

# Study to Assess the Availability of Resources for Creating the Assets and Initiatives taken for Generating Various Own Sources of Revenue



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**National Council of Applied Economic Research**  
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# PREFACE

The main emphasis of the 73<sup>rd</sup> Amendment of the Constitution of India is to ensure uniformity between the functional responsibilities and the financial resources of the three-tier Panchayati Raj Institutions (PRIs) in the country. This amendment offers PRIs functional and fiscal autonomy at the grassroots level to work as effective local-self-governments in the rural society, and to be able to prepare and implement development plans based on the needs and aspirations of the local populations, as well as the available resources.

The Gram Panchayat (GP) plays a dynamic role as an agency of local-self-governance. In order to become financially self-reliant, the panchayats need to mobilise their Own Source Revenue (OSR) through the collection of taxes, fees, and dues as per the powers bestowed on them by Article 243-H of the Indian Constitution. In this context, the National Council of Applied Economic Research (NCAER) conducted a study, commissioned by the Ministry of Panchayati Raj, to assess the performance of the GPs in generating the OSR collected by the PRIs across various States that would help fund their developmental initiatives. This evaluation study highlights the performance of the GPs in generating OSR for the rural local bodies while also identifying the concomitant challenges like ensuring sufficient resources for creating the requisite assets for the GPs, facilitating a smooth decision-making process for the generation of these funds, and assessing the adequacy of the user charges and taxes imposed for generating OSR.

The NCAER study was carried out when the COVID-19 pandemic was at its peak, and the team tackled all odds to conduct the primary survey in 23 States spanning 5042 GPs from 146 districts, using Web-assisted Telephone Interviewing to collect data from the respondents. More than hundred enumerators associated with selected networking institutions were extensively trained to use the software during a two-day virtual training session. Physical visits were also undertaken in one district per State, and State-wise Focus Group Discussions were held, along with steps to validate the data on a real-time basis. The study recommends optimising utilisation of the available resources, promoting greater community involvement, adopting pragmatic approaches for ensuring sustainable livelihoods and increasing local contributions towards OSR, and imparting capacity-building training in the various States to augment revenue generation by the rural local bodies.

The study was led by Dr Saurabh Bandyopadhyay, and comprised Dr Soumi Roy Choudhury, Dr Laxmi Joshi, and Dr Rajesh Jaiswal as the Principal Investigators, along with a dedicated research team. I would like to express my appreciation for the team's efforts in completing the project within the timeline stipulated by the Ministry of Panchayati Raj, and making key policy suggestions in this report, which will help augment OSR at the grassroots level in various States.

**Poonam Gupta**  
*Director General, NCAER*





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May 2022

Saurabh Bandyopadhyay



# ABBREVIATIONS AND ACRONYMS

<b>BDOs</b>	Block Development Officers
<b>BPL</b>	Below Poverty Line
<b>CBPS</b>	Centre for Budget and Policy Studies
<b>CEO</b>	Chief Executive Officer
<b>CFC</b>	Central Finance Commission
<b>CPRs</b>	Common Property Resources
<b>FY</b>	Financial Year
<b>FGD</b>	Focus Group Discussion
<b>GDP</b>	Gross Domestic Product
<b>GP</b>	Gram Panchayats
<b>GPDP</b>	Gram Panchayat Development Plans
<b>GST</b>	Goods and Service Tax
<b>IT</b>	Information Technology
<b>JFM</b>	Joint Forest Management
<b>LBs</b>	Local Bodies
<b>LBT</b>	Land and Building Tax
<b>LGs</b>	Local Governments
<b>MGNREGA</b>	Mahatma Gandhi National Rural Employment Guarantee Act
<b>MoSPI</b>	Ministry of Statistics and Program Implementation
<b>MP</b>	Madhya Pradesh
<b>NCAER</b>	National Council of Applied Economic Research
<b>NSS</b>	National Sample Survey
<b>NSSO</b>	National Sample Survey Office
<b>OBC</b>	Other Backward Class
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>OSR</b>	Own Source of Revenue
<b>PCOSR</b>	Per Capita Own Source Revenue
<b>PCOT</b>	Per Capita Own Tax
<b>PIM</b>	Participatory Irrigation Management
<b>PPSWR</b>	Probability proportional to size with replacement
<b>PRI</b>	Panchayati Raj Institution
<b>PRIA</b>	Participatory Research in Asia
<b>PS</b>	Panchayat Samiti
<b>RLBs</b>	Rural Local Bodies
<b>SC</b>	Scheduled Caste
<b>SCP</b>	Special Component Plan
<b>SFCs</b>	State Finance Corporation
<b>SHG</b>	Self Help Group
<b>SRSWOR</b>	Simple Random Sampling Without Replacement
<b>ST</b>	Scheduled Tribe
<b>TSP</b>	Tribal Sub Plan
<b>WATI</b>	Web-assisted telephone interviewing
<b>WB</b>	World Bank
<b>ZP</b>	Zilla Parishad

# EXECUTIVE SUMMARY

The main emphasis of the 73<sup>rd</sup> Amendment of the Constitution of India is to ensure uniformity between the functional responsibilities and the financial resources of the three-tier Panchayati Raj Institutions (PRIs). It provides them functional and fiscal autonomy at the grassroots level to work as effective local self-government in the rural society. The functional autonomy of the PRIs is feasible only when they have financial and fiscal autonomy, which enables them to prepare and implement development plans on the basis of the needs and aspirations of the local population, as well as the availability of local resources. For this, the Gram Panchayat (GP) plays a dynamic role as an agency of local self-government. In order to become self-reliant, the Panchayats need to mobilise their own funds through the collection of taxes, fees, and dues as per the powers accorded to them by Article 243-H of Indian Constitution. The generation of Own Source of Revenue (OSR) provides greater autonomy to the Panchayats and helps to make them self-reliant, and this concept is crucial for translating the idea of Gram Swaraj into a reality.

In this backdrop, the Ministry of Panchayati Raj (MoPR) decided to assess the level and extent of the reach of the OSR collected by the PRIs across all the States to fund their own developmental initiatives. The MoPR commissioned the National Council of Applied Economic Research (NCAER) to undertake this evaluation study, which was carried out in 23 States. The specific objective of the study is to examine the performance of the GPs in generating various sources of revenue for the local bodies in the selected States. The study also identifies the challenges faced by the GPs in generating OSR. In addition, there are accompanying challenges like the adequate availability of resources to create the required level of assets by the GPs and the enabling conditions related to the decision-making process for creating these assets. Another question explored in the study is whether the user charges or taxes imposed are adequate for the generation of sufficient revenue for the GPs. The report ends by offering some key suggestions and recommendations that would enable the GP officials to increase the OSR.

The report is divided into six chapters. Chapter 1 details the background of the study, the available inferences from literature on the management of Common Property Resources (CPRs), the sources and types of taxes, and ways

of facilitating an increase in revenue generation among local bodies. Chapter 2 contains an extensive discussion on the sampling technique and methodology used in the study. The primary survey was conducted in 5042 GPs located in 146 districts across the 23 States selected for the study. In view of COVID-19, NCAER implemented a Web-assisted Telephone Interviewing (WATI) to collect data from the respondents. More than 100 enumerators associated with selected empanelled networking institutions were extensively trained to use the software during a two-day training session held virtually. Physical visits were also undertaken in one district per State. A total of 23 Focus Group Discussions (FGDs), that is, one each per State, were carried out for the study. Steps were also taken to validate the data on a real-time basis. Finally, the NCAER team compiled the data pertaining to all the GPs, which was then interpreted at the all-India level and also for arriving at State-wise comparisons.

Chapter 3 provides an overview of the demographic characteristics of the respondents in the GPs, along with details of the administrative capabilities in the GP offices and their development plans. Almost 35 per cent of the total GP members belong to the middle aged category, that is, the 36-45 years' age group. Barring the State of Arunachal Pradesh, where female representation (58.3 per cent) is higher than that of males, all the other States have a majority of male respondents in the sample. In the total distribution, half of the respondents in the GPs are Panchayat Secretaries, followed by Sarpanches. The economic activity of the households in the GPs indicates that about 39.5 per cent of them are engaged in self-employed agricultural activities. As regards the administrative capacity, it is seen that half of the selected GPs have computer facilities, only one-fourth have telephone connectivity, and around three-fourths have Internet connectivity. It is reported that a majority of the GPs maintain and update asset registry on a regular basis. The Gram Panchayat Development Plans (GPDPs) have also been implemented and updated regularly.

Chapter 4 of the report discusses the various types of CPRs available with the GPs for revenue collection and the different taxes through collection of which revenues are raised. The survey conducted by NCAER shows that 18 per cent of the GPs are generating revenue from various available CPRs. The State of Telangana (17.7 per cent) leads

among all the 23 States in terms of revenue generation through multiple sources. The five major resources used for revenue generation across the sampled States include fisheries and ponds (21 per cent), tubewells (15 per cent), commercial complexes—storage/godowns (10 per cent), pasture and grazing land (9 per cent), and wells (8 per cent). As regards the State-wise resource utilisation, Odisha (32.3 per cent) emerges as the leading State for both fisheries and ponds, and commercial complexes (including storage/godowns), followed by Maharashtra (22.8 per cent) for tubewells and wells, while Haryana (23.5 per cent) leads for pasture and grazing lands. The primary methods used for generating revenues is regularly leasing out of the pasture and grazing land, followed by auctioning of the fisheries and ponds.

Further, Chapter 4 highlights the extent of revenue generation from different taxes levied by the GPs. An analysis of the primary survey reveals that 78 per cent of the GPs reported levying taxes. The most prominent among the taxes is property tax (37 per cent), followed by water tax (23 per cent), licence tax (14 per cent), and lighting tax (13 per cent). The taxes are paid either on the basis of the amount (lump sum) or on the basis of percentage. The total realised tax collected by the GPs over the last five financial years was calculated to arrive at the average OSR collected by the GPs. It was observed that the highest average OSR collection is in the State of Kerala. This is more or less on expected lines, as the PRIs in Kerala have represented a success story ever since the initiation of the 73<sup>rd</sup> Amendment of the Constitution. If seen region-wise, the southern States have accounted for the highest collection of OSR during the last five financial years, followed by the western States. The contribution of the southern States alone is 65 per cent of the average OSR collection. The notable performance of the western States is mainly due to the figures achieved by Maharashtra, where the average OSR collection is more than twice the average OSR collection of all the western States put together. The rest of the regions fare poorly in the average OSR collection. As regards the average per capita OSR collection, Kerala has been displaced from the top by Maharashtra. However, the region-wise scenario remains unchanged, as the southern States continue to record the highest per capita OSR collection. In terms of another indicator, that is the decision on the tax rate, the Gram Sabhas (GSs) in the southern States have greater powers than their counterparts in the western States. The regions that have recorded low OSR collection have a lower proportion of GPs where the GS is the deciding authority for fixing the tax rate.

Chapter 5 documents the perceptions of the respondents with regard to their priorities as GP officials. This chapter also records their opinions regarding the adequacy of user chargeRs It is noted that overall, the GP officials are

aware of their priorities. An average of 71 per cent to 93 per cent of the GP officials acknowledged their various roles, viz., providing access to clean water and sanitation to the inhabitants of the villages, ensuring and updating the account books, and motivating the villagers to pay taxes. In response to the question about their view on raising OSR from different CPRs in the village, 21.4 per cent of the respondents affirmed that the government should provide funds for the maintenance of CPRs, which can then be used to raise revenue. Around 20.8 per cent of the respondents averred that the villagers should be able to access all the CPRs for free, in contrast to 15.1 per cent of the respondents, who believe that the user charges from CPRs need to be increased. A majority of the respondents from Bihar, Jharkhand, and Uttar Pradesh opposed any increase in the user fee, whereas the respondents in Kerala, Karnataka, and Maharashtra collectively expressed the least opposition to an increase in user charges for CPRs. The three major challenges faced by the GPs in raising OSR include reluctance of the villagers (cited by 75.3 per cent of the respondents), the issue of raising the tax rates (cited by 74.5 per cent), and the limited capacity to pay among taxpayers due to poverty (67.5 per cent).

The GPs were also asked to rank the different resources based on their potential to raise revenue. The resources which were found to have the highest potential for raising revenue include land, water and sanitation, solid waste management, roads, and street lighting, respectively. This ranking varies by States depending on the availability of these resources and feasibility of raising charges for their usage across the different States.

Following is a listing of the main region-wise challenges in raising OSR, and the suggestions for dealing with these challenges, which emerged from the 23 FGDs organised across the country.

**Challenges:** The challenges entailed in increasing OSR are:

1. Lack of funds to develop adequate resources which can contribute to revenue generation;
2. Lack of any specific guidelines or instructions from the government in matters related to OSR;
3. Difficulty in convincing the villagers to pay taxes, emanating from their unwillingness, non-compliance, lack of awareness, and inability to pay taxes;
4. Inability of the GP officials to exercise their autonomous powers and to act independently of the instructions issued by the State; and
5. Prevalence of fear among the GPs that pressurising the villagers would lead to loss of popularity, which has, in fact, made tax collection in the GPs a political issue.

**Suggestions:** The main suggestions and recommendations that emerged from discussions with the stakeholders on the issue of raising the OSR are:

1. Need to generate adequate awareness among the villagers regarding the roles and responsibilities of GPs, and that tax collection is one of them;
2. Imperative to provide clear directives and official notices to the GPs regarding the imposition and collection of taxes by them in order to prevent any conflict with the villagers;
3. Adequate deployment of funds to the GPs to assist them in resource generation; and
4. Criticality of support to and Coordination with the GPs from the Block Development Officers (BDOs) and the Zilla Parishad, when the GPs decide to impose taxes or hike the tax rates.

A few case studies have been added in the concluding section of the report to highlight some of the best practices and innovative approaches adopted by the different GPs to generate OSR. These include the optimal utilisation of the available resources, importance of community involvement, and pragmatic measures leading to sustainable livelihood for increasing the local contributions towards revenue generation by the RLBs.

Chapter 6 provides concluding observations on the key challenges, along with specific State-wise and stakeholder-

wise recommendations emerging from the study. NCAER has also presented a comprehensive table indicating the rates of taxes that can be standardised for different revenue sources. This chapter also delineates the perceptions regarding the SVAMITVA scheme that has been introduced to empower the GPs for levying property tax with technical efficiency, leading towards *Atmanirbharta* or self-reliance as the primary objective of an enabling framework to function as a cohesive unit of local self-governance. The chapter also reflects the current status of digitisation of asset registry in the GPs. It is observed that the southern States are fully maintaining their assets digitally and regularly uploading the data on their respective State portals or the e-Gramswaraj portal. Overall, it has been found that in a majority of the States, there is need for imparting training to the GPs in capacity building and for spreading awareness about creating resources to increase OSR, which should be accompanied by proper documentation and support from the higher authorities through the provision of the requisite enforcement capabilities. Thus, this study depicts the ground level scenario pertaining to the imposition and collection of taxes on CPRs in the Panchayats for generating adequate OSR to fund the developmental and other needs of the villages. It also highlights the shortcomings that need to be overcome for ensuring better implementation of the tax system, and for enhancing the OSR. In conclusion, various annexures and supplementary documents detailing the revenue and expenditure figures of various GPs have also been provided in the report.

## CHAPTER 1

# INTRODUCTION

### 1.1 BACKGROUND

Since the 73<sup>rd</sup> Amendment of Constitution of India, the panchayat finances have been the central theme of many studies. The present study aims at assessing the level and extent of the reach of the own source of revenue (OSR) that are collected by the Panchayati Raj Institutions (PRIs) across all states. In effect, own-sourced revenue strengthens the link between the revenue and expenditure of the local governments. Local bodies can also function effectively if they have enough decision making and planning autonomy, which can be achieved through devolution of revenue generating powers (Oommen M. A., 2008). Over the last two decades, the share of Own resources of the Local Governments (LGs) in the total receipts or expenditure have never exceeded 10 per cent in most states. Based on a limited data, it can be seen that in 2002-03, the own revenues of panchayats constituted only 0.07 per cent of India's Gross Domestic Product (GDP) or 0.36 per cent of the total revenues raised in the country (Govinda Rao et al, 2011). More than 90 per cent of all revenues raised are at the state government level, and less than one percent of all own-source revenues raised at the rural local government (Bahl, Sethi, & Wallace, 2009). Oommen (2008) estimated that all states average Per capita Own Tax (PCOT) and Per capita Own Source revenue (PCOSR) stood at Rs 15 and Rs 36 respectively against the corresponding figures of Rs 11 and Rs 24 in 2002-03. In 2002-03, some states even recorded a zero PCOT, they are Assam, Bihar, Orissa and Rajasthan. Their situation has hardly improved in 2006-07 with a reported PCOT of Rs 1. Only a few states like Kerala, Tamil Nadu, Karnataka and Maharashtra have fared well in this regard. Literature has shown that there are two diametrically opposing views for devolving taxation powers to panchayats. The first being that panchayats are assumed to be disinterested in collecting taxes, because that might adversely impact their political position. But, the alternative view is that through linking tax with benefits at the local level, they might be able to ensure better compliance to the tax payments (Rao & Rao, 2008).

The 73<sup>rd</sup> and 74<sup>th</sup> Amendment to the Constitution has mandated that Local Bodies (LBs) including PRIs have several matters as listed in the Eleventh and Twelfth Schedules for planning and implementation. While the

States have generally assigned to the LBs most of these matters, the corresponding devolution of funds remains a critical issue. In order to improve the financial base of the LBs, Central and State Finance Commissions have been providing many recommendations towards augmentation of the OSR of the LBs to complement the grants provided to them by the Central and State Governments. Despite this, it is observed that the OSR levels of the Rural Local Bodies (RLBs) in many States are very limited and they largely depend on the devolution of funds from the Central and the State Governments and the awards of the Central Finance Commission (CFC). It has also been observed that the management practices towards monetization of the Common Property Resources (CPRs) have often found to be lacking in the RLBs resulting in their underutilisation. The Fourteenth Finance Commission in the report has inter-alia observed that there is considerable scope for the LBs to improve revenues from own sources by taking steps as recommended by the State Finance Corporations (SFCs) and the Finance Commissions. The States therefore need to take various measures to further augment the resources at the State and LBs' levels.

To the present study is an attempt to assess the constraints and performance of RLBs in generating own revenue which is required to achieve improvements in OSR and management of Common Property Resources (CPRs) in a time-bound manner. This evaluation study by NCAER has been carried out in 23 states, Andhra Pradesh, Arunachal Pradesh, Assam, Bihar, Chhattisgarh, Goa, Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Odisha, Punjab, Rajasthan, Tamil Nadu, Telangana, Uttar Pradesh, Uttarakhand, and West Bengal. The specific objectives of the study are:

- a) To assess whether Gram Panchayats have adequate resources for creating the required assets?
- b) To study who takes the decision for creating the decios, the purpose of asset creation, and how many Gram Panchayats have actually created the assets?
- c) To study whether these Gram Panchayats maintain asset registry and if assets are properly and timely maintained/repaired?



- d) If not properly maintained, what are the reasons for not maintaining?
- e) To critically review the performance of the Gram Panchayats in generating various own sources of revenue of the Local bodies in selected States. If no OSR generated, what are the reasons?
- f) To examine through focus group discussions at district and block level whether the households within the purview of the Gram Panchayats are satisfied with these assets? Are these households willing to pay user fee?

The review examines three main strands of literature- First, it tries to understand (a) the background of Panchayats, and then following the focus of the current report, the discussion will lead to understanding of the (b) availability and management of common property resources. This will be followed by a discussion on the (c) sources of revenue for the local governments, the types and methods of tax imposition and a global push to look for means to enhance. Finally, we summarize the recommendations and suggestions.

### 1.1.1 BACKGROUND OF PANCHAYATS

First, our study is linked with the broader **history of Panchayati Raj in India**. For centuries, our country has had a rich tradition of local governments in the form of five membered-committee of elders, who took up matters of civil disputes and settled them through negotiation (Drummond, 1937). As the British took over in the 19<sup>th</sup> century, they systematically dismantled the judicial and fiscal powers of these local bodies and introduced the Indian Penal Code to address grievances which were hitherto settled locally. However, with the coming of Lord Rippon in 1882, some of these institutions were re-instated, albeit with reduced power and lower access to resources.

Gandhi was one of the greatest advocates for Panchayat-like institutions. His desire to create and empower local institutions of self governance came from his “theory of oceanic circle” – a vision of India in which each village was an independent republic, capable of feeding itself and holding its own against the world. From this emerged ripples of various levels of government that provided security and power to the village, and did not try to crush it as a means to dominate over the local governments. He was opposed to a pyramid-like federal structure, and believed that decentralisation was necessary to realize true democracy (Gandhi, 1998).

Post-independence however, there was a considerable resentment to Gandhi’s vision. The charge for the opposition

was led by Jawaharlal Nehru and Dr. BR Ambedkar, each of who opposed this idea for different reasons. Ambedkar’s primary concern was linked to his personal experience of caste biases. He believed that all institutions of caste were intricately linked to the elite capture in the villages, and hence local governments would never act as agents of change for the lowest castes (Mukarji, 1989). Nehru had its own reason to oppose the decentralised process – influenced by the Soviet style Centralised Planning and his vision for economic growth through Public Sector Enterprises made him resistant to favor a weak Central Government. Hence, there was no resolution on devolving power to governments below state, and the Panchayats never came up. Nehru, however, did pilot a few Panchayati Raj programs in the early 1950s. India’s first PRI was inaugurated in Nagaur, Rajasthan in 1952. Following the example, many states in South India piloted similar programs. However, sans powers and treasuries, the local governments decayed and declined. (Alok V. N., 2013)

Post independence, the first push for decentralisation at the national level came in 1989. Rajiv Gandhi tabled the 65<sup>th</sup> Amendment Bill in the Parliament, which laid down a path for devolving powers, funds and functions to local governments in rural areas. A parallel structure in urban areas was conspicuously absent (Chandrashekar, 1989). However, owing to the politics of the time – rise of state-level leaders with no intent to give up their power, defacement of Rajiv Gandhi government over Bofors’, fear that the local government design is meant for the Centre to by-pass the states, among others - the Bill could not pass the House. However, when a significantly weaker Bill, which gave the states the power to decide the exact powers of their Panchayats, was introduced in 1993, it passed the House. Hence, it was left to the states to decide the extent of decentralisation through State laws and administrative legislation.

Consequently, various states dealt with the new local governments in different ways. Some of them, like Karnataka, Rajasthan and West Bengal, had a history of vibrant Panchayati Raj Institutions devolved adequate funds and functions to help them functions as institutions of self-governance. On the other hand, for a variety of reasons, governments like Punjab, Haryana and Bihar held back onto their powers. In the case of smaller, agricultural states like Punjab, it was believed that since the major concerns of the rural populace were linked to large irrigation projects, no devolutions of power were necessary (Rao C. H., 1989). In Bihar, leaders like Lalu Prasad Yadav discouraged devolution in fear of greater corruption and leakages from the system (Gupta T. D., 1993). Even today, the Fiscal Devolution Index reflects this initial disparity between states – Kerala, Karnataka and Maharashtra

top the Index whereas Punjab, Jammu and Kashmir, and Jharkhand (formerly part of Bihar) are at the bottom (Devolution Report, 2015-16).

Hence, our study on fiscal capabilities of the Panchayat is not outside the limiting constraints of historical under-empowerment of the Rural Local Bodies, and its results heavily reflect the historical trends in the growth of PRIs in the country.

### 1.1.2 AVAILABILITY AND MANAGEMENT OF COMMON PROPERTY RESOURCES

A natural resource constitutes a property when there are social rules or institutions a community has in place to control access to and use a natural resource (Malik, 2008). According to these decided rules and regulations, the property regimes are classified as private, state, common or open access resources. In a famous article “The Tragedy of the Commons”, Garrett Hardin (Hardin, 1968) assumed common property and open access property to be equivalent and argued that in such a regime, there was a loss of efficiency as there was over-exploitation of resources and it led to environmental degradation.

While defining the term ‘common property’, some controversies arise in the literature due to some essential elements. Firstly, the ownership or control to access, secondly, the type of resources, which can be considered

as common and third, is the matter of dynamic interplay which places Common Property Resources (CPRs) in three property regimes: Open access, Communal property and State property (Topal, 2015 ). Distinguishing between these regimes in reality is difficult, due to overlapping boundaries, multiple authorities and vague laws.

Different studies have been conducted on this topic using different definitions of “Common Property Resources” often altered to suit the needs of the study. An important aspect common to all these studies is the identification of CPRs, while some follow the stringent definition of differentiation between open access and common properties, others assume properties which are not private properties to be common properties (Common Property Resources in India, NSS 54th Round, January 1998 – June 1998, 1999). These definitions vary, partly because of differences at the philosophical basis of traditional views as opposed to western scientific resource management (Berkes, 1989). The usage of the following definitions depends on investigator’s understanding of CPR, as legal right over a common resource is often blurred and there are multiple authorities with a de-facto jurisdiction over it. Thus, differentiating between de-jure and de-facto status given to these resources is an important aspect too. This difference in the working definition also leads to underestimation of common resources as well as makes many of these studies non-comparable. Here we discuss the different definitions of Common Property Resources as used in the literature in Table 1.1.

**Table 1.1: Definitions of Common Property Resources**

S. No.	Author	Definition used
1.	OECD	Common property resources (environmental) are natural resources owned and managed collectively by a community or society rather than by individuals.
2.	MoSPI (NSS 54th Round)	Resources accessible to and collectively owned/held/managed by an identifiable community and on which no individual has exclusive property rights are called common property resources.
3.	Kadekodi (2004)	A property on which well-defined collective claims by an exclusive group are established, the use of the resources is subtractive, having the characteristic of a public good such as indivisibility, shall be termed as Common Property Resources.

Source: Various sources.

In India, CPRs include village pastures and grazing grounds, village forests and woodlots, protected and unclassified government forests, waste lands, common threshing grounds, watershed, drainage, ponds and tanks, rivers, rivulets, water reservoirs, canals and irrigation channels (Marrikkani, 2012).

These common property resources are a major contributor to rural people’s sustenance as they are an integral part of production and consumption needs of the rural communities especially the poor population (Jodha, 1990). As proven by Jodha (1990), the daily contribution of these resources to income generation, people’s employment and

asset accumulation is often invisible but are an important long-term contributor. He also highlights that 84 to 100 per cent poor households gathered items such as fuel, fodder, food and fiber items from CPRs whereas only 10 to 28 per cent of rich households did the same. The importance of CPRs to the rural poor has been corroborated by subsequent researches across different Agro-climatic zones (Pasha, 1992); (Beck, Tony, & Ghosh, 2000). Researchers have listed out benevolence, revenue maximization, and policing as some motivations before the state for effective management of CPRs. Where benevolence and policing are non-tangible aspects and cannot be measured, revenue maximization can be quantified.

Many studies undertaken in the 1980s conclusively found that CPRs were both declining in quantity and degrading in quality thus raising both poverty-based and ecological concerns (Chopra & Dasgupta, 2002). Majority of the studies focus on a single Agro-climatic region. Due to wide geographical differences and farming patterns, variations are found in the dependence and usage of different CPRs, emphasizing the point of having local governments manage the CPRs. For example, Kerala and West Bengal are agriculture-based economies of a less intensive nature compared to Punjab and Haryana (Menon & Vadivelu, 2006) and the dependence on forest resources is seen more in Orissa and Madhya Pradesh. While areas such as Rajasthan are pastoral economies. This wide variation makes the data collection difficult.

**Table 1.2: Percentage of Households Collecting CPR Products across Agro-climatic Zones**

Agro-climatic Zones	Households collecting CPR products (%)
Eastern Plateau and Hills	73
Western Himalayas	68
All Islands	68
Southern Plateau and Hills	65

Western Plateau and Hills	58
Gujarat Coast Plains and Hills	56
Eastern Himalaya	51
East Coast Plains and Hills	51
Central Plateau and Hills	47
Middle Gangetic Plains	39
Lower Gangetic Plains	38
West Coast Plains and Hills	31
Trans-Gangetic Plains	30
Upper Gangetic Plains	30
Western Dry Region	13
India	48

Source: National Sample Survey Office (NSSO), 1999.

As shown in Table 1.2, Eastern Plateau and Hills' households collected the highest percentage of CPR products (73 per cent) while Western Dry Region's households collected the lowest percentage of CPR products i.e., 13%. India's household collection of CPR products was 48% in 2006. But the knowledge of the current condition of CPRs is limited due to incomplete information and inadequate disaggregated analysis across Agro-climatic zones (Menon & Vadivelu, 2006).

In a one of a kind, a Pan-India enquiry on common property resources was conducted in 1998 as a part of the 54<sup>th</sup> round survey of the National Sample Survey Organisation through a random sampling of household survey. It classified CPR products as fuelwood, fodder and others which included manure, fruits, roots and tubers, vegetables, gums and resins, honey and wax, medicinal plants, fish, and leaves and weeds. It was found that approximately 58 per cent of total CPR product collections are fuelwood collections and fodder constitute 25 per cent of collections and 17 per cent is classified as others. Important state-wise differences in the value of collections from CPRs can also be observed.

**Table 1.3: Value of Collections from CPRs State-wise**

State	Average Value of Collections from CPRs (Rs)*	Average Household Size*	Estimated Number of Households (00)	Estimated Value of Collection from CPRs (Rs)
Andhra Pradesh	554	4.3	119332	66109928
Assam	1071	5.4	35114	37607094
Bihar	519	5.4	150258	77983902
Gujarat	663	4.8	54468	36112284



Haryana	1174	5.8	25388	29805512
Karnataka	635	5.0	69693	44255055
Kerala	390	4.6	45411	17710290
Madhya Pradesh	984	5.1	107483	105763272
Maharashtra	799	4.8	111247	88886353
Orissa	929	4.6	63451	58945979
Punjab	1057	5.2	27971	29565347
Rajasthan	266	5.4	62377	16592282
Tamil Nadu	667	4.0	96287	64223429
Uttar Pradesh	690	5.6	230000	158700000
West Bengal	450	5.0	110379	49670550
India	693	5.0	1348687	934640091

Source: Dhar, 2006 (Data estimated by the 54<sup>th</sup> Round of NSSO Survey).

Table 1.3 shows the actual and estimated collection from CPRs. The estimated collection of CPR is calculated by using the estimated number of households and average value of collections from CPR. It shows that overall, India had estimated CPR collection of Rs 9,346 crores for 15 major states. But this estimate only includes tangible benefits and ignores the intangible benefits, like benefits from irrigating land and grazing livestock. Despite the valuable contribution of CPRs they are often neglected in development planning and over the years they have shown a huge decline. In the early 1950s, the introduction of land reforms initiated major changes in the management of CPRs as the land distribution policies were not implemented properly in many places, with the rich households gaining more property and during this time the government promoted privatisation as well (Jodha, 1990). Since then, population pressures, privatisation and encroachment have seriously hampered the system.

The 73<sup>rd</sup> Amendment mentioned devolving powers regarding the CPRs to the panchayats, however, in most cases panchayats assume a de facto status and is unable to take important decisions regarding CPRs. Other authorities such as forest departments and state line departments too have an overlapping duty towards CPR topics and thus ultimately leads to absence of rules and regulations (Jodha, 1990). For example, (Malik, 2008) highlighted that there is complete control of the State Government in managing the village common lands of the Haryana, despite an effective constitutional arrangement, due to which most of the resources have remained unutilised. This is also true for Assam, constant struggle over CPR in the Numaligarh Panchayat in Assam is observed. Overlapping and parallel spatial authorities such as the gram panchayat

and the tea garden management authority limit the scope of the work that Gram Panchayats can do in a tea garden. Other factors affecting the dynamics of decline of CPRs include market forces, public intervention, technological changes and environmental stress (Runge, 1981), (Repetto & Holmes, 1983), (Wantrup & Bishop, 1975). Rural areas depend heavily on CPRs for survival, they use different resources for different daily activities, like using fuelwood for cooking, common pastures for grazing their animals, timber for housing, etc. But it is not possible to measure the total benefit due to lack of proper assessment. The hypothesis that rural poor makes most of the use of CPRs may not be always true. It was shown that value of commodities collected by households owning one hectare of land (rich) were more than the poor for some states like Arunachal Pradesh, Nagaland, Madhya Pradesh, Himachal Pradesh, Sikkim and Meghalaya. It was also shown that livestock and irrigation facilities were more utilized by rich households as compared to rural poor (Dhar, 2006).

For management of CPR, collective action is considered to be a viable solution with the main objective being promoting participatory development against individual development (Chopra, Kadekodi, & Murty, 1990). Many such management systems such as Joint forest management (JFM) in forests, Participatory irrigation management (PIM) in irrigation, and self-help groups (SHG) in microfinance, Jal Panchayats and Van panchayats etc. have been successful in the past. Thus, devolving CPR management powers to panchayats seems like a viable option.

Anthropological studies have found that people managed resources cooperatively in many historical societies and

regions. These ancient methods of governing resources however were heavily biased towards higher caste families and imposed restrictions to the access to lower caste households. While the current system strives to achieve equality in rural areas this system still exists especially in Maharashtra thus leading to unequal distribution of resources. There are some noticeable bottlenecks of panchayats due to which they are not able to utilize CPRs and increase revenues. The database is not maintained by panchayats, even if the data exists it is very outdated and is not updated on a regular basis. Some land and water resources are taken over by elites and panchayats take no action over it. Even if the cases are filed against it, proceedings are delayed leading to CPRs being used and utilized by the elites for long. There are also delays by the state government in transferring rights of CPRs to the panchayats.

Ostrom (1995) stressed that “*there is no blueprint that can be used to create effective local institutions*”, she recommends that “*[design] principles can be taught as part of extension programs ... to learn more from one another about how successes have been achieved or how to avoid some kinds of failures*”, thereby granting them a prescriptive status. This is an important theory as a unique mechanism needs to be devised for each panchayat in accordance to its availability of CPR and various other factors. CPRs can also potentially provide an income to panchayats if managed well and innovatively. Strengthening the local institutions through capacity building can significantly improve the current condition of CPR (Gaur, Goyal, & Kalappurakkal, 2018). Dhar (2006) referred to the first state finance commission reports of Punjab and Haryana. The report indicates that between 1990-91 and 1994-95, more than 70 per cent of ‘own tax revenues’ of panchayats were obtained through leasing of the common land only. From 1997-98 to 1999-2000, the revenue from leasing land stood at 75-80 per cent of

the total revenues earned by the panchayats of the state. In certain exceptional cases, the income earned was very high as solutions such as building solid waste management units were implemented and the panchayat head took an initiative towards betterment of the village.

Dhar (2006) recommended that since rich households also utilize CPRs to a great extent, levying a service tax on these CPRs would help in increasing revenues of the panchayats. All the land, forest and irrigation records need to be updated on a regular basis to keep track of the resources. State and Central governments should hand over the common properties to panchayats and give them the right to levy taxes and duties and ability to alter them as and when required. As the dependency on land and water resources has increased manifold due to modernisation, attention should be paid on their regeneration. Though the states have less revenue but they have enough potential to raise revenue via taking required measures.

As we saw the essence of decentralization is fiscal autonomy and proper utilization of common properties provide them autonomy. The next section is regarding the literature found on the importance of own-sourced resources.

### 1.1.3 DIFFERENT SOURCES OF OWN-SOURCED REVENUE

The fiscal instruments available to a local government to generate own source of revenue can be broadly classified into four categories: grants from central and state government, revenues assigned to the GPs, donations and contributions, and own source revenue (CBPS, 2013). Further sources of Own Source Revenue are generated from taxes and non-tax revenue. Table 1.4 shows the different sources.

**Table 1.4: Different Sources of Revenue to GPs**

Own Source Revenue		Grants From Government	
Tax Revenue	Non- Tax Revenue	State Government	Central Government
Property Tax	Market Fee	General Purpose Fund	Government of India Grants/Central Finance Commission Grants
Professional Tax	License Fee	Maintenance Fund(Road Assets and Non-Road Assets)	Receipts from Loan and other sources
Entertainment Tax	Registration Fee	Development Fund (General, SCP, TSP, WB, Special Grant etc.)	Capital Receipts (by way of sale of Assets)
Advertisement Tax	Permit Fee	State Sponsored Scheme Funds	

Other Tax (Service tax, Show tax, Octroi & Toll etc.,)	Rent on Land & Building		
	Interest receipts		
	Penalties & Fines		
	Receipt from Transferred Institutions		
	Other Non-Tax Receipts (Certification Fee, Service/ Administrative Charge)		

Source: NCAER's descriptions are based on inputs from Primary Survey, 2021 for this study.

As per the present statute, operationalization of the financial power of Panchayats, depends on the enabling framework (i.e., fixing tax base, tax rates, provision for tax rates revision, tax administration and tax enforcement) to be provided by the States in their respective Financial Rules due to which devolution of taxation powers varies from state to state (Sinha, 2018). Some states opt to make collection of these taxes as optional or mandatory. Some states devolve only collection authority to panchayats and then redistribute these funds to all the panchayats, however, this should be avoided as it robs panchayats of any incentive to increase their efficiency in collection of taxes (Rajaraman, Bohra, & Renganathan, 1996). Another attribute usually observed in taxing powers is that the Tax rate and base is decided by the State, this too hampers the flexibility of panchayats in using these powers efficiently. A majority of State Finance Commissions recommend providing autonomy to local bodies in fixing tax rates and user charges.

Land and building tax/House tax (LBT) accounts for one of the major sources of revenue for the gram panchayats in all the states. However, it is a difficult tax to administer and collection rates are very low compared to its potential in all the states. States follow various methods of assessing this tax such as “area based” or “site valuation based” and a clear methodology is not mentioned, thus a reform in property tax is required as mentioned by the Finance Commissions. Motor Vehicle Tax is another potentially excellent source of revenue as it lies in the natural domain of a panchayat (Rajaraman, Bohra, & Renganathan, 1996) and is difficult to transfer in the short-run. However, usually central governments are dependent on this tax heavily (Bahl, 1999). Other taxes such as Entertainment Tax, Profession Tax, Vehicle Tax and Advertisement Tax generate negligible revenue in most of the states.

A book by Sarma and Chakravarty (2018) quoted in Patra (2019) paper draw our attention to the lack of amalgamation of the institutions of local self-government in the broader federal system in India. They concluded that the third tier has been excluded in the federal revenue

sharing arrangement. “Local government are not given any statutory entitlement to a share in Union taxes as in the case of State governments” (p 5). The most important reason for low level of resource generation at the level of panchayat was the revenue administration which has been a neglected task of Panchayats. Revenue generation was the task of the gram panchayat at local level, but to encourage and motivate them and to create conditions under which they could feel that they needed a measure of fiscal autonomy for their survival growth was the major responsibility of the state government (Ghosh, et al., 2015). India needs a comprehensive and coordinated intergovernmental transfer system that includes the third tier as a dynamic component. This is important because of the bewildering typology of transfer arrangement and the multiplicity of channels that exist today (Oommen M. A., 2013).

After the introduction of GST in 2017, taxes such as Entry tax/Octroi or advertisement tax levied by the states and collected by the local bodies had been subsumed. For funds, LGs are dependent on states, this acts as a main reason for them not taking any extra efforts to increase their own source revenue. Also, LGs are not under any pressure or enough incentive to do so. Even if LGs have taken extra efforts to increase their tax revenue through innovative means, they soon discontinued it as such efforts were opposed by players in local economy. As GST presume a very sturdy, pan-India IT platform for administration and monitoring of tax, LGs lacks the required basic facilities, IT infrastructure and professional support to move paperless. Targeted approach required for inaccessible areas to provide adequate internet connectivity and to ensure financial inclusion.

## 1.2 INADEQUATE MOBILIZATION OF OSR IN STATES

The dismal performances of most states and the failure in adequate mobilization of their own revenue can be attributed to a number of factors

### 1.2.1 POOR ADMINISTRATIVE CAPACITY

The limited administrative capacity of the panchayats is in many times due to the huge limitation of human resources. In a study conducted in Karnataka, it was found that in 50% of sample GPs (64) had only one bill collector for a population ranging between 3000 6000 (Centre for Budget and Policy Studies, 2013) This inadequacy in bill collectors too is a major reason for minimal collections. So as in Jharkhand, against the provision of having one Panchayat Sewak for every GP, most of the existing Panchayat Sewak handles two or more GPs. This adds to the plethora of government schemes and the responsibilities of implementing both state specific and centrally sponsored schemes with limited human resources. In cases like these, panchayats act more like state agents than self-governing institutes and OSR takes a backseat (Jena & Gupta, 2008).

### 1.2.2 UNWILLINGNESS OF THE PANCHAYAT

Panchayats are unwilling to tax the villagers (optional taxes) or increase the user-charges as they believe it will cause discontent among the villagers and they might lose elections in the coming years (Jena & Gupta, 2008). At the same time, panchayats also operate under a soft budget constraint under which their 'funding needs will be largely met by flows from higher-level governments', thus providing panchayats no incentive to take an initiative towards self-sufficiency, especially affecting the optional tax collection (Oommen M. A., 2008) (Sahasranamam, 2012).

### 1.2.3 RIGIDITY OF THE SYSTEM

Surveys conducted by Pratap Ranjan Jena and Manish Gupta in four states found that the panchayats are handicapped by the lack of clarity with regards to their functional responsibilities and powers relating to levying of taxes (Jena & Gupta, 2008). Study conducted by Participatory Research in Asia (PRIA) in four states found that the panchayats mobilize OSR very consistently but in Jharkhand they found that there is a gap in the order and notification issues by State Government and the information reached GPs. They also emphasized on the redundant base rates which are still being levied and how panchayats have no say in the decision regarding the rates to be levied (Rajaraman, Bohra, & Renganathan, 1996). Oommen too observed that the panchayats' powers to levy taxes and rates are severely constrained by rules, procedural restrictions and conditions with most states following the practice of 'assigned taxes' (Oommen M. A., 2008) which contributes to the poor contributions.

### 1.2.4 DEMOGRAPHIC PROFILE OF GP

There are many other important factors which increase the gram panchayat's ability to rise own source revenue (Study of Karnataka, January 2013). Thus, it was observed that population, proportion of the SC/ST, proportion of BPL households and proportion of marginal workers significantly influenced OSR collections. It is however noticed that of all the factors are fundamental for economic development.

To address the need towards improving the financial health of the GPs, many studies have focused on enhancing the framework of taxing powers to reduce confusion and overlapping regarding the responsibilities. Some of them examined taxes leviable by panchayats and ways to improve their buoyancy. Some of the consolidated suggestions and recommendations are provided as below.

They suggest devolving taxes belonging to the natural domains of the panchayat and in case of sharing, following a flat-share model to keep it simple and transparent. They also suggest giving panchayats an incentive to increase their tax collection, making taxes mandatory and enforcing fiscal neutrality as an obligation. Oommen too recommends making the tax and non-tax revenues of local governments more productive and elastic through rationalizing the tax base, rates and more importantly tax administration along with greater autonomy and empowerment to the GPs (Oommen M. A., 2008).

One of the rules mentioned by Roy Bahl for implementation of fiscal decentralization is that the tax should be visible to voters, impose a noticeable burden and must not be easily transferable to people outside the local jurisdiction (Bahl R., 1999), therefore local governments should focus on immobile and residence based taxes (Oommen M. A., 2008). While devolving taxation powers an important thing to be kept in mind is the capacity of the local bodies, cost of administration, compliance and tax-induced inefficiencies should not exceed the revenue generated by it.

One of the main problems faced by all the studies and finance commissions is lack of availability of reliable and complete data. This makes secondary data analysis and comparison difficult. It poses a severe problem for all the state finance commissions, who decide the amount of funds to be transferred. The Eleventh Finance Commission had recognized this problem and had created a special funding for this purpose however not much change in this situation has been observed (Oommen M. A., 2008).

In the recent years, there has been a growing awareness for taking initiatives to strengthen panchayats and the



Ministry of Panchayati Raj is taking active steps in this direction. They have organized various workshops for capacity building in various parts of the country and have launched e-services to facilitate bookkeeping, budget and development planning, asset registering and many others. A common practice followed by most of the studies and government reports is to include a section dedicated to the best practices of panchayats to increase OSR. Apart from providing a recognition incentive to the panchayats this also helps us understand the different ways the resources under panchayats can be fully utilized.

### 1.3 EVIDENCES ON THE CAPABILITIES OF REFORMS TO STRENGTHEN OSR: A PREVIEW

Finally, our report contributes to recent studies that investigate how we can facilitate the governments in developing countries to meet the demands of increased fiscal expenditures through capacity-building. The evidence points us to multiple avenues: **E-Governance** (Banerjee, Duflo, Imbert, Mathew, & Pande, 2020); **Integrated Financial Management Systems** (Dener, Watkins, & Dorotinsky, 2011), **Administrative reforms to reduce overlap in jurisdictions** (Olken & Barron, 2009); (Burgess, Hansen, Olken, Potapov, & Sieber, 2012); (Bó, Finan, & Rossi, 2013), **Strengthening Revenue Potential and Mobilization** (Rout, 2018), (Ghosh, et al., 2015) and **use of skilled managers** (Banerjee, Chattopadhyay, Duflo, Keniston, & Singh, 2012).

Broadly, capacity building refers to the processes to improve the skills, knowledge and competence of institutions to perform their functions. For most panchayats, there is little inherent capacity to carry out tax collection, record keeping, mapping areas, drawing out development plans, etc. This stems from poor staffing of panchayats, and a lack of training for Panchs and Sarpanch. (Jha, 2004) (Hooja, 2008). So developing a comprehensive fiscal information system plays a vital role for all rural local government i.e., a proper database in electronic form linked with all the amenities and demographic database and use this data to evaluate intergovernmental finance structure in the state (Bahl, Sethi, & Wallace, 2009). CESS Study has also acknowledged potential in non tax resources in local level and suggested that it should be tapped efficiently through user charges, auctions, various kinds of fees etc. Also creating awareness among the panchayats to treat resource generation as one of their primary task and giving special attentions to prosperous GPs for increasing resource generation substantially in short time.

When it comes to e-governance, the popular belief in India is that most funds leak out of the system before they even reach the beneficiaries (Reinikka & Svensson, 2004). Rajiv Gandhi once famously said that less than 15 paise of every rupee released by the government actually reached the intended beneficiaries (Rammohan, 2011). Hence, it is widely believed that a digital “just-in-time” funding system would help us reduce leakages, lower corruption, and limit the amounts of money that can be siphoned off by intermediaries. Some major action is been taken by many states (Proceedings of OSR workshop 2017) for adopting cashless mode of transaction like imparting training to all levels of members of Garm Panchayat and making them aware about different modes of digital payment and how it work. Also along with this MP has developed a Panchayat Darpan Portal to monitor the implementations of schemes programmes at GP level. In their seminal work Banerjee et al. (2020) use the example of MGNREGA going online to show that there was indeed lower corruption, lesser expenditure on the scheme, and more corrupt officials could be caught through audits as digital systems were better at detecting fraudulent entries.

Many organisation, government departments, and municipal corporations have opted for Real Time Monitoring systems to address multiple issues. It has shown great potential in managing tax revenues. States should provide proper trainings/ campaigns and special Gram Sabha to promote digital financial transactions in rural areas. PRIs need to improve the tax administration, identify defaulters and bring operational changes in the implementation of the tax administration and tax enforcement rules. Tax rates that are assigned to GPs are very low in all States, which need to be revised. GPs have to be given the freedom to decide and work on their local priorities. LGs should continue their efforts to increase the own sources of non-tax revenues through innovative means.

A body of literature in Public Administration addresses the concerns of overlap of functions between various authorities and competencies. Olken and Barron (2009) show how such complex systems can lead to increase in corruption, and discourage free enterprise. Similar documentation on the success of multi-level governance in Indonesia’s forest department shows the importance of clear demarcation across levels of power (Myers, Sanders, Larson, & Ravikumar, 2016). As of now, the Panchayat’s authority and power intersects with that of State government, line departments, and Zila Parishad. But most Panchayat heads remain blissfully unaware of existence of their powers

A study conducted by (Rout, 2018), (Ghosh, et al., 2015) suggested that there are two factors which affect the revenue

potential and mobilization. First, vast asset and natural resources creates great potential for GPs for mobilization of OSR. Second crucial factor is its ability to mobilise the revenue from citizens both in form of taxes and non-taxes. Through this, the financial status of the panchayats can be enhanced and would enable them to provide various kind of services in an effective manner. On one hand, enhancement in service provision by the GP would result in increased mobilisation of OSR, on the other hand, greater collection of revenue enables the GP to provide better services to the citizens.

## 1.4 REPORT STRUCTURE

The report will present a comprehensive understanding of the level of OSR generation in the states. The next chapter

will detail the methodology behind the sample selection and GP coverage. Demographic profile of the GPs will be discussed in Chapter 3 which will entail information on population distribution, social composition, geographical area, administrative capabilities of GP office, and election details among others. The state-wise detailed findings on the different types of common property resources available, the different types of taxes being levied by states, the method of generating taxes, and the total tax realisation will be captured in Chapter 4. Chapter 5 will highlight the perceptions of the respondents regarding the adequacy of taxes. This section will also bring in the challenges to increase OSR in the GPs. Finally, Chapter 6 highlights the recommendations and suggestions emerged from the study findings.

# CHAPTER 2

## METHODOLOGY

### 2.1 INTRODUCTION

To better assess the level of revenue generation by the states, an evaluation is being undertaken by NCAER across 23 states of India. This assessment was meant to provide an objective perspective to the levels and extent of OSR generated by the states, the different types of taxes levied by panchayats, rate of taxation, CPRs and their sources of revenues. This chapter outlines the methodology behind selection of states.

### 2.2 SAMPLING METHODOLOGY

The most important aspect of sampling is to be able to provide good estimates of the population from which the sample is being drawn. Stratified multi-stage sample design was adopted for the survey to generate representative samples. Districts and Gram Panchayats form the two stages of sampling units for selection of the Gram Panchayat. Sampling is carried out independently within each identified state and estimates are generated at the state level for only rural areas. Social and economic characteristics vary within the state. In the National Sample Survey (NSS), within a state, regions are formed considering the homogeneity of crop pattern, climatic condition, rainfall pattern among other factors. NSS region is a group of districts within a state similar to each other in respect of agro-climatic features. In the present survey, within each identified state, NSS regions are treated as strata for rural sampling.

After in-house consultation with survey experts it has been decided to select two districts on random basis from each NSS region of the selected states. Further, a sample of two per cent of the total number of Gram Panchayats (GPs) of each state would be selected for the proposed survey. The above sample size of GPs at the state level will be allocated over the sample district in proportion to the number of GPs in the respective sample districts. Sample design and sample allocations have been finalized keeping in view the need to obtain robust estimates.

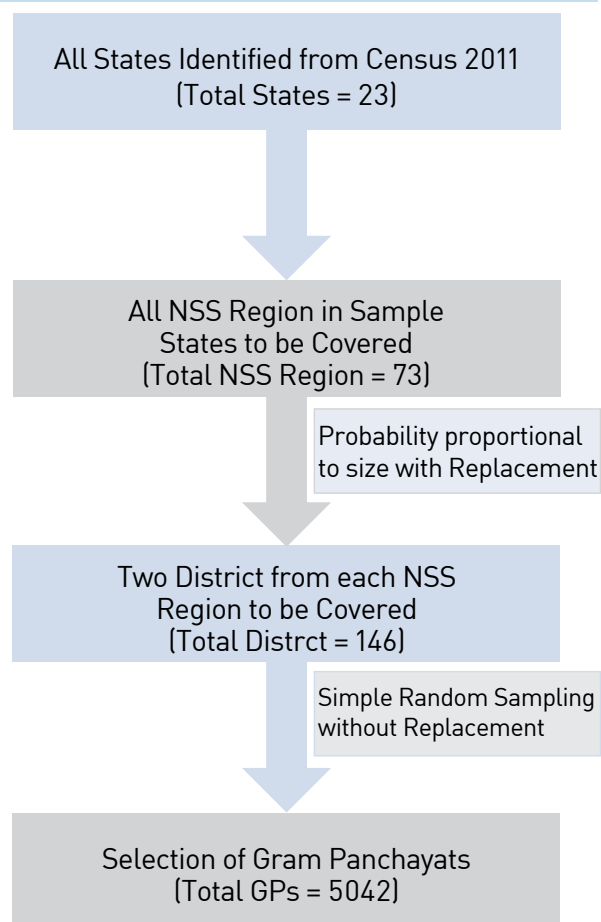
#### 2.2.1 SELECTION OF GRAM PANCHAYATS

Allocated number of districts (two) from each NSS region are selected as first stage sample units with probability

proportional to size with replacement (PPSWR), where the rural population of the district as per Census 2011 are used as size measure. Gram Panchayats form the next stage units of sampling in the selection procedure. District wise lists of Gram Panchayats are available from census records (Census 2011) along with population. The selection of GPs is based on simple random sampling without replacement (SRSWOR). More number of GPs are selected from the bigger district and fewer GPs from the smaller district. The study proposed to capture best practices of one district from each state through Focus Group Discussion (FGD).

The primary survey for the study have been conducted in 5042 Gram Panchayats from 146 districts across 73 NSS regions covering 23 major states of India.

**Figure 2.1: Flowchart for Sample Selection**



Source: Created by NCAER study team.

## 2.2.2 SAMPLE FRAME AND SAMPLE SIZE

The study aimed to assess the availability of resources for generating Own Sources of Revenue was carried out in 23 states of India. The target respondents include either of the following from different states: Sarpanch (Pradhan), Deputy Sarpanch, Panchayat Secretary, Panch, or Panchayat Executive Officer (PEO).

The study is proposed in selected 23 states namely Andhra Pradesh, Arunachal Pradesh, Assam, Bihar, Chhattisgarh, Goa, Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Odisha, Punjab, Rajasthan, Tamil Nadu, Telangana, Uttar Pradesh, Uttarakhand, and West Bengal. The states for the survey were selected in consultation with the concerned officials of the Ministry of Panchayati Raj (MoPR). Table 2.1 gives the state-wise number of gram panchayats selected for the study.

**Table 2.1: State-wise Number of Gram Panchayats Selected**

S. No	State/UT Name	Number of NSS regions	Total Districts	Sample Districts	Total Gram Panchayats	Sample Gram Panchayats from both districts (@2.0% of Total Gram Panchayats)
1.	Andhra Pradesh	3	13	6	13065	262
2.	Arunachal Pradesh	1	25	2	1785	36
3.	Assam	4	33	8	2199	44
4.	Bihar	2	38	4	8386	168
5.	Chhattisgarh	3	27	6	10978	220
6.	Goa	1	2	2	191	4
7.	Gujarat	5	33	10	14292	286
8.	Haryana	2	22	4	6199	124
9.	Himachal Pradesh	2	12	4	3226	64
10.	Jammu & Kashmir	3	20	6	4482	90
11.	Jharkhand	2	24	4	4350	88
12.	Karnataka	4	30	8	6021	120
13.	Kerala	2	14	4	941	19
14.	Madhya Pradesh	6	52	12	22812	456
15.	Maharashtra	6	36	12	27869	558
16.	Odisha	3	30	6	6798	136
17.	Punjab	2	22	4	13260	266
18.	Rajasthan	5	33	10	9892	198
19.	Tamil Nadu	4	32	8	12524	250
20.	Telangana	2	33	4	12772	256
21.	Uttar Pradesh	5	75	10	58770	1176
22.	Uttarakhand	1	13	2	7762	156
23.	West Bengal	5	23	10	3340	66
	Total	73	642	146	251914	5042

Source: The data is the sample size drawn for the study.



In addition to the telephonic survey, the agencies carried out physical visits in one district per state. This implies that face to face interview was undertaken in all the GPs in that particular district. Agencies also undertook one Focus Group Discussion (FGD) in the district they are conducting the physical visit in the state. In total, 23 FGDs were conducted for the study.

## 2.3 QUESTIONNAIRES

One GP questionnaire and one 10 years Annexure questionnaire was prepared for the survey. These two questionnaires were translated in nine different languages – Hindi, Bengali, Odiya, Marathi, Tamil, Telugu, Kannada, Gujarati, and Malayalam. In the main GP questionnaire, other than the demographic details of the Gram Panchayats and the respondents, attempts were made to understand the administrative capabilities of the Gram Panchayats, the availability and accessibility to common property resources, the methods of generating revenue from these various CPRs, and the amount of revenue generated from CPRs in the GPs. The major component of the survey was to gather information regarding the taxes being imposed in the GPs. The questionnaire lists out various different kinds of taxes and asks the GPs if they levy any of these taxes. If so, what is the amount and the method of collecting such taxes and the taxation authority. Their realised tax collection from these different sources were also noted. Finally, an entire section of the questionnaire was devoted to understand if the respondents understand their roles and responsibilities in the GP. Their perception with regards to the adequacy of the user charges, the challenges faced towards OSR collection and the suggestions for improving the revenue base of the panchayats.

## 2.4 PRIMARY SURVEY

The primary survey was undertaken through our empanelled networking institutions during the months of July – October 2021. The field survey was launched after two days of intensive training conducted virtually where all the enumerators who were selected for the project work participated. The training was carried out by the study team leader and the core team members. The entire first day of the training was spent on the main Questionnaire and the second day was allocated for the Annexure Questionnaire. The team members were also involved in doing field survey through the WATI application process along with enumerators and tested the proficiency and understanding of field staff.

### 2.4.1 WEB-ASSISTED TELEPHONE INTERVIEWING (WATI)

The main GP and the annexure questionnaire was programmed into the WATI software to facilitate the collection of the survey data remotely. Separate WATI links pertaining to the different language version of the questionnaire was built and shared with the respective survey agencies. The agencies used these links to collect the data. The enumerators have been provided with contact information of all the 5042 GPs whom they would call in order to obtain the responses. In the WATI mode of survey, the enumerators called the targeted responses wherein they would inform them about the questionnaire and seek responses over telephone. These responses were then entered into the WATI software.

### 2.4.2 ANNEXURE DATA – 10 YEARS

It was noticed during the first month of the survey that adequate responses to the 10-year Annexure portal was not coming through. The GPs were not ready to answer even one year of annexure data over phone and therefore collecting 10 years' time-series data was a huge challenge. Hence NCAER team revised their approach so as to increase the availability of annexure data. NCAER team drafted a simplified annexure format and sent it to all the 5042 sample GPs over email. NCAER deputed a team of field supervisors and the phone numbers of all the 5042 GPs were distributed across them. The supervisors were tasked with calling them personally and make them explain the format in simple language. The supervisors made repeated phone calls, connected over WhatsApp to get the relevant information. These efforts from the NCAER team was further supplemented with the data received by the agencies.

## 2.5 CHALLENGES TO THE FIELD SURVEY

There were multiple challenges faced throughout the course of the survey.

The primary one was to obtain the state permission letter to the respective districts and the block levels. It was required that the states issue an authorisation letter directing the districts and the blocks so that the Gram Panchayats cooperate in the survey. The GPs were not ready to respond without getting any official notice from the Block Development Officers (BDOs). It was required that the

authorisation letter of the Central Government in support of the study reaches the respective state governments. The authorised department of the state would then issue a notification to each district chosen for the survey to let the BDOs know about the survey. The BDOs would then give an official instruction to the GPs requesting them to participate in the survey. This was the chain of instruction that was required for the GPs to respond to the calls of the enumerators. This process was utterly challenging and lengthier than expected.

The survey through telephonic mode required prior appointments with the GP officials so that they are available for the duration of the survey. Obtaining all the responses in one telephone call was not possible and therefore multiple calls were made to achieve the target response.

The sampling frame of the survey was the telephone number/contact information of all the sampled GPs. In the process, it was found that many of the contact information was either wrong, or not-reachable. Local contacts were explored and fostered to get through these inaccessible

contact numbers. The NCAER team tried to establish contact with all of the state nodal officers appointed by the states for the survey. Efforts were made to reach to the respective GPs through these officers. Finally, for GPs that remained inaccessible, we provided replacements so that the target level of sample is attained.

## 2.6 DATA ANALYSIS

The team has prepared a tabulation plan for quick testing of field data and completion of preliminary validation exercises. After the data was received from the agencies, the NCAER team validated it. The data was sent back to the agencies in case of any data gaps. An important step towards the data analysis is compilation of all the files together. Multiple software such as Stata and SPSS are used in the data cleaning process. A file has been maintained where information towards data cleaning and appending of files are restored. Multiple language files are cleaned to make all of them uniform. All these do files are then appended and a single data structure is made to be used for analysis.

## CHAPTER 3

# PROFILE OF GRAM PANCHAYATS

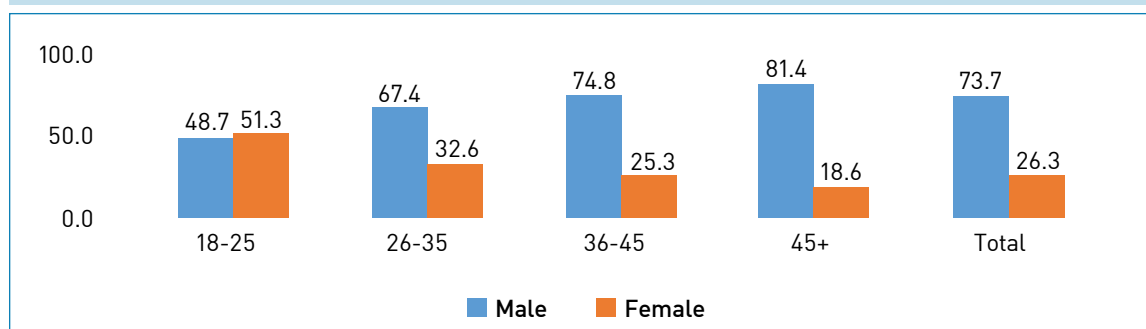
This chapter will provide a detailed understanding of the demographic profile of the Gram panchayats. It presents the state-wise distribution of the respondents according to their gender, age, and designation. It provides an overview of the different social class that exists in the GP and their predominant nature of economic activities. Finally, the chapter brings in details regarding the administrative capabilities of the Gram panchayat offices and their development plans. The respondent consists of Sarpanch (Pradhan)/Deputy Sarpanch/ Panchayat Secretary/Panch/Panchayat Executive OfficeRs

### 3.1 DEMOGRAPHIC CHARACTERISTICS OF GRAM PANCHAYAT

#### 3.1.1 AGE-GENDER COMPOSITION

The age-sex composition of the gram panchayat respondents have been analysed in Figure 3.1. Male participation rate is higher (73.7%) among respondents in Gram Panchayat across all age cohorts. Among the distribution, almost 81 per cent of male representatives are observed under “45+ age group”. Nearly half of the gram Panchayat members from “18-25 age group” are female. This might be the result of the 73<sup>rd</sup> amendment in 1993, where 33 per cent reservation of certain seats were given to women within the panchayat. It shows slow progression on grassroot governance and women’s autonomy in decision making.

**Figure 3.1: Percentage Distribution of Age-Sex Composition among Respondents in Gram Panchayat**



Source: NCAER’s calculations based on Primary Survey, 2021 data collected for this study.

Around 35 per cent and 31 per cent of the total respondents are from “36-45” years and “26-36” years age group which is higher across all age groups, shown in Table 3.1. Maisnam et al. (2018) in his study described that the majority of the rural leaders were from middle age category followed by elderly members. Only few younger representatives are elected in the local governance. Only in Bihar, almost 90 per cent of the respondents are from 45+ age group. Half of the respondents belong from “35-45 age group” in Maharashtra (48%;  $n=166$ ) and Tamil Nadu (44.8%;  $n=116$ ). The state-wise distribution in gender differentials shows, male gram panchayat respondents are more in Bihar (98.2%;  $n=165$ ),

Madhya Pradesh (92.53%;  $n=442$ ), Jharkhand (85.1%;  $n=74$ ) and Tamil Nadu (80.3%;  $n=208$ ). On the contrary, in Arunachal Pradesh about 58.3 per cent of the respondents in gram Panchayat are female, followed by Karnataka (46.5%,  $n=60$ ), Assam (43.8%,  $n=14$ ) and Rajasthan (40.2%,  $n=78$ ), which is relatively higher than the other states. Giving economic opportunity and decision making autonomy to the women in rural areas as gram panchayat representative has proved fruitful in reducing poverty in Karnataka (Kavya & Manjunatha, 2015). Therefore, women’s participation in grassroot level can strengthen and also empower the marginalised section of the society

(Chhibber, 2002). Still, even with their slow progression, the harsh reality is women are neither informed nor invited in the Gram Sabha meetings and are often neglected, women herself are also hesitant to attend these meetings

because they think this might cause them to lose their daily wages work or fail to look after their household duties (Nambiar, 2001).

**Table 3.1: Percentage Distribution of Age and Sex of the Respondents in Gram Panchayat**

States	Age Distribution				n	Sex Distribution		n
	18-25	26-35	36-45	45+		Male	Female	
Total	3.2	30.7	35.0	31.1	4,887	73.8	26.3	5,013
Andhra Pradesh	3.3	44.4	31.5	20.7	270	65.3	34.7	311
Arunachal Pradesh	0.0	63.9	33.3	2.8	36	41.7	58.3	36
Assam	0.0	21.2	36.4	42.4	33	56.3	43.8	32
Bihar	0.0	5.4	5.4	89.2	167	98.2	1.8	168
Chhattisgarh	4.6	30.6	42.6	22.2	216	60.3	39.7	222
Goa	0.0	25.0	50.0	25.0	4	25.0	75.0	4
Gujarat	3.9	48.5	37.2	10.4	336	73.1	26.9	336
Haryana	0.9	28.2	42.7	28.2	117	78.3	21.7	120
Himachal Pradesh	0.0	12.5	54.7	32.8	64	78.1	21.9	64
Jammu & Kashmir	3.3	20.0	30.0	46.7	180	82.2	17.8	180
Jharkhand	2.3	10.2	36.4	51.1	88	85.1	14.9	87
Karnataka	1.6	17.1	41.9	39.5	129	53.5	46.5	129
Kerala	0.0	0.0	31.6	68.4	19	68.4	31.6	19
Madhya Pradesh	0.2	30.0	36.5	33.3	430	92.5	7.5	442
Maharashtra	0.6	16.2	48.0	35.3	346	65.2	34.8	350
Odisha	1.5	13.3	40.0	45.2	135	61.8	38.2	136
Punjab	0.0	14.5	42.6	43.0	249	71.3	28.7	251
Rajasthan	12.4	26.8	27.8	33.0	194	59.8	40.2	194
Tamil Nadu	1.2	13.1	44.8	40.9	259	80.3	19.7	259
Telangana	5.3	61.7	24.1	9.0	266	69.2	30.8	292
Uttarakhand	3.9	71.6	18.1	6.5	155	69.4	30.6	157
Uttar Pradesh	5.3	33.7	33.2	27.9	1,137	76.7	23.3	1,160
West Bengal	3.5	35.1	35.1	26.3	57	57.8	42.2	64

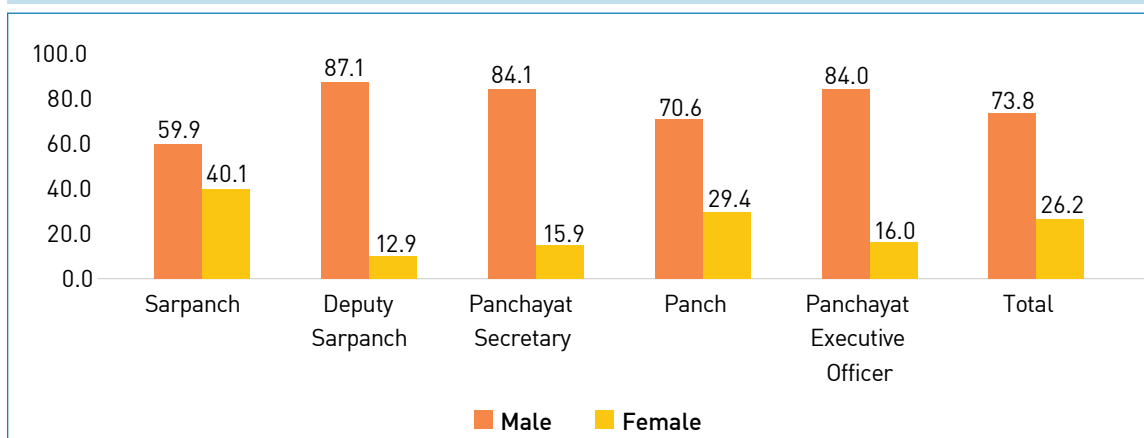
Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study; 'n' is the total number of observations; \* represents minimum number of observations.

### 3.1.2 DESIGNATION OF THE RESPONDENT

The designation of the respondents in gram panchayat has been classified as: Sarpanch, Deputy Sarpanch, Panchayat Secretary, Panch and Panchayat Executive Officer in Figure 3.2. Around 87.1 per cent of the male respondents are Deputy Sarpanch followed by Panchayat secretary (84%)

and Panchayat executive officer (84%) respectively. Across all the designations, the proportion of male respondents are seen higher than the female counterparts. Only 40 per cent of female respondents holds Sarpanch position which shows some improvement of female participation in the political arena.

**Figure 3.2: Percentage Distribution of Respondents in Gram Panchayat according to Gender**



Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

Table 3.2 provides the state-wise distribution of the designation of the respondents. About half of the respondents are Panchayat Secretaries (51.6%;  $n=2588$ ) followed by Sarpanch (42%;  $n=2104$ ). In Bihar (97%;  $n=163$ ), Tamil Nadu (95%;  $n=246$ ) and Andhra Pradesh

(81%;  $n=255$ ), the percentage distribution of the respondents as Panchayat Secretary position are higher, whereas, Punjab (91%;  $n=229$ ) and Chhattisgarh (76.9%,  $n=170$ ) are the states where the respondents are elected as Sarpanch.

**Table 3.2: State-wise Distribution of Respondents in Gram Panchayat by Designation**

States	Sarpanch	Deputy Sarpanch	Panchayat Secretary	Panch	Panchayat Executive Officer	<i>n</i>
Total	41.9	1.4	51.6	1.4	3.8	5,019
Andhra Pradesh	18.1	0.0	81.0	0.0	1.0	315
Arunachal Pradesh	36.1	5.6	33.3	16.7	8.3	36
Assam	6.3	0.0	3.1	90.6	0.0	32
Bihar	3.0	0.0	97.0	0.0	0.0	168
Chhattisgarh	76.9	1.4	19.5	2.3	0.0	221
Goa*	100.0	0.0	0.0	0.0	0.0	4
Gujarat	10.1	13.4	73.6	3.0	0.0	337
Haryana	75.0	0.8	23.3	0.8	0.0	120
Himachal Pradesh	31.3	0.0	68.8	0.0	0.0	64
Jammu & Kashmir	34.4	0.0	65.6	0.0	0.0	180
Jharkhand	26.4	0.0	73.6	0.0	0.0	87
Karnataka	63.6	0.8	5.4	0.0	30.2	129
Kerala*	26.3	0.0	73.7	0.0	0.0	19
Madhya Pradesh	13.8	1.8	75.8	1.1	7.5	442
Maharashtra	38.9	0.9	59.7	0.3	0.3	352
Odisha	77.9	0.0	0.0	0.0	22.1	136
Punjab	91.2	0.4	6.4	2.0	0.0	251
Rajasthan	76.4	0.0	23.6	0.0	0.0	195

Tamil Nadu	1.5	0.8	95.0	0.8	1.9	259
Telangana	18.9	0.0	80.8	0.0	0.3	291
Uttarakhand	17.8	0.0	36.3	0.0	45.9	157
Uttar Pradesh	62.1	0.2	37.4	0.3	0.1	1,160
West Bengal	75.0	4.7	18.8	1.6	0.0	64

Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study; *n*' is the total number of observations; \* represents minimum number of observations.

### 3.1.3 SOCIAL GROUP

In view of understanding the distribution of households, the sample of this study has been classified into 5 categories as Scheduled Caste (SC), Scheduled Tribe (ST), Other Backward Classes (OBC), General and Others. The per cent distribution of the households in Gram Panchayat by social group has been represented in Table 3.3 below. Most of the households in Gram Panchayats belong from 'General'

category (78.1%) followed by Others Backward Classes (OBC) (13%), Others (6%), Scheduled Tribe (ST) (2.8%), and Scheduled Caste (SC) (0.2%) respectively. State-wise distribution depicts higher proportion of General category in Uttar Pradesh (95.6%; *n*= 1112), Punjab (98.4%; *n*=247), Madhya Pradesh (92.3%; *n*= 409), and Andhra Pradesh (78.5%; *n*= 248). The second important social group with higher OBC households are from the following states Tamil Nadu (57.4%; *n*=147) and Uttarakhand (54.1%; *n*=85).

**Table 3.3: State-wise Distribution of Respondents in Gram Panchayat by Social Group**

States	SC	ST	OBC	General	Others	<i>n</i>
Total	0.2	2.8	13.0	78.1	6.0	4,996
Andhra Pradesh	0.6	2.5	7.0	78.5	11.4	316
Arunachal Pradesh	0.0	100.0	0.0	0.0	0.0	36
Assam	0.0	0.0	0.0	67.7	32.3	31
Bihar	0.0	0.0	4.2	95.2	0.6	168
Chhattisgarh	0.0	2.3	31.2	61.5	5.0	221
Goa*	0.0	0.0	0.0	100.0	0.0	4
Gujarat	0.9	4.2	25.6	68.8	0.6	336
Haryana	0.0	0.0	0.8	96.7	2.5	120
Himachal Pradesh	0.0	3.1	4.7	76.6	15.6	64
Jammu & Kashmir	0.0	0.0	8.9	76.7	14.4	180
Jharkhand	0.0	1.1	10.2	86.4	2.3	88
Karnataka	0.0	0.0	7.8	76.0	16.3	129
Kerala*	0.0	0.0	0.0	100.0	0.0	19
Madhya Pradesh	0.0	0.9	6.1	92.3	0.7	443
Maharashtra	0.0	0.0	9.9	67.9	22.2	352
Odisha	0.0	2.2	10.3	86.8	0.7	136
Punjab	0.0	0.0	1.2	98.4	0.4	251
Rajasthan	0.0	5.1	3.6	84.6	6.7	195

Tamil Nadu	0.8	0.8	57.4	30.5	10.6	256
Telangana	0.7	7.0	19.7	57.5	15.1	299
Uttarakhand	0.6	20.4	54.1	24.8	0.0	157
Uttar Pradesh	0.0	0.0	4.0	95.6	0.4	1,163
West Bengal	0.0	0.0	3.1	81.3	15.6	32

Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study; 'n' is the total number of observations; \* represents minimum number of observations.

### 3.1.4 ECONOMIC ACTIVITY

Economic activity can be defined as the process where raw materials are used leading to the manufacture of finished goods with the presence of single or multiple physical establishment. The classification of economic activities/occupation are defined according to different sectors of activities such as professional, technical and related workers; administrative workers; clerical and related workers; sales workers; service workers; farmers, fishermen, hunter, loggers related workers, production, transport and labourers and workers not classified by occupations (**Concepts and Definitions Used in NSS, 2001**). In this study, economic activity or occupation of the households in gram panchayats

have been classified as Self-employed in agriculture, Self-employed in non-agriculture, Regular wages in agriculture, Regular wages in non-agriculture, casual labourer in agriculture and casual labourer in non-agriculture in Table 3.4. About 75.2 per cent of the total households in gram panchayat are involved as casual labour in non-agricultural activities followed by 8.5 per cent as casual labour in agricultural activities. According to the states in India, the households in Bihar (100%,  $n=168$ ), Uttar Pradesh (97.16%;  $n=1129$ ), Madhya Pradesh (96.2%;  $n=424$ ), Punjab (94.4%;  $n=237$ ) and Rajasthan (94.4%;  $n=184$ ) comprises higher proportion of casual labour in non-agricultural activities. On the other hand, Gujarat (28%;  $n=94$ ) deserves special mention in the involvement of households as casual labour in agriculture as their economic activity.

**Table 3.4: State-wise Distribution of Gram Panchayat Households by Occupation**

States	Self-employed in agriculture	Self-employed in non-agriculture	Regular Wage in agriculture	Regular wage in non-agriculture	Casual Labour in agriculture	casual labour in non-agriculture	Others	"n"
Total	1.8	2.7	2.0	5.1	8.5	75.2	4.7	4,964
Andhra Pradesh	0.0	3.2	1.3	6.8	8.7	69.0	11.0	310
Arunachal Pradesh	0.0	0.0	0.0	0.0	0.0	100.0	0.0	36
Assam	0.0	0.0	3.3	3.3	23.3	53.3	16.7	30
Bihar	0.0	0.0	0.0	0.0	0.0	100.0	0.0	168
Chhattisgarh	0.9	5.1	9.3	21.8	19.4	40.3	3.2	216
Goa*	0.0	25.0	0.0	0.0	0.0	75.0	0.0	4
Gujarat	1.5	11.9	10.7	18.2	28.0	29.5	0.3	336
Haryana	0.0	0.0	0.0	0.0	5.8	91.7	2.5	120
Himachal Pradesh	0.0	6.4	7.9	12.7	9.5	42.9	20.6	63
Jammu & Kashmir	0.0	0.0	0.0	8.9	3.3	87.8	0.0	180

Jharkhand	0.0	0.0	0.0	1.1	0.0	97.7	1.1	88
Karnataka	0.8	4.7	1.6	2.3	10.1	55.0	25.6	129
Kerala*	0.0	0.0	0.0	0.0	79.0	21.1	0.0	19
Madhya Pradesh	0.2	0.0	0.2	0.0	2.3	96.2	1.1	441
Maharashtra	14.8	6.8	3.1	12.2	19.6	33.2	10.2	352
Odisha	0.0	0.0	0.0	0.0	0.0	99.3	0.7	136
Punjab	0.4	0.4	0.0	0.8	3.6	94.4	0.4	251
Rajasthan	0.0	0.0	0.0	0.0	0.5	94.4	5.1	195
Tamil Nadu	0.0	1.2	0.8	4.0	14.9	66.1	12.9	248
Telangana	5.4	7.8	6.1	7.8	12.9	44.8	15.3	295
Uttarakhand	7.0	5.7	0.0	7.6	1.3	77.7	0.6	157
Uttar Pradesh	0.0	0.0	0.0	0.3	2.4	97.2	0.2	1,162
West Bengal	0.0	3.6	3.6	7.1	35.7	42.9	7.1	28

Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study; 'n' is the total number of observations; \* represents minimum number of observations.

### 3.1.5 BELOW POVERTY LINE HOUSEHOLDS (BPL)

As can be seen in Table 3.5, around 40 per cent of the total gram panchayat have 'Above 300' BPL households followed by 24.9 per cent and 32.9 per cent as '151-300' and 'Below 150' BPL households respectively. Gram panchayats in the state of Odisha (87.4%;  $n=118$ ) and Uttar Pradesh (65.5%;

$n=747$ ) have relatively more number of BPL households. Out of the total sample surveyed in Kerala (100%;  $n=19$ ), all gram panchayats households belong to 'Above 300' BPL category. On the other hand, Uttarakhand (89%;  $n=139$ ), Maharashtra (75%;  $n=262$ ), Punjab (67.6%;  $n=167$ ) and Gujarat (65%;  $n=219$ ) constitutes gram panchayat with lower BPL households ('Below 150' BPL households).

**Table 3.5: State-wise Distribution of Gram Panchayat with BPL Households**

States	Below 150	151-300	Above 300	"n"
Total	32.9	24.9	42.2	4898
Andhra Pradesh	7.5	17.6	74.9	307
Arunachal Pradesh	91.7	5.6	2.8	36
Assam	0.0	0.0	100.0	29
Bihar	0.6	0.0	99.4	168
Chhattisgarh	39.1	38.2	22.7	220
Goa*	50.0	0.0	50.0	4
Gujarat	65.4	24.5	10.2	335
Haryana	59.5	27.6	12.9	116
Himachal Pradesh	91.8	4.9	3.3	61
Jammu & Kashmir	46.1	36.0	18.0	178
Jharkhand	6.8	11.4	81.8	88



Karnataka	9.3	24.8	65.9	129
Kerala*	0.0	0.0	100.0	19
Madhya Pradesh	31.9	47.0	21.1	436
Maharashtra	74.9	21.7	3.4	350
Odisha	4.4	8.2	87.4	135
Punjab	67.6	24.3	8.1	247
Rajasthan	43.3	30.4	26.3	194
Tamil Nadu	21.4	29.0	49.6	238
Telangana	24.3	30.1	45.6	259
Uttarakhand	89.1	9.0	1.9	156
Uttar Pradesh	9.7	24.8	65.5	1,141
West Bengal	0.0	3.9	96.2	52

Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study; 'n' is the total number of observations; \* represents minimum number of observations.

### 3.2 ADMINISTRATIVE CAPABILITY

In the era of digital transformation, availability of basic resources like computer facility, internet connectivity and telephone has become necessary in any gram panchayat, yet we see that almost half of the selected gram panchayats

have computer facility, only one fourth have telephone connectivity and around three fourth have net connectivity in total estimation. Availability of telephone connections in gram panchayat offices are higher in the states of Karnataka (85.3%; n=110), Madhya Pradesh (65.5%, n=290) and Maharashtra (60%; n=212) [Table 3.6].

**Table 3.6: State-wise Distribution of Availability of Telephone, Computer and Internet Connections in Gram Panchayat Offices**

States	Telephone connectivity	"	Computer Connectivity	"	Internet Connectivity	"
Total	27.4	5,038	51.2	5,035	73.43	2875
Andhra Pradesh	52.2	318	70.4	317	58.6	314
Arunachal Pradesh	11.1	36	8.3	36	66.67	3
Assam	3.1	32	78.1	32	24	25
Bihar	6.0	168	23.4	167	74.36	39
Chhattisgarh	34.5	223	60.4	222	59.7	134
Goa*	100.0	4	100.0	4	100	4
Gujarat	10.5	342	93.8	341	99.06	319
Haryana	27.5	120	33.3	120	87.5	40
Himachal Pradesh	34.4	64	89.1	64	75.44	57
Jammu & Kashmir	13.3	180	6.7	180	36.67	60
Jharkhand	25.0	88	71.6	88	71.43	63
Karnataka	85.3	129	100.0	129	97.67	129

Kerala*	84.2	19	100.0	19	94.74	19
Madhya Pradesh	65.5	443	75.2	443	81.93	332
Maharashtra	60.2	352	98.0	352	88.95	344
Odisha	28.7	136	86.8	136	67.8	118
Punjab	4.8	250	1.6	251	50	4
Rajasthan	23.6	195	93.3	195	98.94	189
Tamil Nadu	19.7	259	68.7	259	20.85	259
Telangana	14.7	299	37.1	299	48.13	187
Uttarakhand	7.6	157	14.7	157	95.65	23
Uttar Pradesh	10.3	1,160	13.0	1,160	83.44	151
West Bengal	50.0	64	98.4	64	100	62

Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study; 'n' is the total number of observations; \* represents minimum number of observations.

Gram panchayat offices in Maharashtra (98%,  $n=345$ ), Gujarat (93.8%,  $n=320$ ) and Rajasthan (93%,  $n=182$ ) shows higher computer device availability. On the contrary, Tamil Nadu (20.9%,  $n=54$ ), Jammu & Kashmir (36.7%,  $n=22$ ) and Assam (24%,  $n=6$ ) are the states with low internet connectivity in gram panchayat offices.

### 3.3 MAINTENANCE OF ASSET REGISTRY

From the survey data, it was observed that given the limited resources, the decision to create asset was taken

by Gram Sabhas in 51 per cent of the GPs, followed by Gram Panchayat (26%) at the pan India level. Table 3.7 represents the state-wise distribution of Gram panchayats (GP) according to their maintenance of asset registry. There are two broad categories in the way maintenance is defined: firstly, updated & maintained asset registry and secondly, not updated category which cumulates the other options: maintained but not updated regularly, not updated and don't know. Around 80 per cent of the total Gram Panchayats have maintained and updated asset registry regularly and 19.8 per cent of selected GPs never maintained or updated their asset registry. From the table below it is clear that almost every state maintain and update their asset registry.

**Table 3.7: State-wise Distribution of Gram Panchayats by Maintenance of Asset Registry**

State	Not Updated	Maintained & Updated	n
Total	19.8	80.2	5,056
Andhra Pradesh	14.5	85.5	320
Arunachal Pradesh	0.0	100	36
Assam	24.3	75.8	34
Bihar	1.8	98.2	168
Chhattisgarh	18.3	81.6	223
Goa*	0.0	100	4
Gujarat	5.9	94.1	342
Haryana	28.4	71.7	120
Himachal Pradesh	14.0	85.9	64

(Contd.)

Jammu & Kashmir	16.6	83.3	180
Jharkhand	12.6	87.4	88
Karnataka	17.1	82.9	130
Kerala*	26.3	73.7	21
Madhya Pradesh	42.7	57.3	443
Maharashtra	10.0	90.1	352
Odisha	19.9	80.1	136
Punjab	26.3	73.7	251
Rajasthan	2.5	97.4	195
Tamil Nadu	3.5	96.5	260
Telangana	10.1	89.9	305
Uttarakhand	3.8	96.2	157
Uttar Pradesh	34.0	66	1,163
West Bengal	9.4	90.6	64

Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study;

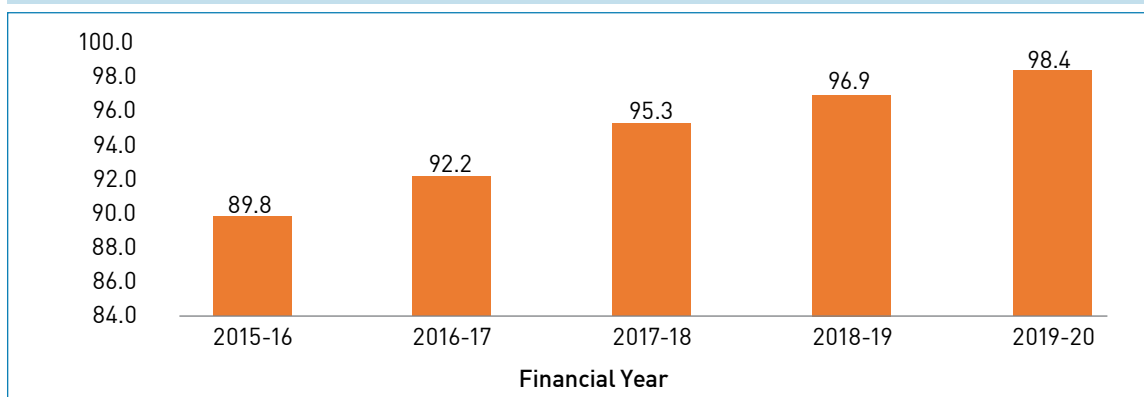
'n' is the total number of observations; \* represents minimum number of observations.

### 3.4 PREPARATION OF GRAM PANCHAYAT DEVELOPMENT PLAN (GPDP) IN LAST FIVE YEARS

The preparation of Gram Panchayat Development Plan (GPDP) has increased in last five years. In Figure 3.3, 98.4 per cent of selected Gram Panchayats (GP) prepared Gram Panchayat Development Plan (GPDP) in 2019-20 financial

year (FY), which is highest. In FY 2016-17 and 2017-18, around 92 and 95 per cent of selected GPs prepared GPDP respectively. Only 2015-16 financial year has shown lowest GPDP preparation in Gram Panchayat. The state-wise distribution in Table 3.8 depicts that Gram panchayats from every state have maintained and updated the Gram Panchayat Development Plan in last five financial years (2015-2020).

**Figure 3.3: Percentage Distribution of Total Gram Panchayats Preparing GPDP in Last Five Years**



Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

**Table 3.8: State-wise Distribution of Gram Panchayats preparing Gram Panchayat Development Plan (GPDP) in Last 5 Years**

States	2015-16	2016-17	2017-18	2018-19	2019-20
Total	89.8	92.2	95.3	96.9	98.4
Andhra Pradesh	91.2	93.1	94.6	96.5	98.1
Arunachal Pradesh	86.1	86.1	91.7	97.2	100.0
Assam	84.0	87.5	100.0	100.0	100.0
Bihar	100.0	100.0	100.0	99.4	100.0
Chhattisgarh	93.8	92.8	94.8	98.1	100.0
Goa	50.0	75.0	100.0	100.0	100.0
Gujarat	100.0	100.0	100.0	100.0	100.0
Haryana	68.5	98.2	99.1	99.1	99.1
Himachal Pradesh	100.0	100.0	98.4	100.0	100.0
Jammu & Kashmir	83.3	89.5	90.6	90.7	100.0
Jharkhand	100.0	100.0	100.0	100.0	100.0
Karnataka	80.6	81.4	81.4	83.7	88.4
Kerala	94.7	94.7	100.0	100.0	100.0
Madhya Pradesh	98.6	98.4	98.6	96.7	98.6
Maharashtra	96.6	96.0	98.6	99.7	100.0
Odisha	20.7	54.8	83.7	96.3	97.8
Punjab	97.1	99.2	100.0	99.6	100.0
Rajasthan	98.9	99.5	100.0	99.5	99.5
Tamil Nadu	90.4	91.1	91.5	94.6	94.6
Telangana	59.8	62.5	66.9	80.7	91.2
Uttarakhand	100.0	100.0	100.0	100.0	100.0
Uttar Pradesh	92.9	93.3	99.5	99.5	99.5
West Bengal	98.4	98.4	100.0	100.0	96.9

Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study; 'n' is the total number of observations; \* represents minimum number of observations.

## CHAPTER 4

# REVENUE GENERATION - SOURCES AND METHODS

The augmentation of own source revenue strengthens the relation between decision-making on revenue and expenditure by Gram Panchayats (GPs) at the margin, which is extremely desirable for nurturing efficiency and transparency in service delivery of local administration. According to Article 243(H) of the Constitution of India, States may authorize the GPs to levy few taxes and non-taxes by statute. This section provides an outline of the status of GPs own source of revenue generation from the Common Property Resources (CPR) and other taxes through primary assessment by NCAER.

### 4.1 PROPERTY RIGHTS AND TYPES OF RESOURCES

The efficiency of resource utilization depends on how well property rights are defined for the resources. Property rights entail an exclusive authority to determine how the resources are to be used. The nature of property rights is largely dependent on the nature of resources. Economists categorize the types of resources based on two fundamental criteria: excludability and rivalry. Excludability basically determines whether there is a potential to exclude some users from obtaining the benefits of the resource depending on whether they pay for using the resource or not. And on the other hand, rivalry depends on whether the use of the resource by one user decreases the welfare and utility of another user or not. Based on these two factors, resources can be of four types – Public, Private, Common, and Club resources.

**Figure 4.1: Types of Resources**

	Excludable	Non-Excludable
Rival	Private Resource	Common Resource
Non-Rival	Club Resource	Public Resource

#### 4.1.1 COMMON PROPERTY RESOURCES (CPRS)

From the above table, it is very evident that CPRs are non-excludable and rivalrous in nature. They are accessible to all the members of the community and no individual has exclusive property rights for such resources. Some examples of the CPRs include pasture lands, ponds and tanks, forests, wasteland, watershed, drainage, rivers, reservoirs, irrigation channels, canals etc. CPRs can be managed through some ownership/property rights protocols. They can be managed through a centralized approach or a decentralized approach. Under the centralized approach, the ownership lies with the central government, and under the decentralized approach, they are governed by regional governments or local governments such as gram panchayats. Alternatively, they can also be managed at community levels where rules and protocols are defined by the community to manage the resource. In India, many rural areas manage the CPRs through this community-level ownership approach.

#### 4.1.2 IMPORTANCE OF CPR IN RURAL ECONOMY

As per a survey conducted by NSSO, more than 48 per cent of rural households are dependent on CPRs because of their accessibility and affordability (NSSO, 1999). CPRs play an essential role in the rural economy and serve its population in multiple ways. The fuelwood and shrubs available from common property forests are used for cooking and heating. Grass, leaves, and shrubs find their use as animal fodder. Bamboo, small timber, and palm leaves are used for housing and furniture. A variety of fruits, vegetables and fish are useful in sustenance, particularly during the lean seasons.

#### 4.1.3 CHALLENGES ASSOCIATED WITH CPRS

The challenges associated with the CPRs are mainly because of the non-exclusive nature of the resources. Legally states or gram panchayats may have the ownership

of such resources, but practically rural communities control them. The non-exclusive nature of these resources leads to overutilization by the communities, which is referred to as “**Tragedy of Commons**” in economics terms. Every individual has an incentive to consume the resources without thinking about the wellbeing of the society and the limited nature of the resources, which leads to their overutilization.

#### 4.1.4 ROLE OF THE GRAM PANCHAYATS

Considering the challenges associated with these CPRs, the role of the gram panchayats is extremely important not only to ensure an efficient utilization of these resources but also to generate own-source revenues out of them without hampering the accessibility and affordability of the local

communities. Due to the diverse nature of the CPRs, assessing the availability of such resources becomes more feasible at the local level. Identifying and monetizing such resources can help overcome the challenges that result from loosely defined property rights. Some of the gram panchayats have already started to identify and mark them as revenue-generating assets, but the major portion of the resources are yet to be explored.

## 4.2 AVAILABILITY OF DIFFERENT CPRS

The list of major CPRs shown in Table 4.1 are usually utilized by GPs for revenue generation. In that line NCAER used these resources to get the information about current monetized CPRs in the GPs level.

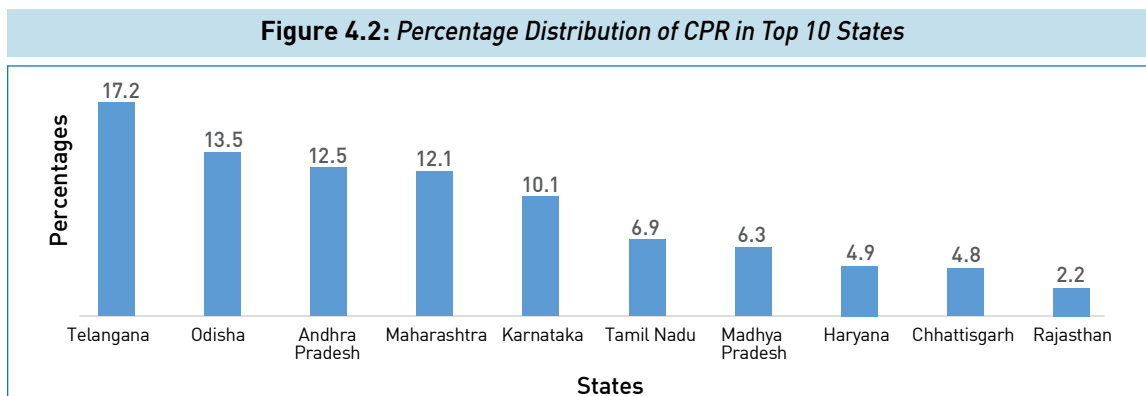
**Table 4.1: List of Major Common Property Resources**

S. No.	Common Property Resources (CPRs)	Description
1.	Pasture and grazing lands	Pastures and grazing lands are fields used to graze cattle, horses and other animals. It can also include woodlands, native pastures and croplands.
2.	Community Forest	Community forestry is an evolving branch of forestry whereby the local community plays a significant role in forest management and land-use decision making by themselves in facilitating support of the government as well as change agents.
3.	Fisheries and Ponds	It can be a pond, lake or reservoir which is stocked with fishes, used for fish farming. It can also be used for recreational fishing or ornamental fishing.
4.	Animal Markets	Animal markets are for the purpose of buying and selling livestock / animals. These markets have proper facilities to keep and feed animals before sale.
5.	Commercial Complex, Storage/Godowns	Commercial Complex, Storage/Godowns are used for storage of goods.
6.	Animal Ponds	Animal markets are to buy and sell livestock/animals. These markets have proper facilities to keep and feed animals before the sale.
7.	Tube Wells	A pipe with holes near the end, that is put deep into the ground to bring up water from under the ground by using a pump operated by hand
8.	Well	A well is an excavation or structure created in the ground by digging, driving, or drilling to access liquid resources, usually water
9.	Burial grounds, Crematoriums & Incineration Sites	An area of ground set aside for the burying of human bodies
10.	Recycling Units	Recycling units provides complete maintenance and servicing of components to completely recycle and sort any particular product. It could be any kinds such as glass, paper, cardboard, metal, plastic, tires, textiles, batteries, and electronics.
11.	Solid waste management plant	Recycling units provide complete maintenance and servicing of components to completely recycle and sort any particular product. It could be any kind such as glass, paper, cardboard, metal, plastic, tires, textiles, batteries, and electronics.
12.	Compost pits/ NADEP pits	A compost pit is the dumping of biodegradable substances in a pit for decaying due to which manures and fertile substances for soil are produced
13.	Panchayat Roads	A way between places, with a hard surface which cars, buses, etc. can drive along

Source: NCAER's descriptions are based on inputs from Primary Survey, 2021 for this study.

The study incorporated the major objectives while preparing an extensively detailed questionnaire. Information has been collected with the primary objectives to have an assessment of the availability of adequate sources for creating the required assets; maintenance of these assets by Gram Panchayats, the purpose of creating these assets and if asset registry has been maintained at Gram Panchayat level. Further to assess the availability of monetized CPRs; land availability in GPs and details of the revenue generated through various CPRs

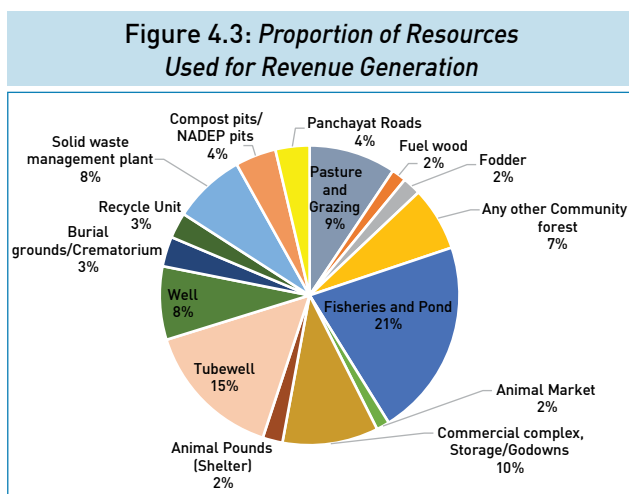
NCAER study observed that out of the sample size of 5042-gram panchayats, only about 18 per cent of the Gram Panchayats are generating revenues from 13 listed CPRs. These 18 per cent Gram Panchayats are not scattered over all the 13 CPRs but is limited to only 2 to 3 topmost CPRs from which major revenue is been derived. Though the percentage is less in comparison with the NSSO study reported above, the focus group discussions revealed that it is indeed difficult at the gram panchayat level to monetize the available CPRs. The primary reason is poverty; 26 per cent of the rural population are below the poverty line (MoSPI, 2018).



Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

Figure 4.2 represents the percentage distribution of CPRs utilization in the top 10 states. Telangana is the highest in using the maximum number of CPRs for generating revenues, followed by Odisha, Andhra Pradesh and Maharashtra. The remaining 13 states generate no revenue from available CPRs. Therefore, efficient usage of CPRs should be encouraged in these remaining states to raise own-source revenues.

Figure 4.3 presents the percentage distribution of resources used by sampled GPs for generating revenues. It is evident from Figure 4.3 that the five major revenue-generating resources are Fisheries and ponds (21%), Tube wells (15%), Commercial complex – storage/godowns (10%), Pasture and Grazing land (9%) and Wells (8%).



Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

Table 4.2 shows the percentage distribution of major states involved in generating revenues. For fisheries and ponds, Odisha is the highest among all the states with 32 per cent revenue generated mostly by imposing fixed charges to households per month. For Commercial complex, storage/ground again Odisha is generating maximum revenues among all the states that is 34.43 per cent by imposing fixed rent on a monthly basis. Among the top 3 states that generate revenue via pasture and grazing land, Haryana tops the chart by generating 23.49 per cent of its revenue by leasing its land on a regular basis. Maharashtra on the other hand generates most of its revenue via tube well and wells that is 23 per cent and 45.00 per cent respectively mostly by charging a fixed amount to all the households using it. It can be seen that although some of the states are collecting revenues via various resources, yet the collection is not as satisfactory in the line that they are collecting revenues from quite a few resources even though they possess the resource, they are not collecting it.

**Table 4.2: Percentage Distribution of Major States Involved in Top 5 Resources**

State	Fisheries and ponds	Tube well	Commercial Complex, Storage/ Godowns	Pasture and Grazing land	Well
Andhra Pradesh	16.4			15.6	
Haryana				23.4	
Karnataka			16.9		18.5
Madhya Pradesh		12.6			
Maharashtra		22.7	18.5		45.0
Odisha	32.3		34.4		
Telangana	10.8	11.5		13.8	22.8

Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

Table 4.3 below represents all-inclusive information of state-wise utilization of top 5 CPRs with popular method been used for revenue collection and also highlights the suggestive range of the amount collected via that resource. The GPs are not collecting revenues from all the available

CPRs and even if they are collecting, the amount is not available properly with accurate unit and duration so the amount given in Table 4.3 is verified with the information composed from Focus Group Discussions (FGDs) with GP officials.

**Table 4.3: Comprehensive Table for Top 5 CPRs**

CPRs	States	Method of raising revenue	Mean amount (Range)
Pasture and Grazing Land	Andhra Pradesh, Chhattisgarh, Goa, Gujarat, Haryana, Himachal Pradesh, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Odisha, Punjab, Rajasthan, Tamil Nadu, Telangana, Uttar Pradesh, West Bengal	<b>Popular Methods:</b> <ul style="list-style-type: none"> <li>• By Leasing regularly</li> <li>• Auctioned regularly</li> <li>• Impose user charges based on usage</li> </ul>	Rs1231/lease (Rs 100 - 5000)
Fisheries and ponds	Andhra Pradesh, Chhattisgarh, Haryana, Himachal Pradesh, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Odisha, Punjab, Rajasthan, Tamil Nadu, Telangana, Uttar Pradesh, West Bengal	<ul style="list-style-type: none"> <li>• Majorly Auctioning the property for long duration</li> <li>• The second major method is by putting it on lease regularly</li> <li>• At places they imposed fixed charges on households every month</li> <li>• And at very few places they imposing user charge based on usage</li> </ul>	Rs 13982/ annually (Rs 1000-100000 )
Commercial Complex, Storage/ Godowns	Andhra Pradesh, Assam, Chhattisgarh, Goa, Gujarat, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Odisha, Rajasthan, Tamil Nadu, Telangana, Uttarakhhand, Uttar Pradesh, West Bengal	<ul style="list-style-type: none"> <li>• The majority of the GPs are imposing fixed rent every month</li> <li>• Some GPs are also leasing the space out for long tenures</li> </ul>	Rs 895.02 / Month ( Rs 100 - 9100 )
Tube wells	Andhra Pradesh, Chhattisgarh, Himachal Pradesh, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Odisha, Tamil Nadu, Telangana, Uttar Pradesh, West Bengal	<ul style="list-style-type: none"> <li>• Maximum revenue is generated by charging a fixed amount to all the households using it.</li> <li>• Also at many GPs the usage is metered and households are charged according to the water used.</li> </ul>	Rs 198 / House hold (Rs 60 - 900)
Well	Andhra Pradesh, Chhattisgarh, Gujarat, Haryana, Karnataka, Kerala, Maharashtra, Tamil Nadu, Telangana, West Bengal	<ul style="list-style-type: none"> <li>• Similarly, as Tube wells in wells also majority method is by charging a fixed amount to all the households using it.</li> <li>• At some places the usage is metered and households are charged according to the water used.</li> </ul>	Rs 170 / House hold (Rs 60 - 500)

Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.



#### **BOX: 4.1 REASONS BEHIND LOW REVENUE COLLECTION FROM CPRS**

*"GPs are not financially autonomous as no revenue is collected from any of the CPR of the panchayat. This is due to the fact that no specific instruction or guide line has been issued by the state government indicating the type of taxes and their rate. As we are the ground level worker and very familiar with the villagers, we are not able to convince them or pressurize them to do so. It may only be possible if the higher level authorities such as BDO or DM will organize workshop at village level convince the people to pay the taxes, then only people may agree to pay taxes*

*We all know our powers and limitations but we have dire consequence to collect the revenues from the villageRs There are rules for generating revenues from the CPRs but Government should issue an instruction/notice for the collection of OSR and fix up the amount of revenue to be collected which may be zoomed in the public domain so as to educating the public regarding this as done in urban areas."*

*"Ponds are there in the panchayats and also maintained by the panchayats. But it is being leased by the revenue department for a period of ten years in the presence of SDM, Tehsildar and Patwari without the consent of GP*

*and the revenue so collected are completely taken by the revenue department. Ten years before 90 per cent of the collected revenues was being shared with the panchayat but now nothing has been shared"*

*"Excerpts from FGD conducted in Baghra Block of MuzafarNagar district of UP"*

#### **4.2.1 MAJOR CONSTRAINTS FOR LOW REVENUE GENERATION**

There are many hurdles in the collection of revenues via these CPRs which was observed during FGDs conducted by NCAER in the selected and these are as follows:

1. GPs do not have clear instructions about the list of CPRs from which they can collect revenue for their usage. This can be overcome if gram panchayats can be allotted with clear cut functions and responsibilities from the government. They should be made aware of the CPRs via which they can increase their revenue generation.
2. They do not have adequate funds to maintain or build the resources that could be used for revenue generation. In this context, to increase the Own Sources of revenue, it is required that gram panchayats should get proper funding for creating new resources and maintaining the existing resources properly.
3. It is also noted that most of the villagers are below the poverty line, so it is not feasible for the gram panchayats to collect revenues for CPRs from these people. In addition to this, GP officials also face protests from the villagers when they talk about collecting revenues from the CPRs They fear losing their vote bank in the next election as well. A proper capacity building training would be helpful to make them aware of the relevance of imposing usage charges and proper support from senior authority is also required to the panchayat officials.

#### **4.2.2 OWNERSHIP STATUS OF CPRS IN GRAM PANCHAYAT**

Gram Panchayats (GPs) are responsible for the overall development of the village and play a key role in providing basic services vital for the health and well-being of rural people, like, drinking water and sanitation. It is in this regard, the GPs need resources and without ownership of those resources it is difficult for them to implement the planned objectives of fulfilling the needs of the local people.

From the focus group discussions of our study, we saw that a substantial number of states have raised the ownership issue with respect to the resources. GPs in Andhra Pradesh, Gujarat, Haryana, Karnataka, Kerala, Telangana and Uttar Pradesh have ownership of around 7-10 common property resources. The most commonly owned resources in these states are Panchayat Road, Tube wells, Fisheries and Ponds, Compost pit, Burial Ground, Hand pumps, Commercial Complex, Solid Waste Management Plant and Wells. The GPs at its level collected revenues from these self-owned resources and take care of its maintenance. It is important to note that the resources listed here are also the top 5 resources for maximum revenue generation for the GPs [also shown in Table 4.3]. For the rest of the states, ownership is observed to be available only for a few resources which does not contribute much in revenue generation. States like Chhattisgarh, Himachal Pradesh, Punjab, Uttarakhand and Odisha have ownership of about 2-4 common property resources.

This reflects, by and large, the state of ownership of resources of GPs in India which eventually affected the level of revenue collection to render proper and efficient servicing. NCAER, recommends that the level of ownership of GPs on available resources should be improved upon and state governments should take consistent and cohesive move in this direction.

### 4.3 REVENUE GENERATION FROM DIFFERENT TAXES

In addition to CPRs, the GPs also enjoy fiscal autonomy in levying different types of taxes. This section of the chapter lays out different taxes, their definitions and the standing of the various states in the total amount of revenue generated. It provides the average OSR generated by the GPs and the per-capita OSR generated in the states.

Functional autonomy of the Panchayati Raj Institution (PRI) is feasible only when they have fiscal autonomy. That enable them to prepare and implement development plans based on the needs, aspirations and local resources. Article 243-H of the Indian Constitution authorizes the panchayats to levy, collect appropriate taxes, duties, tolls and fees apart from receiving grant-in-aid from central and state government funds.

Own Source of Revenue (OSR) plays an important role due to the reason they are the foundation of decentralization. Roy Bahl et al (2008) suggests that some productive tax

bases must be assigned to GPs, along with powers to decide the tax rates. Oommen (2004) also argues in favour of constructing the tax and non-tax revenues of local governments more fruitful and elastic through rationalizing the tax base, rates and more importantly tax administration along with greater autonomy and empowerment to the GPs. The share of OSR in total expenditure is the key to autonomy, participation and accountability.

Self-reliance of the panchayats comes from the mobilization of their own funds through collection of taxes, fees and dues as per the powers given to them by Article 243-H of the Indian Constitution. Own Source of Revenue (OSR) thus remains crucial in making the idea of Gram Swaraj into a reality.

### 4.4 OVERVIEW OF GRAM PANCHAYAT FINANCES

As per Panchayati Raj Act of most of the states, the power to levy different kinds of taxes and duties in rural areas are enjoyed by GPs, whereas the first and second tiers, i.e., Zilla Parishad (ZP) and Panchayati Samiti (PS) are in general not entrusted with taxing powers. A Panchayat receives its revenue from four sources, i.e., grants from central and state government, assigned revenue, donations and contributions, and own source of revenue (CBPS, 2013). Own Source Revenue of a Panchayat can be generated from two sources, i.e. taxes and non-taxes revenue. Various sources of OSR of a panchayat are mentioned below.

**Table 4.4: Panchayat Levy of Taxes and Rates**

Types of Taxes	Descriptions
Property tax	It is an annual amount paid by a landowner to the local government. It is imposed primarily upon lands (non-agricultural) and buildings.
Water rate	It is the tax for the use of a public water supply.
Sanitation tax/Toilet tax	It is a tax collected by the government for providing sanitation services like toilet tax.
Entertainment tax	It is a tax levied on any form of commercial entertainment such as organizing Melas, movie tickets, sport events, etc.
Conservancy tax/rate (Safai Kar)	It is a tax paid for cleanliness.
Lighting tax/rate	It is a tax paid for the usage of electricity.
Trade tax	It is a tax collected on imports, and exports.
Taxes on professions	It is a tax on all kinds of professions, trade, and employment and levied based on the income of such profession, trade, and employment.
Pilgrim tax	It is a tax a person pays who undertakes a journey to a sacred place.
Advertisement tax	It is a tax collected from the Advertiser/Agency for the display of Advertisements.
Vehicle tax	It is a tax that must be paid for most types of powered vehicles which are used on public roads.
Special taxes	These are the taxes collected for community works.

Types of Taxes	Descriptions
Garbage tax	It is a tax collected for disposing of the municipal waste.
Tolls on roads and ferries	These are taxes that the drivers must pay for using roads and ferries (to carry people or goods in a boat or other vehicle from one place to another, usually for a short distance).
Octroi tax	Octroi, the tax levied by a local political unit, normally the commune or municipal authority, on certain categories of goods as they enter the area.
Mining tax	A mineral tax is any tax, excise or other government-imposed fees on mineral resources, such as crude oil or ores.
Tax on slaughterhouses	This tax is levied on the slaughtering of specified animals.
Tax on agricultural land, communal land, poramboke	Tax levied by a government on agricultural land, communal land.
Cess on liquor	Tax levied on liquor by the local government.
Education cess	Collected by the government to provide the mandatory free standard primary education to all citizens.
Duty on the mobile communication	Gram Panchayats have been authorized to levy duty on Mobile Communication Service providers for installation of Mobile Communication Tower.
Duty on transfer of land	Stamp duty, also known as land transfer duty, is a general tax imposed to the purchase of real estate.
Irrigation rate	Irrigation Service Charges (Water Tax) is collected from the farmers and then it is suggested to invest the realized amount to meet up the shortage of fund available.
Stamp duty	Stamp duty is a tax that is levied on single property purchases or documents.
Tax on commercial crop	On commercial crops grown in the village: chilies; cotton; mustard; sesame; cumin, etc., panchayats are allowed to levy taxes.
All licenses (shops, slaughterhouses, crematoriums etc.)	License fee charged on putting shops, slaughterhouses, crematoriums etc.
All fees (certificates, marriage registration, registration of shops, irrigation projects, tuition centres, hospitals, animals, fees for making)	Fee paid towards getting marriage registration certificates, establishment fees for hospitals, tuition centres and otherRs

Source: NCAER's descriptions are based on inputs from Primary Survey, 2021 for this study.

## 4.5 CLASSIFICATION OF TYPES OF TAXES: TAX AND NON-TAXES (OSR)

**Taxes:** Panchayats are authorized to levy tax and revenue through tax imposition that forms part of their OSR. Tax levied by GPs include property tax, water tax, entertainment tax, lighting tax, trade tax, taxes on professions, advertisement tax, vehicle tax, tolls on road and ferries, mining tax and tax on commercial crop.

**Non-Tax:** The following non-tax revenues are part of the GPs own revenue, earned through sources other than tax are sanitation tax, conservancy tax, pilgrim tax, special tax, garbage tax, tax on slaughter houses, tax on agricultural land, communal land, poramboke, cess on liquor, duty on mobile communication and transfer of land tax, stamp duty tax, all licenses tax, all fees tax and other sources tax.

**Table 4.5: Average Proportion of Tax and Non-Tax Revenue per year per GP**

States	Tax revenue (Rs)	Non-Tax revenue (Rs)	Total revenue (Rs)
Andhra Pradesh	5,96,913	4,19,879	10,16,791
Arunachal Pradesh	-	-	-
Assam	1,859	12,642	14,501
Bihar	10,000	-	10,000
Chhattisgarh	65,670	28,722	94,392
Goa	1,08,275	87,985	1,96,260

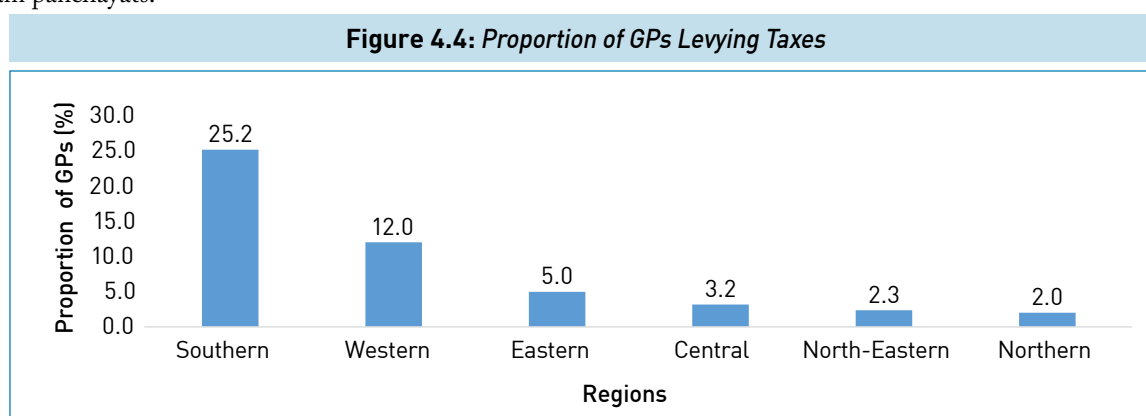
Gujarat	82,367	42,506	1,24,873
Haryana	12,751	1,71,248	1,83,999
Himachal Pradesh	16,368	7,094	23,462
Jammu & Kashmir	-	3,986	3,986
Jharkhand	11,497	-	11,497
Karnataka	8,42,497	68,065	9,10,562
Kerala	31,58,984	6,260	31,65,244
Madhya Pradesh	27,181	4,050	31,231
Maharashtra	5,40,110	1,48,007	6,88,117
Odisha	77,383	1,16,196	1,93,579
Punjab	-	58,000	58,000
Rajasthan	88,234	84,873	1,73,107
Tamil Nadu	3,63,016	1,74,784	5,37,801
Telangana	1,89,420	40,073	2,29,493
Uttarakhand	2,000	1,14,603	1,16,603
Uttar Pradesh	-	838	838
West Bengal	3,88,484	-	3,88,484

Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study

It is observed from Table 4.5 the Southern, Western, Central and Eastern states except Odisha, have the tax revenue proportion more than 50 per cent. On the other hand, North-Eastern states and Northern states except Himachal Pradesh and Rajasthan have the non- tax proportion more than 50 per cent.

## 4.6 ANALYSIS OF DIFFERENT TAXES BEING LEVIED BY GPs

Nearly 78 per cent of the Gram Panchayats in the sample of 5,042 reported levying taxes. Regionally<sup>1</sup>, the majority of the GPs where taxes are levied are in southern states. Property tax is among the prominent tax instruments for gram panchayats. Property tax in all states, except Arunachal Pradesh, Bihar, Goa, Jharkhand, Punjab and Uttar Pradesh, is levied by gram panchayats.



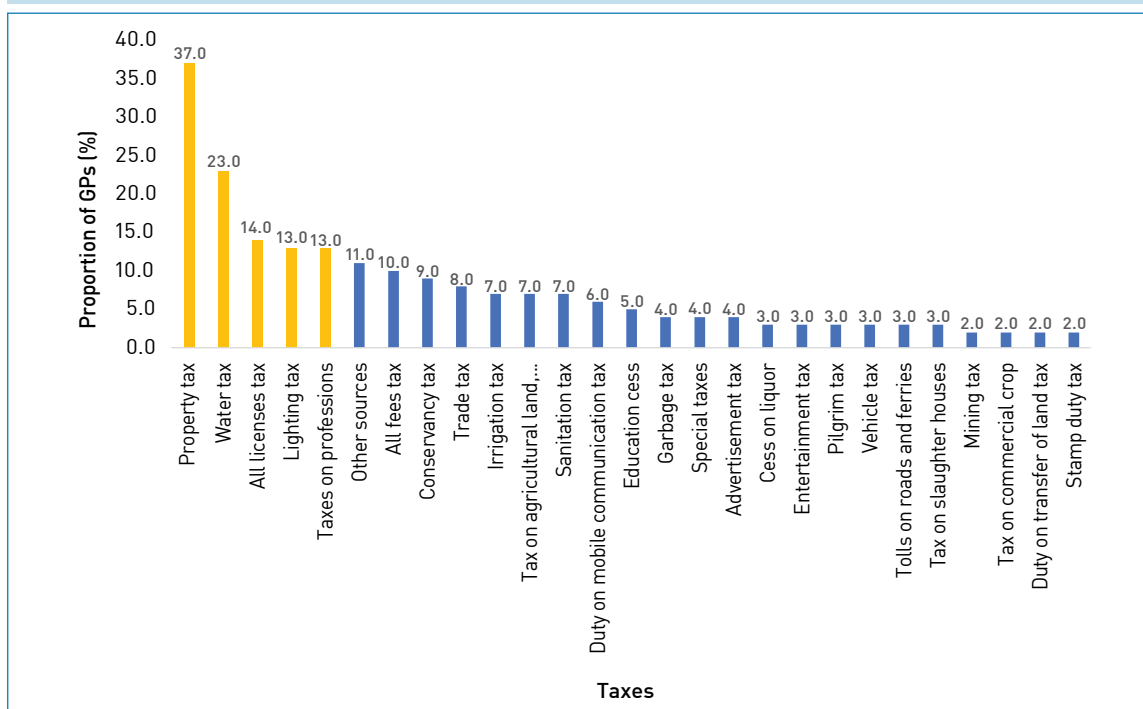
Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

## ALL INDIA OVERVIEW

Figure 4.5 shows that the top five taxes levied by GPs are property tax (37%), water tax (23%), all license tax (14%), lighting tax (13%) and tax on Professions (13%). In terms of state ranking, West Bengal is the topmost state which levy taxes followed by Andhra Pradesh, Karnataka, Telangana and Kerala.

<sup>1</sup>Northern Region: Haryana, Himachal Pradesh, Jammu & Kashmir, Punjab, Rajasthan, Uttarakhand, Uttar Pradesh. Central Region: Chhattisgarh, Madhya Pradesh  
Western Region: Goa, Gujarat, and Maharashtra  
Southern Region: Andhra Pradesh, Karnataka, Kerala, Tamil Nadu and Telangana  
Eastern Region: Bihar, Jharkhand, Odisha and West Bengal  
North-Eastern Region: Assam and Arunachal Pradesh.

**Figure 4.5: Taxes Levied by GPs (All India)**



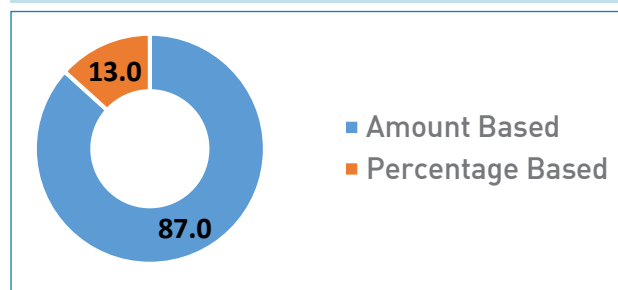
Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

Note: \*\*Octroi tax has been subsumed under GST.

## 4.7 METHODS OF GENERATING TAXES

The taxes levied by the Gram Panchayats can be broadly divided into two types of taxes—Amount based and Percentage based taxes. The Amount based tax is a total amount of assets or income that can be taxed by a taxing authority, usually by the government. It is used to calculate tax liabilities. This can be in different forms, including income or property. Percentage tax is a business tax imposed on persons, entities, or transactions specified under Sections 116 to 127 of the National Internal Revenue Code of 1997 (also known as Tax Code), as amended, and as required under special laws. Quarterly Percentage Tax under Sections 116 to 126 of the Tax Code, as amended. Gram Panchayats mainly levy amount-based tax where they charge a fixed amount per unit. For the taxes levied by the GPs, 87 per cent of the GPs levied Amount Based taxes (Figure 4.6).

**Figure 4.6: Kind of Taxes Levied by GPs (%)**

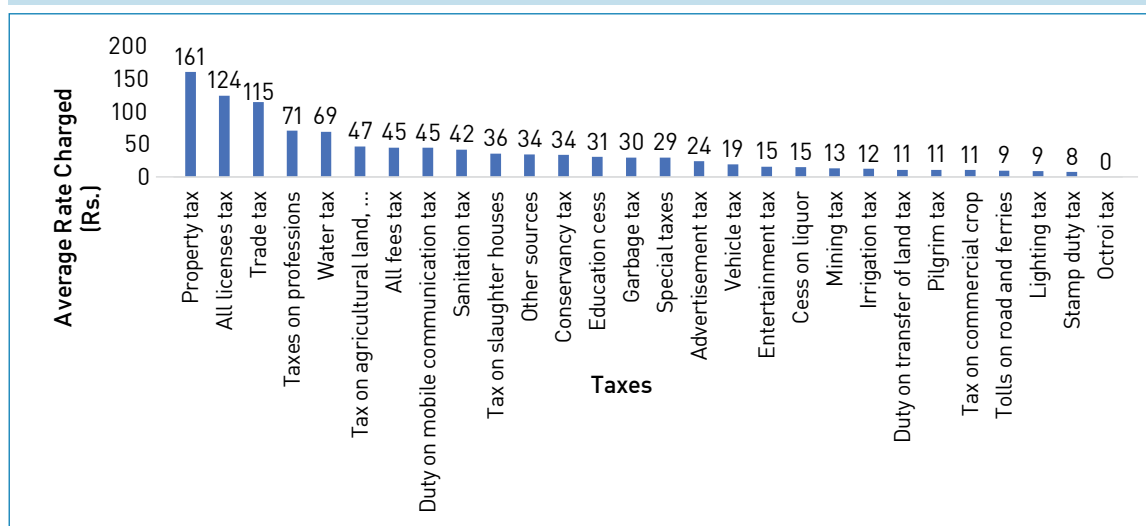


Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

For amount-based tax, the breakdown of the rate charged per unit<sup>2</sup> is shown in Figure 4.7. Property Tax has the highest per-unit rate charged by the GPs. From the top five taxes levied, lightning tax has the lowest per-unit rate charged.

<sup>2</sup>Unit is to be considered as the basic measuring yardstick for levying the tax. For instance, the unit for property tax is per square feet per annum for a single household. It is to be noted that the purpose of Figure 4.3 is to depict the average rate charged for each tax. The rates should not be compared as the unit for each tax is different.

**Figure 4.7: Average Rate Charged for Amount Based Tax**



Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

Note: \*\*Average rate is calculated across the sample states.

**Table 4.6: Distribution of different types of taxes**

S. No.	State	Tax Collected (Primary Survey Analysis)	Proportion (%)
1.	Andhra Pradesh	Property Tax	49.0
		Water Tax	6.0
		Sanitation Tax	1.0
		Lightning Tax	1.0
		Tax on profession	1.0
		Irrigation Tax	18.0
		All License Tax	3.0
		All fees tax	2.0
		Other Source Tax	16.0
2.	Arunachal Pradesh	No tax levied	
3.	Assam	Trade Tax	14.0
		Vehicle Tax	2.0
		All license Tax	51.0
		Other Source Tax	59.0

S. No.	State	Tax Collected (Primary Survey Analysis)	Proportion (%)
4.	Bihar	Water Tax	100.0
5.	Chhattisgarh	Property Tax	12.0
		Water Tax	27.0
		Lightning Tax	11.0
		Trade Tax	5.0
		Tax on profession	6.0
		Mining Tax	8.0
		Education cess	6.0
		All License Tax	1.0
		All fees Tax	23.0
6.	Goa	Property Tax	32.0
		Lightning Tax	2.0
		Trade Tax	15.0
		Tax on profession	7.0
		All License Tax	4.0
		All fees tax	41.0
7.	Gujarat	Property Tax	63.0
		Sanitation Tax	4.0
		Entertainment Tax	2.0
		Conservancy Tax	30.0
8.	Haryana	Property Tax	1.0
		Special Tax	11.0
		Tax on agriculture	78.0
		Duty on transfer of land tax	6.0
		Other Source Tax	4.0
9.	Himachal Pradesh	Property Tax	65.0
		Water Tax	5.0
		Sanitation Tax	1.0
		Tax on commercial crop	19.0
		Education cess	3.0
		All licence tax	1.0
		All fees tax	8.0
10.	Jammu & Kashmir	Education cess	79.0



S. No.	State	Tax Collected (Primary Survey Analysis)	Proportion (%)
		All licence tax	8.0
		Other Source	14.0
11.	Jharkhand	Duty on transfer of land tax	100.0
12.	Karnataka	Property Tax	86.0
		Water Tax	32.0
		Lightning Tax	1.0
		Trade Tax	3.0
		Cess on liquor	1.0
		All License Tax	2.0
		All fees tax	1.0
		Other Source	7.0
13.	Kerala	Property Tax	100.0
14.	Madhya Pradesh	Property Tax	23.0
		Water Tax	28.0
		Sanitation Tax	5.0
		Conservancy Tax	8.0
		Lighting Tax	7.0
		Trade Tax	29.0
		All License Tax	1.0
15.	Maharashtra	Property Tax	36.0
		Water Tax	19.0
		Sanitation Tax	8.0
		Conservancy Tax	1.0
		Lightning Tax	2.0
		Trade Tax	1.0
		Tax on agriculture	1.0
		Duty on mobile communication tax	1.0
		Irrigation Tax	3.0
		All fees Tax	1.0

S. No.	State	Tax Collected (Primary Survey Analysis)	Proportion (%)
16.	Odisha	Property Tax	15.0
		Water Tax	7.0
		Sanitation Tax	2.0
		Entertainment Tax	3.0
		Trade Tax	7.0
		Pilgrim Tax	3.0
		Vehicle Tax	4.0
		Special Tax	2.0
		Tolls on road & ferries	3.0
		Tax on slaughter houses	1.0
		Tax on agriculture	28.0
		Tax on commercial crop	6.0
		Duty on transfer of land	1.0
		All license Tax	2.0
		Other Sources	16.0
17.	Punjab	Tax on agriculture	100.0
18.	Rajasthan	Property Tax	8.0
		Water Tax	38.0
		Entertainment Tax	2%
		Conservancy Tax	2.0
		Pilgrim Tax	3.0
		Advertisement Tax	1.0
		Special Tax	17.0
		Garbage Tax	7.0
		Mining Tax	2.0
		Tax on agriculture	2.0
		Duty on mobile communication tax	5.0
		Duty on transfer of land	1.0
		All license Tax	11.0
		All fees Tax	3.0
		Other Sources	1.0

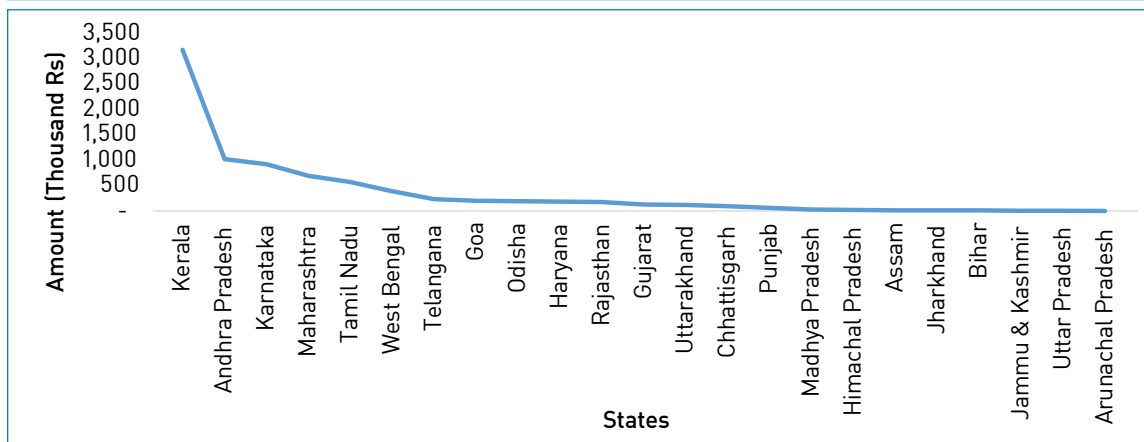
S. No.	State	Tax Collected (Primary Survey Analysis)	Proportion (%)
19.	Tamil Nadu	Property Tax	42.0
		Water Tax	19.0
		Sanitation Tax	2.0
		Lighting Tax	2.0
		Cess on liquor	5.0
		Irrigation Tax	1.0
		All license Tax	3.0
		All fess tax	7.0
		Other Sources	18.0
20.	Telangana	Property Tax	67.0
		Water Tax	14.0
		Sanitation Tax	1.0
		Lighting Tax	1.0
		Irrigation Tax	11.0
		All fees Tax	1.0
		Other Sources	5.0
21.	Uttar Pradesh	All license Tax	100.0
22.	Uttarakhand	Trade Tax	2.0
		Other Sources	98.0
23.	West Bengal	Property Tax	100.0

Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

In the survey, the information on the realized tax collected by the GP was for the last 5 financial years for each GP and each tax mentioned above. The mean of the OSR collection was calculated for these 5 years to arrive at the average OSR collected by the GPs. Each GP would have large variations within the state for average OSR collected for a particular tax. In order to arrive at a general amount of OSR collected

for a particular tax, the mean of the average OSR collected by the GPs of the state was calculated. In this way, the average OSR collected for a particular tax was found for each state. In the last step, the average OSR collected was summed across the taxes to finally arrive at the average OSR collection of a particular state. The total average OSR collection for last five years is shown in Figure 4.8.

**Figure 4.8: Total Average OSR Collected in Last 5 Years (By State)**

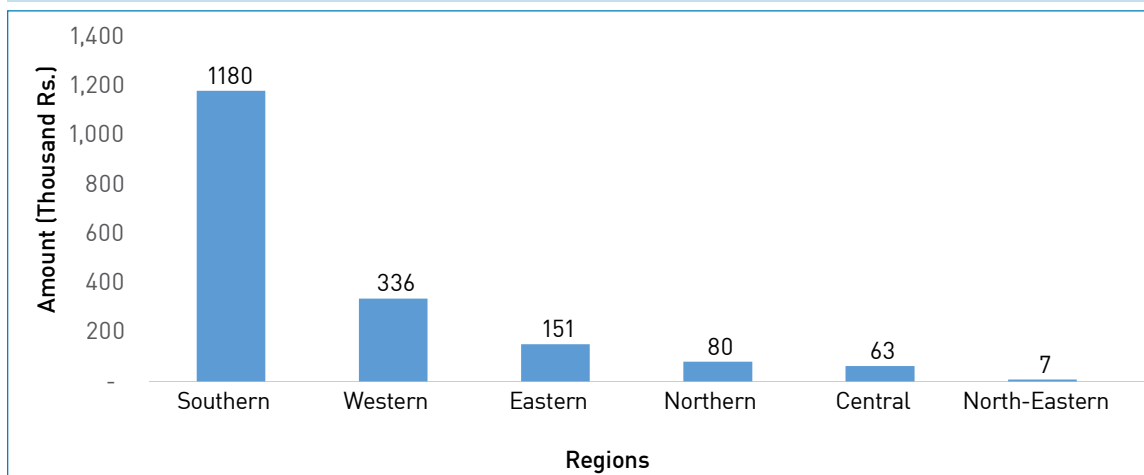


Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

The highest average OSR collection is observed in the state of Kerala. This is on the expected lines as the Panchayati Raj Institutions in Kerala have been a success story since the 73rd amendment. Regionally, the Southern States have the highest collection of the OSR in the last five years followed by the Western States. The average OSR collection in the states of Southern and Western region is 83 per cent of the average OSR collection across the country. The

contribution of the Southern States alone is 65 per cent to the average OSR collection. The performance of western states is mainly due to Maharashtra whose average OSR collection is more than twice the average OSR collection of all other western states. The North-Eastern, Central and Northern States fare poorly in the average OSR collections in the last five years.

**Figure 4.9: Average OSR Collected in Last 5 Years (By Region)**



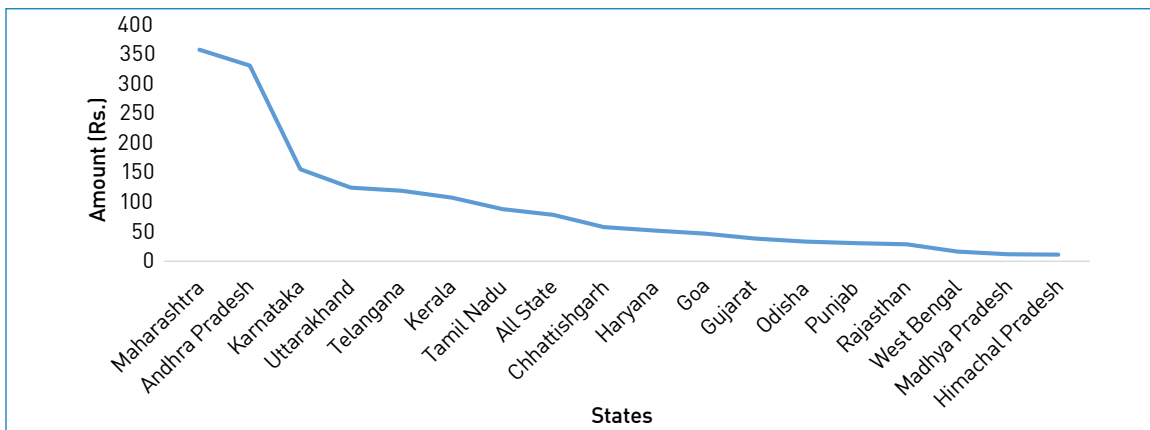
Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

## 4.8 AVERAGE PER CAPITA OSR COLLECTED BY STATES

In terms of average per capita OSR collection, Kerala is displaced by Maharashtra at the top. A simple reason for such a displacement is that the average population of GP in Kerala is higher than the average population of GP in Maharashtra. Thus, a larger population yields a smaller per capita OSR collection. Another noticeable change is for the state of Uttarakhand. Even though Uttarakhand had a smaller average OSR collection than Tamil Nadu, but in per capita terms the performance of the state is comparable

to the southern states. Another noticeable change is for the state of West Bengal. Even though West Bengal had a higher average OSR collection than Telangana, but in per capita terms the performance of the state is comparable to the northern states. Again, this is due to the higher average population per GP in the state of West Bengal which is 2nd only to Kerala. All State average per capita OSR collection is lesser than all the Southern states, but only Maharashtra from the Western region and Uttarakhand from the Northern region have higher average per capita OSR collection. Rest all states of the Western and Northern region have lesser average per capita OSR collection than all state average per capita OSR.

**Figure 4.10: Average Per capita OSR Collected in Last 5 Years (by State)**



Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

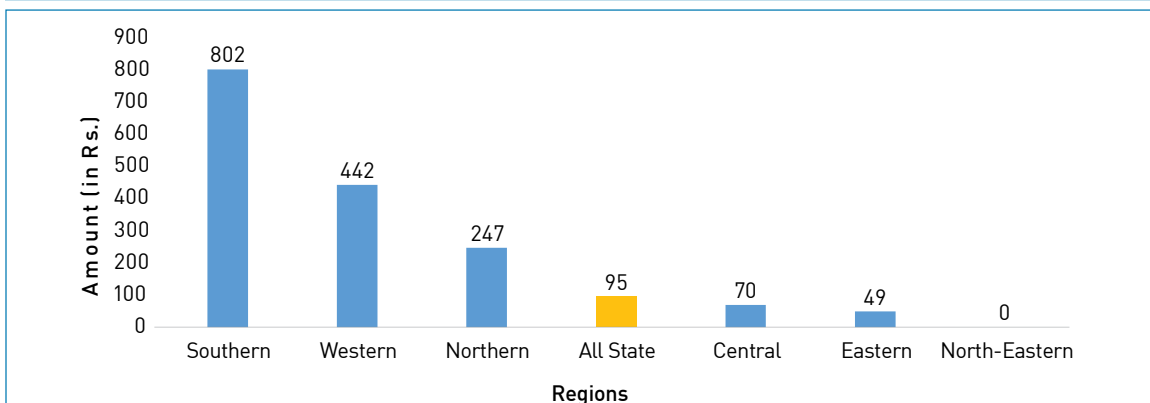
Note: States like Arunachal Pradesh, Assam, Bihar, J&K, Jharkhand and UP have their per capita equivalent to zero.

Regionally, the Southern States have the highest per capita OSR collection. States in the eastern region face the same issue as the average population of a GP in Eastern States is 7,499. As a result, the per capita OSR collection in the Eastern States is lower than the Northern and Central States. Further, the gap between per capita OSR collection of Northern and Central states have increased as the average population of the GPs in both regions is comparable. All in all, the Southern States remain at top for both average OSR collection in a GP and per capita OSR

collection. The higher collection of taxes in the Southern States can be explained by taxes levied by them and the corresponding revenue generated by the respective taxes. In all States, per capita OSR collection is lesser than the Southern, Western and Northern Region, it is mainly due to the low per-capita collection in the Eastern, Central and North-Eastern regions.

Regionally as well, some deviations are observed as shown in the graph below.

**Figure 4.11: Average OSR Per capita in GPs (by Region)**



Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

As we can observe here, that the states in Northern, Central, Eastern and North-East region have the potential to generate revenue. To forecast the potential of the revenue

for these states, we have undertaken an exercise to increase the revenue generation opportunities for all the states which are lagging behind in Chapter 6.

#### BOX 4.2 SUCCESS OF LOCAL DEMOCRACY IN KERALA

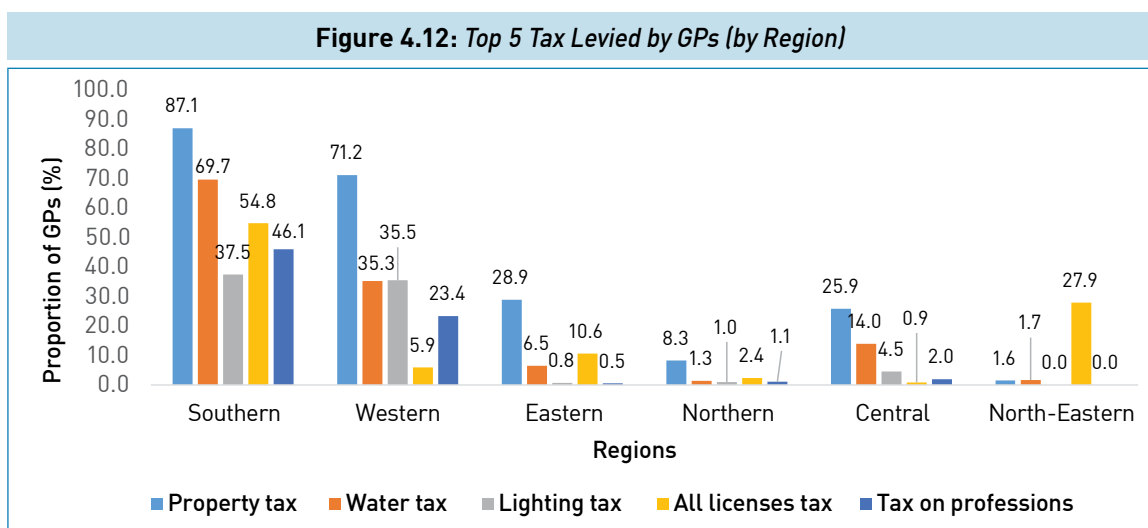
Kerala is literate state which can be felt at all sectors. Local residents are involved in the GP projects. Social conscience of the people are very high so they push through some kind of participation. They want to have a voice as far as the panchayat function is concerned. Community involvement can be seen in most of the GP projects, people participate in Gram Sabhas, raise demands, are involved in execution of the projects. All these add up towards the success of any developmental work. It is also interesting to note that both the ruling and opposition political party take

part actively in monitoring the activities of Gram Sabhas. Ward members are very active. Kudumbasree meetings often happen. Self-help groups are there and participate. Another important aspect behind the success of local democracy in Kerala is the participation of women. Women participate more than men in meetings. There are more of women in "Thozhilurappu" and they also involve in this. Area Development Societies are there in different wards, community development societies in panchayat level and members of these societies participate in Gram Sabhas.

## 4.9 OSR COLLECTION-PERSPECTIVE FROM TAXES

As seen, the top 5 taxes levied by the GPs are – Property Tax, Water Tax, Lighting Tax, All Licenses Tax and Taxes on Professions. From the sample, 37 per cent of the GPs levied property tax, while only 2 per cent of the GPs levied tax on the commercial crop. Further, the regional

breakdown of the top 5 taxes provides a better insight into why southern states perform better in OSR collection. In terms of average realised tax collection, Property Tax, Water Tax and All License Tax are among the top 3 taxes along with tax on agricultural land.



Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

The share of the OSR collected from top 5 taxes levied by the GPs in the total OSR collection is 48 per cent. Out of the 48 per cent, the contribution of property tax and water tax is 60 per cent. In both Southern and Western

states, most of the GPs are able to levy property tax and water tax. The case of states in Central India at first seems contradictory. Despite having a higher proportion of GP levying property tax and water tax than states in Northern

and Eastern regions, their average OSR collection is lower than both regions. This is because of the tax rate levied by the states in Central India. The average property tax rate levied by the GPs in India is Rs 161 per square foot per year for a household. While the average property tax rate levied in Chhattisgarh is Rs 81 per square foot per year for a household. Thus, the average rate charged in Chhattisgarh is equal to 50 per cent of the national average. Similarly, the average rate charged for water tax in Madhya Pradesh is below the national average.

## 4.10 AUTHORITY FOR DECIDING THE TAX RATE

The regional variation of the authority deciding tax rate shows that Gram Sabha has more power in deciding the tax rate in Southern and Western states as shown in the table below. The authority receding the tax rate is a proxy for enquiring whether the GP levies a tax or not. This is a good proxy as the GP that reports tax rate deciding authority implies that the tax is being levied in the GP. This creates a double-check system where we not only have examined the GPs where tax is being levied but also the tax deciding authority. The results of both the checks are consistent with each other.

**Table 4.7: Regional Variation of Authority Deciding Tax Rates in GP (%)**

Region	Gram Sabha	State	District Headquarters
Southern	62.5	10.0	2.4
Western	12.0	2.4	0.3
Central	2.6	0.3	0.2
Eastern	1.6	0.0	0.3
Northern	1.2	2.4	1.7
North-Eastern	0.2	0.0	0.0

*Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.*

The regions that have recorded low OSR collection have lower proportion of GPs where Gram Sabha is the deciding authority for tax rate. Barring Southern States, GPs in the rest of the regions do not appear to have any authority deciding the tax rate. Nearly 63 per cent of GPs in Southern States have reported some form of authority that decides the tax rate. This is because, most of the GPs do not levy any tax. For instance, in Punjab (Chahal Kalan GP, Aur Block) the GP is unable to levy any tax. The Sarpanch of the GP mentioned that the GPs are outside the jurisdiction of the municipality in Punjab and therefore cannot levy any tax other than on liquor stores. This is because the GP does not own any land. There are limited avenues for levying taxes for them. For instance, the Sarpanch tried to levy vehicle tax on vehicles passing through the GP but to no avail.



## CHAPTER 5

# CHALLENGES FACED AND SUGGESTIONS OF THE GPs TO INCREASE THE OSR

In Chapter 4, the emphasis was on the different sources and methods of revenue generation. Since we are dealing with human resources as a mediator on the management of OSR, their perspective also becomes important. This chapter explores the perception of the Sarpanch (Pradhan)/Deputy Sarpanch/Panch Secretary or Panch regarding various aspects of OSR generation.

Major impetus was placed on how panchayat officials rank various sources of revenue such as land, water resources, sanitation, roads, minor irrigation among others. It also looks at the challenges faced by officials in the process of generating OSR, the suggestions and innovative strategies they consider would improve the same. The chapter also entails some case studies emerged from the Focus Group Discussions.

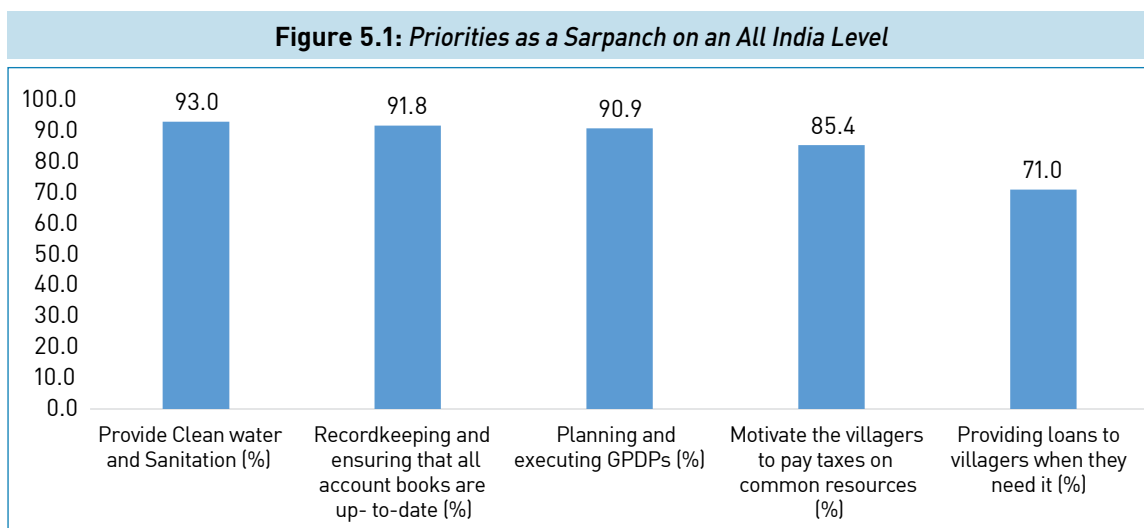
### 5.1 PRIORITIES OF SARPANCH

The survey conducted by NCAER asked the respondents which among the following they identified as the

responsibilities of a Sarpanch:

1. Ensuring access to clean water and sanitation to everyone in the village;
2. Providing loans to villagers when they need them;
3. Planning and executing the Gram Panchayat Development Plans (GPDPs);
4. Motivating the villagers to pay taxes on common property resources; and
5. Record-keeping and ensuring that all account books are up-to-date.

At the all India-level, it is quite evident that the Sarpanches are aware of their two major priorities, viz., the provision of clean water and sanitation, and keeping records while ensuring that all accounts are up-to-date. However, the Sarpanches or the other authorities concerned need to work more on motivating the villagers to pay taxes on common property resources and the provision of loans to villagers in times of need. Figure 5.1 corroborates the above findings.



Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

## 5.1.1 REGION-WISE REPRESENTATION OF THE PRIORITIES OF SARPANCH

The previous section presents an all-India level discussion on the priorities of the Sarpanch. This section further decodes the discussion to indicate how far Sarpanches in different regions of the country are aware of their responsibilities.<sup>3</sup>

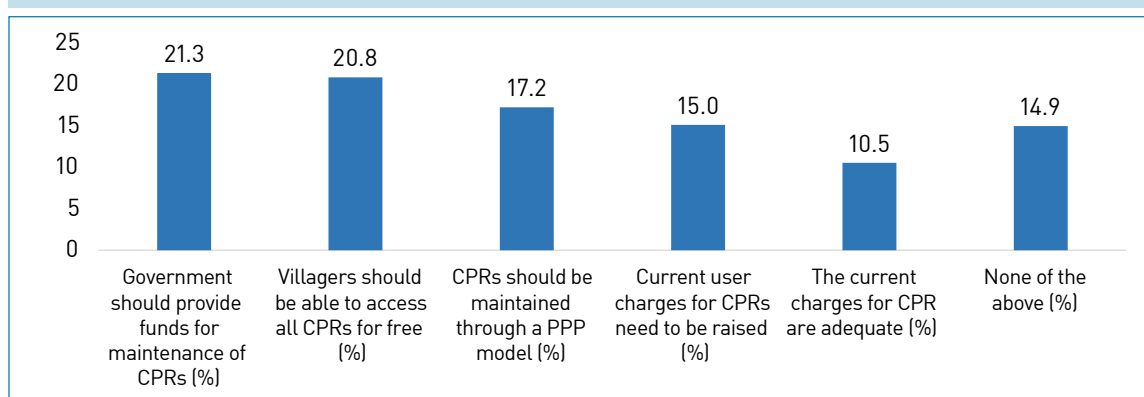
**Table 5.1: Region-wise Representation of Priorities of the Sarpanch**

Region	Provide Clean Water and Sanitation (%)	Providing Loans to Villagers When They Need It (%)	Planning and Executing GDPs (%)	Motivate the Villagers To Pay Taxes on Common Resources (%)	Record-keeping and Ensuring that All Account Books are Up- to-date (%)
Northern	89.5	82.4	89.9	82.2	92.4
Southern	99.0	53.7	94.2	92.6	94.1
Eastern	98.0	64.4	98.4	91.6	92.1
Western	88.9	51.7	97.8	98.6	97.6
Central	77.2	75.7	76.5	72.9	73.3
North-Eastern	95.3	70.8	90.6	43.8	95.2

Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

The survey found that Sarpanches from the northern States are well aware of their priorities relative to the other regions (Table 5.1). There is a significant difference between the results pertaining to the southern and northern regions.

**Figure 5.2: Perception on Charging User Fee for CPRs on an All-India Level**



Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

Next, they are asked about the adequacy of user fees of different CPRs in India. CPRs include village pastures and grazing grounds, forests, waste lands, ponds, tanks, water reservoirs. Figure 5.2 shows that charging a user fee from CPRs would be quite beneficial and significant for raising the OSR. However, 21.3 per cent of the respondents believe that the government should provide funds for the maintenance of CPRs and 20.8 per cent of them feel that villagers should be able to access all the CPRs free of cost. This is in contrary to 10.5 per cent who thinks that the current CPR charges are adequate.

## 5.2 COMPARISON BETWEEN THE TOP AND LEAST STATE-WISE ADEQUACY AVAILABILITY OF POTENTIAL RESOURCES

This section assess the potential of top four resources such as land, water, sanitation and solid waste management; and roads street lightning in their adequacy towards generating revenue. The assessment is based on the rankings provided by the respondents.

<sup>3</sup>The segregation of the sample of 23 States has been done as follows:

**Northern Region:** Rajasthan, Punjab, Haryana, J&K, Uttar Pradesh, Uttarakhand, and Himachal Pradesh; **Southern Region:** Kerala, Karnataka, Telangana, Andhra Pradesh, and Tamil Nadu; **Central Region:** Madhya Pradesh and Chhattisgarh; **Eastern Region:** Bihar, Jharkhand, West Bengal, and Odisha; **Western Region:** Gujarat, Goa, and Maharashtra; **North-eastern Region:** Assam and Arunachal Pradesh.

1. **Land Resources:** The respondents in States such as Andhra Pradesh, Madhya Pradesh, and Arunachal Pradesh felt that the user charges on land resources are highly adequate, whereas the responses obtained

in Goa, Jammu & Kashmir, and Rajasthan pointed to perceptions that the user charges on land resources in these States are highly inadequate.

**Table 5.2: Top and Lower Tier State-wise Representation of Adequacy of User Charges on Land Resources**

State	Perceptions that User Charges on Land Resources (%) Are Highly Adequate	State	Perceptions that User Charges on Land Resources (%) Are Highly Inadequate
Andhra Pradesh	76.8	Goa	0
Madhya Pradesh	69.9	Jammu & Kashmir	14.6
Arunachal Pradesh	68.6	Rajasthan	18.9

Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

2. **Water Resources:** The respondents in States such as Punjab, Andhra Pradesh, and Tamil Nadu felt that the user charges on water resources are highly adequate while the corresponding results in Goa, Jammu &

Kashmir, and Rajasthan pointed to perceptions that the user charges on water resources in these States were highly inadequate.

**Table 5.3: Top and Lower Tier State-wise Representation of Adequacy of User Charges on Water Resources**

State	Perceptions That User Charges on Water Resources (%) Are Highly Adequate	State	Perceptions That User Charges on Water Resources (%) Are Highly Inadequate
Punjab	76.0	Goa	0
Andhra Pradesh	74.8	Arunachal Pradesh	2.8
Tamil Nadu	72.0	Bihar	4.8

Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

3. **Sanitation and Waste Management:** The respondents in States such as Kerala, Andhra Pradesh, and Uttarakhand felt that the user charges on sanitation and solid waste management are highly adequate whereas

the responses in Goa, Arunachal Pradesh, and Jammu & Kashmir pointed to perceptions that the user charges on resources related to sanitation and waste management were at the lower end of the adequacy trail.

**Table 5.4: Top and Lower Tier State-wise Representation of Adequacy of User Charges on Sanitation and Solid Waste Management**

State	Sanitation and Solid Waste Management (%) Highly Adequate	State	Sanitation and Solid Waste Management (%) Least Adequate
Kerala	78.9	Goa	0
Andhra Pradesh	78.7	Arunachal Pradesh	11.1
Uttarakhand	76.9	Jammu & Kashmir	16.9

Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

4. **Streets and lightning of Roads:** The respondents in States such as Punjab, Karnataka, and Assam felt that the user charges on street lighting resources are highly

adequate whereas the responses in Arunachal Pradesh, Odisha, and Jammu & Kashmir highlighted perceptions that the user charges on road lighting were at the lower end of the adequacy trail.

**Table 5.5: Top and Lower Tier State-wise Representation of Adequacy of User Charges on Street and Road Lighting**

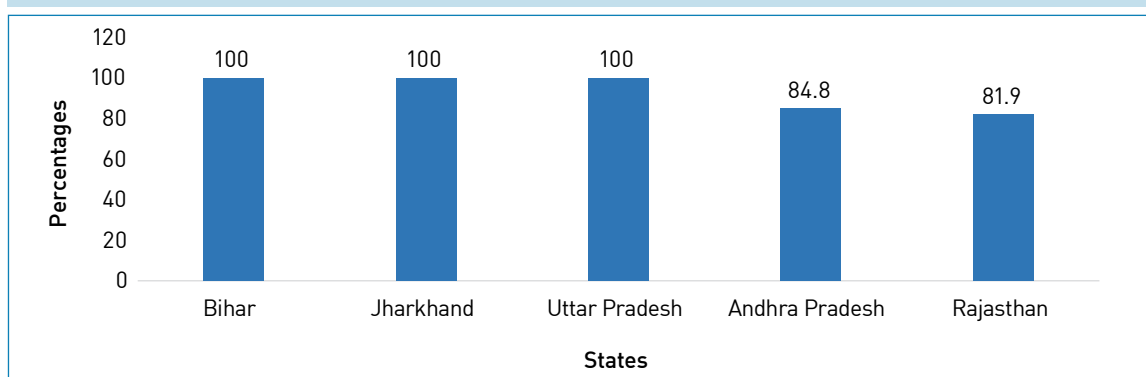
State	Perception That User Charges on Roads and Street Lights (%) Are Highly Adequate	State	Perceptions that User Charges on Roads and Street Lights (%) Are Highly Inadequate
Punjab	78.7	Arunachal Pradesh	2.8
Karnataka	73.6	Odisha	5.9
Assam	70.8	Jammu & Kashmir	14.4

Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

Figure 5.3 shows that 100 per cent of the respondents from Bihar, Jharkhand and Uttarakhand opposed the increase of user fee in their respective Gram Sabhas. Kerala, Karnataka

and Maharashtra have the least opposition in increasing the user charges.

**Figure 5.3: State-wise Percentage of Respondents Opposing to Increase in User Fee**



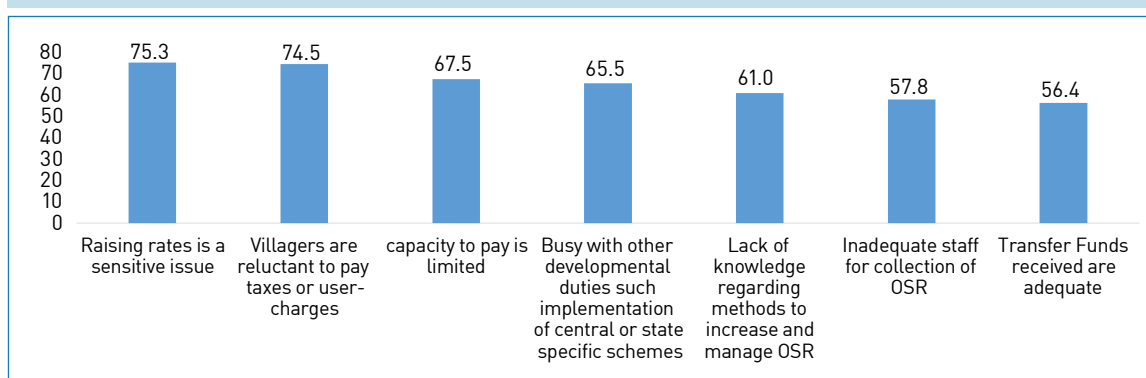
Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

### 5.3 CHALLENGES FACED AT ALL INDIA LEVEL WHILE RAISING OSR

The Gram Panchayats faced a lot of challenges while raising the OSR such as the limited capacity to pay among

users, inadequate availability of staff, and lack of knowhow among both users and officials. Out of the total quantum of respondents, 75.3 per cent averred that one of the major challenges was the raise in the rates, while 74.5 per cent of the respondents felt that villagers were quite reluctant to pay taxes. Figure 5.4 represents these findings graphically.

**Figure 5.4: Challenges Faced While Raising OSR**



Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

It was observed that 70 per cent of the respondents who were unable to pay the taxes listed poverty as one of the major reasons, 59 per cent of the respondents felt that geographical nature was one of the main reasons for their limited capacity to pay, 54 per cent of the respondents

believed that location was one of the main reasons, and 60 per cent of the respondents mentioned social structure as one of the main reasons for their limited capacity to pay. The responses of the panchayat officials of Tamil Nadu are delineated in Box 5.1.

#### BOX 5.1: EFFORTS MADE TOWARDS CONVINCING THE VILLAGERS TO PAY TAXES

The GP members told the villagers that the level of development in their villages was directly related to the revenue earned by the GP. When the villagers pay less tax, the GP would not be able to make the kinds of roads that the villagers expect and need, or we to build bigger tanks for water storage. In this way, the GP members clearly explain the nuances of the tax structure to the villagers in detail, and the fact that the entire responsibility should be

taken by the ward members and the president. They also assert the transparency in execution of the developmental works, which shows their commitment to the development of the village. The communication team interacting with the villagers is headed by 27 women workers, who have assumed the responsibility of spreading awareness by making door-to-door visits in the village.

Source: Findings from the FGD conducted in the Periyanaickenpalayam Gram Panchayat of Tamil Nadu.

## 5.4 REGION-WISE CHALLENGES AND SUGGESTIONS

This section is based on the findings of the FGD conducted by the NCAER team across all the 23 States selected for the study. The panchayat officials who participated in the FGD highlighted the major challenges being faced by

their GP in raising revenue. The common challenges across States were grouped together to represent the region-wise challenges. Similarly, they spoke about the suggestions and recommendations that would help in raising the OSR in their respective areas. Table 5.6 delineates the various challenges and suggestions

Table 5.6: Region and State-wise Challenges and Suggestions for Increasing OSR

Regions and States Contained in the Respective Regions	Challenges	Suggestions for Increasing OSR
<b>NORTHERN REGION</b> Rajasthan Punjab Haryana Jammu and Kashmir Uttar Pradesh Uttarakhand Himachal Pradesh	<ol style="list-style-type: none"> <li><b>Lack of funds:</b> Due to lack of funds allocated to the panchayats, proper facilities have not been developed in the GPs. If there are no adequate resources to facilitate the livelihoods of the villagers, there is no opportunity to raise revenue.</li> <li><b>Lack of support from the higher authorities:</b> the GPs sometimes do not get much support from the Block Development Officers (BDOs) or Sub Divisional Officers (SDOs). They raise their issues in Gram Sabha meetings but these usually get overlooked.</li> <li><b>No specific guideline:</b> The local government has the provision of generating revenues from own resources but no specific instruction or guidelines have been issued by the government regarding the rate and type of taxes to be imposed.</li> <li><b>Poverty:</b> Most of the villagers are living below the poverty line. Since there are no opportunities for gainful employment, most of the villagers have migrated away and the villages are left with only a handful of the population.</li> <li><b>Difficult to convince villagers:</b> Villagers are not willing to pay any taxes, rather they make it a political issue whenever the GPs try to impose any taxes on them.</li> </ol>	<ol style="list-style-type: none"> <li><b>Development of adequate resources:</b> There is need for development of adequate resources in the villages, like from village industries, which would be useful in keeping a check on migration. Also, such resources are useful for generating revenue for the panchayats.</li> <li><b>Awareness of Panchayat functionalities:</b> The general population should be made aware of the panchayat functionalities and clear directives should come from the government regarding tax imposition to avoid any conflict with the villageRs</li> <li><b>Deployment of forces:</b> Panchayats need to convince people to pay taxes, but for this, they need security measures to be deployed at the panchayat to protect them from the hostility and opposition of the people residing in the panchayat. At the same time, the Block CEO and District CEO should lend their support in convincing the people for paying taxes.</li> </ol>

Regions and States Contained in the Respective Regions	Challenges	Suggestions for Increasing OSR
	<p><b>6. Lack of resources:</b> The GP reported that it had no resources from which the tax could be collected. The GPs are surrounded by hills and forests, which are managed by different departments under the State and Central Governments. Unless they have enough provision to generate adequate resources, they will not be able to increase their revenue base.</p> <p><b>7. Political issue:</b> The position of the Gram Pradhan is a political post, and every Pradhan is supported by one or the other political party. This makes it difficult for any Pradhan to be strict on the issue of tax collection. The Pradhan fears that the opposition may use this as a tool to gain popularity. Further, opposition from the general population may also prove to be counter-productive for the ruling political party.</p>	<p><b>4. Adequate awareness on tax collection:</b> Some resources are available to the GPs for activities like maintenance of ponds, street lighting, and roads, for which revenues can be collected but the GPs are not aware of this. Proper guidelines are thus required on the CPRs on which revenues could be collected and information on the amount should be circulated among all the GPs.</p>
<p><b>SOUTHERN REGION</b></p> <p>Kerala</p> <p>Karnataka</p> <p>Andhra Pradesh</p> <p>Telangana</p> <p>Tamil Nadu</p>	<p><b>1. Maintaining regular activities during COVID:</b> Currently, the panchayats are constrained by the programmes being implemented for COVID protection. Given that COVID has hit the economy extensively, the GPs are not able to impose taxes to collect revenues. There has, in fact, been a reduction in the amount of revenue collected. Many GPs, such as those from Tamil Nadu, have attributed a 40 per cent of the decline in OSR to COVID.</p> <p><b>2. Rural areas and poverty:</b> Collection of taxes is a challenge for the rural sector. In many GPs, the economic condition does not permit the GP officials to impose any taxes.</p> <p><b>3. Difficult to convince people:</b> People are not convinced that they need to pay taxes to get access to better quality of services. When the Gram Sabhas are conducted with the main focus being tax collection, it usually leads to arguments. When the taxes are revised, it leads to further debate. The Panchayat officials also need to visit the village households at regular intervals as they do not comply with the taxation rule.</p> <p><b>4. Taxes are being subsumed under GST:</b> Some GPs which were earlier collecting octroi or theatre taxes are no longer able to collect them since these items are subsumed under GST, which has led to a reduction in the tax base.</p>	<p><b>1. More awareness for general population:</b> There is a need to explain to the general population their duty and the significance of these taxes at the local level. There is also a need for a proper communication flow from the government to the general population.</p> <p><b>2. Partial collection of tax:</b> The GPs should ensure that even when the residents are not able to pay the tax in totality, there is a provision for partial tax collection. They can pay 35 per cent of the taxes as a one-time payment and the balance can be paid when they are capable of doing so.</p> <p><b>3. Clearance certificate:</b> Many a times, the residents need a No Objection Certificate (NOC) from the Gram Panchayat officials for their personal work. It should be mandated by the GPs that no such certificate needs to be furnished to the residents who have tax dues, and that they will be given an NOC only when they complete their tax payments.</p> <p><b>4. Employment of regular employees:</b> It is important for the panchayats to employ staff members regularly in accordance with the growth in the population of the GP. The existing staff is not sufficient to monitor the progress of all government schemes as also to devise innovative strategies for ensuring a better tax base.</p> <p><b>5. Digital payments:</b> The households should be connected digitally so that they do not need to visit the panchayat building for paying their revenues. Digital payments are also being encouraged.</p>

Regions and States Contained in the Respective Regions	Challenges	Suggestions for Increasing OSR
<b>EASTERN REGION</b>  Jharkhand  Bihar  West Bengal  Odisha	<ol style="list-style-type: none"> <li><b>1. Lack of clear instructions:</b> The GPs are not sure as to what should be the minimum and maximum amounts of taxes to be levied on the public for the use of CPR.</li> <li><b>2. Inability to exercise power:</b> The Mukhiyas do not exercise their powers to hold the Gram Sabhas or to discuss any developmental issues.</li> <li><b>3. The inability of Gram Sabhas to act independently of the State:</b> Although officially the GPs are given the independence to hold programmes, in practice, the GPs cannot implement any programme to generate OSR unless instructed by the State government.</li> <li><b>4. Time lag in approval:</b> The Gram Sabhas take place only when there are instructions to do so by the district or State administration. All matters discussed in the Gram Sabhas are sent to the State government for implementation, but the process takes years to get approved.</li> <li><b>5. Lack of fund generation:</b> The GPs are not able to generate funds from the different CPRs because the control of CPRs has been handed over to different State line departments.</li> </ol>	<ol style="list-style-type: none"> <li><b>1. Official directive:</b> An official guideline or a written notice to the GPs will raise awareness among the public regarding the financial autonomy of the GPs. In the absence of such guidelines, the general population is not aware of this responsibility of GPs.</li> <li><b>2. Construction of commercial sheds and cold storage facilities:</b> Commercial sheds may be constructed at the road side of the panchayats and <i>chowks</i> of the panchayats, which may be given out on rent for revenue generation. Cold storage facilities may also be constructed at the panchayat level for the benefit of the local population, which will enable revenue generation.</li> <li><b>3. Development of infrastructure for minor irrigation:</b> The Panchayats should develop infrastructure to provide minor irrigation systems for local farmerRs This will help in motivating farmers to pay taxes.</li> <li><b>4. Operational drinking water facility:</b> Drinking water facilities should be provided and maintained through the panchayat, which will enable it to generate revenue.</li> <li><b>5. Approval from the Panchayat:</b> For the construction of local houses in the villages, the map for house construction should be approved by the Panchayat, with an adequate amount of deposition for home loan purposes.</li> <li><b>6. Protection to the Panchayat:</b> The Government provide protection to the Panchayat officials to allow them to effectively implement the rules of the Panchayats.</li> </ol>
<b>CENTRAL REGION</b>  Madhya Pradesh  Chhattisgarh	<ol style="list-style-type: none"> <li><b>1. Lack of funds:</b> Due to lack of funds allocated to the GPs, proper facilities are not being developed. In the absence of adequate resources for improving the lives of the villagers, there is no opportunity to raise revenue.</li> <li><b>2. Lack of compliance:</b> The lack of compliance by villagers and their reluctance to pay taxes is reducing the tax base for the villageRs They cannot take any tough measures to counter this as they fear that they will not receive adequate protection from the senior officials against irate villageRs</li> <li><b>3. Fear of ranking:</b> Low OSR generation puts the Panchayat down in the ranking, which, in turn, results in a decrease in financial assistance. This forces the GP officials to deposit the remaining amount of tax from their own pockets.</li> </ol>	<ol style="list-style-type: none"> <li><b>1. Deployment of security for the Panchayat:</b> The GPs need to convince people to pay taxes but for that, they need security forces to be deployed at the Panchayat to protect them as well as the public within the Panchayat. At the same time, the Block CEO and District CEO should lend their support in convincing the people to pay taxes.</li> <li><b>2. No caste barriers in usage of resources:</b> Ponds should be leased by the Panchayats as the latter are responsible for their maintenance. Ponds are reserved for a particular caste to lease-in for fishing, but if this caste is not able to participate in the lease process, then fishing should be opened for all interested people. This will help in the generation of a larger amount of revenue.</li> <li><b>3. Installation of tube wells:</b> Tube wells may be installed for the supply of drinking water under the Nal-Jal Yojana, from which revenue can be collected. In a few Panchayats, this facility has already been successfully created and is generating adequate revenue.</li> <li><b>4. Construction of street lights:</b> Tax on street lights can be collected if funds are available for providing street lights in the villages.</li> <li><b>5. Conservancy tax:</b> Conservancy tax may also be collected if the Panchayat is able to provide the required services for that.</li> </ol>



Regions and States Contained in the Respective Regions	Challenges	Suggestions for Increasing OSR
<b>WESTERN REGION</b> Gujarat Goa Maharashtra	<ol style="list-style-type: none"> <li><b>1. Lack of availability of common property resources:</b> It was observed that there is no availability of CPRs such as pasture grazing lands, fisheries, and community forests.</li> <li><b>2. Lack of storage facility:</b> Panchayats have faced the issue of lack of adequate water storage and irrigation facilities.</li> <li><b>3. Lack of support:</b> The State district officials and BDO have shown lack of interest and support fulfilling the needs of the Panchayats.</li> <li><b>4. Reluctance in paying taxes:</b> Villagers are reluctant to pay taxes and want to use CPRs for free.</li> </ol>	<ol style="list-style-type: none"> <li><b>1. Construction of storage facility:</b> Warehouses need to be constructed in order to store crops.</li> <li><b>2. More development funds:</b> More development funds should be channelised from the Central and State Governments, which would further enhance the agricultural activity and ensure better handling of shocks and uncertain situations.</li> <li><b>3. Development of resources:</b> Adequate resources should be provided to be taxed on in order to raise more OSR.</li> </ol>
<b>NORTH-EASTERN REGION</b> Assam Arunachal Pradesh	<ol style="list-style-type: none"> <li><b>1. Lack of training:</b> The newly appointed Panchayat officials were not imparted adequate training on tax collection. They are thus not aware of details of the CPRs and revenue collection.</li> <li><b>2. Lack of information:</b> The newly appointed panchayat officials such as Sarpanches and Panches were not handed over the audits and earlier financial accounts.</li> <li><b>3. Lack of awareness:</b> The GPs are not aware of either revenue generation or OSR.</li> </ol>	<ol style="list-style-type: none"> <li><b>1. Training should be imparted:</b> The newly appointed Panchayat officials should be imparted due training on the type and the amount of taxes.</li> <li><b>2. Need for funds:</b> Funds should be channelised for the maintenance, cleanliness and sanitation, and construction of roads.</li> <li><b>3. Adequate awareness for the revenue collection:</b> The villagers and Panchayat officials should be made aware of the assets from which revenues can be generated and innovative assets which could be taxed.</li> </ol>

Source: NCAER's descriptions are based on inputs from Primary Survey, 2021 for this study.

Apart from the challenges mentioned above, the FGDs reveal other issues related to the empowerment of the Panchayat

officials. Some such qualitative excerpts from different gram panchayats are provided in Box 5.2 and Box 5.3.

### BOX 5.2: LACK OF EMPOWERMENT IS THE REASON FOR THE LOW OSR COLLECTION

During the FGD in the Kodarma panchayat, the villagers said, "First of all, the Mukhiya is not empowered enough to exercise his power and take any developmental decision on his own, even that of holding the Gram Sabha to discuss any developmental issues. If the Mukhiya tries to do that, then there will be a strong protest from the public, alleging that

the Mukhiya is trying to do some mischief as the matter has not been mandated by the Government. The Mukhiya is always answerable for any step taken towards improving OSR, if there is any complaint from the public about his wrong intentions."

Source: Findings from the FGD conducted in the Kodarma Panchayat, district Kodarma of Jharkhand.

### BOX 5.3: ABSENCE OF SPECIFIC INSTRUCTIONS IS RESPONSIBLE FOR THE LOW OSR

During the FGD conducted in the Baghra Block of Muzaffarpur district, the villagers noted, "Yes the state government has the provision of generating revenues from own resources but no specific instruction or guideline has been issued by the government regarding the rate and type of taxes to be collected. This subject has been discussed many times in the meeting and during the training. But we can still not take any bold step on this for the following reasons: Firstly, we are ground level workers and very

familiar with the villageRs Secondly, we do not have any security if we have to pressurise the people to pay the taxes nor do we have the power to impose penalties on defaulters as are being exercised in urban areas. Rather, the people are sheltered by the political system prevalent in the region. Hence, we do not dare to impose any tax on the people in view of its adverse effect, and therefore, we do not prioritise taxation."

Source: Findings from the FGD conducted in the Baghra Block of Muzaffar Nagar district of UP.

The villagers in the Hanoda Gram Panchayat of Durg district revealed, "The Central Government, instead of just giving instructions on what taxes should be collected, should also

**Source:** Findings from the FGD conducted in Hanoda Gram Panchayat of Durg district, Chhattisgarh.

give instructions on the amount of taxes to be collected in relation to the type of property so that the revenues of the panchayat can be increased. The Central Government should declare a standard procedure for imposition of tax."

## 5.5 BEST PRACTICES AND INNOVATIVE APPROACHES

This research study conducted has brought to light a number of success stories in the domain of OSR. The following case studies are stellar examples of optimal resource utilisation and community participation. Therefore, the case studies delineated below must be considered as benchmarks for the implementation of premier standard practices in OSR, and

this report strongly recommends the adoption of similar practices across the nation and their replication in States where they have not yet been adopted. The common best practices emanating from all the case studies are community participation, optimal utilisation of resources, spread of awareness at the village level through the respective gram panchayats, and efficient implementation and disbursement of resources at the GP level, all of which have contributed to the success stories.

### BOX 5.4: IMPORTANCE OF COMMUNITY LEVEL INVOLVEMENT FOR OSR A SUCCESS STORY IN KERALA

**Gram Panchayat:** Kizhakkencherry

**Block:** Alathur

**District:** Palakkad

**Total number of Wards in the GP:** 22

**Population of the GP:** More than 40,000 as per Census 2011

**Total Number of Panchayat Staff:** 18

**Main Occupation of the People in the GP:** Agriculture

**Geographical Characteristics:** No major national or State highways

**Sources of Taxes:**

The panchayat garners most of the taxes derived from Property Tax, followed by Professional Tax, and licence fee from merchants. The success of the GPs lies in their ability to convince more than 80 per cent of the population to pay the Professional Tax. This is unique for Kerala as most of the other GPs in the sample State have highlighted this as a challenge. Property tax is collected on the basis of per square meter of land. The basic charge is Rs 5 per square meter. The number of floors in the property also determines the amount of tax to be imposed. During the last financial year, that is, 2020-21, a total amount of Rs

43,00,000 worth of property taxes was collected in the GP, which is significant if compared with the other States and their associated GPs. As compared to the preceding financial year, that is, 2019-2020, when the total revenue raised was Rs 45,00,000, a minimal decline in revenue has been attributed to COVID-19. When compared with the revenue raised in the previous ten years, there has been an over three-fold increase in tax collection, which is a substantial amount. The State government takes the decision on the tax rates and subsequent hike in the fees.



*FGD conducted in the Kizhakkencherry Gram Panchayat, District Palakkad of Kerala*

*The GPs also collect professional charges from traders and registered institutions on a half yearly basis. There are about 200 registered institutions. During the last financial year, they collected more than Rs 2,12,000 from traders and Rs 10,00,000 from the employees, which amounts to a total amount of Rs 12,00,000 of professional taxes. Unlike property tax, there has not been much increase in the professional tax. The GP also collected a licence fee of around Rs 1,39,000 during the last financial year, which increased from the total amount of Rs 89,000 collected during the financial year 2013-14. Earlier, before the implementation of GST, revenue was being raised from advertisements and theatre in the form of entertainment taxes, all of which have now been subsumed under GST. People use both direct and online modes of payment for paying the taxes. While no incentives are offered to the people for paying the taxes on time, a penalty, usually one per cent per month, is imposed as late fees if the tax is not paid on time.*

*Apart from their OSR, the GP receives an amount of around Rs 18,26,000 per month as General Purpose Fund from the Government, which is used to subsidise and promote agricultural activities in the villages.*

*Even during the COVID pandemic, the GP was able to collect 93 per cent of the targeted property tax, which points to its success in tax collection. However, over time, there has been a decline in the collection of professional tax and licence fee. In cases where the revenue decreased a little bit, the panchayat defended it by ascribing it to the pandemic and the need to spend money on quarantine facilities, to provide food and supplies for COVID-affected families, and to set up COVID care centres. All these activities were undertaken using the panchayat's own fund.*

#### **Expenditure from OSR**

*The amount collected from OSR is used for funding*

*the Public Health Centre, Krishi Bhavan, Veterinary, Dispensary, Integrated Child Development Services (ICDS), Anganwadis, Leadership Public Schools (LPS), and other such projects and activities. They are also spent on the members' salaries and honorariums. The amounts received from the State and Central Governments are also spent on all these activities. They have huge subsidy schemes, which are used to encourage collective farming. The cost of funding street lights and water supply for the public is also met from this fund.*

#### **Reasons for the Success of OSR in the Kizhakkencherry GP in Kerala**

*Kerala is a highly literate State, which can be seen in all its sectors. Local residents are actively involved in the GP projects. There is also a very high level of social conscience among the people, which encourages them to participate in such activities. They also want to have a voice as far as the panchayat function is concerned. Community involvement can be seen in most of the GP projects, people participate in large numbers in the Gram Sabhas, raise demands, and get involved in execution of the projects. All these add up to the success of any developmental work.*

*It is also interesting to note that both the ruling and opposition political parties take active part in monitoring the activities of the Gram Sabhas. The ward members are also very active. Kudumbasree meetings take place regularly. There are a large number of self-help groups in the State, who also participate extensively in public welfare activities.*

*Another important aspect responsible for the success of local democracy in Kerala is the participation of women. In fact, women in the State participate more than men in meetings. There are more women in "Thozhilurappu", and they are also involved in this. There are Area Development Societies in different wards, and community development societies at the panchayat level, and the members of these societies participate in the Gram Sabhas across the State.*

## BOX 5.5: GOOD GOVERNANCE LEADS TO EFFECTIVE COMMUNITY PARTICIPATION A CASE STUDY IN TELANGANA

**Gram Panchayat:** Tummaloor

**District:** Ranga Reddy

**Total Number of Wards in the GP:** 10

**Population of the GP:** 2859 as per Census 2011

**Main Occupation of the People:** Agriculture

**Total Number of Panchayat Staff:** 15

### Sources of Taxes:

The panchayat garners most of its taxes from Property Tax, followed by licence fee from merchants. The success of the GP lies in its ability to convince more than 90 per cent of the population to pay the House Tax, which is collected as a percentage of the total value of the building. The basic charge is Rs 0.25 per cent of the value of the building. During the previous financial year, that is, 2020-

21, a total amount of Rs 39,87,124 was collected as House Tax, which is a significant amount when compared with the corresponding amounts in other States and their associated GPs. The GPs also collect trade licence fees from the merchants/traders in the form of licence fee. During the previous financial year, that is, 2020-21, a total amount of Rs 8500 was collected as licence fee. People use both direct and online modes of payment for paying the taxes.



FGD conducted in the Tummaloor Gram Panchayat, District Ranga Reddy of Telangana.

### Expenditure from OSR

The amount collected from OSR is used for construction or maintenance of school buildings, Anganwadi buildings, roads and underground drainages, and water supply facilities. They are also spent for paying the members' honorariums and salaries to the GP staff. The amounts received from the State and Central Governments are also spent for all these.

### Reasons for the Success of OSR in the Tummaloor GP

Tummaloor is one of the GPs collecting a significant amount of House Tax/Property Tax, that is, the OSR in the State is generated with the cooperation and coordination of the people, the Sarpanch, and the ward members. The GP

administration and staffs are always available to the people to help them resolve any issue in the Gram Panchayat. People are motivated and inspired by the development activities taken up by the Gram Panchayat administration. They thus come forward voluntarily and pay the taxes on schedule. The people also participate actively in the Gram Sabha, which is conducted once in two months, and discuss the activities to be taken up in future while reviewing the works that have already been completed. The GPs use the suggestions made by the people in the Gram Sabhas and accordingly make plans to resolve those issues on a timely basis. Thus, the accountability, responsibility, and transparency of functioning of the GP administration motivate the people to pay their taxes on time.



## BOX 5.6: INNOVATIVE APPROACH LEADS TO BETTER RESOURCE GENERATION A CASE STUDY IN ODISHA

**Gram Panchayat:** Majjihara

**District:** Khurda

**Geographical Location:** Coastal area of Odisha

**Sources of Taxes:**

Majjihara is a small GP where major developmental expenditures are made through Central and State government funds. At the GP level, the major sources of taxation are ponds and fisheries, and weekly markets. An approximate amount of Rs 2,20,000 is generated annually

through different taxes at the panchayat level, out of which Rs 70,000- 80,000 is used for payment of salaries and purchase of stationery, and some amount is earmarked for urgent expenditure on programmes/functions.



FGD conducted in the Majjihara Gram Panchayat, District Khurda of Odisha.

### Best Practices Carried out by the Majjihara

- The Rajiv Gandhi Seva Kendra is a government building in the Gram Panchayat. The GP rents out 25 per cent of the building space to a private bank. A monthly amount of Rs 5000 is received in the form of rent from the bank. This amount gets deposited in the account of the GP, making it a part of OSR for the GP. Occasionally, the GPs also rent out the remaining space for village celebrations and other occasions. This amount is variable depending on the number of programmes held.
- A major source of revenue is an annual auction of the weekly market. The amount keeps on increasing annually on the basic rate by 10 per cent. For the financial year 2019-20, the GP collected almost Rs 1,65,000 from auction of the weekly market auction. Everyone, irrespective of whether they are residents of the GP or not, can take part in this auction.
- Since this GP lies in the coastal area of the State, there

is no availability of agricultural land. Hence, the major source of OSR for this GP is the through auctioning of ponds. The auction takes place once in three years. There are four ponds under the jurisdiction of this panchayat, three of which are small ponds, which were auctioned for an amount of Rs 10,000-15,000 during the current financial year. The biggest pond, which is almost one-fourth of an acre in size, is auctioned for an amount of Rs 45,000.

- Innovative Strategies Implemented Independently by GP Officials for Generating Revenue: An approximate amount of Rs 25,00,000 was saved by the panchayat from the GPDP fund for the financial years 2015-16 to 2019-20, and it is being used for constructing a Kalyaan Mandap, which will be rented out for marriage purposes, meetings, and other occasional functions/programmes involving large gatherings. The GPs believe that they will be able to generate a good amount of revenue from this.

## **BOX 5.7: PRAGMATIC APPROACHES BY GPs LEAD TO SUSTAINABLE LIVELIHOOD BEST PRACTICES IN A GP IN TAMIL NADU**

**Gram Panchayat:** Bearhatty

**Block:** Coonoor

**District:** Nilgiris

**Main Occupation:** Agricultural Labour

### **Background:**

This GP lies in the hilly area of Coonoor Block close to the Wellington Cantonment Area, which is mostly covered with heavy forests and occupied by wild animals, who are frequently sighted in the area. The main sources of employment for a majority of the people in the GP are plantations of tea, coffee, pepper, sandalwood, cardamom, and clove. The area has also been witnessing a huge footfall of tourists in the past couple of years and the Block is attempting to turn it into a plastic-free zone.

### **Best Practices Implemented by the GP Officials**

The Bearhatty GP has taken extra care to provide pension to all the beneficiaries of the GP by spreading awareness and assisting them in the application process. Thus, this functions as an assured source of income for a large number of old men and women, widows, and under-privileged people in the area.

The GP has also retrieved and enhanced the available resources through various forms to generate own source of revenues. The Panchayat had a poorly maintained tea plantation land of around 6 acres, which had turned into

a forest and hub for wild animals due to lack of attention. However, the GP officials have now taken several steps to make the space available for plantation again and put it on lease. In a report by the Ministry of Panchayati Raj, in 2005-06 it was acknowledged that this is the first attempt to utilise land in the last 25 years, and the GP has currently leased it out at Rs 31,000 per annum for three years.

Apart from the above-mentioned roles played by its officials in spreading awareness about pension and recognising the resources for revenue generation, this GP has also played a pivotal role in linking NGOs and other charitable institutes for the purpose of fund-raising, and has also obtained donations from the people staying outside their homelands by appealing to their sense of responsibility towards their native land. In addition, the GP has also been successful in generating funds for other expenses such as building of toilets. Overall, a substantial amount has been generated from the collection of different taxes at the GP level. Moreover, tree plantation has also made a significant contribution to the OSR, which is likely to increase further in the near future.





## CHAPTER 6

# RECOMMENDATIONS AND SUGGESTIONS

Fiscal decentralisation to rural local bodies (RLBs) is important only when the GPs have sufficient untied funds to deliver public services assigned to them which require the assignment of tax powers. However, revenue mobilisation by RLBs is awfully poor in India as reflected in this report and there is variation across regions.

### 6.1 CHALLENGES FACED BY THE GPs WHILE RAISING OSR

Chapter 6 highlights the challenges faced by the GPs in maintaining a constant stream of OSR in their respective GPs. Attempts have been made to compile the responses obtained from the 23 FGDs into six different regions. This qualitative response is complemented with region wise proposed standardized tax rates which can be taken up by the states to bring in uniformity in tax culture across the region. Importantly, stakeholder wise recommendations for all the 23 states adds gravity to the report. The section recommends actions to be taken by Central government, State Government, and District/Block officials in all the states individually

The key challenges and recommendations are discussed below:

- **Size of the Gram Panchayat:** One of the major issues to be taken into account for generating OSR is the size of the GP, which varies from 2,000 to 20,000. Administratively, it is difficult for the GP officials to maintain large number of GPs. For example, the State of Uttar Pradesh has almost 52,000 GPs, but only one secretary is available for every 5 GPs. These arguments build a case for reconstituting GPs into population sizes that are administratively and economically viable. Alternatively, the issue may be examined further, as facilitated by the Ministry.
- **Application of Titles on Property:** Of all the taxes, property tax is the most prominent tax being levied in many GPs. However, it has not been levied in certain States like Arunachal Pradesh, Bihar, Goa, Jharkhand, Punjab, and Uttar Pradesh, as properties in the villages in these States have no clear titles and thus cannot be assessed for taxation. In this context, there is need for laying down proper guidelines for issuing titles, which will significantly help GPs to collect the requisite taxes.
- **Launch of the SVAMITVA Scheme for Facilitating Property Tax Collection by the Gram Panchayats:** The Ministry of Panchayati Raj launched the SVAMITVA Yojana to address the issue of property tax collection, using drone technology, on April 24, 2020. Under this scheme, a digital map will be drawn of every property aiming to provide property rights to people in the villages. By facilitating clear and transparent land titles, and accurate determination of the land size, the SVAMITVA scheme offers the States an unprecedented opportunity to empower their Gram Panchayats for levying and collecting Property Tax. This information would be available to the Panchayat for local use, thereby encouraging self-reliance or *Atmanirbharta* for the GPs. Property valuation at the village will enable the GPs to fix and collect an appropriate amount of taxation from the property owners. A preliminary qualitative enquiry by NCAER, however, shows that the SVAMITVA scheme, which has been initiated through the Revenue Department, has not been fully implemented till now. In the Rathi and Chandpur Panchayat, located in the Muzaffarnagar district of Uttar Pradesh, the scheme has been surveyed but not implemented yet. A similar experience has been noted in the Bachra Panchayat in the Sonbhadra district of Uttar Pradesh. The Panchayats are not able to collect property tax as the Gharauni (Property Card) has not yet been generated and distributed but the Department has generated awareness of this scheme among the rural population.
- **Digitisation of Asset Registry:** It has been observed that States such as Andhra Pradesh, Karnataka, Kerala, and Tamil Nadu have digitally registered 100 per cent of the assets in their GPs. In contrast, States such as Arunachal Pradesh, Chhattisgarh, Punjab, and Uttar Pradesh lags far behind in terms of the digitization of the assets in their GPs. In the States apart from the above-mentioned States, the percentage of digitisation in the GPs stands between 20 and 80 per cent, even there are states with zero per cent of digitization. It is recommended that they should be provided adequate computer facilities and computer operators in the GPs. Proper training should also be imparted to the GP officials on the digitisation of their asset registry records. Absence of a trained computer operator

is named as one of the major hurdles behind low computer usage in the GPs. Meanwhile, the States with the higher levels of digitisation are also facing challenges such as lack of Internet facility, prevalence of constraining regulations and norms, and technical difficulties relating to digitisation, among other things. The GPs from Karnataka upload the asset registry records on their State portal named as 'Panchatantra', while the GPs from Kerala upload the asset registry on the Kerala Mission Portal, named 'Sanchaya'. In the rest of the States where digitisation for asset registry is taking place, the records are uploaded on the 'e-Gramswaraj' portal. It has been observed that 48.52 per cent of the GPs upload their asset registry records on the e-Gramswaraj portal at the all India-level.

- **Lack of Directives:** The GPs have no clear instructions about the list of CPRs from which they can collect revenue for rural development. They have thus complained that they cannot collect tax until they get complete written instructions from the Government. These issues can be resolved if the GPs receive clear guidance about their functions and responsibilities from the government. They should also be made aware of the CPRs to enable them to increase their revenue generation. The Block Development Officer (BDO) and the district officials should also support the Panchayat officials in convincing people to pay user charges. It is imperative to lay down and maintain the implementation of a common definition through a standard format for financial statements to ensure that the figures are analogous across the Panchayati Raj Institutions (PRIs) in India.
- **Lack of Adequate Funds:** The GPs do not have adequate funds to maintain or build the resources that can be used for revenue generation. In this context, for increasing the OSR, it is imperative to provide the requisite funding to the GPs for creating new resources and to channelise funds for maintenance, cleanliness, sanitation, and construction of new resources to facilitate further revenue generation.
- **Poverty and Incapability of Paying Taxes:** Most of the villagers belong to Below the Poverty Line (BPL) households. Hence, it is not feasible for the GPs to collect revenues for CPRs from these marginalised sections of the population. Barring the southern region, the Gram Sabhas (GS) in all the States need to fix the revenue rates.
- **Dissent to Pay Taxes:** Figure 5.4 in Chapter 5 clearly shows that the GP officials experience hindrances and obstructions from the villagers during revenue collection for the CPRs. In this scenario, the imposition of taxes is difficult as villagers belonging to the BPL households are incapable of paying higher taxes. On

the other hand, the GPs do not receive any support from the senior authorities for acquiring revenue. Simultaneously, they also fear losing their vote bank in the next election because of enforcement of the stricture for levying taxes. It is thus recommended that proper capacity building training should be conducted to spread awareness among the villagers about the need for imposing usage charges while also offering adequate protection to tax officials for tax collection. It was also observed that there is a correlation between taxation and service delivery. The willingness to pay more taxes depends on better provision of services to the residents of the GPs. There is also need for a mechanism to closely monitor the level of services provided by the GPs.

- **Implementation of Guidelines:** The Central Government needs to devise a manual offering clear directions to the concerned authorities for tax collection. As has been observed in a majority of the FGDs, the Panchayat officials were not aware of either the assets to be taxed or the amount of taxes to be levied. The GPs already have access to some resources like ponds and roads, on which taxes can be levied and revenue generated but the GPs are not aware of these. Thus, there is need for proper implementation of guidelines regarding the CPRs on which revenues may be collected, and information about this amount should be circulated among all the GPs.

## 6.2 TAX SCENARIO AND BROAD REVENUE COLLECTION (REGIONALLY AND STATE WISE)

Given the primary concern with regards to imposition of tax rates is the lack of directives on what should be charged and how much to be charged, a primary recommendation of the study team is to focus on the standardization of the tax rates within states. This standardization would help to address the political challenges faced by different GPs. This would also create a tax culture in the state. Given the diverse nature the tax rates imposed by different States on different sources of revenues, this study has evolved a regional tax structure, wherein a range estimating the maximum and minimum rates of taxation has been created. The purpose of Table 6.1 is to provide suggestive ranges of different types of taxes that can be levied in the states of that region. It is however to be noted that the mean value and the range amount is computed only for those taxes that have recorded a positive value in at least one GP of the region. Every region is different from each other in their demographics, geographical terrain, and economic activities. Hence, different states are clustered into regions. Also, states within a region might vary in different

parameters, therefore a range of suggestive standardized amount is provided instead of just the mean. (Table 6.1).

tax collection than can be used to arrive at an estimated total amount to be collected by the state. Please refer to appendix table A3.1 for details.

Further we have added a detail table for state wise potential

**Table 6.1: Recommended Rates of Taxes on Various Sources to be Collected Regionally (Rs)**

Region	Taxes Imposed Regionally	Region Average	Region Standard Deviation	Range (Minimum-Maximum)
North-eastern Region	Trade Tax	300	128.45	(50-500)
	All Licence Tax	287	110.35	(100-500)
Central Region	Property Tax	93	54.18	(50-250)
	Water Tax	60	25.11	(20-100)
	Sanitation Tax	57	39.28	(10-100)
	Lighting Tax	-	-	-
	Conservancy TAX	31	28.43	(10-100)
	Trade Tax	200	173.49	(100-500)
	Taxes on Professions	86	77.11	(10-200)
	Mining Tax	87	24.5	(50-100)
	Education Cess	48	47.57	(10-100)
	All Licences Tax	55	44.54	(10-100)
	All Fees Tax	48	37.05	(10-100)
Western Region	Property Tax	86	54.38	(20-365)
	Water Tax	76	45.46	(5-200)
	Sanitation Tax	41	35.05	(5-150)
	Lighting Tax	-	-	-
	Entertainment Tax	26	43.12	(5-100)
	Conservancy Tax	51	26.04	(10-100)
	Trade Tax	80	26.06	(30-100)
	Taxes on Professions	222	187.24	(20-500)
	Pilgrim Tax	2	4.94	(5-20)
	Vehicle Tax	90	43.91	10-200)
	Tax on Agricultural Land, Communal Land, Porambokes	57	44.9	(10-150)
	Duty on Mobile Communication Tax	82	40.41	(10-150)
	Duty on Transfer of Land Tax	78	41.01	(10-200)
	All Licences Tax	116	123.79	(10-500)
	All Fees Tax	42	42	(10-500)

Region	Taxes Imposed Regionally	Region Average	Region Standard Deviation	Range (Minimum-Maximum)
Northern Region	Property Tax	325	309	(50-1200)
	Water Tax	45	23	(5-70)
	Sanitation Tax	245	207	(5-365)
	Lighting Tax	-	-	-
	Conservancy Tax	476	108	(5-500)
	Trade Tax	11	9	(5-18)
	Special Taxes	212	105	(70-500)
	Tax on Agricultural Land, Communal Land, Porambokes	152	70	(50-250)
	Duty on Transfer of Land Tax	206	111	(100-550)
	All Licences Tax	437	215	(100-800)
Eastern Region	Property Tax	1636	1591	(400-5000)
	Water Tax	38	12	(20-65)
	Sanitation Tax	8	2	(5-10)
	Trade Tax	290	179	(50-500)
	Vehicle Tax	54	53	(10-150)
	Tax on Agricultural Land, Communal Land, Porambokes	425	244	(50-700)
	All Licences Tax	217	160	(10-500)
	Other Sources	203	177	(10-500)
	All Fees Tax	225	180	(50-500)
	Southern States	Property Tax	134	122.28
Water Tax		46	20.72	(20-100)
Sanitation Tax		20	13.95	(10-60)
Lighting Tax		-	-	-
Trade Tax		304	172.09	(50-500)
Tax on Profession		194	96.14	(100-500)
Cess on Liquor		79	28.88	(20-120)
Irrigation Tax		79	33.00	(20-200)
All Licences Tax		282	180.66	(50-800)
All Fees Tax		82	37.18	(50-200)
Other Source Tax		68	34.12	(10-100)

Source: NCAER's descriptions are based on inputs from Primary Survey, 2021 for this study.

Note: All the taxes in the regions have been added to arrive at the average and standard deviation for all the taxes along the regions. Since the imposition of lighting tax was percentage-based, the regions have no average or standard deviation for this tax.

Additionally, with the average amount calculated above and information provided in Appendix A3 we have estimated state wise total revenue to be collected. Further, we have also calculated the potential amount of tax revenue that

states can generate. This we do by exploiting information of the taxes that are available in the region but not necessarily levied by the states.

**Table 6.2: State-wise Potential of Revenue Generation (In Rs Crore)**

State	Total Revenue Collected	Total Amount lagged (from the taxes not collected by the states)	Potential Revenue (Total Revenue+Total Amount Lagged)
Andhra Pradesh	1,364	465	1,829
Arunachal Pradesh	-	35	35
Assam	3	23	26
Bihar	8	2,895	2,904
Chhattisgarh	110	40	150
Goa	4	11	15
Gujarat	178	656	834
Haryana	115	231	345
Himachal Pradesh	8	189	197
Jammu & Kashmir	2	338	339
Jharkhand	5	2,963	2,968
Karnataka	547	236	783
Kerala	298	925	1,223
Madhya Pradesh	71	304	375
Maharashtra	1,920	429	2,349
Odisha	132	401	533
Punjab	77	640	717
Rajasthan	196	262	458
Tamil Nadu	713	196	908
Telangana	294	485	778
Uttar Pradesh	5	4,350	4,355
Uttarakhand	91	246	337
West Bengal	130	2,603	2,733
All State	6,269	18,922	25,191

*Source: NCAER's descriptions are based on inputs from Primary Survey, 2021 for this study.*

*Note: (a) The minimum and maximum amount lagged can also be found from the annexure.*

*(b) Comparison of the revenue generated by the data provided by the MoPR is listed below in Annexure Table A3.2.*

## 6.3 STATE-SPECIFIC RECOMMENDATION AND SUGGESTIONS

This section further goes deeper and provide specific suggestions and recommendations to the three prominent

stakeholders; Central Government, State Government and District and Block level officials. This exercise is done individually for the all the states. The suggestions mainly emerged out of the discussions with the stakeholders during qualitative surveys held by NCAER and are summarised in the following Box 6.1.

## **BOX 6.1: Region/State-specific Suggestions/Recommendations for Various Stakeholders and Their Role in Enhancing the OSR**

### **NORTHERN REGION**

#### **HARYANA**

##### **Central Government**

Although GPs have received proper training and have knowledge of the available resources on which they can collect taxes, yet when they ask the villagers to pay taxes, they face protests and are not able to undertake tax collection. For example, some of the GPs have mobile towers but they are not able to collect taxes because they do not have formal order. The Central Government can thus help the GPs in this matter by providing written instructions authorizing them to collect taxes and also providing a list of resources from where taxes can be collected. If they receive such a written order from the Central government, it will be easier for them to ask the villagers to pay tax.

##### **State Government**

More than 70 per cent of the people belong to from BPL households, which makes it difficult for the GPs to collect taxes from the village residents. The taxes levied on the villages could thus be progressive to ensure that the low-income group pays lower taxes while the high-income group pays higher taxes. This will help the GPs in collecting adequate taxes without imposing a heavy financial burden on the low-income village households. The State government may also pass tax bars and rates on different CPRs to enable the GPs to charge taxes from the villagers accordingly and increase the revenue of the GPs.

The GPs conduct Gram Sabha meetings wherein they decide the GPDP plans and prepare estimates for presenting to the State government against which they get the required grants. However, there is a delay in obtaining grants from the States, which leads to further delay in execution of development works. The State governments should thus look into this matter and provide grants on time so that the GPs can utilise the money accordingly and prevent delays in the processing of funds.

##### **District/Block Authority**

When the GPs face protests from the villagers due to imposition of taxes, the GP officials seek help from the BDOs and District Officials, but it has been noted that they do not get much support from the higher officials. In order to ensure good performance and proper functioning, the GPs need consistent support from the higher officials. The GPs do not have a wide range of CPRs and they mostly collect taxes from liquor stores and ponds, which are not even sources of regular revenues for them. The higher

officials can visit each GP and help the Panchayats to explore the level of the available CPRs that can be utilised or developed for better functioning and revenue collection at the GP level. A GPDP plan could also be prepared to establish a new CPR that would be useful for the development and progress of the Panchayat.

It is observed that water tax, sanitation tax and conservancy tax is popular in nearby states of northern region but these are absent in Haryana. District officials can look into the possibility to see if these resources can be exhausted for better tax revenue.

#### **HIMACHAL PRADESH**

##### **Central Government**

The biggest problem faced by all the Panchayats in Himachal Pradesh is the delay in payments for materials by the Central Government. The development work has already been delayed because of COVID-19, and it is thus crucial to ensure timely payments for them so that they can engage in more development activities, which would, in turn, result in higher OSR collection in future. It is recommended that the Central Government should look into this matter and help them in getting their due payments on time.

The Panchayats receive regular grants from the Central Government, which they use for maintenance and development activities. But the amount of grants they receive is not sufficient for performing all the required activities. The Central Government should try to increase funds as per the activities that the GPs need to perform and pay them accordingly for development and maintenance activities.

It is recommended that trade tax should be imposed in the range of Rs 5-18, which is being done observed in its sister State Uttarakhand.

#### **JAMMU & KASHMIR**

##### **Central Government**

Funding is a big problem in Jammu & Kashmir, after the discontinuation of local government and the establishment of Panchayats. They have yet not received full payments for the work done in 2016-17 and 2017-2018. Payments are pending for labour as well as for the material used till date. In this situation, they are not able to pay anyone or do any development work. The Central Government/UTs needs to start proper funding for the Panchayats to ensure



that they receive the payments that have been accruing to them over the years.

They implement only education cess, and it is recommended that they should start imposing property, water, and sanitation taxes too. Since the State has a high productivity of dry fruits, trade tax in the range of Rs 5-18 can be implemented through proper channels.

### **State Government**

Earlier, the GPs used to get work directly from the State government but now the State government has started issuing tenders for all the works pertaining to different departments. This leads to massive losses for the GPs since they are bypassed in the allocation of any responsibilities. Even if they are able to secure work from the tenders, the tender values are quite low, and hence they are not paid enough to meet their expenditures. The GPs also participated in the Block Development Council (BDC) and District Development Council (DDC) elections, for which funds are received from the Central Government but those funds were transferred under tender system and were thus of no use for the panchayats.

### **District/Block Authority**

It was observed in the study that the Panchayats are not fully functional in Jammu and Kashmir, and do not even have any power. A structure thus needs to be devised at the block and the district levels to clearly define and operationalise the Panchayats' functioning and their responsibilities. Senior officials also need to start functioning efficiently and assume responsibility for the development of the PRIs in Jammu & Kashmir.

Infrastructural development is needed in all the GPs in Jammu & Kashmir since they do not even have Panchayat Bhawans. Before the abrogation of Article 370 in the State, the Panchayats used to receive payments and work from MLAs, but now they do not even receive that. There is a high level of unemployment among the villagers. There are some works that can be done at the GPs' level for which the GPs can be paid. For example, the Panchayats believe that the villagers can do the work of removing snow themselves during the winter season. This would generate employment and if BDO circulates orders, this work is possible. The block and district authorities thus need to come up with innovative ideas.

## **PUNJAB**

### **Central Government**

The GPs receive Central Government grant in the range of Rs 30 to 40 lakhs per annum, which are allocated based on the population without determining the actual requirement of the GPs. The funds are allocated on the

complete discretion of the Central Government with the following breakdown: 60 per cent of the tied funds for sanitation and open defecation free status (ODF) and 40 per cent for untied funds for infrastructural activities like installing lights on playgrounds and construction of roads. Since this allocation is not enough for the tied funds and for further development, some portion of the untied funds are also used for ODF and sanitation work. The remaining funds are kept in savings accounts at an interest rate of 3 to 4 per cent. Therefore, the Central Government should ask individual GPs to send a clear breakdown of the amount they require during each financial year as per their GPDP resolution for the various developmental and maintenance activities under their jurisdiction and accordingly, the government should proportionately decide on tied and untied funds based on their priorities, which should be reviewed by the BDO and other nodal officeRs

In the northern region, it is observed that property tax is one of the most commonly levied taxes and States like Punjab can impose this tax in the range of Rs 50-1200.

### **State Government**

The GPs receive no grants from the State government, and there are no directives from the government to impose any kind of taxes on property, animal markets, and village fares. Therefore, the State government should issue proper instructions to the GPs on levying taxes on these resources depending upon the size and area of the household, commercial taxes on business entities, taxes on animal markets, and rural trade fares.

### **District/Block Authority**

According to the GP officials, the GP is connected to the main highway (GT Road) and many vehicles bypass the high road to avoid toll tax and instead use the village roads. In this regard, the district administration should be strict about checking this bypassing of vehicles and introduce regular Naka check points at all village bypass routes. This will compel the trawlers to use the toll road, which will increase the tax collection of the government and also prevent the deterioration of the village roads. The government should grant a small percentage of this collection to the GPs for rural developmental activities.

## **RAJASTHAN**

### **Central Government**

Although the GPs have received proper training and have knowledge of the resources from which they can collect taxes, they face protests from villagers when the latter are asked to pay tax. The Panchayats believe that unless they have any proper written orders from the Central and State governments to collect these taxes and have a mandate



on the rate of taxation, generating OSR is difficult. As in most of the States, it is recommended that standardisation of the tax rate and issuance of a manual of guidelines on taxation are the need of the hour.

The amounts of grants received from government are quite low, and hence it is recommended to increase the amount of the grants in order to facilitate the implementation of development activities within the GP.

### **State Government**

The amounts received from the Central government for implementing development activities are quite low. Hence, the State government should provide the funds for appointing a Safai Karamchari at the village level like the Nagar Palika in towns and cities.

## **UTTARAKHAND**

### **Central Government**

Uttarakhand lacks resources from which revenues can be generated primarily due to its geographical location. Due to the hilly nature of the terrain, these areas remain isolated and creating adequate infrastructure within the GPs becomes an expensive proposition. The GP is totally dependent on government aid. The funds received from the State and Central governments are not adequate to manage the development process. The only tax which is being collected in the Panchayat is the Panchayat Tax, which is applied to those who have agricultural land in the panchayat premises. The Panchayats thus request for more funds to the GPs from governments for developing and creating resources, especially for areas that have geographical limitations.

The provision of drinking water supply is being covered under the Central Scheme, which is completely tax-free. The Panchayats have not have identified any other resources for collecting revenue. But revenue may be collected by developing the required infrastructure/resources, such as commercial sheds/shops in the panchayat premises and for renting them out.

They should implement all the taxes like in the neighbouring State of Himachal Pradesh, that is, property, water, and sanitation taxes in the range of Rs 50-1200, Rs 5-70, and Rs 5-365, respectively.

### **State Government**

Being situated in the hilly area, they do not have much options for developing resources and generating revenues. However, with the State government's help, it may be possible to develop the area for tourism. Panchayats in the State are very small, having an average of only 120 households. Hence, it would not be economical as only

limited people can derive utility out of it. Only through better connections, These geographically isolated areas can be developed as tourist places only by ensuring better connections. Some of the resources like village industries may be developed to check migration, which will be of help in revenue generation.

### **District/Block Authority**

Villagers are not willing to pay any taxes and make it a political issue whenever the GP official tries to impose any taxes on them. In some of the panchayats, the Gram Pradhans have distributed dustbins among the villagers for them to dispose their garbage and planned to charge about Rs 50 per household per month but the villagers refused to pay that even. The post of the Gram Pradhan is a political one and every Pradhan is supported by some political party. Hence, it becomes very difficult for any Pradhan to exercise strictness on imposition of taxes. Unless different political parties work together and ensure coordination among the Block, district and Panchayat officials, it is not possible for them to achieve the required level of OSR.

## **UTTAR PRADESH**

### **Central Government**

The GPs are not financially autonomous as no revenue is collected from the CPRs of the Panchayat, due to lack of proper provision or instructions by the government, indicating the type of taxes and their collection rates. It is imperative for the Central Government to give permission to the GPs to levy tax on developing dumping yards, composite pits, and recycling plants in order to improve solid waste management under the 'Swachh Bharat Mission'.

It has a great potential to impose all the taxes mentioned for the northern region. From the study, it is observed that it is only imposing all licence tax and has recommended the implementation of Property tax, water tax, conservancy tax, sanitation tax, and duty on transfer of land, in the ranges of Rs 50-1200, Rs 5-70, Rs 5-500, (Rs 5-365, and Rs 100-550, respectively.

### **State Government**

Some of the pasture lands and ponds are under the control of the State government and are leased by the revenue department, and the revenues generated are collected by them without informing the GPs. Although the GPs have the power to impose taxes on resources in their its jurisdiction, still after many meetings and trainings, the GPs have not been able to take any bold step for implementing these revenue charges due to the following reasons:

- First, there is personal familiarity with the villagers that acts as an impediment as the local people do not take them seriously.
- Second, they do not have enough security to pressurise the people to pay taxes, nor do they have the power to impose penalties on the defaulters, which is being done in the urban administrative units. Moreover, the local people are often backed by local political parties as well.

Therefore, it is the State government's responsibility to provide security to the GP officials to enable the latter to earn revenues for the maintenance of resources and for augmenting rural development.

#### **District/Block Authority**

The GPs firmly believe that the village fare, and daily or weekly markets generate relatively high amounts of revenues, but unfortunately, these are not controlled by the GPs, rather, the Zilla Panchayat directly takes the revenue into its own account. The responsibility for organising these local events should lie with the GP officials for the purpose of generating OSR. Secondly, the drinking water supply is maintained by the GPs, but there is no provision for collecting taxes. Therefore, the GPs should have the provision to directly charge for the drinking water supply. With proper facilitations and guidance from districts and blocks, the GPs would be able to spread the domain of their activities.

## **CENTRAL REGION**

### **CHHATTISGARH**

#### **Central Government**

To impose any tax on the public in the GPs, proper guidelines should be issued to the GPs. In Chhattisgarh, the GPs do not have any standard guidelines from the Government to determine the rate of property tax. The GPs collect Rs 50 as house tax from small houses, Rs 100 from medium-sized houses, and Rs 150 from big houses. The Government should set a parameter for tax rates to help increase revenue generation. This also necessitates standardisation of tax rates across the GPs of the State. It is thus recommended that the State of Chhattisgarh should impose sanitation tax and conservancy tax in the range of Rs 10–100 for both the taxes.

#### **State Government**

Despite having pasture lands under their control, the GPs cannot do any development work or revenue generation work on these lands because they are occupied by the villagers, who often refuse to vacate them. This concern has been raised with the State officials but to no effect.

The government should take some strict action to address the issue of ownership of land. Property right titles through the SWAMITVA scheme would help in freeing up this land. Tax on the transfer of land is now received by the Revenue Department but this amount should be collected by the GPs. The Government should thus permission to the GPs to own and use the amount raised through this tax.

The Government should consider the proposals submitted by the GPs. For example, ensuring sanitation in the village would need the appointment of sweepers. If the villagers are able to access the service of clean drainage facilities, then they should pay for it. However, the State government did not show any interest in this proposal.

#### **District/Block Authority**

The District or Block officials should call the meetings of GP executives to explore opportunities for enhancing revenue generation. The Block CEOs and District CEOs should also lend their support in convincing the people to pay taxes.

## **MADHYA PRADESH**

### **Central Government**

The GPs are advised by officials to collect taxes from their resources but the villagers are reluctant to pay because they think that the resources are meant to be used for free. It is the duty of the government to spread awareness among the villagers regarding the provision of services. There should be a specific law that will help GPs in tax collection. Moreover, due to the lack of funds, some schemes like the Nal-Jal Yojana, are not functioning fully in many GPs. Therefore, the GPs are not in a position to impose water tax. The Government should look into this matter and provide funds in a timely manner to ensure the proper functioning of the scheme. As there is no specific guideline on tax rates, some Panchayats are not aware of the amount of tax to be imposed for street lights. The Panchayat officials should be trained properly so that they do not face such problems.

It is observed that the tax on profession, mining tax, education cess tax, and all fees tax have been levied in the ranges of Rs 10-200, Rs 50-100, Rs 10-100, and Rs 10-100, respectively, by the region but they are not imposed by the State of Madhya Pradesh. Hence, it is recommended that these taxes should be imposed, if applicable.

#### **State Government**

At the time of the land registry, the Registrar's office collects commercial tax in the name of the GP, but this tax is not received by the GPs. Before 2006, this tax was collected by the GPs. The State government should thus authorise the GPs to collect these kinds of taxes so that

the GPs have some funds of their own. The members of the Panchayat informed that if they create pressure on the public regarding tax, then there is a possibility of tension between the GPs and the public. The government should thus provide enough security to the GPs. Some GPs also have some pasture land but its control lies with the Revenue Department. It is thus recommended that such resources should be controlled by the GPs.

#### **District/Block Authority**

The district officials should organise public meetings to convince the villagers to pay taxes. The public should also be mobilised to make their GPs stronger.

## **WESTERN REGION**

### **GOA**

#### **Central Government**

The GP officials of Pirna have sent a proposal to the government for the establishment of recycling units in the villages. They have also sent proposals for bio digesters, shredders, and incinerators. The Panchayat recommends that there should be a scheme crafted by Central government with respect to garbage tax to ensure cleanliness and sanitation. It is recommended that the Central Government look closely at the tax rates and provide with appropriate guidelines for their revision. Since water tax is one of the top five taxes and it was not levied by GPs, it is recommended that the State of Goa should impose water tax in the range of Rs 5-200, and other taxes should be imposed regionally, if applicable.

#### **State Government**

The lack of resources is one of the reasons for the low OSR generation. If there are more Panchayat Bhavans, they can be rented out for business and social gatherings for generating revenue. However, this strategy could not be executed due to the non-availability of land resources.

#### **District/Block Authority**

There are defaulters in the village who do not pay any tax. The GPs send demand notices to them and also visit them manually. Irrespective of all these efforts, however, there has not been much change in the tax base. The District and Block officials should thus issue an order to the defaulters to enable resolution of the matter.

### **GUJARAT**

#### **Central Government**

The Panchayat officials of the Thanawara GPs have specific recommendations with regard to the standardisation of tax

rates. The Swachhta tax, toilet tax, and conservation tax should be merged into one entity. Sanitation tax should also be imposed. Revenue raised from tax on land transfer should be given to the GP. Education tax should not be levied on households that do not have child. The revenue raised from commercial crops should be given to the GPs. The revenue raised from marriage registration tax should be given to the GPs. Taxes on roads and street lights should be imposed on a per person basis, rather than on a per family basis. The revenue raised from stamp duty should be given to the GPs. The support price on crop selling should also be given to farmers on a regular basis rather than for three months, as is given by the Agricultural Produce Market Committee (APMC). Tax on profession should be increased to Rs 5000 from Rs 1250. The rates of taxation should also be increased every year.

It was observed that only one of the top five taxes, that is property tax, is levied by the State of Gujarat. Hence, it is recommended that the other four among the top five taxes should be applicable in the ranges of Rs 5-200, Rs 20-500, and Rs 10-500, if applicable.

#### **State Government**

There is need for development of water resources in every village. Grazing land should be given to some community in the village for development. Biogas plants and animal ponds should be developed in every village. Streetlights should be converted to LED. Scholarships should be given to female students enrolled in classes 1 to 12. The E-gram dhara project should be developed in every village. Community forest land should be given to farmers so that they can develop another property on that land. In this way, GPs can create resources for revenue generation. Animal husbandry should be there in every house in every village and the revenue from the tax proceeds should be given to the GPs.

### **MAHARASHTRA**

#### **Central Government**

The funds by the Central Government are received as tied funds and untied funds, of which 10 per cent is for Anganwadi workers, 55 per cent is for activities including personal hygiene, computer maintenance, maintenance of roads, and tackling waterlogging issues, and 25 per cent are for water and sanitation, but the Panchayat keeps only 15 per cent for these activities as otherwise, they will face an issue of lack of funds. They require funds for the effective implementation of activities and execution of innovative strategies. It has been observed that the taxes levied by the state of Maharashtra exceed the average rate of most of the taxes. Hence, it is recommended that the rate charged on each tax should be revised.

### **State Government**

The tax rates are decided by the State government. Apart from the directives, no other support is received from the government. Financial support in the form of grants and funds is required by the GPs. Instead of providing general guidelines for tax rates, the Panchayat members suggested that the State government should also pass a mandate to make the payment of taxes obligatory for citizens.

### **District/Block Authority**

Prior to 2015, the BDOs used to visit the panchayat for the maintenance of hand pumps, and drainage, and took 20 per cent of the assigned amount for the services. But now in spite of taking the amount, they do not visit the Panchayat and the latter has to hire a private person for the same and pay him/her service charges. Mentoring and handholding support is thus necessary for the GPs. Regular monitoring is also required from Block level officials. Most of the people are not willing to pay the tax, and the tax collection is thus low in the Panchayat. Hence, support is required from Block level officials to motivate the villagers to pay taxes.

## **SOUTHERN REGION**

### **ANDHRA PRADESH**

#### **Central Government**

An important issue is the lack of standard definitions for taxes, rates, and charges. It would be very helpful if the Ministry could facilitate the process of developing a common standard definition of what these terms imply. It is also important to introduce standard formats for financial statements to make the figures in them comparable across the country. The newly appointed officials are not aware of either the records kept by the earlier officials or the concept of OSR. They require proper training and feedback in order to generate OSR. Since fisheries is one of the significant CPRs in Andhra Pradesh, it is recommended that trade tax in the range of Rs 50-500 should be imposed on fisheries, if applicable.

#### **State Government**

A custom hiring centre must be established at the GP level with the coordination of the Agriculture Departments of the Central and State governments to rent or hire agricultural equipment and machinery for the farmers to enable them to increase their ability to create resources and be the source of revenue for the GP.

The GPs should be equipped with sufficient staff and more powers should be devolved to the GPs, especially on utilising/leasing of the CPRs

In order to create awareness among people to pay taxes, it is important for the Central and State governments to appoint educated staff. These staff members must also be imparted training for creating awareness among the people and for collecting revenues.

#### **District/Block Authority**

It is important to create awareness among the rural people so that they mandatorily pay house tax and water tax annually to the GPs, as the OSR fund thus collected can be utilised for the development of GPs. The District and Block officials can create such awareness among people through advertising and with the help of SHGs at minimal cost.

## **KARNATAKA**

#### **Central Government**

As is the case with Andhra Pradesh, lack of standard definitions for taxes, rates and charges has also been referred by the Karnataka officials. Need of comparable standard formats is required to streamline the process of OSR collection. Tax on profession is one of the top five taxes and it is recommended to impose this tax in the range of Rs 50-500, if applicable.

#### **State Government**

The tax revision should be done periodically, and should be based on property valuation. Property tax should be collected online. There is need for appointing public-friendly and efficient staff to monitor the entire tax system. It is also suggested that some potentially productive tax bases must be assigned to the GPs, who should also be empowered to set the tax rates.

#### **District/Block Authority**

The GPs across Karnataka were entrusted with the task of distribution of ration cards (with biometric application), and since the GPs linked it with property tax and water charges, there was a significant improvement in the collection of the current tax as well as the arrears of the taxes. The District and the Block authorities should help the GPs in collecting the tax along with arrearRs

## **KERALA**

#### **Central Government**

It is recommended that the Ministry should facilitate the process of developing common standard definitions for taxes, rates, and charges. Since the major revenue collection in Kerala is from property tax, it is recommended that the State should impose the remaining four taxes



from among the top five taxes in the ranges of Rs 20-100, Rs 100-500, and Rs 50-800, if applicable.

### **State Government**

It is also recommended that the GPs should impose water tax, sanitation tax, and lighting tax, along with property tax. Further, agricultural activities need to be enhanced for increasing OSR.

## **TAMIL NADU**

### **Central Government**

There is no standard definition of taxes, fees, and rates for levying the available taxes. It would be helpful if Ministry could facilitate the process of developing some standardised definitions to ensure that the figures are comparable across the country.

### **State Government**

Local governments do not enjoy any autonomy in fixing tax rates or deciding on tax bases as that power is wielded by the State government. It is thus important to assign some potentially productive tax bases to the GPs while also granting them the powers to set the tax rates.

As the power of taxation was decided by the State government, the GPs suggested that the State needs to increase the tax rates on property tax and water tax, which comprise the prominent tax collected by GPs.

The State government has to revise the duration for collecting the tax, as the GPs have no freedom to do so. For an instance, the GPs used to collect property tax on a monthly basis, and therefore, it is recommended that the State needs to revise the duration of tax collection, that is, it must be collected quarterly or once in six months. There is also a need to equip the Panchayats with full-fledged administrative capabilities as they are not merely a medium for carrying out the State instructions.

### **District/Block Authority**

It is recommended that the GPs should get adequate support from the district and Block officials to create a culture of taxation in the State, and this culture cannot be created by the Sarpanch or Panchayat Secretary alone, as they face a public agitation while trying to do so.

Another important issue is the size of the GPs. They typically range from a population size of just 2000 to very large populations of 15,000-20,000. The prevalence of a large number of GPs makes monitoring in any manner administratively difficult. Adequate manpower should thus be provided to the GPs so that public administration can be carried out effectively, with each Panchayat Secretary having one GP to focus on.

## **TELANGANA**

### **Central Government**

There is no uniformity in the categorisation of revenue sources into taxes, fees, and other charges in the Panchayat across the States. It is thus recommended that the Ministry should to facilitate the process of developing standardised definitions. The newly appointed officials are not aware of either the records maintained by the earlier officials or the concept of OSRs. They require proper training and feedback in order to generate OSRs.

It is recommended that lighting tax, tax on profession, and all licence tax should be imposed in the ranges of Rs 100-500, and Rs 50-800, if applicable, in order to increase the OSR.

### **State Government**

The State government should focus on the establishment of fishery ponds in the non-agricultural lands for facilitating the production of fishery seeds in vacant non-agricultural lands, as these seeds are much in demand. There is also a need to set up retail stalls in the GPs in order to increase the OSR. The cultivation of red sandalwood, sandalwood, and teak wood should be promoted in the GPs, in collaboration with the Indian Institute of Forest and Research (IIFR).

Since Paddy cultivation is the main occupation in the area, it is recommended that the various measures that need to be implemented here include establishment of the rice fortification industry and cold storage facilities, construction of commercial shops, provision of rental agricultural equipment to farmers, and setting up of a milk chilling plant for milk farmers. Simultaneously, it is important for the Central and State governments to recruit educated staff for monitoring the implementation of these activities. The appointed staff must also be imparted training for collecting taxes and creating awareness among people.

The GPs should be equipped with sufficient staff and more powers should be devolved to them, especially for the utilisation and leasing of CPRs.

### **District/Block Authority**

It is recommended that the tax on property should be increased. In addition, sanitation tax, water tax, and lighting tax should also be implemented by the GPs to increase the OSR. The GPs should augment the basic facilities being provided to the villageRs. The government should also encourage the development of Micro, Small and Medium Enterprises (MSMEs) to enable citizens to increase their living standards, which will also motivate them to pay the taxes as stipulated by the GPs.

## EASTERN REGION

### BIHAR

#### Central Government

It has been noted not just for the State of Bihar, but for all the States where FGDs were conducted as a part of the study, that the failure of governments to issue written instructions regarding taxation is the single largest problem responsible for the low OSR generation among the Panchayats. Unless and until a law is passed mandating the collection of taxes by the GPs, the implementation of the OSR scheme will not work, especially in the States that have no prior culture of implementing such a scheme. The Central government should fix certain parameters based on which money should be disbursed to the GPs. One of these criteria should be the performance or initiatives taken by the GPs in generating OSR, otherwise a sense of complacency has been observed among the GPs, which neither understand the importance of OSR generation nor feel the need to work hard for it.

#### State Government

There is a need for intergovernmental coordination among the ministries in Bihar. Even though officially panchayats are the owners of some CPRs, the control of the CPRs rests with some other ministry. For example, the Sheikhpura GP in Bihar has five ponds, which could have been their source of revenue generation. But the Fisheries Departments call for auctions and collect revenue from those ponds. The Panchayats are neither consulted for this nor is the revenue earned from fisheries shared with them. This lack of communication and delineation of responsibilities among the ministries and GPs hinders the successful operation of the administrative responsibilities of the Panchayats. Mining as a major activity is also prevalent in the Sheikhpura GP, but that revenue also goes to the State government.

The State government needs to ensure some freedom for the GPs. The Panchayat officials in Bihar think that they are only nominal heads, and often end up being just the implementation partners for the State and Central schemes. Even if the villagers need a tubewell of a road, the government asks them to create these resources under tied funds, and they have to follow the government's orders, irrespective of their needs on the ground. The GPs must therefore be given full-fledged administrative capabilities and powers rather than being treated merely as *via media* for carrying out the State government's instructions.

#### District/Block Authority

The Panchayats expect support from district authorities and Block level officials as the presence of higher officials is required in the event of imposition of a new tax or for

changing the status quo of the tax structure in the GPs. The ground reality, however, is that no meetings or discussions have been held between higher officials and the GPs regarding the entire issue of taxation. It is thus recommended that the GPs should get adequate support from the district and Block officials to foster a culture of taxation in the State, which cannot be done by the Sarpanch or Panchayat Secretary alone, as they may face the ire of the public.

Many GPs in Bihar have been facing a shortage of manpower. There is only one Panchayat Secretary, who is responsible for coordination among five GPs. There is no one to maintain the Panchayat Bhavan in the Sheikhpura GP. Even after multiple requests to the district, the GPs have not been provided any manpower to administer the work in the village or create the requisite infrastructure in it. On paper, it is stipulated that every village must have a Dalpati or security guard for taking care of the village properties, including the government infrastructure. However, higher officials have made the security guards their personal servants. The latter are found to be either serving at their personal residence or undertaking activities to fulfil their household chores. It is, therefore, recommended that adequate and effective manpower be provided to the GPs to enable them to effectively undertake public administration, while ensuring that each Panchayat Secretary should have only one GP to focus on.

### JHARKHAND

#### Central Government

Effective implementation of GPDP leads to the success of all schemes and development. The Central government has time and again issued orders, one of them being that the Gram Sabhas need to be vibrant and active, and that no schemes should be implemented in the village without discussions among the villageRs. But these official letters often fail to see the light of day. The GPs in Jharkhand are just *de jure* or nominal heads, and have no power. Imposing taxation is not possible if there are no official notices from the government. So it is recommended that for the OSR to be successful, the first step is the issuance of clear directions and directives from the Central Ministry.

It is observed that there is a lot of scope in Jharkhand for implementing other taxes like property tax, water tax, sanitation tax, trade tax, vehicle tax, tax on agricultural land, all licence tax, and all fees tax in the ranges of Rs 400-5000, Rs 20-65, Rs 5-10, Rs 50-500, Rs 10-150, Rs 50-700, Rs 10-500, and Rs 10-500, respectively, in the State of Odisha.

#### State Government

Gram Sabhas are held under State directions. For example, the only topics of discussion in the Gram Sabha are the ones recommended by the State. There

are no other discussion points based on their priorities felt at the village level. If the Mukhiya brings in any new discussion, that is ignored by the villageRs The Mukhiya is given show-cause notice if he does anything that is not mandated in the government order. This is not the kind of power that was initially envisioned for the GPs and they expect a bigger role and support from the State to discuss their own problems, and to find local solutions to address them. There is also not much awareness even within the administrators on their roles as tax collectoRs They thus need better understanding of this role.

### **District/Block Authority**

The district, Block, and the Panchayat officials need to work in coordination to create a culture of paying tax in this part of the country. This joint effort needs more discussion, more meetings, and collaborations among the officials to derive a pathway and launch social programmes that can create awareness among the individuals. The GPs are of the opinion that the types of public they face are not easy to deal with or to convince. Therefore, without the support of district panchayats, attaining success in revenue generation is not possible. For example, the district collector in one of the GPs issued an order verbally that if people did not take Corona vaccine, their ration cards would be cancelled. Before this order, the GPs would go door to door requesting them to take vaccination. But they failed. However, the moment the DC's orders came out, people rushed to take the vaccine. This is the difference between the powers of the GPs and the district heads. This power needs to be exploited through coordination at the local, block and district levels.

## **ODISHA**

### **State Government**

The State should not allow any companies to set up any towers in any area in the State without proper documentation and permission. There are mobile towers in the GP, but the mobile companies neither take permission from GPs nor pay any amount to the GPs as taxes. The GPs have tried to convince the companies to pay taxes but have failed to receive any revenue from them.

The State should implement taxes through the proper channel and provide support to the GPs through BDOs. For instance, the Majjihara GP of Balipatna Block does not receive residential property tax, so it has initiated procedures and sent notices to the residents, and also discussed the issue with the Gram Sabhas to enable collection of property tax on residential buildings. But they are facing opposition from the villageRs The Sarpanch has reiterated multiple times that if the GPs are ensured protection, they may be able to collect property tax.

### **District/Block Authority**

The BDOs should take action and provide support to the GPs/Ward members when they are levying taxes, and that the villagers will pay tax only then. There are apprehensions among the GP members that conflicts and violence will erupt in the locality if they try to impose a new tax. In that case, if adequate support is obtained from the higher authorities for mandating taxes, more OSR can be generated. The Sarpanch of Majjihara strongly believes that they have the opportunity to raise more taxes in their GPs if they receive adequate support from the BDO.

## **WEST BENGAL**

### **Central Government**

The State needs to assess the potential of the resources and suggest appropriate taxes accordingly. For example, a sizeable revenue can be generated through imposition of suitable taxes on businesses like brick factories. According to the GP officials, the taxes imposed on factory owners are very nominal in comparison to the revenues they earn from their businesses annually. Directives from the government are required for application of a uniform rate of taxation for all the GPs in the State. Even if the GP has the power to impose a particular amount for tax, it would not be supported by the local residents unless it is being implemented equally across all the GPs of the State. This necessitates standardisation of the tax rate at least across the State.

It is thus recommended to implement taxes like property tax, water tax, sanitation tax, trade tax, vehicle tax, tax on agricultural land, all licence tax, and all fees tax in the ranges of Rs 400-5000, Rs 20-65, Rs 5-10, Rs 50-500, Rs 10-150, Rs 50-700, Rs 10-500, and [Rs 10-500, respectively, on all the basic resources, as is being done in the neighbouring State of Odisha.

### **State Government**

The GPs receive a one-time tax from the mobile tower company during the time of tower installation. This channel thus has a great potential for revenue generation, if a fixed annual charge can be levied on these by the State government on regular basis. The GP officials do not have the authority to negotiate with the mobile tower company. Hence, more involvement and support of State government officials are needed so that this opportunity for generating revenues can be tapped by the GPs.

State support is also needed for revenue generation. Many GPs have the potential to generate revenue but for that, it is important to provide people access to high-quality services. For example, the GPs have designated areas for cremation but there is no electric crematorium in the



State. State help is also needed to turn this limitation into an advantage. If an electric crematorium is set up, people will be able to use this service by paying a fixed charge, which can then be used to generate revenue.

#### **District/Block Authority**

The local people are not paying taxes on a regular basis and they only pay when they need some kind of help from the GPs or when they want any kind of clearance or verification of documents from the GPs. There are several defaulters in the villages as payment of taxes has not been made mandatory. This, on the whole, minimises the amount to be generated via OSR, which outlines the need for appointing a proper monitoring officer to prevent such defaults on tax payments.

### **NORTH-EASTERN REGION**

#### **ASSAM**

##### **State Government**

The GP here is under-staffed. There is only one member to perform multiple tasks, which in turn, affects revenue collection. The main suggestions are to improve irrigation facilities, rural roads, street light facilities, and drainage in the GPs. When these facilities are made available in the GPs, tax can be imposed on them.

#### **ARUNACHAL PRADESH**

##### **Central Government**

The GPs here are backward and poor. Due to lack of funds, they cannot afford basic necessities. Earlier, they would receive funds from Central Government for the construction of households and roads. But the funds are insufficient. They thus require funds for basic necessities like the construction of roads, maintenance of schools, construction of health centres, funds for emergencies, assistance for the students enrolled in classes 9-12, and grants for upliftment of the villagers beyond the poverty line.

The newly appointed officials are aware of neither the records kept by the earlier officials nor the concept of OSRs. They require proper training and feedback in order to generate OSR.

##### **State Government**

The GPs have received funds for drainage. These funds are being used to clear the clutter in the sewage systems in several villages. No further grants or funds have been received by the Panchayat. They would require further assistance from the State government in terms of mentoring and handholding support. They also require access to markets for generating more revenues in the GPs. The women in the GPs can put up stalls and sell products that can generate more revenue. The construction of roads can help address the issue of connectivity. This could also bring in revenues for the GPs and enable the upliftment of the villageRs

## **6.4 ACTIONABLE RECOMMENDATIONS TO GENERATE HIGHER OSR**

NCAER report on the status of the Own Sources of Revenue (OSR) across 23 states has observed significant variations in the types of taxes collected by GPs in different regions of India. Status of States in terms of adapting laws/acts in empowering GPs to collect OSR and its level of implementation is appended in **Annexure A3**. Tax on House/building is still not prescribed in all the states and there are differences in levying of user charges (water, electricity, lighting, etc.) depending on rates and mode of collection. State Governments decide on Tax Base, Tax Rate and Ceiling. However, all taxes mandated by legislation are not levied and collected in practice. In Maharashtra, GPs levy and collect property tax on ARV (Annual Rental Value) basis, depending on type of property, location and its use. Rates are revised once in every 4 years by the State. Though GPs are allowed to revise the taxes within the prescribed range, but they are

generally not followed. NCAER observed lack of clarity on tax terminologies. In many instances, taxes and non-taxes are used interchangeably (Water Tax and Water rate are synonymous) which affects calculations and comparison across States. Recently, some of the State Government (e.g. Odisha) has introduced certain new items like installation and functioning of Tele-communication towers, hoarding etc. for which the GP may charge fees. With previous intimation to the Collector, a GP with the approval of Gram Sabha may notify that no enclosed place, building or tent situated within the GP and covering an area of five hundred feet or more shall be used by any party for the purpose of public resort or entertainment.

All properties within the GP other than the property maintained by any other local authority should vest with the local governance. To ensure close coordination of the working of SFCs and DPCs, National Capacity Building Framework (NCBF) should effectively implement Panchayat Empowerment and Accountability Incentive Scheme (PEAIS) to give awards to best practicing GPs with high levels of OSR collection.

Implementing Rajiv Gandhi Panchayat Sashaktikaran Abhiyan would be an imperative to enhance capacities and effectiveness of Panchayats and the Gram Sabhas should enable democratic decision-making and accountability in Panchayats and promote people's participation. This will also strengthen Gram Sabhas to function effectively as the basic forum of people's participation, transparency and accountability within the Panchayat system.

MoPR should make available on its website about PR Acts, rules of all the states/UTs in its website and update it regularly along with data on the collection of taxes and non-taxes of PRI (state wise) in a simplified and comparable framework. It should also lay down standard definitions and terminology for easy inter-state comparison. Costs of services should be made basis for renewal of tax and non-tax of GPs: MoPR can initiate estimations of costs and rethinking on the largely varying size of GPs that impact OSR collection as well as service delivery efficiencies.

Updating information on the enumeration of properties and issuing of titles could improve the OSR potential. Apart from this, strengthening Institutions, e.g., PT board, DAC/SFC cell, District Council, Panchayat Parishad etc. Capacity building efforts exclusively on taxation is needed in every GP and this should be organised on a priority basis

One of the effective way would be to explore the possibilities of engaging eligible local youths

(without political consideration) to make actual field survey first for the assessment of tax on land and building. Only through this humble beginning, participatory planning can avoid political bickering at the grassroots level and eventually it could signal success in higher collection of OSR. NCAER also suggest to introduce specific Demand Registers for all Panchayats on pre-identified and recurring sources of Non-Tax revenue. Every GP should at least endeavour to explore all opportunities to realize untapped revenues and also make a pledge to introduce something new generating revenue items every year to help chart a path towards self-reliance.

## 6.5 CONCLUSION AND THE WAY FORWARD

This report has presented an in-depth study based on the sample of 23 States for the requisite level of OSR generation. The Ministry of Panchayati Raj (MoPR) is primarily responsible for the supervision of the PRIs. It has been observed that parameters such as administrative capabilities, social composition, details of the CPRs such as the amount of taxes collected and the perceptions of

the officials, impact the level of OSR. The Ministry, in consultation with the States, should strictly ensure the possibility of creating and maintaining databases of local finances that are readily accessible and comparable. It is evident that the officials in a majority of the States require training, awareness about the existing assets that can be taxed, and details of new assets to be constructed in order to increase their revenue collection. It has also been observed that 15.8 per cent of respondents believe that buildings and the land have the highest potential to improve OSR, whereas animal husbandry and burial grounds have the least potential to improve OSR. The Central Government needs to channelise more funds for developmental activities, which would be needed for the construction of new resources to be taxed on and maintenance of the existing resources. It was also found that some GPs collect more non-taxes than others. On the whole, the non-tax sources are not exploited effectively and there is no sharing of learning experiences among the GPs. Thus, the State-wise imposition of taxes should be carried out more diligently. The digitisation of asset registry is still work in progress in partial GPs within the sample. Greater awareness needs to be generated among the rest of the GPs that have access to infrastructural and training facilities. There is need for effective dissemination of experiences of the GPs, which can help in augmenting OSR. There should be a mechanism to closely monitor the level of services provided by the GPs. A clear directive or a manual stating the different types of taxes to be levied in the respective States must be issued urgently for Panchayat officials in Uttar Pradesh and Chhattisgarh, as mentioned in Box 6.2.

The NCAER study shows that the major impediment to the successful implementation of OSR is the lack of directives to the GPs on the items to be taxed, the different types of taxes, and the rate of taxation. Unless there is a structured format and guidelines on these parameters, OSR generation would remain suboptimal. On the other hand, the need for standardisation entails the following two measures: (A) Standardisation within the State, as per which all the GPs within a State would face similar taxation rates, and (B) Standardisation across States, as per which different States would be tied up with a common local taxation law.

The positive aspects of Method (A) entail evasion of the political issues faced by the GPs when one GP is imposing a certain rate of taxation versus another that is imposing no tax. This situation often leads to a political clash. With the imposition of uniform tax rates, political parties would not be able to win popularity based on differences in taxation. The negative aspects pertaining to Method (A) pertain to the monitoring of GPs wherein one resource is not available and hence cannot be taxed. The positive aspect of Method

(B) is that Panchayats across India would be bounded by a uniform law that is easy to monitor and implement by a central authority. The negative aspect, however, is the disproportionate burden it would create across States with an uneven allocation of natural resources, which are the sources of revenue, heterogeneity in the socio-economic class of the population, and disparate State laws.

The standardisation of taxes can be obtained through the following measures:

- Property Tax to be determined by slabs of valuation of property.
- Water Tax to be determined by usage → need for a proxy to measure usage (either the number of households, or the size of a water storage unit).
- Professional Tax to be determined by income slabs.
- Fixed rate for licenses, and marriage registration fee.
- Tax on commercial complexes to be determined by the amount of annual turnover.

As per the present statute, operationalisation of the financial power of Panchayats depends on the enabling framework, that is, fixing the tax base, tax rates, provision for revision of tax rates, tax administration and tax enforcement, to be provided by the States in their respective Financial Rules (Sinha, 2018). Some States decide to make the collection of these taxes optional or mandatory. Some States devolve only the authority for tax collection to the Panchayats and then redistribute these funds to all the Panchayats. However, this should be avoided as it prevents GPs from implementing any incentive to increase their efficiency in the collection of taxes (Rajaraman, Bohra, and Renganathan, 1996). Another attribute usually observed among the taxing powers is that the tax rate and base are decided by the State, which also hampers the flexibility of Panchayats in efficient usage of their powers. A majority of State Finance Commissions recommend autonomy for the local bodies in fixing tax rates and user charges.



## ANNEXURE A1

# TREND OF STATE-WISE (AVAILABLE) TOTAL REVENUE RECEIPTS

Table A1.1: State-wise Total Revenue Receipt from Pasture &amp; Grazing Land (Rs)

State	Pasture & Grazing Land										Sample
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	
Andhra Pradesh	24000	42600	75531	46233	21168	22150	39015	28250	37950	78950	179
Assam	0	0	0	0	0	0	0	0	0	0	38
Bihar	0	0	0	0	0	0	0	0	0	0	10
Chhattisgarh	0	0	0	0	0	0	0	0	0	0	111
Gujarat	0	0	0	0	0	0	0	0	0	0	12
Haryana	0	0	0	0	0	0	0	0	0	0	17
Himachal Pradesh	0	0	0	0	0	0	0	0	0	0	2
Jharkhand	0	0	0	0	0	0	0	0	0	0	14
Karnataka	0	0	0	0	0	0	0	0	0	0	82
Kerala	0	0	0	0	0	0	0	0	0	0	5
Maharashtra	0	0	0	0	0	0	0	0	0	0	17
Madhya Pradesh	0	0	0	0	0	0	0	0	0	0	5
Odisha	0	0	0	0	8200	13200	5800	6700	0	0	5
Punjab	0	0	0	0	0	0	0	0	0	0	2
Rajasthan	0	0	0	0	0	0	0	0	0	0	31
Telangana	0	0	0	0	0	0	0	0	0	0	190
Uttarakhand	0	0	0	0	0	0	0	0	0	0	92
Uttar Pradesh	0	0	0	0	0	0	0	0	0	0	128
West Bengal	0	0	0	0	0	0	0	0	0	0	6

Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

**Table A1.2: State-wise Total Revenue Receipt from Community Forest (Rs)**

State	Community Forest									
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Andhra Pradesh	0	0	0	0	0	0	0	0	0	0
Assam	0	0	0	0	0	0	0	0	0	0
Bihar	0	0	0	0	0	0	0	0	0	0
Chhattisgarh	0	0	0	0	0	0	0	0	0	0
Gujarat	0	0	0	0	0	0	0	0	0	0
Haryana	10750	0	0	0	0	5100	0	0	0	0
Himachal Pradesh	0	0	0	0	0	0	0	0	0	0
Jharkhand	0	0	0	0	0	0	0	0	0	0
Karnataka	0	0	0	0	0	0	0	0	0	0
Kerala	0	0	0	0	0	0	0	0	0	0
Maharashtra	0	0	0	0	0	0	0	0	0	0
Madhya Pradesh	0	0	0	0	0	0	0	0	0	0
Odisha	0	0	1400	1800	700	700	700	700	600	2750
Punjab	0	0	0	0	0	0	0	0	0	0
Rajasthan	0	0	0	0	0	0	0	0	0	0
Telangana	0	0	0	0	0	0	0	0	0	0
Uttarakhand	0	0	0	0	0	0	0	0	0	0
Uttar Pradesh	0	0	0	0	0	0	0	0	0	0
West Bengal	0	0	0	0	0	0	0	0	0	0

Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

**Table A1.3: State-wise Total Revenue Receipt from Threshing Ground (Rs)**

State	Threshing Ground									
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Andhra Pradesh	0	0	0	0	0	0	0	0	0	0
Assam	0	0	0	0	0	0	0	0	0	0
Bihar	0	0	0	0	0	0	0	0	0	0
Chhattisgarh	0	0	0	0	0	0	0	0	0	0

State	Threshing Ground									
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Haryana	321039	296280	297750	347732	301614	311920	353208	371037	368882	451407
Himachal Pradesh	0	0	0	0	0	0	0	0	0	0
Jharkhand	0	0	0	0	0	0	0	0	0	0
Karnataka	0	0	0	0	0	0	0	0	0	0
Kerala	0	0	0	0	0	0	0	0	0	0
Maharashtra	0	0	0	0	0	0	0	0	0	0
Madhya Pradesh	0	0	0	0	0	0	0	0	0	0
Odisha	0	0	0	0	0	0	0	0	0	0
Punjab	51300	75300	78400	86300	90700	92100	94000	99000	102000	71000
Rajasthan	0	0	0	0	0	0	0	0	0	0
Telangana	0	0	0	0	0	0	0	0	0	0
Uttarakhand	0	0	0	0	0	0	0	0	0	0
Uttar Pradesh	0	0	0	0	0	0	0	0	0	0
West Bengal	0	0	0	0	0	0	0	0	0	0

Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

**Table A1.4: State-wise Total Revenue Receipt from Fisheries & Ponds (Rs)**

State	Fisheries & Ponds									
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Andhra Pradesh	690662	854039	1162174	1393499	3156870	1039055	1462506	1777919	1828793	3013606
Assam	0	0	0	40	0	40	480	0	0	0
Bihar	0	0	0	0	0	0	0	0	0	0
Chhattisgarh	343831	342139	327641	413351	837768	778046	786850	855857	928367	679010
Gujarat	0	0	0	0	0	0	0	0	0	0
Haryana	134300	134300	171800	269175	223300	517400	544225	678025	924395	733650
Himachal Pradesh	0	0	0	0	0	0	0	0	0	0
Jharkhand	1000	2000	4000	50000	0	0	0	0	0	0
Karnataka	120607	67065	189060	244103	383101	519250	332830	897459	738055	853935
Kerala	0	0	0	0	0	0	0	0	0	42950



State	Fisheries & Ponds									
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Madhya Pradesh	0	0	0	0	0	0	0	0	0	0
Odisha	45700	52100	79100	98920	173423	163294	228464	150753	392442	314100
Punjab	0	0	0	0	0	0	0	0	0	0
Rajasthan	0	0	0	0	0	0	0	0	0	0
Telangana	53200	59700	67874	75120	105630	132968	160549	303687	383857	988295
Uttarakhand	0	0	0	0	0	0	0	0	0	0
Uttar Pradesh	12100	12100	15000	15000	88000	88000	99000	106500	119500	119500
West Bengal	0	0	0	0	0	0	0	0	0	0

Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

**Table A1.5: State-wise Total Revenue Receipt from Community Forest Animal Markets (Rs)**

State	Animal Markets									
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Andhra Pradesh	0	0	0	0	0	0	0	0	0	0
Assam	0	0	0	0	0	0	0	0	0	0
Bihar	0	0	0	0	0	0	0	0	0	0
Chhattisgarh	0	0	0	0	0	0	0	0	0	0
Gujarat	0	0	0	0	0	0	0	0	0	0
Haryana	0	0	0	0	0	0	0	0	0	0
Himachal Pradesh	0	0	0	0	0	0	0	0	0	0
Jharkhand	0	0	0	0	0	0	0	0	0	0
Karnataka	0	0	0	0	0	0	0	0	0	0
Kerala	0	0	0	0	0	0	0	0	0	0
Maharashtra	0	0	0	0	0	0	0	0	0	0
Madhya Pradesh	0	0	0	0	0	0	0	0	0	0
Odisha	0	0	0	0	0	0	0	0	0	0
Punjab	0	0	0	0	0	0	0	0	0	0
Rajasthan	0	0	0	0	0	0	0	0	0	0
Telangana	1087998	1472404	410836	374932	1187748	1362638	1624326	1420688	1790717	1417501
Uttarakhand	0	0	0	0	0	0	0	0	0	0
Uttar Pradesh	0	0	0	0	0	0	0	0	0	0
West Bengal	0	0	0	0	0	0	0	0	0	0

Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

**Table A1.6: State-wise Total Revenue Receipt from Community Forest Commercial Complex (Rs)**

State	Commercial Complex									
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Andhra Pradesh	92000	48000	0	0	0	0	0	0	0	0
Assam	0	0	0	0	0	0	0	0	0	0
Bihar	0	0	0	0	0	0	0	0	0	0
Chhattisgarh	18000	20000	22000	25000	27000	35000	36000	38000	40000	40000
Gujarat	0	0	0	0	0	0	0	0	0	0
Haryana	10800	49770	47200	48250	66050	66350	64400	71400	77850	77850
Himachal Pradesh	0	0	0	0	0	0	0	0	0	0
Jharkhand	0	0	0	0	0	0	0	0	0	0
Karnataka	616972	844267	886634	1070455	1205194	1266380	1480222	1634184	1804753	1781088
Kerala	29623	34109	37454	99724	149605	233955	254177	264916	249231	284912
Maharashtra	66800	67800	68800	68800	412854	412854	412854	412854	360867	360867
Madhya Pradesh	0	0	0	0	0	0	0	0	0	0
Odisha	0	0	0	0	0	0	0	0	0	0
Punjab	0	0	0	0	0	0	0	0	0	0
Rajasthan	0	0	0	0	0	0	0	0	0	0
Telangana	20000	25000	27000	34000	38000	40000	42000	797500	809600	1251400
Uttarakhand	0	0	0	0	0	0	0	0	0	10000
Uttar Pradesh	0	0	0	0	0	0	0	0	0	0
West Bengal	0	0	0	0	0	0	0	0	0	0

Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

**Table A1.7: State-wise Total Revenue Receipt from Animal Pounds (Rs)**

State	Animal Pounds									
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Andhra Pradesh	0	0	0	0	0	0	0	0	0	0
Assam	800	800	1000	1200	0	800	1500	1800	2500	3000
Bihar	0	0	0	0	0	0	0	0	0	0
Chhattisgarh	0	0	0	0	0	0	0	0	0	0

State	Animal Pounds									
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Gujarat	0	0	0	0	0	0	0	0	0	0
Haryana	0	0	0	0	0	0	0	0	0	0
Himachal Pradesh	0	0	0	0	0	0	0	0	0	0
Jharkhand	0	0	0	0	0	0	0	0	0	0
Karnataka	0	0	0	0	0	0	0	0	0	0
Kerala	0	0	0	0	0	0	0	0	0	0
Maharashtra	0	0	0	0	0	0	0	0	0	0
Madhya Pradesh	0	0	0	0	0	0	0	0	0	0
Odisha	0	0	0	0	0	0	0	0	0	0
Punjab	0	0	0	0	0	0	0	0	0	0
Rajasthan	0	0	0	0	0	0	0	0	0	0
Telangana	0	0	0	0	0	0	0	0	0	0
Uttarakhand	0	0	0	0	0	0	0	0	0	0
Uttar Pradesh	0	0	0	0	0	0	0	0	0	0
West Bengal	0	0	0	0	0	0	0	0	0	0

Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

**Table A1.8: State-wise Total Revenue Receipt from Tube Wells (Rs)**

State	Tube Wells									
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Andhra Pradesh	910041	995936	983686	1179756	1223237	1661997	1251817	1638962	1879800	2358692
Assam	0	0	0	0	0	0	0	0	0	0
Bihar	0	0	0	0	0	0	0	0	0	0
Chhattisgarh	105050	73640	101210	339815	458502	843845	637640	1363845	977643	1690118
Gujarat	0	0	0	0	491515	181467	0	6000	7000	8000
Haryana	161000	176000	185000	187600	206000	215600	241600	226200	307500	195900
Himachal Pradesh	0	0	0	0	0	0	0	0	0	0
Jharkhand	0	0	0	0	0	0	0	0	800	31000
Karnataka	1587293	1583194	1500009	1542761	1999718	2105672	2012057	2084124	1898153	1760134

State	Tube Wells									
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Kerala	0	0	0	0	0	0	0	0	0	0
Maharashtra	33443	216740	216080	230860	246780	249030	255694	267694	294600	297100
Madhya Pradesh	0	0	0	0	0	0	0	0	800	31000
Odisha	0	0	0	0	0	0	0	0	0	0
Punjab	0	0	0	0	0	0	0	0	0	0
Rajasthan	0	0	0	0	0	0	0	0	0	0
Telangana	983093	1075001	1374290	1325093	2908507	2331496	2184576	2567777	3042316	3241141
Uttarakhand	0	0	0	0	0	0	0	0	0	0
Uttar Pradesh	0	0	0	0	0	0	0	0	0	0
West Bengal	0	0	0	0	0	0	0	0	0	0

Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

**Table A1.9: State-wise Total Revenue Receipt from Hand Pumps (Rs)**

State	Hand Pumps									
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Andhra Pradesh	0	0	0	0	0	0	0	0	0	1040
Assam	0	0	0	0	0	0	0	0	0	0
Bihar	0	0	0	0	0	0	0	0	0	0
Chhattisgarh	20887	54498	35456	67060	89886	114574	154803	89770	135528	28344
Gujarat	0	0	0	0	0	0	0	0	0	0
Haryana	0	0	0	0	0	0	0	0	0	0
Himachal Pradesh	0	0	0	0	0	0	0	0	0	0
Jharkhand	0	0	0	0	0	0	0	0	0	0
Karnataka	0	0	0	0	25620	35600	35000	35650	38000	46205
Kerala	0	277479	156300	152390	263812	427110	311175	751885	578494	184290
Maharashtra	2075	4075	4575	4575	7575	7675	14075	14075	14075	14575
Madhya Pradesh	0	0	0	0	0	0	0	0	0	0
Odisha	0	0	0	0	0	0	0	0	0	0
Punjab	0	0	0	0	0	0	0	0	0	0
Rajasthan	0	0	0	0	0	0	0	0	0	0

State	Hand Pumps									
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Telangana	0	0	0	0	0	0	0	0	0	0
Uttarakhand	0	0	0	0	0	0	0	0	0	0
Uttar Pradesh	0	0	0	0	0	0	0	0	0	0
West Bengal	0	0	0	0	0	0	0	0	0	0

Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

**Table A1.10: State-wise Total Revenue Receipt from Wells (Rs)**

State	Wells									
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Andhra Pradesh	0	0	0	0	0	0	0	0	0	0
Assam	0	1984	3049	2889	1089	1650	0	0	250	0
Bihar	0	0	0	0	0	0	0	0	0	0
Chhattisgarh	0	0	0	0	0	0	0	0	0	0
Gujarat	0	0	0	0	0	0	0	0	0	0
Haryana	0	0	0	0	0	0	0	0	0	0
Himachal Pradesh	0	0	0	0	0	0	0	0	0	0
Jharkhand	0	0	0	0	0	0	0	0	0	0
Karnataka	290297	275071	123132	161368	266839	79365	149325	95409	233192	230311
Kerala	0	0	0	0	0	0	0	0	0	0
Maharashtra	90000	93000	94500	104000	10800	110000	115500	520500	124000	101000
Madhya Pradesh	0	0	0	0	0	0	0	0	0	0
Odisha	0	0	0	0	0	0	0	0	0	0
Punjab	0	0	0	0	0	0	0	0	0	0
Rajasthan	0	0	0	0	0	0	0	0	0	0
Telangana	109833	129760	170982	192656	212231	288817	374117	692513	826600	1210260
Uttarakhand	0	0	0	0	0	0	0	0	0	0
Uttar Pradesh	0	0	0	0	0	0	0	0	0	0
West Bengal	0	0	0	0	0	0	0	0	0	0

Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

**Table A1.11: State-wise Total Revenue Receipt from Burial Grounds (Rs)**

State	Burial Grounds									
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Andhra Pradesh	0	0	0	0	0	0	0	0	0	0
Assam	0	0	0	0	0	0	0	0	0	0
Bihar	0	0	0	0	0	0	0	0	0	0
Chhattisgarh	0	0	0	13500	0	0	0	0	0	47900
Gujarat	0	0	0	108135	0	0	0	0	0	0
Haryana	0	0	0	0	0	0	0	0	0	0
Himachal Pradesh	0	0	0	0	0	0	0	0	0	0
Jharkhand	0	0	0	0	0	0	0	0	0	0
Karnataka	0	0	0	0	0	0	0	0	0	0
Kerala	0	0	0	0	0	0	0	0	0	0
Maharashtra	0	0	0	0	0	0	0	270000	0	0
Madhya Pradesh	0	0	0	0	0	0	0	0	0	0
Odisha	0	0	0	0	0	0	0	0	0	0
Punjab	0	0	0	0	0	0	0	0	0	0
Rajasthan	0	0	0	0	0	0	0	0	0	0
Telangana	0	0	0	0	0	0	0	0	0	0
Uttarakhand	0	0	0	0	0	0	0	0	0	0
Uttar Pradesh	0	0	0	0	0	0	0	0	0	0
West Bengal	0	0	0	0	0	0	0	0	0	0

Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

**Table A1.12: State-wise Total Revenue Receipt from Solid Waste Management Plan (Rs)**

State	Solid Waste Management Plan									
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Andhra Pradesh	0	0	0	0	0	0	0	0	0	46601
Assam	0	0	0	0	0	0	0	0	0	0
Bihar	0	0	0	0	0	0	0	0	0	0
Chhattisgarh	0	0	0	0	0	0	0	0	0	0
Gujarat	0	0	0	0	0	0	0	0	9900	20000

State	Solid Waste Management Plan									
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Haryana	0	0	0	0	0	0	0	0	0	0
Himachal Pradesh	0	0	0	0	0	0	0	0	0	0
Jharkhand	0	0	0	0	0	0	0	0	0	0
Karnataka	0	0	0	0	0	0	0	41340	191798	290564
Kerala	0	0	0	0	0	0	0	0	81807	142346
Maharashtra	0	0	0	0	0	0	0	0	0	0
MP	0	0	0	0	0	0	0	0	0	0
Odisha	0	0	0	0	0	0	0	0	0	0
Punjab	0	0	0	0	0	0	0	0	0	0
Rajasthan	0	0	0	0	0	0	0	0	0	0
Telangana	0	0	0	0	0	0	0	1400	14453	22323
Uttarakhand	0	0	0	0	0	0	0	0	0	0
Uttar Pradesh	0	0	0	0	0	0	0	0	0	0
West Bengal	0	0	0	0	0	0	0	0	0	0

Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

**Table A1.13: State-wise Total Revenue Receipt from Compost Pits (Rs)**

State	Compost Pits									
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Andhra Pradesh	0	0	0	0	0	0	0	0	0	0
Assam	0	0	0	0	0	0	0	0	0	0
Bihar	0	0	0	0	0	0	0	0	0	0
Chhattisgarh	0	0	0	0	0	0	0	0	0	0
Gujarat	0	0	0	0	0	0	0	0	0	0
Haryana	0	0	0	0	0	0	0	0	0	0
Himachal Pradesh	0	0	0	0	0	0	0	0	0	0
Jharkhand	0	0	0	0	0	0	0	0	0	0
Karnataka	0	0	0	0	0	0	0	0	0	0
Kerala	0	0	0	0	0	0	0	0	0	0
Maharashtra	0	0	0	0	0	0	0	0	0	0



State	Compost Pits									
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
MP	0	0	0	0	0	0	0	0	0	0
Odisha	0	0	0	0	0	0	0	0	0	0
Punjab	0	0	0	0	0	0	0	0	0	0
Rajasthan	0	0	0	0	0	0	0	0	0	0
Telangana	0	0	0	0	0	0	0	2501	19501	20301
Uttarakhand	0	0	0	0	0	0	0	0	0	0
Uttar Pradesh	0	0	0	0	0	0	0	0	0	0
West Bengal	0	0	0	0	0	0	0	0	0	0

Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

**Table A1.14: State-wise Total Revenue Receipt from Panchayat Roads (Rs)**

State	Panchayat Roads									
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Andhra Pradesh	0	0	0	0	0	0	0	0	0	0
Assam	0	0	0	0	0	0	0	0	0	0
Bihar	0	0	0	0	0	0	0	0	0	0
Chhattisgarh	603102	2136619	1455000	1578116	1778401	2199700	914305	253669	725696	1622645
Gujarat	0	0	0	0	0	0	0	0	0	0
Haryana	0	0	0	0	0	0	0	0	0	0
Himachal Pradesh	0	0	0	0	0	0	0	0	0	0
Jharkhand	0	0	0	0	0	0	0	0	0	0
Karnataka	0	0	160002	453902	81602	9616	51919	129010	327971	67074
Kerala	0	0	0	0	0	0	0	0	0	0
Maharashtra	0	0	0	0	0	0	0	0	449500	391897
MP	0	0	0	0	0	0	0	0	0	0
Odisha	0	0	0	0	574600	574542	36606	646320	575292	814032
Punjab	0	0	0	0	0	0	0	0	0	0
Rajasthan	0	0	0	0	1631159	2446424	3064930	513085	1774329	1455079
Telangana	0	0	0	0	0	0	0	0	500000	75000
Uttarakhand	0	0	0	0	0	0	0	0	0	0
Uttar Pradesh	0	0	0	0	0	0	0	0	0	0
West Bengal	0	0	0	0	0	0	0	0	0	0

Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

**Table A1.15: State-wise Total Revenue Receipt from all Revenue Generated Sources (Rs)**

State	Total									
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Andhra Pradesh	1716703	1940575	2221391	2619488	4401275	2723202	2753338	3445131	3746543	5498889
Assam	800	2784	4049	4129	1089	2490	1980	1800	2750	3000
Bihar	0	0	0	0	0	0	0	0	0	0
Chhattisgarh	1090870	2626896	1941307	2436842	3191557	3971165	2529598	2601141	2807234	4108017
Gujarat	0	0	0	108135	497505	219966	141549	118706	123112	77660
Haryana	637889	656350	701750	852757	796964	1116370	1203433	1346662	1678627	1458807
Himachal Pradesh	0	0	0	0	0	0	0	0	0	0
Jharkhand	1000	2000	4000	50000	0	0	0	0	800	31000
Karnataka	2615169	2769597	2858837	3472589	3962074	4015883	4061353	4917176	5231922	5046801
Kerala	29623	311588	193754	252114	413417	661065	565352	1016801	909532	654498
Maharashtra	192318	381615	383955	408235	678009	779559	798123	1485123	1243042	1165439
Madhya Pradesh	0	0	0	0	0	0	0	0	800	31000
Odisha	45700	52100	80500	100720	756923	751736	271570	804473	968334	1130882
Punjab	51300	75300	78400	86300	90700	92100	94000	99000	102000	71000
Rajasthan	0	0	0	0	1631159	2446424	3064930	513085	1774329	1455079
Telangana	2254124	2761865	2050982	2001801	4452116	4155919	4385568	5786066	7387044	8226221
Uttarakhand	0	0	0	0	0	0	0	0	0	10000
Uttar Pradesh	12100	12100	15000	15000	88000	88000	99000	106500	119500	119500
West Bengal	0	0	0	0	0	0	0	0	0	0

Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

Note: The table for recycling bin are not including since no state had reported any value.

## ANNEXURE A2

# TREND OF STATE-WISE (AVAILABLE) MAINTENANCE EXPENDITURE

Annexure A2 gives the yearly state-wise total maintenance expenditure towards different common property resources. Note that for states that have reported expenditure in at least in one Gram Panchayat have been shown in the following Tables.

**Table A2.1: State-wise Total Maintenance Expenditure on Pasture & Grazing Land (Rs)**

State	Pasture & Grazing Land									
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Andhra Pradesh	0	0	0	0	0	0	1000000	800000	6000	0
Assam	0	0	0	0	0	0	0	0	0	0
Bihar	0	0	0	0	0	0	0	0	0	0
Chhattisgarh	0	0	0	0	0	0	0	0	0	0
Gujarat	0	0	0	0	0	0	0	0	0	0
Haryana	0	0	0	0	0	0	0	0	0	0
Himachal Pradesh	0	0	0	0	0	0	0	0	0	0
Jharkhand	0	0	0	0	0	0	0	0	0	0
Karnataka	0	0	0	0	0	0	0	0	0	0
Kerala	0	0	0	0	0	0	0	0	0	0
Maharashtra	0	0	0	0	0	0	0	0	0	0
Madhya Pradesh	0	0	0	0	0	0	0	0	0	0
Odisha	0	0	0	0	0	0	0	0	0	0
Punjab	0	0	0	0	0	0	0	0	0	0
Rajasthan	0	0	0	0	0	0	0	0	0	0
Telangana	0	0	0	0	0	0	0	0	0	650000
Uttar Pradesh	0	0	0	0	0	0	600000	465200	600000	500000
Uttarakhand	0	0	0	0	0	0	0	0	0	0
West Bengal	3000	7000	5000	7000	48600	50000	53000	610724	65000	0

Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

**Table A2.2: State-wise Total Maintenance Expenditure on Community Forest (Rs)**

State	Community Forest									
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Andhra Pradesh	0	0	0	0	0	0	0	0	0	0
Assam	0	0	0	0	0	0	0	0	0	0
Bihar	0	0	0	0	0	0	0	0	0	0
Chhattisgarh	0	0	0	0	0	0	0	0	2000	2000
Gujarat	0	0	0	0	0	0	0	0	0	0
Haryana	0	0	0	0	0	0	0	0	0	0
Himachal Pradesh	0	0	0	0	0	0	0	0	0	0
Jharkhand	0	0	0	0	0	0	0	0	0	0
Karnataka	30000	30000	30000	30000	35000	35000	35000	35000	38000	38000
Kerala	0	0	0	0	0	0	0	0	0	0
Maharashtra	0	0	0	0	0	0	0	0	0	0
Madhya Pradesh	0	0	0	0	0	0	0	0	0	0
Odisha	0	0	0	0	0	0	0	0	0	0
Punjab	0	0	0	0	0	0	0	0	0	0
Rajasthan	0	0	0	0	0	0	0	0	0	0
Telangana	0	0	0	0	0	0	0	0	249000	593128
Uttar Pradesh	10000	12500	15000	16000	20000	0	0	0	0	0
Uttarakhand	0	0	0	0	0	0	0	0	0	0
West Bengal	0	0	0	0	0	0	0	0	0	0

Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

**Table A2.3: State-wise Total Maintenance Expenditure on Threshing Ground (Rs)**

State	Threshing Ground									
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Andhra Pradesh	0	0	0	0	0	0	0	0	0	0
Assam	0	0	0	0	0	0	0	0	0	0
Bihar	0	0	0	0	0	0	0	0	0	0
Chhattisgarh	0	0	0	0	0	0	0	0	0	0
Gujarat	0	0	0	0	0	0	0	0	0	0

State	Threshing Ground									
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Haryana	670455	773029	433404	577702	1094496	541957	1092118	825122	962650	827025
Himachal Pradesh	0	0	0	0	0	0	0	0	0	0
Jharkhand	0	0	0	0	0	0	0	0	0	0
Karnataka	0	0	0	0	0	0	0	0	0	0
Kerala	0	0	0	0	0	0	0	0	0	0
Maharashtra	0	0	0	0	0	0	0	0	0	0
Madhya Pradesh	0	0	0	0	0	0	0	0	0	0
Odisha	0	0	0	0	0	0	0	0	0	0
Punjab	0	0	0	0	0	0	0	0	0	0
Rajasthan	0	0	0	0	5800000	0	0	6350000	3950000	2350000
Telangana	0	0	0	0	0	0	0	0	0	0
Uttar Pradesh	0	0	0	0	0	0	0	0	0	0
Uttarakhand	0	0	0	0	0	0	0	0	0	0
West Bengal	0	0	0	0	0	0	0	0	0	0

Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

**Table A2.4: State-wise Total Maintenance Expenditure on Dumping Ground (Rs)**

State	Dumping Ground									
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Andhra Pradesh	0	0	0	0	0	0	0	0	0	0
Assam	0	0	0	0	0	0	0	0	0	0
Bihar	0	0	0	0	0	0	0	0	0	0
Chhattisgarh	5000	3500	4500	6000	6000	8000	9000	160000	12000	1946000
Gujarat	0	0	0	0	0	0	0	0	0	0
Haryana	0	0	0	0	0	0	0	0	0	0
Himachal Pradesh	0	0	0	0	0	0	0	0	0	0
Jharkhand	0	0	0	0	0	0	0	0	0	0
Karnataka	0	0	0	0	0	0	0	0	0	17490
Kerala	0	0	0	0	0	0	0	0	0	0
Maharashtra	0	0	0	0	0	0	0	0	0	0
Madhya Pradesh	0	0	0	0	0	0	0	0	0	0

State	Dumping Ground									
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Odisha	0	0	0	0	0	0	0	0	0	0
Punjab	0	0	0	0	0	0	0	0	0	0
Rajasthan	0	0	0	0	0	0	0	0	0	750000
Telangana	0	0	0	0	0	0	0	20000	446186	370360
Uttar Pradesh	0	0	0	0	0	0	70000	0	51500	87000
Uttarakhand	0	0	0	0	0	0	0	0	0	0
West Bengal	0	0	0	0	0	0	0	0	0	0

Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

**Table A2.5: State-wise Total Maintenance Expenditure on Fisheries & Ponds (Rs)**

State	Fisheries & Ponds									
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Andhra Pradesh	0	17050	0	20000	0	0	0	38000	44000	48000
Assam	0	0	0	0	0	0	0	0	0	0
Bihar	2850000	1100000	4200000	800000	2100000	3700000	2600000	1500000	3100000	3100000
Chhattisgarh	196229	1543853	335852	535468	2184525	449672	4313688	2634788	2342758	1408714
Gujarat	0	0	0	0	0	0	0	0	0	0
Haryana	0	0	0	268265	319000	539769	91000	92000	139760	794380
Himachal Pradesh	0	0	0	0	0	0	0	0	0	0
Jharkhand	0	0	0	0	0	0	0	0	0	0
Karnataka	0	0	0	0	0	0	0	0	0	0
Kerala	0	0	0	0	0	0	0	0	0	0
Maharashtra	0	0	0	0	0	0	0	0	0	0
Madhya Pradesh	0	0	0	0	0	0	0	0	0	0
Odisha	8100	10200	12000	10000	12000	14000	52000	14000	16000	18000
Punjab	0	0	0	0	0	0	0	0	0	0
Rajasthan	0	0	0	0	570000	0	275000	0	0	948000
Telangana	0	0	250000	120000	180000	250000	451818	100000	505000	281000
Uttar Pradesh	0	0	0	370000	0	506725	1183395	2448293	2837684	676000
Uttarakhand	68080	6300	14450	98300	72400	68000	30550	121500	161500	7500
West Bengal	24000	14000	4000	84000	7200	6400	8200	172600	29000	31000

Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

**Table A2.6: State-wise Total Maintenance Expenditure on Animal Markets (Rs)**

State	Animal Markets									
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Andhra Pradesh	0	0	0	0	0	0	0	0	0	0
Assam	20000	0	20000	20000	0	0	0	0	0	0
Bihar	0	0	0	0	0	0	0	0	0	0
Chhattisgarh	0	0	0	0	0	0	0	0	0	0
Gujarat	0	0	0	0	0	0	0	0	0	0
Haryana	0	0	0	0	0	0	0	0	0	0
Himachal Pradesh	0	0	0	0	0	0	0	0	0	0
Jharkhand	0	0	0	0	0	0	0	0	0	0
Karnataka	0	0	0	0	0	0	0	0	0	0
Kerala	0	0	0	0	0	0	0	0	0	0
Maharashtra	0	0	0	0	0	0	0	0	0	0
Madhya Pradesh	0	0	0	0	0	0	0	0	0	0
Odisha	0	0	0	0	0	0	0	0	0	0
Punjab	0	0	0	0	0	0	0	0	270000	78000
Rajasthan	0	0	0	0	0	0	0	0	0	0
Telangana	197000	416100	106830	622374	129430	252088	165400	202194	213165	366666
Uttar Pradesh	0	0	0	0	0	0	0	0	0	0
Uttarakhand	0	0	0	0	0	0	0	0	0	0
West Bengal	0	0	0	0	0	0	0	0	0	0

Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

**Table A2.7: State-wise Total Maintenance Expenditure on Commercial Complex (Rs)**

State	Commercial Complex									
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Andhra Pradesh	0	0	0	0	0	0	0	0	0	0
Assam	0	0	0	0	0	0	0	0	0	0
Bihar	0	0	0	0	0	0	0	0	0	0
Chhattisgarh	0	0	0	0	0	0	0	0	0	285400



State	Commercial Complex									
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Gujarat	0	0	0	0	0	0	0	0	0	0
Haryana	0	0	0	0	0	22000	0	8000	9500	0
Himachal Pradesh	0	0	0	0	0	0	0	0	0	0
Jharkhand	0	0	0	0	0	0	0	0	0	0
Karnataka	0	0	0	0	0	0	0	0	0	0
Kerala	0	0	0	0	0	0	0	0	0	0
Maharashtra	0	0	0	0	0	0	0	0	0	0
Madhya Pradesh	0	0	0	0	0	0	0	0	0	0
Odisha	0	0	0	0	0	0	0	0	0	0
Punjab	0	0	0	0	0	0	0	0	0	0
Rajasthan	0	0	0	0	0	0	0	0	0	0
Telangana	197000	416100	106830	622374	129430	252088	165400	202194	213165	366666
Uttar Pradesh	0	0	0	0	0	0	0	0	0	0
Uttarakhand	0	0	0	0	0	0	0	0	0	0
West Bengal	0	0	0	0	0	0	0	0	0	0

Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

**Table A2.8: State-wise Total Maintenance Expenditure on Animal Pounds (Rs)**

State	Animal Pounds									
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Andhra Pradesh	0	0	18000	0	0	25000	0	0	30000	0
Assam	0	0	0	0	0	0	0	0	0	0
Bihar	0	0	0	0	0	0	0	0	0	0
Chhattisgarh	0	200000	0	0	60000	0	0	800000	0	0
Gujarat	0	0	0	0	0	0	0	0	0	0
Haryana	121750	0	178638	0	0	0	0	0	265733	0
Himachal Pradesh	0	0	0	0	0	0	0	0	0	0
Jharkhand	0	0	0	0	0	0	0	0	0	0
Karnataka	0	0	0	0	0	0	0	0	0	0
Kerala	0	0	0	0	0	0	0	0	0	0
Maharashtra	0	0	0	0	0	0	0	0	0	0
Madhya Pradesh	0	0	0	0	0	0	0	0	0	0

State	Animal Pounds									
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Odisha	0	0	0	0	0	0	0	0	0	0
Punjab	0	0	0	0	0	0	0	0	0	0
Rajasthan	0	0	0	0	0	0	0	0	0	0
Telangana	0	0	0	0	0	0	0	0	0	170000
Uttar Pradesh	360008	85008	135008	88008	150008	508938	326088	445958	1327436	588600
Uttarakhand	0	0	0	0	0	0	0	0	0	0
West Bengal	0	0	0	0	0	0	0	0	0	0

Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

**Table A2.9: State-wise Total Maintenance Expenditure on Tube Wells (Rs)**

State	Tube Wells									
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Andhra Pradesh	1476220	1637174	1775032	2314186	2566295	2822583	3583248	4734316	4287630	5524732
Assam	0	0	0	0	0	0	0	0	0	0
Bihar	0	0	45000	0	93000	0	50000	0	0	0
Chhattisgarh	799771	744120	790365	4287915	2319122	3790416	3229031	4543170	3785465	4188942
Gujarat	322000	933000	0	240000	0	0	0	0	0	665000
Haryana	90000	0	0	28000	0	0	50000	0	196137	53100
Himachal Pradesh	0	0	0	0	0	0	0	0	0	0
Jharkhand	0	0	0	0	0	0	0	0	0	0
Karnataka	3172011	4258940	4530337	5143206	5147944	6384187	6462180	7508323	7574209	7331358
Kerala	0	0	0	0	0	0	0	0	0	0
Maharashtra	10000	9450	9700	9800	13200	7500	13400	18300	20700	22400
Madhya Pradesh	0	0	0	0	0	0	0	0	0	0
Odisha	0	0	0	0	0	0	0	0	0	0
Punjab	0	0	0	0	0	0	0	0	0	0
Rajasthan	0	0	100000	200000	0	150000	0	350000	0	0
Telangana	524774	675467	1009089	1646521	1815374	3382207	3772904	3853216	4835690	5799087
Uttar Pradesh	0	0	0	0	10000	50000	85000	136652	560500	860000
Uttarakhand	0	0	0	0	0	0	0	0	0	0
West Bengal	164434	190880	152250	229600	270610	439446	384900	258680	302580	473800

Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

**Table A2.10: State-wise Total Maintenance Expenditure on Hand Pumps (Rs)**

State	Hand Pumps									
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Andhra Pradesh	148388	161439	135214	183901	279326	1963631	246704	177461	268571	279231
Assam	0	0	0	0	0	0	0	0	0	0
Bihar	580000	804000	1025000	1131000	1625000	987000	982000	1324000	1014000	842000
Chhattisgarh	977915	1406443	1340647	1486044	3432998	3480105	4210687	4519945	4826685	5847704
Gujarat	0	180000	0	0	0	800000	315000	0	0	315000
Haryana	0	0	0	0	0	0	0	0	0	0
Himachal Pradesh	0	0	0	0	0	0	0	0	0	0
Jharkhand	0	0	0	0	0	0	0	0	0	0
Karnataka	387300	450842	216537	296484	235543	251502	307915	186734	426668	415175
Kerala	0	0	0	0	0	0	0	0	0	0
Maharashtra	6200	6600	9200	8800	10900	8700	19000	17300	21200	25500
Madhya Pradesh	0	0	0	0	0	0	0	0	0	0
Odisha	0	0	0	0	0	0	0	0	0	0
Punjab	0	0	0	0	0	0	0	0	0	0
Rajasthan	500000	0	141038	100000	91026	0	54464	360000	119240	120902
Telangana	280366	673868	628371	1329961	379728	814941	552650	729694	1149380	1035055
Uttar Pradesh	1140553	1198106	1246087	2444810	1717960	2403835	5392158	6586703	7704317	6897165
Uttarakhand	25000	5000	0	85000	0	120000	60000	537645	270500	200499
West Bengal	63200	76800	89800	101400	87800	90600	109400	117748	107645	137625

Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

**Table A2.11: State-wise Total Maintenance Expenditure on Wells (Rs)**

State	Wells									
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Andhra Pradesh	0	10000	2400	9804	14300	0	0	4000	0	0
Assam	0	0	0	0	0	0	0	0	0	0
Bihar	186000	340000	764000	1071000	932000	847000	792000	798000	766000	999000
Chhattisgarh	0	1252608	0	128923	161513	415746	505140	2520000	5307000	180000
Gujarat	0	0	0	120000	0	150000	0	165000	315000	190000
Haryana	0	0	0	0	0	0	0	0	0	0
Himachal Pradesh	0	0	0	0	0	0	0	0	0	0

State	Wells									
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Jharkhand	0	0	0	300000	0	0	0	0	0	0
Karnataka	422920	615180	377459	509285	580119	478218	935475	1057435	1002461	977520
Kerala	0	478854	0	0	89546	0	0	0	0	399111
Maharashtra	1300	2800	3100	1200	5300	6100	5800	8200	7000	8500
Madhya Pradesh	0	0	0	300000	0	0	0	0	0	0
Odisha	0	0	0	0	0	0	0	0	0	0
Punjab	0	0	0	0	0	0	0	0	0	0
Rajasthan	0	0	0	0	0	0	0	0	0	0
Telangana	453796	459016	476232	585338	403486	517606	546364	486812	1647833	632412
Uttar Pradesh	0	0	0	0	0	0	0	30000	0	0
Uttarakhand	0	0	0	0	0	0	0	0	0	0
West Bengal	0	0	0	0	0	0	0	0	0	0

Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

**Table A2.12: State-wise Total Maintenance Expenditure on Burial Grounds (Rs)**

State	Burial Grounds									
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Andhra Pradesh	70000	73979	20000	25000	50000	100000	150000	170000	200000	330000
Assam	0	0	0	0	0	0	0	0	0	0
Bihar	0	0	0	0	0	1600000	0	0	0	0
Chhattisgarh	110909	182500	253000	25000	38988	0	0	489000	778000	20000
Gujarat	0	0	0	0	0	0	0	0	0	0
Haryana	0	0	0	0	0	0	0	0	0	0
Himachal Pradesh	0	0	0	0	0	0	0	0	0	0
Jharkhand	0	0	180000	0	425000	180000	155000	122000	0	0
Karnataka	0	200000	139200	50000	0	100000	394672	87410	246385	30000
Kerala	0	0	304761	38409	135000	0	0	120899	110702	0
Maharashtra	0	0	0	0	0	0	962000	0	1034900	6200
Madhya Pradesh	0	0	180000	0	425000	180000	155000	122000	0	0
Odisha	0	0	0	0	0	0	0	0	0	0

State	Burial Grounds									
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Punjab	0	0	0	0	200000	0	0	200000	0	0
Rajasthan	0	0	0	0	0	0	0	0	0	0
Telangana	0	0	0	0	0	0	0	0	1828284	1419700
Uttar Pradesh	0	0	0	0	0	52000	535130	820002	1055111	151600
Uttarakhand	0	0	0	0	0	168500	223000	446000	0	0
West Bengal	12000	19800	19800	16200	6800	19800	24800	15200	7600	153600

Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

**Table A2.13: State-wise Total Maintenance Expenditure on Recycling Units (Rs)**

State	Recycling Units									
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Andhra Pradesh	0	0	0	0	0	0	0	0	0	0
Assam	0	0	0	0	0	0	0	0	0	0
Bihar	0	0	0	0	0	0	0	0	0	0
Chhattisgarh	0	0	0	0	0	0	0	0	0	0
Gujarat	0	0	0	0	0	0	0	0	0	0
Haryana	0	0	0	0	0	0	0	0	0	0
Himachal Pradesh	0	0	0	0	0	0	0	0	0	0
Jharkhand	0	0	0	0	0	0	215000	95000	48000	20000
Karnataka	0	0	0	0	0	0	0	0	0	0
Kerala	0	0	0	0	0	0	0	0	0	0
Maharashtra	0	0	0	0	0	0	0	0	0	0
Madhya Pradesh	0	0	0	0	0	0	215000	95000	48000	20000
Odisha	0	0	0	0	0	0	0	0	0	0
Punjab	0	0	0	0	0	0	0	0	0	0
Rajasthan	100000	0	250000	0	0	100000	0	50000	0	0
Telangana	0	0	0	0	0	0	0	0	50000	250000
Uttar Pradesh	0	0	0	0	0	0	0	0	17200	0
Uttarakhand	0	0	0	0	0	0	0	0	0	0
West Bengal	0	0	0	0	0	0	0	0	0	0

Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

**Table A2.14: State-wise Total Maintenance Expenditure on Solid Waste Management Plan (Rs)**

State	Solid Waste Management Plan									
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Andhra Pradesh	0	0	0	3452	18452	197361	401452	290452	1055382	0
Assam	0	0	0	0	0	0	0	0	0	0
Bihar	0	0	0	0	0	0	0	0	0	0
Chhattisgarh	13280	9825	11265	15000	150435	110141	101462	101900	1680000	2792100
Gujarat	0	0	0	0	0	0	0	0	18000	20000
Haryana	0	0	0	0	0	0	0	0	0	0
Himachal Pradesh	0	0	0	0	0	0	0	0	0	0
Jharkhand	0	0	0	0	0	0	0	0	0	0
Karnataka	6200	109465	6938	68830	50000	100210	183154	2916628	891406	899920
Kerala	0	0	0	0	0	0	142950	0	0	0
Maharashtra	0	0	0	0	0	0	0	0	0	0
Madhya Pradesh	0	0	0	0	0	0	0	0	0	0
Odisha	0	0	0	0	0	0	0	0	0	0
Punjab	0	0	0	0	0	0	0	0	0	0
Rajasthan	0	0	0	0	0	0	0	0	0	0
Telangana	0	0	0	0	0	243000	296000	191300	1098100	1446200
Uttar Pradesh	0	0	0	0	0	0	29500	618002	114000	0
Uttarakhand	0	0	0	0	0	0	0	0	0	150000
West Bengal	0	0	0	0	0	0	236800	352000	418500	433900

Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

**Table A2.15: State-wise Total Maintenance Expenditure on Compost Pits (Rs)**

State	Compost Pits									
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Andhra Pradesh	0	0	0	0	0	0	0	0	0	0
Assam	0	0	0	0	0	0	0	0	0	0
Bihar	0	0	0	0	0	0	0	0	0	0
Chhattisgarh	0	0	0	0	0	0	0	0	0	285400

State	Compost Pits									
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Gujarat	0	0	0	0	0	0	0	0	0	0
Haryana	0	0	0	0	0	0	0	0	0	0
Himachal Pradesh	0	0	0	0	0	0	0	0	0	0
Jharkhand	0	0	0	0	0	0	0	0	0	0
Karnataka	5000	173600	5000	9110	2550	2000	0	0	63500	20437
Kerala	0	0	0	0	0	441546	0	0	0	110000
Maharashtra	0	0	0	0	0	0	0	0	0	2000
Madhya Pradesh	0	0	0	0	0	0	0	0	0	0
Odisha	0	0	0	0	0	0	0	0	0	0
Punjab	0	0	0	0	0	0	0	0	0	0
Rajasthan	0	0	0	0	0	0	0	950000	0	0
Telangana	86000	53200	267330	88365	101825	288200	116800	792080	749184	944090
Uttar Pradesh	0	0	0	0	0	0	0	0	0	0
Uttarakhand	0	0	0	0	0	0	0	0	0	0
West Bengal	0	0	0	0	0	0	0	0	0	60000

Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

**Table A2.16: State-wise Total Maintenance Expenditure on Panchayat Roads (Rs)**

State	Panchayat Roads									
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Andhra Pradesh	987369	709697	749518	1077664	1896187	1657994	1423196	2756495	1773632	2197292
Assam	0	0	0	0	0	0	0	0	0	0
Bihar	10471030	12110900	13066420	12770905	15760825	32087405	27888600	25989713	32962967	25212327
Chhattisgarh	10089062	18012204	18099042	21809676	20833293	30182335	17120467	24310109	28730163	26320592
Gujarat	350000	0	0	0	0	0	0	0	0	0
Haryana	0	0	37500	0	0	203590	4159040	3736169	662595	0
Himachal Pradesh	0	0	0	0	0	0	0	0	0	0
Jharkhand	0	0	300000	250000	250000	300000	1300000	1300000	1715000	400000
Karnataka	2963507	3568629	3513458	5150832	3601014	6154959	22645666	8939305	14835769	16765171
Kerala	1524051	2323067	8348263	8207351	9585579	2968014	13310495	12589695	2331944	15388130
Maharashtra	0	0	0	0	500000	4000	5000	8000	458500	147897



State	Panchayat Roads									
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Madhya Pradesh	0	0	300000	250000	250000	300000	1300000	1300000	1715000	400000
Odisha	0	0	0	0	283338	516123	1276872	2702330	4254622	1902366
Punjab	0	0	0	0	0	0	150000	234000	304000	725000
Rajasthan	0	0	0	0	0	100000	0	90000	110000	130000
Telangana	185860	133900	169410	294900	493312	1135284	1505512	1354929	5302054	5563471
Uttar Pradesh	9504591	13367160	16020116	18532424	18476585	39194677	84305185	76489285	89866537	76103792
Uttarakhand	3646252	2808040	2942066	6506525	7011946	7674116	11833749	13224862	14906638	13803250
West Bengal	200000	500000	500000	500000	500000	800000	800000	800000	1000000	1000000

Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

**Table A2.17: State-wise Total Maintenance Expenditure (Rs)**

State	Total									
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Andhra Pradesh	2681977	2609339	2700164	3634007	4824560	6766569	6804600	8970724	7665215	8379255
Assam	20000	0	20000	20000	0	0	0	0	0	0
Bihar	14087030	14354900	19100420	15772905	20510825	39221405	32312600	29611713	37842967	30153327
Chhattisgarh	12192166	23355053	20834671	28294026	29186874	38436415	29489475	40078912	47464071	43276852
Gujarat	672000	1113000	0	360000	0	0	315000	165000	333000	1190000
Haryana	882205	773029	649542	873967	1413496	1307316	5392158	4661291	2236375	1674505
Himachal Pradesh	0	0	0	0	0	0	0	0	0	0
Jharkhand	0	0	480000	550000	675000	480000	1670000	1517000	1763000	420000
Karnataka	6986938	9406656	8818929	11257747	9652170	13506076	30964062	20730835	25078398	26495071
Kerala	1524051	2801921	8653024	8245760	9810125	3409560	13453445	12710594	2442646	15897241
Maharashtra	17500	18850	22000	19800	529400	26300	1005200	51800	1542300	212497
Madhya Pradesh	0	0	480000	550000	675000	480000	1670000	1517000	1763000	420000
Odisha	8100	10200	12000	10000	295338	530123	1328872	2716330	4270622	1920366
Punjab	0	0	0	0	200000	0	150000	434000	574000	803000
Rajasthan	600000	0	491038	300000	6461026	350000	329464	8150000	4179240	4298902
Telangana	1924796	2827651	3014092	5309833	3632585	7135414	7572848	7932419	18287041	19887835
Uttar Pradesh	11015152	14662774	17416211	21451242	20374553	42716175	92526456	88040095	104134285	85864157
Uttarakhand	3739332	2819340	2956516	6689825	7084346	8030616	12147299	14330007	15338638	14161249
West Bengal	466634	808480	770850	938200	921010	1406246	1617100	2326952	1930325	2289925

Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

## ANNEXURE A3

# STATUS OF STATES IN TERMS OF ADAPTING LAWS/ ACTS IN EMPOWERING GPs TO COLLECT OSR AND ITS LEVEL OF IMPLEMENTATION

**Table A3.1: State-wise Information on Property Tax**

S. No.	State	Whether State Panchayati Raj Act has the provision for levying Property Tax/ House Tax by the Panchayats/ RLBs in the State. Also State as to which Tier(s) of the Panchayats/ RLBS can levy Property Tax/ House Tax.	In case State Panchayati Raj Act provides for Property Tax/House Tax, whether Rules for levying Property Tax/ House Tax have been notified by the State.	Are the Panchayats/ RLBs actually collecting Property Tax/House Tax? If not, the reasons, thereof	In case reply On status to column 3 is 'Yes', then please provide the details of total amount of Property Tax/ House Tax that has been collected/generated by the Panchayats/ RLBs as OSR across the State in the past three Financial Years (2018-19, 2019-20 and 2020-21), Financial Year-wise, and in the current financial year 2021-22.
1.	Andhra Pradesh	Status yet to be updated	Status yet to be updated	Status yet to be updated	Status yet to be updated
2.	Arunachal Pradesh	Status yet to be updated	Status yet to be updated	Status yet to be updated	Status yet to be updated
3.	Assam	Status yet to be updated	Status yet to be updated	Status yet to be updated	Status yet to be updated
4.	Bihar	Status yet to be updated	Status yet to be updated	Status yet to be updated	Status yet to be updated
5.	Chhattisgarh	Status yet to be updated	Status yet to be updated	Status yet to be updated	Status yet to be updated
6.	Goa	Status yet to be updated	Status yet to be updated	Status yet to be updated	Status yet to be updated
7.	Gujarat	Status yet to be updated	Status yet to be updated	Status yet to be updated	Status yet to be updated
8.	Haryana	Status yet to be updated	Status yet to be updated	Status yet to be updated	Status yet to be updated
9.	Himachal Pradesh	Status yet to be updated	Status yet to be updated	Status yet to be updated	Status yet to be updated
10.	Jharkhand	<b>Status:</b> Section 93 (1) (i) (a) of Jharkhand Panchayat Raj Act, 2001 Gram Panchayat may impose tax on occupant of a holding. Gram Panchayat is Third Tier in Panchayati Raj System in Jharkhand.	<b>Status:</b> No	<b>Status:</b> No. There is no specific rules and rates regarding Property Tax/House Tax to be collected by Gram Panchayat.	<b>Status:</b> No

S. No.	State	Whether State Panchayati Raj Act has the provision for levying Property Tax/ House Tax by the Panchayats/ RLBs in the State. Also State as to which Tier(s) of the Panchayats/ RLBS can levy Property Tax/ House Tax.	In case State Panchayati Raj Act provides for Property Tax/House Tax, whether Rules for levying Property Tax/ House Tax have been notified by the State.	Are the Panchayats/ RLBs actually collecting Property Tax/House Tax? If not, the reasons, thereof	In case reply On status to column 3 is 'Yes', then please provide the details of total amount of Property Tax/ House Tax that has been collected/generated by the Panchayats/ RLBs as OSR across the State in the past three Financial Years (2018-19, 2019-20 and 2020-21), Financial Year-wise, and in the current financial year 2021-22.
11.	Karnataka	<b>Status:</b> Yes In Karnataka, Karnataka Panchayat Raj Act, 1993 there is Provision for levying Property Tax. Gram Panchayats can levy the Tax.	<b>Status:</b> Draft rules have been notified.	<b>Status:</b> Yes. The Gram Panchayats are collecting Property Tax.	<b>Status:</b> Year wise and District wise data of the Tax collected as per the statement available in Panchatantra data base is enclosed for the years 2018-19, 2019-20, 2020-21 & 2021-22.
12.	Kerala	<b>Status:</b> Yes Gram panchayat at the village level Provisions are included in section 203 of Kerala Panchayati Raj Act, 1994 and it is stipulated that "Any Village Panchayat shall in accordance with the provision of this Act and as the rules may be prescribed, levy property tax on every building situated within the area of the respective Village Panchayat	<b>Status:</b> Yes. Kerala Government have formulated Kerala Panchayat Raj (Property Tax, Service Tax & Surcharge) Rules 2011 as per GO(P)No.20/LSGD Dated 14.01.2011	<b>Status:</b> Yes.	<b>Status:</b> Total Amount of Property tax collected by gram panchayats (In Crores) with respect to the demand is shown below.  Year Demand Collection Percentage 2018-19 530.00 447.75 84.49% 2019-20 532.62 436.47 81.95% 2020-21 564.22 446.38 79.12% 2021-22 619.13 309.12 49.93% (as on 19.01.22)
13.	Madhya Pradesh	Status yet to be updated	Status yet to be updated	Status yet to be updated	Status yet to be updated
14.	Maharashtra	Status yet to be updated	Status yet to be updated	Status yet to be updated	Status yet to be updated
15.	Manipur	Status yet to be updated	Status yet to be updated	Status yet to be updated	Status yet to be updated
16.	Meghalaya	<i>Note: Meghalaya is a 6th Schedule State and there are no PRIs. The existing structure being ADCs do not levy taxes as mentioned above.</i>			
17.	Mizoram	<b>STATUS:</b> Drafting of rules for collection of Property Tax is under way and hopefully, it will be approved by the Govt. soon. <b>REMARKS:</b> Animal tax is being collected by Village Councils (VCs) and Animal tax is an important OSR for VCs.			

S. No.	State	Whether State Panchayati Raj Act has the provision for levying Property Tax/ House Tax by the Panchayats/ RLBs in the State. Also State as to which Tier(s) of the Panchayats/ RLBS can levy Property Tax/ House Tax.	In case State Panchayati Raj Act provides for Property Tax/House Tax, whether Rules for levying Property Tax/ House Tax have been notified by the State.	Are the Panchayats/ RLBs actually collecting Property Tax/House Tax? If not, the reasons, thereof	In case reply On status to column 3 is 'Yes', then please provide the details of total amount of Property Tax/ House Tax that has been collected/generated by the Panchayats/ RLBs as OSR across the State in the past three Financial Years (2018-19, 2019-20 and 2020-21), Financial Year-wise, and in the current financial year 2021-22.
18.	Nagaland	Status yet to be updated	Status yet to be updated	Status yet to be updated	Status yet to be updated
19.	Odisha	Status yet to be updated	Status yet to be updated	Status yet to be updated	Status yet to be updated
20.	Punjab	<b>Status:</b> Yes, All 3 Tiers of Panchayats/ RLBs Section 88 Section 149 Section 150 Section 189 Punjab Panchayati Raj Act, 1994	<b>Status:</b> Yes, Rule No. 30, 31, 32 Punjab Panchayati Raj (GP) Rule 2012	<b>Status:</b> No	N.A.
21.	Rajasthan	Status yet to be updated	Status yet to be updated	Status yet to be updated	Status yet to be updated
22.	Sikkim	Status yet to be updated	Status yet to be updated	Status yet to be updated	Status yet to be updated
23.	Tamil Nadu	Status yet to be updated	Status yet to be updated	Status yet to be updated	Status yet to be updated
24.	Telangana	Status yet to be updated	Status yet to be updated	Status yet to be updated	Status yet to be updated
25.	Tripura	<b>Status:</b> The Tripura Panchayats (Taxes, Fees, Rates & Tolls) Rules, 2011 was framed by the State Government for the purpose of augmentation of OSR. As per sub-section (1) of section 59 of the Tripura Panchayats Act, 1993 the Gram Panchayat may impose tax on the house/building.	<b>Status:</b> The Tripura Panchayats (Taxes, Fees, Rates & Tolls) Rules, 2011 was notified by the RD (Panchayat) Department, Government of Tripura on 25th July, 2011.	<b>Status:</b> The Panchayats are yet to get acquainted with the benefits of house tax/ property tax collection for augmentation of OSR and as a result special drive for capacity building and awareness of Newly Elected Representatives are going on in all Panchayat Raj Training Institutes, of the State.	-
26.	Uttar Pradesh	Status yet to be updated	Status yet to be updated	Status yet to be updated	Status yet to be updated
27.	Uttarakhand	Status yet to be updated	Status yet to be updated	Status yet to be updated	Status yet to be updated

S. No.	State	Whether State Panchayati Raj Act has the provision for levying Property Tax/ House Tax by the Panchayats/ RLBs in the State. Also State as to which Tier(s) of the Panchayats/ RLBS can levy Property Tax/ House Tax.	In case State Panchayati Raj Act provides for Property Tax/House Tax, whether Rules for levying Property Tax/ House Tax have been notified by the State.	Are the Panchayats/ RLBs actually collecting Property Tax/House Tax? If not, the reasons, thereof	In case reply On status to column 3 is 'Yes', then please provide the details of total amount of Property Tax/ House Tax that has been collected/generated by the Panchayats/ RLBs as OSR across the State in the past three Financial Years (2018-19, 2019-20 and 2020-21), Financial Year-wise, and in the current financial year 2021-22.
28.	West Bengal	<p><b>Status:</b> Yes, there is provision under section 46 of West Bengal Panchayat Act 1973 for levying tax on land &amp; building by the Gram Panchayats. The Gram Panchayats in West Bengal are only empowered to impose and collect tax on land &amp; building.</p>	<p><b>Status:</b> Yes, following Rules have been framed for levying land building tax. The West Bengal Panchayat (Gram Panchayat Administration) Rules 2004. The West Bengal Panchayat (Gram Panchayat Accounts, Audit and Budget) Rules, 2007.</p>	<p><b>Status:</b> Yes, The Gram Panchayat in West Bengal are collecting land and building tax.</p> <p><b>Remarks:</b> The Gram Panchayats in West Bengal are only empowered to impose and collect tax on land and Building.</p>	<p><b>Status:</b> Detailed information of total amount of Property Tax/ House Tax generated by the Gram Panchayats across the State in past three financial years as given below:  For the financial year 2018-19 is Rs 88.07 crore  For the financial year 2019-20 is Rs 106.99 crore  For the financial year 2020-21 is Rs 12.67 crore  For the financial year 2021-22 is Rs 80.85 crore</p>

S. No.	State	Whether State Panchayati Raj Act has the provision for levying Property Tax/ House Tax by the Panchayats/ RLBs in the State. Also State as to which Tier(s) of the Panchayats/ RLBS can levy Property Tax/ House Tax.	In case State Panchayati Raj Act provides for Property Tax/House Tax, whether Rules for levying Property Tax/ House Tax have been notified by the State.	Are the Panchayats/ RLBs actually collecting Property Tax/House Tax? If not, the reasons, thereof	In case reply On status to column 3 is 'Yes', then please provide the details of total amount of Property Tax/ House Tax that has been collected/generated by the Panchayats/ RLBs as OSR across the State in the past three Financial Years (2018-19, 2019-20 and 2020-21), Financial Year-wise, and in the current financial year 2021-22.
1.	Andaman and Nicobar Island	Status: The State Panchayati Raj Act i.e. The Andaman & Nicobar (Panchayats) Regulations, 1994 has the provision for levying tax on the owner of lands/ buildings by both the Gram Panchayats and the Zilla Parishads.	Status: The copy of the notification no. 91 date 24th April, 2002 (The Andaman and Nicobar Islands Gram Panchayats (Levy of Taxes and Fees) Rules, 2002) is given to the MoPR	Status: No. When the matter of collecting tax is placed before the Gram Sabha, The Gram Sabha does not agree the proposals.	
2.	Dadra and Nagar Haveli and Daman and Diu	Status yet to be updated	Status yet to be updated	Status yet to be updated	Status yet to be updated
3.	Ladakh	Status yet to be updated	Status yet to be updated	Status yet to be updated	Status yet to be updated
4.	Lakshadweep	Status yet to be updated	Status yet to be updated	Status yet to be updated	Status yet to be updated
5.	Jammu and Kashmir	Status yet to be updated	Status yet to be updated	Status yet to be updated	Status yet to be updated

Source: Ministry of Panchayati Raj (MoPR).

**Table A3.2: Comparison of the Revenue Generated at the Panchayat Level and its Comparison with the available State Level Statistics Published by the State**

State	Total Revenue Collected (Rs Crore)	Total Amount lagged (From the taxes not collected by the states) (Rs Crore)	Potential Revenue (Total Revenue+ Total Amount Lagged) (Rs Crore)	Tax collected by the GPs of the states (Rs Crore)	Latest Available Year
	(1)	(2)	(3)	(4)	(5)
Andhra Pradesh	1,364	465	1,829	544	2018-19
Arunachal Pradesh	-	35	35	-	-
Assam	3	23	26	46	2019-20
Bihar	8	2,895	2,904	-	-
Chhattisgarh	110	40	150	96	2019-20
Goa	4	11	15	79	2019-20

Gujarat	178	656	834	275	2017-18
Haryana	115	231	345	351	2019-20
Himachal Pradesh	8	189	197	11	2019-20
Jammu & Kashmir	2	338	339	-	-`
Jharkhand	5	2,963	2,968	-	-
Karnataka	547	236	783	633	2019-20
Kerala	298	925	1,223	683	2017-18
Madhya Pradesh	71	304	375	38	2018-19
Maharashtra	1,920	429	2,349	-	-
Odisha	132	401	533	-	-
Punjab	77	640	717	344	2016-17
Rajasthan	196	262	458	56	2016-17
Tamil Nadu	713	196	908	810	2019-20
Telangana	294	485	778	295	2019-20
Uttar Pradesh	5	4,350	4,355	-	-
Uttarakhand	91	246	337	28	2019-20
West Bengal	130	2,603	2,733	372	2018-19
All State	6,269	18,922	25,191	4,660	-

*Source: Ministry of Panchayati Raj (MoPR).*

*Note: Reference year for Column (1) to (3) is 2021. Source of Column (4) and (5) is MoPR. The difference in the revenue is due to different reference year and relates to state-specific distribution of revenue and ground level effort by the RLBs.*





# SUPPORTING ANNEXURE

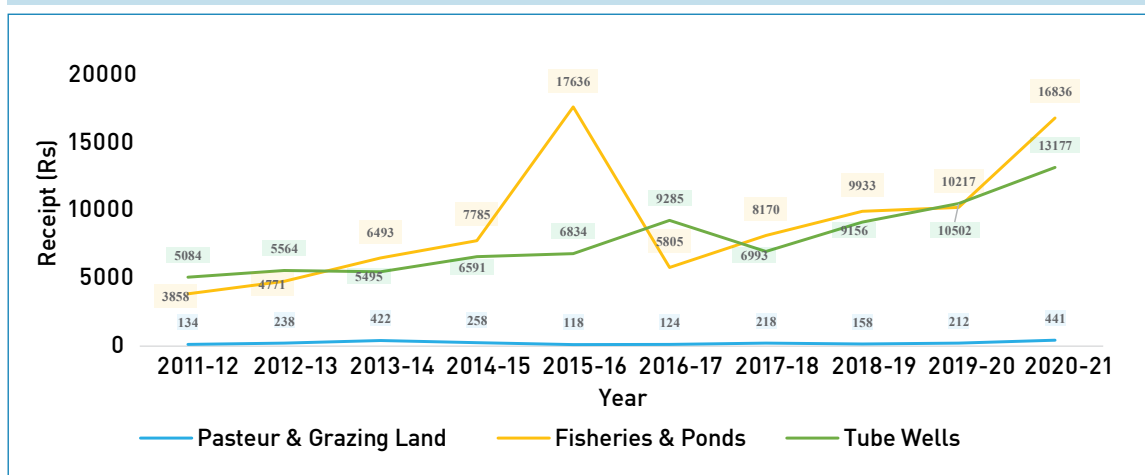
## STATE-WISE TREND OF REVENUE RECEIPT AND MAINTENANCE EXPENDITURE OF GRAM PANCHAYAT

The present part of the study explains about revenue receipt and maintenance expenditure of Gram Panchayat (GP) of last 10 year. There are total of 16 different type of common property resources from where the GP has received revenue, which includes pasture & grazing lands, community forest, threshing ground, dumping grounds, fisheries and ponds, animal markets, commercial complex-storage/godowns, animal pounds, tube wells, hand pumps, wells, burial grounds; crematoriums and incineration sites, recycling units, solid waste management plan, compost pits/ NADEP pits, and panchayat roads. The unit for

different revenue sources is different. States has collected revenue from different sources. However, not a single state has collected revenue from all the 16 revenue generating sources. Most of the state has collected revenue from three to four major taxes. States like Madhya Pradesh, Punjab, Rajasthan, Uttarakhand and Uttar Pradesh has receipt revenue from the only one taxes. On the other hand, states like Bihar, Himachal Pradesh, and West Bengal are not getting revenue from any one of the above mention's revenue sources. The present part of the study is categorised into two sections. First section will explain about the receipt of revenue by different states from top three revenue generated sources, and second section will explain about the total receipt and total maintenance expenditure. The details of the sample of GPs of different states are given in the annexure of the report.

### SECTION -I

**Figure 1: Average Revenue Receipt from Top Three Revenue Generated Sources in Andhra Pradesh (Rs)**

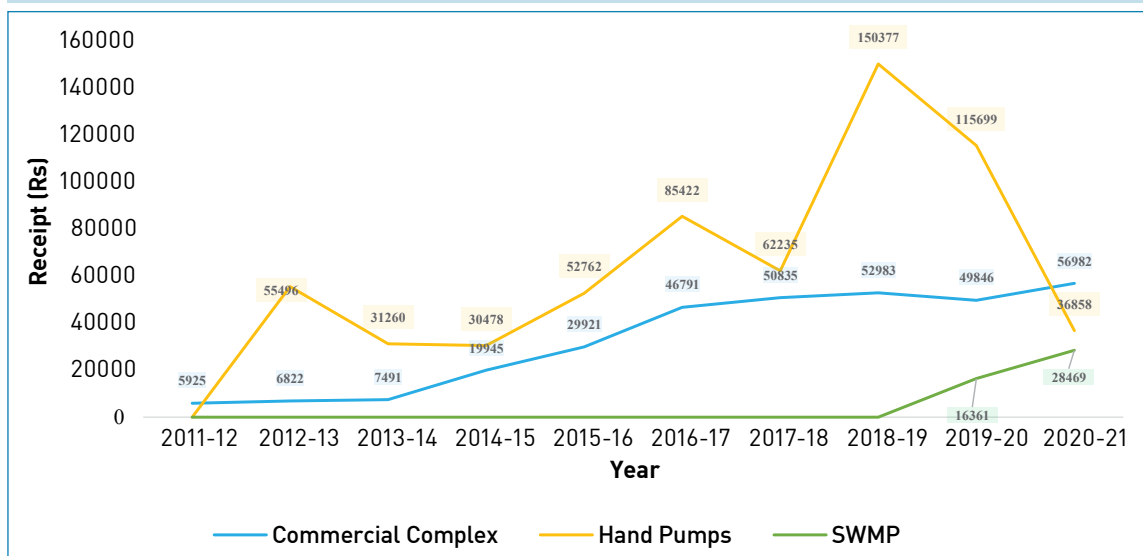


Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

Figure 1, shows that the top three revenue generated sources of Andhra Pradesh are fisheries & pond, tube wells and pasture & grazing land. Over the year the average revenue receipt from the fisheries & ponds and tube wells at current

price has increases significantly. However, over the period of time there is not any significant improvement in pasture & grazing land.

**Figure 2: Average Receipt from Top Three Revenue Generated Sources in Kerala (Rs)**

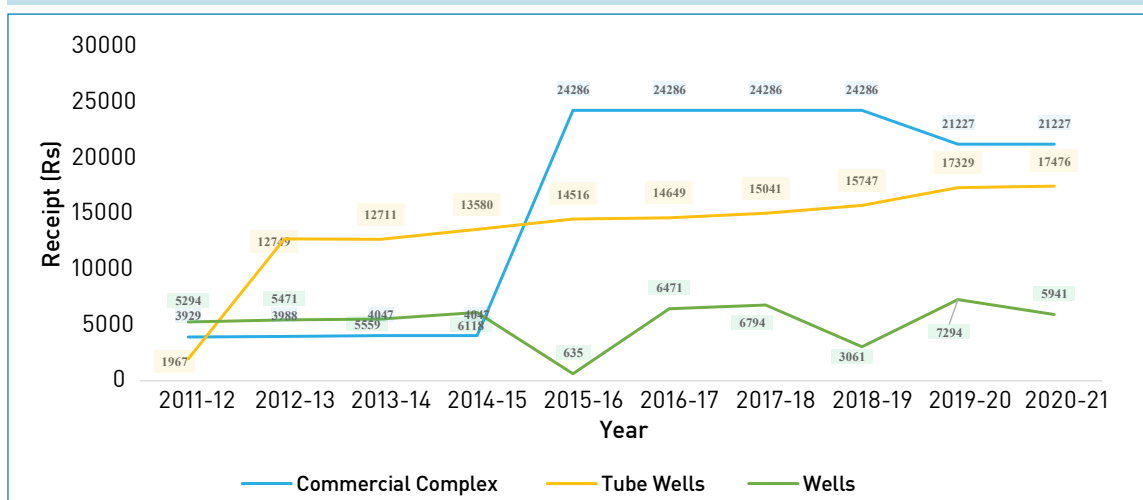


Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

The figure 2, show that in Kerala among all the 16 taxes, top three revenue generated sources are hand pumps, commercial complex and solid waste management. Hand pump is the highest revenue sources in GPs of Kerala.

However, after 2018-19, the receipt from hand pump has declined. From the same time period the solid waste management plan has start receiving the revenue.

**Figure 3: Average Receipt from Top Three Revenue Generated Sources in Maharashtra (Rs)**

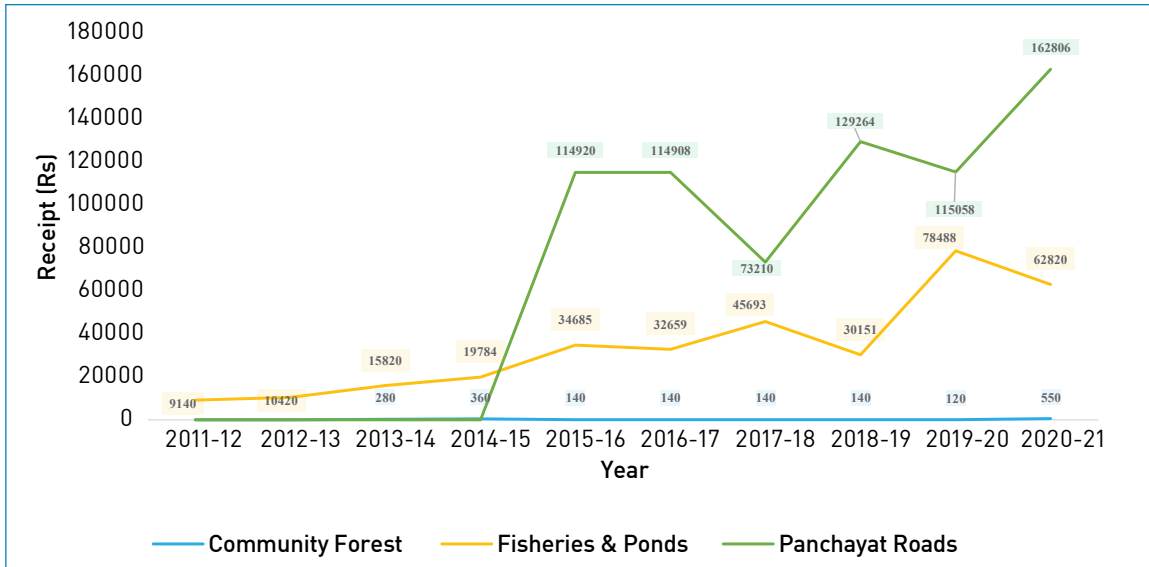


Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

Figure 3 explain about the average revenue receipt from commercial complex, tube wells and wells in Maharashtra. Among all the three revenue sources commercial complex able to get in first position followed by tube wells and wells. In the year of 2014-15, there is drastic changes in the received of revenue from the commercial complex. During 2014-15, from commercial complex, Maharashtra

receipt in average Rs 4047 per year. However, in 2014-15 the revenue receipt from the same sources was around Rs 24000, which show a significant improvement. This may be due to the two reasons, first, constructions of new commercial complex in the GPs and second, increases of monthly rent of the commercial complex.

**Figure 4: Average Revenue Receipt from Top three Revenue Generated Sources in Odisha (Rs)**

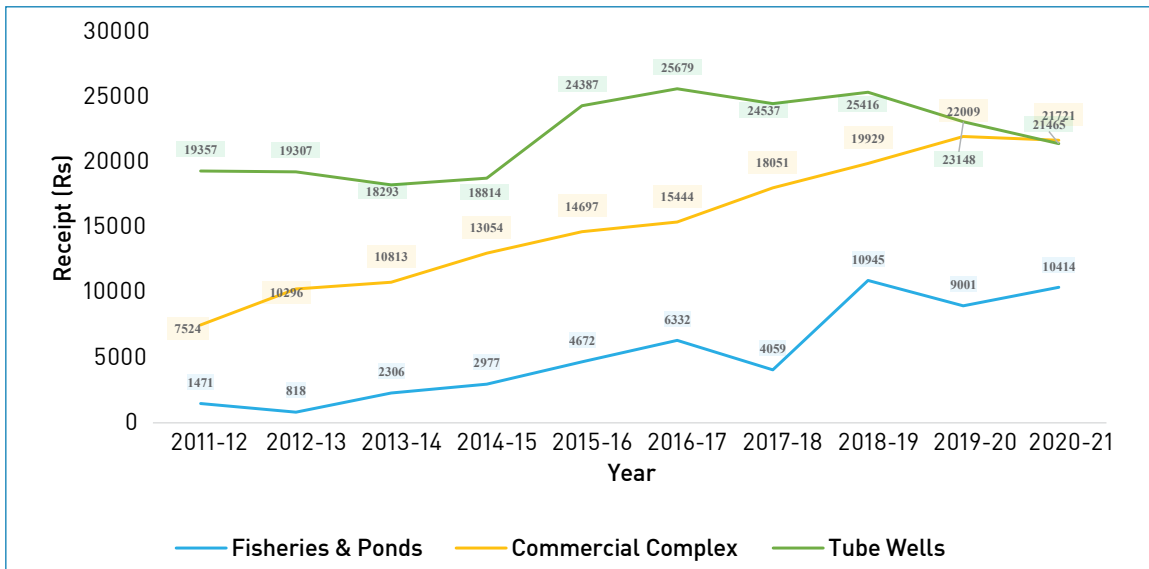


Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

Figure 4 show the average revenue receipt from community forest, fisheries & ponds and panchayat roads. Among all the top three revenue generated sources, highest revenue received was from panchayat roads, followed by fisheries & pond and community forest. Receipt from the panchayat

roads has drastic change in the years of 2014-15, and shows highest received in 2020-21. Throughout the year, community forest has received lowest as compared to other two sources.

**Figure 5: Average Revenue Receipt from Top Three Revenue Generated Sources in Karnataka (Rs)**

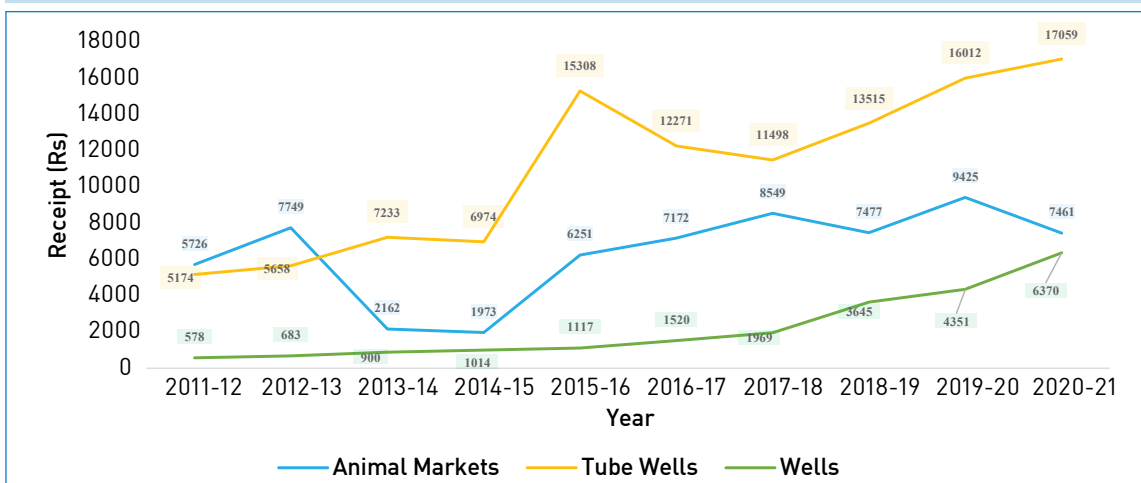


Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

Figure 5 show that the top three revenue generated sources of Karnataka are tube wells, commercial complex and fisheries & ponds. Among all the three revenue generated sources tube wells is in the first position followed by commercial complex and fisheries & ponds. The line graph

of the commercial complex is showing the continuously increase throughout the years whereas fisheries and ponds also showing same result but lower than the commercial complex.

**Figure 6: Average Revenue Receipt from Top Three Revenue Generated Sources in Telangana (Rs)**

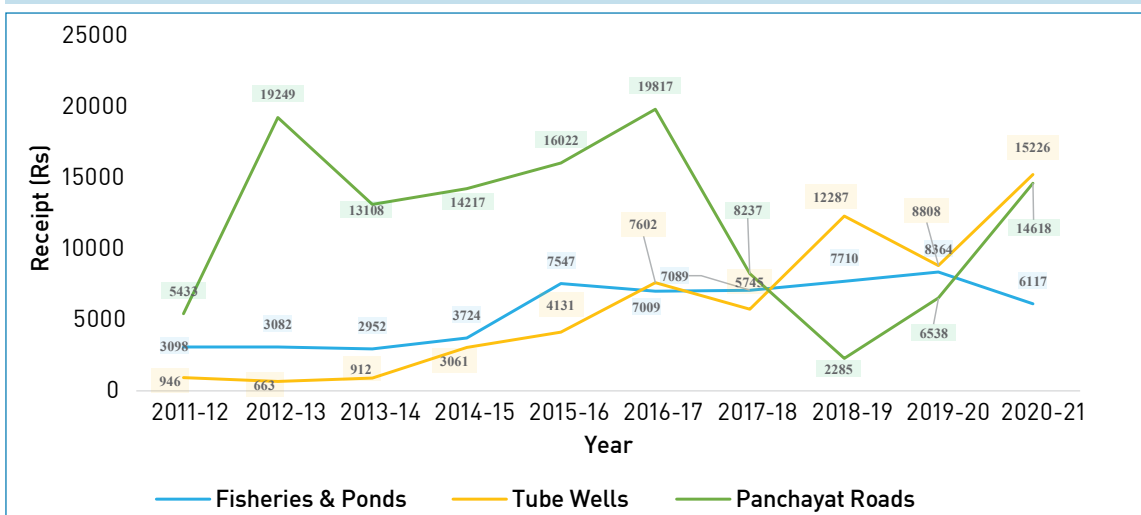


Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

Figure 6 show that, Telangana has received highest received from tube wells followed by animal market and wells. During 2011-12, the average receipt from the tube well was Rs 5174, which is increased to Rs 17059 in 2020-21. The average receipt from the animal market is not showing a consistence trend. During 2011-12 average receipt from

the same was Rs 5726. The figure was declined to Rs 2162 in 2013-14 and finally the value increased to Rs 7461 in 2020-21. On the other hand, the revenue receipt from wells in Telangana has consistently increased throughout the year.

**Figure 7: Average Revenue Receipt from Top Three Revenue Generated Sources in Chhattisgarh (Rs)**

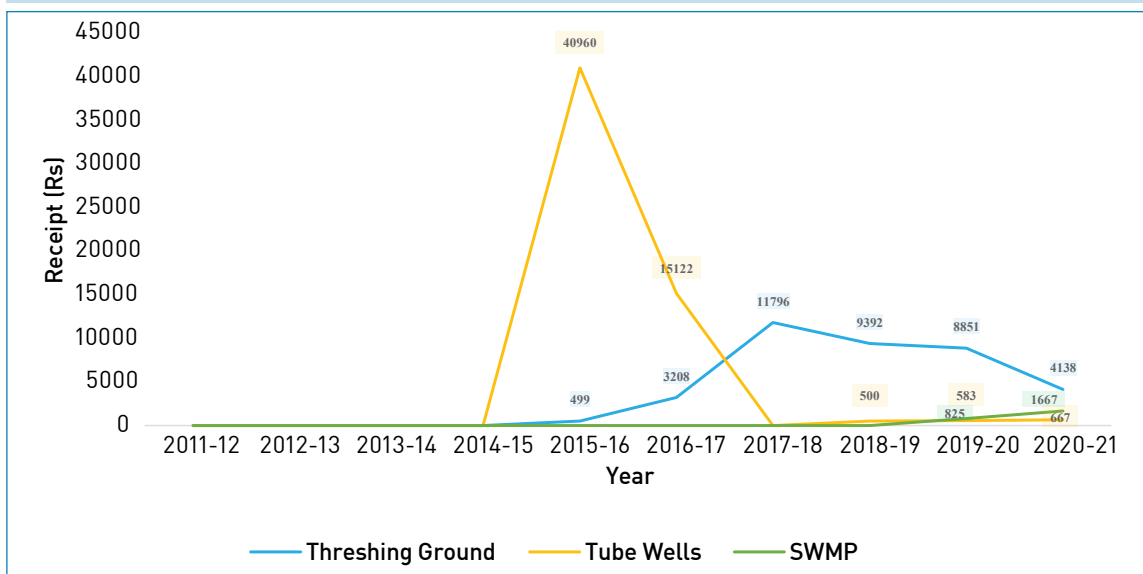


Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

Figure 7 show that in Chhattisgarh, among all the taxes the average revenue was highest in fisheries & ponds, tube wells and panchayat road. There is a significant change in the receipt from panchayat road in 2012-13 and 2018-19. During 2012-13 there is significant increase in the receipt

from the panchayat road. However, in 2018-19 received from the panchayat road has declined and lowest in ten year. Among all the top three revenue generated sources the receipt from the tube wells was highest during 2020-21 (Rs 15226).

**Figure 8: Average Revenue Receipt from Top Three Revenue Generated Sources in Gujarat (Rs)**

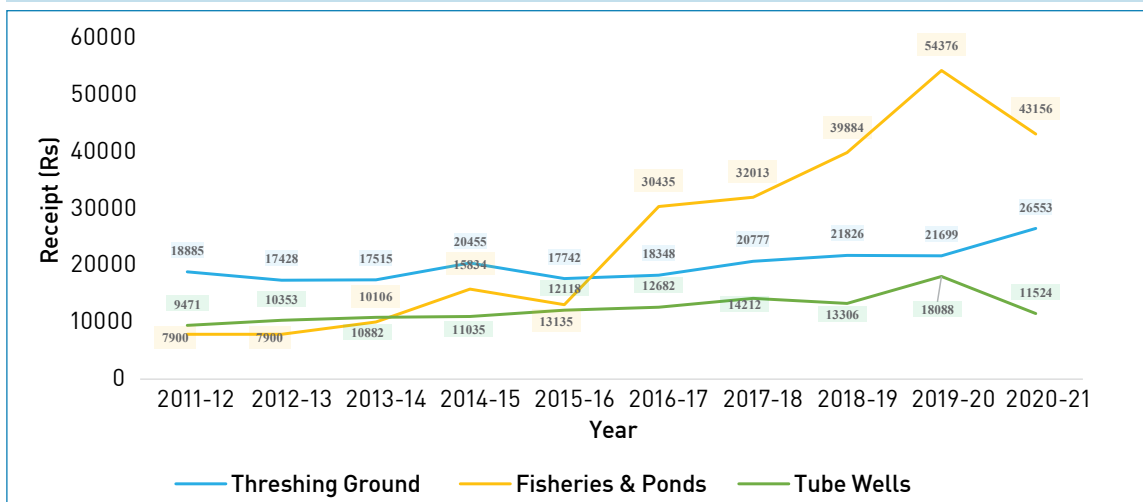


Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

Figure 8 shows that until 2014-15, in Gujarat there is not any received from all the top three revenue sources. The

receipt from the threshing ground is showing the declining trend.

**Figure 9: Average Revenue Receipt from Top Three Revenue Generated Sources in Haryana (Rs)**

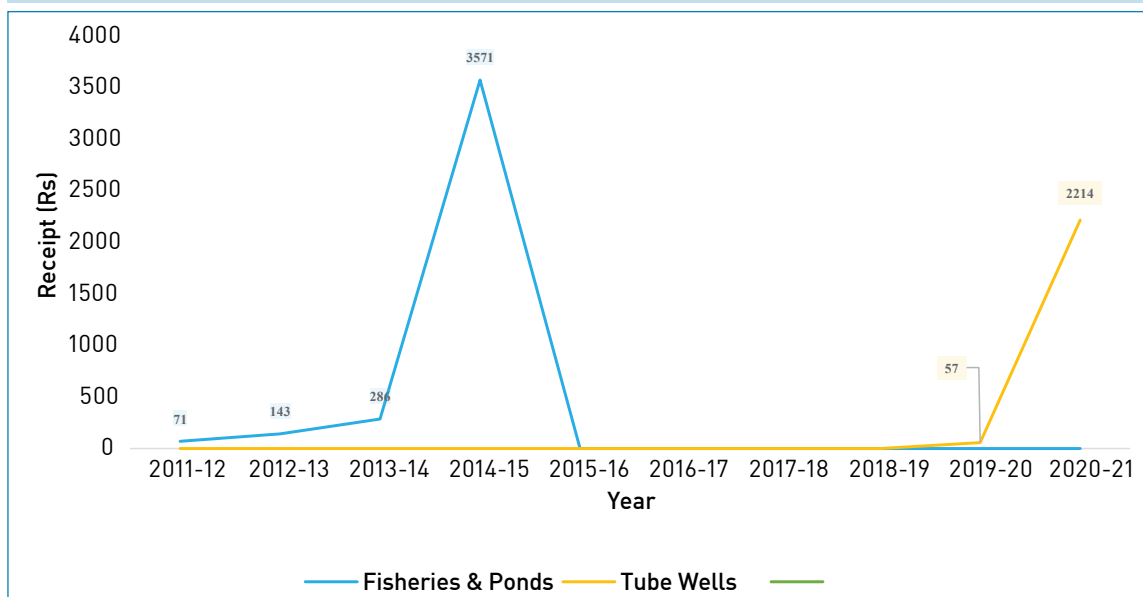


Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

Figure 9 show that in Haryana top three revenue generated sources are threshing ground, tube wells and fisheries & ponds. During 2011-12 the revenue receipt from the

fisheries & ponds was Rs 7900 which is increased to Rs 43156 in 2020-21. Similarly, received from threshing ground and tube wells are also showing increasing trend.

**Figure 10: Average Revenue Receipt from Top Two Revenue Generated Sources in Jharkhand (Rs)**

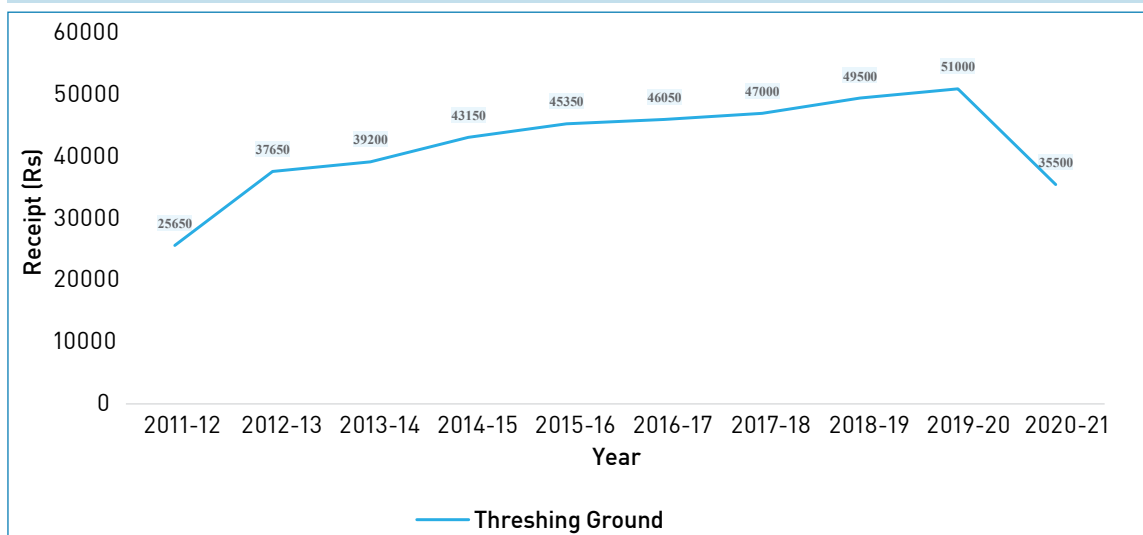


Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

Out of all the sources Jharkhand is able generate the revenue only from fisheries & pond and tube wells. Figure 10 shows that, in the state the receipt from the fisheries & pond was highest in 2014-15 (Rs 3571). However, after

2014-15, the revenue receipt was zero throughout the year. Till 2018-19 the received from the tube wells was zero. However, after 2018-19 received from the same is showing the increasing trend.

**Figure 11: Average Receipt from Threshing Ground in Punjab (Rs)**



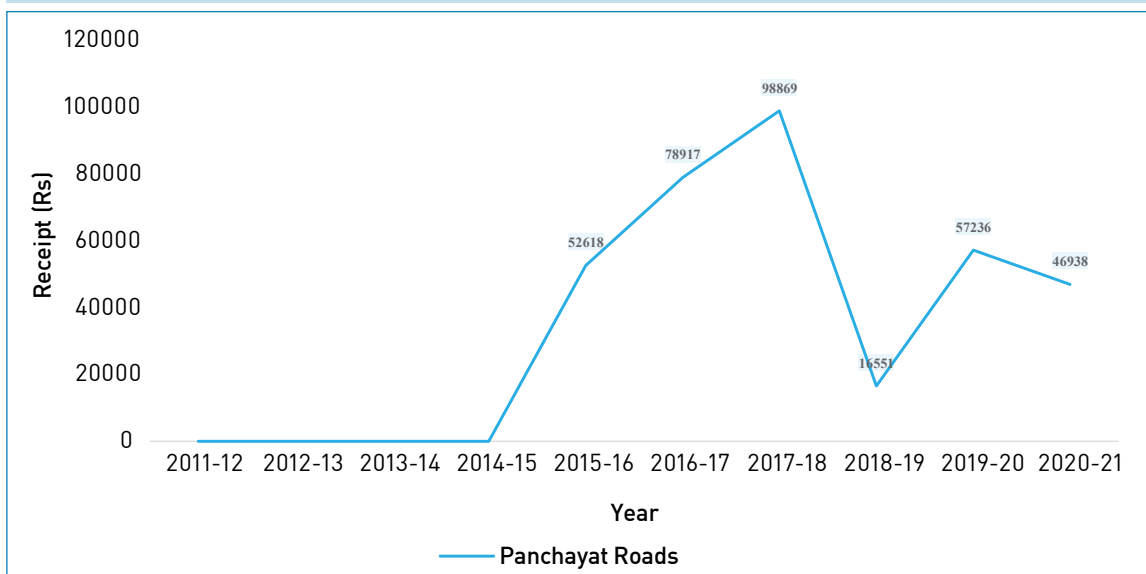
Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

Figure 11 shows that, Punjab generate revenue only from the threshing ground. Figure 11 also shows that average revenue received from the threshing ground. During 2011-12 total revenue receipt from the same was Rs 25650, which

is increased to Rs 51000 in 2019-20. However, the average receipt declined to Rs 35500 in 2020-2021 which might be a result of COVID-19.



**Figure 12: Average Revenue Receipt from Panchayat roads in Rajasthan (Rs)**

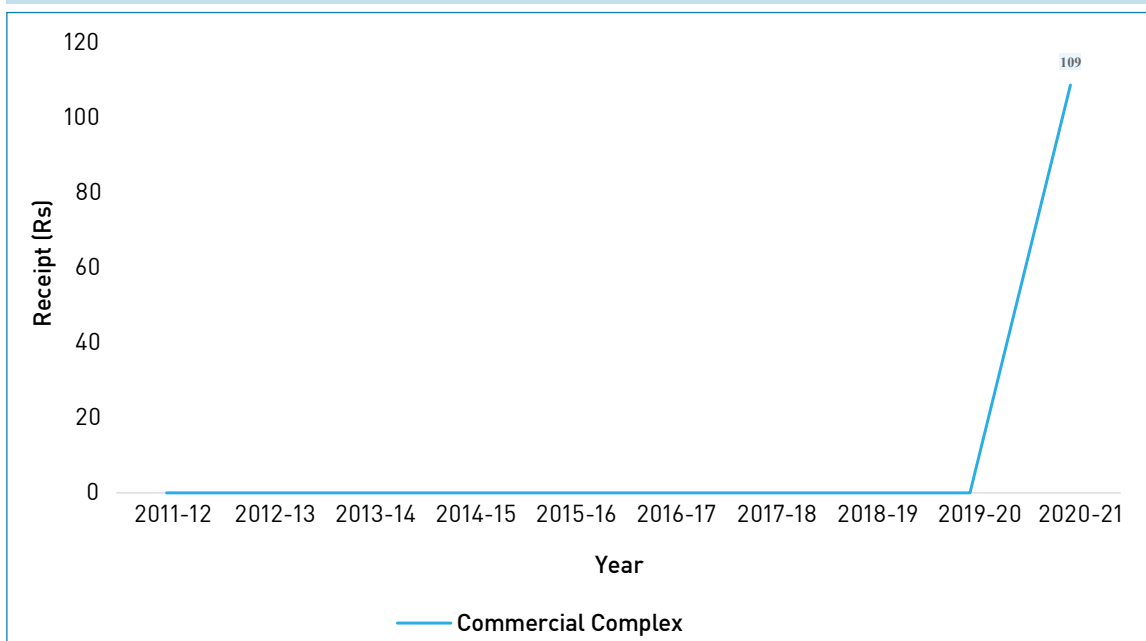


Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

Rajasthan generate gram panchayat revenue only from the panchayat roads. Figure 12 shows that average revenue receipt from panchayat roads in 2015-16 was Rs 52618,

which has increased to Rs 98869 in 2017-18 then decline steadily to Rs 16551 in the consecutive year and recover a bit to Rs 46938 in 2020-21.

**Figure 13: Average Revenue Receipt from Commercial Complex Uttarakhand (Rs)**

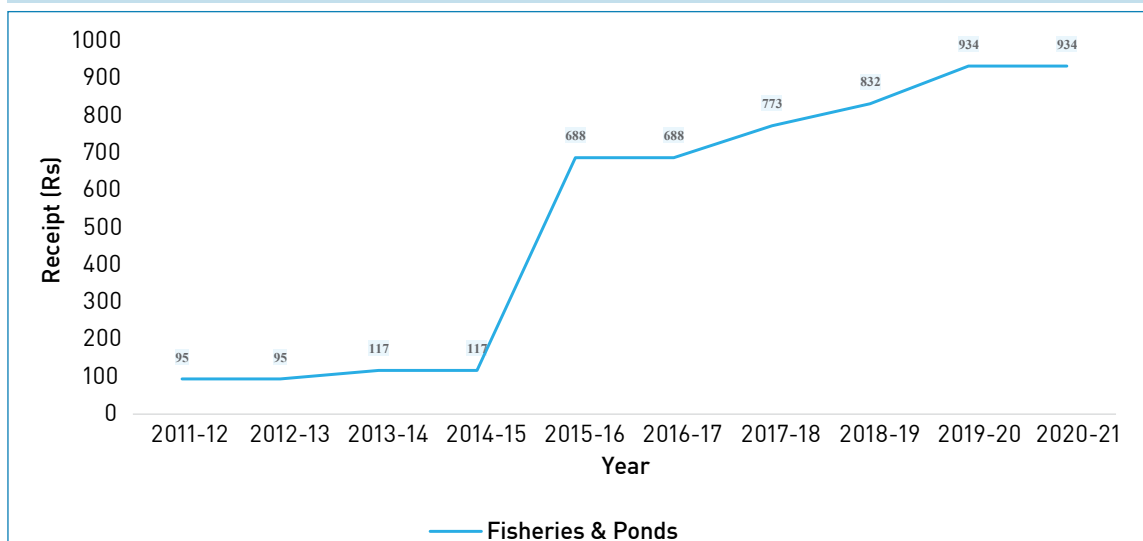


Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

Uttarakhand gram panchayat generate revenue only from the commercial complex. Figure 13, Uttarakhand able to

generate the revenue from the commercial complex only in 2020-21 (Rs 109).

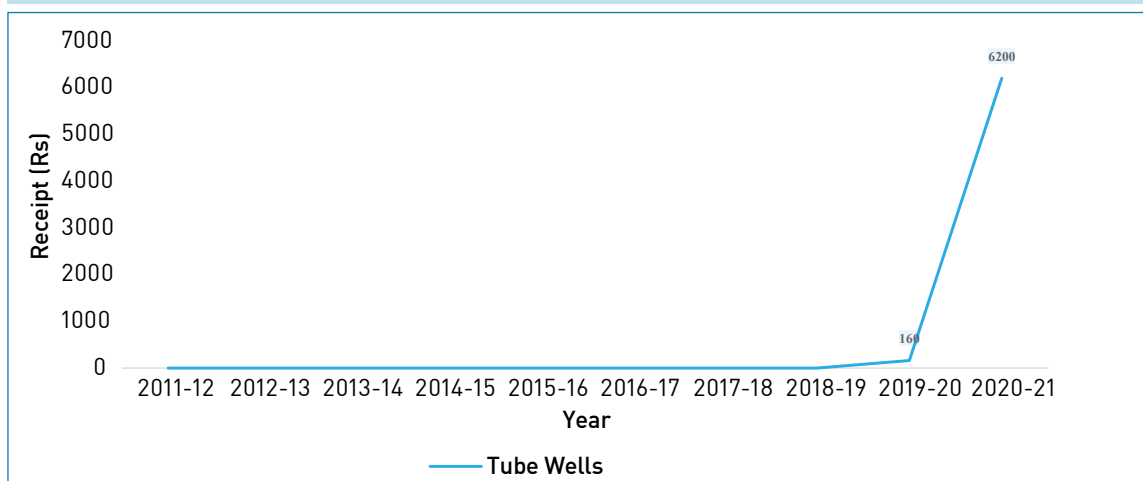
**Figure 14: Average Revenue from Receipt Fisheries & Ponds in UP (Rs)**



Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

Figure 14 shows that in Uttar Pradesh the average revenue receipt from fisheries & ponds in 2011-12 was Rs 95, which is increased to Rs 934 in 2020-21.

**Figure 15: Average Revenue Receipt from Top Three Revenue Generated Sources in Madhya Pradesh (Rs)**



Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

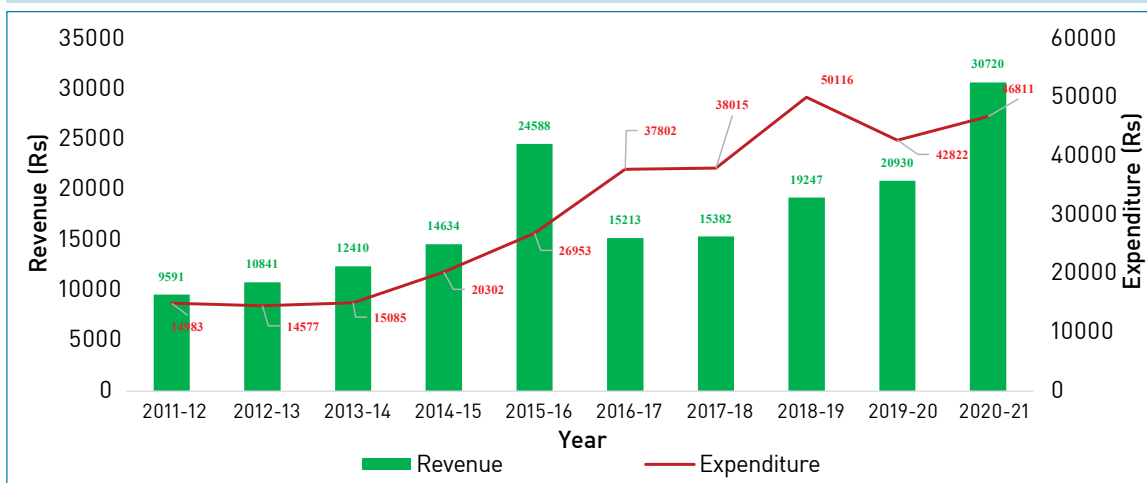
Figure 15 shows that in Madhya Pradesh average revenue receipt tube wells in 2019-20 was Rs 160 which is increased to Rs 6200 in 2020-21.

## SECTION -II

Section II provides the trend of the average revenue receipts from different CPRs over the past 10 years<sup>4</sup> It also shows the average maintenance expenditure that different states incurred towards the listed CPRs

<sup>4</sup>Projection of 10 years trend is based on the data availability.

**Figure 16: Average Revenue Receipt and Maintenance Expenditure in Andhra Pradesh (Rs)**

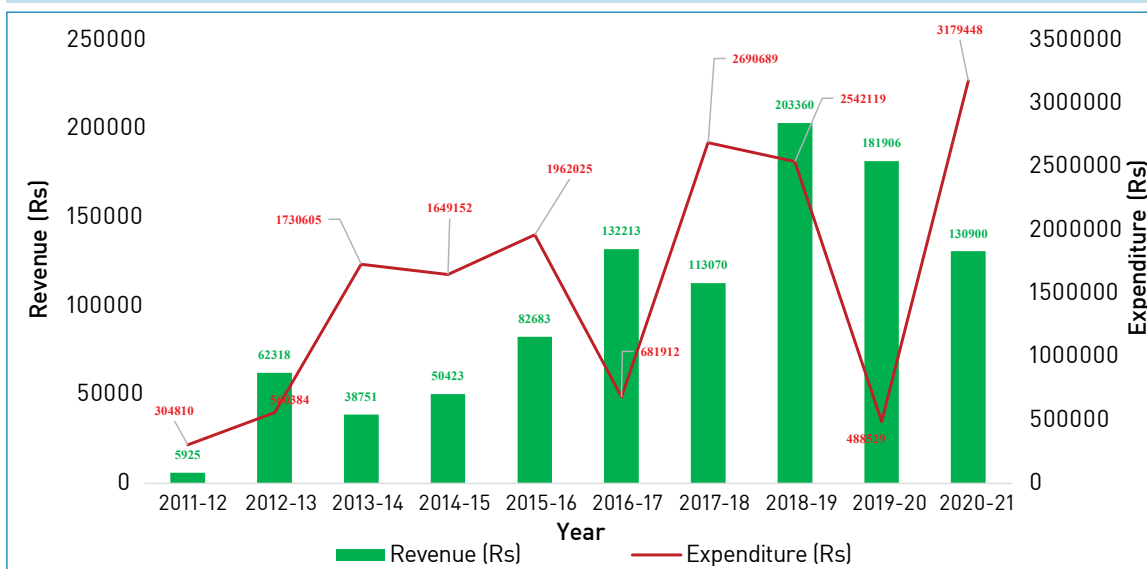


Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

Figure 16 shows that both the average revenue receipt and average maintenance expenditure of Andhra Pradesh have

increased over the years. Highest revenue is recorded in the month of 2015-16.

**Figure 17: Average Revenue Receipt and Maintenance Expenditure in Kerala (Rs)**

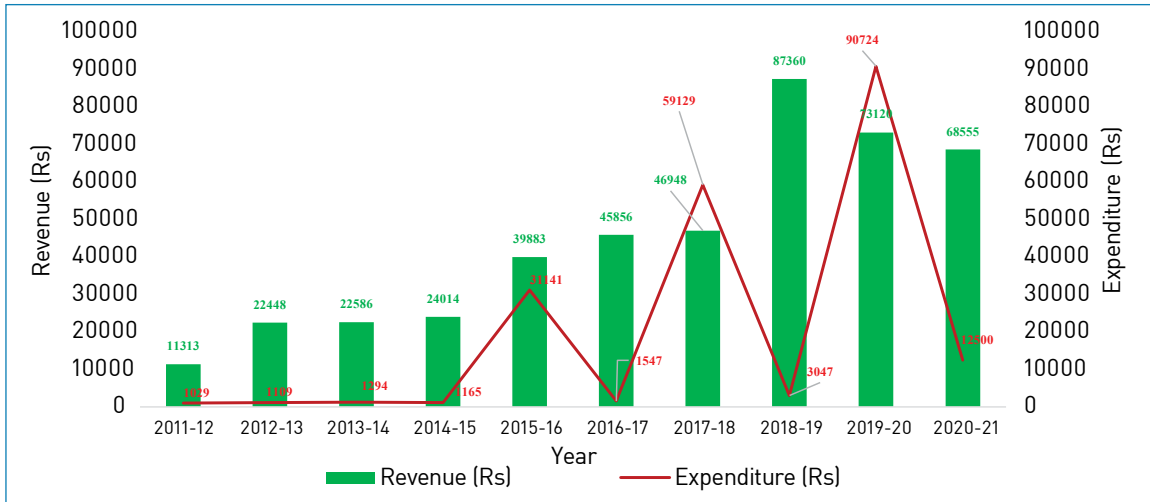


Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

Figure 17 shows revenue receipt and maintenance expenditure of Kerala. Barring the last 2 years, the revenue in Kerala on an average shows an increasing trend. The drop

in the revenue for the last two years can be attributed to COVID-19. In terms of expenditure, it picked up in the last year from a significant drop in the year 2019-20.

**Figure 18: Average Revenue Receipt and Maintenance Expenditure in Maharashtra (Rs)**

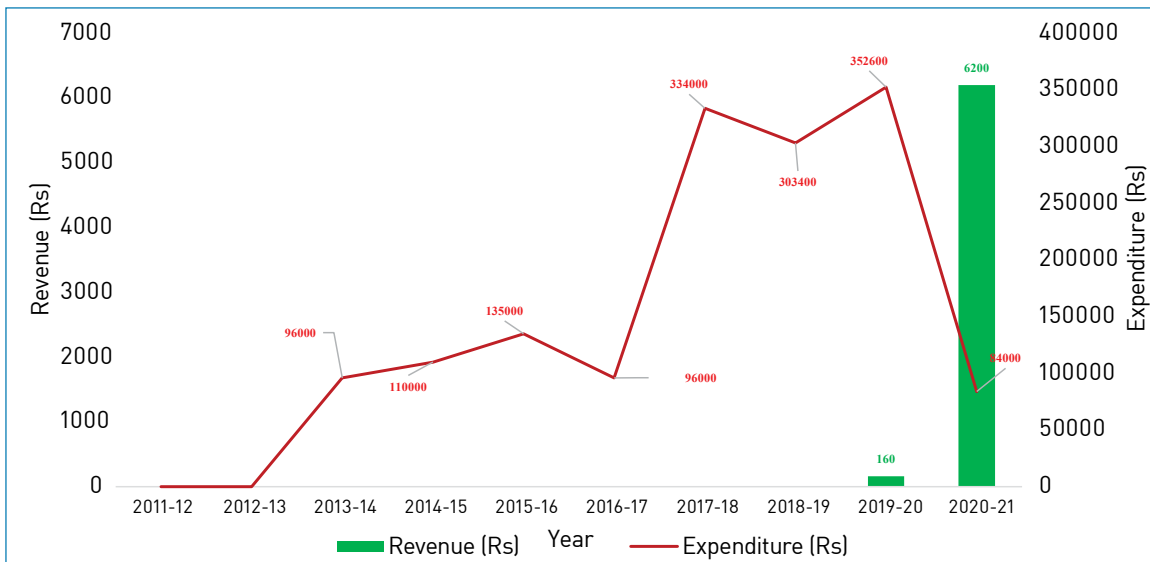


Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

Figure 18 shows that average revenue receipt and maintenance expenditure of Maharashtra. The figure shows that the revenue receipt has gradually increases from 2011-12 to 2018-19. However, after 2018-19 the receipt has

declined. On the other hand, the data for maintenance expenditure is volatile in nature and does not have a unique trend.

**Figure 19: Average Revenue Receipt and Maintenance Expenditure in Madhya Pradesh (Rs)**

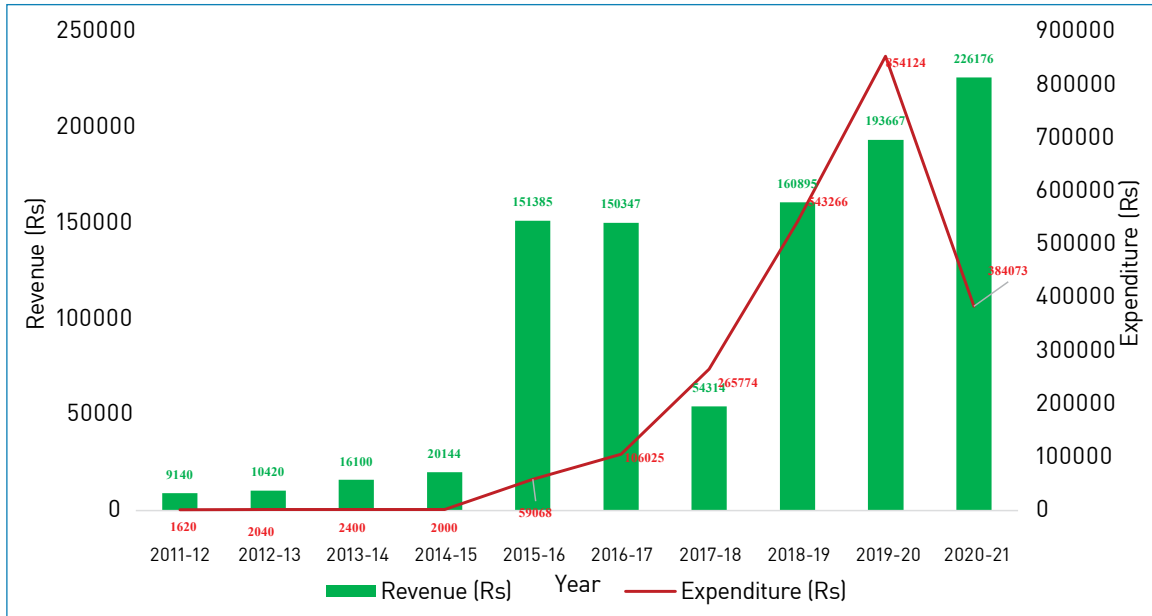


Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

For Madhya Pradesh, no data was reported until 2018-19 on total revenue receipt. The maintenance expenditure

relatively showed an increasing trend in the past 10 years, where it dipped in the last year (Figure 19).

**Figure 20: Average Revenue Receipt and Maintenance Expenditure in Odisha (Rs)**

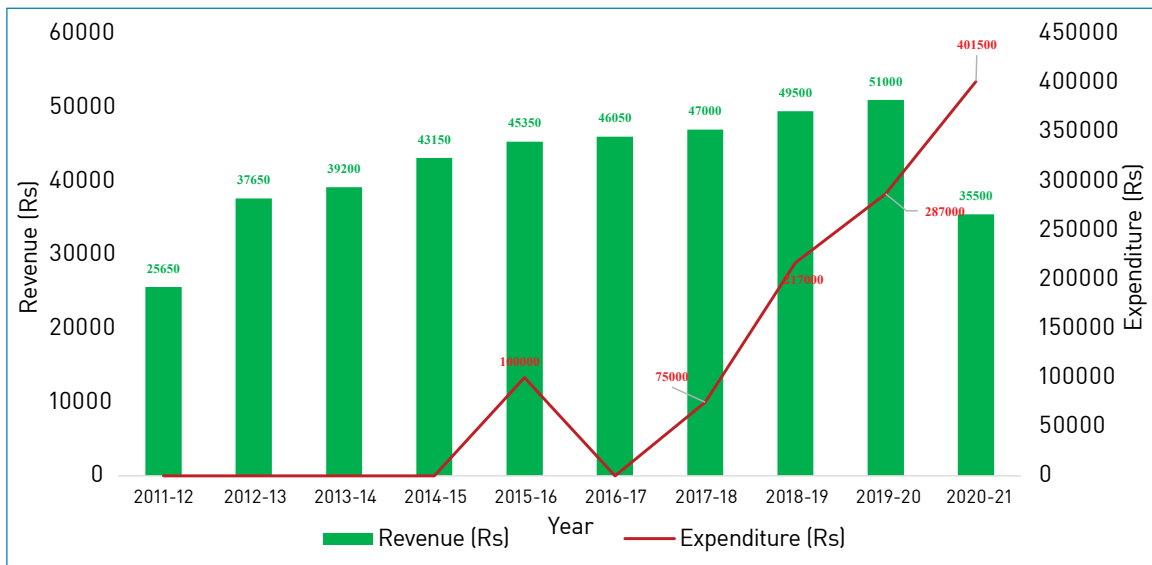


Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

Figure 20 shows that average revenue receipt and maintenance expenditure of Odisha. The result shows that the reported revenue receipts have increased significantly in 2015-16. On the other hand, maintenance expenditure

also shows increasing trend till the 2019-20 then decreases in 2020-21. The receipts were more than the expenditure till 2016-17. After 2016-17, the expenditure was more than the receipt.

**Figure 21: Average Revenue Receipt and Maintenance Expenditure in Punjab (Rs)**

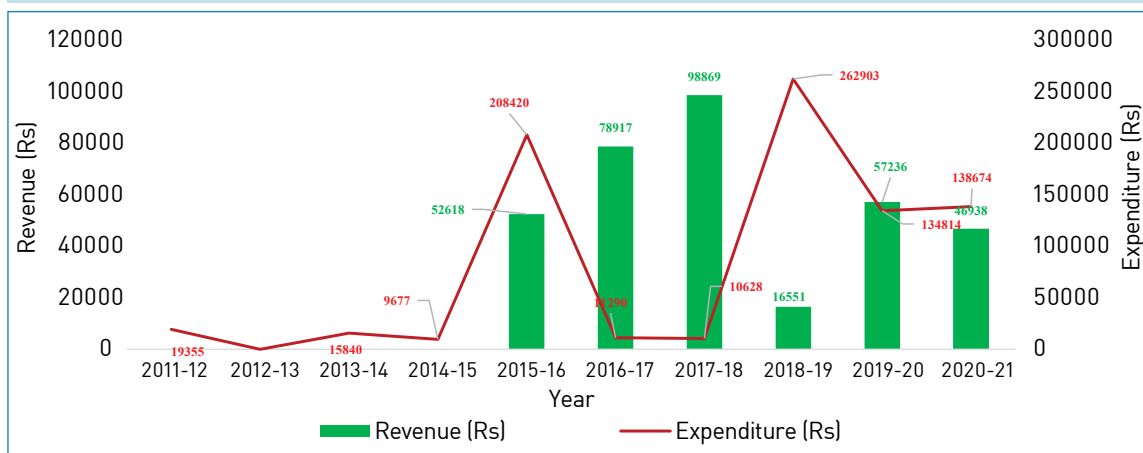


Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

Figure 21 shows that in Punjab average revenue receipt has increased monotonically over the years from Rs 25650 in 2011-12 to Rs 51000 in 2019-20. However, in 2020-21, the

receipt has declined to Rs 35500. On the other hand, the maintenance expenditure has significantly increased after 2016-17.

**Figure 22: Average Revenue Receipt and Maintenance Expenditure in Rajasthan (Rs)**

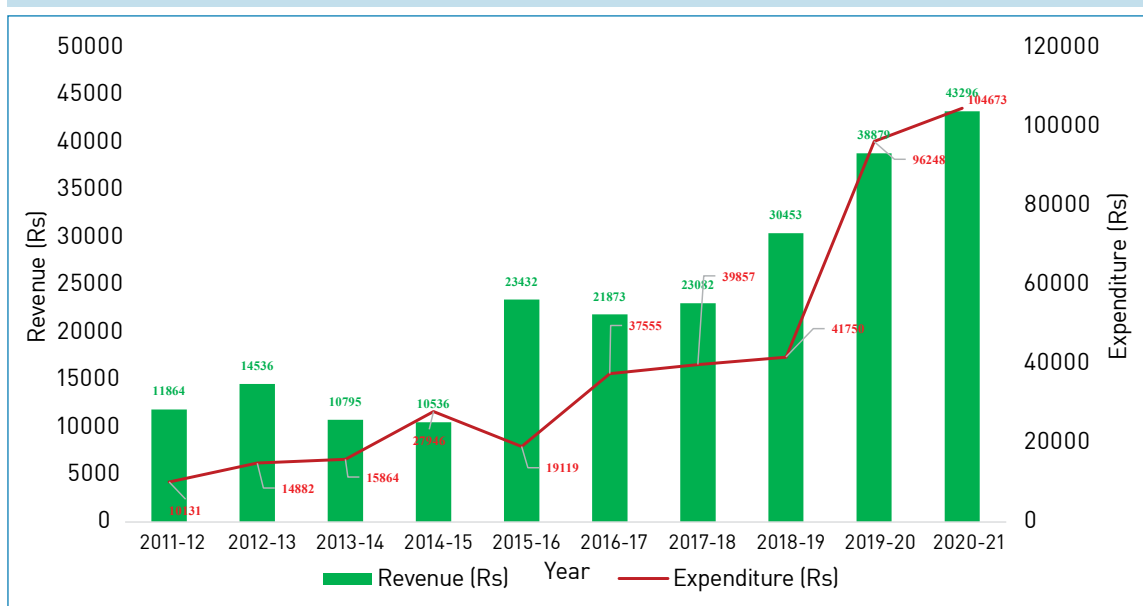


Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

Figure 22 shows that the average maintenance expenditure in Rajasthan has increased from Rs 15840 in 2013-14 to Rs 262903 in 2018-19. However, after 2018-19, the expenditure has declined. Over the period of time receipt

in Rajasthan has declined. Like other states in Rajasthan also, the reported expenditure is more than the revenue for most of the years

**Figure 23: Average Revenue Receipt and Maintenance Expenditure in Telangana (Rs)**

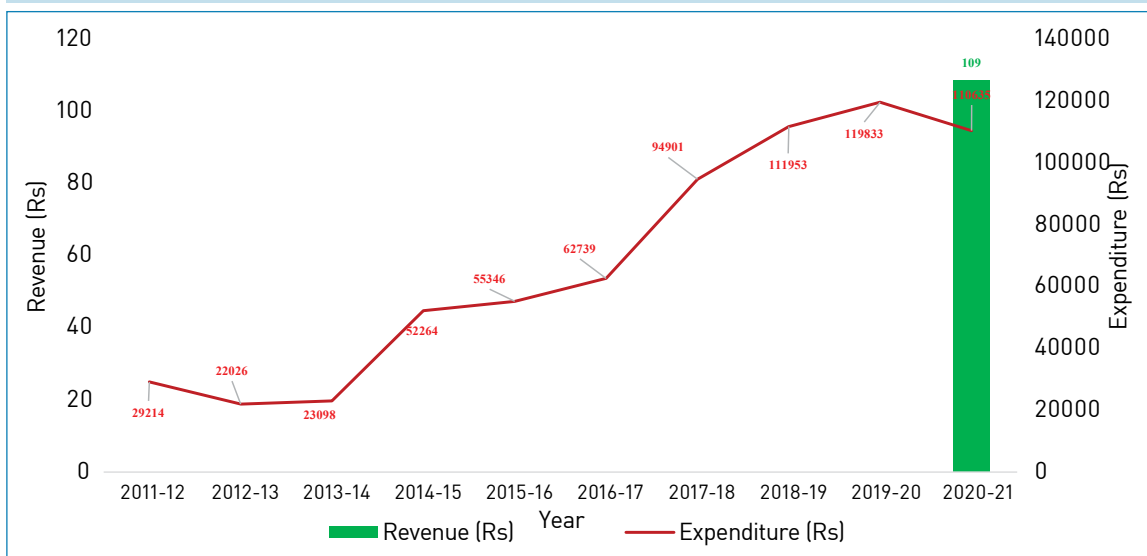


Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

The receipt and expenditure of Telangana is shown in Figure 23. In Telangana, over the period of time, receipt and expenditure has increased. However, throughout the

years maintenance expenditure were more than the revenue receipt.

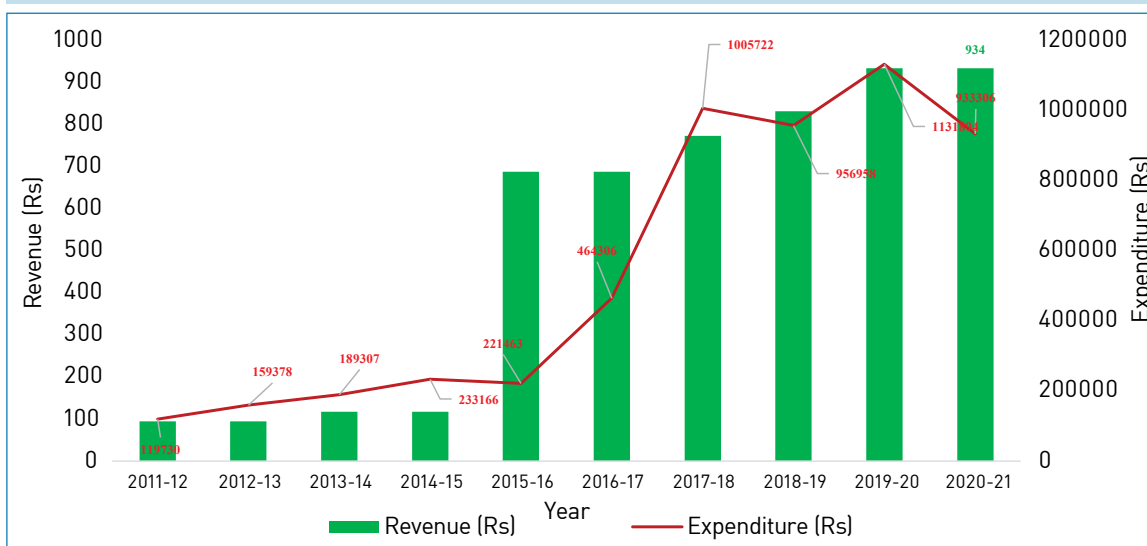
**Figure 24: Average Revenue Receipt and Maintenance Expenditure in UK (Rs)**



Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

Figure 24 shows that over the period of time in Uttarakhand, maintenance expenditure has increased. However, revenue was reported only for the year of 2020-21.

**Figure 25: Average Total Revenue Receipt and Maintenance Expenditure in UP (Rs)**

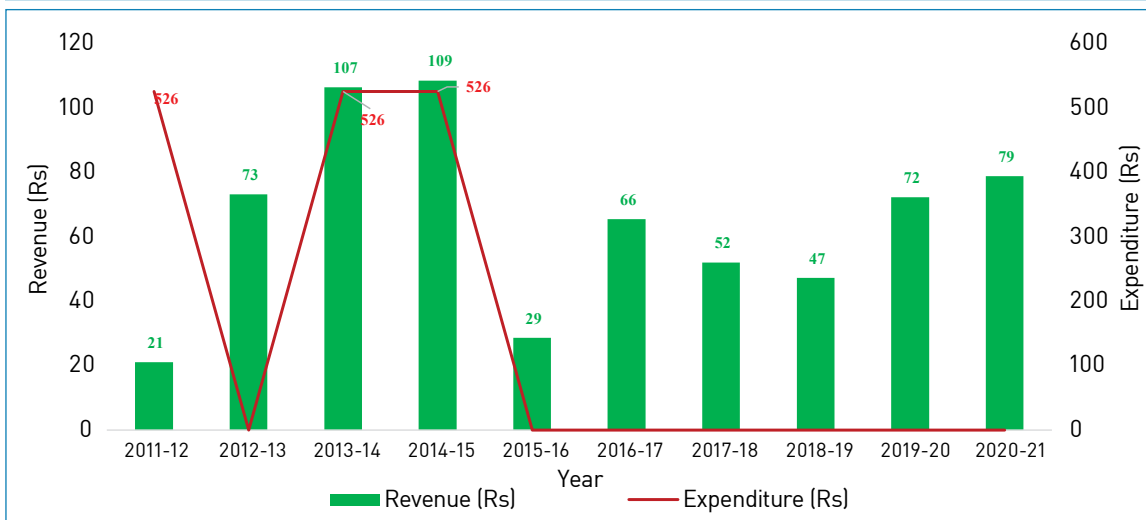


Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

Figure 25 shows the average revenue receipt and maintenance expenditure of Uttar Pradesh. In Uttar

Pradesh both revenue receipts and expenditure has shown an upward trend.

**Figure 26: Average Revenue Receipt and Maintenance Expenditure in Assam (Rs)**

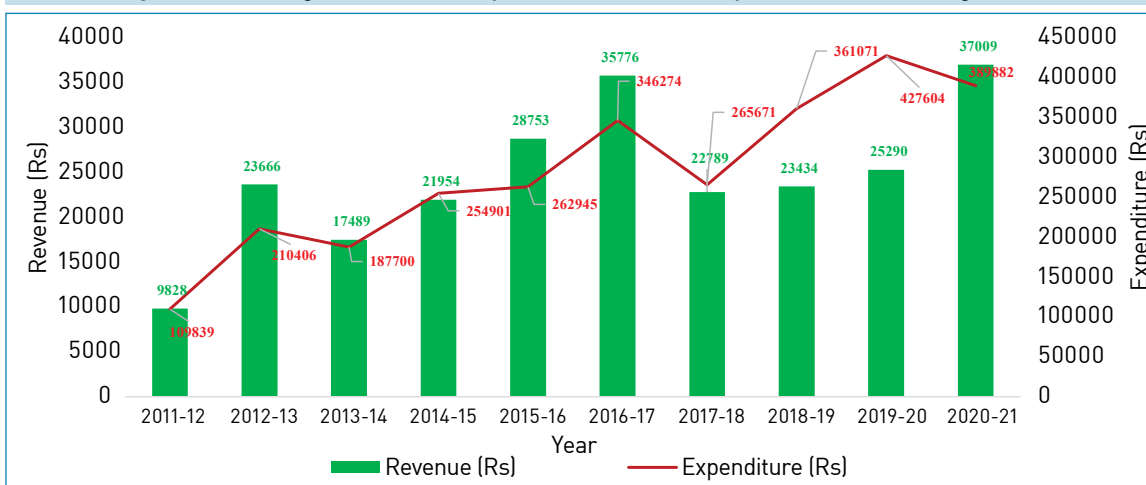


Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

The above figure shows that in Assam maintenance expenditure was incurred only in 2011-12, 2013-14 and

2015-16. However, revenue was generated throughout the yearRs

**Figure 27: Average Revenue Receipt and Maintenance Expenditure in Chhattisgarh (Rs)**



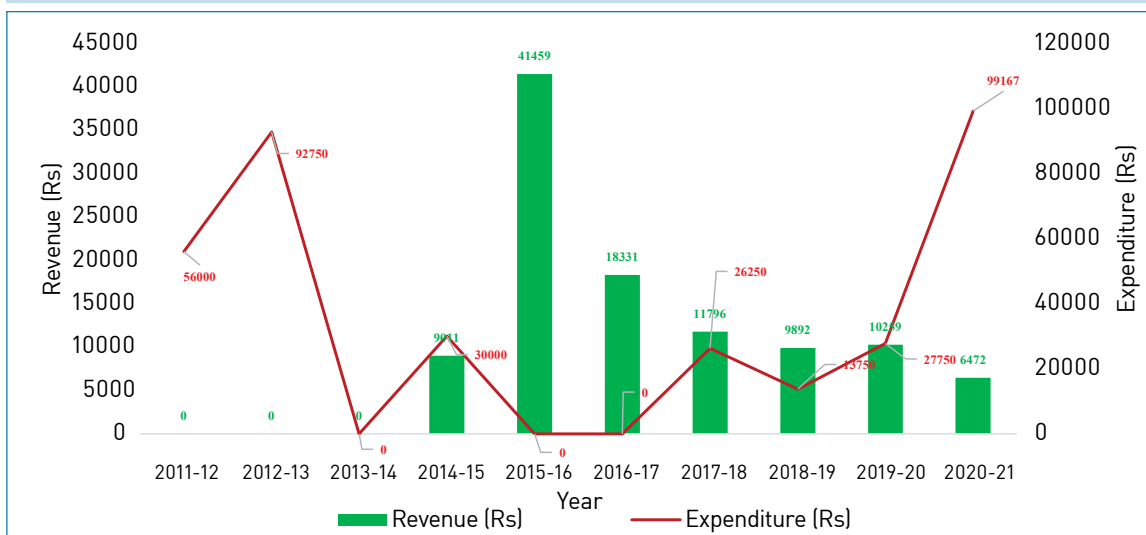
Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

The above graph shows that in Chhattisgarh, from 2011-12 to 2020-21 both the receipt and expenditure has increased. During 2011-12 the average expenditure was Rs 109839,

which is increased to Rs 389882 in 2020-21. Although over the period of time receipt has also increased, like other states expenditure is more than the revenue receipt.



**Figure 28: Average Revenue Receipt and Maintenance Expenditure in Gujarat (Rs)**

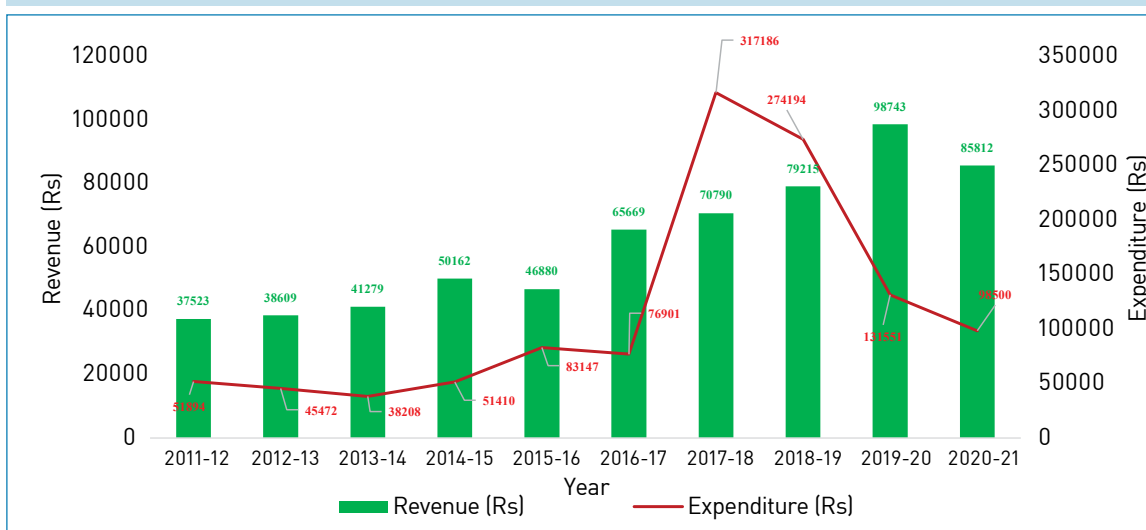


Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

The above graph (Figure 28) shows the average revenue receipt and maintenance expenditure for Gujarat. Expenditure amounts for many of the years have been reported to be of zero. On the other hand, revenue receipts

from 2014-15 is drastically different from 2015-16 with received amount Rs 41459 which is highest revenue throughout the year.

**Figure 29: Average Revenue Receipt and Maintenance Expenditure in Haryana (Rs)**

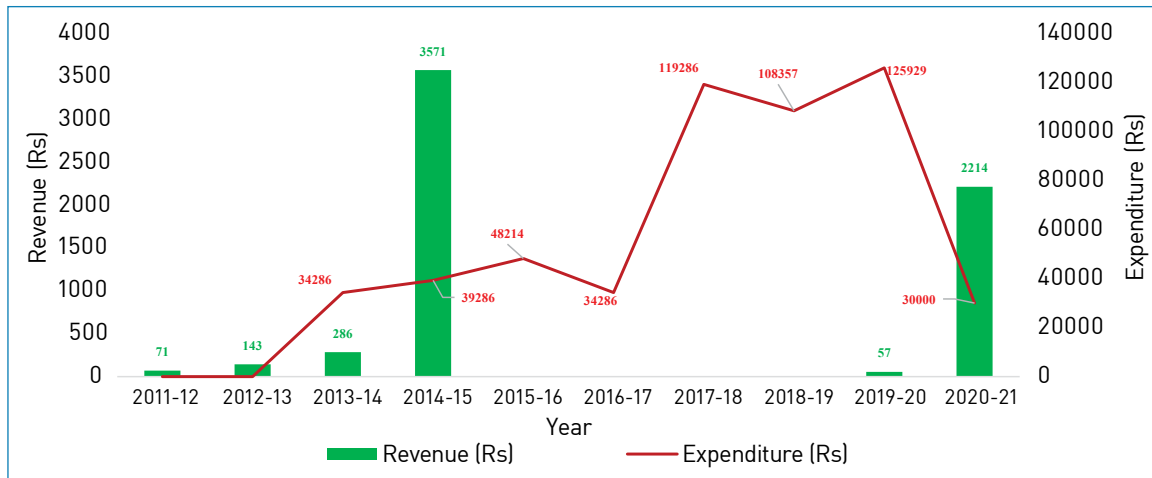


Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

The above Graph (Figure 29) shows that average revenue receipt and maintenance expenditure of Haryana. Over the years the revenue receipts show upward sloping trend.

Maintenance expenditure was highest during 2017-18 after that it is started declining.

**Figure 30: Average Revenue Receipt and Maintenance Expenditure in Jharkhand (Rs)**

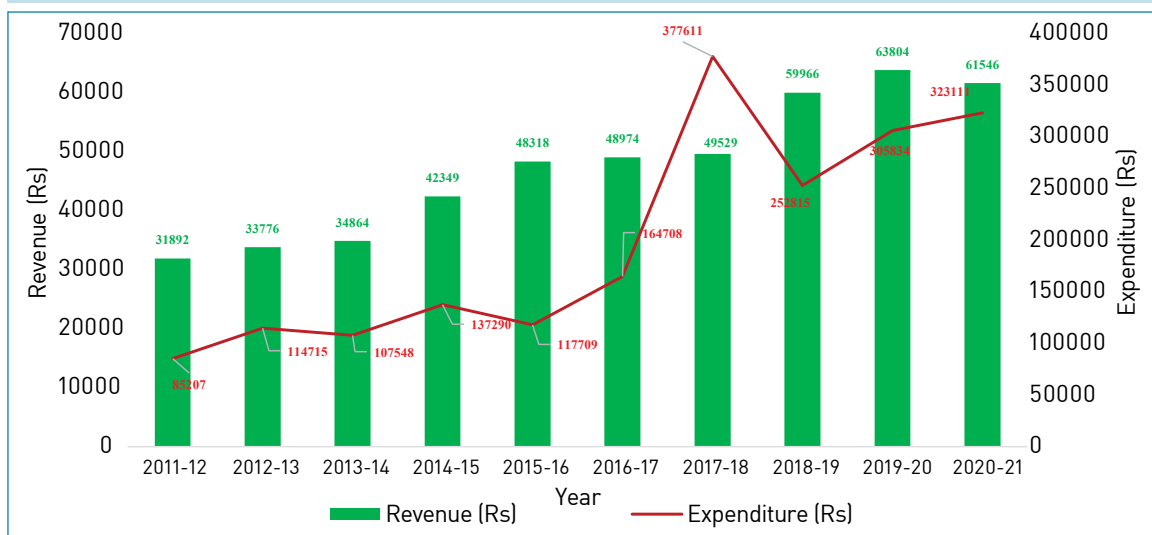


Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

Figure 30 shows that average revenue receipt and maintenance expenditure of Jharkhand. In Jharkhand from 2011-12 to 2019-20 maintenance expenditure has increased. However, in 2020-21 the maintenance expenditure has declined significantly to around Rs 3000.

On the other hand, among all the ten-year revenue receipt was highest in 2014-15 (Rs 3571) followed by Rs 2214 in 2020-21. Throughout the years in Jharkhand expenditure was more than the receipt.

**Figure 31: Average Revenue Receipt and Maintenance Expenditure in Karnataka (Rs)**

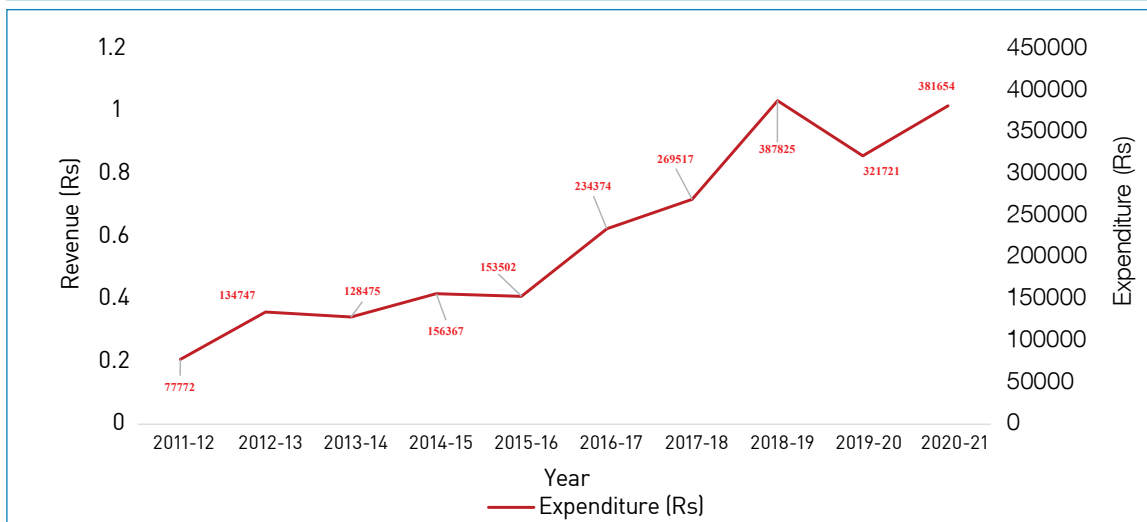


Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

Figure 31 shows that over the period of time the revenue receipt in Karnataka has increased. During 2011-12 average receipt of Karnataka from the all sources was Rs 31892 which is increased to Rs 61546 in 2020-21. Like receipt the maintenance expenditure also increases from 2011-12

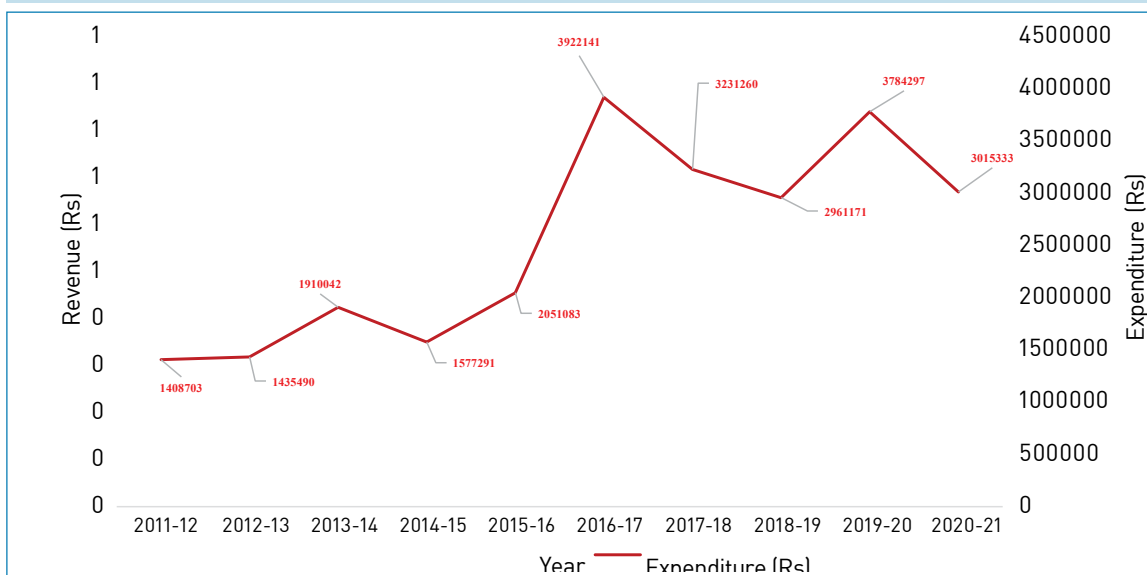
to 2020-21. The figure also shows that the maintenance expenditure was highest in 2017-18 (Rs 377611). Like other state in Karnataka also maintenance expenditure was far higher than the revenue receipt.

**Figure 32: Average Total Revenue Receipt and Maintenance Expenditure in West Bengal (Rs)**



Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

**Figure 33: Average Revenue Receipt and Maintenance Expenditure in Bihar (Rs)**



Source: NCAER's calculations based on Primary Survey, 2021 data collected for this study.

Figure 32 & Figure 33, shows the maintenance expenditure of West Bengal and Bihar respectively. Both the states have not reported any revenue generation from any one of the

above mentioned sources throughout the year. However, in both the state over the period of time maintenance expenditure is increasing.

**Table 1: State wise revenue collection**

Taxes imposed Regionally	State	Tax Collected by States	Tax not collected by States	No. of Rural Household	Total Amount lagged (Rs Crore) (From the taxes not collected by the states)		
					Average Revenue Collection (Average per household* Total no. of the household)	Minimum Revenue Collection	Maximum Revenue Collection
Region: Southern States							
Property Tax	AndhraPradesh	Property Tax	Trade Tax	93,44,180	284	47	467
Water Tax		Water Tax	Cess on liquor	93,44,180	181	93	467
Sanitation Tax		Sanitation Tax			-	-	-
Lighting Tax		Lightning Tax			-	-	-
Trade Tax		Tax on profession			-	-	-
Tax on Profession		Irrigation Tax			-	-	-
Cess on liquor		All License Tax			-	-	-
Irrigation Tax		All fees tax			-	-	-
All license tax		Other Source Tax			-	-	-
All fees tax		Karnataka	Property Tax	Sanitation Tax	80,48,664	16	8
Other source tax	Water Tax		Tax on profession	80,48,664	156	80	402
	Lightning Tax		Irrigation Tax	80,48,664	64	16	161
	Trade Tax				-	-	-
	Cess on liquor				-	-	-
	All License Tax				-	-	-
	All fees tax				-	-	-
	Other Source Tax				-	-	-

Taxes imposed Regionally	State	Tax Collected by States	Tax not collected by States	No. of Rural Household	Total Amount lagged (Rs Crore) (From the taxes not collected by the states)			
					Average Revenue Collection (Average per household* Total no. of the household)	Minimum Revenue Collection	Maximum Revenue Collection	
	Kerala	Property Tax	Water Tax	63,19,215	29	13	63	
			Sanitation Tax	63,19,215	13	6	38	
			Lighting Tax	63,19,215	-	-	-	
			Trade Tax	63,19,215	192	32	316	
			Tax on Profession	63,19,215	123	63	316	
			Cess on liquor	63,19,215	50	13	76	
			Irrigation Tax	63,19,215	50	13	126	
			All license tax	63,19,215	178	32	506	
			All fees tax	63,19,215	52	32	126	
			Other source tax	63,19,215	43	6	63	
	Tamil Nadu	Property Tax	Tax on profession	1,00,88,119	196	101	504	
			Water Tax		-	-	-	
			Sanitation Tax		-	-	-	
			Lighting Tax		-	-	-	
			Trade Tax		-	-	-	
			Cess on liquor		-	-	-	
			Irrigation Tax		-	-	-	
			All license Tax		-	-	-	
			All fess tax		-	-	-	
			Other Sources		-	-	-	
	Telangana	Property Tax	Trade Tax	56,43,739	172	28	282	
			Water Tax	Tax on profession	56,43,739	109	56	282
			Sanitation Tax	Cess on liquor	56,43,739	45	11	68
			Irrigation Tax	All license tax	56,43,739	159	28	451
			All fees Tax			-	-	-
			Other Sources			-	-	-

Taxes imposed Regionally	State	Tax Collected by States	Tax not collected by States	No. of Rural Household	Total Amount lagged (Rs Crore) (From the taxes not collected by the states)		
					Average Revenue Collection (Average per household* Total no. of the household)	Minimum Revenue Collection	Maximum Revenue Collection
Region: North-Eastern States							
Trade Tax	Arunachal Pradesh	No tax levied	Property tax	2,01,842	4	0	16
Vehicle Tax			Water tax	2,01,842	1	0	1
All license Tax			Sanitation tax	2,01,842	0	0	0
Other Source Tax			Trade tax	2,01,842	6	1	10
			Vehicle tax	2,01,842	1	0	3
			Tax on Agricultural land, Communal land, porambokes	2,01,842	9	1	14
			All licenses tax	2,01,842	6	2	10
			Other sources	2,01,842	4	0	10
			All fees tax	2,01,842	5	1	10
			Assam	Trade Tax	Property tax	57,43,835	4
	All license Tax	Water tax		57,43,835	1	0	1
		Sanitation tax		57,43,835	0	0	0
		Vehicle tax		57,43,835	1	0	3
		Tax on Agricultural land, Communal land, porambokes		57,43,835	9	1	14
		Other sources		57,43,835	4	0	10
		All fees tax		57,43,835	5	1	10

Taxes imposed Regionally	State	Tax Collected by States	Tax not collected by States	No. of Rural Household	Total Amount lagged (Rs Crore) (From the taxes not collected by the states)		
					Average Revenue Collection (Average per household* Total no. of the household)	Minimum Revenue Collection	Maximum Revenue Collection
Region: Eastern States							
Property tax	Bihar	Water Tax	Property tax	1,78,29,066	360	36	1,426
Water tax			Sanitation tax	1,78,29,066	14	9	18
Sanitation tax			Trade tax	1,78,29,066	517	89	891
Trade tax			Vehicle tax	1,78,29,066	96	18	267
Vehicle tax			Tax on Agricultural land, Communal land, porambokes	1,78,29,066	758	89	1,248
Tax on agricultural land, communal land, porambokes			All licenses tax	1,78,29,066	387	18	891
All licenses tax			Other sources	1,78,29,066	362	18	891
Other sources			All fees tax	1,78,29,066	401	89	891
All fees tax		Jharkhand	Duty on transfer of land tax	Property tax	50,44,234	360	36
			Water tax	50,44,234	68	36	116
			Sanitation tax	50,44,234	14	9	18
			Trade tax	50,44,234	517	89	891
			Vehicle tax	50,44,234	96	18	267
			Tax on Agricultural land, Communal land, porambokes	50,44,234	758	89	1,248
			All licenses tax	50,44,234	387	18	891
			Other sources	50,44,234	362	18	891
			All fees tax	50,44,234	401	89	891

Taxes imposed Regionally	State	Tax Collected by States	Tax not collected by States	No. of Rural Household	Total Amount lagged (Rs Crore) (From the taxes not collected by the states)		
					Average Revenue Collection (Average per household* Total no. of the household)	Minimum Revenue Collection	Maximum Revenue Collection
	Odisha	Property Tax	All fees tax	86,77,615	401	89	891
		Water Tax			-	-	-
		Sanitation Tax			-	-	-
		Trade Tax			-	-	-
		Vehicle Tax			-	-	-
		Tax on agriculture			-	-	-
		All license Tax			-	-	-
		Other Sources			-	-	-
	West Bengal	Property Tax	Water tax	1,57,56,750	68	36	116
			Sanitation tax	1,57,56,750	14	9	18
			Trade tax	1,57,56,750	517	89	891
			Vehicle tax	1,57,56,750	96	18	267
			Tax on Agricultural land, Communal land, porambokes	1,57,56,750	758	89	1,248
			All licenses tax	1,57,56,750	387	18	891
			Other sources	1,57,56,750	362	18	891
		All fees tax	1,57,56,750	401	89	891	



Taxes imposed Regionally	State	Tax Collected by States	Tax not collected by States	No. of Rural Household	Total Amount lagged (Rs Crore) (From the taxes not collected by the states)		
					Average Revenue Collection (Average per household* Total no. of the household)	Minimum Revenue Collection	Maximum Revenue Collection
Region: Central States							
Property tax	Chhattisgarh	Property Tax	Sanitation tax	45,40,999	26	5	45
Water tax		Water Tax	Conservancy tax	45,40,999	14	5	45
Sanitation tax		Lightning Tax			-	-	-
Conservancy tax		Trade Tax			-	-	-
Lighting tax		Tax on profession			-	-	-
Trade tax		Mining Tax			-	-	-
Taxes on professions		Education cess			-	-	-
Mining tax		All License Tax			-	-	-
Education cess		All fees Tax			-	-	-
All licenses tax		Madhya Pradesh	Property Tax	Taxes on professions	1,12,88,946	97	11
All fees tax	Water Tax		Mining tax	1,12,88,946	98	56	113
	Sanitation Tax		Education cess	1,12,88,946	54	11	113
	Conservancy Tax		All fees tax	1,12,88,946	54	11	113
	Lighting Tax				-	-	-
	Trade Tax				-	-	-
	All License Tax				-	-	-

Taxes imposed Regionally	State	Tax Collected by States	Tax not collected by States	No. of Rural Household	Total Amount lagged (Rs Crore) (From the taxes not collected by the states)		
					Average Revenue Collection (Average per household* Total no. of the household)	Minimum Revenue Collection	Maximum Revenue Collection
Region: Western States							
Property tax	Goa	Property Tax	Water tax	2,20,731	2	0	4
Water tax		Lightning Tax	Sanitation tax	2,20,731	1	0	3
Sanitation tax		Trade Tax	Entertainment tax	2,20,731	1	0	2
Entertainment tax		Tax on profession	Conservancy tax	2,20,731	1	0	2
Conservancy tax		All License Tax	Pilgrim tax	2,20,731	0	0	0
Lighting tax		All fees tax	Vehicle tax	2,20,731	2	0	4
Trade tax			Tax on Agricultural land, Communal land, porambokes	2,20,731	1	0	3
Taxes on professions			Duty on mobile communication tax	2,20,731	2	0	3
Pilgrim tax			Duty on transfer of land tax	2,20,731	2	0	4

Taxes imposed Regionally	State	Tax Collected by States	Tax not collected by States	No. of Rural Household	Total Amount lagged (Rs Crore) (From the taxes not collected by the states)		
					Average Revenue Collection (Average per household* Total no. of the household)	Minimum Revenue Collection	Maximum Revenue Collection
Tax on agricultural land, communal land, porambokes	Gujarat	Property Tax	Water tax	69,20,473	53	3	138
Duty on mobile communication tax		Sanitation Tax	Lighting tax	69,20,473	71	-	-
Duty on transfer of land tax		Entertainment Tax	Trade tax	69,20,473	55	21	69
Irrigation tax		Conservancy Tax	Taxes on professions	69,20,473	154	14	346
All licenses tax			Pilgrim tax	69,20,473	1	3	14
All fees tax			Vehicle tax	69,20,473	62	7	138
Other sources			Tax on Agricultural land, Communal land, porambokes	69,20,473	39	7	104
			Duty on mobile communication tax	69,20,473	57	7	104
			Duty on transfer of land tax	69,20,473	54	7	138
			All licenses tax	69,20,473	80	7	346
		All fees tax	69,20,473	29	7	346	

Taxes imposed Regionally	State	Tax Collected by States	Tax not collected by States	No. of Rural Household	Total Amount lagged (Rs Crore) (From the taxes not collected by the states)		
					Average Revenue Collection (Average per household* Total no. of the household)	Minimum Revenue Collection	Maximum Revenue Collection
	Maharashtra	Property Tax	Entertainment tax	1,38,41,960	36	7	138
		Water Tax	Vehicle tax	1,38,41,960	125	14	277
		Sanitation Tax	Duty on transfer of land tax	1,38,41,960	108	14	277
		Conservancy Tax	All licenses tax	1,38,41,960	161	14	692
		Lightning Tax			-	-	-
		Trade Tax			-	-	-
		Taxes on profession			-	-	-
		Pilgrim Tax			-	-	-
		Tax on agriculture			-	-	-
		Duty on mobile communication tax			-	-	-
		Irrigation Tax			-	-	-
		All fees Tax			-	-	-
		Other Sources			-	-	-
Region: Northern States							
Property tax	Haryana	Property Tax	Water tax	29,69,509	13	1	21
Water tax		Special Tax	Sanitation tax	29,69,509	73	1	108
Sanitation tax		Tax on agriculture	Conservancy tax	29,69,509	141	1	148
Conservancy tax		Duty on transfer of land tax	Trade tax	29,69,509	3	1	5
Lighting tax		Other Source Tax		29,69,509	-	-	-

Taxes imposed Regionally	State	Tax Collected by States	Tax not collected by States	No. of Rural Household	Total Amount lagged (Rs Crore) (From the taxes not collected by the states)			
					Average Revenue Collection (Average per household* Total no. of the household)	Minimum Revenue Collection	Maximum Revenue Collection	
Trade tax	Himachal Pradesh	Property Tax	Conservancy tax	12,63,756	60	1	63	
Special taxes		Water Tax	Trade tax	12,63,756	1	1	2	
Tax on agricultural land, communal land, porambokes		Sanitation Tax	Special taxes	12,63,756	27	9	63	
Duty on transfer of land tax				Tax on Agricultural land, Communal land, porambokes	12,63,756	19	6	32
All licenses tax				Duty on transfer of land tax	12,63,756	26	13	70
				All licenses tax	12,63,756	55	13	101
	Jammu & Kashmir		Property tax	16,01,606	52	8	192	
			Water tax	16,01,606	7	1	11	
			Sanitation tax	16,01,606	39	1	58	
			Conservancy tax	16,01,606	76	1	80	
			Trade tax	16,01,606	2	1	3	
			Special taxes	16,01,606	34	11	80	
				Tax on Agricultural land, Communal land, porambokes	16,01,606	24	8	40
				Duty on transfer of land tax	16,01,606	33	16	88
				All licenses tax	16,01,606	70	16	128

Taxes imposed Regionally	State	Tax Collected by States	Tax not collected by States	No. of Rural Household	Total Amount lagged (Rs Crore) (From the taxes not collected by the states)		
					Average Revenue Collection (Average per household* Total no. of the household)	Minimum Revenue Collection	Maximum Revenue Collection
	Punjab	Tax on agriculture	Property tax	32,69,467	106	16	392
			Water tax	32,69,467	15	2	23
			Sanitation tax	32,69,467	80	2	119
			Conservancy tax	32,69,467	156	2	163
			Trade tax	32,69,467	4	2	6
			Special taxes	32,69,467	69	23	163
			Duty on transfer of land tax	32,69,467	67	33	180
			All licenses tax	32,69,467	143	33	262
	Rajasthan	Property Tax	Sanitation tax	1,02,23,073	250	5	373
		Water Tax	Trade tax	1,02,23,073	11	5	18
		Conservancy Tax			-	-	-
		Special Tax			-	-	-
		Tax on agriculture			-	-	-
		Duty on transfer of land			-	-	-
		All license Tax			-	-	-

Taxes imposed Regionally	State	Tax Collected by States	Tax not collected by States	No. of Rural Household	Total Amount lagged (Rs Crore) (From the taxes not collected by the states)		
					Average Revenue Collection (Average per household* Total no. of the household)	Minimum Revenue Collection	Maximum Revenue Collection
	Uttar Pradesh	All license Tax	Property tax	2,60,15,592	846	130	3,122
			Water tax	2,60,15,592	117	13	182
			Sanitation tax	2,60,15,592	637	13	950
			Conservancy tax	2,60,15,592	1,238	13	1,301
			Trade tax	2,60,15,592	29	13	47
			Special taxes	2,60,15,592	552	182	1,301
			Tax on Agricultural land, Communal land, porambokes	2,60,15,592	395	130	650
			Duty on transfer of land tax	2,60,15,592	536	260	1,431
	Uttarakhand	Trade Tax	Property tax	14,79,742	48	7	178
			Water tax	14,79,742	7	1	10
			Sanitation tax	14,79,742	36	1	54
			Conservancy tax	14,79,742	70	1	74
			Special taxes	14,79,742	31	10	74
			Tax on Agricultural land, Communal land, porambokes	14,79,742	22	7	37
			Duty on transfer of land tax	14,79,742	30	15	81





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