Generation of Own Source Revenue by Gram Panchayats

Training Modules

विद्याविनियोगाद्विकासः

Prepared by

Indian Institute of Management Ahmedabad

March 2025

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PREFACE

In India, Gram Panchayats play a pivotal role in local governance, providing essential services and fostering rural development. However, one of the major challenges faced by many Gram Panchayats is the generation of Own Source Revenue (OSR). OSR is crucial for enhancing the financial autonomy of these local governing bodies, allowing them to fund development projects, maintain infrastructure, and address local needs of their villages, without relying entirely on state or central government transfers.

Despite the constitutional framework that empowers Gram Panchayats with financial and administrative authority, their ability to generate revenue locally remains constrained. Many Panchayats face issues such as land scarcity, limited economic activities, and low-income levels, making it difficult to tap into traditional revenue-generating methods like taxes, market fees, or land-based assets. Furthermore, the social and economic landscape of rural India often hinders the implementation of sustainable revenue generation strategies.

The Ministry of Panchayati Raj, Government of India, has entrusted the Indian Institute of Management Ahmedabad with the task of developing this training module on Own Source Revenue Generation by Gram Panchayats.

This training module aims to explore the challenges and opportunities surrounding OSR generation by Gram Panchayats in India. By covering various concepts and topics critical for Gram Panchayats to be well acquainted with, the modules attempt to empower various stakeholders from the Panchayati Raj Institutions who can make a difference in village development. We hope that the clear and detailed training modules and materials such as case studies, practical solutions, and insights from local governance offer a comprehensive understanding of how rural local bodies can enhance their financial independence and contribute to sustainable development at the grassroots level.

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FOREWORD

The Ministry of Panchayati Raj (MoPR), Government of India, has been committed to providing guidance, policy frameworks, and capacity-building initiatives aimed at enhancing the financial autonomy of Panchayats. In recent years, it has taken several steps to empower Gram Panchayats towards becoming ‘Atma Nirbhar Panchayats’ – self-reliant and sustainable through their own revenue generation sources. A critical one amongst them is the collaboration with the Indian Institute of Management Ahmedabad (IIMA) to develop a training module on Own Source Revenue. The initiative aims to strengthen the capacities of GP members and enable them to achieve localized Sustainable Development Goals (SDGs) without depending on external support for funding.

The success of OSR generation in rural India requires a careful blend of innovative approaches, community involvement, and effective governance. Exploring alternatives like Corporate Social Responsibility (CSR) collaborations, Public-Private Partnerships (PPP), infrastructure development, and skill-building initiatives can help Panchayats unlock new revenue streams. Transparency, education, and awareness play an essential role in ensuring that these measures are well-received by the local population.

We take this opportunity to express our heartfelt appreciation to the team of experts and various stakeholders who extended their willing support, cooperation and commitment by devoting their expertise to make valuable contributions to the development of this document.

We are optimistic that this training module will be able to strengthen the capacity of local bodies to effectively manage and increase their revenue sources, ultimately contributing to sustainable rural development and improved service delivery.

INTENDED BENEFICIARIES AND PARTICIPANTS

The intended beneficiaries of the training programs conducted using this module include:

- The Sarpanch/Pradhan/Village Heads of the Village/Gram Panchayats,
- The Panchayati Raj Officials working at Village Panchayat level,
- Members of the Village Development Committees (VDC), Self-Help Groups (SHGs) and Collectives, and,
- Gram Panchayat Members,

A "Training of Trainers" (ToT) paradigm is proposed which involves a structured approach where experienced individuals will be trained to become effective trainers themselves on the given topics, equipping them with the knowledge, skills, and techniques necessary to deliver high-quality training to the various village level beneficiaries. They will be motivated to adopt learner-centred methodologies, active participation, and effective assessment strategies.

It is recommended that under the ToT model, the Master Trainers who fulfil the following criteria should be selected:

- A graduation degree or above,
- At least 5 years of experience in conducting training at grassroots level, and,
- Ability to speak and communicate in the local language.

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DISCLAIMER

1. This document is intended for educational use for training of Gram Panchayat members and officials. It aims to help them become self-reliant and '*atma-nirbhar*' by working towards generating their own sources of revenue for village development activities, in a sustainable manner. The references used in preparing the document are listed as footnotes. The authors and/or the reviewing teams do not intend to derive any commercial benefits from this manual and hence, all re-productions and references have been used in good faith.
2. In all the modules, a general approach is taken while discussing OSR across States without going into the specific Panchayati Raj Acts and rules or rules related specifically to OSR of any one state. The participants must keep themselves updated with the OSR related rules of their respective State and keep them in perspective while choosing the OSR generation methods.

LIST OF ABBREVIATIONS

CIF	Community Investment Fund
CSR	Corporate Social Responsibility
DAY-NRLM	Deendayal Antyodaya Yojana - National Rural Livelihoods Mission
DDUGKY	Deen Dayal Upadhyaya Grameen Kaushalya Yojana
EVM	Earned Value Management
FPO	Farmer Producer Organizations
GIS	Geographic Information Systems
GP	Gram Panchayat
GPDP	Gram Panchayat Development Plan
KPBR	Kerala Panchayat Building Rules
KPI	Key Performance Indicator
MGNREGA	Mahatma Gandhi National Rural Employment Guarantee Act
MoPR	Ministry of Panchayati Raj
MSC	Migrant Support Centre
MSME	Micro, Small, and Medium Enterprises
NPV	Net Present Value
NRI	Non-Resident Indian
OSR	Own Source Revenue
PG	Producer Group
PMGSY	Pradhan Mantri Gram Sadak Yojana
PPP	Public-Private Partnership
RGSA	Rashtriya Gram Swaraj Abhiyan
ROI	Return on Investment
SDG	Sustainable Development Goal
SFC	State Finance Commission

SHG	Self-Help Groups
SWOT	Strengths, Weaknesses, Opportunities, and Threats
TNRTP	Tamil Nadu Rural Transformation Project
ToT	Training of Trainers
UT	Union Territory
VDC	Village Development Committee
VDP	Village Development Plan
MLALAD	Members of Legislative Assembly Local Area Development
MPLAD	Members of Parliament Local Area Development
JJM	Jal Jeevan Mission
CFC	Central Finance Commission
SBM	Swachh Bharat Mission
PPPP	Public-Private-People Partnership
PRIT	Panchayat Raj Institute of Training
SIRD	State Institute of Rural Development
SIPRD	State Institute of Panchayat and Rural Development
RRB	Regional Rural Bank
NABARD	National Bank for Agriculture and Rural Development
IOC	Indian Oil Corporation
KUIDFC	Karnataka Urban Infrastructure Development and Finance Corporation

Contents

Part 1

Guidelines for Master Trainers

Part 1

Overview of Modules and General Instructions for Trainers

These training modules are designed for village panchayat members, local government officials, and administrators, to understand the mechanisms of 'Own Source Revenue' (OSR) generation at the Gram Panchayat (GP) level. The modules focus on tax and non-tax sources of revenue, explaining their significance, implementation, and practical considerations for generating own-source revenue to support local development. They also focus on more technical aspects such as use of behavioral science principles to augment OSR, innovative project financing options, revenue forecasting and planning for sustainable resource generation. The use and relevance of important techniques such as Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis to improve governance, revenue generation, and local development is discussed. Finally, the need for GPs to develop project management skills to make realistic and relevant Gram Panchayat Development Plans is also reflected upon.

Training Approach and Teaching Aids

The module and training delivery plan have been developed based on the principles of adult learning theory.[1] Thus, the sessions are designed to be highly participative. The sessions will be relevant and useful to participants because the information can help them in generating revenue through their own ideas and revenue streams without depending on government funding. They will also be able to utilize the revenue generated for the development of their village.

The module content[2] and teaching methods have been tailored to suit the training needs and requirements of the stakeholder groups.

The teaching aids to be used include:


- PPT and Case studies,
- Video documentary of success stories, and,
- Group exercises.

[1]The theory underscores that adult learners are motivated by practical, problem-solving needs and prefer learning suitable to their personal or professional lives.

[2]Disclosure: The authors have used an open access AI tool to proof-read and refine the readability and coherence of some parts of the case study and take full responsibility of its originality and content.

The master trainers can prepare their own PowerPoint presentations as well, to aid their teaching.

Tips for Master Trainers

For the training sessions to be interesting, insightful, and relevant for the participants, a few suggestions are provided for the trainers:

I. Preparing for the Workshop

i. This training is best conducted by 2 trainers per group if possible. The trainers can take turns conducting the sessions as this will prevent monotony and fatigue in the trainers as well as the participants. Each trainer can choose to be an enabler in the session if they are not leading the session as the main trainer.

ii. Each workshop can have 60-75 participants.

iii. It would be ideal for the trainers to be well-versed with the modules, supporting material and other reference material provided or mentioned in the modules.

iv. The trainers should ensure that all the resource materials that need to be shared with the participants are sequentially arranged in a separate folder/file for each participant. A checklist of the same can be prepared to ensure that no printed material is missing from any of the participant's files/folders.

II. Conducting the Workshop

i. Having prior information about the participants and their role in the panchayat or at village level will help trainers form a rapport with the participants.

ii. Each training session should be made as interactive as possible. An attempt should be made to involve all participants in the discussions.

iii. While participants should be encouraged to express their point of view, long discussions on any one topic should be avoided. The questions and answers segment should be scheduled for the end of the session. The doubts of individual participants that need detailed discussion can be clarified during the lunch or tea break.

iv. The information should be presented in a crisp and clear manner in a medium of instruction (Hindi or vernacular language) that all participants can understand.

v. The flow of dialogue should seamlessly and systematically move from one sub-topic to the other by clearly linking them so that no sub-topic is abruptly introduced.

SESSION PLAN FOR A TWO-DAY WORKSHOP

DAY 1

Session	Time and Duration	Topic	Sub-Topics/Agenda
1	20 minutes	Introduction and Icebreaking	1. Introduction of Trainers 2. Introduction of Participants 3. Introduction to the Purpose of the Workshop (relevance of the topic, ground rules for the workshop)
2	75 minutes	Introduction to Own Source Revenue and Tax and Non-Tax Sources of OSR **TRAINING MATERIAL** • PPT provided • Examples from Module 1 • Annexure 1- Case Study of Dharmaj GP, Anand District, Gujarat • Annexure 3 - Case Study of Ranipokhari GP, Dehradun, Uttarakhand • Video Documentary of Dharmaj GP, Gujarat.	1. Introduction to Own Source Revenue Generation 2. Why is OSR important for Gram Panchayats? 3. Constitutional Provision Regarding OSR and provisions in State Acts and Rules 4. Various Tax Sources of OSR and Challenges in Tax Collection 5. Key Points for Tax Collection for Gram Panchayats 6. What are the Non-Tax Sources of OSR for Gram Panchayats? 7. Innovative Initiatives for OSR 8. Strategies for Optimizing Non-Tax Revenues for Gram Panchayats 9. Tools and Techniques for Revenue Collection 10. Monitoring and Evaluation for Gram Panchayats
	15 minutes	**Tea break**	
3	75 minutes	Strategies for Augmentation of OSR **TRAINING MATERIAL** • PPT provided • Examples from Module 2 • Annexure 5 - Application of Social Audit Model by GPs for Effective Management of Grants and Tax Revenue • Video documentary of Mukundapurpatna GP, Odisha	1. Recap on Own Source Revenue (OSR) 2. Strengthening the Revenue Life Cycle 3. Steps to Enhance OSR
	40 minutes	**Lunch Break**	
4	75 minutes	Using Principles of Behavioural Science for Tax Collection **TRAINING MATERIAL** • PPT provided • Examples from Module 3	1. Role of Behavioural Economics in Public Policy 2. Nudge Theory 3. Application of Nudge Theory by Gram Panchayats for OSR generation 4. Other principals of Behavioural Economics that can Facilitate OSR

Session	Time and Duration	Topic	Sub-Topics/Agenda
5	75 minutes	Utilization of OSR for Village Development **TRAINING MATERIAL** • PPT provided • Examples from Module 4 • Annexure 2- Case Study of Dhaki GP, Dehradun, Uttarakhand • Annexure 4 - Case Study of Sirasu GP, Pauri, Uttarakhand • Video Documentararies of Sirasu and Mukundapurpatna Gram Panchayats	1. Introduction 2. Utilization of Own Source Revenue to Fulfil Localised Sustainable Development Goals of the Village 3. Areas where OSR can be Utilised to Accomplish LSDGs 4. Case Studies
	15 minutes	**Tea break**	**End of Day 1**

DAY 2

Session	Time and Duration	Topic	Sub-Topics/Agenda
1	75 minutes	Innovative Project Financing Options **TRAINING MATERIAL** • PPT provided • Examples from Module 5 • Annexure 6 - Case study of Hiware Bazar GP, Ahmednagar, Maharashtra • Annexure 7 - Case Study of Tamil Nadu Rural Transformation Project • Video Documentary of Mission Amrit Sarovar	1. Introduction to the Topic 2. Conventional Sources of Financing for GPs 3. Innovative Project Financing Options 4. Steps for Implementing Innovative Financing Options 5. Government Schemes Supporting Panchayat Financing
	15 minutes	**Tea break**	

Session	Time and Duration	Topic	Sub-Topics/Agenda
2	75 minutes	Revenue Forecasting and Planning for Sustainable Resource Generation by Gram Panchayats **TRAINING MATERIAL** • PPT provided • Examples from Module 6 • Annexure 1- Case Study of Dharmaj GP, Anand District, Gujarat • Annexure 8 - Talakiya's Transformation: A Village's Path to Financial Independence • Video Documentary of Dharmaj GP, Gujarat.	1. What is Revenue Forecasting? Why is it Important? 2. Sources of Revenue for Gram Panchayats 3. How to Forecast Revenue? 4. Planning for Sustainable Resource Generation 5. Examples from case studies. 6. Conclusion
	30 minutes	**Lunch Break**	
3	75 minutes	SWOT Analysis for Own Source Revenue Generation **TRAINING MATERIAL** • PPT provided • Case Study Examples from Module 7	1. What is SWOT Analysis? 2. How Can GPs Use SWOT Analysis for Revenue Growth? 3. Examples
4	75 minutes	Relevance of Project Management Skills in Making Gram Panchayat Development Plans **TRAINING MATERIAL** • PPT provided • Examples from Module 8 • Annexure 9 - The Story of Rampur: A Lesson in Project Management	1. What is Project Management? 2. Why Are Project Management Skills Important for GPDP? 3. Key Project Management Skills for GPs 4. How Can Gram Panchayats Apply These Skills? 5. Examples 6. Conclusion
	15 minutes	Tea break	
5	30 minutes	Concluding Session	Feedback and Comments Dispersal

Part 2

Module-Wise Session Plan and Teaching Content

MODULE 1:

INTRODUCTION TO OWN SOURCE REVENUE AND TAX AND NON-TAX SOURCES OF OSR

Module 1

Introduction to Own Source Revenue (OSR) and Tax and Non -Tax Sources for OSR Generation

Session Plan

Session duration: 75 minutes

Target groups: Elected Representatives of Gram Panchayats and other members, local government officials, and administrators

Trainers: Master Trainers

Training venue: As identified by each state

Training methods: Discussions should be interactive and based on case studies. The session should include brainstorming, group discussions, and other activities to make learning fun.

Session Objectives:

- To understand the different tax and non-tax sources available for generating revenue at the Village/Gram Panchayat level.
- To provide good practice case examples to enable participants to develop ideas to generate own-source revenue for local development.
- To enhance the capacity of Gram Panchayat officials to collect taxes and manage non-tax revenues for the betterment of their villages.
- To ensure the legal and transparent collection of tax and non-tax revenues.

Expected Outcomes of the Training:

- Increased understanding of different tax and non-tax sources available for generating revenue.
- Enhanced ability of Gram Panchayats to collect taxes and manage non-tax revenues in a legal and transparent manner.
- Enhanced ability of Gram Panchayats to leverage local resources, technology, and community participation to design and implement innovative, sustainable, long-term revenue streams.

Detailed Session Plan for Module 1

Starting the Session (10 minutes)

The 1st session should begin with a case study/video documentary which showcases good practices and success stories of Gram Panchayats (GP) in generating revenue through tax and non-tax sources. The case study of Dharmaj GP can be taken up for this (Refer Annexure 1). This can be followed by a question such as "What is your understanding of OSR?" followed by "What kind of revenue does your GP generate?"

The answers received can form the basis for introducing the participants to the session, its relevance and the different ways in which these sources can be utilized for revenue generation.

Main Session (50 minutes)

This module should be explained with the help of a lot of practical examples of stories of collections from tax and non-tax sources. The session should be largely interactive with participants also being asked to share their knowledge about various types of taxes that they are aware of and also the non-tax sources that their GP uses or can use. Case study of Ranipokhari Gram Panchayat (Annexure 3) can be discussed as an example of Non-Tax source of revenue.

Key subtopics to cover include:

1. Introduction to Own Source Revenue Generation
2. What are the Various Tax Sources of OSR and Challenges in Tax Collection?
3. Key Concepts in Tax Collection
    - Setting tax rates based on local economic conditions.
    - Methods of assessment and collection: manual vs. digital systems.
    - Ensuring transparency and accountability in tax collection.
4. What are the non-tax sources of OSR?
5. Strategies for Optimizing Non-Tax Revenues
    - Promoting community involvement and contribution to local development.
    - Identifying and monetizing underutilized government assets.
    - Encouraging private sector participation in local development.
6. Tools and Techniques for Revenue Collection
    - Technology in Revenue Collection
        - ❖ Digital tools and platforms for tax registration, bill generation, and payment.
        - ❖ Use of mobile apps and online portals for efficient user fee collection and transparency.
    - Community Engagement and Awareness
        - ❖ Importance of educating the local population about tax responsibilities and available services.
        - ❖ Improving tax compliance: regular campaigns, door-to-door surveys, and awareness programs.
    - Financial Management and Transparency
        - ❖ Establishing transparent procedures for managing revenue and expenditures.
        - ❖ Ensuring accountability in the collection and use of public funds.

7. Monitoring and Evaluation
   - Importance of Monitoring
     - ❖ Regular assessment of revenue collection processes and outcomes.
     - ❖ Identifying bottlenecks and areas for improvement.
   - Tools for Evaluation
     - ❖ Using financial audits, performance reviews, and community feedback to measure the effectiveness of revenue generation strategies

Question and Answer Round (5 minutes)

The session can end with a discussion on participants' questions and doubts.

Teaching Content

1.1 Introduction to Own Source Revenue Generation

Own Source Revenue Generation refers to the income that a government generates through its own efforts, rather than relying on external sources such as grants or loans. The revenue is divided into tax and non-tax sources. Here's a breakdown of these sources:

1.1.1. Tax Sources (Tax Revenues)

Tax revenues are the funds collected by the government through its power to impose taxes. These taxes can be levied on income, goods, services or property. The tax is an imposition made for the public purpose, without reference to any services rendered by the State or any specific benefit to be conferred upon the taxpayer. The object of levy of tax is to raise the general revenue and there is no quid pro quo (i.e., there is no favour or advantage granted in return for something) between the taxpayer and the public authority[3].

PRINCIPLES OF TAXATION

While there are many principles of taxation laid down by several theorists, there are 4 basic principles which are key:

- Principle of equality: This states that the burden of taxation must be distributed equally or equitably among the taxpayers. To establish equality in sacrifice, taxes should be imposed in accordance with the principle of ability to pay.
- Principle of Certainty: The tax which an individual has to pay should be certain and not arbitrary. The time of payment, the quantity to be paid, and the manner of payment i.e., tax liability, should be clear and plain to the contributor as well as to the tax-levying authority.
- Principle of Economy: The administrative cost of collecting a tax should be as low as possible and there should be no unusual delay in assessment.
- Principle of Convenience: Taxes should be levied and collected in a manner that is easy for the taxpayer, and also for the government. The process should be painless and trouble-free.

1.1.2. Non-Tax Sources (Non-Tax Revenues)

Non-tax revenues are funds that the government collects through various means that are not based on its power to tax. These sources are usually related to the government's economic activities, sale of goods, and services such as user licences, fees, rent, fines, penalties, investment income, donations.

Refer to Table 1.1 for a summary of differences between Tax vs. Non-Tax Sources of revenue.

3 Agrawal, Bharat. (2001). Difference Between Tax & Fee and Guidelines for Drafting of Fiscal Legislation. Accessed on 1 February 2025 from https://ijtr.nic.in/articles/art52.pdf

TABLE 1.1: SUMMARY OF DIFFERENCES BETWEEN TAX VS. NON-TAX SOURCES OF REVENUE

Source	Tax Revenue	Non-Tax Revenue
Definition	Tax is an imposition made for the public purpose, without reference to any services rendered by the State or any specific benefit to be conferred upon the tax payer. There is no quid pro quo.	Revenue collected through other means, such as payment levied by the State in respect of services performed by it for the benefit of the individual.
Examples	Income taxes, VAT, customs duties	User fees, fines, state-owned enterprises, royalties and revenue generating projects.
Regularity	Regular and predictable	Varies in frequency and amount
Dependence	Dependence on economic activity and compliance	Depends on government assets and services

While tax revenues form the backbone of a government's income, non-tax revenues can be important for diversifying the revenue stream and ensuring the sustainability of government funding without increasing tax burdens.

1.2. Why is OSR important for Gram Panchayats?

In India, Gram Panchayats are the rural local bodies responsible for the administration and governance of villages. To become financially self-sustaining and *atma-nirbhar* (self-reliant), they need to generate their own sources of revenue rather than depend completely on State and Central funding. OSR enables Gram Panchayats to be financially independent and contribute to local infrastructure, health, education, and welfare projects. OSR sources can be from both tax and non-tax and other sources (rent, fee, donation, etc). In short, it is the means to fulfil dreams of GPs related to development of their villages while simultaneously being independent from conditional funding.

1.3. Constitutional Provisions and State Rules related to OSR

Article 243G of the Constitution endow the Panchayats with powers and authority as may be necessary to enable them to function as institutions of self-government and provisions for the devolution of powers and responsibilities upon Panchayats at the appropriate level, subject to conditions.

Article 243H bestows powers to the three tiers of Panchayats to impose taxes as authorized by the State Government. In addition, Article 243-I makes it incumbent upon States to constitute a 5 yearly Finance Commission to review the financial position of Panchayats and recommend about the proceeds of taxes etc. "which may be divided between the States and Panchayats".[4]

GPs in India generate their OSR through various provisions laid out in State Panchayati Raj Acts and Rules. States of India have amended their respective State Panchayati Raj Acts to comply with the provisions of the 73rd Constitutional Amendment. State Acts include various clauses to fulfil the stipulation in Article 243H of the Constitution, which mandates the legislature of State to assign to Panchayats such taxes, duties, tolls and fees levied and collected by the State Government for such purposes and subject to certain conditions

[4] Ministry of Panchayati Raj. (2024). Report of Expert Committee on OSR of Rural Local Bodies. Government of India. Accessed on 19 December 2024 from https://panchayat.gov.in/document/report-of-expert-committee-report-on-osr-of-rlbs/

and limits. An analysis of the provisions related to the OSR of Panchayats in State Acts reveals that specific clauses in them have been incorporated towards tax and non-tax sources that can be utilized by Panchayats to generate their own sources of revenues. A large variety of taxes and non-taxes have been devolved to different tiers of Panchayats. The terminology used to designate these tax and non-tax resources have large variations across the States including the nature of categorization of a particular source of revenue as belonging to tax and non-tax category. However, some major and common OSR streams for Gram Panchayats as per rules/notifications can be clubbed into the following:

1.3.1. Taxation Powers

Most State Panchayati Raj Acts authorize Gram Panchayats to impose taxes, subject to approval from higher authorities like the Zila Parishad or the State Government. Common taxes include House Tax / Property Tax, Entertainment Tax, Profession Tax, Advertisement Tax, Vehicle Tax (Non-Motorized Vehicles) and so forth. These will be discussed in the next section in detail.

1.3.2. Fees and User Charges

Gram Panchayats generate revenue by charging fees for various services. These include, for instance:

- **Market Fees:** Collected from vendors in village markets.
- **Building Permit Fees:** Charged for approving construction and renovation projects.
- **Water Charges:** Levied for providing drinking water or irrigation facilities.
- **Sanitation and Waste Management Fees:** Imposed for garbage collection and other sanitation services.
- **Streetlight Charges:** Some Panchayats impose charges for street lighting services.

1.3.3. Rent and Lease Income

Gram Panchayats own properties, which they lease out for income generation. This includes leasing out of Panchayat Lands, Shops and Markets and even Community Halls, Marriage Halls and Guest Houses, which pay be are rented out for social and private functions. Details and examples will be discussed in the section on Non-Tax OSR.

1.3.4. Other Miscellaneous Sources of Revenue

Some other sources of OSR include:

- **Fines and Penalties:** Collected for violations of local rules, such as encroachments or unauthorized construction.
- **Donations and Contributions:** Contributions from local residents, NGOs, or corporate entities under Corporate Social Responsibility (CSR) initiatives.

While State Panchayati Raj Acts provide a solid framework for Gram Panchayats to generate their OSR, challenges persist in effective implementation. Despite having access to many revenue options, most Panchayats only utilize a few.

In this module as well as the other 7 modules, we will take a general approach while discussing OSR across States without going into the specific OSR rules of any one state. The participants must keep themselves updated with the OSR related rules of their respective State and keep them in perspective while choosing the OSR generation methods. OSR Rules of 21 states have been compiled on the website of Ministry of Panchayati Raj and can be accessed from the ministry website.[5]

The GPs can also access the OSR rules of their respective states from the State's Panchayat office.

1.4 Various Tax Sources of OSR and Challenges in Tax Collection

Tax Sources of OSR in Gram Panchayats typically include:

- **Property Tax:** Levied on residential, commercial, or agricultural land and buildings within the Panchayat jurisdiction.
- **Profession Tax:** A tax on individuals engaged in professions, trades, or employment within the Panchayat's area.
- **Entertainment Tax:** Collected from activities such as cinema, fairs, and local events organized within the Gram Panchayat.
- **Advertisement Tax:** Applied to hoardings, banners, and other advertisements in the village area.
- **Water and Electricity Tax:** Levied on usage of water and electricity respectively.
- **Vehicle tax:** Payable by owners of vehicles (two-three-four wheelers and commercial vehicles) for use of roads within the GP.

An analysis was done for 13 states to see what types of tax are collected based on clear rules related to OSR generation by GPs. The states include Goa, Karnataka, Kerala, Andhra Pradesh, Assam, Maharashtra, Madhya Pradesh, Punjab, Rajasthan, Tripura, Tamil Nadu, Chhattisgarh and Gujarat.

A look at the Figure 1.1 shows that Property Tax is the most widely collected tax by GPs across India in places where the norms of taxation are clearly laid down and known to the GPs. It also has the potential of maximum revenue generation. Gram Panchayats can levy taxes on properties, both residential and commercial. About 11 of the 13 States analysed collect property tax. The other most widely collected taxes are Entertainment tax which is successfully collected in 7 out of the 13 states followed by Vehicles tax and Professional tax which is collected in only 6 out of the 13 states. Clearly, there is a lot more potential for tax collection in all the states. GPs need to work on this aspect with their State's Department of Panchayati Raj in order to boost tax OSR for developmental work of their villages.

[5] Own Source of Revenue | Ministry Of Panchayati Raj | India

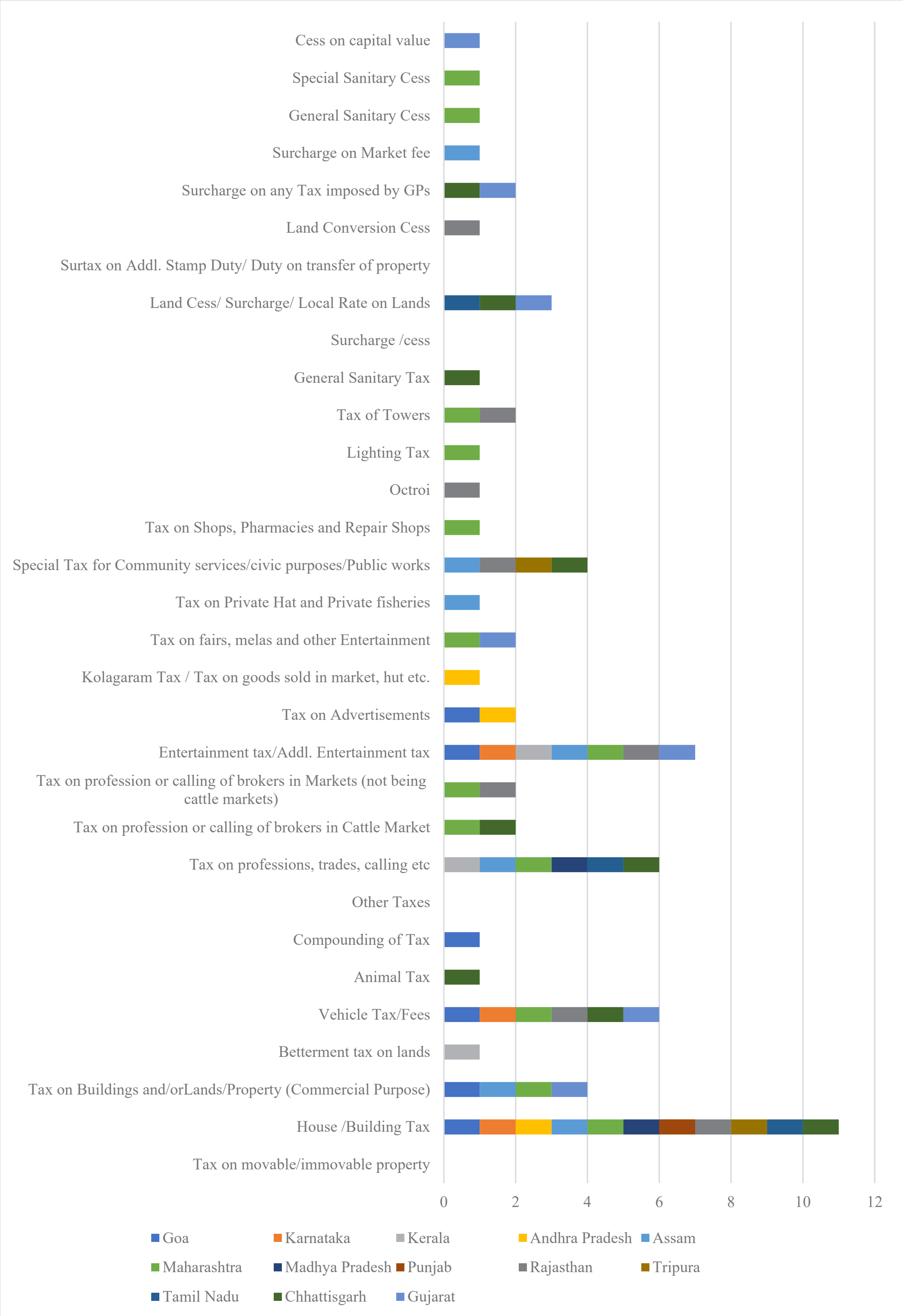


FIGURE 1.1: TAX OSR – A COMPARISON OF 13 STATES OF INDIA

The revenue collected can be used to maintain infrastructure and provide local services. Dharmaj Gram Panchayat of Anand District, Gujarat, collects numerous types of taxes for village development activities. In states like Odisha and Assam, property tax is not collected by the GPs. This leads to huge loss of revenue to GPs and significantly undermines their ability to manage regular expenses.

1.4.1 Challenges in Tax Collection

- Lack of Awareness: Many rural residents are unaware of their tax obligations or are unable to comprehend how taxes benefit local development.
- Inadequate Infrastructure: Gram Panchayats often lack the necessary infrastructure (both technological and human resources) for efficient tax collection and enforcement.
- Lack of Incentive in Paying Tax: There is lack of sufficient incentive on part of tax payee and collector in ensuring tax compliance.
- Regressive Tax Base: The prescribed tax amount is fixed and consists of a narrow range. It needs to be revised by taking into consideration factors such as carpet area in case of property tax, salary in case of professional tax and other characteristics.
- Non-compliance and Evasion: There is a significant level of tax evasion due to the informal nature of many rural economies and a lack of stringent enforcement mechanisms.

1.5 Key Points for Tax Collection for Gram Panchayats

- Setting Tax Rates Based on Local Economic Conditions: Tax rates in Gram Panchayats should reflect the local economic environment, including agriculture and non-agriculture income, market dynamics, and the financial capacity of the rural population. For instance, property tax rates could be lower in economically backward areas to prevent burdening the residents.

  EXAMPLES: Different states have their own methods of calculation of Tax. Andhra Pradesh imposes house tax on the basis of the capital value of the house. The capital value is self-declared. On the other hand, Karnataka has also changed the basis of valuation of a property from 'rental value of the asset' to 'capital value of the asset'. This change has been implemented since 2022-2023 because the process of ascertaining the rental value of the asset was not transparent and had significant room for errors. The levy of tax now depends on the market value guidelines of the property in question, which is released by the Registration and Stamp Department (Central Valuation Committee) from time to time, based on several factors, including the built-up area of the property. The Gram Panchayat collects several details with respect to each property in the Gram Panchayat, such as construction of the building, use, age of the building etc., which aids in the correct calculation of taxes.[6]

- Methods of Assessment and Collection:
  - Manual Systems: Many Gram Panchayats still rely on manual assessment and collection of taxes, which is prone to inefficiencies and errors.

[6] National Institute of Public Finance and Policy and Ministry of Panchayati Raj. (2025). Preparation of a Viable Financial Model for Generation of Own Source Revenue (OSR). Revised Draft Report.

  - Digital Systems: Adoption of digital platforms for tax registration, billing, and payments can significantly improve efficiency. In recent years, some Gram Panchayats have implemented online tax payment systems, but widespread adoption is still limited.

- Ensuring Transparency and Accountability: Transparency in the use of taxes is essential to building public trust. Gram Panchayats can ensure accountability by maintaining clear records, publishing annual budgets, and showing how the revenue is spent on public services and development projects during the Gram Sabha meetings.

1.6 What are the Non-Tax Sources of OSR for Gram Panchayats?

Non-tax sources of OSR for Gram Panchayats typically include rental income from GP-owned assets, user charges, fees and fines. It can also include donations and interest income received through investments in saving bank, fixed deposits, bonds and other financial instruments.

As in the case of tax OSR, an analysis was done for the same 13 states whose data was procured to see what types of non-tax revenue are collected based on clear rules related to OSR generation by GPs. The collection of fees of some type or the other is most common across the states of Goa, Karnataka, Kerala, Andhra Pradesh, Assam, Maharashtra, Madhya Pradesh, Punjab, Rajasthan, Tripura, Tamil Nadu, Chhattisgarh and Gujarat. Market fees is the most common, with it being collected in 6 out of the 13 states, followed by fees collected from bus/taxi/auto/tonga stands. A look at the Figure 1.2 shows that fines are also collected, though this is widely done only in the state of Goa. There is a lot more potential for tax collection through non-revenue sources. GPs need to work on this aspect with their respective States again, in order to boost non-tax OSR.

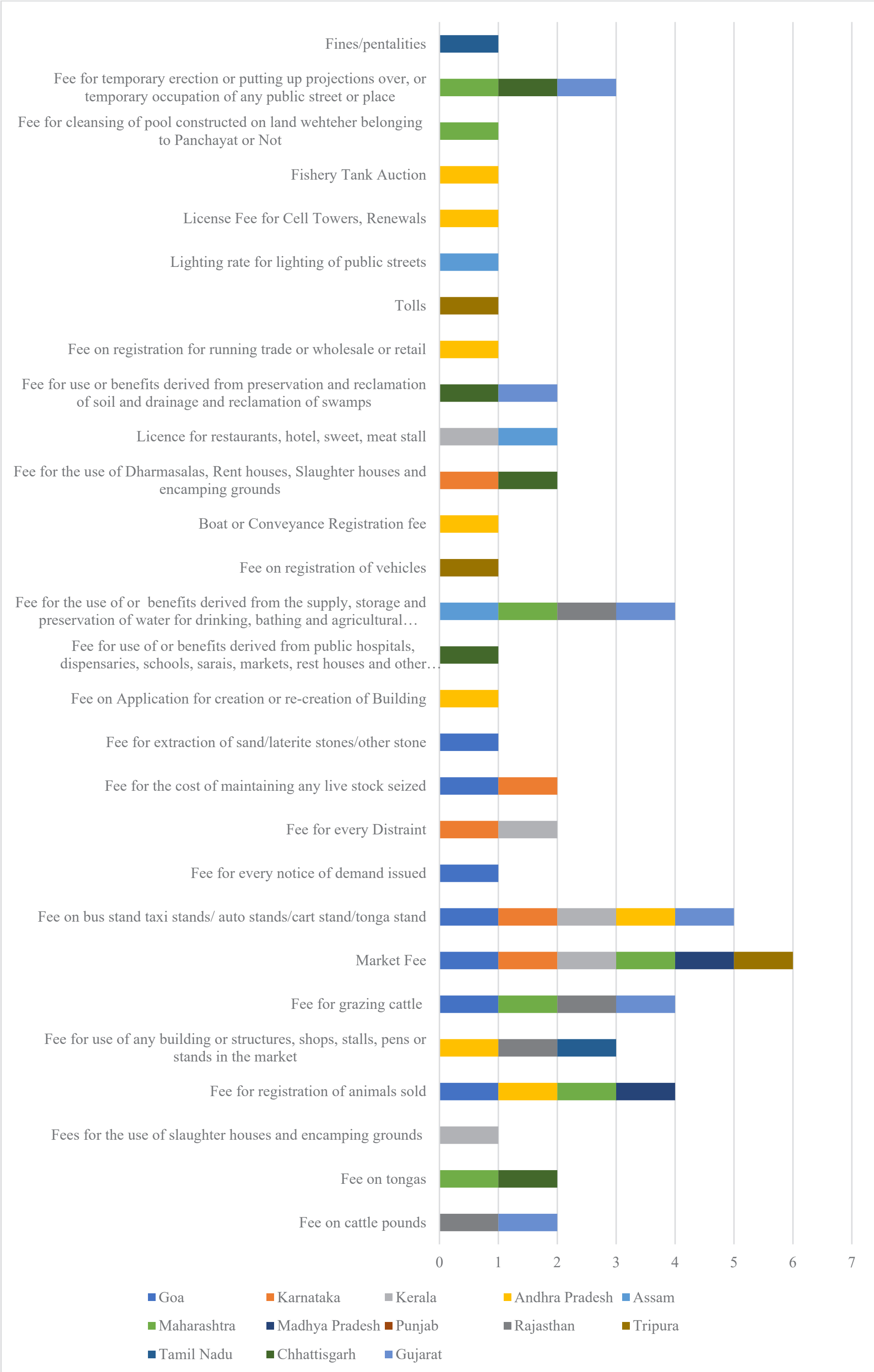


FIGURE 1.2: NON-TAX OSR: - A COMPARISON OF 13 STATES OF INDIA

Let us review some cases and ideas of Non-tax OSR collections from various states of India.

1.6.1 Revenue from Panchayat Assets

Income from leasing/auctioning public land, buildings, tanks, ponds and other government-owned assets such as market complexes or community centers.

1.6.2. Land and Building Lease/Rent:

Panchayats can lease or rent out public land or buildings owned by the local government for commercial use. This could be in the form of renting out community halls for weddings and functions. For eg., the GP of Ranipokhari in Uttarakhand generates upto Rs. 12000/- income from Panchayat Assets like marriage hall, playground and panchayat hall. It has also generated over Rs. 25 lakhs in the year 2024-25 from auctioning of Haat Bazaar on the property owned by the GP. Shankarpur – Hukumatpur Gram Panchayat, of Sahaspur block, Dehradun District, Uttarakhand also generates good revenue through a similar Haat Bazaar (Figure 1.3 a and b and Annexure 3). However, it does so by taking land on rent for the purpose since it does not have its own land. Similarly, In Mukundapur Patna GP of Odisha, a village with a steady flow of tourists to the Maa Tarini Temple, there are 136 shops that generated approximately Rs 40,000 per month in revenue as OSR during 2022-23.

FIGURE 1.3 A AND B: HAAT BAZAAR AT SHANKARPUR – HUKUMATPUR GP, UTTARAKHAND

Government-owned land can also be let out for agricultural or commercial use as is done in many GPs of Gujarat.

1.6.3. User Charges and Fees

It is useful to note that 'user charges' and 'fees' essentially refer to the same concept: a payment made by an individual for accessing a specific service or facility. However, a key distinction is that 'user charges' tends to be a broader term encompassing various types of fees, while 'fee' is usually a more specific term for a particular payment associated with a service or transaction.

In the context of GPs, these include fees for public services such as water supply, sanitation, street lighting, and waste management. It can also include charges taken for recreational and other facilities provided. For instance, the GP of Dharmaj has developed a multipurpose park on a huge part of the Gauchar land. It houses a garden and water park which has a nominal entry charge of about ₹ 5 (Figures 1.4 a,b,c,d,e).

FIGURE 1.4A: DHARMAJ GP PARK ENTRY

FIGURE 1.4B: DHARMAJ GP POND

FIGURE 1.4C: PORTION OF GAUCHAR LAND DEVELOPED INTO MULTIPURPOSE PARK AT DHARMAJ GP, GUJARAT.

Facilities within it include a swimming pool, marriage venue, a pond with boating facility and huts. for which again, user charges are taken if someone wants to avail the facility.

All of these generate good income. Schools get their children here for picnics. Because of the affordable rates, the multipurpose park is pre-booked by schools. About 60 schools have a tie-up with the village panchayat and make multiple visits each year by clubbing age groups for the excursions. The open area and huts are also given for family functions, pre-wedding photo-shoots, film shootings etc.

Other fees of various types that are charged by the gram panchayats include:

FIGURE 1.4D: DHARMAJ GP SWIMMING POOL

FIGURE 14E: DHARMAJ GP RENTAL ACCOMMODATION INSIDE THE PARK

- o **Fees for Public Services:** Panchayats can charge fees for services such as sanitation, water supply, street lighting, and waste management. Examples include garbage collection fees, and electricity charges for street lighting. The GP of Ranipokhari takes Rs. 30-50 per household for garbage collection. Dharmaj GP, of Anand District, Gujarat, charges 'building permission' fees. In Andhra Pradesh, Gram Panchayats such as Kadiapulanka and Veeravaram, alongside Prakashraopalem in East Godavari district, have showcased remarkable capacities in generating income through building plan outlay and approval fees. This trend underscores the importance of effective regulatory practices in harnessing revenue potential at the local level. Some Gram Panchayats have also excelled in monetizing water supply services by providing private tap connections to households, where the combination of user charges and connection fees constitutes a vital income source. Maharashtra and Andhra Pradesh have emerged as exemplary states in this regard, with Gram Panchayats in these states demonstrating significant efficiency in implementing water supply schemes.[7]
- o **Development Charges:** As an example, Kumbhiganahalli (Karnataka) has shown a substantial revenue stream generated through an ACC-Adani Cement factory by levying development charges on it. This case illustrates the strategic importance of industrial establishments in enhancing non-tax revenue.[8]
- o **Toll Charges:** As an example, in Odisha, Deogaon Gram Panchayat in Sambalpur district derives considerable income from the ferry ghat toll and displays the potential of transportation-related fees in rural contexts.[9]
- o **License Fees:** Gram Panchayats can issue licenses for certain activities, such as small businesses or trade. Examples include business licenses for shops, markets, or other small-scale businesses. In Kerala, the license fees for traders are based on turnover, ranging from Rs 100 to Rs 1,000 per year, and are charged annually. Similarly, license fees and rents collected from cell towers has become a vital income source for Bharswada Gram Panchayat in Maharashtra.

1.6.4. Fines and Penalties

These are imposed for violations of local laws and regulations, such as illegal construction, encroachment, or non-compliance with the sanitation rules.

Fines can be charged for violations of local regulations, such as improper waste disposal, unauthorized constructions, or non-payment of taxes. Gram Panchayat of Raj Samdhiyala has a unique list of fines that are publicly displayed at the entrance of the village. There are fines for use of plastic, consumption of alcohol and gutka and even for not voting (refer Figure 1.5).

FIGURE 1.5: FINES IMPOSED IN RAJ SAMDHIYALA GP, GUJARAT

[7] National Institute of Public Finance and Policy and Ministry of Panchayati Raj. (2025). Preparation of a Viable Financial Model for Generation of Own Source Revenue (OSR). Revised Draft Report.

[8]Ibid

[9]Ibid

1.6.5. Returns on Investments

Return on investment implies generating income on the corpus lying idle in the account of gram panchayats. To elaborate, it refers to the income earned by the Panchayat when they deposit their surplus funds in fixed deposit accounts with banks to earn a fixed interest rate. They may also choose to invest in other financial instruments such as funds or bonds. The interest gained on the corpus allows them to generate additional revenue for village development projects.

The money invested could come from various sources like property taxes, user fees, grants from the government, or other local revenue streams.

EXAMPLE: In the financial year 2023-24, Dharmaj GP of Anand district has earned an income of over 1 crore by way of interest accumulated on various specific activities for which accounts have been maintained separately for efficient management of resources. These include, for instance, water works wear and tear, Gauchar development, Tractor wear and tear, Panchayat general fund, streetlight management and so forth. The returns earned on investments is used to fund small-scale development projects within the village, like repairing roads, maintaining public infrastructure, or supporting community initiatives

1.7 Innovative Initiatives for OSR

To reduce dependence on external funding, many Gram Panchayats have turned to unconventional non-tax initiatives for generating OSR. These initiatives are newer and innovative, often leveraging local resources, technology, and community participation to create sustainable revenue streams. Utilizing local resources implies understanding the strengths and opportunities available. For instance, In villages where natural beauty abounds, eco-tourism can be explored. Villages close to the sea can look at generating revenue through resources from the sea, for instance, fishing. Some such initiatives are listed:

1.7.1. Waste-to-Wealth Initiatives

- **Example: Recycling plants, Composting Units and Reuse of Sewage Water**
  - o Gram Panchayats can set up biogas plants and composting units using organic waste to generate revenue. The biogas produced can either be sold as energy, or the compost can be sold to local farmers. Some Panchayats in Tamil Nadu own compost units and plastic recycling plants which provide regular income as OSR[10]. The gram panchayat of Dharmaj in Anand District, Gujarat sells sewage water after treatment, for irrigation purposes to farmers (refer Figure 1.6).

FIGURE 1.6: SEWAGE WATER COLLECTION AT DHARMAJ GP, GUJARAT

[10]Ministry of Panchayati Raj. (2024). Report of Expert Committee on OSR of Rural Local Bodies. Government of India. Accessed on 19 December 2024 from https://panchayat.gov.in/document/report-of-expert-committee-report-on-osr-of-rlbs/

- **Example: Solid and Liquid Waste Management Program**
  - o Jalabpur Gudal Gram Panchayat (GP) in the Najibabad Block of Bijnor district, Uttar Pradesh, is known for its series of innovative and sustainable practices for solid liquid waste management. Earlier, solid waste management was a challenge in Jalabpur Gudal. There was no organised system for waste collection or disposal causing great environmental and health risks to the community. To address this pressing issue, the GP initiated the Solid Liquid Waste Management Program under which it has created an RRC centre. Two plastic banks were established for disposal of plastics. A vermi-compost central waste processing facility was also set up, where organic waste could be converted into compost.

    SHG women have played a major role in the success of this effort. They started door-to-door waste collection services, educating households on segregating waste at the source. Organic waste was taken to the central facility for composting, while recyclables were sorted and sold. The GP introduced a nominal fee for waste collection services, generating revenue to sustain the program. The revenue generated from the sale of segregated waste becomes a part of Own Source Revenue of the GP
  - The benefits of such initiatives are two-fold, they are environmentally friendly and at the same time revenue generating since they involves sustainable waste management, reduced dependency on external funding, and revenue from organic or waste products.

1.7.2. Renewable Energy Generation

- **Example: Wind and Solar Energy**

  Gram Panchayats can install solar panels on public buildings, school roofs, or unused land to generate electricity. Surplus energy can be sold to the grid or used to power public infrastructure like streetlights and water pumps, reducing operational costs and creating a revenue stream. For example, Palli Gram Panchayat in Jammu has installed 500 KW solar panels for electricity generation (Figure 1.7)[11].

FIGURE 1.7: SOLAR PANELS AT PALLI GP, JAMMU

- **Example: Biomass Generated power sale**

  Since 2007, Kabbigere village in Karnataka[12] has been generating power and the gram panchayat sells the biomass generated power to Bengaluru Electricity Supply Company.

[11]Palli becomes India's first 'carbon neutral panchayat'. Accessed on 3 January 2025 from https://www.hindustantimes.com/cities/chandigarh-news/palli-becomes-india-s-first-carbon-neutral-panchayat-101650829124018.html#:~:text=The%20nondescript%20hamlet%20of%20Palli,time%20of%20nearly%20three%20weeks.

[12]MHRD and Pathshala. Indian Anthropology: Importances of Villages Studies. Paper No. 4, Module 23. Asscessed on 19 December 2024 from https://epgp.inflibnet.ac.in/epgpdata/uploads/epgp_content/S000001AN/P001117/M013272/ET/145793840413ET.pdf

- Benefits of this initiative are three-fold. Community people can get (1) clean energy at (2) lower energy costs, and (3) generate income from surplus power.

1.7.3. Eco-Tourism and Heritage Tourism

- **Example: Promoting Local Heritage and Ecotourism**
  - Gram Panchayats can develop local tourism by creating ecotourism sites or promoting heritage tourism. This can include setting up homestays, organizing local cultural festivals, or developing trekking routes and nature trails. For example, the Kumily Gram Panchayat of Idduki District of Kerala (Figure 1.8) has introduced responsible tourism in this beautiful village a few years back and the local community is benefiting from it, selling vegetables to the resorts, and traditional handicrafts, spices, bakery items etc to the tourists[13].
  - The benefits from such an initiative are again three-fold: (1) revenue from tourism activities, (2) promotion of local culture, and (3) employment generation.

FIGURE 1.8: KUMILY GP, KERALA- A BEAUTIFUL ECO TOURISM DESTINATION

1.7.4. Community-Based Forest Management and Carbon Credits

- **Example: Carbon Credit Generation**
  - Gram Panchayats can participate in forest conservation and carbon credit programs. This includes the preservation of local forests and plantations that absorb carbon dioxide, allowing the Panchayat to sell carbon credits in national or international markets. The Government of India envisages an Indian Carbon Market (ICM)[14] which will have an offset mechanism wherein carbon credits may be generated and sold by entities including farmers and Gram Panchayats.
  - The benefits from this are multiple- (1) environmental benefits,[15] (2) income through carbon trading, and (3) enhanced local forest conservation.

1.7.5. Local Produce Marketing and Value Addition

- **Example: Farmers' Markets and Agri-business:** Panchayats can organize farmers' markets where local farmers can sell fresh produce. For eg., local markets are organized by Block Development Officers (BDO) in Assam to promote SHGs produce

[13]Ministry of Panchayati Raj. (2024). Report of Expert Committee on OSR of Rural Local Bodies. Government of India. Accessed on 19 December 2024 from https://panchayat.gov.in/document/report-of-expert-committee-report-on-osr-of-rlbs/

[14] Ministry of Environment, Forest and Climate Change. (2023). Carbon stock in India increases by 79.4 million tonnes. PIB Delhi. Accessed on 19 December 2024 from https://pib.gov.in/PressReleasePage.aspx?PRID=1909905

[15]Ministry of Panchayati Raj. (2024). Report of Expert Committee on OSR of Rural Local Bodies. Government of India. Accessed on 19 December 2024 from https://panchayat.gov.in/document/report-of-expert-committee-report-on-osr-of-rlbs/

sale (Figure 1.9)

FIGURE 1.9: LOCAL MARKETS ORGANIZED BY BDO IN ASSAM TO PROMOTE SHGS PRODUCE SALE

They can also encourage value addition by promoting products like jams, pickles, organic grains, and dairy products made from locally grown produce. For instance, the village Haats set up in Ranipokhari GP and Shankarpur – Hukumatpur GPs of Dehradun district, Uttarakhand have become very popular and have enabled farmers and small businessmen to sell their produce through the Haats, with benefits to them as well as the GP.

- The benefits of such initiatives include empowerment of farmers, direct sales reducing intermediaries, and generating revenue through market fees.

1.7.6. Eco-Friendly Products and Local Crafts:

- This involves promoting the production and sale of local handicrafts, organic products, or eco-friendly items made by village artisans at local craft fairs, organic vegetable markets, or as part of eco-tourism initiatives. There are some examples: (1) Gram Panchayat Godhi is located in Moradabad tehsil of Moradabad district in Uttar Pradesh, India. It is known for metal handicraft, especially brass. Weekly Haat Bazaars (market) are held here where items ranging from vegetables, utensils, to handicrafts are sold. (2) The Responsible Tourism Mission in Wayanad, Kerala has established two village life experience packages, Sugandhagiri and Pozhuthana Grama Panchayats, which assist tourists in learning about and purchasing traditional products made from local resources, such as bamboo, clay, and theruva grass. Similarly, the GP of Ranipokhari has given a shop to the Self Help Groups to sell their local produce and this venture has become very popular and a place for people from the city of Dehradun to come and buy organic and healthy products (Figures 1.10 and 1.11). [16]
- The benefits of such initiatives include empowerment of local artisans and farmers, survival of handicrafts, direct sales reducing intermediaries, and generating revenue through market fees.

[16] Markose, N., Vazhakkatte Tazhathethil, B., & George, B. (2022). Sustainability Initiatives for Green Tourism Development: The Case of Wayanad, India. Journal of Risk and Financial Management, 15(2), 52. https://doi.org/10.3390/jrfm15020052

FIGURE 1.10: ORGANIC AND VALUE ADDED PRODUCTS MANUFACTURED BY SHGS AND SUPPORTED BY RANIPOKHARI GP, UTTARAKHAND

FIGURE 1.11 UTTARA, THE ORGANIC STORE SUPPORTED BY RANIPOKHARI GP

1.7.7. Public-Private Partnerships (PPP) and Corporate Social Responsibility Engagement for Infrastructure Development

- **Example: PPP for Infrastructure Projects**
    - Gram Panchayats can collaborate with private companies to develop and manage infrastructure projects, such as community halls, water supply systems, and sanitation services. The revenue can be shared with the private partner or used to offset the Panchayat's costs.
- **Example: CSR for Infrastructure Projects**
    - GPs can collaborate with corporate entities that are mandated to invest in social projects under CSR policies, thereby gaining financial assistance for local development. In Gadhka gram panchayat of Rajkot, Gujarat, the Indian Oil Corporation (IOC) set up a Reverse Osmosis (RO) water plant as a CSR initiative to supply drinking water to the community people. A ₹10 per 20-litre water charge is taken by the Gram Panchayat from all those who visit the plant for water. Similarly, Ranipokhari GP of Dehradun, Uttarakhand got 2 garbage collection vehicles from IndusInd Bank which it started using for garbage collection and charged user fees for the same (Figure 1.12). The benefit is 2-fold, generation of income to maintain the services and improvement in the sanitation and cleanliness of the area.

FIGURE 1.12: CLEANLINESS SUPPORTED BY CSR INITIATIVE AT RANIPOKHARI GP, UTTARAKHAND

- Benefits of such partnership include improved infrastructure, shared investment costs, and revenue from services for the gram panchayat.

1.7.8. Village-Level Digital Services

- **Example: E-Governance and Digital Services**
  - Gram Panchayats can offer digital services like issuing certificates (birth, death, land, etc.), providing internet access, or conducting online training and workshops for a fee. In Kerala, many GPs have created a single window system for issuing of certificates and approval.
  - Such initiatives are beneficial since they increase accessibility, and enhance administrative efficiency, while simultaneously generating revenue through digital service charges.

1.7.9. Leasing Out Village Land for Commercial Use

- **Example: Leasing Land for Solar Farms or Commercial Projects**
  - Gram Panchayats can lease out unutilized land or resources for commercial ventures like solar farms, mobile towers, or agri-business ventures, generating a fixed lease amount annually.
  - Such initiatives can facilitate one-time or recurring income from land use, with no capital investment required from the Panchayat.

1.7.10. Auctioning Local Public Spaces or Assets

- **Example: Auctioning the Right to Manage Markets, Public Halls, etc.**

FIGURE 1.13: GP SPACE AUCTIONED FOR WEEKLY HAAT AT RANIPOKARI, DEHRADUN

- o Panchayats can auction the right to manage or operate public spaces like markets, community halls, or parking lots. The highest bidder can then manage the space, and the Panchayat earns a fixed amount annually. This is done at many places. For eg, as discussed earlier, Ranipokari GP of Dehradun, Uttarakhand auctions its land for weekly haat, while Mukundapurpatna GP in Odisha auctions the right to manage parking lots
- o Such auctioning helps in generating revenue from one-time auctions, while reducing management burden on the Panchayat.

1.7.11. Auctioning of Orchard and Other plantations on Gram Panchayat Land

Similar to auctioning of panchayat land for haat bazaars and parking spaces, GPs can also grow fruit trees, medicinal/herbal plants, and even spice and other plantations on their land, depending upon the climatic conditions and soil of the area. The same can be auctioned with the dual advantage of generation of revenue as well as maintenance of the land. Refer to Box 1.1 for a small case study of Dharmaj GP, which has auctioned its orchard.

CASE STUDY OF A GOOD PRACTICE: REVENUE-GENERATING FRUIT ORCHARD IN DHARMAJ GP, GURARAT

Location: Dharmaj GP, Anand District, Gujarat

Initiative: Panchayat-Owned Fruit Orchard within a Multipurpose Park

Annual Revenue: Approx. Rs. 25 lakhs

Overview

Dharmaj Gram Panchayat (GP) has successfully established a self-sustaining revenue model through a Panchayat-owned fruit orchard within its multipurpose park, located on Gauchar land. Developed nearly 50 years ago with a structured approach, this initiative has become a steady source of Own Source Revenue (OSR) for the Panchayat.

The Concept and Execution

- The orchard was planned considering soil and climatic conditions, ensuring long-term sustainability.
- Over the years, 2000 fruit-bearing trees have been planted, including Jamun, Custard Apples, Amla, Coconuts, Lemon, Mango, Tamarind, Kadhi Patta, and Chickoo.
- Mango trees were prioritized, with Rajapuri Mango being a natural choice due to its popularity in pickles, alongside other varieties like Kesar and Langda.
- The trees require minimal maintenance but yield high returns, making them environmentally and economically viable.

Revenue Generation and Environmental Benefits

- The orchard is auctioned annually, providing consistent OSR to the Gram Panchayat.
- The green fodder grown is sold regularly, ensuring steady income.



- Jamun and Tamarind trees were strategically planted along the walking path, providing shade while generating additional revenue.
- A drain surrounding the green fodder carries sewage water for recycling. Kadhi Patta trees were planted around it to utilize this water efficiently.
- The orchard contributes to air purification, enhances biodiversity, and provides shade, adding to the park's overall ecological value.

Impact & Sustainability

- The combined revenue from fruit auctions and green fodder sales reaches approximately Rs. 25 lakh per year.
- The funds generated are used to pay staff salaries and maintain facilities within the multipurpose park such as the swimming pool, pond, guest houses, and marriage venue.
- The model ensures financial self-sufficiency for the Gram Panchayat, reducing dependency on external funding.

Key Takeaways

- **Strategic Planning:** Choosing fruit-bearing, low-maintenance trees suited to the local climate ensures long-term sustainability.
- **Revenue Diversification:** Combining fruit sales, green fodder, and ecosystem services (multi-purpose park) ensures consistent income streams.
- **Community Benefit:** The initiative supports employment, environmental conservation, and enhances public spaces.
- **Replicable Model:** Other Panchayats can adopt this best practice to create self-reliant revenue systems while improving the local ecosystem.

Dharmaj GP's orchard initiative serves as a benchmark for innovative, sustainable revenue generation, demonstrating how local governance can leverage natural resources effectively for financial and environmental benefits.

1.7.12. Rainwater Harvesting and Water Supply Projects

- **Example: Charging Fees for Water Supply**
    - Gram Panchayats can install rainwater harvesting systems and charge a nominal fee for water use. In drought-prone areas, water supply can become a critical resource, and proper pricing can generate sustainable revenue and also promote water conservation.
    - Benefits from such projects include sustainable water supply, reduced dependency on government grants, and revenue from water fees.

1.7.13. Health Camps and Mobile Health Clinics

- **Example: Charging Fees for Medical Services**
    - Gram Panchayats can run mobile health clinics or healthcare camps in

collaboration with hospitals, offering medical consultations, vaccinations, and diagnostics for a small fee. For instance, GP Ranipokhari, with its proximity to AIIMS Rishikesh, has tied up with the eminent hospital to organise regular preventive check-up health camps for the community people. While currently there is no revenue generation out of this activity, this step can go a long way in reducing the burden of disease in this GP. Moreover, the community people diagnosed with health problems can avail health services at AIIMS which is not only more affordable for them, but also one of the best.

- Such services can be very beneficial since they lead to health improvements in rural areas and better healthcare access while also generating revenue from fees (if taken).

1.7.14. Crowdfunding and Community Funding

- **Example: Using online platforms to raise funds for specific community projects or services.**
  - In recent years, crowdfunding has become popular for raising funds for various activities such as building a new school, road repairs, or local infrastructure improvements. By leveraging online platforms like Ketto, Milaap, and GoFundMe, Panchayats can tap into global networks of donors, including residents living outside their villages, philanthropists, and even the wider diaspora.

1.7.15. Licences for Forest Produce

It is a good practice of issuing licences to sellers of Minor Forest Produce (MFN). Issuing this licence has had the double benefit of safeguarding the villagers in the GP from exploitative malpractices and increased revenue resources for the GP. It is a practice that can be emulated in other GPs.

o **Example: Minor Forest Produce License at Bhaliakata, Odisha**

This GP is located in a remote and densely forested area with multiple elephant corridors nearby. The villagers collect minor forest products from the forest such as Sal seeds, honey, Mohua flowers, and medicinal plants, among others and sell them to buyers of Minor Forest Produce. These buyers go on to become sellers of MFN in other places. The Gram Panchayat has intervened by issuing licences to buyers of MFN to enable them to buy products of the forest from producers.

This has prevented the sellers from driving down the price of MFN as the GP negotiates on behalf of the villagers. The villagers receive a fair price for collecting MFN from the forest and the Gram Panchayat earns revenue through issuing these licences.

o **Benefits:** This Licence augments the own source revenues of the Gram Panchayat and safeguards the interest of the villagers who collect MFN and has improved their incomes.

1.7.16. Incentive structure for tax collectors

The tax collector in the Gram Panchayat area plays a crucial role in the administration and collection of taxes and fees. An efficient tax collector can significantly improve the collection of taxes and user charges, thereby providing greater resources for the Gram Panchayats. Therefore, an effective incentive structure for the tax collector can be an innovative way to enchance tax OSR.

Example: Best Bractice of Incentivizing Tax Collectors, West Bengal

West Bengal has implemented a unique approach to incentivize tax collectors. The commission paid to the tax collectors is incentivized as follows: the tax collector is funded by both the State and the Gram Panchayat. The salary is paid by the state, while the incentive is paid by the Gram Panchayat. This incentive consists of an honorarium and commission. If the collection is up to ₹6,000, the tax collector receives a 10% incentive. For additional collections above ₹6,000, a 15% commission is provided. This incentivizes the tax collector to collect more user charges and taxes as the compensation is in proportion to the revenue collection .

Benefits: Improvement in tax collection and hence, higher OSR.

1.8 Strategies for Optimizing Non-Tax Revenues for Gram Panchayats

- Promoting Community Involvement and Contribution to Local Development: Gram Panchayats can engage the community in development projects through initiatives such as voluntary labor, donations for public infrastructure, or community-driven health and education programs. This creates a sense of ownership and responsibility among villagers.

EXAMPLE: Billekallu, a village in Kurnool district, Andhra Pradesh, has demonstrated how community participation and strategic planning can drive rural development. By establishing a local market with contributions from community members, the GP, and a NABARD loan, the village created a sustainable revenue source. The market, primarily for agricultural produce like tomatoes, ensures fair prices for farmers while generating significant income for the Gram Panchayat. Over the past four years (2020-24), it has consistently earned an average of INR 41,41,250 annually, reaching a peak revenue of INR 68,00,000 in 2023-24, showcasing the power of self-sustained growth.

TOMATO MARKET AT BILLEKALLU VILLAGE, KURNOOL DISTRICT, ANDHRA PRADESH MADE THROUGH COMMUNITY PARTICIPAITON

- Identifying and Monetizing Underutilized Government Assets: Many Gram Panchayats own land, buildings, or other assets that are not optimally used. By leasing out underutilized properties, Gram Panchayats can generate additional revenue. For example, renting out community halls, as is done by GP Ranipokhari in Dehradun district, Uttarakhand, or agricultural land can bring in much-needed funds.

Example: National Institute of Public Finance and Policy and Ministry of Panchayati Raj. (2025). Preparation of a Viable Financial Model for Generation of Own Source Revenue (OSR). Revised Draft Report.

- Encouraging Private Sector Participation in Local Development: Gram Panchayats can enter into Public-Private Partnerships (PPPs) to build and manage infrastructure projects, such as roads, water supply systems, or even local markets. This can reduce the burden on the Panchayat's finances while improving local infrastructure.

Example: Jalabpur Gudal GP in Bijnor district, Uttar Pradesh, exemplifies a successful public-private partnership by actively collaborating with corporate entities to secure CSR funding. The GP has engaged with organizations like the Indian Oil Corporation in Najibabad and local factories to support key development initiatives, such as school modernization, sanitation improvements, and community infrastructure. Such partnerships can enable GP's to implement sustainable projects that enhance public services and overall village development.

1.9 Tools and Techniques for Revenue Collection

1.9.1 Technology in Revenue Collection:

- Digital Tools and Platforms: Digital tools such as mobile apps, online payment gateways, and government portals can make tax registration, bill generation, and payment more efficient. Some states in India, such as Gujarat, Kerala and Maharashtra, have already implemented online tax payment systems at the Panchayat level. At the central level too, for example the income tax department launched the 'Aaykar Setu app' in 2017[17]. The app aims to simplify tax compliance and enhance the overall efficiency of the tax administration system, promoting digital India and making tax services more accessible and user-friendly [18]. The term 'Aaykar' means taxpayer and 'setu' means bridge. The app thus acts as a bridge between the government and the taxpayer. It is a free app available for Android users on the Google Play Store. The app enables taxpayers to understand the process and the utilities available at the income tax website. It also allows them to file taxes for themselves instead of relying on others for help. Mobile Apps and Online Portals can enable citizens to easily pay their taxes or user fees, track payments, and receive timely reminders for upcoming dues.

1.9.2. Community Engagement and Awareness:

- Educating the Local Population: Gram Panchayats can organize community meetings, awareness drives, and workshops to educate villagers about the importance of paying taxes and how these contribute to community development. Gram Sabhas are an important means for inclusive engagement. Gram Sabhas held by a GP can serve as an important platform for discussions

[17] Aaykar Setu Taxpayer Service: An Initiative to Make Tax Paying Easy. Accessed on 1 February 2025 from https://www.gstsuvidhakendra.org/aaykar-setu-taxpayer-service-an-initiative-to-make-tax-paying-easy/

[18] Aaykar Setu App – An IT department initiative. Accessed on 1 February 2025 from https://cleartax.in/s/aaykar-setu-app-income-tax

on engagement, transparency and accountability.

- Improving Tax Compliance: Campaigns such as door-to-door surveys or local advertisements can help in improving tax compliance by making the process more accessible and transparent.

1.9.3. Financial Management and Transparency:

- Establishing Transparent Procedures: Panchayats can set up clear and transparent procedures for revenue collection and allocation, ensuring that the funds are used for the intended purposes.
- Ensuring Accountability: Regular audits, public consultations, and feedback mechanisms can help in ensuring that the funds collected through taxes are properly accounted for and used in a manner that benefits the community.

1.10. Monitoring and Evaluation for Gram Panchayats

1.10.1. Importance of Monitoring:

- Regular Assessment of Revenue Collection Processes: Monitoring is crucial to assess how effectively the Panchayat is collecting revenue and identifying any gaps or inefficiencies. Regularly reviewing revenue reports and collection strategies can lead to better outcomes. For instance, this is done very skilfully by Dharmaj GP of Anand District in Gujarat.
- Identifying Bottlenecks: Identifying challenges such as low collection rates, delays, or non-compliance can help in taking corrective measures. This could involve simplifying the tax process or improving outreach efforts.

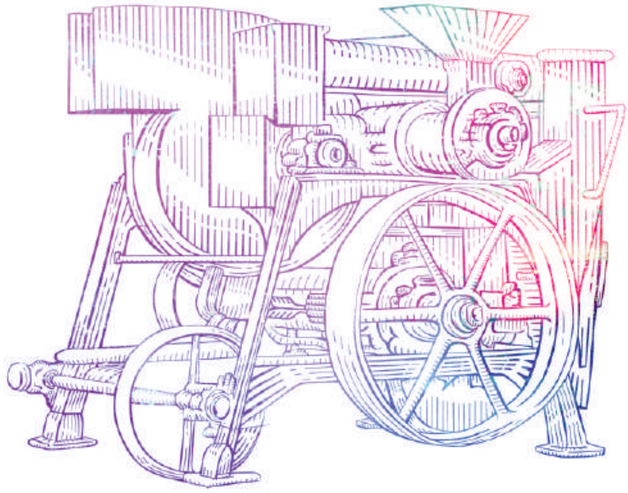
1.10.2. Tools for Evaluation:

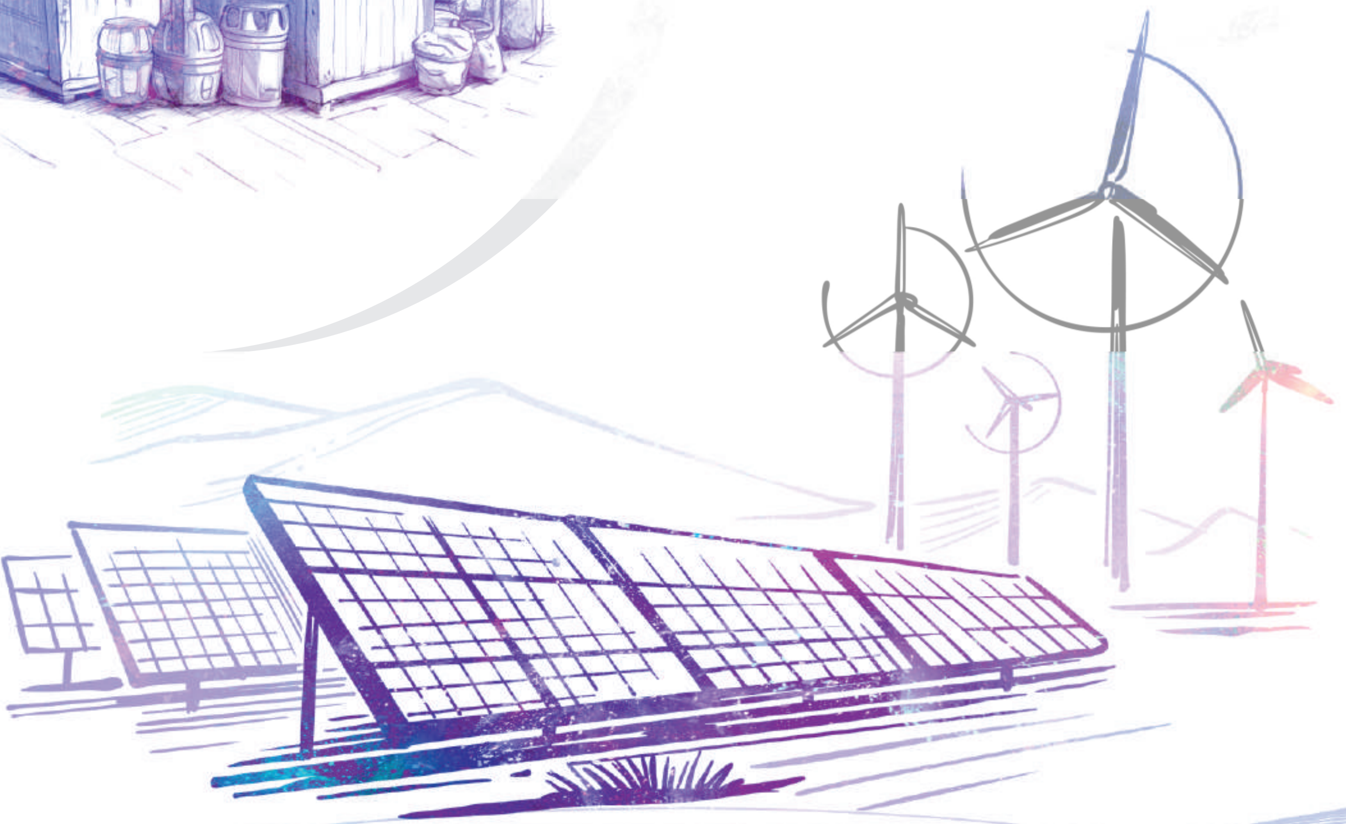
- Financial Audits: Regular audits of the Panchayat's financial records ensure that revenue is being collected and spent properly. It also helps detect fraud or misuse of funds.
- Performance Reviews: These reviews help measure how well the Panchayat is performing in terms of revenue generation, service delivery, and overall community development.
- Public Disclosure: Pro-active public disclosure by a GP of the OSR collected can help build confidence in the community that the amount paid by them is being spent in the Gram Panchyats for better service delivery and infrastructure creation.
- Community Feedback: Regular surveys and community feedback mechanisms can provide valuable insights into public perceptions of the Panchayat's tax and revenue collection systems. This information can be used to improve practices and increase taxpayer engagement.

In conclusion, by adopting efficient tax and non-tax revenue strategies, leveraging technology, engaging the community, and ensuring transparent financial management, Gram Panchayats can become self-reliant, improve public services, and drive rural development. Focusing on local resources and innovative methods will help reduce dependency on government grants, leading to sustainable, financially independent rural communities.

MODULE 2:

STRATEGIES FOR AUGMENTATION OF OSR





Module 2

Strategies for Augmentation of OSR

Session Plan

Session duration 75 minutes

Target groups: Elected Representatives of Gram Panchayats and other members, local government officials, and administrators

Trainers: Master Trainers

Training venue: As identified by each state

Training methods: Discussions should be interactive and based on case studies. The session should include group discussions, and other activities to make learning interesting.

Session Objectives:

- To understand the significance of OSR for Panchayats in achieving self-reliance.
- To identify potential sources of tax and non-tax revenues for Panchayats.
- To learn strategies for resource mobilization, participatory planning, and asset management.
- To explore the role of stakeholders like Self-Help Groups (SHGs), Farmer Producer Organizations, (FPOs) and standing committees in revenue generation.

Expected Outcomes of the Training:

By the end of this training module, participants will be able to:

- Develop actionable plans to enhance OSR in their Panchayats.
- Implement participatory approaches for planning and decision-making.
- Leverage existing resources and partnerships to augment revenue.
- Create and maintain assets to ensure sustainable financial growth.

Detailed Session Plan for Module 2

This module emphasizes the importance of OSR for Panchayats as a pathway to self-reliance and financial autonomy. By mobilizing internal resources, Panchayats can ensure sustainable development, efficient governance and reduced dependency on external funding. Article 243-H of the Indian Constitution empowers Panchayats to levy and collect taxes, fees, and tolls, making OSR generation a crucial component of achieving Gram Swaraj.

Key Subtopics in this module include:

1. Baseline Survey and Visioning
2. Revenue Life Cycle
3. Asset Creation and Preservation
4. Stakeholder Collaboration
5. Capacity Building and Handholding
6. Best Practices and Innovations

Starting the Session (10 minutes)

- Introduction & Recap
    - Brief overview of OSR from Module 1.
    - Discuss the importance and key principles of OSR.

Main Session (50 mins)

- Sources of OSR (5 mins)
    - Explain tax and non-tax revenue sources (e.g., land tax, house tax, market fees).
    - Introduce innovative revenue streams like mobile towers, agricultural equipment rentals.
- Major Challenges in OSR mobilization (10 min)
    - Community resistance and capacity gaps
    - Asset underutilization
    - Leakages and Inefficiencies
- Strengthening Revenue Life Cycle (20 mins)
    - Discuss the five stages: Enumeration, Valuation, Assessment, Billing, and Reporting.
    - Highlight reforms needed at each stage.
- Case Studies and Best Practices (15 mins)
    - Analyze successful examples (e.g., Kerala's 100% tax collection, Kolhapur's asset mapping).

Concluding the session (10 mins)

- Summarize key takeaways.
- Discuss the role of GPs in ensuring fiscal autonomy through OSR.

Teaching Content

2.1. Recap on Own Source Revenue (OSR)

OSR has been discussed in detail in Module 1. However, a quick recap is being made in this module for ease of discussing this module.

2.1.1. Definition: OSR refers to the funds generated by Gram Panchayats (GPs) through local taxes, fees, and charges as authorized by Article 243-H of the Constitution.

2.1.2. Importance:

- Reduces dependency on external grants.
- Provides financial autonomy for GPs to address local development priorities.
- Builds accountability and trust between Panchayats and citizens.

2.1.3. Key Principle: Every rupee collected and utilized transparently contributes to self-reliance and Gram Swaraj.

2.1.4. Sources of OSR

a. Tax Revenues:

- **Land Tax**: On agricultural and non-agricultural land.
- **House Tax**: Based on property size (carpet area) or use (commercial, residential, industry, wtc).
- **Profession Tax**: Levied on professionals, traders, and businesses.
- **Entertainment Tax**: On fairs, festivals, and local events.
- **Advertisement Tax**: On hoardings, banners, and posters.
- **Vehicle Tax:** On two, three, four wheelers and heavy machinery.

b. Non-Tax Revenues:

- **User Charges**: Fees for water, sanitation and public toilets.
- **Market Fees**: For stalls, shops and village haats.
- **Resource Usage Fees**: Grazing land, village tanks and common property.
- **Service Fees**: Use of Panchayat facilities like schools, hospitals and community halls.
- **Rent:** On auctioned properties- community hall, tanks, ponds and other panchayat property (movable and immovable).

c. Innovative Revenue Streams:

- Levying fees for telecommunications infrastructure like mobile towers and cable networks.
- Fees for agricultural equipment (pumps, tractors) and value-added agricultural services.
- Tolls and taxes on panchayat road network.
- Renting village premises for film shootings, wedding shoots and product launch.

- Pilgrimage tax (Wadi GP in Ratnagiri, Maharashtra)
- Auctioning firewood, fruits and by-products of trees/plants present on panchayat land.
- Vermicompost business

2.2. Major Challenges in OSR Mobilization

2.2.1. Community Resistance

- Citizens hesitate to pay taxes due to lack of awareness and perceived financial burden.
- Distrust in panchayat's financial management leads to low compliance.
- Solution: Awareness campaigns, transparency and showcasing tax benefits (e.g., better roads, water supply and participatory planning).

2.2.2. Capacity Gaps

- Shortage of skilled staff for tax assessment, collection, and financial management.
- Lack of digital tools and grievance redressal mechanisms at the panchayat office
- Solution: Training programs, technology adoption and efficient revenue collection systems.

2.2.3. Asset Under-utilization

- Panchayat-owned assets (markets, community halls, ponds) generate minimal revenue.
- Poor management, lack of competitive leasing policies and maintenance issues.
- Solution: Leasing assets, promoting public-private-people partnerships and strategic monetization.

2.2.4. Leakages and Inefficiencies

- Corruption, misallocation of funds, favouritism and outdated record-keeping lead to revenue losses.
- Weak tax collection mechanisms and lack of financial audits.
- Solution: Digital tax registers, periodic audits, and strong accountability measures.

Addressing these challenges through better governance, capacity building and community engagement will improve OSR mobilization and financial sustainability for Gram Panchayats.

2.3 Strengthening the Revenue Life Cycle

The revenue powers devolved to GPs under the 73rd Constitutional Amendment are often underutilized due to administrative inefficiencies, weak enforcement, and political resistance. Urgent reforms are required across the five stages of the revenue life cycle to enhance revenue collection and ensure fiscal sustainability.

The five stages are Enumeration, Valuation, Assessment/Metering, Billing-Collection and Reporting.

2.3.1. Enumeration: Identification of Taxable & Chargeable Units

Challenges:

- Lack of comprehensive databases for properties, businesses, government assets and users of services.
- Poor record-keeping, leading to tax evasion and revenue leakages. Refer to Figure 2.1 for an example from Assam.
- Limited use of technology for revenue mapping, awareness and resource tracking.

FIGURE 2.1: MANUAL DOCUMENT RECORDS FILES FROM LACHITGARH GAON PANCHAYAT, ASSAM

REFORMS NEEDED

- **Regular Surveys** – Conduct door-to-door enumeration of businesses, land holdings and water connections. Ward members, panchayat committee members and SHG members play an important role in spreading awareness and motivating the public to pay tax and participate in village development planning.
- **GIS-Based Property Mapping** – Conduct satellite-based surveys to identify taxable properties and commercial establishments.
- **Digitized Revenue Registers** – Maintain an updated database of taxpayers and service users.

2.3.2. Valuation: Determining Tax Base and User Charges

Challenges:

- Outdated property valuation methods leading to lower property tax collection.
- Arbitrary or politically influenced user charge rates.
- Lack of periodic revision of tax and fee structures.

REFORMS NEEDED

- **Market-Linked Pricing** – Base trade license fees and market stall rents on local economic conditions.
- **Rationalized Property Valuation** – Adopt capital value-based or rental-based assessment methods.
- **Periodic Tariff Revisions** – Set automatic periodic revisions for user charges based on inflation. A minimum 10% annual increment should be mandatory, except under special circumstances such as pandemics or natural calamities.

2.3.3. Assessment/Metering: Measuring Liability Accurately

Challenges:

- Lack of metering for water supply, sanitation, and electricity in rural areas.
- Poorly defined assessment mechanisms leading to revenue loss.
- Difficulty in differentiating between residential and commercial use.

REFORMS NEEDED

- **Assessment criteria -** Assessment should take into consideration area, type of economic activity, location, infrastructure maintenance and opportunity costs.
- **Smart Metering for Utilities** – Implement pre-paid or smart metering for water electricity usage. Metering for utilities improves user fee collection and resource conservation.
- **Digitized Tax Assessment Systems** – Use mobile apps to assess and record tax liability on a daily basis.
- **Differential Tariffs (progressive taxation)** – Charge higher rates for commercial and industrial usage, while offering concessions to SHGs and co-operatives.

2.3.4. Billing & Collection Ensuring Efficient Revenue Collection

Challenges:

- Inefficient billing systems leading to arrears accumulation.
- Over-reliance on manual collection, increasing leakages and corruption.
- Resistance to digital payment adoption in rural areas.

REFORMS NEEDED

- **Online Payment Portals & Mobile Apps** – Facilitate tax and user charge payments through digital wallets and UPI.
- **Incentives for Timely Payment** – Offer rebates and discounts for early or prompt tax payments.
- **Doorstep Collection for Rural Areas** – Introduce mobile tax collection vans or digital kiosks for remote areas.

2.3.5. Reporting Ensuring Transparency & Accountability

Challenges:

- Poor financial reporting leading to lack of public trust.
- Absence of real-time revenue tracking systems.
- Weak enforcement of audit mechanisms.

REFORMS NEEDED

- **Public Dashboards for Revenue Monitoring** – Display real-time revenue data on GP websites.
- **Mandatory Social Audits** – Conduct community-level financial audits and share findings with citizens. (refer Annexure 5 for application of Social Audit Model)
- **Integration with Panchayat Raj Institutions (PRI) Accounting Systems** – Ensure proper record-keeping through standardized accounting software.

2.4. Steps to Enhance OSR

2.4.1. Strengthening Tax Compliance

One of the primary reasons for low OSR is poor tax and non-tax compliance at the GP level. Several strategies can help improve compliance rates:

Case Study: Jagannathprasad GP, Odisha

- The Panchayat was unable to collect rent from five shops in its market complex for six years, leading to a loss of Rs. 1,80,000 in OSR.
- Lesson: Strengthening collection mechanisms and enforcing compliance collectively can prevent such revenue losses.

BEST PRACTICES

1. Kerala's 100% Tax Collection Model

Objective: To enhance tax compliance through community involvement and performance-based incentives.

Key Practices:

1. Community Engagement and Healthy Competition: Local wards are encouraged to compete for the highest tax collection, fostering a sense of community responsibility and motivating citizens to pay taxes promptly.
2. Incentives for Early Payment: A 5% rebate is offered to taxpayers who make timely payments, incentivizing early compliance.
3. Performance-Based Incentives for Officials: Tax officials are rewarded with a performance-based bonus equivalent to one month's salary if they achieve full tax compliance, creating a strong motivation to meet tax collection goals.
4. Use of Kudumbashree for Tax Collection:
   - Role of Kudumbashree Workers: Kudumbashree workers deliver tax demand notices and gather phone numbers for follow-up actions.
   - Nominal Fee Structure: A small fee of Rs. 10 per household is paid to these workers for their services.

- o Persistent Follow-ups: Continuous follow-ups by Kudumbashree workers ensure higher compliance rates, promoting greater tax collection within the community.

2. Incentive Structure for Tax Collectors in West Bengal

Objective: To motivate tax collectors to increase revenue generation through a commission-based incentive system.

Key Practices:

1. Dual Funding Structure: In West Bengal, tax collectors are funded by both the State Government and the Gram Panchayat. While the salary is paid by the state, the incentive structure is provided by the Gram Panchayat, ensuring a shared interest in successful tax collection.
2. Honorarium and Commission-Based Incentive System:
   - o Tax collectors receive a fixed honorarium in addition to a commission based on their collection performance.
   - o If the collection is up to ₹6,000, the tax collector receives a 10% commission. For collections exceeding ₹6,000, the commission rate increases to 15%.
   - o This progressive structure incentivizes tax collectors to go beyond the minimum target, as their earnings are directly proportional to the amount of revenue they collect.

2.4.2 Panchayat Asset Mapping and Revenue Review

Map existing assets, such as common lands, panchayat land, water bodies and Assets. Mukundapurpatna GP in Odisha has been geo-tagging its assets since 2020 and has uploaded the information (asset stage, activity name, approved cost) on the eGramSwaraj portal for public access.

Many GPs lack updated records of their land and assets, leading to revenue leakages and encroachment.

In the absence of regular review of the panchayat properties, there is high scope of encroachment over panchayat land or control of user rights being taken by entities other than panchayat members.

CASE STUDY: KOLHAPUR DISTRICT, MAHARASHTRA

- A youth Sarpanch conducted a survey and discovered that 40 acres of an industrial area fell under his GP's jurisdiction.
- For decades, industries paid professional tax to a neighbouring GP.
- Legal action was initiated and the GP successfully increased its OSR by Rs. 15-30 lakh annually.
- **Lesson:** Regular asset mapping ensures accurate revenue assessment and prevents revenue losses.

2.4.3. Enhancing Property Tax Collection

Many GPs assess property tax based on outdated permits, ignoring redevelopment.

Example: Kerala's Property Tax Model:

- **Updated Tax Assessment:** Taxes are calculated based on carpet area and regular surveys.
- **Permit Fees for Construction:** Charges vary by square meters and building type

(residential/commercial), ensuring fair taxation.

- **Professional Tax Collection**: Banks and financial organizations pay a flat institutional tax of Rs. 2,500 annually.
- **Enforcement via Kerala Panchayat Building Rules (KPBR) 2019:**
  - Engineers and technical personnel ensure compliance.
  - Non-compliant structures face penalties or demolition.
  - **Impact:** Property tax forms **35% of Panchayat revenue** in many places, making regular assessment crucial.

BEST PRACTICE

Tax Base Expansion and Property Registration in Karnataka

Objective: To widen the tax base by ensuring that all newly constructed properties are captured and brought under the tax net.

Key Practices:

1. **Comprehensive Annual Property Survey:** At the start of every financial year, the Gram Panchayat conducts a thorough survey of all buildings and vacant lands within its jurisdiction. This ensures that all newly constructed properties are identified and brought under the tax net.
2. **Panchayat Profile Management:** The Gram Panchayat maintains an updated and detailed list of all properties in the area. This list, referred to as the Panchayat Profile Management, includes key details about each property, such as:
   - Type of construction
   - Purpose and use of the property
   - Age of the building
3. **Regular Updates and Rule Adjustments:** The state regularly issues new rules and guidelines through Government Orders (GOs), such as GO No. KPRC-DEV/198/2021, to ensure that the tax collection process stays up to date and in line with current developments in property usage and construction standards.

2.4.4. Optimizing Local Markets for Revenue Growth

GPs can regulate local markets and fairs, including auctioning fish ponds, livestock markets, and other commercial assets like community halls and bus stands.

Example: Mukundapurpatna GP, Odisha

- The Sarpanch shifted the local market to a **larger area**, increasing footfall and business expansion.
- **Result:** OSR increased **tenfold**, from Rs. 40,000 to Rs. 7 lakhs between 2006-2010.
- **Lesson:** Strategic relocation of market spaces can boost rental and user fees.

2.4.5. Monetizing Panchayat-Owned Resources

- Invest in infrastructure like roads, water tanks, or community halls that generate consistent user fees. Ensure regular maintenance of assets to avoid deterioration.
- Charging fees for the use of assets (e.g., community halls, public latrines and commercial complexes) is a viable source of OSR.
- Auctioning Recyclable Material: Selling recyclable materiel such as scrap and timber from trees that need to be cut can generate additional revenue.

CASE STUDY: UNDER-UTILIZATION OF PANCHAYAT ASSETS IN ODISHA

- In Jagannathprasad GP of Odisha, it was observed that the Panchayat had been unable to collect rent from five shops in its market complex for the last six years. This resulted in a gross loss of at least Rs 1,80,000 of OSR from these shops.
- A Kalyan Mandap (community hall) was built at a cost of Rs. 35 lakhs but was leased for only Rs. 9,600 annually, significantly below its market value. The GP decided to manage it directly, increasing potential revenue to Rs. 60,000 - 70,000 annually.
- **Lesson:** Regular evaluation of asset utilization ensures fair revenue generation.

2.4.6. Efficient Management of Agriculture-Related Revenues

- Activities such as the sale of manure, agricultural extension services, and the regulation of farm-related markets (e.g., vegetable and fruit markets) can become key revenue-generating activities if properly managed.
- States like Gujarat and Maharashtra have demonstrated the potential for GPs to generate revenue from manure sales. In Uttar Pradesh, a GP has established a vermicomposting plant to generate revenue.
- The regulation of flower markets (Ramapura GP) and tomato markets (Billekallu GP) has created additional revenue streams.

2.4.7. Targeted Collaboration with Stakeholders:

- **Self-Help Groups (SHGs)**: Partner with women's groups for revenue collection and awareness campaigns.
- **Producer Groups/FPOs**: Encourage local entrepreneurship to generate revenue from local goods.
- **Standing Committees**: Delegate specific revenue goals to committees, such as:
  - Water and Sanitation Committee: Levy and manage water taxes.
  - Education Committee: User fees for schools and libraries.
  - Natural Resources Committee: Fees for grazing land and fishing rights.

2.5 Lessons from Urban Bodies for OSR Augmentation in Gram Panchayats

2.5.1. Efficient Property Tax Collection

Urban Local Bodies (ULBs) have successfully implemented GIS-based property tax mapping to improve efficiency and reduce revenue leakages.

- Indore Municipal Corporation uses GIS mapping and digital payment integration for property tax collection, leading to higher compliance rates and reduced revenue loss.
- Bangalore Municipal Corporation introduced an automated property tax assessment system that ensures accurate tax calculations and prevents underreporting.

Adaptation for Gram Panchayats (GPs):

- Digital property registers for maintaining up-to-date records.
- Localized tax collection drives to increase awareness and compliance.
- Integration of digital payment systems to streamline collection and reduce leakages.

2.5.2. Innovative User Charges & Service Fees

Urban bodies generate revenue by imposing structured fees for essential services.

Examples

- Pune Municipal Corporation introduced a graded user charge system for solid waste management, ensuring financial sustainability and service efficiency.
- Delhi Jal Board applies a tiered water tariff system, balancing affordability for lower-income groups while ensuring cost recovery.

Adaptation for GPs:

- Implementing tiered pricing for water supply based on consumption levels.
- Introducing nominal waste collection charges to improve sanitation services.
- Standardizing trade licensing fees for rural businesses to ensure equitable contributions.

2.5.3. Monetization of Panchayat Assets

Municipalities effectively utilize public assets to generate additional revenue.

Notable Examples

- Bhubaneswar Municipal Corporation leases public spaces for commercial events and advertisements, creating a steady revenue stream.
- Ahmedabad Municipal Corporation generates revenue through long-term leasing of commercial markets and community halls.

Adaptation Lessons for GPs

- Leasing common lands for agro-based activities, rural tourism, and weekly markets.
- Utilizing village community halls for social functions on a rental basis.
- Encouraging local entrepreneurship by leasing small commercial spaces in village centers.

2.5.4. Public-Private Partnerships (PPPs)

Public-Private Partnerships (PPPs) have played a crucial role in urban infrastructure development.

Examples

- Surat Municipal Corporation leveraged a PPP model to implement a city-wide LED streetlight program, reducing energy costs and enhancing public lighting.
- Hyderabad Metro Rail Project was executed through a PPP model, ensuring private investment and operational efficiency.

Adaptation Lessons for GPs

- Partnering with private firms for solar streetlights and decentralized drinking water solutions.
- Encouraging private investment in village markets and bus stands.
- Collaborating with telecom firms for setting up mobile towers on panchayat land.

2.5.5. Inter-Governmental Coordination for Fund Mobilization

Successful urban governance models show the importance of coordinated efforts.

Notable initiatives

- Maharashtra's "Amrut City" scheme integrates municipal and district-level planning to optimize fund utilization.
- Kerala's Decentralized Planning Model enables local bodies to access and leverage funds effectively for infrastructure development.

Adaptation for GPs

- Strengthening coordination with Zilla Parishads for project funding under state and central government schemes.
- Ensuring alignment with Gram Panchayat Development Plans (GPDP) to tap into available resources effectively.
- Advocating for financial devolution and direct fund transfers from higher tiers of government.

Implications for Augmenting OSR:

A structured approach to property tax assessment can boost OSR for Gram Panchayats by:

- **Strengthening Human Resources:** Ensuring adequate staffing, hiring trained personnel, and assigning dedicated revenue collection officers.
- **Regular Property Surveys:** Ensuring new constructions are added to the tax base and preventing evasion.
- **Differentiated Tax Rates:** Ensuring fair, proportional taxes based on property type, improving compliance and revenue.
- **Updated Market Value Guidelines:** Aligning taxes with market conditions to maximize revenue.
- **Improving Infrastructure and Planning:** Ensuring that revenue-generating projects under GPDP are well-planned, executed and aligned with local economic needs.

By maintaining accurate records and adapting to changes, Gram Panchayats can enhance OSR while ensuring fairness and transparency.

To conclude, empowering GPs to strengthen their OSR ensures sustainable and self-reliant development. This module provides an indicative pathway for Panchayat representatives to harness their constitutional powers effectively and contribute to grassroots governance.

MODULE 3:

USING PRINCIPLES OF BEHAVIOURAL SCIENCE FOR TAX COLLECTION

Module 3

Using Behavioural Science Principles for OSR Generation

Session Plan

Session Duration: 75 minutes

Target groups: Elected Representatives of Gram Panchayats

Trainers: Master Trainers

Training venue: As identified by each state

Training methods: Interactive methods including brainstorming, group discussions, good practice cases studies, group activities, and audio-visual material.

Training Material:

- PPT provided
- Examples from Module 3

Session Objectives:

- To understand the core principles of behavioural economics.
- To learn the application of nudge theory in public policy.
- To analyse the role of nudges in OSR generation by GPs.
- To identify behavioural barriers to success of OSR generation.
- To design effective nudge-based policies to increase compliance and participation in OSR activities.

Expected Outcomes of the Training:

- Increased understanding of behavioural economics in policy making.
- Better implementation of nudge-based policies for OSR generation.
- Improved OSR collection strategies by Gram Panchayat through behaviourally informed strategies, increasing compliance and community engagement.
- Effective problem identification and goal-setting for OSR.
- Enhanced monitoring and adjustment by GP members to continuously evaluate the effectiveness of nudge strategies and refine them for better outcomes.

Detailed Session Plan for Module 3

Starting the Session (5 minutes)

This session can begin with a question or questions related "Do you know the relevance of this topic? How can understanding behaviour of individuals and groups in your community help you with OSR generation?

The answers received can form the basis for introducing the participants to the purpose of this session and the intended takeaways.

Main Session (55 minutes)

In the main session, the trainer should discuss the concepts in detail using the Teaching Content provided and the IEC material. Key subtopics to cover include:

1. What is Behavioural Economics and its role in Public Policy?
2. What is Nudge Theory?
3. Application of Nudge Theory by Gram Panchayats for OSR generation.
4. Other principles of behavioural economics that can facilitate OSR.

As many examples as possible should be shared with participants to facilitate understanding of the application of concepts.

Question and Answer Round (5 minutes)

The session can end with a discussion on participants' questions and doubts.

Teaching Content

3.1 Role of Behavioural Economics in Public Policy

Public policies can be graded on a range capturing how strongly they influence (or coerce) behaviour. On one end is laissez faire policy, i.e. doing nothing and leaving individuals to chart their own course. On the other end are regulations, which mandate people to act in a socially desirable manner. Between these extremes are policies that incentivize good behaviour or dis-incentivize bad behaviour, such as cashback for early payments of bills and relatively higher taxes on alcohol and tobacco.

Behavioural economists have also discovered the efficacy of a new class of policies called "nudge" policies, that lie between doing nothing (*laissez faire)* and incentives. Such policies draw on the psychology of human behaviour to influence the choices of people. Nudge policies gently steer people towards desirable behaviour while preserving their liberty to choose.[19]

FIGURE 3.1: PLACEMENT OF NUDGE POLICIES ALONG A CONTINUUM OF PUBLIC POLICIES

Source: Refer footnote.

3.2 Nudge Theory

The concept of 'nudge' can be very useful for Gram Panchayats. Simply, nudge means a 'gentle push'. The village head and Panchayat members can make use of this principle effectively to motivate people to pay taxes without forcing them to do so. Let us see how this concept can be applied through various examples.

3.3. Application of Nudge Theory by Gram Panchayats for OSR generation

3.3.1. Default Options and Inertia

Explanation: People often prefer sticking to the default option, so Gram Panchayats can design revenue collection systems with default opt-in mechanisms to reduce inactivity.

Nudge: Changing the default to automatically enrol property owners and businesses in the local tax system for tax payments through mobile apps, with the option to opt-out if they wish.

Example: Gram Panchayats could set up an automatic registration system for property taxes. Residents would receive a tax bill unless they formally opt-out. This would control lethargy and make people more likely to pay their taxes, as opting-out requires effort, while staying enrolled is the default choice.

[19] **Policy for *Homo Sapiens, Not Homo Economicus*: Leveraging the Behavioural Economics of "Nudge"**. **Economic Survey 2018-19 Volume 1**. Accessed on 16 December 2024 from https://www.indiabudget.gov.in/budget2019-20/economicsurvey/doc/vol1chapter/echap02_vol1.pdf

3.3.2. Social Norms and Peer Influence

Nudge: Displaying messages or reminders that highlight the positive actions of influential local figures, such as respected elders, community leaders, or neighbours, encouraging residents to follow the social norm of timely tax payments thereby leveraging social pressure for better OSR generation.

These social norms can be (a) **Descriptive Norms**: Communicating that most people in the village are paying their share can encourage others to follow suit, and (b) **Injunctive Norms**: Setting expectations that certain behaviours (e.g., paying taxes or contributing to community projects) are the "right" or socially expected thing to do.

Example 1: Sending SMS reminders or posters in the village that say, "90% of your neighbours have already paid their taxes," or "Most of the local businesses are contributing to development projects." This taps into people's desire to conform to social expectations and can lead to higher compliance.

Example 2: In a larger context, when the best practices of one GP or State is showcased to another to follow, this itself is an example of peer influence through role modeling.

3.3.3. Simplification: Easier Payment Processes

Nudge: Making the process of paying taxes or fees as simple and convenient as possible.

Example: Offering mobile apps, auto-debit facility or online portals where residents can pay taxes with just a few clicks. If paying through these channels is made the default option (e.g., pre-filled details), it nudges residents to make the payment without needing to visit a government office or fill out forms manually.

The payment system could be divided into installments, scheduled according to residents' cash flow. Dividing taxes and fees into instalments helps reduce the immediate burden on the payee. Additionally, scheduling payments during the harvest period for farmers would address cash flow issues and minimize non-payment due to insufficient funds. Such initiatives could reduce the mental burden and make it easier for people to commit to paying.

A recent study found that GPs that were found to be high in effective governance, innovative revenue-generation strategies, and disciplined management were able to generate good OSR through taxation despite having a small population. Clearly, their tax payment systems were clear and simple. As one example, the Gram Panchayat of Billekallu in Andhra Pradesh has only 19 commercial establishments, 310 pucca houses, and a population of 4413, yet its own source revenue stands at INR 4213145. Its efficiency score in the study was high at 0.999 .

As another example of simplification, in Odisha, the online trade licensing system serves as a significant source of non-tax revenue for local bodies . Revenue is generated through the issuance of new licenses, amendments, and renewals, which supports local development and municipal governance. By digitizing and centralizing these processes, the Odisha government has made it easier for businesses to comply with regulations while fostering a more efficient licensing

environment. Such a system of trade licenses can be extended even to rural local bodies.

3.3.4. Reinforcement and Reminders

Explanation: To sustain long-term changes in behaviour, Gram Panchayats can send regular reminders or give rewards for timely payment of taxes.

Nudge: Providing small rewards or recognition for residents who pay taxes on time or early. Small rewards or incentives can also be given to tax collectors to motivate them to collect taxes as is done in West Bengal.[20]

Examples of reward: Gram Panchayats could introduce a small discount or a community recognition program (such as certificates or even public recognition) for those who pay their taxes early or donate. These rewards serve as positive reinforcement for desired behaviours.

Example of reminder: Sending SMS reminders, social media posts, or posters around the village could remind residents of upcoming tax deadlines and encourage people to maintain positive payment habits.

3.3.5. Commitment and Consistency

Explanation: Once people make a commitment, they are more likely to stick to it and maintain consistency in their behaviour.

Nudge: Encouraging residents to commit publicly to paying taxes or contributing to local funds.

Example: Gram Panchayats could set up community forums (Gram Sabhas) or events where residents are encouraged to pledge contribution to local taxes or local development. Public commitment can build social pressure, help people feel accountable and may encourage timely payments. Similarly, social audits and participatory budgeting can be implemented to inject citizen engagement and an ownership of local government.

3.3.6. Framing Effect

Explanation: The way information is presented can significantly impact decisions. Positive framing, which focuses on communicating the benefits can make individuals feel more positively about the activity rather than treating it as an obligation.

Nudge: Framing tax payments not just as a legal requirement, but as a social responsibility and a contribution to community welfare.

Example: When sending tax bills, the Gram Panchayat could include a message like, "Your contribution helps build roads, schools, pay electricity bills for street lights, maintain sanitation, and clean water facilities for everyone in the community." This emphasizes the social impact and could nudge people to feel more positive and responsible about paying.

Further, Gram Panchayats and Sarpanches' (village heads) can use the nudge theory not only for OSR generation through taxes, but also through non-tax sources such as fees, donations, or other local funding mechanisms. Anchoring is one such mechanism

[20] National Institute of Public Finance and Policy and Ministry of Panchayati Raj. (2025). Preparation of a Viable Financial Model for Generation of Own Source Revenue (OSR). Revised Draft Report.

through which reference points can be used to influence decisions. For example, setting a donation target based on what others contribute can lead individuals to contribute similarly.

These are just a few examples to demonstrate how Gram Panchayats can use nudge theory to encourage higher participation in OSR generation, enhancing their revenue without coercion or drastic changes to existing systems.

3.4 Other principals of behavioural economics that can facilitate OSR

Some other key principles of behavioural economics that are also very important for Gram Panchayats and other Panchayati Raj members to understand if they want to enhance OSR:

1. **Loss Aversion**

   People are more motivated to avoid losses than to gain rewards. This can be leveraged by framing actions in terms of avoiding negative outcomes. For example, the gram panchayat of Raj Samdhiyala in Rajkot district of Gujarat has fines for non-compliance with local tax or fee payment while in the Gram Panchayat of Gadhka in Rajkot district of Gujarat, only households that pay taxes are given services such as certificates (birth, death, income, farm compensation, scholarships, etc.).

2. **Social Proof**

   People tend to follow the actions of others. Thus, Gram Panchayats can highlight stories of successful tax collection, or show examples of local residents who contributed to community projects and how it benefited their community. Publicly acknowledging those who contribute can motivate others to participate, using social proof as a powerful motivator. Panchayat members should lead by example, demonstrating their commitment through timely payment of taxes themselves. These steps play a crucial role in setting an example through leadership.

3. **Importance**

   Making taxes and fees more noticeable and relevant to residents by progress tracking to highlight how these funds are directly benefiting their community can help nudge them to pay taxes. For example, visual reminders such as posters, digital displays, or regular reminders that show how the collected taxes contribute to tangible benefits (e.g., new roads, schools, water systems) can increase engagement.

4. **Transparency and Feedback through Public Updates**

   People are more likely to engage in behaviours when they receive feedback on the outcomes of their actions. These could be in the form of updates through annual reports. It could also be in the form of providing feedback and regular public updates on the success and impact of the projects (e.g., new roads, schools, or health centres). Similarly, real-time tracking by using apps or bulletin boards to track the progress of local projects funded by taxes or donations can keep residents informed and motivated. It will make people feel more connected to their contributions and can increase future contributions

To conclude, by applying principles from Behavioural Science, such as Nudge Theory and Loss Aversion, Gram Panchayats and village heads'' can create environments where local residents are more likely to engage in behaviours that generate own-source revenue. By framing tax payments and community contributions as part of collective growth, simplifying processes, using social proof, and offering timely reminders and incentives, local governments can significantly increase compliance and foster a sense of shared responsibility among villagers.

A word of caution, however: the Nudge principle should not replace all incentive-based or mandate-based policies. There are instances—such as when rules are broken or crimes are committed—where nudges are unlikely to be effective. Nudge theory offers a complementary set of strategies that should be tested and evaluated through experimentation. These strategies aim to achieve incremental, positive changes in behavior, particularly in terms of outcomes like an increase in OSR. However, their application should be considered as part of a broader policy toolkit, rather than a complete substitute for more direct interventions.

MODULE 4:

UTILIZATION OF OSR FOR VILLAGE DEVELOPMENT

Module 4

Utilization of OSR for Village Development

Session Plan

Session duration: 75 minutes

Target groups: Gram Panchayat Officials

Trainers: Master Trainers

Training venue: As identified by concerned departments

Training methods: Interactive lecture and must include brainstorming, group discussions, and video documentaries of good practice cases studies.

Training Material:

- PPT provided
- Examples from Module 4
- Annexure 2- Case Study of Dhaki GP, Dehradun, Uttarakhand
- Annexure 4 - Case Study of Sirasu GP, Pauri, Uttarakhand
- Video Documentararies of Sirasu and Mukundapurpatna Gram Panchayats

Session Objectives

- To understand the importance of Own Source Revenue in achieving financial autonomy for Gram Panchayats.
- To identify key areas where OSR can be utilized to achieve Localized Sustainable Development Goals (LSDGs).
- To analyze case studies to understand how OSR contributes to village development and the challenges faced by Gram Panchayats.

Expected Outcomes of the Training:

- Enhanced Understanding of OSR: Participants will gain a clear understanding of how Own Source Revenue can contribute to the financial independence and development of Gram Panchayats.
- Skills to Implement OSR Models: Participants will develop the skills to implement and manage successful OSR models based on their local context and needs.
- Alignment with LSDGs: Participants will learn how to align OSR utilization with the achievement of LSDGs for their villages.
- Increased Awareness of Challenges: Participants will be equipped with the knowledge to identify and address the challenges faced by Gram Panchayats in generating and utilizing OSR effectively.

Detailed Session Plan for Module 4

This module will cover the following key sub-topics:

- Introduction to OSR and its importance for Gram Panchayats.
- Understanding LSDGs.
- Key areas of expenditure for OSR in rural development.
- Challenges and innovative solutions in OSR utilization.

Time-wise break up for sub-topics:

- ***Introduction (10 mins)***:
  - Briefly explain the concept of OSR and its significance for Gram Panchayats.
  - Discuss the financial autonomy of GPs and how OSR contributes to local development.
- ***Understanding LSDGs (15 mins)***:
  - Introduce the concept of Localized Sustainable Development Goals.
  - Explain the 9 broad themes of LSDGs and their relevance to village-level planning.
- ***Key Areas of OSR Utilization (20 mins)***:
  - Discuss the main areas where OSR is utilized, such as infrastructure, health, education, poverty alleviation, and environmental conservation.
  - Highlight how these areas contribute to achieving LSDGs.
- ***Case Studies (20 mins)***:
  - Present the video documentaries of Sirasu and Mukundapurpatna Gram Panchayats and case study of Sirasu GP (Annexure 4).
  - Discuss how OSR is used for village development, including tourism and market complexes.
  - Analyze the challenges faced by these GPs and their solutions (Refer Annexure 2 for case study of Dhaki Gram Panchayat for challenges).
- ***Discussion and Wrap-Up (10 mins)***:
  - Open the floor for questions and discussions.
  - Summarize the key takeaways and stress the importance of OSR in sustainable rural development.
  - Conclude with a brief reflection on how GPs can maximize OSR for community development.

Question and Answer Round (5 minutes)

The session can end with a discussion on participants' questions and doubts.

Teaching Content

4.1 Introduction

The effective utilization of OSR is critical for achieving financial self-reliance in GPs and enhancing grassroots development. While GPs receive financial support from central and state governments, their ability to independently generate and deploy OSR allows them to address community-specific needs with greater flexibility.

A well-planned utilization of OSR can:

- Strengthen local infrastructure and service delivery,
- Bridge gaps in existing government schemes,
- Enhance community participation in governance,
- Create sustainable revenue streams for long-term financial stability,
- Improve local economic opportunities, contributing to rural livelihoods.

By ensuring judicious and strategic use of OSR, Gram Panchayats can create tangible socio-economic benefits and transform villages into self-sustaining units aligned with the principles of "*Atma-Nirbhar* Gram Panchayats."

4.2 Utilization of Own Source Revenue to fulfil Localised Sustainable Development Goals of the village

India is a signatory to Sustainable Development Goals (SDGs) 2030. Panchayat Raj Institutions being the nearest institutions to villagers are best placed to design and implement locally relevant policies aligned to SDGs. Local aligning refers to the process of integrating the 17 global SDGs into local development planning and implementation at the grassroots level.

Localisation of SDGs is done through a thematic approach to planning, where the 17 SDGs are aggregated into 9 broad themes reflecting various aspects of development. These include:

1. Poverty free and enhanced livelihoods village
2. Healthy village
3. Child friendly village
4. Water sufficient village
5. Clean and Green village
6. Self-sufficient infrastructure in village
7. Socially secured village
8. Village with good governance
9. Women-friendly panchayat

These LSDGs will help ensure that 'No One Is Left Behind' and that 'No Village Is Left Behind'. Gram Panchayats are the principal actors in the last mile delivery of SDG outcomes. However, achieving these outcomes requires resources much more than what the GPs receive through the State and Centre. This is where the role of OSR comes in.

4.3 Key Areas of Expenditure for OSR

To ensure effective utilization of OSR without overlapping with existing Central and State schemes, Gram Panchayats should focus on complementary and innovative areas that enhance service delivery and financial sustainability. To maximize the impact of OSR utilization, Gram Panchayats should prioritize investments that either generate long-term benefits for the community or create additional revenue sources.

1. Infrastructure Enhancement & Asset Maintenance

- Development of local markets and rural haats with rental revenue.
- Upgrading and repairing roads, culverts, and drainage where gaps exist in government funding.
- Maintenance of non-covered community assets such as local markets, bus stands, and rural haats.
- Installation of renewable energy-based street lighting (e.g., solar-powered lights) to reduce long-term costs.

2. Water Supply & Sanitation (Gap-Filling & Innovations)

- Expansion of drinking water supply networks in uncovered areas.
- Establishing community-led waste management systems, including composting units and decentralized solid waste processing.
- Promotion of rainwater harvesting and greywater recycling beyond existing government projects.
- Construction of pay-and-use public toilets and drinking water ATMs.

3. Health & Education (Infrastructure & Service Support)

- Upkeep of Panchayat-owned health and education facilities, ensuring maintenance of assets not covered under schemes.
- Providing incentives for local healthcare workers and teachers to improve service delivery.
- Running community-based nutrition programs in public places such as weekly market, local festivals, gram sabha meetings, etc.

4. Agricultural & Rural Economy Development

- Development of Panchayat-owned markets and storage facilities for agricultural produce.
- Promotion of agro-processing units and farmer collectives to boost local entrepreneurship.
- Establishment of skill training hubs aligned with rural economic activities.

5. Livelihood Promotion & Welfare

- Funding self-employment initiatives through microfinance support for small entrepreneurs.
- Strengthening local SHGs (Self-Help Groups) and cooperative ventures beyond existing schemes.

- Creating local employment opportunities through Panchayat-led enterprises.
- Leasing out village ponds for fisheries and horticulture for additional income.
- Setting up vocational training centers for youth and women.

6. Environmental Conservation & Sustainable Revenue Initiatives

- Development of eco-tourism projects and nature parks for revenue generation.
- Investment in green energy projects, including biogas plants and community solar farms.
- Introducing user charges for sustainable solid waste management services.

OSR should be strategically utilized in areas that fill gaps, create sustainable revenue streams, and improve financial self-reliance, rather than duplicating government-funded initiatives.

Case Studies

Several Gram Panchayats have successfully used OSR to drive impactful development. By aligning OSR utilization with local economic opportunities and community needs, Gram Panchayats can enhance service delivery, promote inclusive growth and achieve sustainable rural development. Below are two notable case studies.

4.4 Case Studies of Good Practices

Two case studies showcase how OSR can be utilised for village development.

- Sirasu GP, Uttarakhand.

- Mukundapurpatna GP, Odisha

4.4.1 Sirasu Gram Panchayat

The detailed case study is provided in Annexure 4 and in the video documentary on Sirasu. Here the focus is on how the village has utilised the OSR and also how the OSR has benefited the community members.

FIGURE 4.1: OSR THROUGH PRE-WEDDING SHOOTS AT SIRASU GP, UTTARAKHAND

Utilization of OSR for Village Development

1. **Infrastructure Development**

   a. **Solar Lighting Installation**

   - OSR was used to install solar lights every 200 meters in the village, ensuring illumination during power cuts.
   - Plans are underway to install mass lighting for large families.

   b. **Water Supply & Road Construction**

   - Revenue has been used for water pipeline installation
   - The village is in the mountains and spread vertically along several hectares. For ease of commutation, pukka road has been

FIGURE 4.2: SOLAR LIGHTS INSTALLATION USING OSR AT SIRASU GP

constructed, making connectivity very easy for the community people.

FIGURE 4.3: PUKKA ROADS CONSTRUCTED USING OSR AT SIRASU GP

Employment Generation and Poverty Alleviation

- 14-15 families are directly employed through the pre-wedding shoot industry.
- Local youth rent out high-end bikes to tourists, generating additional income.
- The local tea shops and other small shops selling groceries have benefited through the boost to tourism and OSR initiatives.

Challenges & Community Support

- Initial resistance due to disturbances on the suspension bridge during shoots.
- Community gradually accepted the initiative, recognizing its developmental benefits.

Sirasu Gram Panchayat's innovative non-tax revenue model has ensured self-sufficiency, infrastructure development, and local employment without burdening villagers with direct taxation.

4.4.2 Mukundapurpatna GP, Odisha

Mukundapur Patna Gram Panchayat is located in a tribal belt in Odisha and includessix villages with a population of around 8,000 people, as of the 2024. The GP consists of 11 wards, with most of the population being tribal, influencing the local governance and economic activities of the region. The village is well known for its unique traditions and religious significance, with the renowned Tarini Mata Rani temple attracting a large number of devotees annually.

The presence of the Tarini Mata Rani temple plays a central role in the village's economy, drawing about 1 crore devotees annually, with major influxes during events like New Year's Eve, when up to 3 lakh devotees visit the temple. This religious significance has transformed the temple into a key cultural and economic asset for the GP.

SOURCES OF OSR FOR MUKUNDAPURPATNA GP, ODISHA

Primary Source of OSR – Market complex, weekly market, market complex and guest house

- Weekly Haat (Market): The GP organizes two weekly markets (on Tuesday and Thursday), with approximately 300 stalls, generating significant revenue.
- Bus Stand: The GP owns and operates a bus stand where private vehicles pay a fee of Rs 20 per vehicle. A redevelopment of the temple and nearby region is currently underway, which has temporarily impacted current year revenue. Redevelopment plans with the support of the state government are underway, which will enhance the capacity for religious tourism and create additional revenue streams for the village in the next few years.
- Market Complex Revenue: Rs 200-400 per shop, with periodic adjustments in consultation with the Gram Sabha.

Other sources

- Kalyan Mandaps: The GP owns two large community halls, each spanning 1,600-2,000 square feet. These facilities are under construction and will soon generate revenue by charging Rs 1,000-1,500 per marriage.
- Advertisement Revenue: Rs 3,500 per year for advertisements within the GP area, but this is an irregular source due to electoral restrictions and the Model Code of Conduct.
- Marriage Fees: Rs 100 per marriage, though this fee is voluntary.

Utilization of OSR for Village Development

From 2006 to 2018, the GP saw steady growth in OSR, with the revenue increasing from Rs 93,000 in 2006 to Rs 36.78 lakh in 2018. Before 2007-08, the GP primarily operated as an implementing agency for various government programs. However, with the rise in OSR, the GP has been able to introduce its own schemes for the welfare of its citizens.

1. **Mo[21] Sahara**
   - Financial assistance for repairing houses damaged by elephants and old Indira Awas Yojana houses.
2. **Mo Sikshya**
   - Learners from Class 1 to Class 10 are provided with educational materials, bags, water bottles, and assistance related to digital education.
   - Financial assistance is given to poor, meritorious students for higher studies.
3. **Kanyadan**
   - Financial assistance of Rs 5,000-10,000 is provided for the weddings of girls from BPL families.
4. **Kanya Amara Amulya Ratna scheme**
   - The GP organizes naming ceremonies for girl children.
   - A fixed deposit (FD) of Rs 5,000 is made in the name of the girl child for a 6-year term to strengthen the social security of the girl child.
5. **Jasoda (Health care)**
   - Mothers and newborn children are provided with daily necessity kits and food.
6. **Atma Trupti**
   - Farmers participating in the weekly market are provided lunch at a subsidized

[21] Mo refers to my or mine

rate of Rs 5 per plate to boost participation and trade in the region.

7. Sarpanch Relief Fund

- Financial assistance is provided to needy people for covering emergency medical expenses after accidents or other unforeseen events.

GPs Role as Facilitator

- The GP has been actively involved in facilitating and improving the revenue potential of the SHGs. One notable initiative is the support for coconut processing, where Self-Help Groups (SHGs) in the village have been tasked with processing coconuts, a popular offering at the temple. The SHGs process approximately 1 crore coconuts annually and sell laddoos, oil, handicrafts made from coconut shells, and other coconut byproducts.

FIGURE 4.4 SHG LED COCONUT PROCESSING UNIT IN MUKUNDAPURPATNA GP IN ODISHA

- SHGs have also been entrusted with managing the village's tanks and ponds, which are a critical resource for local fisheries and water activities. The GP manages 23 tanks, and these are leased for pisciculture (fish farming) on a 3-5 year lease. While this provides a steady income stream, the village faces challenges during the dry season when ponds often run out of water, affecting revenue generation from fisheries.

Challenges

- Mukundapurpatna GP faces political interference, which hinders the efficient implementation of development initiatives. Often, local political figures, including MLA, view successful Sarpanch's as potential political rivals, which affects decision-making and project approvals. Additionally, the involvement of political figures complicates governance and limits the GP's ability to prioritize local development effectively.

- Gram Panchayats face significant challenges in asset creation due to the restrictions on funds provided under the CFC grant. The grant is divided into tied (50%) and untied (50%) components. While tied funds are allocated for specific schemes like Swachh Bharat Mission (SBM) and Jal Jeevan Mission (JJM), they leave limited resources for asset creation. For instance, if a GP receives Rs 30 lakh, half of it is tied for specific schemes, leaving only Rs 15 lakh for the GP's needs. Ward members expect an equal distribution of the funds. When divided among 11 wards equally, each ward receives insufficient funds of approximately 1.4 lakh. This amount is insufficient for asset creation, as developing an asset that could support OSR typically requires at least Rs 5-7 lakh.
- SHGs are likely involved in the auction of local resources such as land, ponds, or other revenue-generating assets. Collusion among SHGs to lower auction prices directly harms the GP's OSR by reducing the income that could have been earned from competitive auctions. Moreover, the practice of outsourcing by SHGs undermines the agency role of SHGs in participatory development.

4.5 Conclusion

The effective utilization of Own Source Revenue is critical for the financial independence of Gram Panchayats and the development of rural areas. Strengthening revenue collection mechanisms and ensuring accountable utilization of funds will enhance local governance, improve service delivery, and contribute to holistic rural development. Empowering Gram Panchayats with financial autonomy will ultimately lead to more sustainable and self-reliant village economies in India.

MODULE 5:

INNOVATIVE PROJECT FINANCING OPTIONS

SOLAR ENERGY

WIND

BIOMASS

WASTE-TO-WEALTH INITIATIVES

CARBON CREDITS

Module 5

Innovative Project Financing Options

Session Plan

Session duration: 75 minutes

Target groups: Gram Panchayat Officials

Trainers: Master Trainers

Training venue: As identified by concerned departments

Training methods: Interactive lecture and must include brainstorming and group discussions.

Training Material:

- PPT provided
- Examples from Module 5
- Annexure 6 - Case study of Hiware Bazar GP, Ahmednagar, Maharashtra
- Annexure 7 - Case Study of Tamil Nadu Rural Transformation Project
- Video Documentary of Mission Amrit Sarovar

Session Objectives:

- To understand the role of Gram Panchayat in local governance and the challenges they face due to limited financial resources.
- To explore traditional and innovative financing options available to GPs.
- To develop skills for planning and implementing financing strategies.
- To strengthen capacity in managing innovative projects and ensure sustainability.

Expected Outcomes of the Training:

- Increased Awareness: Participants will gain a clear understanding of the various financing options available to Gram Panchayats and how to use them for development of their village.
- Enhanced Capacity: Empowered to implement innovative project financing methods, including public-private partnerships, crowdfunding, and asset monetization.
- Stronger Community Engagement: A better understanding of how to engage local communities, private entities, government agencies and other stakeholders in financing development projects, thus fostering ownership, diversity and accountability.

Detailed Session Plan for Module 5

Key Subtopics covered in this module include:

- Role of Gram Panchayats in local governance and development.
- Conventional Financing Sources.
- Innovative Financing Options Show participants the video documentary of Mission Amrit Sarovar:
    - Blended Finance: Combines public, private, and donor funds.
    - Community Contributions and Shramdaan: Local fundraising and labour for projects.
    - Loans: Borrowing from banks for infrastructure.
    - CSR: Corporate contributions for community development.
    - Monetizing Assets: Generating revenue from panchayat properties.
    - Crowdfunding and Renewable Energy: Digital fundraising and carbon credits.
    - Municipal Bonds: Exploring bonds for financing.
- Implementation
- Government Schemes Includes RGSA, MGNREGA, DAY-NRLM, and PMGSY, which support Panchayat development.

Time-wise break up for sub-topics:

- *Introduction (10 minutes)*:
    - Role of Gram Panchayats (GPs) in rural development.
    - Financial constraints and the need for innovative financing.
- *Conventional Financing Sources (15 minutes)*:
    - Government grants, taxes, fees, and user charges.
    - Schemes like MGNREGA, PMAY-G, and MP/MLA funds.
- *Innovative Financing Options (30 minutes)*:
    - Blended finance, community contributions, loans and CSR.
    - Monetization of panchayat assets, crowdfunding, renewable energy.
    - Municipal bonds and pooled financing models.
- *Implementation Steps (10 minutes)*:
    - Planning, capacity building, stakeholder engagement, and monitoring.
- *Government Schemes (5 minutes)*:
    - RGSA, MGNREGA, DAY-NRLM, PMGSY.
- *Conclusion & Recap (5 minutes)*:
    - Summarize key points and encourage participant reflections.

Teaching Content

5.1 Introduction to the Topic

Gram Panchayats play a critical role in local governance and rural development. However, limited financial resources often constrain their ability to execute development projects. Innovative project financing options can empower GPs to mobilize funds, improve service delivery, and ensure sustainable development. These financing mechanisms complement traditional sources like government grants and taxes.

5.2 Conventional Sources of Financing for GPs

Before exploring innovative options, it is essential to understand the existing sources of revenue available to GPs:

- **Government Grants**: Grants from the Central and State Governments, such as those under the Finance Commission recommendations.
- **Own Source Revenue**: Revenue generated through taxes, fees, and user charges as authorized by Article 243-H of the Constitution.
- **Schemes and Programs**: Funds from schemes like MGNREGA, PMAY-G, and SBM.
- **MP and MLA funds:** MPLAD (Members of Parliament Local Area Development) and MLALAD (Members of Legislative Assembly Local Area Development) funds.

5.3 Innovative Project Financing Options

5.3.1. Blended finance: Public-Private-People Partnerships (PPPPs)

- **Description:** Blended finance combines different sources of funding—public, private, and donor-based, to reduce financial risks and attract investment for asset generation, management and service delivery.

EXAMPLES

- Solar street lighting and renewable energy projects.
- Community water supply and sanitation systems.
- Tamil Nadu Rural Transformation Project (more details in Annexure 7)
- PPPs for solar microgrids in off-grid villages in Gujarat.

- **Advantages**:
  - Access to private sector expertise and resources.
  - Reduced financial burden on GPs.

5.3.2. Community Contributions and Shramdaan

- **Description**: Mobilizing contributions in cash, kind, or labour from villagers for specific projects.

EXAMPLES

- Construction of schools, community halls, or roads.
- Development of water conservation structures like check dams.
- Hiware Bazar village in Maharashtra used shramdaan for watershed development.

- **Advantages**:
    - o Encourages community ownership.
    - o Reduces project costs.
    - o Annexure 6 gives details regarding effective panchayat led asset creation and preservation.

5.3.3. Loans from Financial Institutions

- **Description**: GPs can borrow funds from cooperative banks, Regional Rural Banks (RRBs), or National Bank for Agriculture and Rural Development (NABARD) for capital-intensive projects.

EXAMPLES

- Developing rural infrastructure like markets and transport facilities.
- Installing renewable energy systems.

- **Advantages**:
    - o Provides access to larger capital for long-term projects.
- **Challenges**:
    - o Requires financial discipline and repayment planning.

5.3.4. Corporate Social Responsibility Contributions

- **Description**: Leveraging CSR funds from corporate entities for community development projects.

EXAMPLES

- Education and skill development initiatives.
- Healthcare infrastructure.
- CSR-funded drinking water facilities in Andhra Pradesh, Gujarat and Haryana villages. Indian Oil Corporation (IOC) has set up RO water plant in Gadhka GP in Gujarat. GP has been able to generate revenue from the water plant by selling 20 litre water can for Rs 10.
- Baghjap GP in Assam has been able to secure Rs 20,000 per year from Dalmia Cement Limited Company for the last 6 years.

This amount has enabled GP to partially meet the salary requirements of contractual staff.

- **Advantages**:
    - o Provides additional funding for social welfare projects.

5.5.5. Monetization of Panchayat Assets

- **Description**: Leveraging existing assets to generate revenue.
- GPs can blend OSR with funds from schemes like MGNREGA, 15th Finance Commission grants, panchayat award money and state-level programs to maximize impact.

EXAMPLES

- Renting out panchayat halls or community centers.
- Leasing common lands for grazing, group farming (Mission Shakti program in Odisha) and market fair.
- Auction of tanks, ponds and Amrit Sarovar for OSR. (refer video documentary of Mission Amrit Sarovar)
- Recreational parks as a source of revenue (Refer Figure 5.1)
- GPs in Karnataka leasing grazing lands for additional revenue.
- GPs in Odisha auction tanks and ponds to SHGs for pisciculture
- GPs in Assam auction Amrit Sarovar to SHG for pisciculture and ancillary activities.

- **Advantages**:

  Utilizes untapped resources.

FIGURE 5.1: RECREATIONAL PARK AS A SOURCE OF REVENUE IN CHOWDHURPUR GP IN UTTAR PRADESH

5.5.6. Partnerships with Self-Help Groups and Producer Organizations

- **Description**: Collaboration with SHGs and Farmer Producer Organizations (FPOs) for project funding and execution.

EXAMPLES

- Establishing agro-processing units.
- Promoting handicrafts and rural tourism.

- **Advantages**:
  - o Empowers marginalized groups and fosters economic activity.

5.5.7. Crowdfunding and Digital Campaigns

- **Description**: Using online platforms to raise funds from individuals or organizations for specific projects.

EXAMPLES

- Funding schools, libraries, or healthcare centers.
- Successful crowdfunding campaigns for schools in Kerala villages.

- **Advantages**:
  - o Directly connects donors with community needs.

5.5.8. Renewable Energy and Carbon Credits

- **Description**: Developing renewable energy projects like solar, wind, or biogas plants and earning carbon credits.

EXAMPLES

- Solar-powered street lights and irrigation systems.
- Biogas plants for waste management.
- Odanthurai Panchayat, Tamil Nadu

- **Advantages**:
  - o Reduces dependency on conventional energy.
  - o Provides additional revenue through carbon trading.

5.5.9. Municipal Bonds

Municipal bonds allow urban local bodies to raise capital from the market. While Gram Panchayats currently lack the regulatory framework to issue bonds, they can learn from municipal experiences in financial planning and accountability.

- **Revenue-backed Borrowing:** GPs with steady revenue streams (e.g., property tax, market fees) can explore credit-enhanced loans or micro-bond mechanisms at the state level.
- **Pooled Finance Model:** Multiple GPs can come together to form a pooled finance mechanism where a state-level entity raises funds through bonds, distributing them to GPs based on project needs.
- **Improving Creditworthiness:** Just like municipalities require credit ratings to issue bonds, GPs must improve financial transparency and tax collection efficiency to attract investment.

EXAMPLE

In Karnataka, the Karnataka Urban Infrastructure Development and Finance Corporation (KUIDFC) has facilitated pooled financing for urban local bodies. A similar model could be explored for GPs (3-4 GPs) at the district or state level.

5.6 Steps for Implementing Innovative Financing Options

1) **Assessment and Planning**:
   a) Conduct a baseline survey to identify community needs and potential funding sources.
   b) Prepare a detailed Village Development Plan (VDP).

2) **Capacity Building**:
   a) Train Panchayat members on financial management, proposal writing, and stakeholder engagement.

3) **Stakeholder Engagement**:
   a) Collaborate with SHGs, private players, and financial institutions.
   b) Collaboration with neighbouring GP for attracting investment and scaling resource use.

4) **Monitoring and Evaluation**:
   a) Establish mechanisms for transparency and accountability in fund utilization.
   b) The application of municipal finance principles—such as blended finance, credit enhancement, and financial discipline—can improve revenue generation and support the funding of critical projects.

5.7 Government Schemes Supporting Panchayat Financing

5.7.1. Rashtriya Gram Swaraj Abhiyan (RGSA)

Provides financial and technical support to enhance the capabilities of Panchayats.

1. **Capacity Building and Training:** Under RGSA, extensive training programs for elected representatives and functionaries of panchayats are organized. These programs focus on enhancing their governance capabilities, financial management skills, and understanding of various government schemes. For instance, basic orientation training for elected representatives is ensured within six months of their election.

FIGURE 5.2: GP INFRASTRUCTURE DEVELOPMENT WITH THE SUPPORT OF GOVERNMENT SCHEMES

2. **Infrastructure Development:** RGSA provides financial support for the construction and maintenance of Panchayat Bhawans (offices) and other essential infrastructure. This ensures that Panchayats have the necessary facilities to function effectively and serve their communities (Refer Figure 5.2)

3. Incentivization of Panchayats: RGSA incentivizes Panchayats that perform well in governance and development activities.

5.7.2. Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)

Supports asset creation and community development projects.

1. **Water Conservation and Harvesting:** MGNREGA funds are used to construct check dams, ponds, and other water harvesting structures. These projects help in conserving water, improving groundwater levels, and ensuring water availability for agriculture and other uses.
2. **Rural Infrastructure Development:** MGNREGA funds are utilized to build rural infrastructure, including roads, bridges, and culverts. These projects improve connectivity and accessibility in rural areas, facilitating the movement of people and goods (Figure 5.3).
3. **Land Development:** The scheme supports land development activities, such as leveling, terracing, and bunding. These projects help in improving soil fertility, preventing soil erosion, and increasing agricultural productivity.

Figure 5.3 : MGNREGA labour employed in Amrit Sarovar construction in Jagibhakat Gaon GP in Assam

5.7.3. Deendayal Antyodaya Yojana - National Rural Livelihoods Mission (DAY-NRLM)

Promotes financial inclusion through SHGs and FPOs.

1. **SHG Bank Linkage Program:** Under DAY-NRLM, SHGs are linked with banks to provide them with access to credit. This enables SHG members to start or expand their income-generating activities, such as small businesses, agriculture, and livestock rearing. The program has significantly improved the financial inclusion of rural women by providing them with formal banking services

2. **Community Investment Fund (CIF):** DAY-NRLM provides CIF to SHGs and their federations to support various livelihood activities. The fund is used for income-generating activities, skill development, and capacity building. This helps SHG members to enhance their livelihoods and achieve financial stability

3. **Promotion of FPOs:** DAY-NRLM promotes the formation of FPOs to enable small and marginal farmers to collectively access markets, credit, and other resources. FPOs help farmers to improve their bargaining power, reduce input costs, and increase their income. This collective approach enhances the financial inclusion of rural farmers

4. **Pradhan Mantri Gram Sadak Yojana (PMGSY)**: Assists in building rural roads and improving connectivity.

5.7.4. Pradhan Mantri Gram Sadak Yojana (PMGSY)

Assists in building rural roads and improving connectivity.

1. Improving Rural Connectivity: PMGSY provides financial support for constructing all-weather roads to connect remote villages, enhancing market access and service delivery.
2. Integration with Other Schemes: Rural roads developed under PMGSY complement other development initiatives, such as rural housing and agro-based enterprises.

5.7.5. Swachh Bharat Mission – Gramin (SBM-G)

Provides financial and technical support to GPs for sanitation infrastructure, solid and liquid waste management, and awareness campaigns.

1. **Examples of Projects:**

   Construction and maintenance of community toilets and waste treatment plants.

   Converting waste into bio-energy for revenue generation.

2. **GP Role:**

   Mobilizing funds through convergence with OSR and CSR contributions.

   Ensuring community participation and sustainability of sanitation projects.

   Leasing out decentralized waste processing units for revenue generation.

5.7.6. Pradhan Mantri Awas Yojana – Gramin (PMAY-G)

Supports GPs in facilitating affordable housing for rural households, including leveraging additional funds from other sources.

1. **Examples of Projects:**

   Community-driven affordable housing schemes with cost-sharing from beneficiaries.

   Integration with MGNREGA for labor costs, reducing financial burden.

2. **GP Role:**

   Leveraging OSR for infrastructure like roads, drainage, and solar lighting in housing clusters.

Partnering with SHGs for skill training and employment in housing construction.

Facilitating loans through cooperative banks and microfinance institutions.

5.7.7. Jal Jeevan Mission (JJM)

Ensures functional tap water connections in every rural household, with GPs playing a key role in planning, implementation, and maintenance.

1. **Examples of Projects:**

   Village water supply schemes managed by GPs through water user charges.

   PPP models for desalination and water treatment plants.

2. **GP Role:**

   Mobilizing community contributions and setting up water tariffs for sustainability.

   Collaborating with private partners for decentralized water purification units.

   Utilizing surplus OSR for maintenance and expansion.

5.7.8. National Rurban Mission (NRuM)

Aims to develop rural clusters with urban-like infrastructure and economic opportunities.

1. **Examples of Projects:**

   Skill development centers, market yards, and digital service kiosks.

   Agro-processing and value addition units run by SHGs and FPOs.

2. **GP Role:**

   Monetizing Panchayat-owned infrastructure like community halls and haats.

   Partnering with private players and cooperatives for service delivery.

   Attracting investment for rural industrialization through pooled finance models.

5.7.9. State-Specific Financing Programs

Many states have launched innovative financing schemes that GPs can utilize:

1. Mukhya Mantri Gramodyog Yojana (Uttar Pradesh): Facilitates loans for village industries.
2. Panchayat Asset Monetization Schemes (Karnataka, Odisha, Tamil Nadu): Enables leasing of GP-owned properties for revenue generation.
3. Rajasthan Rural Livelihood Project (RRLP): Supports GPs in mobilizing funds for SHG-led microenterprises.

By leveraging these schemes effectively, Gram Panchayats can strengthen their financial base, improve service delivery, and drive rural development.

5.8 Convergence of Schemes for Sustainable Project Financing

Gram Panchayats often struggle with limited financial resources, but by integrating multiple government schemes, they can maximize funding and improve local development outcomes. Scheme convergence allows Panchayats to avoid duplication of efforts, optimize resources, and enhance service delivery. Below are two case studies that demonstrate successful convergence of schemes in rural India.

5.8.1. Kerala – She Work Space

Background:

In Kerala, a unique initiative called "She Work Space" was launched to provide co-working spaces for rural women entrepreneurs. The project was developed through a collaborative effort of the Gram Panchayat (GP), Block Panchayat (BP), Zilla Panchayat (ZP), and financial institutions.

Convergence of Schemes:

- **National Rural Livelihoods Mission (NRLM):** Provided skill development and entrepreneurship training for women.
- **Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA):** Funded infrastructure development, including basic facilities for the work-spaces.
- **Panchayat Own Source Revenue (OSR):** Used for maintenance and operational costs.
- **Bank Loans & CSR Contributions:** Assisted in funding machinery and office setup.

Impact:

- Created a self-sustaining entrepreneurship hub for rural women.
- Enhanced financial independence for women-led businesses.
- Demonstrated successful inter-institutional coordination among different Panchayat levels and banks.

5.8.2. Odanthurai Panchayat, Tamil Nadu – Wind Energy for Revenue Generation

Background:

The Odanthurai Panchayat in Tamil Nadu has been recognized for its innovative approach to renewable energy. In 2006, under the leadership of then-president R. Shanmugam, the panchayat installed a 350 kW wind turbine at a cost of ₹1.55 crore. This windmill generates approximately 6 lakh units of electricity annually. The panchayat entered into a Power Purchase Agreement with the Tamil Nadu Generation and Distribution Corporation (TANGEDCO), selling the generated electricity at a rate of ₹2.70 per unit.

Convergence of Schemes:

- Bank Loan (Indian Renewable Energy Development Agency - IREDA): Agency financed a 350 kW wind turbine to generate electricity.
- Own Source Revenue (OSR) from Panchayat: Utilized to repay the loan.
- Tamil Nadu Electricity Board (TNEB): Signed a power purchase agreement (PPA) with the Panchayat, allowing surplus electricity to be sold.
- **15th Finance Commission Grants:** Assisted demand based infrastructure support approved in development plan.

Impact:

- Generates ₹19 lakh per year by selling excess power to the electricity grid.[22]
- Reduced dependency on government grants.
- Surplus income is reinvested in community projects like drinking water, sanitation, and education.

KEY TAKEAWAYS FROM CONVERGENCE APPROACH

- **Holistic Development:** Multiple schemes can be used to fund different components of a single project.
- **Financial Sustainability:** GPs can blend loans, OSR, and grants to create revenue-generating assets.
- **Stakeholder Coordination:** Effective collaboration between GPs, banks, private entities, and higher-tier Panchayats ensures long-term success.

By adopting similar models, other Gram Panchayats can reduce reliance on government grants and develop self-sustaining projects for rural transformation.

To conclude, innovative project financing options can enable Gram Panchayats to achieve self-reliance and promote sustainable development. By exploring non-traditional sources of funding and leveraging community participation, Panchayats can effectively address local needs, reduce dependency on external grants, and contribute to the vision of *Atmanirbhar Bharat*.

[22] Article: Thanks to this ex-Panchayat head, this village sells surplus electricity back to the government. Accessed on 12 March 2025 from https://indianexpress.com/article/trending/trending-in-india/ex-panchayat-head-this-village-sells-surplus-electricity-back-to-the-government-8312686/

MODULE 6:

REVENUE FORECASTING AND PLANNING FOR SUSTAINABLE RESOURCE GENERATION BY GRAM PANCHAYATS

Module 6

Revenue Forecasting and Planning for Sustainable Resource Generation by Gram Panchayats

Session Plan

Session duration: 75 minutes

Target groups: Elected Representatives of Gram Panchayats

Trainers: Master Trainers

Training venue: As identified by each state

Training methods: Interactive lecture and must include brainstorming, group discussions and activities.

Training Material:

- PPT provided
- Examples from Module 6
- Annexure 1- Case Study of Dharmaj GP, Anand District, Gujarat
- Annexure 8 - Talakiya's Transformation: A Village's Path to Financial Independence
- Video Documentary of Dharmaj GP, Gujarat.

Session Objectives:

- To understand the concept and significance of revenue forecasting for GPs.
- To identify different sources of revenue and the key factors influencing revenue generation.
- To learn the steps and methods used in revenue forecasting.
- To apply forecasting models to practical scenarios within GPs.
- To appreciate the role of revenue forecasting in governance, financial planning, and rural development.

Expected Outcomes:

- Participants will gain a clear understanding of revenue forecasting and its importance for local governance.
- Improved skills in using forecasting techniques for better financial planning.
- Enhanced capability to allocate resources efficiently and strengthen financial sustainability.
- Strengthened decision-making skills for governance and development at the Panchayat level.

Detailed Session Plan (75 minutes total)

1. ***Introduction and Conceptual Understanding of Revenue Forecasting (15 minutes)***

Activity: The Trainer/Facilitator begins by asking participants to share their understanding of revenue forecasting and its role in their Panchayats.

Discussion Points:

- Definition: Revenue forecasting is the estimation of future revenues based on past data, economic trends, and policy changes.
- Importance:
  - o Enables informed financial decisions.
  - o Helps in planning essential services like roads, water supply, and sanitation.
  - o Reduces financial uncertainty and dependency on external funding.
- Relevance to Gram Panchayats:
  - o Supports local governance and financial sustainability.
  - o Facilitates better planning of infrastructure and welfare projects.

2. ***Revenue Sources and Influencing Factors (20 minutes)***

Activity: Participants identify revenue sources in their Panchayats and discuss the key factors affecting revenue collection.

Discussion Points:

- Sources of Revenue:
  - o Own Source Revenue: Property tax, water charges, trade license fees, market fees, rental income.
  - o Transfers from Higher Governments: Grants from the State and Central Finance Commissions.
  - o Other Sources: Public-Private Partnerships (PPPs), donations, voluntary contributions.
- Revenue Drivers:
  - o Population growth and economic activity.
  - o Infrastructure development and policy changes.
  - o Effective tax collection and community participation.

3. ***Steps and Methods in Revenue Forecasting (25 minutes)***

Trainer-led Discussion: The trainer can explain the systematic approach to revenue forecasting, followed by a hands-on activity.

Key Steps:

1 Review Past Revenue Trends: Examine revenue collection over the last 5 years.

2 Estimate Future Income: Use economic trends and policy changes to predict revenues.

3 Consider Risks and Uncertainties: Account for potential disruptions like natural

disasters or economic downturns.

4 Apply Forecasting Models: Percentage growth method, time-series analysis, and proportional share method.

Activity: Participants work with sample data-sets to forecast revenue sources (property tax, market fees, and government grants) using:

- Percentage change calculations.
- Growth rate analysis.
- Proportional share approach.

Outcome: Participants learn practical forecasting techniques for application in their Panchayats.

4. *Application and Governance (15 minutes)*

Activity: A trainer-led discussion on how revenue forecasting enhances governance and financial sustainability.

Discussion Points:

- Linking Forecasting to Governance:
    - o Preparing realistic budgets aligned with revenue expectations.
    - o Ensuring accountability and transparency in financial management.
    - o Prioritizing resources for key development projects.
- Case Studies/Videos for Practical Insights:
    - o Dharmaj Gram Panchayat, Gujarat: Successfully mobilized INR 3 crore through OSR, reducing reliance on state grants Show and discuss the video documantary of Dharmaj GP, Anand, Gujarat.
    - o Water Supply Model in Maharashtra and Andhra Pradesh: Sustainable water supply through user charges and structured revenue planning.
    - o Billekallu Gram Panchayat, Andhra Pradesh: Achieved financial efficiency through optimized tax collection and budget forecasting.

Teaching Content

6.1 Introduction

Gram Panchayats play a crucial role in local governance and rural development. This has been discussed in the previous modules. For them to function effectively, they need a steady and predictable revenue stream. Revenue forecasting and planning help GPs manage their resources efficiently and ensure long-term sustainability. This module explains the basics in simple terms.

6.2 What is Revenue Forecasting?

Revenue forecasting is the process of estimating how much money a Gram Panchayat will collect in the future. This helps in planning expenses and ensuring there are enough funds for developmental activities like roads, water supply, sanitation and other works.

6.2.1 Why is it Important?

- Helps GPs make informed financial decisions.
- Ensures funds are available for essential services.
- Reduces financial uncertainty and dependency on higher authorities.

6.3 Sources of Revenue for Gram Panchayats

As discussed in previous modules, Gram Panchayats generate revenue from various sources, which can be broadly categorized as:

6.3.1. Own Sources of Revenue

- Taxes and Fees
    - House tax/property tax
    - Water charges
    - Trade license fees
    - Market fees
- User Charges (e.g., waste collection charges)
- Rental Income (e.g., leasing out community halls, markets)

6.3.2 Transfers from Higher Governments

- Grants from the State Government
- Funds from the Central Finance Commission (CFC) & State Finance Commission (SFC)

6.3.3 Other Sources

- Donations and voluntary contributions
- Public-Private Partnerships (PPPs)

6.4 How to Forecast Revenue?

Revenue forecasting follows a simple approach:

- **Review Past Trends**
  - Check past years' revenue collections.
  - Identify seasonal patterns (e.g., higher tax collection in certain months).
- **Estimate Future Income**
  - Consider factors like population growth, new businesses, and inflation.
  - Use simple calculations to project expected revenue for the next year.
- **Consider Risks and Uncertainties**
  - Natural disasters or economic downturns can reduce revenue.
  - It's important to have a backup plan or reserve funds.

6.5 Planning for Sustainable Resource Generation

To ensure continuous and growing revenue, GPs must adopt sustainable strategies: (Refer Annexure 8 for case study)

- **Strengthen Tax Collection**
  - Conduct surveys to ensure all taxable properties are listed.
  - Offer incentives for timely payments (e.g., discounts).
- **Improve Service Delivery**
  - If GPs provide better water supply or waste management, people will be more willing to pay user charges.
- **Utilize Government Schemes**
  - Tap into various grants available for rural development.
- **Promote Local Economic Activities**
  - Develop markets, tourism, or agro-based industries that generate revenue.

EXAMPLES

Example 1: Revenue Forecasting and Planning – Dharmaj Gram Panchayat, Gujarat[23]

Context:

Dharmaj Gram Panchayat successfully mobilized INR 3 crore through own source revenue (OSR), making it financially independent and reducing its reliance on state or central grants.

Key Strategies:

- Diversified Revenue Sources: The Panchayat generated revenue through property taxes, trade licenses, and commercial rental spaces.
- Utilized Common Property Resources (CPRs): Revenue was collected from fisheries, grazing lands, and markets.

[23] National Institute of Public Finance and Policy and Ministry of Panchayati Raj. (2025). Preparation of a Viable Financial Model for Generation of Own Source Revenue (OSR). Revised Draft Report.

- Planned Financial Management: The Gram Panchayat maintained accurate financial records and forecasted future income to plan infrastructure and public service projects.

Outcome:

- Ensured continuous financial sustainability without needing additional external funding.
- Funds were used for infrastructure development, sanitation, and public services.
- Encouraged community participation in tax compliance and local governance.

Lesson

This example highlights how structured revenue forecasting and strategic financial management can help Gram Panchayats become economically self-reliant.

Example 2: Sustainable Water Supply Model – Maharashtra and Andhra Pradesh[24]

Context:

Water supply is a critical issue in rural areas. To sustain this service, Gram Panchayats in Maharashtra and Andhra Pradesh developed a self-financing model by monetizing water supply infrastructure instead of depending on state subsidies.

Key Strategies:

- Revenue from User Charges: Households were charged nominal fees for water connections, ensuring a steady revenue stream.
- Transparent Fee Collection System: Regular billing and digital tracking of payments helped maintain financial accountability.
- Cost-Based Pricing: Charges were set based on operational costs, ensuring affordable yet sustainable water supply.

Outcome:

- The revenue generated was reinvested in maintenance, expansion, and water quality improvement.
- Enabled continuous service delivery without interruptions due to funding shortages.
- Strengthened Panchayat governance by demonstrating an effective public-private revenue model.

Lesson:

This case shows how revenue forecasting and structured financial planning allow Panchayats to sustain essential public services without over-reliance on government funding.

[24] National Institute of Public Finance and Policy and Ministry of Panchayati Raj. (2025). Preparation of a Viable Financial Model for Generation of Own Source Revenue (OSR). Revised Draft Report.

Example 3: Efficient Revenue Planning – Billekallu Gram Panchayat, Andhra Pradesh[25]

Context:

Billekallu Gram Panchayat, despite having only 19 commercial establishments, generated an impressive INR 4.2 million, surpassing larger Gram Panchayats.

Key Strategies:

- Optimized Tax Collection: The Panchayat ensured strict compliance with property tax, trade licenses, and business levies.
- Focus on Non-Tax Revenue Sources: Revenue was also generated through market fees, community hall rentals, and water supply charges.
- Financial Forecasting and Budgeting: The Panchayat used past revenue trends to plan its future expenditures and infrastructure projects.

Outcome:

- The revenue helped fund village development projects such as road construction, sanitation programs, and public lighting.
- Strengthened public confidence in governance, leading to better compliance and higher tax collection.
- Demonstrated that financial efficiency is not dependent on size but on effective planning and execution.

Lesson:

Proper revenue forecasting and resource management can maximize financial efficiency, even in small Gram Panchayats with limited resources.

6.7 Conclusion

Revenue forecasting and planning are essential for Gram Panchayats to ensure financial stability and effective service delivery. By improving tax collection, exploring new revenue sources, and planning for uncertainties, GPs can generate sustainable resources and build a self-reliant community.

[25] Ibid.

MODULE 7:

SWOT ANALYSIS FOR OWN SOURCE REVENUE GENERATION

Module 7

SWOT Analysis for Own Source Revenue (OSR) Generation

Session Plan

Session duration: 75 minutes

Target groups: Elected Representatives of Gram Panchayats

Trainers: Master Trainers

Training venue: As identified by each state

Training methods: Interactive Discussions and PPT use for technical concepts. The session must include group exercises.

Training Material:

- PPT provided
- Case Study Examples from Module 7

Session Objectives:

- To understand the concept and application of SWOT analysis in Own Source Revenue (OSR) generation for Gram Panchayats.
- To identify internal strengths and weaknesses and external opportunities and threats that impact revenue generation.
- To explore strategies for increasing OSR through structured financial planning and governance.
- To apply SWOT analysis to real-life case studies of Gram Panchayats.

Expected Outcomes of the Training:

- Participants will gain a clear understanding of SWOT analysis and its role in local revenue generation.
- Participants will be able to assess their own Gram Panchayat's financial health using SWOT.
- Participants will learn practical strategies to improve revenue collection and financial self-reliance.
- Participants will engage in interactive activities and case studies to reinforce learning.

Detailed Session Plan:

1. *Introduction & Icebreaker (10 minutes)*

- Opening Question:
  - a “What are some sources of revenue for your Gram Panchayat?” (Strengths & Opportunities)
  - b “What makes it difficult to collect revenue?” (Weaknesses & Threats)
  - c “Can you think of an external factor that has helped or hurt your Panchayat’s revenue?” (Opportunities & Threats)
    - o Collect participant responses and connect their concerns to revenue generation issues.
- Introduce SWOT Analysis:
  - o Explain that it is a tool for strategic planning, helping identify Strengths, Weaknesses, Opportunities, and Threats.
  - o Highlight its importance in OSR for financial sustainability of Gram Panchayats.

2. *Understanding SWOT Analysis (15 minutes)*

- Breakdown of SWOT Components (15 minutes)
  - o Strengths: Internal advantages aiding revenue generation (e.g., existing tax collection, community support).
  - o Weaknesses: Internal challenges reducing efficiency (e.g., poor tax enforcement, incomplete records).
  - o Opportunities: External factors that can be leveraged for growth (e.g., government grants, digital tax collection).
  - o Threats: External risks that may impact revenue (e.g., natural disasters, political interference).
    - Provide examples of SWOT elements in different Gram Panchayats.
    - Activity (5 minutes): Ask participants to identify one Strength and one Weakness from their own Panchayat’s revenue system.

3. *Case Study Discussion (15 minutes)*

- **Case Study 1: Billekallu Gram Panchayat, Andhra Pradesh (7.5 minutes)**
  - o Explain how a small GP with only 19 commercial establishments generated INR 4.2 million.
  - o SWOT Analysis:
    - o Strengths: Efficient tax collection.
    - o Weaknesses: Limited commercial base.
    - o Opportunities: Model for other GPs.
    - o Threats: Dependence on state grants.
    - o Lesson: Size does not limit revenue potential—effective planning does.

- **Case Study 2: Pandvania Gram Panchayat (7.5 minutes)**
    - Discuss how a financially constrained Panchayat achieved revenue efficiency.
    - SWOT Analysis:
        - Strengths: Strong financial planning.
        - Weaknesses: Fewer commercial hubs.
        - Opportunities: Digital tax collection.
        - Threats: Unclear tax enforcement rules.
        - Lesson: Good governance and structured planning lead to financial stability.

4. *Interactive SWOT Analysis Exercise (15 minutes)*

- Participants will work in small groups and analyze their own Gram Panchayat's revenue system using SWOT.
- Each group will list:
    - 2 Strengths
    - 2 Weaknesses
    - 2 Opportunities
    - 2 Threats
- Groups will briefly present their analysis.
- Facilitator will provide feedback and discuss how each Panchayat can improve OSR.

5. *Actionable Strategies for Revenue Growth (10 minutes)*

- Using Strengths Effectively: Improve tax collection in areas with potential.
- Overcoming Weaknesses: Digitize tax records, raise awareness.
- Seizing Opportunities: Apply for government schemes, encourage public-private partnerships.
- Reducing Threats: Create emergency funds, flexible tax policies during crises.

6. *Question & Answer Round (10 minutes)*

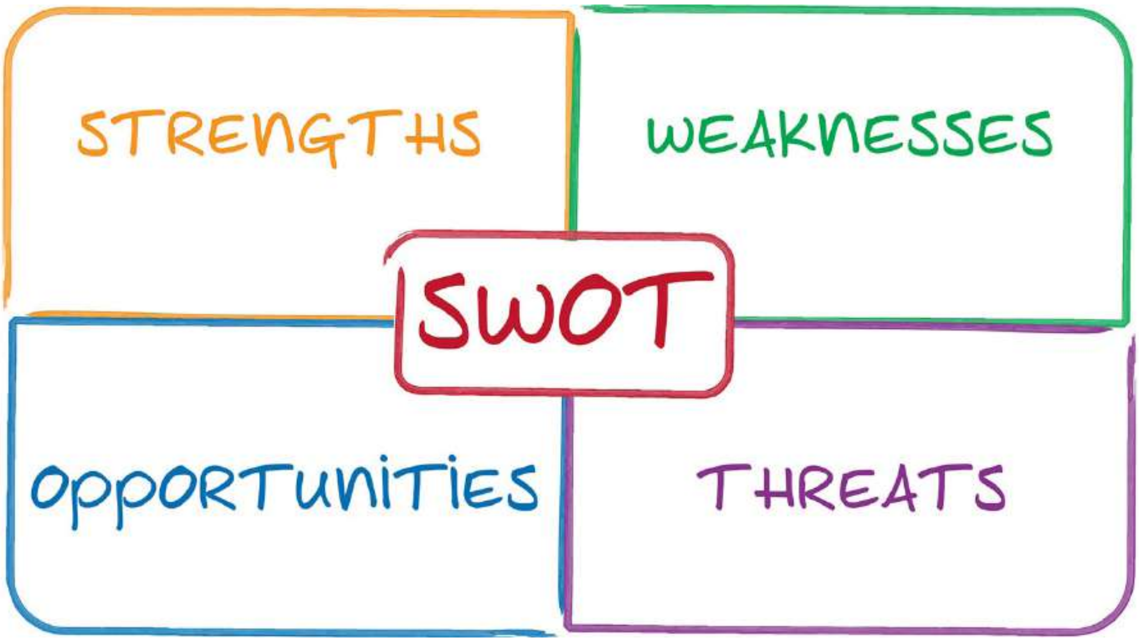
- Open discussion where participants ask questions and share local challenges.
- Summarize key takeaways:
    - SWOT analysis is a practical tool for revenue planning.
    - Financial sustainability requires leveraging strengths and opportunities.
    - Strategic planning helps overcome challenges in OSR generation.

Teaching Content

7.1 Understanding SWOT Analysis

SWOT stand for Strength, Weakness, opportunity and Threat. It is a tool used in strategic planning, that helps evaluate an organization's or project's strengths, weaknesses, opportunities, and threats to make informed decisions.

In the context of Gram Panchayats, SWOT analysis helps local governance bodies evaluate their financial, administrative, and infrastructural capabilities to enhance rural development and governance effectiveness.



7.2 SWOT Components

7.2.1 Strengths (Internal Positives)

These are the GP's existing advantages that help in revenue generation:

- ☑ Large number of taxable properties (houses, shops, markets)
- ☑ Regular income from water supply charges, market fees, etc.
- ☑ Community participation and support
- ☑ Proper record-keeping of assets and taxpayers
- ☑ *Example*: A GP with a busy weekly market can collect higher market fees.

7.2.2 Weaknesses (Internal Challenges)

These are internal issues that reduce revenue:

- ☑ Poor tax collection due to lack of enforcement
- ☑ Incomplete property records
- ☑ Dependence on government grants instead of OSR
- ☑ Low awareness among citizens about tax payments

☑ Example: A GP may struggle with low tax collection if many households do not pay property tax.

7.2.3 Opportunities (External Positives)

These are external factors that GPs can use to improve revenue:

☑ Government schemes that support local revenue collection

☑ Digital technology for tax collection (online payments, mobile apps)

☑ Growing population and economic activities in the area

☑ Public-Private Partnerships (PPPs) to develop local markets and services

☑ *Example:* A GP can collaborate with a company to set up solar streetlights and charge user fees.

7.2.4 Threats (External Challenges)

These are external risks that may reduce revenue:

☑ Natural disasters affecting business and tax collection

☑ Resistance from people to pay new taxes or increased rates

☑ Political interference in tax enforcement

☑ Economic downturn affecting businesses and local income

☑ *Example*: If a drought affects farmers, they may struggle to pay water charges.

7.3 Utilizing SWOT Analysis for Revenue Growth

Once the SWOT analysis is done, the GP should take action:

☑ Use Strengths Effectively – Improve tax collection where there is potential.

☑ Overcome Weaknesses – Digitize tax records and raise awareness.

☑ Seize Opportunities – Apply for government grants and introduce digital payments.

☑ Reduce Threats – Have emergency funds and flexible tax policies during crises.

EXAMPLES

7.4.1 Example 1: SWOT Analysis for Own Source Revenue (OSR) – Billekallu Gram Panchayat, Andhra Pradesh[26]

Context:

Billekallu Gram Panchayat is a small Panchayat with only 19 commercial establishments, yet it successfully generated INR 4.2 million in revenue. This was significantly higher than many larger Gram Panchayats, showcasing how efficient revenue planning can lead to financial sustainability.

SWOT Analysis:

- **Strengths:**
    - High efficiency in tax collection and revenue management despite limited resources.

[26] National Institute of Public Finance and Policy and Ministry of Panchayati Raj. (2025). Preparation of a Viable Financial Model for Generation of Own Source Revenue (OSR). Revised Draft Report.

- ○ Better governance and accountability in managing funds for public services.
- **Weaknesses:**
  - ○ Limited commercial base reduces the variety of revenue sources.
  - ○ Over-reliance on a few income streams, making revenue vulnerable to economic changes.
- **Opportunities:**
  - ○ Can be a model Panchayat for other rural local bodies by sharing its best practices.
  - ○ Scope to increase non-tax revenue sources, such as market fees or service charges.
- **Threats:**
  - ○ Other small Panchayats with fewer resources may struggle to replicate its success.
  - ○ If state grants decrease, revenue generation may be affected in the long run.

Lesson:

This example highlights that size is not a limitation when it comes to revenue generation. Instead, strong financial planning, effective tax collection, and transparent governance can help a Gram Panchayat achieve economic self-reliance.

7.4.2 Example 2 : SWOT Analysis for Own Source Revenue (OSR) – Pandvania Gram Panchayat[27]

Context:

Pandvania Gram Panchayat, despite having limited financial resources, has demonstrated higher revenue efficiency compared to many resource-rich Panchayats. It has effectively utilized available resources and implemented structured financial planning to ensure sustainable revenue generation.

SWOT Analysis:

- **Strengths:**
  - ○ Efficient in managing own-source revenue (OSR) despite having fewer financial resources.
  - ○ Higher revenue efficiency compared to other Panchayats with more commercial and financial resources.
  - ○ Effective governance with proper tracking and utilization of funds.
- **Weaknesses:**
  - ○ Lack of access to commercial hubs, which limits potential sources of revenue.

[27] Ibid

- Dependency on **a** few income streams, making revenue generation unpredictable.

- **Opportunities:**
  - Investing in financial planning and digital tax collection methods can further improve revenue efficiency.
  - Exploring new revenue sources such as small-scale businesses, leasing common property resources, and charging user fees for public services.
- **Threats:**
  - High reliance on state grants, which makes revenue collection unstable if government funding decreases.
  - Unclear tax enforcement regulations may limit the ability to collect revenue efficiently.

Lesson:

Pandvania Gram Panchayat showcases how small Panchayats with limited resources can still achieve financial stability through structured financial planning, efficient governance, and strategic use of available revenue sources.

7.5 Conclusion

SWOT analysis helps Gram Panchayats identify ways to increase Own Source Revenue by improving tax collection, using government schemes, and planning for risks. By taking small but strategic steps, GPs can become financially self-reliant and provide better services to the people.

MODULE 8:

RELEVANCE OF PROJECT MANAGEMENT SKILLS IN MAKING GRAM PANCHAYAT DEVELOPMENT PLANS

Module 8

Relevance of Project Management Skills in Making Gram Panchayat Development Plans (GPDP)

Session Plan

Session duration: 75 minutes

Target groups: Elected Representatives of Gram Panchayats

Trainers: Master Trainers

Training venue: As identified by each state

Training methods: Interactive lecture. The session should include a lot of activities to keep the participants engaged.

Training Material:

- PPT provided
- Examples from Module 8
- Annexure 9 - The Story of Rampur: A Lesson in Project Management

Session Objectives:

- To introduce project management principles in the context of GPDP.
- To equip participants with skills for effective planning, execution, and monitoring of projects.
- To enhance budgeting, resource allocation, and risk mitigation capabilities.
- To strengthen transparency, accountability, and sustainability in project implementation.

Expected Outcomes:

- Ability to systematically plan and execute development initiatives.
- Improved decision-making in project selection and feasibility assessment.
- Effective utilization of financial and human resources.
- Strengthened project monitoring, evaluation, and long-term maintenance.

Detailed Session Plan (75 Minutes)

1. *Introduction to Project Management (10 Minutes)*

Objective: To define project management and its significance for Gram Panchayats.

Discussion Points:

- Understanding project management and its relevance to GPDP.

- Ensuring proper planning of costs, time, and resources.
- Maintaining quality, preventing delays, and reducing mismanagement.

Activity: Participants discuss past GPDP projects, highlighting key implementation challenges.

2. *Importance of Project Management Skills for GPDP (15 Minutes)*

Objective: To explain the role of project management in ensuring successful project execution.

Discussion Points:

- Better Planning: Identifying village needs, allocating funds effectively, and ensuring timely execution.
- Efficient Use of Resources: Preventing wastage of funds, manpower, and materials.
- Timely Implementation: Breaking work into phases and setting achievable deadlines.
- Transparency and Accountability: Tracking financial flows and ensuring quality standards.

Activity: Participants analyze a case study of a failed project and suggest corrective measures.

3. *Key Project Management Skills (15 Minutes)*

Objective: To highlight essential project management skills for Gram Panchayat members.

Discussion Points:

- Goal Setting: Clearly defining project objectives.
- Budgeting: Ensuring financial resources are optimally utilized.
- Time Management: Setting realistic deadlines for each phase.
- Team Coordination: Assigning responsibilities efficiently.
- Communication: Keeping the community informed and engaged.

Activity: Participants create a simple project plan, incorporating the discussed skills.

4. *Practical Application in GPDP (15 Minutes)*

Objective: To demonstrate the practical application of project management in GPDP.

Discussion Points:

- Developing a Practical GPDP: Identifying and prioritizing urgent village needs.
- Budget Planning: Estimating costs for projects like roads, water supply, and sanitation.
- Monitoring and Evaluation: Regularly assessing project progress and fund utilization.
- Community Involvement: Encouraging local participation for improved success.

Activity: Participants simulate the planning process for a village project (e.g., water treatment system).

5. *Case Studies and Best Practices (15 Minutes)*

Objective: To provide real-world examples of effective project management in Gram Panchayats.

Case Study 1: Project Planning in Gram Panchayat Development

- Developing a village GPDP plan and securing approval.
- Allocating funds for infrastructure and ensuring project execution.
- Monitoring project completion and evaluating long-term impact.

Case Study 2: Data Management in Gram Panchayats (West Bengal Example)

- Utilizing the Compiled Collection and Expenditure Report (CCER) for financial tracking.
- Ensuring transparency through digital financial records.
- Efficient fund utilization for sustainable local development.

Activity: Participants compare case studies and discuss the key success factors.

6. *Closing and Reflection (5 Minutes)*

- Summary of key learnings from the session.
- Open discussion: How can these skills be applied in local GPDP projects?
- Q&A session and participant feedback.

Teaching Content

8.1 Introduction

Gram Panchayats (GPs) are responsible for making Gram Panchayat Development Plan (GPDP), which outlines projects for roads, water supply, sanitation, education, and more.

However, simply making a plan is not enough—successful implementation is key. This is where Project Management Skills become important.

8.2 What is Project Management?

Project management is the process of planning, executing, and completing a task within a given time, budget, and resources.

- For example, if a GP plans to build a community hall, project management helps ensure:

  ☑ Proper planning of costs and resources

  ☑ Work is completed on time

  ☑ Quality of construction is maintained

8.3 Why Are Project Management Skills Important for GPDP?

When GPs develop their annual GPDP, they must ensure the projects are well-planned and completed successfully. Here's how project management skills help:

8.3.1 Better Planning

- Identifies the most important needs of the village.
- Allocates funds effectively.
- Prevents delays and mismanagement.

☑ *Example*: If a village needs better roads, project planning ensures the budget is used wisely and work is done before the monsoon.

8.3.2 Efficient Use of Resources

- Ensures money, materials, and manpower are used properly.
- Avoids wastage of funds.

☑ *Example*: If a water pipeline project starts without planning, pipes might be purchased in excess, leading to wastage.

8.3.3 Timely Implementation

- Breaks down work into steps with deadlines.
- Ensures projects finish within the planned time.

☑ *Example*: If a school renovation project is delayed, children will continue to study in poor conditions. Proper project management prevents such delays.

8.3.4 Transparency and Accountability

- Keeps track of how funds are spent.

- Prevents corruption and ensures work quality.

☑ *Example*: If a check-dam construction project has clear timelines and budget tracking, it reduces chances of misuse of funds.

8.4 Key Project Management Skills for GPs

Gram Panchayat members don't need to be experts, but some basic skills help in better planning and execution:

☑ **Goal Setting** – Clearly define what needs to be done.

☑ **Budgeting** – Ensure funds are used wisely.

☑ **Time Management** – Set deadlines for each phase of a project.

☑ **Team Coordination** – Assign responsibilities to the right people.

☑ **Communication** – Keep the community informed and involved.

8.5 How Can Gram Panchayats Apply These Skills?

(Refer Annexure 9 for Case Study)

- **Prepare a Practical GPDP** – Identify the most urgent needs first.
- **Plan the Budget Carefully** – Ensure available funds cover all project costs.
- **Set Realistic Timelines** – Avoid delays by setting achievable deadlines.
- **Monitor Progress Regularly** – Check the status of projects every month.
- **Involve the Community** – Ensure local participation for better success.

EXAMPLE

Example: Project Planning in Gram Panchayat Development[28]

Every year, the Gram Panchayat (GP) prepares a development plan outlining the activities for its area and submits it to the Kshettra Panchayat. This includes an estimated budget for receipts and expenditures starting from April 1st. Once drafted, the plan is approved by a majority vote in a GP meeting.

For instance, if a village faces water contamination issues, the GP can frame bye-laws to prohibit the use of unsafe water sources and regulate drainage systems. A project plan is then created, covering:

1. **Scope** – Identifying contaminated sources and planning water treatment or new sources.
2. **Budgeting** – Estimating costs for repairs, clean-ups, or infrastructure improvements.
3. **Approval & Execution** – Securing approval from members and implementing the plan with available funds.
4. **Monitoring & Evaluation** – Regularly checking water quality and enforcing regulations.

Similarly, for road repairs or new school buildings, the GP collaborates with neighboring Panchayats, seeks grants from the State Government, and monitors progress. Effective project planning ensures resources are allocated efficiently, improving public welfare.

[28] National Institute of Public Finance and Policy and Ministry of Panchayati Raj. (2025). Preparation of a Viable Financial Model for Generation of Own Source Revenue (OSR). Revised Draft Report.

Example: Project Management in Gram Panchayat – Data Management[29]

In West Bengal, Gram Panchayats follow a structured data management system for tracking revenue and expenditures. This system is maintained through the Compiled Collection and Expenditure Report (CCER), which records financial details in online ledgers.

For instance, if a Gram Panchayat plans a new tube well, it can refer to the Own Source Revenue Ledger to check available funds from property tax, building plan approval fees, and trade registration fees. The ledger also tracks expenditures such as tax collection commissions, office expenses, and infrastructure costs, ensuring efficient fund utilization.

By maintaining accurate financial records, the State and District authorities can easily monitor and support local development projects, making project management more transparent and effective.

Conclusion

Good project management skills help Gram Panchayats plan, implement, and complete development projects efficiently. By applying simple techniques like budgeting, time management, and regular monitoring, GPs can ensure that village development projects are successful, benefiting the entire community.

[29] National Institute of Public Finance and Policy and Ministry of Panchayati Raj. (2025). Preparation of a Viable Financial Model for Generation of Own Source Revenue (OSR). Revised Draft Report.

Annexure 1

Own Revenue Generation using a mix of Tax and Non-Tax Sources

(Case Study of Dharmaj GP, Anand District, Gujarat)

Background:

Dharmaj village, with a population of about 10,000, is an exemplary case of rural self-sufficiency, demonstrating an innovative model of generating own-source revenue through a mix of traditional tax measures and creative non-tax revenue strategies. Located in Gujarat, this village has moved away from reliance on state and central government grants for its development. Instead, it has fostered a culture of community participation, local resource management, and innovative funding sources, making it a pioneering example for rural governance.

Dharmaj adopts a cooperative strategy for managing village resources. The village operates through consensus-based decision-making, with community members, including the large Non-Resident Indian (NRI) population, actively involved in the development process. The village conducts approximately 50 gram Sabha's annually to discuss and decide on developmental matters.

OSR Initiatives:

The village has been successful in generating good revenue through both, tax and non-tax sources.

1. **Taxation Initiatives:** Dharmaj utilizes a robust taxation system to fund local infrastructure and services.

    - **Special taxes** are levied for electricity, property, water, underground sewage systems, cleanliness and so forth. These taxes are specifically designed to maintain local infrastructure and cover the operational costs for various services offered to the community.
    - **Professional Tax**: Professional tax in particular generates a lot of revenue. A professional tax of ₹2,500 is charged to individuals with an annual income of ₹10 lakhs. This is levied from October to September (Vaisuli year). This tax is also taken from factories and industries that have been set up in the village.

2. **Innovative Non-Tax Revenue Sources:** Dharmaj has creatively utilized its resources to generate non-tax income, with several standout initiatives:

    a. **Redevelopment of Wasteland and Reuse of Waste**: Since 1971, the village has been transforming 142 acres of uncultivable land into productive spaces. **Gauchar land** for cattle grazing, generates ₹25 lakh annually. Dharmaj has effectively utilized about 117 acres of gauchar land for generating revenue, selling even waste water (Figure 1) for agricultural activities and selling subsidized green grass (used for cattle grazing).

This innovative initiative ensures conservation of water and sustainability while generating significant income. With an aim of inclusive development, the village committee nominates 200-300 members from underprivileged communities (landless, widow, poor) for access to gauchar land. The members are provided grass at a subsidized rate. As compared to market rate of ₹80 for 20 kg fodder, nominated members get the grass for about ₹22-25 only. Dharmaj collaborates with Agriculture University for adopting modern seeds and cultivation practices.

FIGURE 1: SEWAGE WATER COLLECTION POINT FOR RESUSE

- **Multipurpose Park**: This park offers a swimming pool, venue for weddings, and a space for schools and events, earning income through entry fees, rentals, and commercial shoots (Figure 2).

FIGURE 2: MULTIPURPOSE PARK

- **Fruit Orchard**: The park also includes a fruit orchard, with annual fruit auctions providing additional revenue (Figure 3).

- **Cooperative Banks:** Dharmaj is home to 20 banks, including the Dharmaj People's Cooperative Bank. Although its contribution to village development has been restricted by the Reserve Bank of India's policy limiting funding to 1%, this model has traditionally been a significant source of development funds.

FIGURE 3:FRUIT ORCHARD THAT IS AUCTIONED

- **Film and Commercial Shoots**: Dharmaj has become a preferred location for Bollywood and regional films, with the village charging up to ₹25,000 per day for shoots. This also creates local employment opportunities.

- **NRI Contributions**: The village benefits from significant donations, particularly from its NRI diaspora. For instance, the Dharmaj Society of London contributed to building two hospitals in the village.

Government Grants and Schemes

While Dharmaj does not rely heavily on state or central grants, it still benefits from certain government schemes such as:

- **Sansad Gram Yojana**: The village receives funding for infrastructure under this program.
- **Matching Grants**: The village also participates in matching grant schemes, like the Watan Prem Yojana, to fund community projects.

Technological Innovations for Revenue Collection

Dharmaj has embraced technology to streamline its revenue collection processes:

- **E-Gram Software**: The village developed a custom software system in 2002 to track tax payments and manage resident data. This system has been upgraded to a web-based platform to improve accessibility and efficiency.
- **Auto-Debit Facility for NRI Contributions**: With a large NRI population, many residents contribute to village development through auto-debit arrangements, ensuring consistent revenue flow.

Community Engagement and Welfare

Dharmaj is deeply committed to community welfare. Several community-driven initiatives, such as the Jalaram Jansewa Trust, which runs multiple hospitals, and subsidized healthcare at the Dharmaj Hospital, help maintain affordable services for both residents and outsiders.

Annual community events like **Dharmaj Day** and the **Kite Festival** foster unity and raise funds for village development. The village also offers awards for community contributions, helping to recognize and inspire local efforts.

Financial Overview

Dharmaj operates with an annual budget of ₹5 crore and maintains a reserve fund of ₹2.5 crore. This financial stability is built on a combination of taxes, non-tax revenue, and external contributions, showcasing the village's financial independence.

Challenges:

Despite its successes, Dharmaj faces challenges, particularly the restrictive policies from the Reserve Bank of India on cooperative banks' ability to contribute to village development. This policy shift has led the panchayat to seek alternative revenue mobilization strategies.

Conclusion:

Dharmaj is a remarkable example of rural self-governance and innovative revenue generation. Its model combines efficient taxation, strategic use of resources, and strong community engagement to maintain financial independence and promote sustainable development. The village's success serves as a valuable lesson for other rural areas in India, demonstrating that with the right mix of cooperation, creativity, and leadership, villages can thrive without relying heavily on external grants.

Questions:

- How can other villages in India replicate Dharmaj's cooperative governance model to ensure community participation in development?
- What role does technological innovation play in improving the efficiency and transparency of revenue collection in rural areas?
- What challenges could arise from the dependence on non-tax revenue sources like film shoots and land development, and how can these be mitigated?

Annexure 2

Challenges in OSR Generation

(Case Study of Dhaki GP, Dehradun, Uttarakhand)

Background: Dhaki Gram Panchayat, located in a densely populated and land-scarce area in Dehradun, faces significant challenges in generating its own source revenue (OSR). The Panchayat is constrained by limited land and resources, compounded by the economic hardship of its predominantly labor-dependent population. This case study highlights the difficulties the Gram Panchayat faces in revenue generation, the social conditions of the villagers, and potential strategies for future revenue generation.

Key Issues:

1. **Land Scarcity and Infrastructure Constraints:**
    - **Lack of Panchayat Land:** The Gram Panchayat owns little land, with only a small area around the Panchayat office and a religious site. Most land is private property, limiting opportunities for OSR-generating infrastructure like marriage halls or markets (Haat Bazar).
    - **School and Anganwadi Infrastructure:** The village has only one school and several Anganwadis, but the latter are run in private homes due to the lack of Panchayat land for expansion.
    - **Water Resource Issues:** The village struggles with water supply as it relies on land from a neighbouring Gram Panchayat for water access, further highlighting the lack of local resources.

2. **Economic and Social Challenges:**
    - **Poverty and Low Income:** Over 80% of the village's population depends on labor work for survival, earning a meagre INR 400-500 per day. The shopkeepers and labourers cannot afford to pay taxes, and imposing taxes could harm the image of the current Pradhan, Mrs. Habiba Begum. The village also has no By-Laws related to taxation in the GP.
    - **Local Businesses Struggling:** Even a nearby petrol pump refuses to contribute to Panchayat taxes, citing financial difficulties and high competition in the area.

3. **Challenges in Generating OSR:**
    - **Limited Revenue-Generating Activities:** The Gram Panchayat lacks the necessary land or infrastructure for activities such as establishing a market or a marriage hall that could generate OSR.
    - **Political Sensitivity:** Proposals for charging for services of any basic kind can face resistance due to the villagers' financial constraints. The Pradhan fears that charging for services could tarnish her reputation.

4. **Health and Welfare:**
    - **Lack of Ration Cards:** Many residents still do not possess ration cards.
    - **Health Awareness:** Despite these challenges, most villagers are enrolled in the Ayushman Bharat health scheme, providing some relief.

Strengths of the Village:

- **Infrastructure:** The village boasts well-paved roads, 24/7 electricity, and access to clean drinking water, with solar lights illuminating the entire area.
- **Government Schemes:** Successful implementation of the PM Awas Yojana has provided homes for 125-126 families, improving housing conditions.

Questions for Discussion

Dhaki Gram Panchayat faces a complex challenge in generating own-source revenue due to land scarcity, low-income levels, and the socio-political landscape. Given the current scenario, what could be the potential pathways for OSR generation in the years ahead?

Discuss:

1. Innovative approaches like CSR partnerships, solar energy initiatives, and increased community awareness.
2. The key to success will lie in maintaining transparency and ensuring that initiatives align with the financial capabilities of the villagers, who are the primary stakeholders in the Panchayat's development.

(Tips for the Trainer to facilitate Case Discussion)

Discuss probable future plans and strategies:

1. **Solar Energy Initiative:**
    - The Panchayat could consider the installation of rooftop solar panels to generate energy and revenue.
2. **CSR Partnerships:**
    - The GP could look at collaborations under a Public-Private Partnership model for revenue generation.
3. **Community-Driven Initiatives:**
    - **Awareness and Transparency:** Young residents have proposed educating the community about potential revenue-generating activities. One idea is to establish an Aadhaar center in the Panchayat to charge a nominal fee for services, with a percentage going to the Panchayat.
    - **Skill Development and Literacy:** As the village has a literacy rate of only 30%, efforts to increase literacy and vocational skills are essential for long-term development.
4. **Leveraging Technology and Social Media:**
    - The Gram Panchayat is utilizing WhatsApp groups to disseminate information about government schemes, which helps foster community awareness and involvement.
    - Social media can also be used to showcase the work of the Panchayat with the Central and State funds received. This will help in increasing the trust of the villagers.

Annexure 3

Non-Tax Own Source Revenue Generation by a Gram Panchayat

(Case Study of Ranipokhari GP, Dehradun, Uttarakhand)

Background:

Ranipokhari, a small village in Uttarakhand with a population of approximately 10,000, has demonstrated extraordinary efforts in developing its infrastructure, improving local services, and generating revenue through creative solutions. The Gram Panchayat, under the leadership of Pradhan Mr. Sudhir Raturi, has implemented innovative strategies to generate Own Source Revenue (OSR), ensuring sustainable development and self-reliance for the village.

Key Sources of OSR for Ranipokhari Gram Panchayat (2023-24)
1. Fees for Registration of Property Based on Mapping: ₹6,000
2. Revenue from Auctioning of Haat Bazaar: ₹20,70,100 (with projected ₹25,25,000 in 2024-25)
3. Rent from Panchayat Owned Shops: ₹3,60,000
4. Income from Panchayat Assets (Marriage Hall, Playground, Panchayat Ghat, etc.): ₹12,000
5. Income from Village Fair (Mela): ₹20,000

The Gram Panchayat has generated nearly ₹26 lakhs in the fiscal year 2023-24 through OSR, reflecting the success of its initiatives in leveraging local resources, especially its land, for revenue generation.

Key Initiatives and Strategies for OSR:

1. **Haat Bazaar (Market Place)**: The Gram Panchayat transformed unused land into a bustling marketplace where vendors sell goods, generating substantial revenue from auctioning of space for shops. Despite initial skepticism from shopkeepers, the Haat Bazaar now ranks as one of the highest revenue-generating markets in the area.

2. **Panchayat-Owned Shops**: With support from a local MLA, the Panchayat secured land to build shops, further boosting its revenue. These shops are rented out to local entrepreneurs, generating a steady income.

3. **Village Fairs (Melas)**: Ranipokhari hosts periodic Melas (fairs) that not only enhance community spirit but also generate revenue. A recent Mela earned ₹40,000 over a 25-day period.

4. **Renting of Panchayat Ghar and Marriage Hall**: The Panchayat owns a marriage hall 'Baraat Ghar' and a large Panchayat Ghar (community hall), which are rented out for weddings and social events. Additionally, catering services like tea and breakfast are provided, further increasing income.

5. **User Charges for Services**: A user charge system was introduced for services like garbage collection, where each household pays ₹30. Over time, these charges have grown from ₹10-20,000 per month to ₹60-70,000 per month.

Challenges Faced:

1. **Initial Resistance**: Convincing the community to pay user charges for garbage collection, explaining the importance of "swacchata", and participating in revenue-generating activities posed a significant challenge. However, persistent efforts to explain the benefits of this initiative eventually led to broad acceptance.
2. **Financial Risk in Haat Bazaar**: Initially, there were doubts about the viability of the Haat Bazaar. Shopkeepers feared financial losses. However, under Mr. Raturi's guidance and with a positive approach, the market now flourishes.
3. **Lack of By-Laws related to Tax collection**: The Gram Panchayat has expressed a desire to levy taxes on entities that set up hotels or factories, but is currently restricted due to no clear by-laws on the matter.

Innovative Leadership:

Mr. Sudhir Raturi's hands-on approach to development, leveraging his local knowledge, has been key to the success of the Panchayat. He spearheaded the introduction of a Common Service Centre (CSC), helped villagers secure essential documents like Aadhar cards, and even took personal responsibility for ensuring local schools had the necessary teachers and resources. The community people trust him and cooperate with him.

Community Development and Welfare:

- **Healthcare Initiatives**: Under Mr. Raturi's leadership, Ranipokhari Gram Panchayat has arranged bi-monthly health camps in collaboration with AIIMS Rishikesh, providing essential ***preventive*** medical services to villagers.
- **Education Improvements**: The Panchayat has addressed infrastructure issues in local schools, such as a lack of teachers and poor facilities. For example, Mr. Raturi arranged for the provision of mathematics and computer teachers at a local girls' school, as well as improvements to the school's computer room.
- **Environmental Efforts**: Ranipokhari is committed to reducing pollution and improving the local environment. The Panchayat plans to plant 1,000 trees in the coming year and encourages the community to participate in tree-planting initiatives.

SHGs and Women Empowerment:

Ranipokhari has successfully established SHGs for women, who are now producing and selling items like clothes and food products in a big shop provided to them on Panchayat land. This initiative not only empowers women but also contributes to the local economy. Today there are 50 active SHGs in this village.

Sustainability and Future Plans:

The Gram Panchayat aims to continue its growth by:

- Expanding revenue-generating projects like solar panel installations on Panchayat land.
- Increasing participation in creative activities by forming groups for women and children to contribute to village development.
- Further improving infrastructure, including education, healthcare, and sanitation.

Conclusion:

The Ranipokhari Gram Panchayat's model of OSR generation demonstrates the potential for local governments to be self-sustaining through innovative approaches, leadership, and community involvement. The success of this model is evident in the rapid development and increasing revenue streams, which ensure continued progress and stability for the village.

Questions for Discussion:

1. What are the key factors contributing to the success of OSR generation in Ranipokhari Gram Panchayat?
2. How can other Gram Panchayats replicate Ranipokhari approach to overcome challenges related to initial resistance and financial risk?
3. How can government policies be adjusted to enable Gram Panchayats to levy more taxes and generate additional revenue?
4. How can the concept of SHGs be expanded to empower more communities in rural areas?

Annexure 4

Village Development Utilizing an Innovative OSR Strategy of Pre-wedding shoots by a Hilly Village

(Case Study of Sirasu GP, Pauri, Uttarakhand)

Sirasu, a small village nestled in the Himalayas by the Holy Ganga (Figure 1), stands out as a prime example of innovative revenue generation through unconventional means by its Gram Panchayat. The village has just about 118 families living there and a population of about 600 people. Let us see how this little village overcame various challenges to eventually create its own sources of income, providing crucial services to the community, and improving the overall quality of life. The road ahead is long, but the journey continues!

FIGURE 1: SIRASU VILLAGE

The story of Sirasu's economic transformation begins with its Gram Pradhan, Mr. Pritam Singh Rana, who has played a pivotal role in ensuring the village's self-sufficiency and growth. Let us examine 2 sources of OSR that this panchayat generates.

- **Pre-Wedding Sho ot Tourism** One of the most successful ventures initiated by the Panchayat was the promotion of pre-wedding shoots (Figures 2,3).

FIGURE 2: PRE-WEDDING SHOOT LOCATIONS

FIGURE 3: PRE-WEDDING SHOOT LOCATION

FIGURE 4: REGISTER MAINTAINING ACCOUNT OF FEES CHARGED

In 2018, the Panchayat began charging a nominal fee of ₹500 per couple for conducting pre-wedding shoots, primarily in scenic spots around the village. This small step, initially implemented to control littering by outsiders, soon became a major source of income. What started as a modest ₹1.5 lakh annually has grown exponentially to a staggering ₹15-20 lakhs per year, just through this activity. Today, the fee for pre-wedding shoots is ₹1000 per couple (Figure 4). The revenue generated is reinvested in the village's infrastructure. The success of the pre-wedding shoots is not limited to monetary gains alone. The business has created employment opportunities for local youth, especially in adventure tourism-related services like river rafting and letting out bikes for pre-wedding shoots. This venture has also led to the development of tourist-friendly amenities and businesses, such as cafes run by locals like Mr. Vishal Negi, who operates a popular riverside café that thrives due to the influx of tourists for shoots. Migration has reduced due to these initiatives.

- **Renting Out Crockery and Furniture**

  The Gram Panchayat office houses various crockery, chairs, and other items that are available for rent (Figure 5). When a social or cultural event is held in the village, villagers can rent these items for a nominal fee of Rs. 500. This initiative provides an additional revenue stream while also benefiting local residents who may not have the resources to purchase such items.

FIGURE 5:CROCKERY FOR RENT

Use of OSR for Sustainable Village Development

Sirasu, being a hilly village with frequent power cuts, faced challenges in maintaining safety and accessibility after dark. In a Gram Panchayat meeting, the decision was made to install solar-powered streetlights at a distance of every 200 meters (Figure 8), a move funded entirely through OSR. As of now, the Panchayat is contemplating mass solar lighting for larger families. This initiative not only solves the village's power-related issues but also showcases the Panchayat's commitment to sustainable development.

FIGURE 6: PAKKA ROAD

FIGURE 7: SIGNBOARD OF VILLAGE THAT GIVES A SENSE OF PRIDE

FIGURE 8: SOLAR STREET LIGHTS

Other than electricity, the OSR income has been used to make paved roads in the hills for the residents (Figure 6), improve school infrastructure and various other development activities.

Challenges and Solutions

While the idea of collecting revenue without imposing taxes may seem unconventional, it has proven to be successful in Sirasu. The Panchayat faced initial resistance, especially regarding the pre-wedding shoot fees. Many villagers were unsure about the benefits of allowing tourists to shoot in their village. However, Mr. Pritam Singh Rana, Administrative officials and the Gram Panchayat leadership effectively communicated that the fees were being used for community development. Over time, this transparency and community involvement helped gain villagers' trust and support.

Furthermore, logistical challenges arose with the influx of tourists, such as disruptions during photo shoots and overcrowding in popular spots. The Panchayat quickly adapted by introducing a regulated system for photo shoots, ensuring that tourists' activities didn't disturb local life or damage the natural environment.

The community members, including the local youth involved in the pre-wedding shoot and adventure sports businesses, are more inclined to support the Panchayat's initiatives because they directly benefit from them. Today, all feel a sense of pride in their village and share stories of their village being located from afar because of the village signboard (Figure 7).

In the future, the Panchayat plans to formalize some of these revenue streams by creating bylaws that would allow the collection of maintenance taxes for infrastructure repairs and management, particularly water pipelines. However, they will only do this when the community is ready and willing to accept it.

Conclusion

Sirasu's story is one of transformation, where the village has moved from lacking basic amenities to having a thriving local economy with improved infrastructure. The village now boasts new roads, functional water supply systems, and even a beautifully designed sign marking the village's name. The success of these projects has fostered a sense of pride and ownership among the villagers, who now look forward to further development, including better educational opportunities for their children.

Discussion Questions:

1. What are the key advantages and disadvantages of relying on unconventional OSR methods, like pre-wedding shoots and renting out equipment, for the financial sustainability of a Gram Panchayat?
2. How can other villages in India use such unconventional sources to generate revenue while preserving their cultural and environmental integrity?
3. How can Gram Panchayats balance the interests of tourists and locals to ensure that tourism benefits both without causing disruptions?
4. What role does community involvement and transparent communication play in the success of such unconventional revenue generation initiatives? How can Gram Panchayats ensure that residents remain supportive?

By exploring these questions, we can better understand how local governance can creatively leverage resources, engage communities, and generate revenue in rural areas, setting a precedent for other Gram Panchayats across India.

Annexure 5

Application of Social Audit Model by GPs for Effective Management of Grants and Tax Revenue

The social audit model offers valuable lessons for Gram Panchayats in managing grants and tax revenue effectively while fostering public trust and avoiding exclusions.

Social Audits in Financial Management for Gram Panchayats

The social audit model offers valuable lessons for Gram Panchayats in managing grants and tax revenue effectively while fostering public trust and avoiding exclusions.

Key Applications for Gram Panchayat Financial Management

1) **Transparent Use of Grants**:
   a) Social audits can ensure funds from government schemes or grants are spent transparently and efficiently, reducing corruption and leakages.
   b) Open meetings (Gram Sabhas) to review expenditures and project outcomes can build trust among citizens.
2) **Accountability in Tax Revenue Collection**:
   a) Regular audits of tax records, such as property tax and market fees, ensure fairness and prevent revenue leakages.
   b) Publishing revenue and expenditure details increases confidence in panchayat financial practices.
3) **Inclusive Participation**:
   a) Involve marginalized groups, such as women, Scheduled Castes (SC), and Scheduled Tribes (ST), in financial reviews to ensure their needs are addressed and avoid exclusions.
   b) Encourage all taxpayers to voice concerns, fostering equity in decision-making.
4) **Empowerment Through Capacity Building**:
   a) Train local community members in basic financial management and audit techniques to promote grassroots oversight.
   b) Educate citizens on their rights to access financial information and participate in audits.
5) **Corrective Mechanisms**:
   a) Use audit findings to implement systemic changes, address grievances, and recover misused funds.
   b) Introduce performance-based monitoring for officials handling financial matters.

Benefits

1) **Building Public Trust**: Transparent financial practices reassure citizens their contributions and public funds are utilized responsibly.
2) **Avoiding Exclusion**: Inclusive audits ensure no community or individual is left out of the financial planning and review process.
3) **Efficient Resource Allocation**: Regular audits help identify inefficiencies and redirect resources to high-priority areas.

By adopting the social audit approach, Gram Panchayats can establish themselves as transparent, accountable institutions, thereby improving financial management and fostering community confidence.

Annexure 6

Asset Creation and Preservation by a Gram Panchayat

(Case study of Hiware Bazar GP, Ahmednagar, Maharashtra)

Background

Hiware Bazar, a small village in the Ahmednagar district of Maharashtra, is a shining example of effective Panchayat-led asset creation and preservation. Once facing severe drought and poverty, the village transformed itself through participatory governance and effective resource management.

Challenges Faced

1. **Scarcity of Water**: Frequent droughts had depleted water resources, leading to migration and poor agricultural productivity.
2. **Degraded Natural Resources**: Overgrazing and deforestation had eroded soil quality and common lands.
3. **Poor Infrastructure**: Lack of basic amenities like roads, sanitation, and drinking water facilities hindered development.

Strategies Implemented by the Gram Panchayat

1. **Participatory Planning**:
   - A **Village Development Plan** (VDP) was prepared with inputs from all villagers, prioritizing water conservation and natural resource management.
   - The Panchayat engaged community members to identify existing assets and gaps.
2. **Water Conservation and Asset Creation:**
   - Constructed **check dams, farm ponds, and percolation tanks** to harvest rainwater.
   - Implemented **watershed management** programs to prevent soil erosion and recharge groundwater.
   - Revived traditional water harvesting systems like **earthen bunds and canals**.
3. **Asset Preservation:**
   - Villagers formed committees to oversee maintenance of water structures and ensured timely repairs.
   - Implemented rules to regulate water usage, such as banning sugarcane cultivation and water-intensive crops.
4. **Livelihood Generation Through Assets:**
   - Encouraged afforestation drives, creating green cover and improving biodiversity.
   - Developed **common grazing lands** for livestock, reducing the pressure on private resources.
   - Promoted organic farming to enhance soil health and agricultural productivity.
5. **Community Ownership:**
   - Introduced a participatory model where villagers contributed in terms of labor (shramdaan) for construction and maintenance.
   - Regular village meetings ensured transparency in fund utilization and decision-making.

Results Achieved

1. **Increased Water Availability**:
   - Groundwater levels rose significantly, enabling year-round irrigation and improved drinking water supply.
   - Migration due to water scarcity reduced to almost zero.

2. **Enhanced Agricultural Productivity:**
   - Double-cropping became possible, boosting farm incomes.
   - The village adopted cash crops and diversified farming practices.
3. **Sustainable Management of Resources:**
   - The preservation of water structures ensured long-term benefits, even during drought years.
   - The village was declared a **"water-surplus" village** and became a role model for drought-prone areas.
4. **Recognition and Awards:**
   - Hiware Bazar received the **National Water Award** and was identified as a model village under the **Adarsh Gram Yojana**.

Key Lessons for Other Panchayats

1. **Participatory Approach**: Involving the community ensures ownership and accountability for created assets.
2. **Focus on Sustainability**: Emphasis on preservation and efficient use of resources leads to long-term benefits.
3. **Leveraging Government Schemes**: Hiware Bazar utilized funds from programs like the **MNREGA**, **Rashtriya Krishi Vikas Yojana**, and **Watershed Development Programme** effectively.
4. **Innovative Governance**: Transparency and community-driven initiatives are essential for success.

Hiware Bazar demonstrates that with strong leadership, community participation, and effective planning, Gram Panchayats can create and preserve assets to drive sustainable development and transform rural areas.

Annexure 7

Enhancing Own Source Revenue Through Community-Led Enterprises

(Case Study of Tamil Nadu Rural Transformation Project)

Background

In 2018, the Tamil Nadu Rural Transformation Project (TNRTP), also known as *VazhndhuKattuvom*, was launched with assistance from the World Bank, contributing 70% of the funding. The project was designed to uplift rural livelihoods by fostering entrepreneurship, promoting skill development, and establishing a sustainable business ecosystem. TNRTP strategically integrates farm, off-farm, and non-farm activities to boost the economic potential of rural communities, aligning with panchayat goals for financial self-reliance and OSR enhancement.

Key Features of the TNRTP Model

1. **Promoting Rural Entrepreneurship**:
   - The project focuses on empowering Self-Help Groups and their households by enhancing entrepreneurial skills and providing access to business opportunities.
   - Special emphasis is placed on creating Micro, Small, and Medium Enterprises (MSMEs) that can generate revenue and employment at the local level.
2. **Producer Group (PG) Model:**
   - Small producers in villages are organized into Producer Groups with 30 to 150 members. These groups focus on aggregation, productivity enhancement, and collective activities to boost revenue.
   - Each PG is eligible for a start-up grant of up to ₹75,000, contingent upon the submission of viable business proposals.
3. **Matching Grant Program:**
   - This initiative bridges the gap in financial access for high-risk rural enterprises, such as producer companies, first-time entrepreneurs, and women-led businesses.
   - Financial institutions provide 70% of the approved loan amount, with the remaining 30% subsidized through the program.
4. **Community Farm Schools:**
   - These schools enable the transfer of agricultural knowledge and techniques directly to the community, fostering innovation and productivity in farming practices.
5. **Migrant Support Centre (MSC):**
   - Established in collaboration with Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDUGKY), MSCs assist migrants within the state, addressing the unique challenges of rural-urban migration.

Impact on Own Source Revenue

1. **Revenue Generation Through MSMEs**: By establishing local MSMEs, panchayats can collect revenue through trade licenses, market fees, and other applicable charges. This creates a steady stream of OSR while promoting local economic activity.
2. **Producer Group Contributions**: PGs drive community-level aggregation and commerce, which can result in higher market fees and economic activity. Additionally, these groups help reduce middlemen dependency, ensuring higher incomes for producers and their families.
3. **Leveraging Matching Grants for Infrastructure**: Panchayats can collaborate with financial institutions to develop infrastructure, such as storage facilities or marketplaces, which can be monetized through user charges or rental fees.

4. **Skill Development and Employment**: Training programs and community farm schools increase productivity and create jobs, which in turn boosts disposable income. Higher local economic activity increases demand for services and generates OSR through service fees.

5. **Migrant Support Services**: MSCs support the integration of migrant workers into local economies, creating additional opportunities for revenue collection through documentation, permits, and service fees.

Lessons for Panchayats

- **Focus on Aggregation and Scale**: Panchayats can replicate the PG model to mobilize small producers, enabling economies of scale and collective bargaining.
- **Support High-Risk Enterprises**: By offering matching grants or subsidies, panchayats can encourage entrepreneurship, especially among women and marginalized groups.
- **Invest in Knowledge Transfer**: Community farm schools demonstrate the importance of bringing innovation to the grassroots, leading to higher productivity and increased revenue.
- **Partner with Financial Institutions**: Public-private partnerships, as demonstrated in the matching grant program, can attract funding for local development projects.

Discussion Questions

1. How can the TNRTP model be adapted to suit the specific needs of your panchayat?
2. What innovative revenue streams could emerge from establishing PGs and MSMEs in your area?
3. How can community farm schools and migrant support centers be leveraged to enhance OSR?
4. What partnerships could your panchayat explore to implement a similar matching grant program?

Conclusion

The Tamil Nadu Rural Transformation Project illustrates the potential of innovative, community-driven approaches to enhance rural livelihoods and generate revenue. By adopting elements of this model, gram panchayats can not only boost their OSR but also ensure sustainable, inclusive development.

Annexure 8

Talakiya's Transformation: A Village's Path to Financial Independence

Talakiya was like many other villages in India—a place where life revolved around agriculture, local markets, and community gatherings under the old banyan tree. It was a village of hardworking people, yet the Gram Panchayat struggled to maintain even basic amenities. The roads were filled with potholes, the streetlights flickered only when they wanted to, and the village pond, once the heart of the community, was slowly turning into a dumping ground. Every year, the villagers pinned their hopes on government grants, but these were unpredictable and often delayed. And when the money did come, it barely covered the most urgent repairs, let alone any new initiatives.

Yamuna Devi, the newly elected Sarpanch, had spent her entire life in Talakiya. She had seen how the village had grown, how the haat (weekly market) had expanded, how the community had come together in times of crisis—but she had also seen how financial dependency on external support had left them vulnerable. She wanted to change that. But how?

The Struggle for Stability

One evening, under the shade of the great banyan tree, the Panchayat called for a village meeting. The usual complaints surfaced—why weren't the roads being repaired? Why was the pond not being cleaned? Why was the garbage piling up? An elder scoffed, "What can we do? We are at the mercy of government funds."

Kishore Singh, a respected elder, shook his head. "When I was young, we never sat around waiting for money to arrive from somewhere else. We found ways to manage on our own. Have we forgotten how to do that?"

A murmur spread through the crowd. Before anyone could respond, Ashok, an enthusiastic young man, spoke up. "Kishore Singh is right! Look at the haat—hundreds of vendors set up stalls there every week. Shouldn't that be bringing in some money?"

Indu, another young villager, nodded. "And what about the grazing fees? I remember my father mentioning that cattle owners used to pay the Panchayat to use the common land. Does that money still come in?"

Ramprasad, who had always been known for his keen sense of numbers, added, "And what about the village pond? I remember it used to be leased out for fishing. Are the fishermen still paying?"

Yamuna Devi listened intently. "We need to understand what we already have before we keep saying we don't have enough."

A Village's Revenue Puzzle

Over the next few days, the Panchayat members and volunteers gathered information. What they found was both revealing and alarming.

- The weekly village haat was indeed a potential source of revenue. Vendors paid a small fee to set up their stalls, but since there were no proper records, much of the money went unaccounted for.
- Farmers who let their cattle graze on Panchayat land were supposed to pay a nominal grazing fee. Some did, some didn't, and there was no clear system in place to track it.
- The village pond had once been leased out for fishing, generating income for the Panchayat. But in recent years, local fishermen had stopped paying, assuming it was free for all.
- The Panchayat owned a small shop space near the main road that had been lying vacant for years, even though traders had expressed interest in renting it.

- There was also a community hall that was used for festivals and weddings, but no formal rental charges had ever been fixed, leading to inconsistent payments.

As the Panchayat members pored over the details, a realization struck them—there was money, but it was slipping through the cracks due to a lack of proper management.

The Crossroads

The villagers sat together late into the night, discussing possibilities. Could they introduce a simple receipt system for haat fees to ensure proper accounting? Should they establish clear deadlines for grazing payments? Would improving the pond's maintenance encourage fishermen to start paying again? And what about the empty shop—how could they attract tenants?

As the discussion deepened, more issues surfaced. The village primary school needed repairs, but there was never enough money. The Anganwadi center had no proper drinking water facility. The hand pumps required maintenance. Each problem traced back to the same root issue—unreliable revenue.

Ashok, the ever-curious mind, asked, "What if we could predict how much money we'll have in the coming months? That way, we could plan ahead instead of always reacting to problems when they become too big."

Indu, inspired by the discussion, added, "Yes! And if we know when we collect more—like during harvest season—we can plan accordingly. Maybe even save for emergencies."

Kishore Singh smiled. "That sounds like something my father used to do when managing our farm's expenses. If we knew how much we'd earn in the season, we would plan for seeds, fertilizers, and repairs in advance. Why can't we do the same for the Panchayat?"

Yamuna Devi saw the energy and hope in their eyes. The village wasn't short on money—it was short on planning. But how could they make this system work? How would they ensure everyone paid on time? How could they prepare for unexpected expenses like a bad monsoon or a health crisis?

As the discussion continued, it became clear that Talakiya had more resources than it had assumed. The real challenge wasn't just a lack of funds—it was the lack of a structured approach to managing what they already had.

The village had taken the first step – identifying the problem. The solution, however, would require careful planning, community involvement, and a willingness to try something new. And so , as the meeting wrapped y]up that night. Yamuna Devi looked around at her people, Knowing that the answer lay within them. It was now up to the village to work together and take control of their financial future

Talakiya's journey had just begun. The Panchayat had uncovered its existing revenue sources and the challenges in maintaining them. But what next? Could they introduce a system to predict their income? Could they ensure people paid on time? Could they expand their revenue without burdening the villagers? These are some questions for discussion.

Annexure 9

The Story of Rampur: A Lesson in Project Management

Introduction

Rampur (fictional name) is a small but vibrant village nestled in the hills, home to nearly 3,500 people. Known for its lush greenery, rich cultural heritage, and a scenic lake, the village had the potential to become a tourist destination. However, the villagers faced two major challenges:

- A shortage of drinking water, particularly in the summer.
- Limited employment opportunities for the youth.

The Gram Panchayat members, led by the newly elected Sarpanch, decided to tackle these problems through systematic project planning.

One evening, the Sarpanch called for a Gram Sabha meeting under the village banyan tree. The villagers, farmers, youth, and elders all gathered.

"We must solve our water crisis and create more income sources for the village," he declared. "If we work together using proper planning, we can transform Rameshpur into a self-sufficient and prosperous place."

The people agreed, and thus, two projects were envisioned:

1. A Drinking Water Supply System to ensure a year-round water supply for the village.
2. A Farm and Eco-Tourism Initiative to attract visitors and generate revenue for the village.

The Sarpanch assigned a group of villagers to research the problems, gather insights, and work on solutions.

Project Management in Action

1. Project Initiation: Identifying Needs and Stakeholders

The villagers listed their challenges and opportunities. They spoke to government officials, local engineers, and NGOs for technical insights. They identified the key stakeholders:

- The Gram Panchayat
- Local farmers
- Tourism experts
- The State Rural Development Department
- NGOs focused on water conservation
- Contractors and skilled laborers

2. Project Planning: Structuring the Solutions

The Panchayat, along with experts, developed a detailed action plan:

For Drinking Water:

- Three borewells would be constructed at different locations.
- A network of pipes would distribute the water to households.
- A large storage tank would be built to ensure round-the-clock water availability.
- A water committee would be formed to oversee maintenance.

For Farm and Eco-Tourism:

- A few local farmers would convert their land into eco-stays and farm tourism zones where visitors could experience rural life, organic farming, and nature walks.
- The scenic lake would be developed as a picnic and bird-watching area.
- Homestays would be built using sustainable materials.
- Local artisans would be encouraged to sell handmade goods to tourists.

Estimated Cost:

- ₹20 lakhs for the water project (funded by the Jal Jeevan Mission and MGNREGA grants).
- ₹15 lakhs for eco-tourism (partly funded by self-investment from villagers and a government tourism grant).

3. Project Execution: Bringing Ideas to Reality

The villagers worked together to execute the plan. Some were involved in digging borewells, while others assisted in laying pipelines. The youth were trained in hospitality and guided nature tours. With help from tourism experts, farmers set up eco-friendly cottages for visitors. Local artists decorated the homestays with traditional murals, adding to the authenticity of the experience.

4. Monitoring and Control: Ensuring Smooth Implementation

To ensure everything was progressing as planned, the Gram Panchayat established a monitoring system:

- For the water project: A weekly report was prepared to track borewell drilling and pipeline installation.
- For eco-tourism: A progress committee visited sites weekly and updated the Panchayat on homestay construction, visitor interest, and marketing efforts.
- Financial and quality control: Village elders and women's self-help groups (SHGs) were given the responsibility of overseeing finances and quality standards.

5. **Project Closure and Sustainability: Making It Last**

After months of hard work, both projects were successfully completed. The borewells provided water throughout the village, and a maintenance plan was established to keep the system functional. The eco-tourism project welcomed its first batch of visitors, generating income for local families. A portion of the revenue from tourism was allocated to maintaining roads, sanitation, and the water supply system.

Steps to Ensure Sustainability:

- The Water Committee collected a small monthly fee from households to cover maintenance costs.
- The Tourism Board, made up of villagers, promoted Rameshpur's eco-tourism through social media and local events.
- A fund-sharing model was created, where %20 of tourism revenue was reinvested into community projects.

Discussion and Brainstorming Exercise

Now, think about your own village or community. How can project management principles be applied there? Consider the following questions:

1. Identify a Problem: What issue does your village face that can be solved with structured planning?
2. Define the Project Scope: What needs to be done to solve this problem?
3. Stakeholder Analysis: Who should be involved in the project?
4. Budget and Resource Planning: What financial and human resources are needed?
5. Monitoring Mechanisms: How can you ensure the project stays on track?
6. Long-term Sustainability: What steps can be taken to maintain the project's success in the future?

By applying these principles, your community can undertake well-planned projects that drive sustainable development and prosperity.

Annexure 10 Assessment Questionnaires

To be given at the end of the session for respective module (10 minutes)

Module 1 Questionnaire

1. **What does OSR stand for in the context of Gram Panchayats?**
    A. Official State Revenue
    B. Own Source Revenue
    C. Operational State Revenue
    D. Organizational Service Revenue
2. **Which of the following is a tax source of OSR for Gram Panchayats?**
    A. Property Tax
    B. Community Donations
    C. Grants from State Government
    D. Revenue from GP Assets
3. **What should be the first step to improve tax compliance among Gram Panchayat residents?**
    A. Increase tax rates significantly
    B. Conduct door-to-door awareness campaigns on rights and duties of community people.
    C. Making tax payment voluntary and optional
    D. Punish non-compliance
4. What is the role of digital tools in revenue collection for Gram Panchayats?
    A. Increase transparency in records
    B. Improve efficiency in financial management
    C. Timely update
    D. All of the above
5. **What kind of tax is imposed on individuals engaged in professions or trades within a Panchayat's jurisdiction?**
    A. Property Tax
    B. Entertainment Tax
    C. Professional Tax
    D. Market Fee

6. **What can Gram Panchayats do to monetize underutilized government assets?**
   - A. Ignore unused properties
   - B. Lease/auction unused land, buildings, or assets
   - C. Destroy unused assets and make something else there
   - D. Distribute assets among residents
7. **Which of the following is an important activity in the revenue collection processes of Gram Panchayats?**
   - A. Analysing revenue reports- receipts and expenses
   - B. Regularly assessing revenue collections
   - C. Identifying challenges in revenue collection
   - D. All of the above
8. **What is the main benefit of initiatives like composting and biogas plants?**
   - A. It is less time consuming
   - B. Improving tourism
   - C. Creating new markets for crafts
   - D. Generating revenue while promoting environmental sustainability
9. **Which of the following is a potential benefit of promoting eco-tourism in Gram Panchayats?**
   - A. Empowerment of local enterprises such as cottage industries, food, farm produce etc.
   - B. Employment generation
   - C. Revenue generation
   - D. All of the above.
10. **What type of products can Gram Panchayats promote to generate revenue from local crafts in Village markets?**
   - A. Bamboo products
   - B. Pottery
   - C. Hand-made utensils
   - D. All of the above.

Module 2 Questionnaire

1. **Which of the following is not a source of tax revenue for Gram Panchayats?**

   A. House Tax

   B. Entertainment Tax

   C. Income Tax

   D. Vehicle Tax

2. **Which of the following is an example of non-tax revenue for Gram Panchayats?**

   A. House Tax

   B. Market Fees

   C. Property Tax

   D. Vehicle Tax

3. **What is a key principle of OSR?**

   A. Every rupee collected should be used by the state government.

   B. Revenue should be spent only on administrative costs.

   C. Every rupee collected should contribute to self-reliance and Gram Swaraj.

   D. Revenue must be collected in cash only.

4. **Which of the following is an innovative revenue stream for Gram Panchayats?**

   A. Vehicle Tax

   B. User Charges

   C. Renting premises for film shootings

   D. Market Fees

5. **What is the first stage of the revenue life cycle?**

   A. Billing-Collection

   B. Valuation

   C. Enumeration

   D. Reporting

6. **What technology can help in property mapping for OSR?**

   A. GPS-based surveys

   B. GIS-based property mapping

   C. Social media tools

   D. Voice recognition systems

7. What is the challenge related to the valuation stage in the revenue cycle?

A. Lack of updated property valuations

B. High tax rates

C. Limited public participation

D. Resistance to digital tools

8. What is a recommended reform for improving assessment and metering?

A. Eliminate property taxes

B. Introduce smart metering for utilities

C. Increase professional tax

D. Delay assessments until after election periods

9. What is one of the primary challenges in billing and collection?

A. Excessive reliance on digital tools

B. Public willingness to pay taxes

C. Complete transparency

D. Over-reliance on manual systems

10. What reform is suggested to improve revenue transparency?

A. Keeping records in physical registers

B. Displaying real-time revenue data on websites

C. Limiting public access to financial data

D. Banning third-party audits

Module 3 Questionnaire

1. What is the primary principle of Nudge Theory in behavioural economics?

A. Coercing individuals to make better choices

B. Using subtle environmental changes to influence behaviour

C. Offering large financial incentives for good behaviour

D. Providing strict regulations for desired actions

2. **Which of the following best describes default options in the context of Nudge Theory?**

A. Encouraging individuals to make their own decisions without external help

B. Imposing regulations that force people to comply with the policy

C. Offering large rewards for specific behaviours

D. Making certain behaviours the automatic choice, with an option to opt-out

3. In property tax collection, what is an example of a nudge to encourage payments?

A. Setting a strict fine for late payments

B. Automatically enrolling residents in the tax system, with the option to opt-out

C. Sending large financial incentives for paying on time

D. Creating laws that mandate tax payment

4. Which of the following is an example of social norms being used as a nudge in Gram Panchayats?

A. Offering a financial reward for timely payments

B. Charging a high fine for non-payment of taxes

C. Showing that most neighbours have paid taxes already

D. Making community members pledge in public to pay taxes

5. Loss aversion suggests that people are more motivated by:

A. Avoiding losses

B. Gaining rewards

C. Making independent decisions

D. Achieving personal goals

6. What does commitment and consistency imply in the context of behavioural economics?

A. Giving individuals large incentives for repeating actions

B. Forcing people to commit to a specific action under legal pressure

C. Encouraging people to commit publicly to a certain behaviour

D. Requiring individuals to regularly review their actions

7. What is a framing effect in behavioural economics?

A. The way information is presented can influence decisions

B. Offering a framed certificate as reward for a particular behaviour

C. Using social pressure for compliance

D. Setting fines to discourage negative behaviour

8. **Which of the following is an example of simplification as a nudge?**

A. Making the tax payment process simpler through mobile apps

B. Offering large cash rewards for tax payments

C. Compelling people to pay taxes under threat of jail

D. Setting up a task force to ensure compliance with all tax laws

9. Which of the following is not an example of application of nudge theory for OSR?

A. Framing

B. Forgiving

C. Timely reminders

D. Incentives

10. A possible reason why nudge theory may be difficult to use is:

A. Outcomes may be difficult to predict.

B. It can at times not work

C. None of the above.

D. Both A and B

Module 4 Questionnaire

1. What is one of the benefits of generating revenue through local assets?

A. Complete elimination of government dependence

B. Increased local autonomy and control over development priorities

C. Higher taxation on residents

D. Guaranteed increase in population size

2. How can Gram Panchayats increase revenue from natural resources such as ponds or forests?

A. By selling the resources to private companies

B. By implementing eco-friendly and sustainable practices like fisheries, eco-tourism, or medicinal plant cultivation

C. By restricting access to these resources

D. By providing them free to the public for community use

3. What role does community involvement play in asset utilization and OSR generation?

A. It leads to a decrease in overall revenue generation

B. t reduces the accountability of the Gram Panchayat in managing assets

C. It hinders decision-making and governance

D. It encourages responsible usage and maintenance of assets, thus enhancing revenue generation

4. What is the impact of collusion among SHGs on the GP's OSR?

A. Increases revenue from auctions

B. Reduces revenue from competitive auctions

C. Enhances local fisheries

D. Boosts the local economy

5. Which of the following is an example of asset utilization in local governance?

A. Collection of taxes

B. Renting out public buildings or land

C. Conducting awareness campaigns

D. Providing free education to all children

6. What is an essential factor for maximizing revenue from assets?

A. Regular maintenance and proper management of assets

B. Ensuring assets are always free to the public

C. Limiting asset use to government officials only

D. Selling assets at the lowest price possible

7. **Which of the following would be considered an asset for generating OSR?**
   - A. Public parks
   - B. Government grants
   - C. Local community halls
   - D. Both A and C

8. **What is a major challenge in generating OSR from local assets?**
   - A. High competition for resources from external sources
   - B. Low awareness of local assets
   - C. Overregulation and restrictions on the use of assets
   - D. Political interference and mismanagement of funds

9. **How can the utilization of public assets impact the local community?**
   - A. It can create job opportunities and stimulate local economies
   - B. It can lead to unnecessary expenditure
   - C. It can decrease the quality of public services
   - D. It can lead to overcrowding in the area

10. **What kind of revenue can be generated by the commercialization of local public spaces?**
   - A. No revenue, as public spaces are free for use
   - B. Revenue from entry fees, events, and rental charges
   - C. Revenue from voluntary donations by citizens
   - D. Revenue from government grants and external funding

Module 5 Questionnaire

1. **Which of the following are innovative sources of revenue for Gram Panchayats?**
   A. CSR funds
   B. User fees for local assets
   C. Crowdfunding
   D. All of the above
2. **How can Gram Panchayats use CSR funds effectively?**
   A. By organizing community events
   B. By funding sustainable development projects
   C. By creating employment opportunities for the private sector
   D. By building private infrastructure
3. **Which government schemes are instrumental in financing infrastructure and development work in Gram Panchayats?**
   A. National Rural Livelihood Mission (NRLM)
   B. Rashtriya Gram Swaraj Abhiyan (RGSA)
   C. 15th Finance Commission Grants
   D. All of the above
4. **How can SHGs and FPOs contribute to Gram Panchayat finances?**
   A. Through joint livelihood projects and resource pooling
   B. By imposing taxes on community members
   C. By managing Panchayat elections
   D. None of the above
5. **What is the role of e-Gram SWARAJ in Panchayat finances?**
   A. Tracks and reports financial transactions digitally
   B. Ensures tax collection by Panchayats
   C. Monitors only private contributions
   D. Acts as a funding agency for rural projects
6. **Which of the following best describes asset monetization for Panchayats?**
   A. Selling Panchayat-owned land for private use
   B. Generating revenue by managing local resources such as markets or water bodies
   C. Leasing community assets to international organizations
   D. None of the above
7. **How will you use the knowledge gained in this session?**

A. Apply innovative financing options to support Gram Panchayat projects

B. Collaborate with local stakeholders to generate revenue

C. Advocate for CSR and other funding options in your Panchayat

D. All of the above

8. **What is the primary advantage of Blended Finance (PPPPs) for GPs?**

A. Increased financial burden on GPs

B. Access to private sector expertise and resources along with community participation

C. Reduced community participation

D. Limited government support

9. **What is the main benefit of using crowdfunding for Gram Panchayat projects?**

A. Increased government funding

B. Direct connection between donors and community needs

C. Access to financial loans

D. Reduction in project costs

10. **Which of the following is a key feature of the Municipal Bonds concept for GPs?**

A. Direct government grants for GPs

B. Bonds issued by GPs to raise capital

C. Collaboration between GPs and financial institutions

D. Shared funds from neighbouring GPs

Module 6 Questionnaire

1. **Why is revenue forecasting important for Gram Panchayats?**
   A. It helps in making informed financial decisions.
   B. It ensures that funds are available for essential services.
   C. It reduces financial uncertainty and dependency on higher authorities.
   D. All of the above.
2. **Which of the following is an Own Source of Revenue for Gram Panchayats?**
   A. House tax/property tax
   B. Grants from the State Government
   C. Central Finance Commission (CFC. funds
   D. None of the above
3. **What is a key step in revenue forecasting?**
   A. Spending money before funds are collected
   B. Checking past revenue trends and seasonal patterns
   C. Relying solely on government grants
   D. Ignoring inflation and economic factors
4. **What can Gram Panchayats do to strengthen tax collection?**
   A. Conduct surveys to list all taxable properties
   B. Offer incentives for timely payments
   C. Increase property taxes arbitrarily
   D. Both A and B
5. **How can Gram Panchayats improve service delivery?**
   A. By reducing the number of services they provide
   B. By improving water supply and waste management to encourage user charge payments
   C. By stopping tax collection
   D. By solely relying on voluntary contributions
6. **What is an example of a transfer from higher governments to Gram Panchayats?**
   A. Market fees
   B. Trade license fees
   C. State Finance Commission (SFC. funds
   D. User charges
7. **What is a potential risk that could impact revenue forecasting?**
   A. Natural disasters

B. Economic downturns

C. Both A and B

D. None of the above

8. Which of the following is NOT a source of own revenue for Gram Panchayats?

A. Public-Private Partnerships (PPPs)

B. Donations and voluntary contributions

C. Loans from private banks

D. Rental income from community halls

9. How can Gram Panchayats promote local economic activities for revenue generation?

A. Develop markets and tourism

B. Invest in agro-based industries

C. Rely entirely on government grants

D. Both A and B

10. What should Gram Panchayats do to prepare for financial uncertainties?

A. Depend only on state grants

B. Create a backup plan and reserve funds

C. Stop revenue collection during difficult times

D. Increase taxes without prior planning

Module 7 Questionnaire

1. **What is considered a strength in OSR generation for Gram Panchayats?**
   A. Dependence on government grants
   B. Poor tax collection enforcement
   C. Proper record-keeping of assets and taxpayers
   D. Natural disasters affecting tax collection
2. **Which of the following is a weakness in OSR generation?**
   A. Public-Private Partnerships
   B. Incomplete property records
   C. Community participation and support
   D. Regular income from water supply charges
3. **What is an opportunity for Gram Panchayats to improve revenue?**
   A. Political interference in tax enforcement
   B. Growing population and economic activities
   C. Low awareness about tax payments
   D. Poor tax collection
4. **Which of these is an external threat to OSR generation?**
   A. Increasing taxable properties
   B. Proper record-keeping
   C. Resistance from people to pay taxes
   D. Regular revenue from market fees
5. **How can a Gram Panchayat use strengths for revenue growth?**
   A. Reduce the number of taxable properties
   B. Improve tax collection where potential exists
   C. Depend more on government grants
   D. Avoid enforcing tax collection
6. **What can a GP do to overcome weaknesses in revenue collection?**
   A. Ignore property tax defaulters
   B. Digitize tax records and raise awareness
   C. Increase tax rates without consultation
   D. Depend only on external funding
7. **What is a practical example of an opportunity for OSR generation?**
   A. A GP struggling with low tax collection
   B. A GP using digital payments for tax collection

C. A GP depending only on government grants

D. A GP facing political resistance in tax enforcement

8. **How can GPs reduce threats to revenue collection?**

A. Ignore natural disasters and economic downturns

B. Have emergency funds and flexible tax policies

C. Increase taxes during economic crises

D. Stop collecting revenue from struggling businesses

9. **What is an example of a threat to OSR generation?**

A. Government schemes supporting local revenue collection

B. Use of mobile apps for tax payments

C. Economic downturn affecting businesses and local income

D. Growing economic activities in the GP area

10. **What action can a GP take after conducting a SWOT analysis?**

A. Increase tax rates without community participation

B. Apply for government grants and introduce digital payments

C. Ignore property records and focus only on grants

D. Depend entirely on emergency funds

Module 8 Questionnaire

1. What is the primary role of Gram Panchayats in village development?

A. Conducting elections

B. Making and implementing the Gram Panchayat Development Plan

C. Collecting taxes for the state government

D. Managing local businesses

2. Why is project management important for GPDP implementation?

A. It helps in allocating funds effectively and prevents delays

B. It increases the number of projects without planning

C. It ensures only large projects are selected

D. It focuses only on sanitation projects

3. Which of the following is NOT a benefit of using project management in GPDP?

A. Ensuring timely implementation of projects

B. Increasing the overall cost of projects

C. Improving transparency and accountability

D. Preventing mismanagement of resources

4. What is one key project management skill that helps in avoiding delays in project execution?

A. Goal setting

B. Time management

C. Communication

D. Team coordination

5. How does budgeting help in project management for GPDP?

A. It ensures all funds are used for a single project

B. It prevents overspending and ensures resources are used wisely

C. It allows unlimited spending on infrastructure

D. It removes the need for monitoring expenses

6. What should a Gram Panchayat do first when preparing a practical GPDP?

A. Identify the most urgent needs of the village

B. Start construction immediately

C. Seek private funding before government grants

D. Ignore community participation

7. Which of the following is an example of poor project management?

A. Completing a water pipeline project without wastage of materials

B. Setting realistic timelines for school renovation

C. Purchasing excess pipes before project planning

D. Regularly monitoring road construction progress

8. How does transparency in project management benefit Gram Panchayat projects?

A. It prevents corruption and ensures proper use of funds

B. It allows projects to continue without documentation

C. It reduces the number of projects being planned

D. It limits the involvement of community members

9. Which step ensures that a GPDP project remains on track?

A. Ignoring community feedback

B. Monitoring project progress regularly

C. Increasing the budget without planning

D. Reducing the workforce to save money

10. What percentage of project management skills are required for GP members?

A. They must be experts in project management

B. They need basic skills to plan and execute projects effectively

C. They should rely only on external consultants

D. They do not require project management skills at all

Module-wise Assessment Questionnaire Answers

Module No.	1	2	3	4	5	6	7	8
	Answers							
Question No.								
1	B	C	B	B	D	D	C	B
2	A	B	D	B	B	A	B	A
3	B	C	B	D	D	B	B	B
4	D	C	C	B	A	D	C	B
5	C	C	A	B	A	B	B	B
6	B	B	C	A	B	C	B	A
7	D	A	A	D	D	C	B	C
8	D	B	A	D	B	C	B	A
9	D	D	B	A	B	D	C	B
10	D	B	D	B	B	B	B	B