institutions to levy taxes and collect fees but it has not been made mandatory for these institutions to levy taxes and collect fees. The State Government may, therefore, examine the feasibility of making levy of certain taxes and fees obligatory for these institutions by amending the Panchayati Raj Act/Rules to improve the financial health of these institutions.
- 5.49 Section 69 of the Rajasthan Panchayati Raj Act, 1994 empowers a Zila Parishad to impose surcharge upto five percent on stamp duty on sale of property in rural areas. Rule 67(6) of the Rajasthan Panchayati Raj Rules, 1996 provides that surcharge on stamp duty shall be collected by sub-registrar for properties transferred in rural areas in the district and transferred to P.D. Accounts of Zila Parishads as per procedure laid down by Finance Department. However, the Panchayati Raj Department as also during the course of the visit of the Commission to Sikar and other districts it was mentioned by the elected representatives that the surcharge imposed by the Zila Parishads is not being recovered by the sub-registrar as the required procedure has not been laid down by the Finance

Department. The Commission, therefore, recommends that the State Government may take early action for laying down the required procedure.

5.50 Similarly, surcharge on market fees on agricultural produce is not being recovered by the Secretary, Mandi Committees for want of instructions from the Agriculture Department. The State Government in Agriculture Department should take immediate action for issue of required instructions so that the revenues from the surcharge on mandi tax could accrue to the Zila Parishad.

5.51 The Government of India guidelines regarding releases and utilisation of EFC grants for Panchayati Raj Institutions envisages contribution equivalent to 25 percent share of the EFC grants by the Panchayats. As we have seen in earlier paras of this chapter the total own income of all the three tier Panchayati Raj Institutions from tax/non-tax measures was Rs. 36.62 crores and in case of Gram Panchayats it was Rs. 22.98 crores only during the year 1999-2000. Since major portion of EFC grants amounting to Rs. 490.95 crores are meant for transfer to Gram Panchayats it may be difficult for the Panchayats to provide 25% contribution. The Government of India has further mentioned in their guidelines that the funds transferred by the State Government to PRIs under the recommendations of State Finance Commission will not be considered towards the 25 percent contribution. The Commission, therefore, feels that the condition of 25 percent contribution imposed by the Government of India may create problem in utilisation of EFC grants particularly in the context of Rajasthan where due to recurring drought conditions and 60 percent of the state geographical area falling under desert zone there is less scope for the Panchayats to raise resources. The Commission, therefore, recommends the State Government to take up this issue with the Government of India for relaxing the condition of 25 percent contribution. The Member Secretary of this Commission while participating in the two days workshop on EFC recommendations at NIRD, Hyderabad raised the issue for appropriate recommendation by the workshop for consideration of Government of India.

5.52 The Commission feels that there is need for encouraging the Panchayati Raj Institutions to raise their revenues from taxes and fees as most of the PRIs are not recovering the existing taxes and fees already provided under the Act and Rules. Therefore, while working out the requirement of funds for PRIs the Commission has drawn up an incentive scheme and included suitable amount for creation of an Incentive Fund for the purpose. The scheme has been discussed in detail in Chapter-VIII relating to devolution.

**MUNICIPAL FINANCE**

- 6.1 The financial position of majority of the Urban Local Bodies is not satisfactory with the result that they are not in a position to meet the rising demand for municipal services. The Municipalities are unable to discharge their obligatory functions leave aside the discretionary functions. Rapid growth of cities and towns is not matched by a corresponding increase in their revenues. While the functional responsibilities of Municipal bodies increased several times inflating their resource needs, their performance has been dismal on augmentation of resources to carry out these functions. Even the statutory avenues of raising resources remained unexploited or under exploited, because the elected bodies do not muster courage to levy taxes under their powers, which may be commensurate with the level of services they wish to provide. Inadequate taxation and inefficient management both together render the municipal services far from satisfactory. The smaller municipalities have hardly any funds to meet their day-to-day requirements and have no capabilities to take measures for improving the level of services. Growing costs, shortage of funds, indiscipline among the work force etc. is making the situation worse with passage of time. In big cities the situation is rather complicated and difficult. The infrastructure development is not in a position to keep pace with the population growth of such cities resulting in serious inadequacies in services. The abolition of octroi has further aggravated the situation.

**SOURCES OF MUNICIPAL REVENUE :**

- 6.2 The revenue sources of Municipalities can be broadly classified into:-
- (a) Tax and
  - (b) Non-tax revenue

The tax revenue is from taxes levied and collected by the Municipal bodies, whereas the non-tax revenue is from fees, charges, penalties, sale of land, income from property, loans, assistances etc. The tax revenue can further be classified into obligatory taxes and discretionary taxes revenue and non-tax revenue into revenue from internal sources and external sources.

**MUNICIPAL TAXES :**

- 6.3 Section 104 and 105 of the Rajasthan Municipalities Act, 1959 provides for levy of obligatory and discretionary taxes similar to the two categories of functions that these Municipal bodies are expected to discharge. The obligatory taxes that are to be levied by the ULBs are:-

**Obligatory Taxes:**

- (i) Every board shall levy at such rate and from such date as the State Government may in each case direct by notification in the official

gazette and in such manner as is laid down in this Act and as may be provided in the rules made by the State Government in this behalf, the following taxes, namely -

- (1) a tax on annual letting value of buildings or lands or both, situated within the municipality ;
- (2) an octroi on goods and animals brought within the limits of municipality for consumption or use or sale therein.
- (3) a tax on professions and vocations.

6.4 Proviso to this section mentions that the land and building tax shall not be levied on kham houses or on buildings and lands or both of which annual letting value is less than one hundred and eighty rupees. Similarly octroi shall not be levied on motor vehicles and profession/vocation tax shall not be levied on artisans.

6.5 The State Government framed Rajasthan Municipalities (Land & Building Tax) Rules, 1961 to provide for imposition, assessment and recovery of land & building or "house tax" as it is popularly known. Notification imposing house tax were also issued in respect of majority of the Municipalities and rates of tax were also laid down. However as per information provided to the Commission by the Local Bodies Department out of 183 Municipalities in the State 117 Municipalities were recovering house tax but the amount of recovery has not been very encouraging as would be evident from the figures given in table VI.1 of this chapter. Only in Municipal Corporation, Jaipur and to some extent Jodhpur and Municipal Council, Ajmer some serious efforts have recently been made to recover house tax.

6.6 Octroi has hitherto been a major source of municipal revenue till its withdrawal by the State Government w.e.f. 1st August, 1998. To make good the loss of octroi income of Urban Local Bodies the State Government is giving grant in aid every month based on actual octroi income for the year 1997-98. This grant is increased by 10 percent every year. But during the visit of the Commission to the districts the representatives of the municipal bodies irrespective of their political affiliations, voiced their strong resentment and grievances over the octroi issue on various accounts. Their main grievances were as follows :

- that octroi was the main source of revenues of municipalities,
- that octroi was a buoyant source of municipal revenue,
- that withdrawal of octroi has crippled the municipalities financially,
- that after abolition of octroi the municipalities have become almost totally dependent on the State Government financially.

- that the State Government is giving only 10 percent increase in grant in aid in lieu of octroi whereas the growth in octroi revenue was about 20 percent,
- that even the 10 percent annual increase being given has been reduced to 5 percent during the financial year 2001-02,
- that even the grant in aid amount of octroi is not released in time,
- that the Narkedars and other staff who were earlier engaged in octroi collection are sitting idle but have to be paid salaries. These people have become liability on the municipalities.

6.7 Based on the above grounds the public representatives who met the Commission during its visits to the districts represented to the Commission that withdrawal of octroi was not a sound decision and the State Government should reconsider it. While the Commission would not like to make any recommendations regarding re-imposition of octroi or otherwise but feels that the abolition of octroi has seriously eroded the financial autonomy of urban local bodies and has taken away the initiative and discretion which was available to the Municipalities to extend the scope of octroi on goods not covered and revise the rates so as to raise more resources. The recent decision of the State Government to lower down the rate of annual increase in grant-in-aid amount from 10 percent to 5 percent has further created financial problems for the municipalities particularly small and financially weak municipalities which are dependent on octroi grant only for meeting their committed expenditure. Therefore, the Commission would urge the State Government to restore the annual increase in octroi grant to 10% if not increase it to 15-20 percent as demanded by the elected representatives, ensure release of the due amount of grant in aid in lieu of octroi to the municipalities on 1st of every month so that these bodies could meet their committed expenditure in time. Moreover once the amount is released there should be no restriction on its withdrawal from the treasuries/PD account of the respective municipalities.

6.8 Apart from land & building tax, another tax which is obligatory for the municipalities to levy is tax on professions and vocations. However this tax is not reported to have been imposed by the municipalities in the State. The State Government has however imposed profession tax w.e.f. April, 2000 on certain categories of professions.

#### **DISCRETIONARY TAXES :**

6.9 Section 105 of the Rajasthan Municipalities Act, 1959 provides for discretionary taxes that may be imposed. The section provides that subject to any general or special orders of the State Government in this behalf, a

board may impose and levy in the whole or any part of the municipality for which it is established all or any of the following taxes, namely :

- (i) a tax on Vehicle and other Conveyance plying for hire or kept within the municipality;
- (ii) a tax on dogs kept within the municipality;
- (iii) a tax on animals used for riding, driving, draught or burden when kept within the municipality;
- (iv) a toll on vehicles and other conveyances and on animals entering the municipality;
- (v) a tax on boats moored within the municipality;
- (vi) a scavenging tax;
- (vii) a tax for the cleansing of private latrines or privies;
- (viii) a general sanitary tax for the construction or maintenance or both of public latrines and for the removal and disposal of refuse;
- (ix) a lighting tax;
- (x) a water tax for water supplied by the board, which may be imposed in the form of a rate assessed on the annual letting value of building or lands or both or in any other form;
- (xi) a tax on trades and callings carried on within the municipality and deriving special advantages, from or imposing special burdens on municipal services;
- (xii) a tax on artisans; and
- (xiii) any other tax which the State legislature has power to impose under the Constitution.

- 6.10 The Act further lays down the usual procedure to be followed for levy of any of these taxes, e.g. resolution to be passed in the general meeting, selection of any one or the other taxes, preparation of draft rules, persons or property or both to be covered, the amount or rate of tax and notification to be issued. However, in view of the lengthy procedure involved in imposition of taxes and the general reluctance of the elected representatives at the local level to levy taxes either the taxes provided in section 105 were not levied at all or levied by very few municipalities with the result that revenues from these taxes has been negligible. During the course of Commission's visits to the districts the elected representatives of various municipalities suggested their willingness to levy street lighting tax but expressed problem in its recovery. They suggested that the Electricity Companies may be directed by the State Government to recover street lighting tax @ 5 paisa per unit through the electric bills from the consumers. The State Government may examine this issue.

#### **MUNICIPAL RECEIPTS :**

- 6.11 Non-tax revenue sources can be broadly classified into revenue from internal sources and external sources. Income from properties, sale of



land, fines and penalties, fees etc., are generated from the internal sources. Income from external sources are mainly grants from the State Government released for various purposes. The total sources of receipts of Municipalities in the State for the year 1994-95 to 1999-2000 has been given in table-VI.1.

Table - VI.1  
Details of Municipal Receipts

	(Rs. in crores)					
Particulars	1994-95	1995-96	1996-97	1997-98	1998-99	99-2000
<b>A. Tax Revenue</b>						
(i) Obligatory Taxes						
1. Octroi	163.95	221.57	239.72	251.23	95.08	28.12
2. Land & Building Tax	7.19	8.02	10.66	10.77	10.94	12.55
<b>Total - (i)</b>	<b>171.14</b>	<b>229.59</b>	<b>250.38</b>	<b>262.00</b>	<b>106.02</b>	<b>40.67</b>
(ii) Discretionary Taxes	3.65	5.35	5.43	6.12	3.34	1.79
<b>Total - A</b>	<b>174.79</b>	<b>234.94</b>	<b>255.81</b>	<b>268.12</b>	<b>109.36</b>	<b>42.46</b>
<b>B. Non-tax Revenue</b>						
(i) Internal						
1. Sale of Land	17.68	19.12	29.83	26.87	26.65	31.51
2. Others	27.22	30.54	49.18	46.91	48.40	45.41
<b>Total - (i)</b>	<b>49.90</b>	<b>49.66</b>	<b>79.01</b>	<b>73.78</b>	<b>75.05</b>	<b>76.92</b>
(ii) External						
1. Grants from the State / TFC	52.14	92.02	100.62	135.76	351.10	392.06
2. Loans	2.70	5.70	5.62	7.92	16.02	6.81
<b>Total - (ii)</b>	<b>54.84</b>	<b>97.72</b>	<b>106.24</b>	<b>143.68</b>	<b>367.12</b>	<b>398.87</b>
<b>Total - B</b>	<b>99.74</b>	<b>147.38</b>	<b>185.25</b>	<b>217.46</b>	<b>442.17</b>	<b>475.79</b>
<b>Grand Total (A+B)</b>	<b>274.53</b>	<b>382.32</b>	<b>441.06</b>	<b>485.58</b>	<b>551.53</b>	<b>518.25</b>

Detail statement indicating itemwise figures of Municipal receipts has been given in Annexure-VI.1, (a)(b)(c)(d)(e).

- 6.12 An analysis of the figures given in table-VI.1 above indicates that under tax revenue upto the years 1997-98 octroi has been the major source of municipal tax revenues. The recovery of land and building or house tax is increasing but at a very slow pace and the amount is also very low. During 2000-01 and thereafter some serious efforts are reported to have been made by Municipal Corporation Jaipur, Jodhpur and at some other places to recover land and building tax with some amount of success. The share of revenue from discretionary taxes has also been negligible. Under non-tax revenue although information has been collected in respect of eight items but looking to the amount it has been clubbed into two items. The major items of receipts under non-tax revenue is sale of land of these Urban Local Bodies. The other item of non-tax receipts are grants from the State Government given for various purposes. The regular item under this category is general purpose grant which is given by the State Government on per capita basis. The existing rate of general purpose grant is Rs. 12.50 for Municipal Corporation and Councils, Rs. 25.00 for

Municipalities class two and Rs. 37.50 for Municipalities class three and four. Apart from this, grants are released under dispensation of Central and State Finance Commission. Some times special grants are also released for specific purposes like construction of roads, drains etc. However, after abolition of octroi, grant in aid in lieu of octroi has been the major chunk of state transfers to these bodies.

#### **MUNICIPAL EXPENDITURE :**

- 6.13 The expenditure of Municipalities can broadly be classified in following four categories:

- (a) Establishment;
- (b) Health and Sanitation;
- (c) Public Facilities;
- (d) Development and Asset Creation.

The table - VI.2 gives the details of expenditure under these categories for the year 1994-95 to 1999-2000.

Table - VI.2  
Details of Municipal Expenditure

	(Rs. in crores)					
Functions	1994-95	1995-96	1996-97	1997-98	1998-99	99-2000
<b>A. Establishment</b>						
1. General Administration.	24.63	29.19	35.00	38.50	46.89	48.57
2. Recovery of Octroi	21.03	25.95	31.51	34.85	43.52	42.34
3. Other Taxes	4.13	4.88	5.30	6.78	7.68	7.53
<b>Total - A</b>	<b>49.79</b>	<b>60.02</b>	<b>71.81</b>	<b>80.13</b>	<b>98.09</b>	<b>98.44</b>
<b>B. Health &amp; Sanitation</b>	89.72	110.16	128.90	141.88	183.93	183.44
<b>C. Public Facilities</b>	26.92	34.11	43.18	49.37	54.50	52.97
<b>D. Development &amp; Asset Creation</b>	90.06	136.53	186.91	209.72	198.84	168.05
<b>Grand Total (A+B+C+D)</b>	<b>256.49</b>	<b>340.82</b>	<b>430.80</b>	<b>481.10</b>	<b>535.36</b>	<b>502.90</b>

Detail statement indicating itemwise figures of Municipal expenditure has been given in Annexure-VI.2, (a)(b)(c)(d)(e).

- 6.14 While the Commission collected information on municipal expenditure under different heads, for the purpose of analysis here the figure have been clubbed into four broad categories. While the establishment expenditure has been classified into general administration, recovery of octroi and other taxes the total figures of expenditure under other categories has been taken. The level of expenditure under octroi collection is almost equal to the expenditure being incurred on general administration even during the years 1998-99 and 1999-2000 inspite of the octroi having been abolished in August, 1998. This shows that the majority of the Municipalities are required to pay salaries to the octroi staff without much work. The establishment cost of staff engaged in collection of other taxes is

disproportionate to the amount of total tax being collected as would be evident from comparative figure of table VI.1 and VI.2 viz the revenue from other taxes and expenditure on collection of other taxes. After establishment, expenditure on general administration and tax collection the other major item of expenditure is Health and Sanitation wherein the salaries and other expenditure on cleaning, garbage collection its disposal and expenditure on dispensaries are charged. Some big municipalities have Health Offices and also run dispensaries. Since cleaning streets and drains is the main municipal function this constitutes the major item of municipal expenditure. Another area of municipal services is public facilities such as street lighting, civil defence, fire fighting, maintenance and upkeep of parks, shelter for animals etc. The municipalities are required to incur sizeable expenditure for these services as is evident from the table VI.2 above. Apart from the maintenance expenditure the municipalities also undertakes developmental works like creation of public facilities, parks, parking spaces, construction of roads, drains, purchase of equipments and machinery for cleaning, fire services etc. The expenditure under this head has ranged between 33 percent to 43 percent during the period 1994-95 to 1999-2000 depending upon the availability of funds and works executed. Comparative analysis of total receipts and expenditure figures of ULBs given in Table-VI.1 and VI.2 indicates surplus position with ULBs. This is due to the fact that while most of the funds are transferred to these institutions at the fag end of the financial year, their utilisation takes time and is spread through out the year. Further the funds are transferred by the State Government for execution of specific development schemes. However, the ULBs face scarcity for performing their basic civic functions.

#### **ACCUMULATED ARREARS :**

- 6.15 The Department of Urban Local Bodies has brought to our notice the problem being faced by various Municipal bodies in payment of salary, arrears of salaries and allowances, arrears of gratuity, general provident fund and pension fund due to lack of resources with them as also unwillingness of the newly elected boards to pay for the liabilities of earlier boards. The amount of arrears of these claims of employees at the end of year 1999-2000 has gone upto Rs. 75.43 crores. The financially weak Municipalities had been facing problems in payment of salaries in the past and sometimes the State Government had come to their rescue by giving special grant-in-aid for payment of salaries but due to financial constraints of the State Government itself the releases of special grants could not be made as per requirements. Moreover this time the problem has gained serious proportions with the arrear amount under various heads rising to the level of Rs. 75.43 crores. As per information furnished by the Local Bodies Department the bifurcation of this arrear amount among

different categories of Municipalities as also itemwise work out as follows:

**Table - VI.3**  
**Details of Arrears Payments**

Category of ULBs	Arrears of Salary	Fixation arrear of salary	Gratuity	GPF	(Rs. in lacs)
					Pension Fund
Corporations	-	1305.00	900.00	-	-
Councils	80.30	893.41	143.85	57.97	57.06
Municipalities Class II	101.61	1090.85	218.49	98.16	175.96
Municipalities Class III	144.50	545.36	289.09	152.00	185.78
Municipalities Class IV	149.02	443.74	183.80	174.35	153.07
<b>Total</b>	<b>475.43</b>	<b>4278.36</b>	<b>1735.23</b>	<b>482.48</b>	<b>571.87</b>

- 6.16 A perusal of table VI.3 indicates that the arrears have accumulated in all categories of Municipal bodies in one head or others. In case of Corporations the arrears pertains to Jaipur where although the financial crunch is not so serious but somehow the arrears have not been cleared with priorities of expenditure given to other activities. In case of Councils while the amount of current salary is not very high but other arrears are sizeable. In case of other Municipalities all have arrears to clear in respect of all heads. The arrears have accumulated due to grant of revised pay scales to the employees and lack of proper accounting records. The lasting solution of the problem lies in raising of resources by these bodies at their own level by levy of taxes and recoveries of fees for various services rendered by them and maintenance of proper accounts. The arrear figures mentioned above indicate the position as intimated by the local bodies department in January, 2001.
- 6.17 The State Finance Commission is aware of the weak financial position of small town municipalities which have limited revenue raising sources and large amounts of liabilities towards employees and others. The Commission has, therefore, recommended increased level of transfers to these municipalities in its interim report presented to the Governor in February, 2001 which has been accepted and implemented. It is hoped that it would help these financially weak municipalities in discharge of their functions and responsibilities in a better way.

#### **REQUIREMENTS OF FUNDS FOR URBAN LOCAL BODIES :**

- 6.18 The Urban Local Bodies are responsible for providing civic services to the people. So far we have seen their level of expenditure on maintenance of civic services which they are incurring out of their resources and out of grants released by the State Government. As we have observed the financial position of majority of the municipal bodies is weak and they are not able to meet the obligation of salary and other claims of their employees, therefore their performance in maintaining basic civic services has been by and large poor.

- 6.19 As discussed in the chapter relating to the functions of Urban Local Bodies section 98 of the Rajasthan Municipality Act, 1959 lays down several obligatory duties for the municipalities. Most important of them are Street Lighting, Sanitation including drainage and scavenging facilities, maintenance of cremation and burial grounds, public conveniences and other common property resources. The Eleventh Finance Commission in its report has also recognised the above functions as core or basic functions of Local Bodies. While the EFC has also considered primary education and primary health care as core functions of local bodies. However, in Rajasthan these two functions are being looked after by the respective departments of the State Government. It is, therefore, not necessary for the Commission to assess the funds required for maintenance of these two services namely, education and primary health care, although some large municipalities do have certain health care staff including doctors. Another important aspect of assessment has been that this Commission is assessing only the maintenance requirements of various civic services and expect that the investment requirements for creation of infrastructure and other facilities should be met from various centrally sponsored schemes, state plan funds including the assistance from external funding agencies like the World Bank, Asian Development Bank etc.
- 6.20 As discussed above the primary education is not with Municipalities in Rajasthan and in this case an anomalous situation is prevailing in the state for quite some time. While in case of rural areas the work of primary education has been with the Panchayati Raj Institutions but in respect of urban areas this work has been with the Education Department of the State Government and not municipalities. Recently the State Government has created a new department of Elementary Education and all schools upto VIII standard have been brought under its control in rural areas. The Director Elementary Education has been placed under Panchayati Raj Department at the state level. Since the elementary education work in rural areas is with the Panchayati Raj, therefore, there is a case for transfer of this work to Local Bodies Department in Urban Areas. The State Government may examine the feasibility of placing the elementary education work of urban areas with the Urban Local Self Government Department so as to maintain uniformity of approach. In such a situation the Education Department of the state will be left with secondary and senior secondary education. If this suggestion is agreed to, this activity may be transferred to the Urban Local Bodies alongwith budgetary allocation and staff.
- 6.21 While in case of rural local bodies there are no definite standards or norms for maintenance of various civic services and the Commission had to

formulate its own standards, but in case of Urban Local Bodies, we do have some studies and guidelines to arrive at the norms and requirements of funds for them. However, before looking to the studies and guidelines it is worthwhile to see the requirements and other issues mentioned by the Local Bodies Department in their Memorandum to the Commission. The Local Bodies Department has mentioned that the actual annual increase in octroi revenue before abolition was 19% and the State Government should allow 20% increase per year in the grant amount, house tax assessment should be simplified and collected by all the ULBs, 50 percent of entertainment tax should be transferred to ULBs for development of municipal areas, at least 50 percent proceeds of road tax should be transferred to ULBs, appropriate share in proceeds from registration and stamp duty should be given to ULBs, the undisbursed amount of Rs. 7.50 crore of development loan for setting up a Municipal Finance Corporation and 7.50 crores of incentive grant as recommended by first SFC be passed on to ULBs. The overall amount of grants to be recommended by the Second SFC should be increased to four times as compared to the amount provided on the recommendations of First SFC.

- 6.22 As regards total requirement of funds for civic services the department has mentioned that urban areas are being controlled/supervised/maintained by various departments/organisations such as PWD, JDA/Urban Improvement Trusts without clear cut demarcation of jurisdiction. Therefore, exact quantum of the work is yet to be worked out. The department has also referred to the study done by Harish Chandra Mathur, Rajasthan Institute of Public Administration in November 1997 titled "Rajasthan State Urban Profile" wherein the amount required for providing civic amenities viz. roads, drains, sewerage, electricity, improvement of slums and miscellaneous services in 14 class I towns was worked out to Rs. 520.41 crores. Based on this study and other assumptions the department has indicated the requirement of funds for all the Urban Local Bodies at Rs. 1041 crores in addition to sanitation.
- 6.23 As regards sanitation and solid waste management the department has prepared a sample estimate according to which the total cost including capital items works out to Rs. 460 per capita per annum and after accounting for the expenditure being incurred at present the balance requirement would work out to Rs. 260 per capita per annum. After adding escalation the department has worked out the total additional requirement on sanitation and solid waste management for the five year period 2000-05 at Rs. 1869 crores for the entire state based on the estimated urban population at 140 lacs in 2001. Thus the total requirements indicated by the Local Bodies Department to the

Commission works out to Rs. (1041+1869)=2910 crores for providing civic services in the urban areas.

#### ZAKARIA COMMITTEE NORMS:

- 6.24 One way of looking at the requirements of urban local bodies is to determine the level of services/amenities according to some prescribed norms or standard of services/amenities. Zakaria Committee did arrive at norms (maintenance & creation of facilities) for some of the basic services in terms of per capita expenditure. The Zakaria Committee norms for operation and maintenance of core civic services as updated to 1999-2000 price level for various categories of urban local bodies of the state are as follows :

Table - VI.4  
Per Capita Norms for Operation & Maintenance of  
Core Civic Services in Urban Local Bodies for 2000-01

S. No.	Activity Services	(In Rupees)				
		Mun. Corpn.	Councils	Mun. Class II	Mun. Class III	Mun. Class IV
1.	Sewerage and Sewerage disposal & storm water drainage	222.84	202.25	174.16	162.92	153.56
2.	Roads & Path	41.20	33.71	25.28	22.47	20.60
3.	Street Lighting & Electric distribution	53.37	46.82	43.07	40.26	37.45
4.	Fire Services	7.49	5.62	3.75	1.87	0.94
5.	Horticultural operations	7.12	3.75	1.50	1.12	0.94
6.	General Municipal Admn. includes Gen. Admn., Tax Admn., Debt services and Miscellaneous	74.91	56.18	37.45	37.45	18.73
<b>Total</b>		<b>406.93</b>	<b>348.33</b>	<b>285.21</b>	<b>266.09</b>	<b>232.22</b>

- 6.25 While the Zakaria Committee norms for operation and maintenance of civic services includes drinking water supply for urban areas through the municipal bodies but since the drinking water supply service is not with the urban local bodies in the state therefore while working out the normative requirements of funds the requirement on account of water supply has been excluded.
- 6.26 Based on the above per capita norms the total requirements of funds for operation and maintenance of the above mentioned civic services in respect of the Urban Local Bodies of the state based on 1991 census population for the one year period (2000-01) has been worked out by

multiplying the per capita requirement to total population of the respective Urban Local Bodies. The total amount required would be as under :

Table - VI.5  
Requirement of Funds for 2000-01

(Rs. in crores)							
S. No.	Activity / Services	Mun. Corpn.	Councils	Mun. Class II	Mun. Class III	Mun. Class IV	Total
1.	Sewerage and Sewerage disposal & storm water drainage	62.99	47.03	34.63	22.99	17.84	185.48
2.	Roads & Path	11.64	7.84	5.03	3.17	2.39	30.07
3.	Street Lighting & Electric distribution	15.09	10.89	8.56	5.68	4.35	44.57
4.	Fire Services	2.12	1.31	0.75	0.26	0.11	4.55
5.	Horticultural operations <sup>a</sup>	2.01	0.87	0.30	0.16	0.16	3.50
	Sub Total (1 to 5)	93.85	67.94	49.27	32.26	24.85	268.17
6.	General Administration	21.18	13.06	7.45	5.28	2.18	49.15
	Grand Total (1 to 6)	115.03	81.00	56.72	37.54	27.03	317.32

- 6.27 An analysis of above tables indicates that while the per capita requirement of funds ranges between Rs. 406.93 in case of Corporations and Rs. 232.22 for Class IV municipalities the requirements in absolute terms ranges from Rs. 115.03 crores in case of Corporation to Rs. 27.03 crores in case of Class IV municipalities. The total requirement works out to Rs. 317.32 crores for one year on 1999-2000 prices. Notwithstanding the norms, the pattern of actual expenditure being incurred against these norms by the municipalities in the state, is given in following table.

Table - VI.6  
Expenditure of Urban Local Bodies during 1999-2000 on civic services  
(Rs. in crores)

S. No.	Activity	Mun. Corpn.	Councils	Mun. Class II	Mun. Class III	Mun. Class IV	Total
1.	Public Health & Sanitation	70.12	47.63	33.35	20.95	11.39	183.44
2.	Electricity	4.44	8.02	5.61	3.05	2.17	23.29
3.	Other public facilities & General Maintenance	11.23	9.93	5.15	2.32	1.04	29.67
	<b>Sub Total (1 to 3)</b>	<b>85.79</b>	<b>65.58</b>	<b>44.11</b>	<b>26.32</b>	<b>14.60</b>	<b>236.40</b>
4.	General Administration	17.17	19.53	24.22	21.91	15.61	98.44
5.	Development Expenses	35.82	38.29	42.63	32.56	18.75	168.05
	<b>Grand Total (1 to 6)</b>	<b>138.78</b>	<b>123.40</b>	<b>110.96</b>	<b>80.79</b>	<b>48.96</b>	<b>502.89</b>

- 6.28 Table IV.6 above reveals the level of actual expenditure which was incurred by the municipalities on maintenance of civic services as also on development during 1999-2000. A comparative analysis of the two table VI.5 and VI.6 conveys that while the total normative requirement of funds for all the municipalities on operation and maintenance (on 1991 population estimate) was Rs. 268.17 crores the actual expenditure incurred



was Rs. 236.40 crores leaving a gap of Rs. 31.77 crores only. Thus the municipalities are already spending large sums on maintenance of civic services. This is mainly on account of payment of salaries to the sweepers and other cleaning staff. While the table VI.5 indicating Zakaria Committee norms have separate heads for different services the actual expenditure has been clubbed in these categories so as to make it comparable. On the items of expenditure on general administration the municipalities are incurring more expenditure than the norms which would be evident from the fact that while the normative level of expenditure for all the municipalities works out to Rs. 49.15 crores the actual expenditure during 1999-2000 has been Rs. 98.44 crores. Thus while including the item of general administration the municipalities have incurred more expenditure Rs.  $(236.40+98.44)=334.84$  crores than the normative level Rs. 317.32 crores during 1999-2000.

#### INVESTMENT NORMS:

- 6.29 Apart from working out the requirement of funds based on operation and maintenance norms the other way could be to work out the requirements based on investment norms set up by the Zakaria Committee and the Planning Commission. The First Finance Commission adopted this criteria while working out the funds requirement of urban local bodies. We have also undertaken this exercise according to which the total requirement of funds for investment in core civic services in the municipal areas of the state (for 1991 population estimate) would work out to Rs. 940.24 crores for 2000-01. We have also worked out the gap by reducing the own income of Rs. 406.08 crores of all the municipalities for the year 1999-2000 from the investment requirement mentioned above and the gap for one year would be Rs.  $(940.24-406.08)=534.16$  crores. The details of the investment norms, the requirements and the own income figures are indicated below for the sake of study. The Commission is, however, of the view that the investment requirements for providing civic services are large and ought to be met from plan funds including centrally sponsored and externally funded projects.

Table - VI.7  
Per Capita requirement of Funds  
as per investment norms

S. No.	Category of ULBs	Services					Population 1991 (lakh)
		Road	Street Lighting	Solid waste disposal	Drains	Total	
1.	Corporation	533	287	141	338	1299	28.27
2.	Councils	378	259	88	287	1012	23.25
3.	Class II	273	247	88	259	867	19.88
4.	Class III	208	188	88	221	705	14.11
5.	Class IV	157	132	88	190	567	11.62

Table - VI.8  
**Investment Requirement of Funds for Core Services for  
2000-01 based on per capita norms given in table VI.7 above**

(Rs in crores)						
S. No.	Category of ULBs	Services				
		Road	Street Lighting	Solid waste disposal	Drains	Total
1.	Corporation	150.68	81.13	39.87	95.55	367.23
2.	Councils	87.88	60.22	20.46	66.73	235.29
3.	Class II	54.28	49.10	17.49	51.49	172.36
4.	Class III	29.35	26.53	12.42	31.18	99.48
5.	Class IV	18.24	15.34	10.23	22.07	65.88
	<b>Total</b>	<b>340.43</b>	<b>232.32</b>	<b>100.47</b>	<b>267.02</b>	<b>940.24</b>

Table - VI.9  
**Gap Between Investment Requirement & Own Income  
of ULBs as on 31.3.2000**

S. No.	Category of ULBs	Resources required as per norms on 1999-2000 prices		Own Income during 1999-2000		Gap in 1999-2000	
		Per Capita (Rs.)	Amount (Crores)	Per Capita (Rs.)	Amount (Crores)	Per Capita (Rs.)	Amount (Crores)
1.	Corporation	1299	367.23	488	138.05	811	229.18
2.	Councils	1012	235.29	454	105.60	558	129.69
3.	Class II	867	172.36	407	80.90	460	91.38
4.	Class III	705	99.48	379	53.47	326	46.01
5.	Class IV	567	65.88	241	27.98	326	37.90
	<b>Total</b>		<b>940.24</b>		<b>406.08</b>		<b>534.16</b>

- 6.30 Two widely used and often referred ways of working out the requirement of funds for civic services relating to urban local bodies have been discussed above. However, determination of standard or norms of basic services is a complex and sensitive task, and depends upon the quantification of desired level of services, prices, wage rate, and the technology available or proposed to be adopted for providing specific service. It is common knowledge that availability of services is poor in comparison to available standard of basic services. The level and standard of services relating to sanitation, sewerage, collection & disposal of garbage are not available on record, until we assess the current level of these services through conduct of physical surveys. Therefore, assessment of definite financial requirement would not be possible in the absence of these data. Even if we presume that we could evaluate through surveys the basic structure & essential level or norms of services, it would not be exaggerated to state that thousands of crores of rupees would be needed to maintain that standard. (This has also been demonstrated by the sample

study done by Department of Local Bodies for disposal of solid waste for few big cities). It would be impossible to provide the needed amount from limited resources of the state. Hence, the Commission considered it better not to set such targets which are not possible to be achieved in physical & financial terms. The Commission therefore, considered it appropriate to work out the requirement of funds of urban local bodies on the basis of trend growth rate in providing the basic civic services. The Commission has done this exercise based on the average growth in own income and expenditure of six years period 1994-95 to 1999-2000 of these bodies and projected gap for the next five years period 2000-01 to 2004-05 based on average trend of last six years. The position thus worked out is given in table VI.10 below:

**Table- VI.10**  
**Revenue Gap of Municipalities on the basis of average actual growth rate of own income and expenditure during 1994-95 to 1999-2000**

	(Rs. in crores)									
	Corporation		Council		Class II		Class III		Class IV	
	Own Rev.	Total Expd.	Own Rev.	Total Expd.	Own Rev.	Total Expd.	Own Rev.	Total Expd.	Own Rev.	Total Expd.
Actual average growth rate 94-95 to 99-00	10.93%	9.35%	14.11%	16.82%	14.98%	18.42%	17.29%	20.16%	14.71%	20.30%
Base figure 1999-2000	138.05	138.77	105.60	123.41	80.98	110.96	53.47	80.80	27.98	48.96
<b>Years</b>										
2000-01	153.14	151.74	120.50	144.17	93.11	131.40	62.71	97.09	32.09	58.90
2001-02	169.88	165.93	137.50	168.42	107.06	155.60	73.56	116.66	36.82	70.86
2002-03	188.45	181.45	156.90	196.75	123.09	184.26	86.27	140.18	42.23	85.24
2003-04	209.05	198.41	179.04	229.84	141.53	218.20	101.19	168.44	48.44	102.54
2004-05	231.90	216.96	204.31	268.50	162.74	258.40	118.69	202.40	55.57	123.36
<b>Total</b>	<b>952.42</b>	<b>914.49</b>	<b>798.25</b>	<b>1007.68</b>	<b>627.53</b>	<b>947.86</b>	<b>442.42</b>	<b>724.77</b>	<b>215.15</b>	<b>440.90</b>
Rev. Gap		37.93		-209.43		-320.33		-282.35		-225.75

**Total Revenue Gap for Five Years** **999.93**

**Gap to be filled by :**

i) General Purpose Grant @ Rs. 21.00 crore per annum	105.00
ii) EFC Grant (as per recommendations of the Commission)	99.42
iii) Transfer from the Line Deptt. of the Govt.	325.00
	<u>529.42</u>
<b>Uncovered Gap (999.93 - 529.42)</b>	<b>470.51</b>

- 6.31 The analysis of table VI.10 reveals that while the total gap works out to Rs. 999.93 crores there is large variation among these municipal bodies with the corporation remaining in revenue surplus for all the five year period. This is because the growth rate in revenues of the corporations has

been higher than the growth in expenditure mainly due to higher levels of their revenue from octroi and other taxes, fees etc. Whereas, the gap has widened with the categories of municipalities i.e. lower the category of municipality more has been the gap between growth in income and expenditure.

- 6.32 The Commission has also worked out the amount of revenue gap that remain uncovered after accounting for the likely receipts of funds from various sources including State Government grants released on per capita basis for general purposes the EFC dispensation, the likely transfer of funds from line departments based on past trends. The net gap which remains uncovered after accounting for the receipts works out to Rs. 470.51 crores for the five year period 2000-01 to 2004-05. There are two ways to cover this gap, one is the amount likely to be devolved to the urban local bodies based on the recommendations of this Commission and the other is the revenue mobilisation measures which needs to be undertaken by these bodies by levy of existing taxes/fees and their improved recoveries.
- 6.33 While we will discuss the measures needed to fill the revenue gap as worked out above in subsequent chapters it is worthwhile to mention here that the amount of Rs. 470.51 crores is the total revenue gap of all the municipalities in the state based on their six years average growth in actual revenue and expenditure as furnished by them to the Commission and does not include the amount of arrears of salaries, allowances, pension and provident funds etc. which is outstanding due to one or the other reason. In case the outstanding amounts of these items of Rs. 75.43 crores as intimated by the Local Bodies Department to the Commission is added to the revenue gap, the total gap would reach to the level of Rs. 545.94 crores.
- 6.34 While there are different ways of working out the requirements of funds for various municipal functions the Commission has decided to adopt the revenue gap method as investment requirements are to be met by plan funds including centrally sponsored and externally aided projects. Accordingly the ways and means to fill the revenue gap of municipal bodies would be discussed in subsequent chapter.

#### **SUGGESTIONS AND RECOMMENDATIONS :**

- 6.35 After octroi, house tax is the main source of revenue of municipalities. Although house tax is obligatory for all municipalities to levy but out of 183 municipalities 66 municipalities are not levying/recovering house tax at all. Even the municipalities which are recovering house tax the recovery is poor. The existing system of levy of house tax on letting value is not very rational and leaves discretion with the assessing authority. The State

Government is already contemplating changes in the existing system by making it area based. The Government should expedite the suitable changes by making it area based and ensure recovery of house tax by all the municipalities in the state.

- 6.36 The abolition of octroi has crippled the municipalities financially. Although the State Government is releasing the grant in lieu of octroi but it is irregular and not reaching the concerned municipalities on 1st of every month. The State Government should release the octroi grant in time to the municipalities.
- 6.37 The Rajasthan Municipalities Act empowers the municipalities to levy discretionary taxes of various nature and recover fees for various services rendered by them. However, the figure of revenues from discretionary taxes and fees are negligible. The municipalities should explore the possibilities of levying these taxes so as to become self reliant financially which in turn would enable them to discharge their civic function properly. The municipalities will have to shed the tendency of depending on the State Government for financial help as the State Government can not afford to provide unlimited financial assistance.
- 6.38 The Commission has noted with concern the amount of arrear of pay, allowances, pension, gratuity, PF etc., of employees and expects the concerned municipal bodies to maintain proper accounts books of these transactions and to liquidate the arrear by raising resources.
- 6.39 The municipalities are spending more amount than required on establishment. In chapter III relating to municipal functions we discussed the problems related with excess staff in various categories of these urban local bodies. The municipalities are advised to rationalise the staff norms keeping in view the desirability of mechanisation and contracting out of various functions related with cleaning, scavenging, solid waste management and other civic services as also computerisation of office job and reduce the staff costs.
- 6.40 The Commission feels that there is need for encouraging the Urban Local Bodies to raise their resources by levy of taxes and recovery of fees already provided under the Rajasthan Municipalities Act/Rules. Even house tax which is obligatory for every municipality to levy is not being recovered by many municipalities and even where it has been levied the recovery is poor. Therefore, the Commission recommends recovery of house tax from all eligible land and buildings in municipal areas by the respective local bodies. The Commission is also suggesting an Incentive Scheme for raising resources from untapped measures for the ULBs. The detail scheme has been discussed in Chapter - VIII relating to devolution.

**ACCOUNTS AND AUDIT OF PRIs AND ULBs****PANCHAYATI RAJ INSTITUTIONS :**

7.1 The provision relating to Accounts and Audit of PRIs is contained in section 75 of the Rajasthan Panchayati Raj Act, 1994 which reads as follows:

- (a) A Panchayati Raj Institution shall keep such accounts and submit such statements to such authorities as may be prescribed.
- (b) Accounts of receipt and expenditure of every Panchayati Raj Institution shall be maintained for every financial year in such form as may be prescribed.
- (c) An abstract of the annual accounts of a Panchayati Raj Institution showing its income under each head of receipt, the charges for the establishment, works undertaken, the sum expended on each work, the balance, if any, remaining unexpended and such other information as may be required by rules, shall be prepared and finalised in the prescribed manner.
- (d) All accounts kept and maintained by a Panchayati Raj Institution shall be audited, as soon as may be after the end of financial year, by the Director, Local Fund Audit for the State and the provisions of the Rajasthan Local Fund Audit Act, 1954 (Rajasthan Act 28 of 1954) shall apply:

Provided that the Comptroller and Auditor General of India may also carry out a test audit of such accounts.

- (e) The concerned Panchayati Raj Institution shall pay, out of its fund, such sum as may be determined by the State Government by way of charges for such audit.

7.2 In the rules framed by the State Government under the Panchayati Raj Act, rule 245 to 252 relates to Accounts and Audit of PRIs and are reproduced below:

**Rule 245 - Quarterly Return of Accounts:**

A quarterly statement of account of income and expenditure will be prepared by Panchayati Raj Institutions and sent to next higher authority in Form No. XXXV. Quarterly accounts for the quarter ending June, September, December and March should be despatched latest by 15th of the month following the quarter to which the accounts relate. A progressive total of all items of income and expenditure provided in the

budget will be made out while preparing such statement of account and figures advised to the next higher authority.

**Rule 246 - Abstract of Annual Accounts:**

- (1) At the end of the year, a Panchayat/Panchayat Samiti shall prepare an abstract of Annual Accounts in Form XXXVI showing its income and expenditure under each head of budget and send it to the State Government through Zila Parishad by following first May.
- (2) Abstract of annual accounts will be accompanied by a statement of grants-in-aid in Form XXXVII under different heads of accounts from the State Government, expenditure incurred, supported by utilisation certificates, signed by Head of Office clearly mentioning that the grant entirely or in part has been spent specifically for the objects and purpose for which it was given, the accounts of which have been properly maintained, and the connected vouchers are in his custody. Chief Executive Officer will closely scrutinise these statements and send them to the State Government alongwith his comments, a copy of which will also be given to the Panchayat Samiti/Panchayat concerned.
- (3) Each Panchayat Samiti will also enclose a statement of loans and amount outstanding in Form No. XXXVIII alongwith annual accounts.
- (4) Alongwith annual accounts, a list of works undertaken under the various schemes with the progress of expenditure as provided in Form XXXIX will also be attached.
- (5) The annual accounts will also be accompanied by a statement of assets and liabilities of the Panchayat/Panchayat Samiti in Form No. XI.

**Rule 247 - Accounts and Returns of Zila Parishads:**

- (1) Every Zila Parishad shall also prepare a quarterly statement of income and expenditure as stated in Rule 245 and sent it to the State Government.
- (2) Similarly every Zila Parishad shall prepare Annual Accounts of income and expenditure as stated in Rule 246 and sent it to the State Government by 15th of May.

**Rule 248 - Audit of Accounts:**

- (1) The audit of the accounts of Panchayati Raj Institutions shall be governed by the provisions of the Rajasthan Local Fund Audit Act, 1954, and the Rajasthan Local Fund Audit Rules, 1955 made under the said Act.

- (2) A test audit of the accounts may also be carried out on behalf of the Comptroller and Auditor General of India.

**Rule 249 - Arrangements for Audit:**

The Panchayati Raj Institution concerned shall make suitable arrangements to enable the auditor to hold his office for conducting audit and shall keep all records, statements etc. ready for purpose of audit and produced these in the manner as demanded by the Audit.

**Rule 250 - Preparation of Financial Statements:**

Panchayati Raj Institution shall prepare the financial statements prescribed by the Local Fund Audit Rules, 1955 and actual accounts of the period for which audit has become due, and produce these when demanded by the Audit.

**Rule 251 - Audit Report:**

The Audit Report of the Director, Local Fund Audit shall be sent to the Panchayati Raj Institution concerned. A copy of the audit report to Panchayats shall also be sent to Panchayat Samiti concerned. Likewise a copy of the audit report of Panchayat Samitis shall also be sent to Zila Parishad concerned who will see that the irregularities pointed out by audit are promptly attended to and rectified.

**Rule 252 - Compliance of Audit Reports :**

- (1) Compliance of the audit reports sent by the Director, Local Fund Audit shall be made in accordance with the procedure laid down in Rule 28 of the Rajasthan Local Fund Audit Rules, 1955.
- (2) Chief Executive Officer and Chief Accounts Officer, Zila Parishad shall review the progress of compliance of audit reports every quarter in the presence of Deputy Director Local Fund Audit posted at regional headquarters and take all steps to get them complied on campaign basis.
- (3) Chief Executive officer shall specifically review the paras indicating embezzlement, loss of revenue, over payments, wrong payments etc. and initiate departmental action or criminal proceedings against defaulters.
- (4) All efforts shall be made by Chief Executive Officer and Vikas Adhikaris for recovery of loss of revenue pointed out in Audit reports.

7.3 Although detailed provisions have been made in the Panchayati Raj Act and Rules for maintenance of Accounts but the compliance of these



provisions is far from satisfactory with the result that the Finance Commission had to face the problem of non availability of accounts data of these institutions. The accounts statements which are supposed to be received in the Panchayati Raj Department at the state level are not received regularly and even if they are received they are not compiled and consolidated with the result that no data base is available about the PRIs at one place either at the district level or at the State Level.

- 7.4 As regards audit, the Local Fund Audit Department conducts audit of all the three tier institutions but the audit report is not placed in the Assembly. The compliance part of audit report and observations has also been very unsatisfactory. This is evident from the position of pendency of these matters indicated by the Local Fund Audit Department in its Annual Administrative Report for the year 2000-2001. The relevant portions are reproduced below giving the position obtaining as on 31.1.2001.

	First Inspection Report which are to be complied within 3 months	Audit Paras	Embezzlement Cases	
			No.	Amt. in Lacs Rs.
Panchayat Samitis	203	65555	787	138.60
Gram Panchayats	-	-	9720	338.70
Zila Parishads	15	2346	4	93.76
<b>Total</b>	<b>218</b>	<b>67901</b>	<b>10511</b>	<b>571.06</b>

*Note:- The number of Inspection Reports/Audit paras in respect of Gram Panchayats are in large numbers and are not being monitored by the Local Fund Audit Department at the State Level.*

#### URBAN LOCAL BODIES :

- 7.5 As regards Urban Local Bodies Section 279 to 281 of the Rajasthan Municipalities Act, 1959 provides for maintenance of accounts and their audit. The relevant provisions are as follows :

##### Sec. 279 - Maintenance of accounts and restrictions on expenditure-

- (1) Accounts of the income and expenditure of the municipal fund shall be kept in accordance with rules made in this behalf.
- (2) Expenditure from the municipal fund shall save as otherwise expressly provided for in this Act, be incurred subject to the restrictions, conditions and limitations imposed in rules made in this behalf.
- (3) The board shall, at its general meeting held after the audit of accounts for an official year, pass the accounts for that official year.

##### Sec. 280 - Audit of Accounts-

- (1) The municipal accounts shall from time to time once in every year at the least, be audited by the Examiner of Local Fund Audit in

accordance with the provisions of the Rajasthan Local Fund Audit Act, 1954 (Rajasthan Act XXVIII of 1954)

- (2) The board shall pay from the municipal fund such charges for the audit as may be prescribed by the State Govt.

**Sec. 281 - Transmission of accounts to Government-**

The board shall, as soon as the annual accounts for any Financial Year have been finally passed by it, transmit to the State Government, or any officer duly authorised by it in this behalf, a copy thereof, or an account in the form prescribed in this behalf, and shall furnish such details and vouchers relating to the same as the State Government or such officer may from time to time direct.

- 7.6 In pursuance of these provisions of the Act the State Government has framed the Rajasthan Municipalities Accounting Rules, 1963. Relevant provision of these rules are reproduced below:

**Rule 8 - Monthly Accounts:**

At the close of each month, a statement in form No. 1 shall be prepared showing the progressive income and expenditure of the Board and after detailed scrutiny by the Finance Committee, if any, such accounts shall be laid before the Board at the end of each quarter commencing from the first of April.

**Rule 9 - Annual Accounts:**

- (1) At the end of the year, an annual account [in form No. 1A] as per budget heads (minor as well as detailed) shall be prepared duly supported by a certificate signed by the Treasury Officer showing the amount at the credit of the Board in the treasury at the close of the year and if there is any difference between the amount shown in the certificate and the amount shown as the closing balance in the annual account, details shall be given in the 'Remarks' column on the last page of the income side of the accounts of the uncashed cheques or uncredited items of income to which the discrepancy is due.
- (2) The annual accounts so prepared shall be submitted in the general meeting of the board.
- (3) A copy of the annual account having been finally passed by the Board shall be transmitted to the State Government or any officer duly authorised in this behalf by 30th June of the next financial year.

**Rule 10 - Forms of Account:**

In the matter of details connected with accounts, the Board shall be guided by the instructions of the Examiner, Local Fund Audit, Rajasthan. The registers, forms and procedure prescribed in these rules provide for all classes of transactions usually occurring in Municipalities. No addition to or modification of these forms and procedure and no new form of account can be made by the Board without the sanction of the Government.

Provided that the Boards which keep their funds with any bank to which treasury business has been made over, may use the bank's forms in their transactions with the bank in the place of those prescribed under the rules.

**Rule 14 - Audit of Accounts:**

- (1) The Municipal Accounts shall be audited as provided in section 280 of the Act.
- (2) The Executive Officer should personally see that the annual accounts are closed and the accounts for the previous official year written up completely and made ready for audit before the 15th of May of every year.
- (3) The Executive Officer shall at the time of audit cause to be produced all accounts registers, documents, and other subsidiary papers maintained by the Board which may be required by the audit officers to assist them in their investigation and any further document or record as required by the audit party, they shall also be produced before them.
- (4) The objection statement issued by the auditor in the course of audit shall be returned to him promptly and in any case before the close of audit, with notes showing the action taken or which it is proposed to take to settle the objections raised over the signature of the Chairman or Executive Officer. The auditor shall return for further action any items of which final or sufficient action has not in his opinion been taken and when possible, shall before leaving, bring to personal notice of the Chairman, items which have not been disposed of. In particular the auditor shall bring to the notice of the Chairman any item in which he proposes to disallow payment or subject to the approval of the Controlling Authority surcharge any member of the Board.

**Rule 15:**

- (1) The Board shall consider the audit note and the objection statement at a special meeting in which the audit note should be the only item on the agenda, held not more than one month after receipt of the note together with an explanation on the part of the Municipal staff on each of the points raised in the note. The Board should also pass a resolution or resolutions expressing its opinion on each of the

points. The action so taken shall be indicated on an interleaved copy or on the margin of the audit note which shall be sent to the Controlling Authority direct within a fortnight after the holding of the meeting. A similar annotated copy shall be kept in the Municipal office and shall be placed before the inspecting officers.

- (2) Subsequent correspondence shall be conducted directly between the Board and Controlling Authority as well as the Examiner, Local Fund Audit Department or the authorities to whom power have been delegated in this behalf under sections 277 and 278 read with section 299. The latter may exercise his discretion on any points that may arise and may finally decide the issue unless he deems it necessary to refer any issue to Government before finalising it.

**Rule 16 :**

In the following cases objections taken by the Auditors, shall prevail, unless the surcharge is over-ruled by the Controlling Authority or the item is written off with the sanction of the Controlling Authority provided that the Controlling Authority shall have power to refer any case for the sanction of the Government if he considers such sanction to be necessary:-

- (1) When a payment has been made from the Municipal fund which contravenes the provisions of section 83 of the Act, and,
- (2) When expenditure has been incurred which would not be an appropriate charge on the Municipal fund without the sanction of Government.

7.7 As is clear from the above provisions elaborate arrangements have been made for maintenance of accounts and their audit. However the compliance of these provisions has been far from satisfactory with the result that consolidated position of income and expenditure of Urban Local Bodies is not available with the Director Local Bodies Department or any other department at one place. We have already mentioned about the problem faced by us in collection of accounts data in our earlier chapters.

7.8 As regards pendency of audit reports, paras and embezzlement cases the position obtaining as on 31.1.2001 in respect of all Municipal Bodies of the State as per the annual administrative report of Local Fund Audit Department for 2000-01 is as under:

- Pending First Compliance Reports		436
- Pending Audit Paras		101999
- Embezzlement cases	No.	916
	Amt. Rs. in lacs	103.34

7.9 As observed by us in earlier paras of this chapter the audit report of these local bodies are not placed before the state legislature and in respect of audit reports of Gram Panchayats there is no system of monitoring. The

State Government has however constituted three Committees for monitoring the compliance of audit reports, at district level under the Chairmanship of District Collector, at divisional level under the Chairmanship of Divisional Commissioner and at state level under the Chairmanship of Development Commissioner.

- 7.10 The first State Finance Commission made following observation regarding consolidation of financial data of PRIs and ULBs.

"There is no agency to collect the financial data of PRIs and ULBs regularly for analysis. Sheer number of these institutions running to many thousands made the task of collection of data a difficult one. We, however collected data from the concerned departments and also relied on the data given in the budget, audit reports, plan documents, AG's report etc. for our analysis. There is presently no mechanism for consolidating the panchayat and municipal data at any level. Even the local fund audit office has to refer to the field institutions for copies of the audit reports. We strongly recommend that the Director Local Fund Audit should consolidate the financial data in the proforma prescribed by this Commission for all the institutions so that the authentic/audited figures of revenue and expenditure are available for atleast future Finance Commissions."

- 7.11 In the light of the above mentioned observations of the First State Finance Commission meetings were held by the Director, Local Fund Audit Department with the concerned officers of Local Bodies Department and Panchayat Raj Department. It was decided that these departments would obtain the financial data from the local bodies and make available these data to Director, Local Fund Audit for consolidation. It appears that further action in the matter has not been taken by these departments. Therefore, the Second State Finance Commission had to again depend on the individual Panchayati Raj Institution and Urban Local Body for furnishing the financial data for the last six years. We have faced great difficulty in this regard and, therefore, for the future Finance Commissions and for monitoring the recommendations of State Finance Commission a system may be evolved for regular compilation and consolidation of financial data of the PRIs and ULBs.

- 7.12 The Eleventh Finance Commission has also deliberated upon the issue of audit and accounts of the local bodies. Considering the fact that Panchayats at village level do not have exclusive staff for upkeep of accounts, the Commission has suggested for getting this work done on contract for Rs. 4000 per panchayat per annum out of grants given by Government of India as per recommendations of Eleventh Finance

Commission. The following recommendations of Eleventh Finance Commission are relevant and are being reproduced for needful action :

- (a) The C&AG should be entrusted with the responsibility of exercising control and supervision over the proper maintenance of accounts and their audit for all the tiers/levels of panchayats and urban local bodies.
- (b) The Director, Local Fund Audit or any other agency made responsible for the audit of accounts of the local bodies, should work under the technical and administrative supervision of the C&AG in the same manner as the Chief Electoral Officers of the States operate under the control and supervision of the Central Election Commission. In no case should the Director for Panchayats or for Urban Local Bodies be entrusted with this work. The prescribed authority entrusted with the audit and accounts would not have any functional responsibility in regard to the local bodies, so as to ensure his independence and accountability.
- (c) The C&AG should prescribe the format for the preparation of budgets and for keeping of accounts for the local bodies. Such formats should be amenable to computerisation in the networked environment.
- (d) Local bodies particularly the village level panchayats and in some cases the intermediate level panchayats, that do not have trained accounts staff, may contract out the upkeep of accounts to outside agencies/persons. For this purpose:
  - The C&AG may lay down the qualifications and experience for the agency/person who could be contracted out the work of maintenance of accounts. The Director, Local Fund Audit or his equivalent authority may do the registration of such agency/person.
  - A group of local bodies may be entrusted to an agency/person for upkeep of accounts on payment of remuneration as may be fixed by the C&AG in consultation with the State Government.
  - The Director, Local Fund Audit or his equivalent authority, under the direction of the C&AG, may do the supervision over the quality of work of such agency/person.
  - Non-compliance or poor performance should lead to deregistration of the agency/person entrusted with such task.
- (e) Audit of accounts of the local bodies be entrusted to the C&AG who may get it done through his own staff or by engaging outside agencies on payment of remuneration fixed by him. An amount of

half-a-per-cent of the total expenditure incurred by the local bodies should be placed with the C&AG for this purpose.

- (f) The report of the C&AG relating to audit of accounts of the panchayats and the municipalities should be placed before a Committee of the State Legislature constituted on the same lines as the Public Accounts Committee.

7.13 For implementation of these recommendations, the Eleventh Finance Commission has recommended a grant of Rs. 376.84 lacs for maintenance of accounts of village level Gram Panchayats and intermediate level Panchayat Samitis of the state @ Rs. 4000/- per Gram Panchayat and Panchayat Samitis. Similarly for creation of data base relating to the finances of the PRIs an amount of Rs. 754.08 lacs and for Urban Local Bodies Rs. 14.60 lacs has been recommended. The Government of India has accepted these recommendations and in the guidelines issued by the Ministry of Finance regarding release and utilisation of these grants it has been provided that the amounts recommended for maintenance of accounts and creation of data base shall be the first charge on the total amounts of grants to be released to the PRIs and ULBs based on EFC recommendations.

#### **RECOMMENDATIONS :**

7.14 Since large sums are being spent by the PRIs and ULBs and their roles and responsibilities are increasing, it is necessary that the aspect of maintenance of Accounts and Audit of these bodies is given a serious thought by the State Government so as to evolve suitable mechanism for the maintenance of Accounts and Audit of these institutions. The Eleventh Finance Commission has made detailed suggestions on the issue and has also provided required funds for the purpose. This Commission also feels that this aspect is important. The State Government should take adequate measures for proper maintenance of accounts. While engaging agencies for maintenance of accounts of PRIs care should be taken that services of people who are well versed with commercial accounting procedures are availed and accounts maintained as per the guidelines envisaged in the relevant scheme by the Government of India. As regards audit suitable mechanism should be evolved so that the audit reports do not remain unattended and the purpose of audit is not defeated.

7.15 This Commission also deliberated on the issue of custody of funds and maintenance of accounts by Sarpanch of Gram Panchayats. This phenomenon has been in practice in many Panchayats in the State. This could be due to non availability of a full time Panchayat Secretary. However, there have been cases of non handing over of charge of cash and

other Accounts Books by the Ex-Sarpanch to the newly elected Sarpanch. In this regard we have also seen the provisions made in the Panchayati Raj Act/Rules. Rule 331 of the Rajasthan Panchayati Raj Rules, 1996 says that the Gram Sevak-cum-Secretary shall receive money on behalf of Panchayats, maintain accounts books, prepare budget, and furnish all the informations and prescribed returns and statements to the Panchayat/ Panchayat Samiti on prescribed dates. He has also been made responsible for arranging all payments sanctioned by Panchayat and for all other office related record keeping duties.

- 7.16 Now that the State Government has posted Gram Sevak-cum-Secretary in almost all the Panchayats the Commission hopes that the Sarpanchas would not be required to handle cash and maintain account records. The Commission, therefore, recommends that the Sarpanch should be kept free from the botheration of handling cash or keep accounts books and other Panchayat records. The Commission further recommends that the Gram Sevak Cum Secretary should be properly trained person so as to be capable and responsible to handle cash and maintain prescribed accounts records.



**DEVOLUTION FROM THE STATE**

8.1 In earlier chapters we have discussed the State's Financial position as also the financial requirements of Panchayati Raj Institutions and the Urban Local Bodies. While with revenue and fiscal deficits the state's finances are not on a sound footing, but at the same time the Panchayati Raj Institutions and Urban Local Bodies need financial support from the State Government so as to be able to deliver basic civic services to the people.

8.2 While assessing the states' resources we have projected the state's net proceeds from tax revenues excluding entertainment tax at Rs. 32826.97 crores, net revenue from entertainment tax at Rs. 179.96 crores and net royalty receipts from minerals at Rs. 2883.62 crores for the period 2000-2005. While the requirements of funds of Panchayati Raj Institutions and Urban Local Bodies, particularly the Urban Local Bodies are sizeable, but we feel that looking to the resource constraints it is not feasible for the State Government to provide the total funds required by the urban local bodies. Therefore, keeping in view the minimum requirements of Panchayati Raj Institutions and Urban Local Bodies and resources constraint of the State Government, the Commission has tried to strike a suitable balance between the requirements and devolution being recommended by us.

**GLOBAL SHARING V/S INDIVIDUAL TAX/NON-TAX SHARING :**

8.3 The Terms of Reference require us to recommend distribution of net proceeds from taxes, duties, tolls and fees between the State Government and Panchayati Raj Institutions and Urban Local Bodies as also grants which could be given to these bodies out of the Consolidated Fund. The Commission discussed at length various aspects of global sharing of tax revenue and sharing some portion of individual tax and non-tax revenue in the proposed devolution formula. Keeping in view various aspects of the matter the Commission has decided to recommend devolution of funds by way of share in tax revenues/non-tax receipts from minerals and their distribution between PRIs and ULBs during the award period as discussed in subsequent paras.

8.4 The Commission has decided to recommend total devolution of Rs. 794.43 crores to the Panchayati Raj Institutions and Urban Local Bodies during

the award period 2000-05. This total amount of Rs. 794.43 crores has been arrived as follows :

		(Rs. in crores)
(i)	2.25% of states own net tax revenue excluding entertainment tax (of Rs. 32826.97 crores) in following two parts :	738.60
(a)	2.20% as share in tax	722.19
(b)	0.05% incentive amount for raising resources	16.41
(ii)	15% of net proceeds from entertainment tax (of Rs. 179.96 crores)	26.99
(iii)	1% of net receipts from royalty on minerals (of Rs. 2883.62 crores)	28.84
<b>Total (i) (ii) and (iii)</b>		<b>794.43</b>

- 8.5 While the Commission has assessed the state's net tax/non-tax revenue based on actual growth of nine years commencing 1991-92 which covers good and bad period of state's economy and there may not be large variations in the revenue assessed by us. But the proposed devolution of funds has been worked out in terms of percentages of net proceeds and the transfer of funds may vary with actual realisation of net tax/non-tax revenues. Accordingly the year-wise funds to be devolved may be revised by the State Government based on actual collection of net tax revenues, entertainment tax and royalty receipts.

#### **DISTRIBUTION BETWEEN PRIs AND ULBs :**

- 8.6 For distribution of the divisible share in net tax revenue excluding entertainment tax, amounting to Rs. 738.60 crores between the Panchayati Raj Institutions and Urban Local Bodies, the Commission has decided to distribute the share based on population and to adopt the provisional figures of 2001 census. As per these figures the total population of the state has been arrived at 5.65 crores, out of which rural population constitutes 4.33 crores and urban population 1.32 crores. Thus the percentage share of Rural and Urban population would work out to 76.6% and 23.4% respectively. However, the Panchayati Raj and Urban Local Bodies Department may use 1991 census figures for further distribution of funds among the PRIs and ULBs till village wise/town wise population figures are published by census authorities. Even otherwise the change in Rural Urban ratio has been negligible in 2001 census vis-à-vis 1991 census.
- 8.7 As mentioned by us earlier in chapter on Urban Local Bodies the census department and the State Local Bodies Department are adopting different criteria for bifurcation of Rural/Urban areas. We reiterate here that while we have used the census figures of Rural Urban break up for distribution

of share in net tax revenues between the PRIs and ULBs, further distribution inter-se among the ULBs has been made based on municipalitywise population figures of 2001 census. Accordingly the share of PRIs and ULBs devolution of Rs. 738.60 crores would work out to Rs. 553.20 crores from 2.20% share and Rs. 12.57 crores from 0.05% share totalling to Rs. 565.77 crores for the Panchayati Raj Institutions and Rs. 168.99 crores from 2.20% share and Rs. 3.84 crores from 0.05% share totalling to Rs. 172.83 crores for the Urban Local Bodies.

#### **SHARE IN ENTERTAINMENT TAX :**

- 8.8 Prior to the imposition of entertainment tax by the State Government under the provisions of the Rajasthan Entertainment and Advertisement Tax Act, 1957 various Princely States were collecting entertainment tax under their Local Laws. With the imposition of this Act in 1957 the local acts were repealed and a provision was made under section 14 of this act for payment of subsidies to local authorities by way of compensation. This section reads as follows :

#### **"Payment of subsidies to local authorities by way of compensation.-**

- (1) From the proceeds of the tax collected under this Act every year, there shall be paid to each local authority which was in receipt of an income from a tax levied by it in respect of admission to entertainment under any enactment amended by section 2 during any part of the three years preceding the commencement of that section, such sum as may be determined under sub-section (2) which shall not be less than a sum equivalent to the average net annual income derived by such local authority during the three years from the tax so levied.
  - (2) The State Government shall determine the sums which should be paid to local authorities under sub-section (1) and such determination shall be final."
- 8.9 The State Government was paying subsidy of Rs. 17.78 lakhs under this provision upto the year 1996-97. On the constant demand of local bodies the State Government decided to increase the subsidy amount to 25% of the receipts from this tax and to raise the amount upto 100% of entertainment tax collection in next four years. This decision was announced in budget speech of 1997-98 in the Assembly. The decision was partly implemented during the two years 1997-98 and 1998-99 when Rs. 1 crore and Rs. 10.48 crores respectively were given as subsidy to the municipalities. Thereafter this subsidy has not been paid during 1999-2000 and 2000-01 as reported by the local bodies department.

8.10 This issue was discussed in the Commission and it was felt that the State government's action in not making the payment of entertainment tax to the local bodies is contrary to the legal provisions and decision taken in 1997-98. Therefore, the Commission expects the State government to consider transfer of entire proceeds of entertainment tax to the Urban Local Bodies. In the meantime the Commission has decided to recommend transfer of 15% share in net proceeds from entertainment tax to the Urban Local Bodies based on collection from their areas. This amount works out to Rs. 26.99 crores for the award period. The actual amount may however, vary on realisation.

8.11 As regards entertainment tax in rural areas section 19A of the Rajasthan Entertainment Tax Act provides for recovery of entertainment tax by Panchayat Samiti within the block to be utilised by the said Panchayat Samiti. For this purpose the Panchayat Samiti has been delegated all the powers of the State Government. This Act further provides that no sum shall be payable by the State Government to a local authority within a Panchayat Samiti. In view of these provisions no amount has been considered payable to the PRIs out of the net proceeds of entertainment tax.

#### **ROYALTY ON MINERALS :**

8.12 The issue regarding transfer of some portion of royalty from minerals to Gram Panchayats was discussed in the Commission. Excavation of minerals is mainly done in rural areas and such excavation creates problems for the rural population and resultant pressure on the civic services to be provided by the village panchayats. Therefore, after examining various aspects of the matter the Commission has decided to recommend transfer of 1% of net receipts from royalties on minerals (both major and minor) to the Gram Panchayats of respective districts and if feasible within a district to the Gram Panchayats of the area from where minerals are extracted/royalties recovered. The amount @ 1% of the net royalty receipts as assessed by us for the five year period 2000-2005 works out to Rs. 28.84 crores. The actual amount for disbursement may however be arrived based on net realisation of royalty from the respective districts. The Commission has worked out the district wise percentage share based on average receipts from royalty during the period 1996-97, 1997-98 and 1998-99, and respective share of the districts based on our assessment of net royalty receipts @ 1% could be used for disbursement among the Gram Panchayats of various districts. The table prepared by the Commission is available at Annexure-VIII.1.

8.13 As discussed in earlier paras the Commission has decided to recommend distribution of Rs. 738.60 crores representing share in net tax revenue

excluding entertainment tax between the Panchayati Raj Institutions and Urban Local Bodies on the basis of rural-urban population percentages of 76.6% and 23.4% respectively. The Commission has further decided to give Rs. 16.41 crores by way of incentive amount to Gram Panchayats and Urban Local Bodies excluding corporations for raising revenues from untapped sources. Based on the above discussions the share of Panchayati Raj Institutions and Urban Local Bodies in the net tax revenue (excluding entertainment tax), share in entertainment tax and mineral royalty would work out as follows :

		(Rs. in crores)		
		PRIs Share	ULBs Share	Total
(i)	(i) Share in net tax revenue excluding entertainment tax @ 2.20%	553.20	168.99	722.19
(ii)	(ii) Incentive amount from net tax revenue excluding entertainment tax @ 0.05%	12.57	3.84	16.41
(iii)	(iii) Share in Entertainment Tax @ 15% of net revenue	-	26.99	26.99
(iv)	(iv) Share in Royalty Receipts @ 1% of net receipts	28.84	-	28.84
<b>Total (i) to (iv)</b>		<b>594.61</b>	<b>199.82</b>	<b>794.43</b>

#### **DISTRICTWISE DISTRIBUTION FOR PRIs :**

- 8.14 As regards distribution of the PRIs share in tax revenue (excluding entertainment tax) among the districts the Commission has decided to recommend the same formula which was adopted in its Interim Report with the modification that the Commission has decided to use the population figures of 2001 census. The formula proposed to be adopted with various weights is as under :

**80 Percent** : Population ;

**10 Percent** : Geographical Area ;

**5 Percent** : Poverty represented by number of families living below poverty line ; and

**5 Percent** : Level of illiteracy

While working out the districtwise share these parameters of population, area, poverty and illiteracy have been used keeping the district as the unit because data used in determining these weights are available for the district as the unit. Based on this criteria the Commission has worked out the districtwise share of funds that are to be devolved among the three tiers of Panchayati Raj Institutions.

#### DISTRIBUTION AMONG THE THREE TIERS :

- 8.15 For further distribution of PRIs share of net own tax revenue amounting to Rs. 553.20 crores amongst the three tiers namely the Gram Panchayats, Panchayat Samitis and the Zila Parishads the Commission has decided to recommend 85% of the total PRIs share to Gram Panchayats, 12% to Panchayat Samitis and 3% to Zila Parishads. The respective share of these institutions in net tax revenue excluding entertainment tax for the award period would work out as follows :

	(Rs. in crores)
1. Gram Panchayats	470.22
2. Panchayat Samitis	66.38
3. Zila Parishads	16.60
<b>Total</b>	<b>553.20</b>

Further distribution of these amounts to Gram Panchayats, Panchayat Samitis and Zila Parishads is to be made on population basis. Based on the formula and parameters discussed above we have prepared districtwise share of the three tier PRIs which is available at Annexure-VIII.2.

- 8.16 As regards the nature of the funds being recommended for transfer from share in taxes and royalty receipts to the PRIs, although the Commission has worked out the additional requirements of these institutions based on normative approach and the details of norms adopted and amounts so worked out have been given in the chapter on Panchayat Finance. However, the Commission is of the view that while the requirements have been worked out for the three tier institutions keeping in view various civic and other functions which should be performed by them, but the actual requirements and ground conditions differ from place to place and institution to institution. Therefore, the Commission has decided not to bifurcate the recommended amount of share in taxes and royalty receipts of Panchayat Raj Institutions in to various purposes except the incentive amount which would be payable on raising of resources on matching basis to the Gram Panchayats. However, the Commission expects that the funds being recommended by us should be utilised by the Panchayati Raj Institutions for creation, upgradation, maintenance of basic civic services, repair and maintenance of buildings including school buildings, promotion of elementary education among girls, better supervision and monitoring of various rural development schemes in their respective jurisdictions. While working out the requirements the Commission has also considered creation of civic facilities like bus sheds, toilets, water huts etc., which are lacking in small towns of rural areas. Similarly the Commission has also felt the need for training of newly elected public representatives regarding government functioning and implementation of various rural development schemes, and has recommended suitable amount for the purpose. The

Commission expects the utilisation of such funds for creation of these facilities and training of public representatives. The Commission further recommends that the amounts may not be utilised for payment of salaries to staff.

#### **DISTRIBUTION AMONG URBAN LOCAL BODIES :**

- 8.17 For distribution of share in taxes except entertainment tax among the Urban Local Bodies the Commission feels that in the absence of reliable data relating to geographical area, poverty etc., the population norm is the only alternative available which could be adopted. The issue regarding disparity in the financial resources of various Urban Local Bodies was discussed at length in the Commission. While the Municipal Corporations and Councils with higher levels of octroi receipts and other avenues of raising resources both from house tax and other taxes are better placed, the other three categories of municipalities are financially weak. Moreover major developmental activities under the Asian Development Project etc. are also being taken up in Municipal Corporations/Councils.
- 8.18 Therefore, keeping various aspects in to consideration the Commission has decided to recommend distribution of 85% amount from share in tax revenue (except entertainment tax) among all the urban local bodies on population basis. And the balance 15% amount among all the three categories of municipalities on population basis as additional share to offset their weak resource raising capacities. Accordingly the share of various municipalities based on above criteria works out as follows :

**Table - VIII.2**

Category	No. of Institutions	2001 census Population (in lacs)	(Rs. in crores)		
			Recommended Amount		
			85%	15%	Total
Municipal Corporations	3	38.66	43.73	-	43.73
Municipal Councils	11	29.91	33.83	-	33.83
Municipal Boards II	39	26.18	29.61	11.36	40.97
Municipal Boards III	58	17.75	20.08	7.70	27.78
Municipal Boards IV	72	14.48	16.39	6.29	22.68
<b>Total</b>	<b>183</b>	<b>126.98</b>	<b>143.64</b>	<b>25.35</b>	<b>168.99</b>

- 8.19 These amounts are recommended to be utilised by the respective urban local bodies for upgradation and maintenance of basic civic services, accounts keeping system and improvements in the over all functioning of these bodies. The urban local bodies should also contract out and mechanise the disposal of solid waste and other cleaning operations so as to improve efficiency in the delivery of civic services.

#### INCENTIVE SCHEME FOR PANCHAYATS AND URBAN LOCAL BODIES :

- 8.20 In the earlier chapters on Panchayat Finance and Municipal Finance, we have discussed the need for framing an Incentive Scheme to encourage the Panchayati Raj Institutions and Urban Local Bodies to raise resources. The Rajasthan Panchayati Raj Act/Rules provides for levy of various taxes and recovery of fees for various services rendered as also recovery of fees from persons carrying on trade and business. However, it has been noticed that majority of Gram Panchayats are not imposing taxes and recovering the fees. For example Gram Panchayats can levy house tax but almost no Gram Panchayat is levying house tax. Similarly, Gram Panchayats can recover fees from petrol/diesel pump, hotel/dhaba, automobile/repair shop and other business units in its area but this is not being recovered by the Panchayats. The own revenue of Gram Panchayats has been ranging between 5.05% to 6.45% of their total receipts only.
- 8.21 Similarly, Rajasthan Municipalities Act, provides for levy of obligatory and discretionary taxes by the Urban Local Bodies, but the fact remains that the municipalities are not recovering even house tax from all eligible houses. The municipalities can also recover fees for certain licenses given and various permissions granted for building construction etc.. But these provisions are not being enforced with the result that the municipalities are not getting adequate receipts from these sources.
- 8.22 With a view to encourage Gram Panchayats to levy taxes and recover fees the Incentive Scheme framed by us envisages payment of incentive amount equal to the revenue raised by a Gram Panchayat from sources which has not been tapped so far. For example, if a Gram Panchayat levy and recover house tax from the eligible pucca houses in its jurisdiction, an amount equal to the recovery of house tax made by the Gram Panchayat will be paid out of the incentive amount. Similar incentive would be available on recovery of fees from petrol/diesel pump, dhaba etc. equal to the amount of fees recovered by way of incentive money. While assessing the requirement of funds for Panchayati Raj Institutions we have also estimated the funds required for implementation of incentive scheme. Accordingly we have decided to recommend Rs. 12.57 crores representing 0.05% of net tax revenue for implementation of incentive scheme for the Gram Panchayats. The incentive grant of equal or matching amount would be admissible on raising revenue from levy of new tax/ recovery of fee from new persons or organisations who have not paid the fee in the past or a tax not recovered so far. The new tax or fee mentioned here refers to the taxes and fees already provided under the Rajasthan Panchayati Raj Act/Rules. The districtwise figures of incentive amount arrived at by us on the basis of weights have been given in Annexure-VIII.3.



- 8.23 The State Government may transfer the amounts recommended by us for implementation of the incentive scheme in the PD Accounts of Zila Parishads so that the eligible Gram Panchayats may claim and receive incentive share from the amount and an environment of raising resources could be created among these institutions. The Chief Executive Officer and Accounts Officer of Zila Parishad may ensure early settlement of incentive claims. As a result of implementation of the incentive scheme such of the Gram Panchayats which raises the resources would get equal amount of incentive and will be better placed as compared to the Panchayats which fails to raise resources. At the end of award period the balances in the incentive fund alongwith interest, if any, may be distributed by the respective Zila Parishads to the Gram Panchayats of their districts on population basis.
- 8.24 In case of municipalities while the amount of Incentive share work out to Rs. 3.84 crores due to the over all availability of divisible funds the scope of raising resources particularly from house tax are enormous. The municipalities should levy and recover house tax from all eligible houses in their jurisdiction. The State Government is contemplating necessary amendments in the House Tax Laws to simplify assessment and enforce recovery of house tax. We, therefore, feel that the incentive scheme need not be applied to recovery of house tax, but should be applied on recovery of discretionary taxes stipulated under section 105 of the Rajasthan Municipalities Act. Under this section municipalities can levy taxes on vehicles, dogs, other animals used for riding, a scavenging tax, a lighting tax etc. However, recovery of these taxes is negligible. Even majority of urban local bodies are not levying/recovering these taxes at all, whereas the municipalities should raise their resources by levy of these taxes. Recently Municipal Corporation Jaipur has started a drive to collect some of these taxes.
- 8.25 We, therefore, feel that the Municipal Councils and municipalities falling under category II, III & IV need to be encouraged to recover these taxes of discretionary nature. Therefore, the Commission recommends payment of incentive amount equal to the recovery of discretionary taxes not levied and collected so far by the councils and municipalities from the incentive amount of Rs. 3.84 crores which we have recommended for being set apart. The Director Local Bodies may sanction the incentive amount based on the claim of Municipal Councils and Municipalities. We have thought it appropriate to exclude Municipal Corporations from the operation of incentive scheme keeping in view the limited amount of incentive available and large scope of raising discretionary taxes with the corporations.

#### **ELEVENTH FINANCE COMMISSION GRANTS :**

- 8.26 The Eleventh Finance Commission has recommended grants amounting to Rs. 490.95 crores for the Panchayati Raj Institutions and Rs. 99.42 crores for the Urban Local Bodies for the period 2000-05. As discussed in the chapter on Accounts and Audit of PRIs and ULBs, the Eleventh Finance Commission has also felt the need for maintenance of proper accounts of Panchayati Raj Institutions and creation of database on the finances of PRIs as also the Urban Local Bodies. Accordingly the EFC has recommended grants for maintenance of accounts of Gram Panchayats @ Rs. 4000/- per Gram Panchayat per year. Similar amount has also been recommended for Panchayat Samitis provided there is no accounts staff in Panchayat Samitis. The amount of grant recommended for maintenance of accounts of PRIs for the award period is Rs. 18.85 crores.
- 8.27 As regards creation of database which is lacking both in PRIs and ULBs, the EFC has recommended Rs. 7.54 crores for creation of database of Panchayati Raj Institutions and Rs. 0.15 crores for the Urban Local Bodies. The EFC has further suggested that accounts maintenance work may be got done on contract basis and the funds recommended for maintenance of accounts are indicative and could be different for different panchayats depending upon local conditions. The work of maintenance of accounts and creation of database is to be done in consultation with the Comptroller and Auditor General of India. The EFC has also mentioned that the amount indicated for maintenance of accounts and development of database would be the first charge on the grants recommended by EFC. The remaining amount should be utilised for maintenance of core civic services by the Gram Panchayats and Urban Local Bodies. The core civic services identified by the EFC are primary education, primary health care, safe drinking water, street lighting, sanitation including drainage and scavenging facilities, maintenance of cremation and burial grounds, public conveniences and other common property resources. The distribution of EFC grants (other than earmarked for maintenance of accounts and development of database) is to be made on the principles recommended by this Commission.
- 8.28 The EFC has further bifurcated the grant amount between the normal area and excluded area. In the case of PRIs the amount given for normal area is Rs. 444.68 crores and for excluded area Rs. 46.27 crores. Similarly in case of ULBs the amount for normal area is Rs. 97.17 crores and for excluded area is Rs. 2.25 crores. We had examined the issue of distribution of funds recommended by the EFC for normal area and excluded area at the time of preparing our Interim Report and came to the conclusion that by adopting the formula of population, geographical area, poverty and illiteracy as was done in our interim report the PRIs falling in excluded area or tribal area

would get more amount than recommended by the EFC. The Commission, therefore, decided to adopt the same formula for distribution of entire EFC grants. Similar situation exists in case of urban local bodies. We have again examined this issue keeping in view the population figures of 2001 census and with the increased population also the share of excluded area works out to more than that recommended by the EFC.

- 8.29 We, therefore, recommend that the Eleventh Finance Commission grants for maintenance of core civic services to Gram Panchayats may be distributed among the districts as per percentage weights indicated by us in earlier para and further distribution is to be made among Panchayats on population basis. Similarly 85% of EFC grants for maintenance of core civic services, may be distributed amongst all the Urban Local Bodies on population basis and balance 15% amount among class II, III and IV municipalities based on population as has been recommended by us for distribution of share in tax under the SFC dispensation. Although release of EFC grants are subject to certain guidelines issued by the Government of India we have bifurcated the EFC grants yearwise in subsequent chapter on devolution for the sake of convenience.

**GAP IN RESOURCES OF PRIs AND ULBs :**

- 8.30 In the chapter on Panchayat Finance we had worked out additional requirements of all the three tiers of Panchayati Raj Institutions at Rs. 608.17 crores for proper discharge of various functions. We have recommended devolution of Rs. 594.61 crores for the PRIs leaving a small gap of Rs. 13.56 crores. The Commission expects the Panchayati Raj Institutions to raise resources during the award period not only to cover this small gap but to further raise their resources.
- 8.31 In the case of Urban Local Bodies while there are different methods of assessing the requirements of funds, the Commission has decided to adopt the revenue gap method and has assessed the requirement at Rs. 470.51 crores as discussed in chapter VI on Municipal Finance. As mentioned by us earlier the state's financial position is no better with deficits in revenue account and for any devolution of resources the State Government will have to borrow funds. However, the Commission has tried to strike a balance between the requirements of PRIs and ULBs and the feasibility of sparing resources by the State Government for devolution to these bodies. Again while the requirements of Urban Local Bodies are more as compared to the amount recommended by us, but they have the required scope and capacity of raising resources. Keeping all these aspects in view the Commission has recommended devolution of Rs. 199.82 crores for urban local bodies during the award period. This leaves a gap of

Rs. 270.69 crores which should be covered by these bodies by raising resources.

- 8.32 As mentioned earlier recovery of house tax is obligatory for the municipalities but 66 municipalities are not levying house tax and the recovery of house tax in 117 municipalities where it is levied can not be called satisfactory. It is therefore, necessary that all the municipalities levy and recover house tax. The Local Bodies Department has informed the Commission that the State Government is contemplating rationalisation of house tax provisions to make it area based and if house tax is recovered by all the municipalities revenue of Rs. 100 crores per year can be raised. Therefore, looking to the vast potential of revenue mobilisation, the gap of Rs. 270.69 crores for the urban local bodies is not difficult to be covered.
- 8.33 The Commission has framed an incentive scheme to encourage the ULBs to raise resources from untapped tax/non-tax measures and has also recommended Rs. 3.84 crores for payment of incentive amount on raising of new resources. The ULBs should take necessary measures to raise resources and claim incentives.

#### **RECOMMENDATIONS :**

- 8.34 Looking to the minimum requirements of Panchayati Raj Institutions and Urban Local Bodies the Commission recommends total devolution of Rs. 794.43 crores consisting 2.25% share in state's net own tax revenue (excluding entertainment tax) 15% share in entertainment tax for Urban Local Bodies and 1% share in royalty receipts from minerals for Gram Panchayats for the award period 2000-05.
- 8.35 Out of the total devolution of Rs. 794.43 crores, Rs. 26.99 crores representing 15% net share of entertainment tax are to be devolved to the Urban Local Bodies in proportion to collection of entertainment tax from their areas and Rs. 28.84 crores representing 1% of net royalty receipts from minerals to the Gram Panchayats in proportion of royalty collection from the concerned districts and if possible from the areas falling in respective Gram Panchayats.
- 8.36 Distribution of the devolved amount of Rs. 738.60 crores representing 2.25% of net own tax revenue (excluding entertainment tax) between the Panchayati Raj Institutions and Urban Local Bodies is to be made in the population ratio of 76.6% rural and 23.4% urban based on 2001 census. Districtwise figures of population have provisionally been made available by the Census Department. However for further distribution of the devolved share amongst the three tiers of PRIs the department could use 1991 census figures till publication of 2001 census population figures of

Gram Panchayats and Panchayat Samitis. The Commission has used state level figures of urban population as made available by the Census Department. However, interse distribution among various urban local bodies has been made based on respective population of these institutions.

- 8.37 Based on the population ratio of 76.6% and 23.4% the share of Panchayati Raj Institutions and Urban Local Bodies from Rs. 738.60 crores works out to 565.77 crores and Rs. 172.83 crores respectively. These amounts include incentive amount of Rs. 12.57 crores for PRIs and Rs. 3.84 crores for ULBs to be given for raising resources from untapped sources to the Gram Panchayats and urban local bodies excluding the corporations.
- 8.38 As regards distribution of the divisible share of PRIs among the districts the Commission has decided to adopt the parameters of rural population with 80% weight, geographical area with 10% weight, poverty represented by number of families living below the poverty line with 5% weight and illiteracy rate with 5% weight. While working out these parameters and weights the district has been taken as the unit.
- 8.39 Distribution of share in tax amount among the three tiers of PRIs the Commission has decided to give 85% to Gram Panchayats, 12% to Panchayat Samitis and 3% to Zila Parishads as was done in our Interim Report. These funds are to be given to these institutions as untied for upgradation and maintenance of civic services, creation of civic facilities and training of newly elected public representatives and should not be utilised for payment of salaries as far as possible.
- 8.40 For distribution of divisible funds among the urban local bodies the Commission has decided to adopt population criteria with population figures of 2001 census. The Commission has further decided to recommend distribution of 85% share to all the urban local bodies on population basis and 15% extra amount to the municipalities falling in class II, III and IV looking to their narrow resource base and weak financial position. These funds are to be utilised by these bodies for upgradation and maintenance of basic civic services.
- 8.41 The Commission has framed an incentive scheme for raising resources by the Gram Panchayats and ULBs from untapped measures. For the implementation of the incentive scheme the Commission has decided to recommend incentive amount of Rs. 12.57 crores for the Gram Panchayats to be kept in the PD Accounts of Zila Parishads and Rs. 3.84 crores to be placed at the disposal of Director Local Bodies. The incentive scheme recommended by us envisages release of incentive amount equal to the tax and non-tax revenues raised by the Gram Panchayats from sources not

tapped so far. In case of Urban Local Bodies the incentive amount is to be paid equal to the revenue raised from discretionary taxes and fees not recovered so far to the councils and municipalities. Incentive will not be available on recovery of house tax which every ULBs should recover. The three Municipal Corporations with large scope of raising resources from discretionary taxes and fees have been excluded from the operation of the incentive scheme.

- 8.42 Payment of incentive amount equal to the revenue raised from a new source of tax/fees by the Gram Panchayats is to be made out of the amount proposed to be transferred and placed in the Personal Deposit Account of Zila Parishads. The Chief Executive Officer and Accounts Officer of respective Zila Parishad may sanction incentive amount immediately on receipt of a claim from the Gram Panchayats.
- 8.43 In case of Urban Local Bodies the payment of incentive amount equal to the revenue raised from discretionary taxes/fees, sources not tapped so far is to be made out of Rs. 3.84 crores which may be placed at the disposal of Director Local Bodies in a P.D. Account to be opened for this purpose.
- 8.44 The Commission has tried to make the incentive scheme as simple as possible so as to be operationally feasible. The State Government is requested to place the recommended funds with the Zila Parishad and Local Bodies Department as early as possible, so that the scheme may become operational and the Gram Panchayats and ULBs may be encouraged to raise resources from measures not tapped so far. The Gram Panchayats and ULBs are to raise these resources from the tax and non-tax measures which are already provided under the Rajasthan Panchayati Raj Act/Rules and the Rajasthan Municipalities Act/Rules.
- 8.45 The Gram Panchayats and ULBs are expected to avail maximum share from the incentive amount and looking to the small incentive amount it may fall short of the requirements. The Gram Panchayats and Urban Local Bodies which raises revenues from untapped sources will be benefited from equal incentive amount as compared to those which fails to raise resources and claim incentive. However, in case there remains some undisbursed amount in the incentive share of PRIs and ULBs at the end of 2004-05 the same may be distributed to the Gram Panchayats and Urban Local Bodies except corporations on population basis.
- 8.46 The State Government was paying subsidy to Urban Local Bodies in lieu of entertainment tax upto the year 1998-99 which was discontinued in contravention to the decision taken. The Commission recommends payment of entire net tax to the local bodies. In the meantime the

Commission recommends transfer of 15% net proceeds of entertainment tax to urban local bodies in proportion of realisation.

- 8.47 The Commission feels that the Gram Panchayats should get some share in mineral royalty as mining activities do create environmental hazards for the people living near mineral areas and increases pressure on civic services. Accordingly the Commission has recommend devolution of 1% of net royalty receipts among the Gram Panchayats of the respective districts.
- 8.48 The Commission has examined various aspects of Eleventh Finance Commission grants and recommends that the grants meant for maintenance of core civic services may be disbursed to Gram Panchayats on the criteria of population, geographical area, poverty and illiteracy weights as recommended by the Commission. Similarly 85% of the EFC grants meant for urban local bodies may also be distributed on population basis to all the ULBs and 15% extra to the municipalities falling in category II, III & IV on population basis.
- 8.49 The Eleventh Finance Commission has recommended grants for maintenance of accounts of Gram Panchayats and creation of database both of PRIs and ULBs. This work is to be undertaken under the overall supervision of C&AG. We understand the State Government is monitoring this subject and is in touch with the Accountant General Rajasthan. As we have mentioned earlier the accounts and financial database of PRIs and ULBs is in a very poor shape and we have faced lot of problems in collection of financial data. The State Government, may therefore, ensure utilisation of grants recommended by EFC for maintenance of accounts and creation of database.
- 8.50 As a result of our assessment of requirements of PRIs and ULBs and the devolution recommended by us there remains a gap of Rs. 13.56 crores in case of PRIs and Rs. 270.69 crores in case of ULBs. We expect these institutions to cover this gap by raising resources as the State Government is not in a position to provide the entire amount required by these institutions for maintenance of civic services. We have framed an incentive scheme to encourage the PRIs and ULBs to raise resources and we expect these institutions to take full advantage of the incentive scheme.
- 8.51 With the devolution of Rs. 594.61 crores among the PRIs and Rs. 199.82 crores among the ULBs the per capita amounts of devolution for the award period would work out to Rs. 137 in case of Panchayati Raj Institutions and Rs. 157 in case of Urban Local Bodies based on 2001 population. Apart from this amount the State Government is releasing Rs. 5 per capita

to Gram Panchayats and Rs. 0.25 per capita to Panchayat Samitis as general purpose grant. Similarly general purposes grant of Rs. 12.50 per capita to corporations and councils, Rs. 25 per capita to municipalities class II and Rs. 37.50 per capita to municipalities class III and IV is given by the government. We have not made any recommendation with regard to these grants and expect the State Government to continue paying them and also consider release of these grants based on 2001 population.

- 8.52 Looking to the increased work load of cleaning, scavenging, solid waste management, maintenance of road street lighting and other civic facilities in urban areas the Urban Local Bodies should privatise and contract out these services so as to improve efficiency in the delivery of civic services.
- 8.53 During our visits to the districts the elected representatives both of Panchayati Raj Institutions and Urban Local Bodies mentioned about the delay in releases of funds by the State Government and ban on withdrawals from their Personal Deposit Accounts even after releases have been made. We, therefore, recommend that the State Government may release the amounts recommended by us to the Panchayati Raj Institutions and Urban Local Bodies on regular basis to ensure continuous flow of funds.
- 8.54 We further recommend that once the funds have been released to these institutions no ban should be imposed on withdrawals of amounts from the PD Accounts.
- 8.55 The recommendations made by us in our Final Report and the amounts recommended for devolution are to remain operative during the award period 2000-05. The amount already released by the State Government to Panchayati Raj Institutions and Urban Local Bodies based on our interim report may be adjusted from the funds recommended in the final report. The categorywise, yearwise and itemwise total devolution of funds recommended by us as also the total amounts to be devolved on the recommendations of Eleventh Finance Commission for Panchayati Raj Institutions and Urban Local Bodies during the award period has been given in subsequent chapter.



## CHAPTER - IX

### YEARWISE DEVOLUTION AND SUMMARY OF RECOMMENDATIONS

#### 9.1 Yearwise Total Devolution of Funds

(Rs. in crores)							
S. No.	Items	2000-01	2001-02	2002-03	2003-04	2004-05	Total
I.	Share in net tax revenue except entertainment tax (2.20% of net proceeds)	105.55	122.17	141.40	163.65	189.42	722.19
II.	Incentive amount (0.05% of net tax proceeds)	2.40	2.78	3.21	3.72	4.30	16.41
III.	Share in entertainment tax (15% of net proceeds for ULBs)	4.45	4.88	5.35	5.87	6.44	26.99
IV.	Share in mineral royalty (1% of net receipts) for Gram Panchayats)	3.72	4.54	5.55	6.77	8.26	28.84
	<b>Grand Total (I+II+III+IV)</b>	<b>116.12</b>	<b>134.37</b>	<b>155.51</b>	<b>180.01</b>	<b>208.42</b>	<b>794.43</b>

#### 9.2 Yearwise share of Panchayati Raj Institutions

(Rs. in crores)							
S. No.	Items	2000-01	2001-02	2002-03	2003-04	2004-05	Total
I	<b>Gram Panchayats</b>						
(i)	Share in tax	68.72	79.54	92.06	106.56	123.34	470.22
(ii)	Incentive amount	1.84	2.13	2.46	2.85	3.29	12.57
(iii)	Royalty from minerals	3.72	4.54	5.55	6.77	8.26	28.84
	<b>Total Gram Panchayats</b>	<b>74.28</b>	<b>86.21</b>	<b>100.07</b>	<b>116.18</b>	<b>134.89</b>	<b>511.63</b>
II	<b>Panchayat Samitis</b>						
(i)	Share in tax	9.70	11.23	13.00	15.04	17.41	66.38
III	<b>Zila Parishads</b>						
(i)	Share in tax	2.43	2.81	3.25	3.76	4.35	16.60
	<b>Total (I+II+III)</b>	<b>86.41</b>	<b>100.25</b>	<b>116.32</b>	<b>134.98</b>	<b>156.65</b>	<b>594.61</b>

### 9.3 Yearwise share of Urban Local Bodies

(Rs. in crores)							
S. No.	Items	2000-01	2001-02	2002-03	2003-04	2004-05	Total
I	Share in tax						
(i)	Corporations	6.39	7.40	8.56	9.91	11.47	43.73
(ii)	Councils	4.95	5.72	6.63	7.67	8.86	33.83
(iii)	Municipalities class II	5.99	6.93	8.02	9.28	10.75	40.97
(iv)	Municipalities class III	4.06	4.70	5.44	6.29	7.29	27.78
(v)	Municipalities class IV	3.31	3.84	4.44	5.14	5.95	22.68
	<b>Total</b>	<b>24.70</b>	<b>28.59</b>	<b>33.09</b>	<b>38.29</b>	<b>44.32</b>	<b>168.99</b>
II	Incentive amount	0.56	0.65	0.75	0.87	1.01	3.84
III	Share in entertainment tax (15% of net proceeds)	4.45	4.88	5.35	5.87	6.44	26.99
	<b>Total (I+II+III)</b>	<b>29.71</b>	<b>34.12</b>	<b>39.19</b>	<b>45.03</b>	<b>51.77</b>	<b>199.82</b>
A	Total PRIs	86.41	100.25	116.32	134.98	156.65	594.61
B	Total ULBs	29.71	34.12	39.19	45.03	51.77	199.82
	<b>Total A+B</b>	<b>116.12</b>	<b>134.37</b>	<b>155.51</b>	<b>180.01</b>	<b>208.42</b>	<b>794.43</b>

### 9.4 Yearwise distribution of EFC Grants

(Rs. in crores)							
S. No.	Items	2000-01	2001-02	2002-03	2003-04	2004-05	Total
A	To Gram Panchayats for-						
(a)	Civic Services	92.914	92.914	92.914	92.914	92.914	464.570
(b)	For accounts and database of PRIs	5.276	5.276	5.276	5.276	5.276	26.380
	<b>Total-A</b>	<b>98.190</b>	<b>98.190</b>	<b>98.190</b>	<b>98.190</b>	<b>98.190</b>	<b>490.950</b>
B	Urban Local Bodies						
(a)	For civic services						
(i)	Corporations	5.138	5.138	5.138	5.138	5.138	25.690
(ii)	Councils	3.975	3.975	3.975	3.975	3.975	19.875
(iii)	Municipality II	4.814	4.814	4.814	4.814	4.814	24.070
(iv)	Municipality III	3.264	3.264	3.264	3.264	3.264	16.320
(v)	Municipality IV	2.663	2.663	2.663	2.663	2.663	13.315
(b)	For database	0.030	0.030	0.030	0.030	0.030	0.150
	<b>Total B</b>	<b>19.884</b>	<b>19.884</b>	<b>19.884</b>	<b>19.884</b>	<b>19.884</b>	<b>99.420</b>
	<b>Grand Total (A+B)</b>	<b>118.069</b>	<b>118.071</b>	<b>118.071</b>	<b>118.081</b>	<b>118.078</b>	<b>590.370</b>

### **Summary of Suggestions and Recommendations:**

- 9.5 The Government should appoint the entire Commission at a time and should not change the composition till the Commission completes its prescribed task. Further the Member Secretary should be appointed on full time basis. (para 1.20)
- 9.6 The life span of the SFC should be for a maximum period of 18 months. (para 1.21)
- 9.7 There should be synchronisation between the recommendations of National Finance Commission and State Finance Commission (para 1.22)
- 9.8 The State Government should ensure collection and compilation of financial data of PRIs and ULBs on a regular basis. (para 1.23)
- 9.9 The recommendations of SFC should be monitored by the Finance Department. (para 1.25)
- 9.10 The Commission recommends that the utilisation of Finance Commission grants should be made in the manner and for the purposes for which they are released. (para 1.26)
- 9.11 Necessary arrangements for training of newly elected representatives of Panchayati Raj Institutions and Urban Local Bodies should be made. (para 2.51 and 3.35)
- 9.12 All the activities listed in the eleventh schedule of the Constitution should be transferred to the PRIs alongwith budget, staff and logistic support. (para 2.53)
- 9.13 The powers, functions and responsibilities of the State Government and the PRIs and ULBs may be bifurcated between the State Government and PRIs and ULBs on the lines of division of subjects made between the centre and the state in the Union and States Lists. For this purpose a third list of District Governments may be inserted in the Constitution. (para 2.54 and 3.32)
- 9.14 Every Gram Panchayat should be provided with a secretary. (para 2.55)
- 9.15 The District Rural Development Agencies should be merged with the Zila Parishads. (para 2.56)
- 9.16 A separate Act for Municipal Corporations should be enacted. The 74th amendment also stipulates constitution of Metropolitan Area for contiguous area having population of ten lacs or more. Since Jaipur has crossed population of twenty lakhs the State government may examine framing necessary Act/Rules for declaring Jaipur a Metropolitan Area. (para 3.33)

- 9.17 Keeping in view the increased requirements of cleaning, solid waste disposal etc., these services should be contracted out and in emergent cases powers of hiring labour for cleaning operations may be given to Local Bodies. (para 3.34)
- 9.18 The criteria for bifurcation of Urban and Rural areas adopted by census authorities and Local Bodies Department are different which may be synchronised. (para 3.36)
- 9.19 The PRIs should increase their own income by levy of taxes and fees as provided under the Rajasthan Panchayati Raj Act/Rules. (para 5.47)
- 9.20 The Panchayati Raj Act/Rules may be amended to make recovery of certain taxes and fees obligatory for the PRIs. (para 5.48)
- 9.21 The Finance Department should lay down the procedure for recovery of surcharge on stamp duty and mandi tax and issue appropriate instructions for their recovery and credit to PD Account of Zila Parishad as provided under the PR Act/Rules. (para 5.49 and 5.50)
- 9.22 The Urban Local Bodies should recover house tax. The State Government should expedite rationalisation of house tax provisions to make it area based. (para 6.35)
- 9.23 The State Government should release grant in lieu of octroi to the Urban Local Bodies on a regular basis. (para 6.36)
- 9.24 The Urban Local Bodies should recover discretionary taxes and fees so as to increase their revenues. (para 6.37)
- 9.25 The establishment expenditure in Urban Local Bodies is higher than the norms. The ULBs should rationalise the staff norms and computerise the office functions. (para 6.39)
- 9.26 The maintenance of accounts and audit of PRIs and ULBs may be ensured as recommended by the EFC. (para 7.14)
- 9.27 The Gram Sevak should handle cash and maintain records of Gram Panchayats. The Sarpanch should be kept free from these botherations. (para 7.15)
- 9.28 Trained and preferably experienced person should be appointed Gram Sevak cum Secretary in Panchayats for efficient functioning. (para 7.16)
- 9.29 The Commission recommends devolution of 2.25% of state's net own tax revenue excluding entertainment tax, 15% of net revenue from entertainment tax and 1% of net royalty receipts. This works out to Rs. 794.43 crores for the award period 2000-05 as assessed by the Commission. The amount may, however vary based on actual realisation and may be revised accordingly. (para 8.34)

- 9.30 The amount of 15% share in entertainment tax to be given to Urban Local Bodies in proportion to the recovery from their areas, and payment of 1% share from royalty on minerals to be made to Gram Panchayats based on actual recovery from the respective districts/Gram Panchayats. (para 8.35)
- 9.31 The distribution of 2.25% share in net tax revenue to be made between PRIs and ULBs based on the 2001 population percentage of 76.6 and 23.4 respectively. (para 8.36)
- 9.32 Out of the net proceeds of tax revenue of 2.25% , 2.20% amount to be paid as share in taxes for maintenance of civic services to PRIs and ULBs and 0.05% as incentive money for raising resources from untapped sources by the Gram Panchayats and ULBs except corporations. (para 8.37)
- 9.33 The distribution of share in tax amount (2.20%) to be made among districts for PRIs based on population 80%, area 10%, illiteracy 5% and poverty 5% weights. (para 8.38)
- 9.34 The distribution of share in tax among three tiers PRIs to be made on 85% to Gram Panchayats, 12% to Panchayat Samitis and 3% to Zila Parishads. (para 8.39)
- 9.35 Out of ULBs share in taxes (2.20%), 85% will be distributed among all the five categories on population basis. The remaining 15% share would be distributed among II, III, IV categories of Municipalities on the basis of population. (para 8.40)
- 9.36 Incentive amount equal to the revenue raised from untapped sources of tax/non-tax to be given to Gram Panchayats. Similar incentive may be paid to Urban Local Bodies, but for Corporations on raising tax/non-tax revenue except house tax. (para 8.41)
- 9.37 Payment of incentive amount to be made to Gram Panchayats by Zila Parishads out of the incentive amount of Rs. 12.57 crores which is to be transferred to their PD Accounts out of 0.05% share in net taxes. (para 8.42)
- 9.38 Incentive payment to Urban Local Bodies except corporations to be made by Director Local Bodies out of the incentive amount of Rs. 3.84 crores to be placed at his disposal out of 0.05% share in net taxes. (para 8.43)
- 9.39 For raising additional resources the PRIs and ULBs shall have recourse to existing laws and rules (para 8.44)
- 9.40 At the end of award period undisbursed balances including interest if any from the incentive amount may be distributed to Gram Panchayats and ULBs except corporations on population basis. (para 8.45)

- 9.41 The State government discontinued payment of entertainment tax share to the urban local bodies inspite of its own decision taken in 1997-98. The Commission recommends transfer of entire net proceeds of entertainment tax to urban local bodies. (para 8.46)
- 9.42 The .EFC grants meant for civic services to be distributed to Gram Panchayats and Urban Local Bodies based on the same criteria as recommended for distribution of SFC amounts of share in taxes. (para 8.49)
- 9.43 The existing general purpose grant being given to PRIs in lieu of land revenue and per capita general purpose grants to Urban Local Bodies, to continues and if, feasible may be released on 2001 population. (para 8.51)
- 9.44 The funds recommended by the Commission may be provided on a regular basis to the PRIs and ULBs and no ban on withdrawals to be applied after releases have been made. (para 8.53 and 8.54)
- 9.45 The recommendations made in the final report are to remain operative during the award period 2000-05. Funds already released based on our interim report may be adjusted as per the final report. (para 8.55)

**(Heera Lal Devpura)**  
Chairman

**(Ghanshyam Tiwari)**  
Member

**(Munna Lal Goyal)**  
Member

**(S.C. Derashri)**  
Member Secretary

Jaipur  
August 29, 2001

# **ANNEXURES**

**GOVERNMENT OF RAJASTHAN**  
**FINANCE DEPARTMENT**  
**FINANCE COMMISSION CELL**

**NOTIFICATION**

The following order made by the Governor is published for general information :-

**ORDER**

In pursuance of the provisions of articles 243-I and 243-Y of the Constitution of India and the Rajasthan Panchayati Raj Act, 1994 and the Rajasthan Municipalities Act, 1959 [as amended vide Rajasthan Municipalities (Amendment) Act. 1994] the Governor is pleased to constitute a State Finance Commission consisting of **Shri Heera Lal Devpura**, Member of Rajasthan Legislative Assembly and Former Chief Minister of Rajasthan, as the Chairman and the following other Members, namely:-

1.	<b>Shri Ghanshyam Tiwari</b> Former Energy Minister, Rajasthan	Member
2.	<b>Shri Dharamveer</b> IAS (Retd.)	Member
3.	<b>Shri T. Srinivasan</b> IAS	Member Secretary (Additional Charge)

2. The Chairman and other Members of the Commission shall hold office from the date on which they respectively assume office upto the 31st December 1999.
3. The Commission shall review the financial position of the Panchayats at all levels and make recommendations as to:
  - (a) the principles which should govern:
    - (i) the distribution between the State and the Panchayats at all levels of the net proceeds of the taxes, duties, tolls and fees leviable by the State, which may be divided between them under part-IX of the Constitution and the allocation between the Panchayats at all levels of their respective shares of such proceeds;



- (ii) the determination of the taxes, duties, tolls and fees which may be assigned to, or appropriated by, the Panchayats at all levels; and
    - (iii) the grants-in -aid to the Panchayats at all levels from the Consolidated Fund of the State.
  - (b) the measures needed to improve the financial position of the Panchayats.
4. The Commission shall also review the financial position of the Municipalities at all levels and make recommendations as to:
- (a) the principles which should govern:
    - (i) the distribution between the State and the Municipalities of the net proceeds of the taxes, duties, tolls and fees leviable by the State, which may be divided between them under Part IX-A of the Constitution and the allocation between the Municipalities at all levels of their respective shares of such proceeds;
    - (ii) the determination of the taxes, duties, tolls and fees which may be assigned to, or appropriated by, the Municipalities; and
    - (iii) the grants-in-aid to the Municipalities from the Consolidated Fund of the State.
  - (b) the measures needed to improve the financial position of the Municipalities.
5. In making its recommendations, the Commission shall have regard, among other considerations, to:
- (i) the financial resources of the State and demands thereon, keeping in view the non-plan deficit and surplus and, in particular, the need for providing adequate resources for funding the plan expenditure for the overall development of the State;
  - (ii) the expenditure needs of the Panchayats at all levels and Municipalities at all levels for the functions and responsibilities already assigned to them and those as may be assigned to them hereafter as per provisions of new/ amended legislations;

- (iii) adjustment of grants available to the Urban Local Bodies and Panchayati Raj Institutions under the recommendations of the Eleventh Finance Commission in their resources;
  - (iv) powers available to Panchayati Raj Institutions and Urban Local Bodies for raising additional resources, including powers to levy taxes.
6. The Commission shall make its report available by 31st December, 1999, on each of the matters aforesaid, covering a period of five years commencing on the 1st day of April, 2000. The Commission shall indicate the basis on which it has arrived at its findings and make available the estimates of receipts and expenditure of the Panchayats and the Municipalities at all levels.

sd/-  
(Anshuman Singh)  
Governor of Rajasthan

May 7, 1999

No. F2(1)FD/FCC/99

sd/-  
(Dr. Adarsh Kishore)  
Principal Secretary to the Government



**Government of Rajasthan**  
Economic Affairs Division  
Finance Department

D.O. No. F.2 (1)/FD/FCC/99  
Dated : February 23 , 2001

Dear Shri Derashri,

Please refer to discussions of the State Finance Commission held with the representatives of the State Government on 12th February 2001.

As you are aware, the report of the State Finance Commission, when presented, would be processed by the State Government and orders of the Cabinet would have to be obtained before its implementation. A certain amount of time would be required by the State Government for completion of this process.

The decision taken by the State Government on the Commission's recommendations would also have to be reflected in the Revised Estimates for 2000-01 and the Budget Estimates for 2001-02. In view of the budget exercise already going on, it is requested that the Commission may kindly furnish an interim report, to enable the State Government to incorporate some projections in the Revised Estimates 2000-01 and Budget Estimates 2001-02, failing which the Panchayati Raj Institutions and Urban Local Bodies might not receive any grant whatsoever from the State Government.

With Regards

Your sincerely,

Sd/-  
(Anil Vaish)  
Principal Secretary Finance

**Shri S.C. Derashri**  
Member Secretary  
State Finance Commission,  
Jaipur

**List of Meetings held with persons of Eminence and Experience**

	<b>Date</b>	<b>Name/Department</b>
1.	04.02.2000	<b>Shri L.C. Gupta</b> Retired Secretary to Government
2.	19.02.2000	<b>Shri M.L. Mehta</b> Retired Chief Secretary, Rajasthan
3.	26.02.2000	<b>Shri T. Srinivasan</b> Secretary, Finance Department
4.	13.03.2000	<b>Shri Manohar Kant</b> Director, Panchayati Raj Department
5.	27.04.2000	<b>Shri Rajeev Sharma</b> Secretary, Mines Department
6.	05.09.2000	<b>Shri G.S. Sandhu</b> Secretary, Local Self Govt, Urban Development & Housing Deptt.
7.	05.09.2000	<b>Shri C.B. Sharma</b> Director, Local Bodies Department
8.	06.09.2000	<b>Shri Aashish Bahuguna</b> Secretary, Panchayati Raj Department
9.	06.09.2000	<b>Shri Manohar Kant</b> Director, Panchayati Raj Department
10.	19.09.2000	<b>Shri T. Srinivasan</b> Secretary, Finance Department
11.	23.10.2000	<b>Shri I.C. Srivastava</b> Chairman, Board of Revenue, Rajasthan
12.	07.11.2000	<b>Shri G.S. Sandhu</b> Secretary, Revenue Department
13.	27.11.2000	<b>Smt. Sunila Ajmera</b> Director, Local Fund Audit Department
14.	27.11.2000	<b>Shri Banna Lal</b> Deputy Secretary (Audit), Finance Department
15.	12.01.2001	<b>Shri Mohan Lal Gupta</b> Convenor, Municipalities Cell, Bhartiya Janta Party, Rajasthan alongwith Late Smt. Nimlala Verma, Mayor, Municipal Corporation, Jaipur, Shri Ishwar Lal Sahu, Mayor, Municipal Corporation, Kota and 29 other Public Representatives
16.	09.02.2001	<b>Shri Shanti Dhariwal</b> Minister, Local Self Government, Urban Development & Housing and senior officers of the department
17.	09.02.2001	<b>Shri C.P. Joshi</b> Minister, Panchayati Raj and senior officers of the Department
18.	12.02.2001	<b>Shri Pradhuman Singh</b> Finance Minister and Senior Officers of Department
19.	18.07.2001	<b>Shri Pradhuman Singh</b> Finance Minister and Senior Officers of Department

**List of Memoranda and suggestions received from Departments,  
Organisations and Individuals**

1. Panchayati Raj Department, Government of Rajasthan, Jaipur
2. Local Self Department, Government of Rajasthan, Jaipur
3. Finance Department, Government of Rajasthan, Jaipur
4. Shri Shiv Kumar Sharma, "Journalist" Maruti Samachar Agency, Karauli
5. Shri Banshi Lal Gahlot, MLA, Rajsamand, Dwarkesh Market, Kankroli
6. Shri Umesh Patiyat, Chairman, Municipality, Banswara
7. Shri P.B. Gadiya, Chairman, Municipality, Kushalgarh, Distt. Banswara
8. Shri Kailash Chand Sharma, Sarpanch, Suderpura-Dhadha (Jaipur)
9. Shri Mohan Lal Gupta, Convenor, Municipalities Cell, Bhartiya Janta Party, Rajasthan, Jaipur
10. Shri Shiv Lal Tak, Mayor, Municipal Corporation, Jodhpur
11. Ms. Shakuntla Koli, Chairman, Municipal Council, Bharatpur
12. President, Janta Dal Secular, Kishanpole Bazar, Jaipur
13. Ms. Radha Bai Koli, Sarpanch, Gram Panchayat Atru, Distt. Baran
14. General Secretary, Federation of Rajasthan Trade and Industry, Federation Bhawan, Johari Bazar, Jaipur
15. Shri Dinesh Joshi, Chairman, Municipality Laxmangarh, Distt. Sikar
16. Smt. Sudha Bagariya, Pradhan, Panchayat Samiti, Laxmangarh, Distt. Sikar

### List of Districts and Field Meetings held

S.No	Name of the District	Date of Meeting	Number of persons who attended the meetings			Remarks
			Non-officials	Officials	Total	
1.	Udaipur	21.10.1999	28	14	42	PRIs/ULB's
2.	Rajsamand	22.10.1999	51	16	67	PRIs/ULB's
3.	Jaipur Municipal Corporation	17.12.1999				Mayor & Senior Officers of the Corp.
4.	Sri Ganganagar	02.03.2000	34	18	52	PRIs/ULB's
5.	Banswara	09.05.2000	23	22	45	PRIs/ULB's
6.	Jaipur	22.05.2000	43	22	65	PRIs/ULB's
7.	Jodhpur	04.06.2001 (11.00 A.M.)	22	14	36	PRIs
		04.06.2001 (4.00 P.M.)	7	11	18	Municipal Corporation and Municipalities
8.	Sikar	19.06.2001 (11.30 A.M.)	31	18	49	PRIs
		19.06.2001 (3.30 P.M.)	10	11	21	Municipal Council and Municipalities
Total			170	116	286	

### Status of Release of TFC Grants for PRIs and ULBs

Year	Released by Govt. of India			Released by Govt. of Rajasthan		
	PRIs	ULBs	Total	PRIs	ULBs	Total
1995-96	-	-	-	-	-	-
1996-97	5305.00	1080.00	6385.00	5305.00	1080.00	6385.00
1997-98	3978.00	810.00	4788.00	3978.00	810.00	4788.00
1998-99	5327.00	1349.00	6676.00	5306.00	1079.00	6385.00
1999-2000	6612.00	1079.00	7691.00	6633.00	1349.00	7982.00
<b>Total</b>	<b>21222.00</b>	<b>4318.00</b>	<b>25540.00</b>	<b>21222.00</b>	<b>4318.00</b>	<b>25540.00</b>

### Staff Position of Urban Local Bodies

1.	Commissioner	20
2.	Executive Officer	178
3.	Revenue Officer Grade - 1	27
4.	Revenue Officer Grade - 2	59
5.	Health Officer	21
6.	Executive Engineer	7
7.	Assistant Engineer	39
8.	Accounts Officer	14
9.	Senior Accounts Officer	2
10.	Assistant Accounts Officer	28
11.	Chief Fire Officer	2
12.	Fire Officer	10
13.	Vaidya	21
14.	Deputy Vaidya	8
15.	Law Officer	7
16.	Assessor	52
17.	Revenue Inspector	243
18.	Assistant Revenue Inspector	142
19.	Junior Engineer	115
20.	Chief Sanitary Inspector	39
21.	Sanitary Inspector	148
22.	Assistant Sanitary Inspector	122
23.	Nakedar	1551
24.	Mohrar	131
25.	Compounder/Vaccinator	46
26.	Nurse	17
27.	Perokar	83
28.	Draftsman/Draft Surveyor	81
29.	Oversear	58
30.	Motor Garage Supdt.	14
31.	Mechanic	50
32.	Assistant Fire Officer	17
33.	Fireman	315
34.	Tindal	44
35.	Office Supdt.	22
36.	Office Assistant	86
37.	Upper Division Clerk	431
38.	Lower Division Clerk	1714
39.	Steno Typist	16
40.	Stenographer	44
41.	Accountant	15
42.	Junior Accountant	40
43.	Light Inspector	30



44.	Assistant Light Inspector	19
45.	Wire man	65
46.	Garden Inspector	6
47.	Lineman	75
48.	Assistant Garden Inspector	2
49.	Compost Inspector	18
50.	Transport Inspector	2
51.	Assistant Transport Inspector	2
52.	Deputy Town Planner	1
53.	Birth-Death Registrar	12
54.	Statistical Officer	4
55.	Computer	1
56.	Deputy S.P.	1
57.	Police Inspector	2
58.	Sub Inspector	2
59.	Assistant Sub Inspector	4
60.	Head Constable	10
61.	Constable	40
62.	Legal Advisor	16
63.	Doctor	12
64.	Engineering Subordinate	10
65.	Teacher	76
66.	Librarian	22
67.	Jamadar/Chowkidar	1481
68.	Chapraasi	1643
69.	Sub Nakerdar	2216
70.	Naka Guard	2543
71.	Carpenter/Luhar/Turner	205
72.	Karigar	58
73.	Bhisti	1081
74.	Mali	688
75.	Driver	839
76.	Pump Driver	89
77.	Mistri	41
78.	Mate	73
79.	Helper	298
80.	Cleaner	83
81.	Gajdhar	15
82.	Waterman	2
83.	Munshi	7
84.	Gangman	136
85.	Khalasi	14
86.	Beldar	576
87.	Daftari	9
88.	Time Keeper	7
89.	Choudhary	7
90.	Tracer	6
91.	Advocate	2

92.	Processor	15
93.	X-ray Technician	1
94.	Lifter	1
95.	Kuli	21
96.	Orderly	2
97.	Ward Boy	7
98.	Water Hut Man	10
99.	Surveyor	5
100.	Electrician	12
101.	Conductor	7
102.	Boatman	15
103.	Painter	4
104.	Machine Operator	2
105.	Safai Karamchari	36790
<b>Total</b>		<b>55522</b>

**Projected net own tax revenues  
excluding entertainment tax**

**(a) Average percentage increase of Own Tax Revenue excluding  
Entertainment Tax and Expenditure on tax collection of the State**

(Rs. in crores)

Year	Own Tax Revenue	Percentage Increase over previous year	Expenditure on tax collection	Percentage Increase over previous year
1990-91	1204.03	-	86.28	-
1991-92	1534.03	27.41	105.71	22.52
1992-93	1718.08	12.00	135.05	27.76
1993-94	1932.63	12.49	154.81	14.63
1994-95	2289.75	18.48	200.52	29.53
1995-96	2709.89	18.35	210.27	4.86
1996-97	3102.32	14.48	214.33	1.93
1997-98	3586.66	15.61	259.79	21.21
1998-99	3917.19	9.22	323.65	24.58
1999-00	4503.38	14.96	358.50	10.77
<b>Average % Increase for 9 years</b>		<b>15.89</b>		<b>17.53</b>

**(b) 'Estimated Own Tax Revenue excluding Entertainment tax  
and Expenditure on tax collection Based on  
Average percentage Increase for 9 years**

(Rs. in crores)

Year	Own Tax Revenue	Expenditure on tax collection	Net Own Tax Revenue
2000-01	5218.97	421.35	4797.62
2001-02	6048.26	495.21	5553.05
2002-03	7009.33	582.02	6427.31
2003-04	8123.11	684.04	7439.07
2004-05	9413.87	803.95	8609.92
<b>Total</b>	<b>35813.54</b>	<b>2986.57</b>	<b>32826.97</b>

**Projected revenue from entertainment tax****(a) Average percentage increase of receipts from Entertainment Tax  
and Collection Charges**

(Rs. in crores)				
Year	Receipts	Percentage Increase over previous year	Collection Charges	Percentage Increase over previous year
1990-91	12.47	-	0.22	-
1991-92	14.76	18.36	0.24	9.09
1992-93	16.21	9.82	0.27	12.50
1993-94	17.60	8.57	0.30	11.11
1994-95	17.42	-1.02	0.35	16.67
1995-96	20.70	18.83	0.33	-5.71
1996-97	21.45	3.62	0.38	15.15
1997-98	23.91	11.47	0.35	-7.89
1998-99	22.15	-7.36	0.43	22.86
1999-00	27.52	24.24	0.44	2.33
<b>Average % Increase for 9 years</b>		<b>9.62</b>		<b>8.45</b>

**(b) Estimated Net Receipts from Entertainment Tax**

Based on Average percentage Increase for 9 years

(Rs. in crores)

Year	Receipts	Collection Charges	Net Receipts
2000-01	30.17	0.48	29.69
2001-02	33.07	0.52	32.55
2002-03	36.25	0.56	35.69
2003-04	39.74	0.61	39.13
2004-05	43.56	0.66	42.90
<b>Total</b>	<b>182.79</b>	<b>2.83</b>	<b>179.96</b>

**Projected receipts from royalty on minerals****(a) Average percentage increase of Receipts from Royalty on Minerals  
and Collection Charges**

(Rs. in crores)

Year	Receipts	Percentage increase over previous year	Collection Charges	Percentage increase over previous year
1990-91	61.27	-	16.68	-
1991-92	79.41	29.61	23.85	42.99
1992-93	122.37	54.10	30.26	26.88
1993-94	134.78	10.14	25.40	-16.06
1994-95	155.37	15.28	31.77	25.08
1995-96	185.07	19.12	33.72	6.14
1996-97	234.61	26.77	44.80	32.86
1997-98	277.21	18.16	20.44	-54.38
1998-99	288.49	4.07	27.80	36.01
1999-00	330.67	14.62	26.43	-4.93
Average % Increase for 9 years		21.32		10.51

**(b) Estimated Net Receipts from Royalty on Minerals based  
on average percentage increase for 9 years**

(Rs. in crores)

Year	Receipts	Collection Charges	Net Receipts
2000-01	401.17	29.21	371.96
2001-02	486.70	32.28	454.42
2002-03	590.46	35.67	554.79
2003-04	716.35	39.42	676.93
2004-05	869.08	43.56	825.52
Total	3063.76	180.14	2883.62

# Yearwise Revenue of Panchayat Raj Institutions from year 1994-95 to 1999-2000

## Rajasthan State

(Amt. in Rs. Lacs)

HEAD OF REVENUE	Yearwise Revenue with percentage to Total Revenue											
	1994-95		1995-96		1996-97		1997-98		1998-99		1999-2000	
	Amount	PER	Amount	PER	Amount	PER	Amount	PER	Amount	PER	Amount	PER
1	2	3	4	5	6	7	8	9	10	11	12	13
I. OWN REVENUE												
I. TAX REVENUE												
Cess on Stamp Duty	0.00	0.00	0.00	0.00	0.00	0.00	2.21	0.00	9.38	0.01	4.92	0.00
Cess on Mandi Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Education Cess	120.51	0.15	173.31	0.17	209.05	0.16	153.39	0.13	117.66	0.08	204.21	0.12
Tax on Rent of Agri. Land	26.64	0.03	24.48	0.02	34.53	0.03	31.85	0.03	35.79	0.02	25.64	0.02
Tax on Fairs	32.87	0.04	40.23	0.04	46.47	0.04	52.15	0.04	55.64	0.04	41.71	0.02
Miscellaneous	74.98	0.09	137.13	0.14	97.51	0.08	97.44	0.08	85.52	0.06	193.39	0.12
Total Tax Revenue	255.00	0.31	375.15	0.38	387.56	0.30	337.04	0.28	303.99	0.20	469.87	0.28
II. NON-TAX REVENUE												
Fees from Fairs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Water Rates (Water and Irr.)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sales of Forms	42.18	0.05	22.38	0.02	57.93	0.05	37.66	0.03	19.34	0.01	31.50	0.02
Bone Contacts	82.37	0.10	75.40	0.08	200.52	0.16	194.24	0.16	100.07	0.07	131.45	0.08
Disposal of Properties	20.41	0.02	26.72	0.03	17.48	0.01	21.44	0.02	13.27	0.01	23.60	0.01
Fees	11.38	0.01	11.30	0.01	23.18	0.02	18.10	0.02	19.38	0.01	30.67	0.02
Miscellaneous	359.93	0.44	350.17	0.35	835.07	0.65	676.37	0.56	674.16	0.44	676.75	0.40
Total Non-Tax Revenue	516.27	0.63	485.97	0.49	1134.18	0.88	947.81	0.79	826.22	0.54	893.97	0.53
Total Own Revenue	1754.83	2.13	2376.87	2.40	3245.59	2.52	3175.38	2.65	3180.79	2.09	3661.71	2.18
2. RECEIPTS STATE GOVT												
I. GRANTS ( HEAD 2515)												
Grants under SFC	271.50	0.33	2368.90	2.39	4022.43	3.13	4553.43	3.80	6374.37	4.19	9271.48	5.52
Grants under TFC	31.66	0.04	236.73	0.24	5316.16	4.13	4701.12	3.92	10081.02	6.63	14609.91	8.70
Other Grants	4732.60	5.74	5330.98	5.37	6597.38	5.13	5779.57	4.82	7791.11	5.12	7805.82	4.65
Total Grants (Head 2515)	5035.76	6.11	7936.61	8.00	15935.97	12.39	15034.12	12.53	24246.50	15.94	31687.21	18.87
II. EDUCATION (HEAD 2202 2575,2705)	31315.52	37.98	38482.73	38.78	46213.96	35.93	43699.36	36.43	57483.69	37.79	63859.39	38.03
III. WATER SUPPLY (HEAD 2215)	474.11	0.58	757.30	0.76	778.94	0.61	766.33	0.64	1013.78	0.67	943.21	0.56
IV. HOUSING (HEAD 2216)	892.67	1.08	1131.89	1.14	1520.39	1.18	922.14	0.77	968.38	0.64	609.43	0.36
V. GRANT LAND REV.	1719.47	2.09	2145.15	2.16	3871.32	3.01	2959.66	2.47	2804.58	1.84	2784.84	1.66
Grant in lieu of Land Revenue												
VI. MISCELLANEOUS ( OTHER HEADS)	5430.00	6.59	5730.89	5.77	7487.48	5.82	5279.44	4.40	8153.04	5.36	10152.93	6.05
Total Receipts State Govt.	44867.53	54.42	56184.57	56.61	75808.06	58.94	68661.05	57.24	94669.97	62.24	110037.01	65.54
3. RECEIPTS FROM DRDA												
Emp. Assurance Scheme	4725.80	5.73	5049.42	5.09	4464.80	3.47	6187.93	5.16	6288.62	4.13	4376.59	2.61
Swaran Jayanti Rojgar Yojana	1067.33	1.29	873.47	0.88	1199.80	0.93	1157.71	0.97	819.02	0.54	1586.88	0.95
MLA Development Scheme	603.60	0.73	1151.49	1.16	1296.53	1.01	1397.92	1.17	1653.41	1.09	2341.30	1.39
Jawahar Rojgar Yojana	6737.28	8.17	7047.73	7.10	6881.03	5.35	7376.77	6.15	6149.20	4.04	6070.19	3.62
Indira Aawas Yojana	592.90	0.72	975.00	0.98	1296.52	1.01	1650.81	1.38	3880.11	2.55	4014.61	2.39
Miscellaneous Schemes	22104.24	26.81	25583.23	25.78	34436.05	26.77	30336.48	25.29	35473.31	23.32	35808.89	21.33
Total Receipts from DRDA	35831.15	43.46	40680.34	40.99	49574.73	38.54	48107.62	40.11	54263.67	35.67	54198.46	32.28
GRAND TOTAL (1+2+3)	82453.51	100.00	99241.78	100.00	128628.38	100.00	119944.05	100.00	152114.43	100.00	167897.18	100.00

# Categorywise, Yearwise Revenue of Panchayat Raj Institutions from year 1994-95 to 1999-2000

## Zila Parishads

(Amt. in Rs. Lacs)

HEAD OF REVENUE	Yearwise Revenue with percentage to Total Revenue											
	1994-95		1995-96		1996-97		1997-98		1998-99		1999-2000	
	Amount	PER	Amount	PER	Amount	PER	Amount	PER	Amount	PER	Amount	PER
1	2	3	4	5	6	7	8	9	10	11	12	13
CTG-REV 1 ZILA PARISHADS OF RAJASTHAN												
I. OWN REVENUE												
1. TAX REVENUE												
Cess on Stamp Duty	0.00	0.00	0.00	0.00	0.00	0.00	2.21	0.08	9.38	0.18	4.92	0.04
Cess on Mandi Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Tax Revenue	0.00	0.00	0.00	0.00	0.00	0.00	2.21	0.08	9.38	0.18	4.92	0.04
II. NON-TAX REVENUE												
Fees from Fairs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Water Rates (Water and Irri.)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sales of Forms	42.18	1.39	22.38	0.33	57.93	1.74	37.66	1.38	19.34	0.36	31.50	0.26
Miscellaneous	105.54	3.48	98.59	1.47	301.34	9.05	226.86	8.32	194.62	3.67	256.09	2.09
Total Non-Tax Revenue	147.72	4.87	120.97	1.81	359.27	10.79	264.52	9.70	213.96	4.04	287.59	2.34
Total Own Revenue	147.72	4.87	120.97	1.81	359.27	10.79	266.73	9.78	223.34	4.21	292.51	2.38
2. RECEIPTS STATE GOVT.												
I. GRANTS (HEAD 2515)												
Grants under SFC	12.76	0.42	1682.96	25.18	198.95	5.98	239.78	8.79	236.87	4.47	295.31	2.41
Grants under TFC	0.00	0.00	165.95	2.48	0.00	0.00	54.48	2.00	2009.92	37.91	220.95	1.80
Other Grants	1038.09	34.21	1636.25	24.48	903.41	27.14	667.48	24.47	878.10	16.56	908.77	7.40
Total Grants (Head 2515)	1050.85	34.63	3485.16	52.14	1102.36	33.12	961.74	35.26	3124.89	58.95	1425.03	11.61
II. EDUCATION (HEAD 2202, 2575, 2705)	179.05	5.90	67.85	1.01	73.43	2.21	69.75	2.56	139.82	2.64	1029.06	8.38
III. WATER SUPPLY (HEAD 2215)	52.00	1.71	93.15	1.39	8.95	0.27	38.85	1.42	12.66	0.24	1.80	0.01
IV. HOUSING (HEAD 2216)	554.72	18.28	644.18	9.64	701.30	21.07	322.43	11.82	435.57	8.22	229.55	1.87
VI. MISCELLANEOUS (OTHER HEADS)	988.27	32.57	2087.87	31.23	922.23	27.71	723.48	26.52	1023.51	19.31	1612.64	13.14
Total Receipts State Govt.	2824.89	93.09	6378.21	95.41	2808.27	84.38	2116.25	77.58	4736.45	89.34	4298.08	35.01
3. RECEIPTS FROM DRDA												
Emp. Assurance Scheme	0.00	0.00	0.00	0.00	8.16	0.25	35.75	1.31	48.28	0.91	698.96	5.69
Miscellaneous Schemes	61.91	2.04	185.62	2.78	152.56	4.58	309.01	11.33	293.26	5.53	6986.16	56.91
Total Receipts from DRDA	61.91	2.04	185.62	2.78	160.72	4.83	344.76	12.64	341.54	6.44	7685.12	62.60
GRAND TOTAL (1+2+3)	3034.52	100.00	6684.80	100.00	3328.26	100.00	2727.74	100.00	5301.33	100.00	12275.71	100.00

# **Categorywise, Yearwise Revenue of Panchayat Raj Institutions from year 1994-95 to 1999-2000** **Panchayat Samities**

(Amt. in Rs. Lacs)

## **Yearwise Revenue with percentage to Total Revenue**

HEAD OF REVENUE	1994-95		1995-96		1996-97		1997-98		1998-99		1999-2000	
	Amount	PER	Amount	PER	Amount	PER	Amount	PER	Amount	PER	Amount	PER
1	2	3	4	5	6	7	8	9	10	11	12	13
<b>CTG-REV 2 PANCHAYAT SAMITIES OF RAJASTHAN</b>												
<b>I. OWN REVENUE</b>												
<b>I. TAX REVENUE</b>												
Education Cess	120.51	0.20	173.31	0.25	209.05	0.22	153.39	0.18	117.66	0.11	204.21	0.18
Tax on Rent of Agri. Land	26.64	0.04	24.48	0.04	34.53	0.04	31.85	0.04	35.79	0.03	25.64	0.02
Tax on Fairs	32.87	0.05	40.23	0.06	46.47	0.05	52.15	0.06	55.64	0.05	41.71	0.04
Miscellaneous	74.98	0.12	137.13	0.20	97.51	0.10	97.44	0.11	85.52	0.08	193.39	0.17
Total Tax Revenue	255.00	0.42	375.15	0.54	387.56	0.41	334.83	0.39	294.61	0.28	464.95	0.41
<b>II. NON-TAX REVENUE</b>												
Bone Contacts	82.37	0.14	75.40	0.11	200.52	0.21	194.24	0.23	100.07	0.09	131.45	0.11
Disposal of Properties	20.41	0.03	26.72	0.04	17.48	0.02	21.44	0.02	13.27	0.01	23.60	0.02
Fees	11.38	0.02	11.30	0.02	23.18	0.02	18.10	0.02	19.38	0.02	30.67	0.03
Miscellaneous	254.39	0.42	251.58	0.36	533.73	0.56	449.51	0.52	479.54	0.45	420.66	0.37
Total Non-Tax Revenue	368.55	0.61	365.00	0.53	774.91	0.81	683.29	0.79	612.26	0.58	606.38	0.53
Total Own Revenue	623.55	1.04	740.15	1.07	1162.47	1.22	1018.12	1.18	906.87	0.85	1071.33	0.94
<b>2. RECEIPTS STATE GOVT</b>												
<b>I. GRANTS ( HEAD 2515)</b>												
Grants under SFC	110.34	0.18	353.49	0.51	2784.30	2.91	3016.19	3.51	3902.85	3.67	6023.97	5.27
Grants under TFC	21.60	0.04	30.88	0.04	4313.22	4.51	3628.55	4.22	3513.40	3.31	7481.33	6.54
Other Grants	2333.59	3.88	2196.38	3.18	3245.31	3.40	3098.39	3.60	4112.23	3.87	4000.09	3.50
Total Grants (Head 2515)	2465.53	4.10	2580.75	3.74	10342.83	10.82	9743.13	11.32	11528.48	10.85	17505.39	15.31
II. EDUCATION (HEAD 2222 2575 2705)	31136.47	51.72	38414.88	55.61	46140.53	48.29	43629.61	50.71	57343.87	53.97	62830.33	54.94
III. WATER SUPPLY (HEAD 2215)	422.11	0.70	664.15	0.96	769.99	0.81	727.48	0.85	1001.12	0.94	941.41	0.82
IV. HOUSING (HEAD 2216)	337.95	0.56	487.71	0.71	819.09	0.86	599.71	0.70	532.81	0.50	379.88	0.33
V. GRANT LAND REV	693.69	1.15	847.11	1.23	1783.98	1.87	1250.37	1.45	1105.18	1.04	1240.97	1.09
Grant in lieu of Land Revenue												
VI. MISCELLANEOUS (OTHER HEADS)	4441.73	7.38	3643.02	5.27	6565.25	6.87	4555.96	5.30	7129.53	6.71	8540.29	7.47
Total Receipts State Govt.	39497.48	65.60	46637.62	67.52	66421.67	69.51	60506.26	70.33	78640.99	74.02	91438.27	79.96
<b>3. RECEIPTS FROM DRDA</b>												
Emp. Assurance Scheme	4725.80	7.85	5049.42	7.31	4456.64	4.66	6152.18	7.15	6240.34	5.87	3677.63	3.22
Swaran Jayanti Rojgar Yojana	1067.33	1.77	873.47	1.26	1199.80	1.26	1157.71	1.35	819.02	0.77	1586.88	1.39
MLA Development Scheme	322.24	0.54	651.17	0.94	612.30	0.64	573.35	0.67	621.53	0.59	1106.85	0.97
Miscellaneous Schemes	13969.69	23.20	15122.94	21.89	21701.25	22.71	16625.99	19.32	19013.92	17.90	15474.35	13.53
Total Receipts from DRDA	20085.06	33.36	21697.00	31.41	27969.99	29.27	24509.23	28.49	26694.81	25.13	21845.71	19.10
<b>GRAND TOTAL (1+2+3)</b>	<b>60206.09</b>	<b>100.00</b>	<b>69074.77</b>	<b>100.00</b>	<b>95554.13</b>	<b>100.00</b>	<b>86033.61</b>	<b>100.00</b>	<b>106242.67</b>	<b>100.00</b>	<b>114355.31</b>	<b>100.00</b>



# Categorywise, Yearwise Revenue of Panchayat Raj Institutions from year, 1994-95 to 1999-2000

## Gram Panchayats

(Amt. in Rs. Lacs)

HEAD OF REVENUE	Yearwise Revenue with percentage to Total Revenue											
	1994-95		1995-96		1996-97		1997-98		1998-99		1999-2000	
	Amount	PER	Amount	PER	Amount	PER	Amount	PER	Amount	PER	Amount	PER
	2	3	4	5	6	7	8	9	10	11	12	13
CTG-REV 3 GRAM PANCHAYATS OF RAJASTHAN												
1. OWN REVENUE												
TAX & NON TAX REVENUE												
Total Own Revenue	983.56	5.12	1515.75	6.45	1723.85	5.80	1890.53	6.06	2050.58	5.05	2297.87	5.57
2. RECEIPTS STATE GOVT.												
I. GRANTS (HEAD 2515)												
Grants under SFC	148.40	0.77	332.45	1.42	1039.18	3.49	1297.46	4.16	2234.65	5.51	2952.20	7.15
Grants under TFC	10.06	0.05	39.90	0.17	1002.94	3.37	1018.09	3.26	4557.70	11.23	6907.63	16.74
Other Grants	1360.92	7.08	1498.35	6.38	2448.66	8.23	2013.70	6.46	2800.78	6.90	2896.96	7.02
Total Grants (Head 2515)	1519.38	7.91	1870.70	7.97	4490.78	15.10	4329.25	13.88	9593.13	23.65	12756.79	30.91
V. GRANT LAND REV.	1025.78	5.34	1298.04	5.53	2087.34	7.02	1709.29	5.48	1699.40	4.19	1543.87	3.74
Grant in lieu of Land Revenue												
Total Receipts State Govt.	2545.16	13.25	3168.74	13.49	6578.12	22.11	6038.54	19.37	11292.53	27.83	14300.66	34.65
3. RECEIPTS FROM DRDA												
MLA Development Scheme	281.36	1.46	500.32	2.13	684.23	2.30	824.57	2.64	1031.88	2.54	1234.45	2.99
Jawahar Rojgar Yajana	6737.28	35.07	7047.73	30.01	6881.03	23.13	7376.77	23.66	6149.20	15.16	6070.19	14.71
Indira Aawas Yajana	592.90	3.09	975.00	4.15	1296.52	4.36	1650.81	5.29	3880.11	9.56	4014.61	9.73
Miscellaneous Schemes	8072.64	42.02	10274.67	43.76	12582.24	42.30	13401.48	42.98	16166.13	39.85	13348.38	32.35
Total Receipts from DRDA	15684.18	81.63	18797.72	80.05	21444.02	72.09	23253.63	74.57	27227.32	67.11	24667.63	59.78
GRAND TOTAL (1+2+3)	19212.90	100.00	23482.21	100.00	29745.99	100.00	31182.70	100.00	40570.43	100.00	41266.16	100.00

# Headwise, Yearwise Expenditure of Panchayat Raj Institutions from year 1994-95 to 1999-2000

## State Expenditure

(Amt. in Rs. Lacs)

## Yearwise Exp. with percentage to Total Expenditure

ITEM OF EXPENDITURE	1994-95		1995-96		1996-97		1997-98		1998-99		1999-2000	
	Amount	PER	Amount	PER	Amount	PER	Amount	PER	Amount	PER	Amount	PER
1	2	3	4	5	6	7	8	9	10	11	12	13
<b>ST.-EXP-0 STATE EXPENDITURE</b>												
<b>1. PAY &amp; ALLOWANCES</b>												
(i) Education	28834.73	38.81	34971.80	40.58	41841.27	38.09	45354.17	41.30	54092.15	40.39	71825.69	45.43
(ii) Miscellaneous	4554.18	6.13	5192.38	6.02	5910.4	5.38	6173.99	5.62	8692.1	6.49	9622.14	6.09
Total - 1 (i+ii)	34417.42	46.32	40877.43	47.43	48640.41	44.28	52462.18	47.77	63859.23	47.69	82760.03	52.34
<b>2. DEVELOPMENTAL EXP.</b>												
I. HOUSING	1420.08	1.91	2117.19	2.46	2796.78	2.55	2163.88	1.97	1382.36	1.03	1031.03	0.65
<b>II. DRDA SCHEMES</b>												
(i) Swaran Jayanti Scheme	885.94	1.19	873.81	1.01	977.97	0.89	1061.88	0.97	1059.72	0.79	1452.83	0.92
(ii) Assured Emp. Scheme	3731.57	5.02	4461.37	5.18	4426.84	4.03	6278.25	5.72	6915.20	5.16	3121.42	1.97
(iii) MLA Area Dev. Scheme	571.25	0.77	1097.08	1.27	1399.34	1.27	1624.49	1.48	2141.18	1.60	2540.15	1.61
(iv) Miscellaneous Schemes	21538.03	28.99	24686.55	28.65	34412.14	31.32	32207.37	29.33	39892.48	29.79	39505.99	24.99
(v) Jawahar Rojgar Yajana	6083.51	8.19	6728.22	7.81	6454.38	5.88	7175.50	6.53	6247.72	4.67	6130.55	3.88
(vi) Indira Aawas Yajana	538.50	0.72	908.11	1.05	1149.48	1.05	1694.34	1.54	3534.27	2.64	3922.11	2.48
Total - DRDA (i+ii+iii+iv+v+vi)	33348.80	44.89	38755.14	44.97	48820.15	44.44	50041.83	45.56	59790.57	44.65	56673.05	35.84
III. Miscellaneous	4423.46	5.95	3781.65	4.39	8337.43	7.59	4210.02	3.83	7569.20	5.65	15901.61	10.06
Total - 2 (I+II+III)	39192.34	52.75	44653.98	51.81	59954.36	54.57	56415.73	51.37	68742.13	51.33	73605.69	46.55
<b>3. MAINTENANCE EXP.</b>												
(i) Maint. of Hand Pump	190.57	0.26	344.73	0.40	400.32	0.36	408.84	0.37	536.37	0.40	604.28	0.38
(ii) Maint. & Misc. Exp	497.25	0.67	304.70	0.35	861.86	0.78	539.01	0.49	776.36	0.58	1139.87	0.72
Total - 3 (i+ii)	687.82	0.93	649.43	0.75	1262.18	1.15	947.85	0.86	1312.73	0.98	1744.15	1.10
<b>GRAND TOTAL (1+2+3)</b>	<b>74297.58</b>	<b>100.00</b>	<b>86180.84</b>	<b>100.00</b>	<b>109856.95</b>	<b>100.00</b>	<b>109825.76</b>	<b>100.00</b>	<b>133914.09</b>	<b>100.00</b>	<b>158109.87</b>	<b>100.00</b>

**Categorywise, Yearwise Expenditure of Panchayat Raj Institutions from year 1994-95 to 1999-2000****Category - Zila Parishads**

(Amt. in Rs. Lacs)

ITEM OF EXPENDITURE	Yearwise Exp. with percentage to Total Expenditure											
	1994-95		1995-96		1996-97		1997-98		1998-99		1999-2000	
	Amount	PER	Amount	PER	Amount	PER	Amount	PER	Amount	PER	Amount	PER
1	2	3	4	5	6	7	8	9	10	11	12	13
ST.-EXP1 ZILA PARISHADS RAJASTHAN STATE												
1. PAY & ALLOWANCES												
(i) Education	80.54	3.36	83.70	2.83	73.38	1.59	85.55	3.68	116.32	4.37	670.76	8.31
(ii) Miscellaneous	407.92	17.00	548.92	18.54	662.42	14.36	488.81	21.04	651.28	24.47	850.94	10.55
Total - 1 (i+ii)	488.46	20.36	632.62	21.37	735.80	15.95	574.36	24.72	767.60	28.84	1521.70	18.86
2. DEVELOPMENTAL EXP.												
I. HOUSING	440.91	18.37	700.21	23.65	920.24	19.94	510.66	21.98	306.08	11.50	275.06	3.41
II. DRDA SCHEMES												
(ii) Assured Emp. Scheme	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	134.17	1.66
Total - DRDA (i+ii+iii+iv+v+vi)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	134.17	1.66
III. Miscellaneous	1351.08	56.30	1517.23	51.25	2499.63	54.17	1112.11	47.86	1384.93	52.04	5798.37	71.86
Total - 2 (I+II+III)	1791.99	74.68	2217.44	74.91	3419.87	74.11	1622.77	69.84	1691.01	63.54	6207.60	76.93
3. MAINTENANCE EXP.												
(ii) Maint. & Misc. Exp.	119.22	4.97	110.27	3.72	458.64	9.94	126.53	5.45	202.77	7.62	339.60	4.21
Total - 3 (i+ii)	119.22	4.97	110.27	3.72	458.64	9.94	126.53	5.45	202.77	7.62	339.60	4.21
GRAND TOTAL (1+2+3)	2399.67	100.00	2960.33	100.00	4614.31	100.00	2323.66	100.00	2661.38	100.00	8068.90	100.00

## Categorywise, Yearwise Expenditure of Panchayat Raj Institutions from year 1994-95 to 1999-2000

## Category - Panchayat Samities

(Amt. in Rs. Lacs)

ITEM OF EXPENDITURE	Yearwise Exp. with percentage to Total Expenditure											
	1994-95		1995-96		1996-97		1997-98		1998-99		1999-2000	
	Amount	PER	Amount	PER	Amount	PER	Amount	PER	Amount	PER	Amount	PER
1	2	3	4	5	6	7	8	9	10	11	12	13
ST -EXP2 PANCHAYAT SAMITIES RAJASTHAN STATE												
1. PAY & ALLOWANCES												
(i) Education	28754.19	52.31	34888.10	55.56	41767.89	51.56	45268.62	55.71	53975.83	54.76	71154.93	61.26
(ii) Miscellaneous	4146.26	7.54	4643.46	7.40	5247.98	6.48	5685.18	7.00	8040.82	8.16	8771.20	7.55
Total - 1 (i+ii)	32900.45	59.86	39531.56	62.96	47015.87	58.04	50953.80	62.71	62016.65	62.91	79926.13	68.81
2. DEVELOPMENTAL EXP.												
I. HOUSING	979.17	1.78	1416.98	2.26	1876.54	2.32	1653.22	2.03	1076.28	1.09	755.97	0.65
II. DRDA SCHEMES												
(i) Swaran Jayanti Scheme	885.94	1.61	873.81	1.39	977.97	1.21	1061.88	1.31	1059.72	1.08	1452.83	1.25
(ii) Assured Emp. Scheme	3731.57	6.79	4461.37	7.11	4426.84	5.46	6278.25	7.73	6915.20	7.02	2987.25	2.57
(iii) MLA Area Dev. Scheme	225.51	0.41	599.02	0.95	653.03	0.81	749.75	0.92	966.92	0.98	1078.38	0.93
(iv) Miscellaneous Schemes	12603.18	22.93	13102.61	20.87	19416.71	23.97	16641.20	20.48	19244.46	19.52	18452.08	15.88
Total - DRDA (i+ii+iii+iv+vi)	17446.20	31.74	19036.81	30.32	25474.55	31.45	24731.08	30.44	28186.30	28.59	23970.54	20.64
III. Miscellaneous	3072.38	5.59	2264.42	3.61	5837.80	7.21	3097.91	3.81	6184.27	6.27	10103.24	8.70
Total - 2 (I+II+III)	21497.75	39.11	22718.21	36.18	33188.89	40.97	29482.21	36.28	35446.85	35.96	34829.75	29.98
3. MAINTENANCE EXP.												
(i) Maint. of Hand Pump	190.57	0.35	344.73	0.55	400.32	0.49	408.84	0.50	536.37	0.54	604.28	0.52
(ii) Maint. & Misc. Exp	378.03	0.69	194.43	0.31	403.22	0.50	412.48	0.51	573.59	0.58	800.27	0.69
Total - 3 (i+ii)	568.60	1.03	539.16	0.86	803.54	0.99	821.32	1.01	1109.96	1.13	1404.55	1.21
GRAND TOTAL (1+2+3)	54966.80	100.00	62788.93	100.00	81008.30	100.00	81257.33	100.00	98573.46	100.00	116160.43	100.00

# Categorywise, Yearwise Expenditure of Panchayat Raj Institutions from year 1994-95 to 1999-2000

## Category - Gram Panchayats

(Amt. in Rs. Lacs)

ITEM OF EXPENDITURE	Yearwise Exp. with percentage to Total Expenditure											
	1994-95		1995-96		1996-97		1997-98		1998-99		1999-2000	
	Amount	PER	Amount	PER	Amount	PER	Amount	PER	Amount	PER	Amount	PER
1	2	3	4	5	6	7	8	9	10	11	12	13
ST.-EXP 3 GRAM PANCHAYATS RAJASTHAN STATE												
1. PAY & ALLOWANCES												
Total - 1 (i+ii)	1028.51	6.07	713.25	3.49	888.74	3.67	934.02	3.56	1074.98	3.29	1312.20	3.87
II. DRDA SCHEMES												
(iii) MLA Area Dev. Scheme	345.74	2.04	498.06	2.44	746.31	3.08	874.74	3.33	1174.26	3.59	1461.77	4.31
(iv) Miscellaneous Schemes	8934.85	52.77	11583.94	56.70	14995.43	61.88	15566.17	59.31	20648.02	63.18	21053.91	62.14
(v) Jawahar Rojgar Yajana	6083.51	35.93	6728.22	32.93	6454.38	26.63	7175.50	27.34	6247.72	19.12	6130.55	18.09
(vi) Indira Aawas Yajana	538.50	3.18	908.11	4.44	1149.48	4.74	1694.34	6.46	3534.27	10.82	3922.11	11.58
Total - DRDA (i+ii+iii+iv+v+vi)	15902.60	93.93	19718.33	96.51	23345.60	96.33	25310.75	96.44	31604.27	96.71	32568.34	96.13
Total - 2 (I+II+III)	15902.60	93.93	19718.33	96.51	23345.60	96.33	25310.75	96.44	31604.27	96.71	32568.34	96.13
3. MAINTENANCE EXP												
Total - 3 (i+ii)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
GRAND TOTAL (1+2+3)	16931.11	100.00	20431.58	100.00	24234.34	100.00	26244.77	100.00	32679.25	100.00	33880.54	100.00

## Details of norms and requirement of funds of PRIs

S.No.	Name of Activity	Norms/Criteria Adopted	Funds required for one year	Funds required for five years (Rs. in crores)
<b>I. Gram Panchayats</b>				
1.	Sanitation	2 labour per day @ Rs. 60 - per Panchayat for 300 days in a year = Rs. 1200 - per year for materials. = 37200 - per G.P.	37200 x 9189 Rs. 34.18 crores	170.90
2.	Street Lighting	No. of electrified villages 36677 10 poles per village 40 watts bulb per pole 10 hours lighting per night Rs. 3.30 unit cost 146 units consumption per pole per year Rs. 3.30 x 146 = Rs. 482 - per pole 482 x 10 x 36677 = Rs. 17.68 crore per year - life of bulb 4 months, 3 bulb per pole per year cost of bulb Rs. 10 - total requirement Rs. 1.10 crores	Rs.18.78 crores	93.90
3.	Local Administration and office expenses, Furniture, Light & Water, Postage, Meetings and Maintenance etc.	Rs. 30000 - per G.P. per annum	9189 x 30000 = Rs. 27.57 crores	137.85
4.	Maintenance of public properties, Burial cremation grounds, Panchayat Ghar Maintenance of school buildings including Rajiv Gandhi Schools, water tanks and water supply arrangements for human/animals etc.	Rs. 50000 - per G.P. per annum	9189 x 50000 = Rs. 45.95 crores	229.75
5.	Provision for construction of public utilities such as toilets bus sheds water huts etc. at public places	Rs. 2.20 lac one time (9189 x 2.20)		202.16
6.	Maintenance of roads	11500 K.M. @ Rs. 24000 - K.M.	Rs. 27.60 crores	138.00
7.	Maintenance of Accounts as per EFC	Rs. 4000 - per G.P. per annum	9189 x 4000 = Rs. 3.68 crores	18.40
8.	Database Development as per EFC			7.35
<b>Total Gram Panchayats</b>				<b>998.31</b>
<b>II Panchayat Samitis</b>				
1.	Maintenance of Buildings and other assets of PS	@ Rs. 50000 - per P.S. per annum	Rs. 1.19 crores	5.95
2.	Database Development as per EFC			0.16
3.	Maintenance of Accounts as per EFC	@ Rs. 4000 - per P.S. per annum	Rs. 0.09 crores	0.45
4.	Establishment	Existing staff of Ist SFC		65.00
<b>Total Panchayat Samitis</b>				<b>71.56</b>
<b>III Zila Parishad</b>				
1.	Maintenance of Z.P. Buildings and other assets	@ Rs. 50000 per Z.P. per annum	Rs. 0.16 crores	0.80
2.	Database Development as per EFC			0.03
3.	Training of public representatives	@ Rs. 50000 per P.S. per annum	Rs. 1.19 crores	5.95
4.	Incentive Amount to Gram Panchayats for raising additional resources		-	12.57
5.	Office Expenses	Rs. 70000 per block per annum	Rs. 1.66 crores	8.30
6.	POI	Rs. 1 lac per Zila Parishad per annum	Rs. 0.32 crores	1.60
<b>Total Zila Parishad</b>				<b>29.25</b>
<b>Grand Total all PRIs</b>				<b>1099.12</b>
Less:				
Grant recommended by EFC				(-) 490.95
<b>Net Requirement</b>				<b>608.17</b>

Annexure - A  
Para 6.11

**Yearwise State Revenue of Municipalities from year 1994-95 to 1999-2000**  
**Rajasthan State**

(Amt. in Rs. Lacs.)

HEAD OF REVENUE	Yearwise Revenue with percentage to Total Revenue											
	1994-95		1995-96		1996-97		1997-98		1998-99		1999-2000	
	Amount	PER	Amount	PER	Amount	PER	Amount	PER	Amount	PER	Amount	PER
1	2	3	4	5	6	7	8	9	10	11	12	13
ST-REV O RAJASTHAN STATE												
A. TAX REVENUE												
(i) OBLIGATORY TAXES												
1. OCTROI	16395.31	59.72	22156.76	57.95	23972.09	54.35	25122.65	51.74	9507.94	17.24	2812.31	5.43
2. LAND & BUIL. TAX	719.10	2.62	802.16	2.10	1065.62	2.42	1076.90	2.22	1094.01	1.98	1254.64	2.42
TOTAL (OBL. TAXES)	17114.41	62.34	22958.92	60.05	25037.71	56.77	26199.55	53.96	10601.95	19.22	4066.95	7.85
(ii) DISCRE. TAXES												
1. TAX ON VEHICLES	30.20	0.11	38.58	0.10	39.42	0.09	25.68	0.05	8.92	0.02	9.04	0.02
2. TOLLS	116.93	0.43	145.30	0.38	146.31	0.33	221.90	0.46	78.34	0.14	8.36	0.02
3. TERMINAL TAX	16.22	0.06	22.23	0.06	18.73	0.04	16.78	0.03	10.99	0.02	6.63	0.01
4. PASSENGER TAX	84.96	0.31	98.53	0.26	103.81	0.24	104.18	0.21	111.18	0.20	112.57	0.22
OTHER TAXES	116.07	0.42	230.23	0.60	234.94	0.53	243.55	0.50	124.56	0.23	42.47	0.08
TOTAL (DISC. TAXES)	364.38	1.33	534.87	1.40	543.21	1.23	612.09	1.26	333.99	0.61	179.07	0.35
TOTAL (A-TAX REV.)	17478.79	63.67	23493.79	61.45	25580.92	58.00	26811.64	55.22	10935.94	19.83	4246.02	8.19
B. NON TAX REVENUE												
(i) INTERNAL INCOME												
1. BYE LAWS	905.28	3.30	665.65	1.74	1987.94	4.51	1202.42	2.48	1326.50	2.41	1071.27	2.07
2. PROPERTIES	401.90	1.46	459.82	1.20	530.22	1.20	565.60	1.16	611.38	1.11	647.96	1.25
3. ACT	65.14	0.24	63.99	0.17	76.61	0.17	80.81	0.17	58.31	0.11	95.87	0.18
4. FINES & PENALTIES	91.26	0.33	128.76	0.34	140.88	0.32	127.84	0.26	108.07	0.20	136.15	0.26
5. WATER WORKS	8.92	0.03	56.30	0.15	63.87	0.14	40.67	0.08	29.81	0.05	72.36	0.14
6. INTEREST	232.26	0.85	293.51	0.77	458.55	1.04	446.75	0.92	583.46	1.06	523.96	1.01
7. SALES OF LAND	1768.34	6.44	1911.96	5.00	2983.13	6.76	2686.63	5.53	2664.79	4.83	3151.03	6.08
8. MISCELLANEOUS (i)	1017.17	3.71	1386.06	3.63	1660.24	3.76	2227.79	4.59	2122.40	3.85	1993.81	3.85
TOTAL (I-INT. INCOME)	4490.27	16.36	4966.05	12.99	7901.44	17.91	7378.51	15.20	7504.72	13.61	7692.41	14.84
(ii) EXTERNAL INCOME												
1. GEN. PURPOSE GRANT	1061.81	3.87	1381.82	3.61	1635.24	3.71	2268.48	4.67	2459.41	4.46	2174.98	4.20
2. SP. GRANT (RD & DR.)	511.50	1.86	1661.62	4.35	1219.43	2.76	1245.08	2.56	1877.80	3.40	890.97	1.72
3. COM. FOR OCTROI	35.70	0.13	64.26	0.17	57.24	0.13	800.04	1.65	18705.92	33.92	28670.38	55.32
4. GRANT UNDER SEC	123.07	0.45	726.60	1.90	630.20	1.43	1185.57	2.44	1848.51	3.35	1303.49	2.52
5. GRANT UNDER TFC	200.61	0.73	479.02	1.25	186.00	0.42	1250.11	2.57	1162.82	2.11	596.30	1.15
6. SPECIAL ASSISTANCE	708.82	2.58	1612.12	4.22	2104.78	4.77	1711.46	3.52	2407.57	4.37	1421.49	2.74
7. SHARE OF ENTER. TAX	33.32	0.12	29.46	0.08	38.73	0.09	112.60	0.23	1052.89	1.91	23.79	0.05
8. LOANS	270.01	0.98	569.68	1.49	562.25	1.27	791.88	1.63	1601.72	2.90	680.55	1.31
MISCELLANEOUS (ii)	2539.34	9.25	3247.79	8.49	4190.38	9.50	5002.70	10.30	5594.86	10.14	4124.98	7.96
TOT. (II-EXT. INCOME)	5464.18	19.98	9772.37	25.56	10624.25	24.09	14367.92	29.59	36711.50	66.56	39886.93	76.96
TOT. (B-NON TAX REV.)	9974.45	36.33	14738.42	38.55	18525.69	42.00	21746.43	44.78	44216.22	80.17	47579.34	91.81
GRAND TOTAL (A+B)	27453.24	100.00	38232.21	100.00	44106.61	100.00	48558.07	100.00	55152.16	100.00	51825.36	100.00

# Categorywise, Yearwise State Revenue of Municipalities from year 1994-95 to 1999-2000

## Category No. 1

(Amt. in Rs. Lacs)

HEAD OF REVENUE	Yearwise Revenue with percentage to Total Revenue											
	1994-95		1995-96		1996-97		1997-98		1998-99		1999-2000	
	Amount	PER	Amount	PER	Amount	PER	Amount	PER	Amount	PER	Amount	PER
1	2	3	4	5	6	7	8	9	10	11	12	13
CTG-REV 1 MUNICIPALITIES OF CATEGORY -1 RAJASTHAN												
A. TAX REVENUE												
(i) OBLIGATORY TAXES												
1. OCTROI	6500.32	67.34	8580.97	70.50	9048.19	62.63	9163.65	61.61	1609.96	9.14	45.70	0.29
2. LAND & BUIL. TAX	441.87	4.58	474.04	3.89	686.17	4.75	758.77	5.10	741.90	4.21	931.66	5.91
TOTAL (OBL. TAXES)	6942.19	71.92	9055.01	74.39	9734.36	67.38	9922.42	66.71	2351.86	13.35	977.36	6.20
(ii) DISCRE. TAXES												
1. TAX ON VEHICLES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2. TOLLS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3. TERMINAL TAX	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4. PASSENGER TAX	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
OTHER TAXES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL (DIST. TAXES)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL (A-TAX REV.)	6942.19	71.92	9055.01	74.39	9734.36	67.38	9922.42	66.71	2351.86	13.35	977.36	6.20
B. NON TAX REVENUE												
(i) INTERNAL INCOME												
1. BYE LAWS	695.61	7.21	409.80	3.37	1697.65	11.75	833.02	5.60	899.72	5.11	630.23	4.00
2. PROPERTIES	67.83	0.70	102.88	0.85	107.12	0.74	97.57	0.66	118.31	0.67	127.69	0.81
3. ACT	7.13	0.07	10.27	0.08	6.70	0.05	6.74	0.05	4.15	0.02	3.33	0.02
4. FINES & PENALTIES	10.04	0.10	19.53	0.16	20.18	0.14	22.25	0.15	13.05	0.07	17.34	0.11
5. WATER WORKS	0	0.00	0.00	0.00	0	0.00	0	0.00	0	0.00	0	0.00
6. INTEREST	40.06	0.42	48.38	0.40	53.26	0.37	97.03	0.65	64.82	0.37	85.05	0.54
7. SALES OF LAND	421.63	4.37	352.37	2.89	747.67	5.18	547.05	3.68	208.69	1.18	270.27	1.71
8. MISCELLANEOUS (i)	253.03	2.62	327.73	2.69	395.53	2.74	398.66	2.68	403.13	2.29	386.55	2.45
TOTAL (I-INT. INCOME)	1495.33	15.49	1270.96	10.44	3028.11	20.96	2002.32	13.46	1711.87	9.71	1520.46	9.64
(ii) EXTERNAL INCOME												
1. GEN. PURPOSE GRANT	283.15	2.93	367.68	3.02	499.34	3.46	605.33	4.07	357.68	2.03	354.38	2.25
2. SP. GRANT (RD & DR.)	0.00	0.00	107.06	0.88	258.72	1.79	127.90	0.86	447.65	2.54	65.00	0.41
3. COM. FOR OCTROI	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8521.08	48.35	11307.69	71.71
4. GRANT UNDER SFC	0.00	0.00	190.00	1.56	63.20	0.44	236.12	1.59	571.87	3.24	324.33	2.06
5. GRANT UNDER TFC	117.00	1.21	232.00	1.91	21.00	0.15	397.35	2.67	405.26	2.30	168.60	1.07
6. SPECIAL ASSISTANCE	27.30	0.28	78.50	0.64	12.00	0.08	97.37	0.65	0.00	0.00	118.90	0.75
7. SHARE OF ENTER. TAX	9.05	0.09	9.05	0.07	9.05	0.06	18.03	0.12	568.00	3.22	0.00	0.00
8. LOANS	0.00	0.00	200.00	1.64	0.00	0.00	0.00	0.00	1061.00	6.02	250.00	1.59
MISCELLANEOUS (ii)	778.82	8.07	661.66	5.44	821.74	5.69	1466.61	9.86	1627.04	9.23	681.79	4.32
TOT. (II-EXT. INCOME)	1215.32	12.59	1845.95	15.17	1625.05	11.66	2948.71	19.83	13659.58	76.94	13270.69	84.16
TOT. (B-NON TAX REV.)	2710.65	28.08	3116.91	25.61	4713.16	32.62	4951.03	33.29	15271.45	86.65	14791.15	93.80
GRAND TOTAL (A+B)	9652.84	100.00	12171.92	100.00	14447.52	100.00	14873.45	100.00	17623.31	100.00	15768.51	100.00



## Categorywise, Yearwise State Revenue of Municipalities from year 1994-95 to 1999-2000

## Category No. 2

(Amt. in Rs. Lacs)

## Yearwise Revenue with percentage to Total Revenue

HEAD OF REVENUE												
	1994-95		1995-96		1996-97		1997-98		1998-99		1999-2000	
	Amount	PER	Amount	PER	Amount	PER	Amount	PER	Amount	PER	Amount	PER
1	2	3	4	5	6	7	8	9	10	11	12	13
CTG-REV 2 MUNICIPALITIES OF CATEGORY -2 RAJASTHAN												
A. TAX REVENUE												
(i) OBLIGATORY TAXES												
1. OCTROI	4538.07	71.02	5984.01	75.24	6325.61	62.20	6462.81	61.15	2986.71	23.62	642.03	5.25
2. LAND & BUILD TAX	86.64	1.36	109.82	1.38	147.24	1.45	181.69	1.72	201.69	1.60	174.69	1.43
TOTAL (OBL. TAXES)	4624.71	72.37	6093.83	76.62	6472.85	63.64	6644.50	62.87	3188.40	25.22	816.72	6.68
(ii) DISCRE. TAXES												
1. TAX ON VEHICLES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2. TOLLS	29.82	0.47	39.89	0.50	38.39	0.38	40.04	0.38	13.00	0.10	0.00	0.00
3. TERMINAL TAX	0.12	0.00	0.25	0.00	0.25	0.00	0.25	0.00	0.11	0.00	0.00	0.00
4. PASSENGER TAX	19.75	0.31	20.79	0.26	20.69	0.20	20.14	0.19	15.05	0.12	19.27	0.16
OTHER TAXES	50.82	0.80	108.37	1.36	99.90	0.98	95.84	0.91	26.22	0.21	0.00	0.00
TOTAL (DISC. TAXES)	100.51	1.57	169.30	2.13	159.23	1.57	156.27	1.48	54.38	0.43	19.27	0.16
TOTAL (A-TAX REV.)	4725.22	73.95	6263.13	78.75	6632.08	65.21	6800.77	64.35	3242.78	25.65	835.99	6.84
B. NON TAX REVENUE												
(i) INTERNAL INCOME												
1. BYE LAWE	74.65	1.17	77.70	0.98	93.98	0.92	101.65	0.96	133.36	1.05	111.24	0.91
2. PROPERTIES	82.96	1.30	95.53	1.20	128.89	1.27	158.63	1.50	126.10	1.00	126.70	1.04
3. ACT	8.95	0.14	11.08	0.14	11.34	0.11	18.96	0.18	20.42	0.16	29.92	0.24
4. FINES & PENALTIES	41.49	0.65	52.67	0.66	59.30	0.58	51.22	0.48	41.10	0.33	68.09	0.56
5. WATER WORKS	4.10	0.06	25.59	0.32	49.04	0.48	13.18	0.12	12.15	0.10	39.99	0.33
6. INTEREST	106.21	1.66	33.88	0.43	215.24	2.12	168.82	1.60	240.39	1.90	288.04	2.36
7. SALES OF LAND	267.74	4.19	233.17	2.93	463.27	4.56	341.17	3.23	489.05	3.87	499.28	4.09
8. MISCELLANEOUS (ii)	191.63	3.00	214.77	2.70	332.22	3.27	485.78	4.60	532.35	4.21	537.44	4.40
TOTAL (INT. INCOME)	777.73	12.17	744.39	9.36	1353.28	13.31	1339.41	12.67	1594.92	12.62	1700.70	13.92
(ii) EXTERNAL INCOME												
1. GEN. PURPOSE GRANT	252.67	3.95	337.30	4.24	338.51	3.33	290.18	2.75	354.21	2.80	308.68	2.53
2. SP. GRANT (RD & DR.)	43.60	0.68	90.89	1.14	128.30	1.26	37.41	0.35	241.41	1.91	73.18	0.60
3. COM. FOR OCTROI	0.00	0.00	0.00	0.00	0.00	0.00	517.68	4.90	4717.70	37.31	8023.74	65.67
4. GRANT UNDER SFC	15.69	0.25	97.98	1.23	141.94	1.40	305.56	2.89	261.34	2.07	250.59	2.05
5. GRANT UNDER TFC	6.07	0.09	17.89	0.22	31.58	0.31	429.81	4.07	241.47	1.91	104.89	0.86
6. SPECIAL ASSISTANCE	27.55	0.43	54.27	0.68	1057.09	10.39	193.20	1.83	790.25	6.25	230.11	1.88
7. SHARE OF ENTER. TAX	6.66	0.10	6.53	0.08	6.53	0.06	32.78	0.31	284.97	2.25	0.00	0.00
8. LOANS	79.73	1.25	0.00	0.00	0.00	0.00	1.90	0.02	3.52	0.03	0.40	0.00
MISCELLANEOUS (iii)	455.13	7.12	341.23	4.29	481.09	4.73	619.22	5.86	910.45	7.20	690.57	5.65
TOT. (EXT. INCOME)	887.12	13.88	946.09	11.90	2185.04	21.48	2427.74	22.97	7805.32	61.74	9682.16	79.24
TOT. (B-NON TAX REV.)	1664.85	26.05	1690.48	21.25	3538.32	34.79	3767.15	35.65	9400.24	74.35	11382.86	93.16
GRAND TOTAL (A+B)	6390.07	100.00	7953.61	100.00	10170.40	100.00	10567.92	100.00	12643.02	100.00	12218.85	100.00

Annexure - V-1 (j)  
(para 5.11)

(Amt. in Rs. Lacs)

**Categorywise, Yearwise State Revenue of Municipalities from year 1994-95 to 1999-2000**  
**Category No. 3**

HEAD OF REVENUE	Yearwise Revenue with percentage to Total Revenue											
	1994-95		1995-96		1996-97		1997-98		1998-99		1999-2000	
	Amount	PER	Amount	PER	Amount	PER	Amount	PER	Amount	PER	Amount	PER
1	2	3	4	5	6	7	8	9	10	11	12	13
CTG-REV 3 MUNICIPALITIES OF CATEGORY -3 RAJASTHAN												
A. TAX REVENUE												
(i) OBLIGATORY TAXES												
1. OCTROI	2663.63	49.19	3817.84	42.63	4256.57	43.36	4721.76	42.37	2358.61	20.18	801.55	7.22
2. LAND & BUILD. TAX	103.61	1.91	126.27	1.41	134.88	1.37	52.39	0.47	56.58	0.48	82.78	0.75
TOTAL (OBL. TAXES)	2767.24	51.11	3944.11	44.04	4391.45	44.73	4774.15	42.84	2415.19	20.66	884.33	7.96
(ii) DISCRE. TAXES												
1. TAX ON VEHICLES	4.15	0.08	5.48	0.06	5.47	0.06	5.56	0.05	0.06	0.00	5.95	0.05
2. TOLLS	49.73	0.92	56.28	0.63	53.53	0.55	54.19	0.49	16.31	0.14	0.00	0.00
3. TERMINAL TAX	3.81	0.07	3.39	0.04	5.59	0.06	5.84	0.05	2.35	0.02	0.86	0.01
4. PASSENGER TAX	50.19	0.93	61.25	0.68	65.88	0.67	67.36	0.60	78.43	0.67	74.12	0.67
OTHER TAXES	11.77	0.22	53.47	0.60	52.25	0.53	60.77	0.55	17.74	0.15	1.85	0.02
TOTAL (DISC. TAXES)	119.65	2.21	179.87	2.01	182.72	1.86	193.72	1.74	114.89	0.98	82.78	0.75
TOTAL (A-TAX REV.)	2886.89	53.32	4123.98	46.05	4574.17	46.59	4967.87	44.57	2530.08	21.65	967.11	8.71
B. NON TAX REVENUE												
(i) INTERNAL INCOME												
1. BYE LAWS	36.71	0.68	65.70	0.73	70.95	0.72	106.41	0.95	115.76	0.99	131.20	1.18
2. PROPERTIES	121.74	2.25	118.93	1.33	124.74	1.27	139.33	1.25	193.85	1.66	179.25	1.61
3. ACT	8.53	0.16	18.98	0.21	25.86	0.26	10.11	0.09	7.15	0.06	9.90	0.09
4. FINES & PENALTIES	23.68	0.44	35.44	0.40	38.03	0.39	28.09	0.25	23.79	0.20	30.60	0.28
5. WATER WORKS	2.82	0.05	2.37	0.03	2.92	0.03	7.15	0.06	2.09	0.02	7.06	0.06
6. INTEREST	56.52	1.04	169.13	1.89	78.56	0.80	94.63	0.85	94.66	0.81	61.22	0.55
7. SALES OF LAND	693.35	12.80	838.14	9.36	916.99	9.34	1027.99	9.22	1122.66	9.60	1120.31	10.08
8. MISCELLANEOUS (ii)	320.60	5.92	463.07	5.17	614.44	6.26	799.13	7.17	695.72	5.95	609.24	5.48
TOTAL (INT. INCOME)	1263.95	23.34	1711.76	19.11	1872.49	19.07	2212.84	19.85	2255.68	19.30	2148.78	19.34
(ii) EXTERNAL INCOME												
1. GEN. PURPOSE GRANT	192.79	3.56	276.73	3.09	316.18	3.22	466.76	4.19	544.60	4.66	490.69	4.42
2. SP. GRANT (RD & DR)	79.22	1.46	304.08	3.40	245.30	2.50	396.59	3.56	310.62	2.66	277.03	2.49
3. COM. FOR OCTROI	0.00	0.00	0.00	0.00	0.00	0.00	109.14	0.98	2845.07	24.34	4982.32	44.85
4. GRANT UNDER SFC	57.88	1.07	285.64	3.19	297.67	3.03	380.81	3.42	529.81	4.53	305.37	2.75
5. GRANT UNDER TFC	20.40	0.38	152.80	1.71	71.49	0.73	190.55	1.71	263.79	2.26	143.32	1.29
6. SPECIAL ASSISTANCE	240.04	4.43	691.35	7.72	389.18	3.96	523.03	4.69	670.62	5.74	380.21	3.42
7. SHARE OF ENTER. TAX	0.77	0.01	1.07	0.01	1.35	0.01	10.77	0.10	113.17	0.97	12.13	0.11
8. LOANS	82.87	1.53	269.78	3.01	467.43	4.96	636.63	5.71	273.90	2.34	269.81	2.43
MISCELLANEOUS (iii)	589.94	10.90	1139.13	12.72	1562.55	15.92	1250.27	11.22	1351.08	11.56	1132.64	10.20
TOTAL (EXT. INCOME)	1263.91	23.34	3120.58	34.84	3371.15	34.34	3864.55	35.57	6902.59	59.06	7993.52	71.95
TOTAL (B-NON TAX REV.)	2527.86	46.68	4832.34	53.95	5243.64	53.41	6177.39	55.43	9158.34	78.35	10142.30	91.29
GRAND TOTAL (A+B)	5414.75	100.00	8956.32	100.00	9817.81	100.00	11145.26	100.00	11688.42	100.00	11109.41	100.00

# Categorywise, Yearwise State Revenue of Municipalities from year 1994-95 to 1999-2000

## Category No. 4

(Amt. in Rs. Lacs)

HEAD OF REVENUE	Yearwise Revenue with percentage to Total Revenue											
	1994-95		1995-96		1996-97		1997-98		1998-99		1999-2000	
	Amount	PER	Amount	PER	Amount	PER	Amount	PER	Amount	PER	Amount	PER
1	2	3	4	5	6	7	8	9	10	11	12	13
CTG-REV 4 MUNICIPALITIES OF CATEGORY -4 RAJASTHAN												
A. TAX REVENUE												
(i) OBLIGATORY TAXES												
1. OCTROI	1744.14	48.82	2437.27	47.01	2856.40	47.85	3101.99	43.04	1619.97	20.27	987.15	12.27
2. LAND & BUIL. TAX	78.26	2.19	79.19	1.53	86.16	1.44	67.34	0.93	76.29	0.95	44.91	0.56
TOTAL (OBL. TAXES)	1822.40	51.01	2516.46	48.54	2942.56	49.29	3169.33	43.97	1696.26	21.22	1032.06	12.83
(ii) DISCRET. TAXES												
1. TAX ON VEHICLES	11.85	0.33	16.06	0.31	14.63	0.25	5.36	0.07	0.26	0.00	0.26	0.00
2. TOLLS	15.99	0.45	20.53	0.40	17.27	0.29	76.43	1.06	33.32	0.42	7.88	0.10
3. TERMINAL TAX	4.35	0.12	5.41	0.10	5.37	0.09	5.08	0.07	5.73	0.07	5.31	0.07
4. PASSENGER TAX	15.02	0.42	16.49	0.32	17.04	0.29	16.66	0.23	17.70	0.22	19.18	0.24
OTHER TAXES	32.56	0.91	49.00	0.95	56.73	0.95	48.00	0.67	28.00	0.35	36.82	0.46
TOTAL (DISC. TAXES)	79.77	2.23	107.49	2.07	111.04	1.86	151.53	2.10	85.01	1.06	69.45	0.86
TOTAL (A-TAX REV.)	1902.17	53.24	2623.95	50.61	3053.60	51.15	3320.86	46.08	1781.27	22.29	1101.51	13.69
B. NON TAX REVENUE												
(i) INTERNAL INCOME												
1. BYE LAWS	47.30	1.32	48.46	0.93	57.56	0.96	78.05	1.08	84.92	1.06	97.10	1.21
2. PROPERTIES	86.97	2.43	90.95	1.75	109.93	1.84	101.48	1.41	110.22	1.38	106.09	1.32
3. ACT	15.14	0.42	13.19	0.25	18.63	0.31	21.30	0.30	14.76	0.18	35.83	0.45
4. FINES & PENALTIES	10.20	0.29	13.90	0.27	15.64	0.26	15.38	0.21	22.21	0.28	8.71	0.11
5. WATER WORKS	1.68	0.05	20.97	0.40	3.40	0.06	11.00	0.15	5.94	0.07	16.14	0.20
6. INTEREST	16.73	0.47	20.33	0.39	56.03	0.94	58.41	0.81	112.06	1.40	49.74	0.62
7. SALES OF LAND	201.02	5.63	337.14	6.50	616.43	10.33	499.66	6.93	564.39	7.06	849.37	10.56
8. MISCELLANEOUS (ii)	171.13	4.79	127.40	2.46	166.55	2.79	254.72	3.53	209.48	2.62	289.81	3.60
TOTAL (I-INT. INCOME)	550.17	15.40	672.34	12.97	1044.17	17.49	1040.00	14.43	1123.98	14.06	1452.79	18.06
(ii) EXTERNAL INCOME												
1. GEN. PURPOSE GRANT	177.32	4.96	206.74	3.99	254.49	4.26	469.12	6.51	652.19	8.16	569.18	7.08
2. SP. GRANT (RD & DR)	163.92	4.59	558.41	10.77	296.03	4.96	337.00	4.68	466.86	5.84	225.19	2.80
3. COM. FOR OCTROI	0.00	0.00	15.00	0.29	0.00	0.00	103.53	1.44	1761.50	22.04	2792.64	34.72
4. GRANT UNDER SFC	27.34	0.77	77.40	1.49	76.56	1.28	141.78	1.97	208.93	2.61	146.80	1.82
5. GRANT UNDER TFC	42.63	1.19	27.12	0.52	31.86	0.53	121.71	1.69	104.79	1.31	71.97	0.89
6. SPECIAL ASSISTANCE	201.96	5.65	369.96	7.14	360.72	6.04	445.88	6.19	524.80	6.57	466.92	5.80
7. SHARE OF ENTER. TAX	4.52	0.13	0.80	0.02	0.30	0.01	18.15	0.25	40.90	0.51	0.00	0.00
8. LOANS	72.39	2.03	46.63	0.90	41.93	0.70	81.69	1.13	161.38	2.02	109.87	1.37
MISCELLANEOUS (iii)	430.41	12.05	586.10	11.30	810.40	13.57	1127.51	15.64	1166.37	14.59	1107.10	13.76
TOT. (II-EXT. INCOME)	1120.49	31.36	1888.16	36.42	1872.29	31.36	2846.37	39.49	5087.72	63.65	5489.67	68.25
TOT. (B-NON TAX REV.)	1670.66	46.76	2560.50	49.39	2916.46	48.85	3886.37	53.92	6211.70	77.71	6942.46	86.31
GRAND TOTAL (A+B)	3572.83	100.00	5184.45	100.00	5970.06	100.00	7207.23	100.00	7992.97	100.00	8043.97	100.00

Annexure - V (1) (e)  
(para 6.11)

**Categorywise, Yearwise State Revenue of Municipalities from year 1994-95 to 1999-2000**  
**Category No. 5**

(Amt. in Rs. Lacs)

HEAD OF REVENUE	Yearwise Revenue with percentage to Total Revenue											
	1994-95		1995-96		1996-97		1997-98		1998-99		1999-2000	
	Amount	PER	Amount	PER	Amount	PER	Amount	PER	Amount	PER	Amount	PER
1	2	3	4	5	6	7	8	9	10	11	12	13
CTG-REV 5 MUNICIPALITIES OF CATEGORY -5 RAJASTHAN												
A. TAX REVENUE												
(i) OBLIGATORY TAXES												
1. OCTROI	949.15	39.18	1336.67	33.70	1485.32	40.13	1672.44	35.10	932.69	17.92	335.88	7.17
2. LAND & BUIL. TAX	8.72	0.36	12.84	0.32	11.17	0.30	16.71	0.35	17.55	0.34	20.60	0.44
TOTAL (OBL. TAXES)	957.87	39.54	1349.51	34.03	1496.49	40.44	1689.15	35.45	950.24	18.26	356.48	7.61
(ii) DISCRE. TAXES												
1. TAX ON VEHICLES	14.20	0.59	17.04	0.43	19.32	0.52	14.76	0.31	8.60	0.17	2.83	0.06
2. TOLLS	21.39	0.88	28.60	0.72	37.12	1.00	51.24	1.08	15.71	0.30	0.48	0.01
3. TERMINAL TAX	7.94	0.33	13.18	0.33	7.52	0.20	5.61	0.12	2.80	0.05	0.46	0.01
4. PASSENGER TAX	0.00	0.00	0.00	0.00	0.20	0.01	0.02	0.00	0.00	0.00	0.00	0.00
OTHER TAXES	20.92	0.86	19.39	0.49	26.06	0.70	38.94	0.82	52.60	1.01	3.80	0.08
TOTAL (DISC. TAXES)	64.45	2.66	78.21	1.97	90.22	2.44	110.57	2.32	79.71	1.53	7.57	0.16
TOTAL (A-TAX REV.)	1022.32	42.20	1427.72	36.00	1586.71	42.87	1799.72	37.78	1029.95	19.79	364.05	7.77
B. NON TAX REVENUE												
(i) INTERNAL INCOME												
1. BYE LAWS	51.01	2.11	63.99	1.61	67.80	1.83	83.29	1.75	92.74	1.78	101.50	2.17
2. PROPERTIES	42.40	1.75	51.53	1.30	59.54	1.61	68.59	1.44	62.90	1.21	108.23	2.31
3. ACT	25.39	1.05	10.47	0.26	14.08	0.38	23.70	0.50	11.83	0.23	16.89	0.36
4. FINES & PENALTIES	5.85	0.24	7.22	0.18	7.73	0.21	10.90	0.23	7.92	0.15	11.41	0.24
5. WATER WORKS	0.32	0.01	7.37	0.19	8.51	0.23	9.34	0.20	9.63	0.19	9.17	0.20
6. INTEREST	12.74	0.53	21.79	0.55	55.46	1.50	27.86	0.58	71.53	1.37	39.91	0.85
7. SALES OF LAND	184.60	7.62	151.14	3.81	238.77	6.45	270.76	5.68	280.00	5.38	411.80	8.79
8. MISCELLANEOUS (i)	80.78	3.33	253.09	6.38	151.50	4.09	289.50	6.08	281.72	5.41	170.77	3.65
TOTAL (INT. INCOME)	403.09	16.64	566.60	14.29	603.39	16.30	783.94	16.45	818.27	15.72	869.68	18.56
(ii) EXTERNAL INCOME												
1. GEN. PURPOSE GRANT	155.88	6.43	193.37	4.88	226.72	6.13	437.09	9.17	550.73	10.58	452.05	9.65
2. SP. GRANT (RD & DR.)	224.76	9.28	601.18	15.16	291.08	7.87	346.18	7.27	411.26	7.90	250.57	5.35
3. COM. FOR OCTROI	35.70	1.47	49.26	1.24	57.24	1.55	69.69	1.46	860.57	16.54	1563.99	33.39
4. GRANT UNDER SFC	22.16	0.91	75.58	1.91	50.83	1.37	121.30	2.55	276.56	5.31	276.40	5.90
5. GRANT UNDER TFC	14.51	0.60	49.21	1.24	30.07	0.81	110.69	2.32	147.51	2.83	107.52	2.30
6. SPECIAL ASSISTANCE	211.97	8.75	418.04	10.54	285.79	7.72	451.96	9.49	421.90	8.11	225.35	4.81
7. SHARE OF ENTER. TAX	12.30	0.51	12.01	0.30	21.50	0.58	32.87	0.69	45.85	0.88	11.66	0.25
8. LOANS	35.02	1.45	53.27	1.34	32.89	0.89	71.66	1.50	101.92	1.96	50.47	1.08
MISCELLANEOUS (ii)	285.04	11.77	519.67	13.10	514.60	13.91	539.09	11.32	539.92	10.37	512.88	10.95
TOT. (B-EXT. INCOME)	997.34	41.17	1971.59	49.71	1510.72	40.82	2180.55	45.77	3356.22	64.49	3450.89	73.66
TOT. (B-NON TAX REV.)	1400.43	57.80	2538.19	64.00	2114.11	57.13	2964.49	62.22	4174.49	80.21	4320.57	92.23
GRAND TOTAL (A+B)	2422.75	100.00	3965.91	100.00	3700.82	100.00	4764.21	100.00	5204.44	100.00	4684.62	100.00

# Headwise, Yearwise Expenditure of Municipalities from year 1994-95 to 1999-2000

## State Expenditure

(Amt. in Rs. Lacs)

ITEM OF EXPENDITURE	Yearwise Exp. with percentage to Total Expenditure											
	1994-95		1995-96		1996-97		1997-98		1998-99		1999-2000	
	Amount	PER	Amount	PER	Amount	PER	Amount	PER	Amount	PER	Amount	PER
1	2	3	4	5	6	7	8	9	10	11	12	13
ST-EXP 0 STATE EXPENDITURE												
A. ESTABLISHMENT												
1. GENERAL ADM.	2463.15	9.60	2918.65	8.56	3499.96	8.12	3849.54	8.00	4688.94	8.76	4856.50	9.66
2. RECOVERY OF												
(i) OCTROI	2102.59	8.20	2594.99	7.61	3151.19	7.31	3485.26	7.24	4352.34	8.13	4233.97	8.42
(ii) LAND & BLDG. TAX	213.56	0.83	250.60	0.74	287.13	0.67	366.01	0.76	403.67	0.75	387.32	0.77
(iii) OTHER TAXES	199.64	0.78	237.53	0.70	242.86	0.56	311.37	0.65	363.88	0.68	366.30	0.73
TOTAL - 2	2515.79	9.81	3083.12	9.05	3681.18	8.54	4162.64	8.65	5119.89	9.56	4987.59	9.92
TOTAL - A	4978.94	19.41	6001.77	17.61	7181.14	16.67	8012.18	16.65	9808.83	18.32	9844.09	19.57
B. HEALTH & SANITN+A45.												
1. PUBLIC HEALTH	8887.63	34.65	10909.50	32.01	12753.02	29.60	13987.63	29.08	18174.62	33.95	18035.76	35.86
2. DISPENSARIES	84.35	0.33	106.99	0.31	137.21	0.32	200.56	0.42	218.31	0.41	308.52	0.61
TOTAL - B	8971.98	34.98	11016.49	32.32	12890.23	29.92	14188.19	29.49	18392.93	34.36	18344.28	36.48
C. PUBLIC FACILITIES												
1. CIVIL DEFENCE	246.72	0.96	296.86	0.87	339.32	0.79	374.55	0.78	473.70	0.88	483.95	0.96
2. ELECTRICITY	1171.53	4.57	1554.65	4.56	2074.77	4.82	2344.85	4.87	2389.26	4.46	2330.00	4.63
3. WATER	128.06	0.50	184.37	0.54	192.10	0.45	267.34	0.56	277.31	0.52	282.14	0.56
4. STR. HOUS. ANIMALS	66.41	0.26	96.05	0.28	98.93	0.23	109.73	0.23	128.29	0.24	127.26	0.25
5. EDUCATION	66.55	0.27	79.19	0.23	100.81	0.23	137.28	0.29	111.69	0.21	190.57	0.38
6. GARDENING	372.14	1.45	445.63	1.31	624.83	1.45	740.40	1.54	879.07	1.64	804.88	1.60
7. GEN. MAINT.	638.87	2.49	754.45	2.21	887.25	2.06	962.44	2.00	1190.44	2.22	1077.90	2.14
TOTAL - C	2692.28	10.50	3411.20	10.01	4318.01	10.02	4936.59	10.26	5449.76	10.18	5296.70	10.53
D. DEV. & ASSET CREATN.												
1. DEVELOPMENT	5407.08	21.08	8387.15	24.61	13048.51	30.29	14874.26	30.92	13437.05	25.10	10697.22	21.27
2. PUR. OF PRO. EQUI.	328.65	1.28	488.85	1.43	555.37	1.29	510.64	1.06	332.13	0.62	344.41	0.68
3. LOAN REPAYMENT	227.02	0.89	517.62	1.52	375.85	0.87	456.60	0.95	485.71	0.91	515.72	1.03
4. MISCELLANEOUS	3043.27	11.86	4259.68	12.50	4711.69	10.94	5130.05	10.66	5629.55	10.52	5247.92	10.44
TOTAL - D	9006.02	35.11	13653.30	40.06	18691.42	43.39	20971.55	43.59	19884.44	37.14	16805.27	33.42
G. TOTAL (A+B+C+D)	25649.22	100.00	34082.76	100.00	43080.80	100.00	48108.51	100.00	53535.96	100.00	50290.34	100.00

# Categorywise, Yearwise Expenditure of Municipalities from year 1994-95 to 1999-2000

## Category No. 1

(Amt. in Rs. Lacs)

ITEM OF EXPENDITURE	Yearwise Exp. with percentage to Total Expenditure											
	1994-95		1995-96		1996-97		1997-98		1998-99		1999-2000	
	Amount	PER	Amount	PER	Amount	PER	Amount	PER	Amount	PER	Amount	PER
1	2	3	4	5	6	7	8	9	10	11	12	13
CTG-EXP 1 CATEGORY NO. 1 RAJASTHAN												
A. ESTABLISHMENT												
1. GENERAL ADM.	693.90	7.42	692.24	6.09	890.50	6.47	965.99	6.92	1037.01	6.24	978.30	7.05
2. RECOVERY OF												
(i) OCTROI	225.74	2.41	259.45	2.28	301.29	2.19	357.77	2.56	443.63	2.67	375.55	2.71
(ii) LAND & BLDG. TAX	121.76	1.30	142.77	1.26	153.59	1.12	226.98	1.63	230.11	1.38	213.18	1.54
(iii) OTHER TAXES	112.84	1.21	122.90	1.08	96.59	0.70	152.30	1.09	163.64	0.98	150.26	1.08
TOTAL - 2	460.34	4.92	525.12	4.62	551.47	4.01	737.05	5.28	837.38	5.04	738.99	5.33
TOTAL - A	1154.24	12.34	1217.36	10.71	1441.97	10.48	1703.04	12.21	1874.39	11.27	1717.29	12.37
B. HEALTH & SANITN												
1. PUBLIC HEALTH	3688.17	39.44	4449.36	39.13	5157.33	37.48	5558.00	39.84	7233.14	43.50	6760.59	48.72
2. DISPENSARIES	57.63	0.62	72.77	0.64	85.82	0.62	153.19	1.10	161.48	0.97	251.16	1.81
TOTAL - B	3745.80	40.05	4522.13	39.77	5243.15	38.11	5711.19	40.94	7394.62	44.48	7011.75	50.53
C. PUBLIC FACILITIES												
1. CIVIL DEFENCE	93.87	1.00	101.03	0.89	123.09	0.89	135.66	0.97	157.63	0.95	145.88	1.05
2. ELECTRICITY	458.16	4.90	550.89	4.84	708.72	5.15	784.11	5.62	780.49	4.69	444.49	3.20
3. WATER	38.58	0.41	73.18	0.64	40.88	0.30	78.82	0.56	112.50	0.68	72.40	0.52
4. STR. HOU. ANIMALS	37.20	0.40	63.50	0.56	60.31	0.44	66.79	0.48	81.21	0.49	74.33	0.54
5. EDUCATION	15.99	0.17	18.14	0.16	23.98	0.17	47.19	0.34	20.86	0.13	90.93	0.66
6. GARDENING	139.10	1.49	172.41	1.52	309.5	2.25	388.59	2.79	435.06	2.62	364.67	2.63
7. GEN. MAINT	299.64	3.20	324.58	2.85	356.63	2.59	368.84	2.64	465.51	2.80	373.93	2.69
TOTAL - C	1082.54	11.58	1303.73	11.46	1623.11	11.80	1870.00	13.40	2053.26	12.35	1566.63	11.29
D. DEV. & ASSET CREATN.												
1. DEVELOPMENT	2027.67	21.68	2601.11	22.87	4476.66	32.53	3720.02	26.67	3749.30	22.55	2015.82	14.53
2. PUR. OF PRO/EQU.	166.31	1.78	231.54	2.04	152.00	1.10	68.62	0.49	55.43	0.33	169.84	1.22
3. LOAN REPAYMENT	56.43	0.60	261.34	2.30	25.56	0.19	42.98	0.31	29.80	0.18	40.24	0.29
4. MISCELLANEOUS	1119.08	11.97	1234.67	10.86	797.17	5.79	834.79	5.98	1469.47	8.84	1356.03	9.77
TOTAL - D	3369.49	36.03	4328.66	38.06	5451.39	39.62	4666.41	33.45	5304.00	31.90	3581.93	25.81
G. TOTAL (A+B+C+D)	9352.07	100.00	11371.88	100.00	13759.62	100.00	13950.64	100.00	16626.27	100.00	13877.60	100.00

# Categorywise, Yearwise Expenditure of Municipalities from year 1994-95 to 1999-2000

(Amt. in Rs. Lacs)

## Category No. 2

ITEM OF EXPENDITURE	Yearwise Exp. with percentage to Total Expenditure											
	1994-95		1995-96		1996-97		1997-98		1998-99		1999-2000	
	Amount	PER	Amount	PER	Amount	PER	Amount	PER	Amount	PER	Amount	PER
1	2	3	4	5	6	7	8	9	10	11	12	13
CTG-EXP 2 CATEGORY NO. 2 RAJASTHAN												
A. ESTABLISHMENT												
1. GENERAL ADM	556.49	9.56	582.01	8.03	700.27	7.60	773.75	6.62	1007.69	8.09	1082.62	8.77
2. RECOVERY OF												
(i) OCTROI	410.02	7.04	468.15	6.46	552.22	6.00	601.84	5.15	758.80	6.09	686.05	5.56
(ii) LAND & BLDG. TAX	55.88	0.96	64.72	0.89	79.25	0.86	81.99	0.70	112.96	0.91	111.11	0.90
(iii) OTHER TAXES	35.99	0.62	40.18	0.55	47.88	0.52	50.86	0.44	71.20	0.57	73.34	0.59
TOTAL - 2	501.89	8.62	573.05	7.91	679.35	7.38	734.69	6.29	942.96	7.57	870.50	7.05
TOTAL - A	1058.38	18.18	1155.06	15.95	1379.62	14.98	1508.44	12.91	1950.65	15.67	1953.12	15.83
B. HEALTH & SANITN.												
1. PUBLIC HEALTH	2302.37	39.56	2725.66	37.63	3095.40	33.61	3522.36	30.15	4599.77	36.94	4724.46	38.28
2. DISPENSARIES	23.76	0.41	23.83	0.33	36.00	0.39	30.22	0.26	39.54	0.32	38.54	0.31
TOTAL - B	2326.13	39.97	2749.49	37.96	3131.40	34.00	3552.58	30.41	4639.31	37.26	4763.00	38.60
C. PUBLIC FACILITIES												
1. CIVIL DEFENCE	93.27	1.60	102.00	1.41	122.34	1.33	123.67	1.06	171.92	1.38	184.07	1.49
2. ELECTRICITY	287.22	4.93	360.12	4.97	539.52	5.86	602.23	5.16	655.54	5.26	802.08	6.50
3. WATER	18.27	0.31	14.21	0.20	37.42	0.41	40.53	0.35	20.24	0.16	73.71	0.60
4. STR. HOU. ANIMALS	19.50	0.34	21.64	0.30	25.36	0.28	28.09	0.24	33.88	0.27	39.00	0.32
5. EDUCATION	4.74	0.08	5.14	0.07	5.78	0.06	6.12	0.05	7.36	0.06	7.41	0.06
6. GARDENING	138.22	2.37	150.07	2.07	175.04	1.90	190.93	1.63	242.97	1.95	231.61	1.88
7. GEN. MAINT	230.21	3.96	271.74	3.75	325.00	3.53	350.15	3.00	475.02	3.81	457.57	3.71
TOTAL - C	791.43	13.60	924.92	12.77	1230.46	13.36	1341.72	11.49	1606.93	12.91	1795.45	14.55
D. DEV. & ASSET CREATN.												
1. DEVELOPMENT	981.71	16.87	1458.38	20.13	2300.93	24.98	4126.03	35.32	3123.34	25.08	2727.76	22.10
2. PUR. OF PRO. EQUI.	68.68	1.18	93.44	1.29	186.69	2.03	112.56	0.96	42.63	0.34	10.85	0.09
3. LOAN REPAYMENT	24.06	0.41	45.96	0.63	33.70	0.37	61.01	0.52	18.26	0.15	111.82	0.91
4. MISCELLANEOUS	569.72	9.79	816.49	11.27	947.14	10.28	979.29	8.38	1070.59	8.60	978.95	7.93
TOTAL - D	1644.17	28.25	2414.27	33.33	3468.46	37.66	5278.89	45.19	4254.82	34.17	3829.38	31.03
G. TOTAL (A+B+C+D)	5820.11	100.00	7243.74	100.00	9209.94	100.00	11681.63	100.00	12451.71	100.00	12340.95	100.00

**Categorywise, Yearwise Expenditure of Municipalities from year 1994-95 to 1999-2000**  
**Category No. 3**

(Amt. in Rs. Lacs)

ITEM OF EXPENDITURE	Yearwise Exp. with percentage to Total Expenditure											
	1994-95		1995-96		1996-97		1997-98		1998-99		1999-2000	
	Amount	PER	Amount	PER	Amount	PER	Amount	PER	Amount	PER	Amount	PER
1	2	3	4	5	6	7	8	9	10	11	12	13
CTG-EXP 3 CATEGORY NO. 3 RAJASTHAN												
A. ESTABLISHMENT												
1. GENERAL ADM.	509.89	10.04	686.02	8.99	806.45	8.16	924.24	8.40	1107.45	9.58	1150.37	10.37
2. RECOVERY OF												
(i) OCTROI	533.81	10.51	709.16	9.29	844.91	8.55	936.53	8.52	1177.80	10.19	1180.96	10.64
(ii) LAND & BLDG. TAX	16.79	0.33	18.96	0.25	22.02	0.22	22.25	0.20	25.59	0.22	22.73	0.20
(iii) OTHER TAXES	21.90	0.43	37.00	0.48	46.79	0.47	50.19	0.46	65.65	0.57	67.66	0.61
TOTAL - 2	572.50	11.27	765.12	10.03	913.72	9.25	1008.97	9.17	1269.04	10.98	1271.35	11.46
TOTAL - A	1082.39	21.31	1451.14	19.01	1720.17	17.41	1933.21	17.58	2376.49	20.57	2421.72	21.83
B. HEALTH & SANITN.												
1. PUBLIC HEALTH	1448.46	28.52	1937.08	25.38	2282.26	23.10	2500.98	22.74	3253.63	28.16	3333.09	30.04
2. DISPENSARIES	0.00	0.00	1.22	0.02	1.62	0.02	3.29	0.03	1.67	0.01	2.18	0.02
TOTAL - B	1448.46	28.52	1938.30	25.40	2283.88	23.12	2504.27	22.77	3255.30	28.17	3335.27	30.06
C. PUBLIC FACILITIES												
1. CIVIL DEFENCE	39.28	0.77	62.57	0.82	64.87	0.66	75.43	0.69	95.05	0.82	107.77	0.97
2. ELECTRICITY	209.36	4.12	362.37	4.75	433.03	4.38	507.90	4.62	490.95	4.25	561.49	5.06
3. WATER	29.69	0.58	41.94	0.55	45.79	0.46	56.81	0.52	58.34	0.50	48.16	0.43
4. STR. HOUS. ANIMALS	3.77	0.07	5.74	0.08	6.59	0.07	5.65	0.05	7.20	0.06	7.37	0.07
5. EDUCATION	39.08	0.77	46.60	0.61	55.99	0.57	68.59	0.62	67.64	0.59	75.21	0.68
6. GARDENING	61.93	1.22	83.86	1.10	96.03	0.97	106.91	0.97	131.34	1.14	132.33	1.19
7. GEN. MAINT.	64.67	1.27	98.59	1.29	116.80	1.18	137.18	1.25	157.71	1.36	143.78	1.30
TOTAL - C	447.78	8.82	701.67	9.19	819.10	8.29	958.47	8.72	1008.23	8.73	1076.11	9.70
D. DEV. & ASSET CREATN.												
1. DEVELOPMENT	1265.41	24.92	2122.53	27.81	3233.95	32.74	3626.17	32.97	3157.23	27.32	2783.10	25.08
2. PUR. OF PRO. EQUI.	53.25	1.05	95.26	1.25	109.78	1.11	175.69	1.60	99.91	0.86	75.60	0.68
3. LOAN REPAYMENT	89.16	1.76	112.15	1.47	116.57	1.18	164.03	1.49	180.63	1.56	156.85	1.41
4. MISCELLANEOUS	692.36	13.63	1211.05	15.87	1595.46	16.15	1635.83	14.87	1476.60	12.78	1247.00	11.24
TOTAL - D	2100.18	41.35	3540.99	46.40	5055.76	51.18	5601.72	50.94	4914.37	42.53	4262.55	38.42
G. TOTAL (A+B+C+D)	5078.81	100.00	7632.10	100.00	9878.91	100.00	10997.67	100.00	11554.39	100.00	11095.65	100.00



# Categorywise, Yearwise Expenditure of Municipalities from year 1994-95 to 1999-2000

## Category No. 4

(Amt. in Rs. Lacs)

ITEM OF EXPENDITURE	Yearwise Exp. with percentage to Total Expenditure											
	1994-95		1995-96		1996-97		1997-98		1998-99		1999-2000	
	Amount	PER	Amount	PER	Amount	PER	Amount	PER	Amount	PER	Amount	PER
1	2	3	4	5	6	7	8	9	10	11	12	13
CTG-EXP 4 CATEGORY NO. 4 RAJASTHAN												
A. ESTABLISHMENT												
1. GENERAL ADM.	408.72	12.28	532.22	11.44	616.29	10.02	656.63	9.47	832.36	10.65	899.98	11.14
2. RECOVERY OF												
(i) OCTROI	586.46	17.62	724.79	15.58	909.14	14.78	979.69	14.13	1228.79	15.72	1241.89	15.37
(ii) LAND & BLDG. TAX	5.23	0.16	7.00	0.15	7.83	0.13	6.48	0.09	6.01	0.08	6.89	0.09
(iii) OTHER TAXES	15.10	0.45	25.97	0.56	33.95	0.55	38.01	0.55	42.19	0.54	42.20	0.52
TOTAL - 2	606.79	18.23	757.76	16.29	950.92	15.45	1024.18	14.77	1276.99	16.33	1290.98	15.98
TOTAL - A	1015.51	30.51	1289.98	27.72	1567.21	25.47	1680.81	24.25	2109.35	26.98	2190.96	27.12
B. HEALTH & SANITN.												
1. PUBLIC HEALTH	939.68	28.23	1166.46	25.07	1428.25	23.21	1531.37	22.09	1941.41	24.83	2091.20	25.88
2. DISPENSARIES	2.96	0.09	3.67	0.08	4.60	0.07	4.64	0.07	3.79	0.05	4.10	0.05
TOTAL - B	942.64	28.32	1170.13	25.15	1432.85	23.29	1536.01	22.16	1945.20	24.88	2095.30	25.93
C. PUBLIC FACILITIES												
1. CIVIL DEFENCE	12.53	0.38	20.88	0.45	17.72	0.29	26.18	0.38	29.26	0.37	30.59	0.38
2. ELECTRICITY	114.92	3.45	139.01	2.99	225.67	3.67	256.05	3.69	262.16	3.35	304.94	3.77
3. WATER	28.70	0.86	34.56	0.74	42.49	0.69	59.68	0.86	52.40	0.67	56.76	0.70
4. STR. HOU. ANIMALS	2.25	0.07	2.68	0.06	2.71	0.04	2.79	0.04	2.53	0.03	2.52	0.03
5. EDUCATION	7.28	0.22	8.31	0.18	12.90	0.21	14.21	0.20	14.59	0.19	15.54	0.19
6. GARDENING	21.51	0.65	26.60	0.57	32.47	0.53	37.92	0.55	51.86	0.66	53.39	0.66
7. GEN. MAINT	27.08	0.81	37.83	0.81	50.68	0.82	71.81	1.04	63.7	0.81	73.61	0.91
TOTAL - C	214.27	6.44	269.87	5.80	384.64	6.25	468.64	6.76	476.50	6.09	537.35	6.65
D. DEV. & ASSET CREATN.												
1. DEVELOPMENT	736.28	22.12	1331.47	28.62	1774.70	28.84	2064.11	29.77	2133.39	27.29	1962.95	24.29
2. PUR. OF PRO/EQU.	17.57	0.53	27.05	0.58	46.98	0.76	58.54	0.84	51.57	0.66	65.92	0.82
3. LOAN REPAYMENT	38.60	1.16	72.85	1.57	161.11	2.62	154.40	2.23	156.28	2.00	158.46	1.96
4. MISCELLANEOUS	363.24	10.91	491.47	10.56	785.44	12.77	970.04	13.99	945.87	12.10	1068.74	13.23
TOTAL - D	1155.69	34.73	1922.84	41.33	2768.23	44.99	3247.09	46.84	3287.11	42.04	3256.07	40.30
G TOTAL (A+B+C+D)	3328.11	100.00	4652.82	100.00	6152.93	100.00	6932.55	100.00	7818.16	100.00	8079.68	100.00

# Categorywise, Yearwise Expenditure of Municipalities from year 1994-95 to 1999-2000

## Category No. 5

(Amt. in Rs. Lacs)

Category No. 5												
ITEM OF EXPENDITURE	Yearwise Exp. with percentage to Total Expenditure											
	1994-95		1995-96		1996-97		1997-98		1998-99		1999-2000	
	Amount	PER	Amount	PER	Amount	PER	Amount	PER	Amount	PER	Amount	PER
1	2	3	4	5	6	7	8	9	10	11	12	13
CTG-EXP 5 CATEGORY NO. 5 RAJASTHAN												
A. ESTABLISHMENT												
1. GENERAL ADM.	294.15	14.21	426.16	13.39	486.45	11.92	528.93	11.64	704.43	13.85	745.23	15.22
2. RECOVERY OF												
(i) OCTROI	346.56	16.74	433.44	13.62	543.63	13.33	609.43	13.41	743.32	14.62	749.52	15.31
(ii) LAND & BLDG. TAX	13.90	0.67	17.15	0.54	24.44	0.60	28.31	0.62	29.00	0.57	33.41	0.68
(iii) OTHER TAXES	13.81	0.67	11.48	0.36	17.65	0.43	20.01	0.44	21.20	0.42	32.84	0.67
TOTAL - C	374.27	18.08	462.07	14.52	585.72	14.36	657.75	14.47	793.52	15.60	815.77	16.66
TOTAL - A	668.42	32.29	888.23	27.91	1072.17	26.28	1186.68	26.10	1497.95	29.46	1561.00	31.88
B. HEALTH & SANITN.												
1. PUBLIC HEALTH	508.95	24.59	630.94	19.83	789.78	19.36	874.92	19.25	1146.67	22.55	1126.42	23.00
2. DISPENSARIES	0.00	0.00	5.50	0.17	9.17	0.22	9.22	0.20	11.83	0.23	12.54	0.26
TOTAL - B	508.95	24.59	636.44	20.00	798.95	19.58	884.14	19.45	1158.50	22.78	1138.96	23.26
C. PUBLIC FACILITIES												
1. CIVIL DEFENCE	7.77	0.38	10.38	0.33	11.30	0.28	13.61	0.30	19.84	0.39	15.64	0.32
2. ELECTRICITY	101.87	4.92	142.26	4.47	167.83	4.11	194.56	4.28	200.12	3.94	217.00	4.43
3. WATER	12.82	0.62	20.48	0.64	25.52	0.63	31.50	0.69	33.83	0.67	31.11	0.64
4. STR. HOU. ANIMALS	3.69	0.18	2.49	0.08	3.96	0.10	6.41	0.14	3.47	0.07	4.04	0.08
5. EDUCATION	1.46	0.07	1.00	0.03	2.16	0.05	1.17	0.03	1.24	0.02	1.48	0.03
6. GARDENING	11.38	0.55	12.69	0.40	11.79	0.29	16.05	0.35	17.84	0.35	22.88	0.47
7. GEN. MAINT.	17.27	0.83	21.71	0.68	38.14	0.93	34.46	0.76	28.5	0.56	29.01	0.59
TOTAL - C	156.26	7.55	211.01	6.63	260.70	6.39	297.76	6.55	304.84	5.99	321.16	6.56
D. DEV. & ASSET CREATN.												
1. DEVELOPMENT	396.01	19.13	873.66	27.45	1262.27	30.94	1337.93	29.43	1273.79	25.05	1207.59	24.66
2. PUR. OF PRO. EQU.	22.84	1.10	41.56	1.31	59.92	1.47	95.23	2.09	82.59	1.62	22.20	0.45
3. LOAN REPAYMENT	18.77	0.91	25.32	0.80	38.91	0.95	34.18	0.75	100.74	1.98	48.35	0.99
4. MISCELLANEOUS	298.87	14.44	506.00	15.90	586.48	14.38	710.10	15.62	667.02	13.12	597.20	12.20
TOTAL - D	736.49	35.58	1446.54	45.46	1947.58	47.74	2177.44	47.90	2124.14	41.77	1875.34	38.30
G. TOTAL (A+B+C+D)	2070.12	100.00	3182.22	100.00	4079.40	100.00	4546.02	100.00	5085.43	100.00	4896.46	100.00

**Distribution of Royalty from Minerals**

(Rs. in crores)								
S.No.	District	3 years Average revenue %	2000-01	2001-02	2002-03	2003-04	2004-05	Total
1	Ajmer	3.29	0.123	0.150	0.183	0.223	0.272	0.950
2	Alwar	1.55	0.058	0.070	0.086	0.105	0.128	0.446
3	Banswara	1.14	0.042	0.052	0.063	0.077	0.094	0.328
4	Baran	0.06	0.002	0.003	0.004	0.004	0.005	0.019
5	Barmar	0.75	0.028	0.034	0.041	0.050	0.062	0.215
6	Bharatpur	0.60	0.022	0.027	0.033	0.041	0.050	0.174
7	Bhilwara	15.05	0.560	0.683	0.835	1.019	1.243	4.339
8	Bikaner	1.37	0.051	0.062	0.076	0.093	0.113	0.396
9	Bundi	2.59	0.097	0.118	0.144	0.176	0.214	0.748
10	Chittorgarh	10.55	0.392	0.479	0.585	0.714	0.871	3.042
11	Churu	0.33	0.012	0.015	0.018	0.023	0.027	0.096
12	Dausa	0.12	0.004	0.005	0.006	0.008	0.010	0.034
13	Dholpur	0.77	0.028	0.035	0.042	0.052	0.063	0.221
14	Dungarpur	0.73	0.027	0.033	0.041	0.049	0.060	0.211
15	Hanumangarh	0.97	0.036	0.044	0.054	0.066	0.080	0.280
16	Jaipur	3.14	0.117	0.143	0.174	0.213	0.259	0.906
17	Jaisalmer	3.04	0.113	0.138	0.169	0.206	0.251	0.877
18	Jalore	0.46	0.017	0.021	0.025	0.031	0.038	0.132
19	Jhalawar	0.34	0.013	0.016	0.019	0.023	0.028	0.099
20	Jhunjhunu	1.97	0.073	0.090	0.110	0.134	0.163	0.569
21	Jodhpur	4.62	0.172	0.210	0.256	0.313	0.381	1.331
22	Karauli	1.38	0.051	0.063	0.077	0.094	0.114	0.399
23	Kota	5.81	0.216	0.264	0.322	0.393	0.480	1.676
24	Nagaur	6.26	0.233	0.284	0.348	0.424	0.517	1.806
25	Pali	2.79	0.104	0.127	0.155	0.189	0.230	0.804
26	Rajsamand	9.00	0.335	0.408	0.499	0.609	0.743	2.594
27	S.Madhopur	0.21	0.008	0.010	0.012	0.015	0.018	0.062
28	Sikar	0.75	0.028	0.034	0.042	0.051	0.062	0.217
29	Sirohi	4.77	0.178	0.217	0.265	0.323	0.394	1.377
30	Ganganagar	1.16	0.043	0.053	0.064	0.078	0.096	0.334
31	Tonk	0.61	0.023	0.028	0.034	0.042	0.051	0.177
32	Udaipur	13.80	0.513	0.627	0.766	0.935	1.140	3.981
<b>Total</b>		<b>100.00</b>	<b>3.72</b>	<b>4.54</b>	<b>5.55</b>	<b>6.77</b>	<b>8.26</b>	<b>28.84</b>

Note :- The actual distribution is to be made on actual realisation basis

**Distribution of own tax revenue excluding entertainment tax among PRIs**

(Rs. in crores)

S.No.	District	Weighted share in % based on rural population, area, illiteracy and poverty	Total amount for PRIs for five years (100%)	Gram Panchayats (85%)	Panchayat Samitis (12%)	Zila Parishads (3%)
1	2	3	4	5	6	7
1	Ajmer	2.971	16.435	13.969	1.972	0.493
2	Alwar	5.303	29.333	24.933	3.520	0.880
3	Banswara	3.336	18.454	15.686	2.215	0.554
4	Baran	2.032	11.240	9.554	1.349	0.337
5	Barmer	4.536	25.093	21.329	3.011	0.753
6	Bharatpur	3.514	19.442	16.526	2.333	0.583
7	Bhilwara	3.692	20.423	17.359	2.451	0.613
8	Bikaner	3.117	17.244	14.657	2.069	0.517
9	Bundi	1.880	10.399	8.839	1.248	0.312
10	Chittorgarh	3.611	19.975	16.979	2.397	0.599
11	Churu	3.332	18.432	15.667	2.212	0.553
12	Dausa	2.502	13.844	11.767	1.661	0.415
13	Dholpur	1.795	9.932	8.442	1.192	0.298
14	Dungarpur	2.510	13.888	11.804	1.667	0.417
15	Ganganagar	3.079	17.035	14.480	2.044	0.511
16	Hanumangarh	2.695	14.909	12.673	1.789	0.447
17	Jaipur	5.520	30.538	25.957	3.665	0.916
18	Jaisalmer	2.159	11.946	10.154	1.433	0.358
19	Jalore	3.141	17.378	14.771	2.085	0.521
20	Jhalawar	2.346	12.977	11.030	1.557	0.389
21	Jhunjhunu	3.132	17.326	14.727	2.079	0.520
22	Jodhpur	4.468	24.715	21.008	2.966	0.741
23	Karauli	2.329	12.883	10.951	1.546	0.386
24	Kota	1.710	9.458	8.040	1.135	0.284
25	Nagaur	5.051	27.944	23.752	3.353	0.838
26	Pali	3.327	18.404	15.643	2.208	0.552
27	Rajasmand	2.029	11.225	9.541	1.347	0.337
28	Sawai Madhopur	2.104	11.642	9.896	1.397	0.349
29	Sikar	3.751	20.750	17.637	2.490	0.622
30	Sirohi	1.709	9.452	8.034	1.134	0.284
31	Tonk	2.293	12.685	10.782	1.522	0.381
32	Udaipur	5.026	27.801	23.631	3.336	0.834
<b>Total</b>		<b>100.00</b>	<b>553.20</b>	<b>470.22</b>	<b>66.38</b>	<b>16.60</b>

**Distribution of Incentive Amount****(Rs. in crores)**

S.No.	District	Weighted share in % based on rural population.area. illiteracy and poverty	Incentive amount
1	2	3	4
1	Ajmer	2.971	0.373
2	Alwar	5.303	0.667
3	Banswara	3.336	0.419
4	Baran	2.032	0.255
5	Barmer	4.536	0.570
6	Bharatpur	3.514	0.442
7	Bhilwara	3.692	0.464
8	Bikaner	3.117	0.392
9	Bundi	1.880	0.236
10	Chittorgarh	3.611	0.454
11	Churu	3.332	0.419
12	Dausa	2.502	0.315
13	Dholpur	1.795	0.226
14	Dungarpur	2.510	0.316
15	Ganganagar	3.079	0.387
16	Hanumangarh	2.695	0.339
17	Jaipur	5.520	0.694
18	Jaisalmer	2.159	0.271
19	Jalore	3.141	0.395
20	Jhalawar	2.346	0.295
21	Jhunjhunu	3.132	0.394
22	Jodhpur	4.468	0.562
23	Karauli	2.329	0.293
24	Kota	1.710	0.215
25	Nagaur	5.051	0.635
26	Pali	3.327	0.418
27	Rajasmand	2.029	0.255
28	Sawai Madhopur	2.104	0.265
29	Sikar	3.751	0.471
30	Sirohi	1.709	0.215
31	Tonk	2.293	0.288
32	Udaipur	5.026	0.632
<b>Total</b>		<b>100.00</b>	<b>12.57</b>

# **APPENDICES**

## INTERIM REPORT

### THE BACKGROUND :

The Second State Finance Commission was constituted by an order of the Governor of Rajasthan dated May 7, 1999 with the mandate to give its report by December 31, 1999. Matters on which the Commission was required to make recommendations were set out in the Terms of Reference (TOR). The Terms of Reference of the Commission were the same as given to the First SFC except that the Commission was also required to take into account the grants available to the Urban Local Bodies and Panchayati Raj Institutions under the recommendations of the Eleventh Finance Commission in their resources; and powers available to Panchayati Raj Institutions and Urban Local Bodies for raising additional resources including powers to levy taxes.

2. While the Commission was constituted in May, 1999 but full time Member Secretary was not appointed till August, 2000. Even changes took place three times in Member Secretaries appointed in addition to their duties during the period May, 1999 to August, 2000. The Commission was also required to keep in view the grants available from the Eleventh Finance Commission and report of the EFC was submitted in June, 2000 these developments led to the extension in the term of the Commission upto February 28, 2001.
3. While the Commission had done exercise to assess the requirement of funds for the Panchayati Raj Institutions and the Urban Local Bodies and was in the process of working out the availability of resources from the State Government for devolution to these bodies; the Commission decided to have final round of discussions with the Ministers of concerned departments namely Panchayati Raj, Urban Local Bodies and the Finance Departments before finalisation of its report. Accordingly meetings were held with Minister, Panchayati Raj Department as also with the Minister, Local Self Government and Urban Development department on February 9, 2001. The meeting with the Finance Minister and senior officers of the Finance Department was held on February 12, 2001 for discussion on State Finances. The Finance Minister and the officers of the department wanted more time to discuss the issues pertaining to State finances. Since the Budget Estimates for 2001-02 and Revised Estimates for 2000-01 are in the process of finalisation the Commission has been requested to give

an Interim Report pending the assessment of State Finances to enable the State Government to finalise the budget to meet the constitutional requirements as the time left for budget presentation to the Assembly was very short. It was further mentioned that the Finance Department would request the Hon'ble Governor to extend the term of the Commission which is expiring on February 28, 2001.

#### **APPROACH AND RECOMMENDATIONS :**

4. In the light of above background the Commission has decided to give this Interim Report to enable the State government to incorporate the budgetary provisions for the Panchayati Raj Institutions and Urban Local Bodies in the revised estimates for the year 2000-01 and budget estimates 2001-02. Under its Terms of Reference, the Commission is required to determine the share of PRIs and ULBs in the net proceeds of taxes, duties, tolls and fees leviable by the State. It may be recalled that the First State Finance Commission had recommended devolution of 2.18 percent of net tax revenues of the State to the PRIs and ULBs and had also worked out the figures of transfers based on this ratio . Further the first State Finance Commission bifurcated the amount between PRIs and ULBs on the basis of 1991 census population ratio of 3.4:1 and also bifurcated the divisible amount in the form of various grants for transfer to these bodies during the period (1995-2000) covered under its report.
5. This Commission in its Interim Report has also decided to adopt the same ratio of 2.18 percent of net state tax revenues for devolution to these bodies for the time being till the full position of State finances is made available and keeping in view the availability of resources to fund the plan expenditure the Commission gives its final report. Based on our projections the net State tax revenues for the year 2000-01 workout to Rs. 4822.89 crores and for 2001-02 Rs. 5572.23 crores. These projections are based on the average growth in State tax revenues during the last nine years commencing 1991-92 and therefore, should normally hold good as the calculation of average growth rate covers both good and bad periods in the State's economy. Based on these figures of net tax revenues the amount of transfer in the divisible pool for the year 2000-01 and 2001-02 would work out to Rs. 105.14 crores and Rs. 121.47 crores respectively totalling Rs. 226.61 crores for the two years. These amounts are interim and are subject to change in our final report. For the sake of clarification it is mentioned here that these amounts are in addition to the per capita grant given by the State Government to PRIs in lieu of land revenue and general purpose grant to ULBs for meeting part of their establishment costs.



6. As regards division of funds between PRIs and ULBs, although the Local Bodies department has pleaded for greater share in the divisible pool based on its projections of growth in urban population vis-à-vis rural population after 1991 census but the Commission considers it appropriate to rely on census figures of 1991 since the process of 2001 census has just begun and it will take time in availability of authentic data of 2001 census. Therefore, the Commission has decided to adopt the same ratio of 3.4:1 for distribution of funds between the PRIs and ULBs based on 1991 census for the interim report. In case authentic figures of 2001 census are available before submission of final report the Commission may consider them for incorporation at appropriate place in its final report. Accordingly the respective share would work out as follows:

	(Rs. in lacs)		
	2000-01	2001-02	Total
Panchayati Raj Institutions	8124.38	9386.67	17511.05
Urban Local Bodies	2389.52	2760.79	5150.31
<b>Total</b>	<b>10513.90</b>	<b>12147.46</b>	<b>22661.36</b>

#### **DISTRIBUTION TO PRIS :**

7. As regards distribution of the divisible funds of PRIs, the First SFC had taken the criteria of incidence of poverty of the district, total rural population, and population in Non-DDP/ Non-DPAP/Non-TAD blocks for distribution of development grant and for other grants the criteria was mainly population. This Commission would like to enlarge the scope and to give following weights for distribution of entire additional transfer of funds to Panchayati Raj Institutions at all the three tiers:-

80 percent :	Population;
10 percent :	Geographical Area;
5 percent :	Poverty represented by number of families living below poverty line; and
5 percent :	Level of literacy.

8. While working out the respective share of the districts only district wise parameters have been taken into consideration since these data are available for district as the unit. Further distribution of funds from the

allocation to districts is to be made on population basis. Accordingly the percentage share of each district based on these criteria and weights and districtwise recommended outlays for 2000-01 and 2001-02 would be as follows:

S. No.	Name of the District	Percentage Share	(Rs. in lacs)	
			Recommended Amount	
			2000-01	2001-02
1.	Ajmer	2.960	240.48	277.85
2.	Alwar	5.255	426.94	493.27
3.	Banswara	3.249	263.96	304.97
4.	Baran	2.099	170.53	197.03
5.	Barmer	4.300	349.35	403.63
6.	Bharatpur	3.515	285.57	329.94
7.	Bhilwara	3.783	307.35	355.10
8.	Bikaner	2.851	231.63	267.61
9.	Bundi	1.918	155.83	180.04
10.	Chittorgarh	3.730	303.04	350.12
11.	Churu	3.379	274.52	317.18
12.	Dausa	2.438	198.07	228.85
13.	Dholpur	1.770	143.80	166.14
14.	Dungarpur	2.496	202.79	234.28
15.	Ganganagar	3.065	249.01	287.70
16.	Hanumangarh	2.815	228.70	264.23
17.	Jaipur	5.432	441.32	509.88
18.	Jaisalmer	2.031	165.01	190.64
19.	Jalore	3.131	254.37	293.90
20.	Jhalawar	2.450	199.05	229.97
21.	Jhunjhunu	3.356	272.65	315.02
22.	Jodhpur	4.173	339.03	391.71
23.	Karauli	2.317	188.24	217.49
24.	Kota	1.868	151.76	175.34
25.	Nagaur	5.066	411.58	475.53
26.	Pali	3.450	280.29	323.84
27.	Rajsamand	2.092	169.96	196.37
28.	Sawai Madhopur	2.131	173.13	200.03
29.	Sikar	3.837	311.73	360.17
30.	Sirohi	1.662	135.03	156.01
31.	Tonk	2.337	189.87	219.37
32.	Udaipur	5.044	409.79	473.46
<b>Total</b>		<b>100.000</b>	<b>8124.38</b>	<b>9386.67</b>

9. For further distribution of PRIs share amongst the three tiers namely the Gram Panchayats, Panchayat Samitis and the Zila Parishads the Commission has adopted more or less the same proportion as has been

assigned by the First State Finance Commission except that this Commission has decided to give slightly higher share to the Panchayat Samitis and Zila Parishads to enable them to effectively supervise various programmes implemented by Gram Panchayats. The Commission has also experienced severe lack of accounts data with these bodies and expects that the accounts of total receipts and expenditure of all the three tiers of PRIs should be regularly compiled and consolidated at the State level. The respective share of the three tiers would workout to 85 percent for the Gram Panchayats, 12 percent for the Panchayat Samitis and 3 percent for the Zila Parishads.

10. Further distribution of the amounts among the Panchayat Samitis and Gram Panchayats is to be made on the basis of population. Based on this distribution criteria the respective share of these bodies may be as follows:

	(Rs. in lacs)	
	2000-01	2001-02
Gram Panchayats (85 percent)	6905.72	7978.67
Panchayat Samitis (12 percent)	974.93	1126.40
Zila Parishads (3 percent)	243.73	281.60
<b>Total</b>	<b>8124.38</b>	<b>9386.67</b>

11. As regards nature of the funds being transferred to the PRIs, the Commission is of the view that instead of bifurcating the amounts in different categories the entire amounts during the year 2000-01 may be transferred as Untied Grants for meeting the commitments on maintenance of various services performed by these bodies as also to match/supplement the funds recommended by the Eleventh Finance Commission. For the release of funds for the next financial year the Commission would suggest criteria and guidelines in its Final Report. However pending final report 50% of the proposed funds recommended by us could be released on the lines suggested by us above.

#### **DISTRIBUTION TO ULBS :**

12. While the first SFC had recommended distribution of 60 percent of the funds to ULBs as general purpose grant based on population and 40 percent on other criteria, we find that part of the funds which were to be released on the basis of other criteria and conditions were not transferred altogether to these bodies as the conditions were not fulfilled. The Commission is, therefore, of the view that at present the entire funds may go as Untied Grants since most of the municipal bodies are facing shortage of funds which is also reflecting in the poor performance in providing the basic civic facilities. As regards distribution of the ULBs

share among various municipal bodies, the Commission finds that the criteria of geographical area, BPL families and literacy rate may not hold good for urban areas. We have also noticed that the financial position of most of the class-III and class-IV municipalities is so poor that leave aside civic functions they are not able to pay salaries on time to their employees. Therefore keeping in view various aspects including weak financial position of municipalities the Commission recommends distribution of amount in the Interim Report among the ULBs as under:

90 percent :	On population basis among all ULBs.
10 percent :	On population basis to class III and class IV Municipalities.

The distribution of additional 10 percent amount in class III and IV municipalities would result in flow of more funds to these bodies and should enable these financially weak municipalities to perform their basic functions effectively. Accordingly, the share of various ULBs for 2000-01 and 2001-02 would work out as follows:

Category	No. of Institutions	Population (in lacs)	(Rs. in lacs)	
			2000-01	2001-02
Municipal Corporations	3	28.27	625.85	723.09
Municipal Councils	11	23.25	514.80	594.79
Municipalities class II	39	19.88	440.16	508.55
Municipalities class III	58	14.11	443.39	512.27
Municipalities class IV	72	11.62	365.32	422.09
<b>Total</b>	<b>183</b>	<b>97.13</b>	<b>2389.52</b>	<b>2760.79</b>

13. As we have discussed earlier these amounts are recommended to be released as Untied Grants to be utilised by the respective Urban Local bodies on maintenance and improvements in basic civic services, accounts keeping systems as also to match/supplement the grants recommended by the Eleventh Finance Commission. While the grants recommended by us for the financial year 2000-01 may be released in full to the ULBs on above lines, 50 percent of the provision for 2001-02 could also be considered for release next year pending final report of the Commission.
14. Commission has suggested transfer of funds to the PRIs and ULBs in the form of grants and not as share in net tax revenue of the state. The amounts of grants to be transferred have, however, been worked out on the basis of 2.18% of our projections of net tax revenue of the state, but any variation in the actual amount of net tax revenue collection during 2000-2001 or budget estimates of state tax revenue for 2001-2002 as compared

to our projections would not have bearing on amounts recommended by us for distribution to these bodies.

### **ELEVENTH FINANCE COMMISSION GRANTS :**

15. The Eleventh Finance Commission has recommended grants amounting to Rs. 9818.96 lacs for PRIs and Rs. 1988.32 lacs for ULBs per year. These grants are to be distributed as per criteria to be laid down by this Commission. While distributing the grants the EFC has bifurcated the amounts between the Fifth Schedule Areas (Tribal Areas) and Other Areas. Further distribution between Schedule Areas and Other Areas has been made by EFC on the basis of population.
16. We have also considered this aspects while adopting the criteria for distribution of funds to PRIs among various districts falling in Schedule Areas and Other Areas. Based on the criteria recommended by us for PRIs the Schedule Areas would get rather more amount than specifically recommended by the EFC. Therefore, we recommend that the EFC grants for PRIs may also be distributed as per criteria recommended by this Commission for PRIs. Similarly in respect of ULBs also the Schedule Areas would not be at a loss if the distribution criteria recommended by us is adopted. Therefore, we recommend that the EFC grants for ULBs may also be distributed on the basis of criteria recommended by this Commission.
17. The package of transfers recommended by us for 2000-01 and 2001-02 is as follows:
  - (i) The share of PRIs and ULBs in the proceeds of state's net tax revenue has been maintained at 2.18 percent for the purpose of arriving at the amount to be transferred to these bodies as was recommended by the First SFC. However the amounts to be transferred have been firmed up and any variations in the actual collection of revenue will not affect the amounts recommended by us.
  - (ii) The assessment of state's net tax revenue has been made based on last 9 years average growth rate.
  - (iii) The distribution of share between the PRIs and ULBs has been made on the basis of 1991 population ratio of 3.4:1 as was adopted by the First State Finance Commission. In case authentic figures of 2001 census are available before submission of final report the Commission may consider them in its final report.
  - (iv) The amount to be transferred to PRIs and ULBs for the year 2000-2001 worksout to Rs. 105.14 crores and for the year 2001-2002 worksout to Rs. 121.47 crores.

- (v) The distribution of amount to PRIs has been recommended based on population, geographical area, poverty and level of literacy. In case of ULBs the distribution of funds has been recommended keeping in view the population and financial position of municipal bodies. The amounts recommended by the Eleventh Finance Commission are also to be distributed on these lines.
- (vi) The entire amounts are recommended to be transferred as Untied Grants to be utilised by PRIs/ULBs to meet commitments and for improvement/ maintenance of basic civic services as also to match/supplement the amounts recommended by the Eleventh Finance Commission.
18. Our recommendations are meant to take effect from the financial year 2000-01 as mandated in the Governor's order of May 7, 1999. We would like to reiterate that these will be subject to changes as might be considered necessary in the final report.

Sd/  
**(Heera Lal Devpura)**  
Chairman

Sd/  
**(Ghanshyam Tiwari)**  
Member

Sd/  
**(Munna Lal Goyal)**  
Member

Sd/  
**(S.C. Derashri)**  
Member Secretary

Jaipur  
February 23, 2001

## राजस्थान सरकार

वित्त विभाग'

(आर्थिक मामलात डिविजन)

### द्वितीय राज्य वित्त आयोग द्वारा राज्यपाल महोदय को प्रस्तुत किये गये अन्तरिम प्रतिवेदन पर की गयी कार्रवाई का ज्ञापन

द्वितीय राज्य वित्त आयोग का गठन 7 मई 1999 को वर्ष 2000 से 2005 की, पांच वर्ष की, अवधि हेतु अपना प्रतिवेदन 31 दिसम्बर 1999 तक देने के निर्देश के साथ किया गया था, आयोग का कार्यकाल समय-समय पर बढ़ाया गया एवं आयोग को अपना प्रतिवेदन 31 अगस्त 2001 तक प्रस्तुत करना है। आयोग को वर्ष 2000-2001 एवं 2001-2002 के लिए अनन्तिम व्यवस्था हेतु अपना अन्तरिम प्रतिवेदन प्रस्तुत करने हेतु निवेदन किया गया था। संविधान के अनुच्छेद 243-आई (4) तथा 243-वाई (2) के अनुसरण में महामहिम राज्यपाल को प्रस्तुत द्वितीय राज्य वित्त आयोग के अन्तरिम प्रतिवेदन में की गई सिफारिशों पर की कार्रवाई के ज्ञापन के साथ 1 अप्रैल 2000 से प्रारम्भ दो वर्षों की अवधि के लिए आयोग का अन्तरिम प्रतिवेदन सदन के पटल पर रखा जा रहा है।

#### 2. राज्य के शुद्ध कर राजस्व से अन्तरण :

संविधान की धारा 243 आई (1)(ए)(i) एवं 243 वाई (1)(ए)(i) के तहत क्रमशः पंचायती राज संस्थाओं तथा नगरीय स्थानीय निकायों को आयोग के अनुमानों के अनुसार राज्य के शुद्ध कर राजस्व में से 2.18 प्रतिशत हिस्सा अनुदान के रूप में वितरित किये जाने की आयोग की सिफारिश को राज्य सरकार ने स्वीकार कर लिया है।

#### 3. आयोग द्वारा अन्तरिम राशि का अनुपातिक वितरण :

आयोग द्वारा दर्शाये गये राज्य के शुद्ध कर राजस्व से स्थानीय निकायों को अन्तरित राशि के पंचायती राज संस्थाओं एवं नगरीय स्थानीय निकायों के मध्य वितरण के अनुपात का भी राज्य सरकार द्वारा स्वीकार कर लिया गया है।

4. पंचायती राज संस्थाओं एवं नगरीय स्थानीय निकायों को अनुदान राशि के वितरण के संबंध में आयोग द्वारा सुझाये गये सिद्धांतों को भी राज्य सरकार द्वारा स्वीकार कर लिया गया है। इसके अतिरिक्त ग्यारहवें वित्त आयोग की सिफारिशों के अन्तर्गत देय अनुदान राशि के पंचायती राज संस्थाओं में, तथा नगरीय स्थानीय निकायों में वितरण के संबंध में भी राज्य वित्त आयोग द्वारा प्रतिपादित सिद्धांत को राज्य सरकार द्वारा स्वीकार कर लिया गया है।
5. आयोग की अन्तरिम सिफारिशें वर्ष 2000-01 एवं 2001-02 की अनन्तिम व्यवस्थाओं के रूप में हैं। अतः आयोग के अन्तिम प्रतिवेदन में की गई सिफारिशों के अन्तर्गत यह अन्तरण परिवर्तनीय होगा।
6. **क्रियान्विति:**
- (क) आयोग की सिफारिशों की क्रियान्विति के क्रम में पंचायती राज संस्थाओं एवं नगरीय स्थानीय निकायों को देय राशियों का प्रावधान चालू वर्ष की द्वितीय अनुपूरक मांगों में सम्मिलित कर लिया गया है।
- (ख) आयोग की सिफारिशों की क्रियान्विति के क्रम में आगामी वित्तीय वर्ष में पंचायती राज संस्थाओं एवं नगरीय स्थानीय निकायों को देय राशियों का प्रावधान आगामी वर्ष के बजट अनुमानों में सम्मिलित कर लिया जाएगा।
- (ग) आयोग द्वारा इंगित राशि के व्यय हेतु विस्तृत निर्देश संबंधित विभागों द्वारा प्रसारित किये जा रहे हैं।

**(पद्मन् सिंह)**

वित्त मंत्री

जयपुर

दिनांक : 28 मार्च 2001



## Status of Implementation of First SFC Recommendations in respect of PRIs

S.No.	Recommendations for Devolution to PRIs (tier wise)	Action taken by State Govt. and devolution made year-wise for each tier of PRIs
A.	Global Sharing of Revenue (specify the components of revenue (own tax, own non-tax revenue)	
B.	Assigned Taxes (specify tax-wise)	
C.	Shared Taxes (specify tax-wise)	
D.	Other Grants :	
	State Finance Commission has adopted following principles for determining the quantum of devolution :	
i)	2.18% of the net tax proceeds of the State should be distributed to the Local Bodies as additional devolution. The Commission arrived out its own projections of net proceeds and accordingly recommended the annual quantum of the divisible pool.	For PRIs the recommended devolution is 1.68 %  95-96 1.33% 96-97 1.37% 97-98 1.31% 98-99 1.65% 99-2000 1.77%
ii)	The share of the Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs) out of the divisible pool would be in the ratio of 3:4:1 on the population of rural and urban population according to 1991 census.	
iii)	The Commission has recommended following grants to PRIs (tier wise) :	

**A. For Village Panchayats :****1. Maintenance Grant :**

		Accepted (Rs. in crores)	
	Years	As per SFC	Actual
For the purpose of maintaining the rural assets a sum of Rs. 5000/- per annum to every village panchayat. A sum of Rs. 22.92 crores has been recommended for this purpose for five years commencing from 1995-96.	1995-1996	4.59	4.59
	1996-1997	4.59	4.59
	1997-1998	4.59	4.59
	1998-1999	4.59	4.59
	1999-2000	4.59	4.59
	<b>Total</b>	<b>22.95</b>	<b>22.95</b>

**2. General Purpose Grant :**

		Accepted (Rs. in crores)	
	Years	As per SFC	Actual
The existing per capita general purpose grant of Rs. 5 be raised to Rs. 11 with an annual increase of 10% per annum, on the basis of the census 1991, a sum of Rs. 127.32 crores has been recommended for this purpose for five years.	1995-1996	20.85	20.50
	1996-1997	22.93	22.55
	1997-1998	25.22	24.60
	1998-1999	27.77	27.77
	1999-2000	30.55	30.55
	<b>Total</b>	<b>127.32</b>	<b>125.97</b>

**3. Incentive Grant :**

		Accepted (Rs. in crores)	
	Years	As per SFC	Actual
First three village panchayats for their performance and service would get a cash award of Rs. 2 lakhs (first), Rs. 1 lakhs (second) and Rs. 0.50 lakhs(third) at the district level. A sum of Rs. 5.45 crores has been recommended for incentive grant for five years.	1995-1996	1.09	1.09
	1996-1997	1.09	1.09
	1997-1998	1.09	1.12
	1998-1999	1.09	-
	1999-2000	1.09	1.12
	<b>Total</b>	<b>5.45</b>	<b>4.42</b>

**4. Start-up-Grant :**

		Accepted (Rs. in crores)	
	Years	As per SFC	Actual
One time start-up-grant of Rs. 5000 to each of 1856 newly created village panchayats due to delimitation exercise carried out before constitution of the commission. One time grant of Rs. 0.93 crores has been recommended for this purpose for 1995-96.	1995-1996	0.93	0.91
	1996-1997	-	-
	1997-1998	-	-
	1998-1999	-	-
	1999-2000	-	-
	<b>Total</b>	<b>0.93</b>	<b>0.91</b>

**5. Establishment Grant :****Accepted**

(Rs. in crores)

	Years	As per SFC	Actual
In order to enable local bodies in rural areas to implement rural development efficiently, the commission has recommended establishment grant for creations of a part time Assistant Secretary @ Rs. 1000 per month and a part time class fourth servant @ Rs. 500 per month. A sum of Rs. 43.03 crore has been recommended as grant for this purpose for five years.	1995-1996	3.31	-
	1996-1997	9.93	-
	1997-1998	9.93	-
	1998-1999	9.93	4.99
	1999-2000	9.93	6.40
	<b>Total</b>	<b>43.03</b>	<b>11.39</b>

**6. Matching Grant :****Accepted**

(Rs. in crores)

	Years	As per SFC	Actual
The commission has recommended a grant of Rs. 61.30 crores to arrange matching share for utilisation of grant recommended by Tenth Finance Commission	1995-1996	5.42	-
	1996-1997	6.39	6.39
	1997-1998	7.99	7.99
	1998-1999	15.95	15.95
	1999-2000	25.55	25.55
	<b>Total</b>	<b>61.30</b>	<b>55.88</b>

**7. Development Grant :****Accepted**

(Rs. in crores)

	Years	As per SFC	Actual
The commission has recommended sum of Rs. 50000 per block as development grant to gram panchayat for 1995-96. A sum of Rs. 1.18 crores has been recommended as a grant for this purpose for 1995-96	1995-1996	1.18	1.19
	1996-1997	-	-
	1997-1998	-	-
	1998-1999	-	-
	1999-2000	-	-
	<b>Total</b>	<b>1.18</b>	<b>1.19</b>

**B. For Panchayat Samitis****1. Establishment Grant :****Accepted**

(Rs. in crores)

	Years	As per SFC	Actual
In order to enable local bodies in rural areas to implement rural development schemes efficiently, the commission has recommended establishment grant for creation of the post of 237 LDCs and 115 JENs to Panchayat Samitis. A sum of Rs. 6.89 crores has been recommended for this purpose for five year commencing from 1995-96.	1995-1996	1.13	-
	1996-1997	1.24	-
	1997-1998	1.37	0.52
	1998-1999	1.50	4.12
	1999-2000	1.65	5.14
	<b>Total</b>	<b>6.89</b>	<b>9.78</b>

**2. Maintenance Grant :****Accepted**

(Rs. in crores)

	Years	As per SFC	Actual
For the purpose of maintaining the building of Panchayat Samitis a sum of Rs. 10000/- per annum of every Panchayat Samitis. A sum of Rs. 1.20 crores has been recommended for this purpose for five years.	1995-1996	0.24	0.24
	1996-1997	0.24	0.24
	1997-1998	0.24	0.24
	1998-1999	0.24	0.24
	1999-2000	0.24	0.24
	<b>Total</b>	<b>1.20</b>	<b>1.20</b>

**3. General Purpose Grant :****Accepted**

(Rs. in crores)

	Years	As per SFC	Actual
The existing per capita general purpose grant of Rs. 0.50 be raised to Rs. 1.25 per person per annum on the basis of census 1991. A sum of Rs. 12.75 crores has been recommended for five year.	1995-1996	2.55	3.42
	1996-1997	2.55	3.42
	1997-1998	2.55	3.42
	1998-1999	2.55	1.06
	1999-2000	2.55	2.55
	<b>Total</b>	<b>12.75</b>	<b>13.87</b>

**4. Incentive Grant :****Accepted**

(Rs. in crores)

	Years	As per SFC	Actual
To promote and recognise efficiency and effectiveness in the functioning of the Panchayat Samitis, would get a cash awards of Rs. 5 lakhs (first), Rs. 3 lakhs (second) and Rs. 2 lakhs (third) to first three Panchayat Samitis at the every divisional level every year. A sum of Rs. 3 crores has been recommended for five years.	1995-1996	0.60	0.60
	1996-1997	0.60	0.60
	1997-1998	0.60	0.60
	1998-1999	0.60	-
	1999-2000	0.60	0.60
	<b>Total</b>	<b>3.00</b>	<b>2.40</b>

**C. Zila Parishads :****1. Maintenance Grant :****Accepted**

(Rs. in crores)

	Years	As per SFC	Actual
For the purpose of maintaining the building of the Zila Parishad a sum of Rs. 20000/- per annum to every Zila Parishads. A sum of Rs. 0.31 crores has been recommended as grant for this purpose for five years.	1995-1996	0.06	0.06
	1996-1997	0.06	0.06
	1997-1998	0.06	0.06
	1998-1999	0.06	0.06
	1999-2000	0.06	0.06
	<b>Total</b>	<b>0.30</b>	<b>0.30</b>

**2. General Purpose Grant :****Accepted**

(Rs. in crores)

	Years	As per SFC	Actual
A general purpose grant at the rate of Rs. 30000 per block per annum to Zila Parishads. A sum of Rs. 3.55 crores has been recommended as grant for this purpose for five years.	1995-1996	0.71	0.71
	1996-1997	0.71	0.71
	1997-1998	0.71	0.71
	1998-1999	0.71	0.71
	1999-2000	0.71	0.71
	<b>Total</b>	<b>3.55</b>	<b>3.55</b>

**3. Awards for Zila Parishad :****Accepted**

(Rs. in crores)

	Years	As per SFC	Actual
First three Zila Parishad for their performance and service would get a cash award of Rs. 8 lacs (first), Rs. 5 lacs (second) and Rs. 2 lacs (third) at the state level. A sum of Rs. 0.75 crores has been recommended for these purpose for five years.	1995-1996	0.15	0.15
	1996-1997	0.15	0.15
	1997-1998	0.15	0.15
	1998-1999	0.15	-
	1999-2000	0.15	0.15
	<b>Total</b>	<b>0.75</b>	<b>0.60</b>

**D. Financial Corporation for PRIs :****Accepted but action not yet taken**

(Rs. in crores)

	Years	As per SFC	Actual
The Commission has recommended a Financial Corporation for PRIs may be constituted to provide loans for development purposes. The State Government is required to provide Rs. 15 crores to the corporation to create a corpus over a period of three years.	1995-1996	-	-
	1996-1997	-	-
	1997-1998	5.00	-
	1998-1999	5.00	-
	1999-2000	5.00	-
	<b>Total</b>	<b>15.00</b>	<b>-</b>

**Details of year-wise actual devolution made by the State Government  
for each tiers of PRIs**

(Rs. in crores)

Year	Village Panchayats	Panchayat Samitis	Zila Parishads	Total
1995-1996	28.28	4.26	0.92	33.46
1996-1997	34.62	4.26	0.92	39.80
1997-1998	38.30	4.78	0.92	44.00
1998-1999	53.30	5.42	0.77	59.49
1999-2000	68.21	8.53	0.92	77.66
<b>Total</b>	<b>222.71</b>	<b>27.25</b>	<b>4.45</b>	<b>254.41</b>

## OTHER SUGGESTIONS AND RECOMMENDATIONS OF PRIs AS PER FIRST SFC REPORT

S.No.	SFC Recommendation	Action Taken	Remarks.
1.	The Director Local fund audit should compile financial data in the proformae prescribed by this commission for all the institutions. (pg 7/8. pa.1.10)	It relates to LFAD.	
2.	The state government would consolidate the various rules applicable to the different tiers of PRIs and introduce common rules to be made applicable to panchayats at all levels. (pg. 24.. pa.3.7)	Implemented	
3.	Any function transferred to PRIs by the government should be accompanied by transfer of budget and staff with the same norms to accommodate future needs. (pg. 31/32.. pa. 4.11)	Budget has been transferred not the supervisory staff.	
4	The same committee may look into the issue of strengthening the cadre of Panchayat service, looking to the relevance, importance and requirements of these institutions in decentralized developmental administration. (pg.35..pa.4.17)	Rules are under consideration of state Govt. VLW/Secretary posted in each Gram Panchayat.	
5	There is a lot of scope for improving the functions of the PRI training institutions. There is a scope for training PRI accounts staff in the field of PRI finance, accounts and budgeting, technical staff in soil conservation water management, civil constructions and the other staff in office procedures and management. These institutions also have the responsibility to train the non-officials to appreciate their role in the context of the new panchayat law. (pg. 36/37.. pa. 4.18)	Partly implemented by strengthening training centres.	

6.	The procedure for transfer of funds and periodical monitoring of utilization of these funds should be streamlined to ensure that there is an uninterrupted flow and utilization of funds at GP level. For achieving this it is necessary to organizationally strengthen the executing agencies of rural development programmes and devising appropriate procedures for speedy transfer of funds. (p.g.53 pa.. 5.20)	The flow of funds interrupted due to non submission of UCs by the Executing Authority. Now Rural Development Department also transferred the funds directly to Gram Panchayat bank account.	
7.	The state should press for a centrally sponsored scheme for environmental improvement programmes in the thickly populated village abadis similar to a programme implemented in the urban slums. (pg. 57/58.. p.a 5.26)	Action is already taken through rural sanitation programme to create environmental awareness among rural masses IEC activities are being implemented in selected Districts.	
8.	Looking to the spurt in central funding and acute shortage of VLWs the GOI should be persuaded to continue the scheme for sharing the salary expenses of the VLWs. (pg. 58.. p.a. 5.27)	Govt. of India has withdrawn financial support after 8th five year plan ( 01-04-1997)	
9.	There should be a mechanism for keeping a watch on what share ought to reach PRIs under rural developmental schemes funded through DRDAs and what actually reaches them. Presently SSO being the agency in charge of these programmes would be the appropriate agency to devise a monitoring system in this regard. (pg. 62.. pa 5.35)	It relates with Rural Development Department.	
10.	There is a need to have a separate classification for service/maintenance activities to clearly determine the flow of funds to these sectors. (pg..66.. pa. 5.43)	Action has been taken for classification of expenditure on rural primary education as social service activity etc. by making adequate provision in R.P.R Rule 1996	

11	Funds for National rural development programmes implemented through the PRIs should show a growing trend and more flexibility should be allowed in implementing these programmes. (pg. 68/70.. pa. 5.46)	Action to be taken by Rural Development Department.	
12	A committee should be appointed to go into the problems of quality of primary education. It should examine the training needs of teachers, review and upgrade syllabus and modernize the methods of teaching. (pg. 73/75 .. pa. 5.53)	Primary Education is kept under Secy. Panchayati Raj for better coordination and policy.	
13	There should be a catalogue of physical infrastructure created in rural areas under various programmes to monitor their quality and to ensure their upkeep. (pg. 75/76.. pa. 5.56)	This also has to be done by Rural Development Department	
14	A self contained unit with two fitters could be put under each ZP to attend to major repairs of hand pumps in their respective districts (pg.. 79.. pa. 5.60)	Implemented	
15	RSEB may consider charging domestic rates from the panchayats for street lighting. (pg. 90.. pa. 6.9)	This is policy matter of RSEB	
16	A nominal tax on havelis and big pucca houses could be resorted to for additional resource mobilization. (pg. 100.. pa 7.3)	Provision has been made	
17	A nominal 10% tax on land rent could be imposed by all PSs in the state. (pg. 100.. pa. 7.4)	Panchayat Samiti may impose such tax under provision Raj. Panchayat Raj Act Sec. 68 (1)	
18	The state government may consider vesting the powers of imposition of land revenue on barani land to ZPs. This revenue to be shared by PRIs in the ratio 60% GPs, 25% PSs and 15% ZPs. (pg. 101.. pa. 7.5)	Relates to Revenue Department	



19.	ZPs should levy a surcharge of 1% on the sale of land in rural areas and 1/2% surcharge on market fee. (pg. 101.. pa. 7.5)	Under Section 6 G (c)(1) Zila Parishad may levy charge upto 5% on stamp duty on sale of property in rural areas.	
20.	A mechanism should be developed by the FD for transferring the surcharge to PRIs at the district level itself without treating it as state receipts. (pg. 101 pa. 7.6)	Relates to Finance Department.	
21.	The existing procedures for allotment, conversion, regularization of land are to be streamlined and a policy for actively catering to the needs of abadi development in rural areas should be formulated by the State government. The PRIs must be involved in the policy. Allotment and regularization of village house sites could be an important source of income to PRIs. (pg. 102.. pa. 7.7)	Under Rule 157 of RPR 1996 Panchayat can regularise old houses with charging fees	
22.	The panchayats should levy taxes/fees on dhabas, hotels, automobile servicing and repair shops, petrol/diesel pumps etc., situated on the national/state highways in their respective areas. (pg. 102.. pa. 7.8)	A Panchayat may levy fee for services rendered to public under rule 68 (1) of PR rule 1996.	

### Status of implementation of first SFC recommendations in respect of ULBs

1.	The population criterion adopted by the census authorities for classification of towns should be adopted in the state. (pg.156..pa.11.8)	Not implemented.
2.	It is imperative for the state government to formulate an urban development policy to mitigate the problems of urban poor and to strengthen the urban infrastructure to cater to their residents. (pg.162/163..pa.11.15)	Although State Govt. has not formally formulated any development policy yet the spirit of the policy is being implemented and urban poor are being taken care of accordingly. One office of project director, is been established at state level and who is looking after the development and upliftment of the urban poor. B.P.L. survey is been conducted in all the urban local bodies. They are been benefited under SJSRY & other schemes. Similarly the present Govt. has taken drastic decision to regularise the Kachi Basti which came into existence before 15th Aug. 1998 and more than 2.00 lakh families will be benefited.
3.	Urban areas are to be perceived as potential growth centres to sustain rural labour at the time of need. Hence urbanisation should prominently figure in the state's developmental strategy. (pg.164..pa.11.17)	Migration of labour from Rural areas is natural process with the industrialisation and urbanisation. Hence no particular effort is required.
4.	Creation and strengthening of urban infrastructural facilities deserve special attention. Priority to be given to key sectors like water and sewerage systems, energy, transport, communications and environment. (pg.164..pa.11.17)	Urban infrastructure is being strengthen under NRY, UBSP, SJSRY, Nagar Sahabhagita Yojana by Municipal administration. JDA, UITs and Municipal Bodies are giving due attention for strengthening the infrastructure. Under the proposal A.D.B. project amounting is Rs. 15.30 crore major emphasis will is given to urban infrastructure, water supply, solid waste management & sewerage in six major cities of Rajasthan during the next 5 years.

5	There is a need to review and simplify numerous rules framed under the Municipal Act. (pg.170..pa.12.5)	Various rules are being simplified and amended looking to the requirement for example Rajasthan Municipal Election rules and delegation of financial powers to Municipal Bodies. Enactment of Nagar Nigam Act is the offing.
6	There should be a separate study for designing at suitable organisational structure for each class of municipality keeping in mind the statutory functions. (pg.177/178.. pa.13.15)	Already under consideration
7	In areas concerning provision of municipal services there is shortage of staff. There is a need for redistribution and rationalisation of staff in the ULBs. (pg.188/189..pa.13.24)	Already under process. After abolition for octroi the surplus octroi staff is being adjusted in Panchayati Raj Institutions and also in the Municipal Bodies on vacant posts.
8	The state government either should periodically revise check post staff norms or should prescribe a condition that the staff cost of the check posts should not exceed a prescribed percentage of income from the check post subject to a maximum. (pg.189..pa.13.25)	After abolition of octroi there is now no need of implementation of it.
9	A minimal staff be prescribed for assessment of house tax. But their continuance and additional staff should be linked to the actual recovery. (pg.189/190..pa.13.25)(2)	A minimal staff is already there in Municipalities for assessment of House Tax. After doing this exercise the income from House Tax raised by 20%.
10	The state government and the ULBs should seriously consider the issue of staff cost for mustering revenue to the municipalities and ensure that there is a positive correlation between expenditure and income. (pg.190..pa.13.26)	It is not possible after abolition of octroi.

11	There is an urgent need to go into the human resource problems of the ULBs. (pg190/191..pa.13.27)	Various training programmes are being conducted to improve the human resource of ULBs.
12	A service selection board is to be set up to select municipal employees upto ministerial services level. (pa.191..pa.13.28)	Already implemented Distt. Service selection commission being set up in each distt.
13	The training facilities are inadequate and needs to be strengthened. (pg.191..pa.13.28)	Training programmes are being sponsored by UNICEF to train the elected representatives and employers various training courses are conducted in last three years to provide the training for strengthening the core services of municipalities, for smooth functioning of ULBs. Owing to inadequate financial resources Directorate of Local Bodies is unable to take up new training programmes. Hence there is urgent need for more financial assistance.
14	There should be a clear cut placement & transfer policy on commissioners and executive officers. (pg.191..pa.13.28)	Recently the State Cabinet has decided to formulate a state level transfer policy which should take care of these officials also.
15	While giving jobs like sanitation, street lighting etc., on contract basis, it is essential to optimally use the existing staff in specified areas/wards. This will ensure full utilisation of the existing man power and also serve as a comparison for contract work. It will also instil a sense of competition. (pg.192..pa.13.30(1))	Instructions have already been issued to all ULBs.
16	Existing surplus staff is underworked sections could be used in other sections, where vacancies exist after training if need be. (pg192/193..pa13.30(3))	State Govt. have already given instructions for it to all ULBs.

17	Areas like street lighting and road maintenance could also be considered for privatisation. (pg.193..pa.13.31)	Emphasis is already being given for privatisation
18	There should be a combined effort between the ULBs and communities to improve standards of sanitation as it is prevalent in some southern states. (pg.193/194..pa.13.32)	This has already been started in some colonies of Jaipur and Kota with the help of NGO. This would be extended to other areas also.
19	The state should play a promotional role with a right to interfere only in public interest. We also feel that there is a case for tailoring the functions to the resource potentials of the ULBs (pg.194..pa.13.33)	The thrust of the state policy is to make the local bodies more autonomous. As such there is minimal interference.
20	It is expedient to decentralise powers to ULBs for revising the rates. (pg.199/200..pa.14.6)	Needs to be implemented. Several amendments in the Municipal Act are envisaged in the near future. Also a Nagar Nigam Act is being drafted. This would take care of this issue.
21	There is a need for formulating detailed guidelines for assistance and grants by the government to ensure more allocations to resource poor ULBs at the lower levels. (pg.210..pa.14.14)	The Govt. have already ordered to give more general grant in aid to poor and small ULBs. In class III and IV Municipalities per capita grant has been raised from Rs. 12.50 to Rs.37.50 per head per annum and in class II it has been raised to Rs. 25/- per head per annum.
22	There is a need for a well orchestrated expenditure plan for the municipalities at the lower level. (pg.222..pa.14.20)	After abolition of the octroi about 90% revenue comes from Govt. & that too for specific purposes hence there is hardly any surplus for plan expenditure. Govt. have given direction for taking economy measures.

23.	The State Government should consider special grant in aid only in extreme case of financial hardship after satisfying itself that it was due to factors beyond the control of the ULBs under consideration for such grants (pg.229..pa.15.6)	Already been implemented
24.	There should not be any default on statutory requirement of deposition of PF amount. (pg.229..pa.15.6)	Govt. have already given instructions to ULBs for it.
25.	There should be a system for mid term appraisal of financial position of the ULBs to provide succour to ULBs in serious financial problems on account of conditions beyond their control. (pg.230/231..pa.15.8)	Implemented
26.	There should be a committee to go into the possible harassment of people by the contractors and the measures to prevent the same. (pg.242/243..pa.16.13)	There is no need of implementation after abolition of octroi.
27.	If the state government prefers to exempt octroi on the goods of RSEB and PHED it may also consider introducing concessional charges on power for street lighting and water supply equivalent to the rates applicable to the domestic consumers. (pg.244..pa.16.16)	There is no need of implementation after abolition of octroi.
28.	Any exemption of octroi by the state government should have a built-in-mechanism for compensating the loss of revenue. (pg.244/245..pa.16.17)	There is no need of implementation after abolition of octroi

29	The department should demystify the house tax assessment procedures by simplifying them and by making them more transparent. Categorisation of areas on value of properties and a per square foot affordable rate of tax on the constructed and vacant area would reduce the "Inspector Raj" and the yield would improve. (pg.245/246..pa.16.20)	Simplification of assessment of house tax is under process.
30	The assessment procedure should be so transparent that an average literate citizen should be able to work out his house tax liability without any problem. (pg.245/246..pa.16.20)	Simplification of assessment of house tax is under process.
31	The concept of self assessment of house tax should be introduced after simplification of assessment procedures. (pg.246..pa.16.21)	Simplification of assessment of house tax is under process.
32	The exemption limit of houses with a rental value of less than Rs. 180 per annum is too low and deserves to be increased to Rs. 1200 by an amendment in the municipal act. (pg.246..pa.16.22)	Simplification of assessment of house tax is under process.
33	The ULBs with a very high growth rate in the housing sector can consider one time payment of house tax so that the staff could be deployed for new assessments and effective supervision. (pg.247..pa.16.23)	Simplification of assessment of house tax is under process.
34	It is suggested that a lump sum assistance in lieu of property tax could be given to the ULBs by the central and state governments. (pg.247..pa.16.24)	Needs to be implemented.

35.	Discretionary tax resources are grossly under utilised. Taxes could be levied on selective sectors which strain the municipal services to its limits or substantially contribute to the sanitation problems of town. Areas like subji mandis, private hospitals/dispensaries, barber shops, dabas, road side restaurants and industries could be tapped for more resources. (pg.249..pa.16.27)	Under consideration of the State Govt.
36.	Parking tax and hoarding tax could also get good revenue to the big ULBs. (pg.249..pa.16.27)	Implemented wherever feasible and financial viable.
37.	The commission recommends that the mechanism of transfer of municipal share from the proceeds of sale of land by the UITs should be ensured by the government before according approval of UITs schemes for sale of land. LSG department should insist on a no due certificate of ULBs from UITs. (pg.250..pa.16.29)	Necessary instructions have been issued.
38.	The state's powers could be delegated to the divisional commissioner after revising the scale of approval of sale of land from Rs. 5 lakhs to Rs. 10 lakhs. Only cases of sales exceeding Rs. 10 lakhs should come to the state government. Similarly the powers of sanction of the ULBs should be increased to Rs. 10 lakhs for corporations, Rs. 3 lakhs for councils and Rs. 1 lakh for municipal boards. (pg.252..pa.16.32)	All powers regarding the sale of land have been given to ULBs.
39.	A policy direction in regularization of old occupants of state time properties without patta would enable the ULBs to raise additional resources. (pg.252..pa.16.33)	Already implemented.



40	A clear and cohesive policy covering aspects like acquisition, conversion, development of house sites, transfer etc., for city development is required. There is also a need for reducing the number of government departments involved in the task of conversion and development of abadi land. (pg.252/253..pa.16.34)	Govt. have already made necessary amendments in the relevant act for conversion of agricultural land for non agricultural purpose and residential land for commercial and other purposes. Procedures have been greatly simplified and multiplicity of agencies has been reduced.
41	There should be a time bound clearance procedure for ULBs proposals for development of house sites schemes. (pg.253..pa.16.35)	Under consideration
42	In our view the urban land in mandi areas should be transferred to the concerned ULBs and any cost in lieu of it is to be recovered from the ULBs earnings or on default from their grant. (pg.253..pa.16.35)	To be implemented.
43	The state government and the ULBs should examine the rates of fines, penalties, charges, fees etc., and revise them to make them practical and effective. (pg.254..pa.16.36)	It is under consideration.
44	We feel that cleaning of new colonies could be given on contract basis, while the staff could be readjusted to make up for the staff shortage in old colonies. Innovative community participation could also be attempted. (pg.255/256..pa.16.39)	Already started in Jaipur, Kota and also some Municipal Council.
45	A serious review of the revenue efforts of many ULBs should be undertaken to correct the anomaly either by increasing revenue or by reducing the cost of collection. (pg.256..pa.16.40)	Needs to be implemented.

46.	If the state government decides to transfer any additional functions to the ULBs, it should also transfer staff and budget to discharge those functions effectively. (pg.260..pa.16.45)	Implemented.
47.	There is a need for systematic study to work out index of urban backwardness in terms of income and infrastructure. (pg.264/265..pa.17.5)	Already devised the mechanism for selection of urban poor & backward families under BPL survey. More than 2.00 lakh families are been identified.
48.	An effective Management Information System to collect reliable data for monitoring the performance of the ULBs should be developed by the LSG department in consultation with the Finance Department. (pg.284/285..pa.18.13)	Under process.
49.	The DLB and his regional offices should ensure proper utilization of funds by the ULBs according to the terms and conditions laid down in their sanction. (pg.286..pa.18.15)	Deputy Directors (Regional) have been directed to effectively monitor the expenditure as per terms & conditions laid down in sanctions. Govt. has already circulated the performa to furnish utilisation certificate of various expenditure.

Statement Showing Grants Recommended by the First SFC for ULBs  
and Actually Released by the State Government

S.No.	Particulars	(Rs. in lacs)	
		Recommended by SFC	Actually released
1	General Purpose Grant		
	1995-96	755.30	755.30
	1996-97	891.10	891.10
	1997-98	1050.60	1050.60
	1998-99	1237.70	1237.70
	1999-2000	1458.60	1458.60
	<b>Total</b>	<b>5393.30</b>	<b>5393.30</b>
2	Development Grant		
	1995-96	101.70	101.70
	1996-97	147.10	147.00
	1997-98	200.10	200.10
	1998-99	262.70	262.20
	1999-2000	336.20	168.10
	<b>Total</b>	<b>1047.80</b>	<b>879.10</b>
3	Development Loan		
	1995-96	150.00	-
	1996-97	150.00	-
	1997-98	150.00	-
	1998-99	150.00	-
	1999-2000	150.00	-
	<b>Total</b>	<b>750.00</b>	-
4	Incentive Grant		
	1995-96	146.00	-
	1996-97	146.00	-
	1997-98	146.00	-
	1998-99	146.00	-
	1999-2000	146.00	-
	<b>Total</b>	<b>730.00</b>	-
5	Matching Grant		
	1995-96	105.80	-
	1996-97	151.00	151.00
	1997-98	204.20	204.20
	1998-99	266.70	250.00
	1999-2000	340.20	340.20
	<b>Total</b>	<b>1067.90</b>	<b>945.40</b>
	<b>Grand Total</b>	<b>8989.00</b>	<b>7217.80</b>

## राजस्थान सरकार

### वित्त विभाग

#### आर्थिक मामलात डिविजन

### **द्वितीय राज्य वित्त आयोग द्वारा राज्यपाल महोदय को प्रस्तुत किये गये प्रतिवेदन पर की गई कार्रवाई का ज्ञापन**

द्वितीय राज्य वित्त आयोग का गठन 7 मई 1999 को वर्ष 2000 से 2005 की, पाँच वर्ष की अवधि हेतु अपना प्रतिवेदन 31 दिसम्बर 1999 तक देने के निर्देश के साथ किया गया था। आयोग का कार्यकाल समय-समय पर बढ़ाया गया। आयोग द्वारा महामहिम राज्यपाल को दिनांक 30 अगस्त 2001 को अपना प्रतिवेदन प्रस्तुत किया गया। इससे पूर्व आयोग द्वारा वर्ष 2000-2001 एवं 2001-2002 के लिए अनन्तिम व्यवस्था हेतु दिनांक 23 फरवरी 2001 को अपना अंतरिम प्रतिवेदन प्रस्तुत किया था जिसे कार्रवाई के ज्ञापन के साथ दिनांक 28 मार्च 2001 को सदन के पटल पर रखा गया था।

2. द्वितीय राज्य वित्त आयोग का प्रतिवेदन जो कि 1 अप्रैल 2000 से प्रारंभ पाँच वर्षों की अवधि से संबंधित है तथा उसमें की गई सिफारिशों पर की गई कार्रवाई का ज्ञापन संविधान के अनुच्छेद 243 आई (4) तथा 243 वाई (2) के तहत सदन के पटल पर रखा जा रहा है। आयोग द्वारा पंचायती राज संस्थाओं तथा नगरीय स्थानीय निकायों को राशि अर्थात् अनुदान एवं अन्य बिन्दुओं के संबंध में की गई सिफारिशों का सारांश अध्याय - IX में दिया गया है।
3. द्वितीय राज्य वित्त आयोग ने पंचायती राज संस्थाओं, नगरीय स्थानीय निकायों एवं राज्य सरकार के विभिन्न विभागों का अध्ययन कर अपनी सिफारिशें दी हैं। राज्य सरकार द्वारा आयोग की सिफारिशों पर सावधानी पूर्वक विचार किया गया है जिनका विवरण निम्नवत् है।
  - (i) राजस्व के प्रत्येक शुद्ध कर राजस्व (मनोरंजन कर के अलावा) का 2.25 प्रतिशत निम्न चरित राज संस्थाओं एवं नगरीय स्थानीय निकायों को अंतरित किये जाने का निर्णय की है। इस अंतरण को आयोग द्वारा पंचायती राज संस्थाओं एवं नगरीय स्थानीय निकायों के मध्य वितरण 2001 की जनसंख्या के आधार पर

क्रमशः 76.6 एवं 23.4 प्रतिशत किये जाने की सिफारिश की गई है। इन संस्थाओं के मध्य वितरण का तरीका प्रतिवेदन के अध्याय – VIII में दिया गया है।

- (ii) आयोग द्वारा शुद्ध कर राजस्व के 2.25 प्रतिशत हिस्से में से 0.05 प्रतिशत राशि ग्राम पंचायतों एवं नगरीय स्थानीय निकायों (नगर निगमों को छोड़कर) को प्रोत्साहन राशि के रूप में अप्रयुक्त स्रोतों से अतिरिक्त संसाधन जुटाने पर दिये जाने की सिफारिश की गई है। आयोग द्वारा अवार्ड अवधि की समाप्ति के पश्चात् प्रोत्साहन कोष में अवशेष रही राशि को मय ब्याज, यदि कोई अर्जित किया गया हो, ग्राम पंचायतों एवं नगरीय स्थानीय निकायों (नगर निगमों को छोड़कर) को जनसंख्या के आधार पर वितरित किये जाने की सिफारिश की गई है।
- (iii) राज्य के वास्तविक शुद्ध मनोरंजन कर राजस्व का 15 प्रतिशत हिस्सा नगरीय स्थानीय निकायों को संबंधित नगरीय स्थानीय निकाय के क्षेत्र से प्राप्त मनोरंजन कर राजस्व के अनुपात में वितरित किये जाने की सिफारिश आयोग द्वारा की गई है।
- (iv) आयोग द्वारा खनिजों से राज्य को प्राप्त शुद्ध रायल्टीज के 1 प्रतिशत हिस्से का वितरण संबंधित जिले में संकलित राशि के अनुपात में ग्राम पंचायतों को दिये जाने की सिफारिश की गई है एवं ग्राम पंचायत स्तर पर संकलित राशि के आंकड़े उपलब्ध होने की स्थिति में राशि का वितरण इस आधार पर किये जाने की सिफारिश की गई है।
- (v) आयोग द्वारा पंचायती राज संस्थाओं को भू-राजस्व की एवज में देय सामान्य प्रयोजन अनुदान एवं नगरीय स्थानीय निकायों को देय सामान्य प्रयोजन अनुदान राशि दिये जाने की व्यवस्था को जारी रखने की सिफारिश की है एवं यह अनुदान राशि 2001 की जनसंख्या के आधार पर दिये जाने की संभावना पर विचार किए जाने की अपेक्षा की गई है।

4. द्वितीय राज्य वित्त आयोग की उक्त सिफारिशों को सरकार द्वारा निम्नानुसार स्वीकृत किया गया है:

- (i) वर्ष 2000-2001 के लिए पंचायती राज संस्थाओं एवं नगरीय स्थानीय निकायों को आयोग के अंतरिम प्रतिवेदन में की गई सिफारिश एवं मानदण्ड के आधार पर स्थानान्तरित की गई राशि यथावत रखी जाये एवं आयोग के अन्तिम प्रतिवेदन के अनुसार कोई अतिरिक्त राशि देय नहीं होगी।

- (ii) वर्ष 2001-2002 से 2004-2005 तक पंचायती राज संस्थाओं एवं नगरीय स्थानीय निकायों को राज्य के शुद्ध कर राजस्व (मनोरंजन कर को छोड़कर) की वास्तविक प्राप्तियों का 2.20 प्रतिशत हिस्से का अंतरण आयोग द्वारा निर्धारित मापदण्डों के आधार पर किये जाने की सिफारिश को स्वीकार किया गया।
- (iii) राज्य के शुद्ध कर राजस्व (मनोरंजन कर को छोड़कर) की वास्तविक प्राप्तियों का 0.05 प्रतिशत हिस्सा प्रोत्साहन राशि के रूप में ग्राम पंचायतों एवं नगरीय स्थानीय निकायों (नगर निगमों को छोड़कर) को वर्ष 2001-2002 से 2004-2005 तक आयोग द्वारा निर्धारित प्रक्रियानुसार निम्न संशोधनों के साथ स्वीकृत किया गया :
  - (क) ग्राम पंचायतों के लिए निर्धारित प्रोत्साहन राशि को जिला परिषद के स्थान पर राज्य स्तर पर ही निधि में रखा जायेगा, जिसका संचालन निदेशक, पंचायती राज विभाग द्वारा किया जायेगा ; एवं
  - (ख) वर्ष 2004-2005 तक उपयोग में नहीं ली गई राशि का ग्राम पंचायतों एवं नगरीय स्थानीय निकायों (नगर निगमों को छोड़कर) में वितरण नहीं किया जाकर अनुपयोगी राशि को राज्य की समेकित निधि में स्थानान्तरित किया जायेगा।
- (iv) शुद्ध मनोरंजन कर की वास्तविक प्राप्तियों का 15 प्रतिशत हिस्सा नगरीय स्थानीय निकायों को उनके क्षेत्र में प्राप्त राजस्व के अनुपात में अंतरण किये जाने संबंधी आयोग की सिफारिश को वर्ष 2001-2002 से 2004-2005 के लिए स्वीकार किया गया।
- (v) खनिजों से प्राप्त रायल्टी की शुद्ध प्राप्तियों में से 1 प्रतिशत हिस्सा ग्राम पंचायतों को दिये जाने संबंधी आयोग की सिफारिश के संबंध में खान विभाग द्वारा आयोग के विचारणीय बिन्दुओं (Terms of Reference) के तथा इसकी व्यावहारिकता के परिप्रेक्ष्य में विस्तृत परीक्षण के पश्चात् निर्णय लिया जायेगा।

- (vi) पंचायती राज संस्थाओं को भू-राजस्व की एवज में दिये जा रहे प्रति व्यक्ति सामान्य अनुदान को जारी रखने की आयोग की सिफारिश को निम्न संशोधन के साथ स्वीकार किया गया :

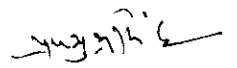
“भू-राजस्व की एवज में प्रति व्यक्ति सामान्य प्रयोजन अनुदान दिये जाने की व्यवस्था को वर्ष 2001-2002 से बंद किया जाए एवं इसके स्थान पर वर्ष 2001-2002 से ग्यारहवें वित्त आयोग की सिफारिशों के अंतर्गत देय अनुदान का 18 प्रतिशत प्रतिवर्ष की दर से तुल्य अनुदान (Matching grant) के रूप में राज्य सरकार द्वारा पंचायती राज संस्थाओं को दिया जाए।”

- (vii) नगरीय स्थानीय निकायों को देय सामान्य प्रयोजन अनुदान को जारी रखने एवं वर्ष 2001 की जनगणना के आधार पर दिये जाने की सिफारिश पर स्वायत्त शासन विभाग द्वारा विस्तृत विचार एवं परीक्षण कर आवश्यक निर्णय लिया जाएगा।

5. आयोग द्वारा पंचायती राज संस्थाओं एवं नगरीय स्थानीय निकायों के संबंध में अन्य सुझाव तथा सिफारिशों की गई हैं। इन सिफारिशों के क्रियान्वयन हेतु संबंधित प्रशासनिक विभागों द्वारा विचार एवं परीक्षण कर नियमानुसार आवश्यक निर्णय लिया जायेगा।

6. **क्रियान्विति :**

- (i) राज्य के वास्तविक शुद्ध कर राजस्व से अंतरण के संबंध में आदेश पंचायती राज विभाग एवं स्थानीय निकाय विभाग द्वारा प्रसारित किए जाएंगे।
- (ii) राज्य के वास्तविक शुद्ध मनोरंजन कर से अंतरण के संबंध में आदेश वाणिज्यिक कर विभाग द्वारा प्रसारित किए जाएंगे।
- (iii) आयोग की सिफारिशों के अंतर्गत अंतरित राशि के उपयोग के संबंध में विस्तृत दिशा-निर्देश संबंधित विभागों द्वारा प्रसारित किए जाएंगे।

  
(प्रद्युम्न सिंह)

पित्त मंत्री

दिनांक 26 मार्च 2002