



**Sixth Haryana State
Finance Commission**

ASSESSING THE TECHNCIAL AND EXPENDITURE EFFICIENCY OF PANCHAYATI RAJ INSTITUTIONS IN HARYANA

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A Study Report

on

**Assessing the Technical and Expenditure Efficiency of
Panchayati Raj Institutions in Haryana**

Submitted

to

**Sixth State Finance Commission
Haryana**

by

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Executive Summary

This study aims to assess the technical and expenditure efficiencies of Panchayati Raj Institutions (PRIs), especially Gram Panchayats, in Haryana. More specifically, it enlightens the status of resources and infrastructural facilities with GPs; examines the extent of GP's governance and finances; assesses technical and expenditure efficiencies of GPs; and ranks them on their performance for decision-making. It also reviews the State Finance Commission (SFC) reports of Haryana and various other states to understand the devolution of funds to PRIs. The empirical assessment presented in this report intends to complement the 6th SFC Report of Haryana (2021-2026). It provides valuable inputs for mobilization of Panchayats' own resources and suggests measures to improve expenditure (spending) and technical (goal-oriented) efficiencies of GPs. The findings can also support the Commission to identify and set the indicators based on which the performance grant may be judiciously allocated to GPs.

The study is based on both primary and secondary data. A field survey of 60 GPs was conducted from July 2021 to August 2021 to collect primary data. The GPs were selected randomly across six districts in consultation with the 6th SFC. The secondary data were collected from various sources, including eGramSwaraj, Statistical Abstracts of Haryana, MGNREGS's official website, Mission ANTYODAYA, previous SFC reports, and Block Development and Panchayat Offices. The GP questionnaire outlines GP profile and infrastructure; Gram funds and expenditure; input-output variables and performance indicators for efficiency measurement; GP governance, and own-source revenues. Focus Group Discussions (FGDs) were also conducted with the elected representatives, Gram Sachivs, Sarpanchs, and Block Development and Panchayat Officer.

For the empirical investigation, the study uses the mathematical programming based non-parametric directional distance function data envelopment analysis (DEA-DDF) approach and a range of statistical and econometric tools to draw robust inferences. We have chosen an output-oriented DDF framework to measure the maximum possible capacity of a GP to earn its own revenues with available input resources, which we termed as "*expenditure efficiency*" or "*revenue-generating efficiency*." On the other hand, the "*technical efficiency*" of a GP, defined as optimizing the resource utilization in achieving their development goals based on functions devolved to them, is estimated using an input-oriented version of the model. We have drawn the following observations.

First, as far as infrastructure in the village area is concerned, the rural streets are in good condition. A poor drainage system is a major concern in the majority of the GPs. The sampled GPs in Fatehabad, Karnal, Palwal, and Rohtak districts have achieved the goal of 100 percent electrification of households, while Ambala and Mahendragarh districts are lagging in this regard. Streetlights had been installed, but due to the lack of regular upkeep, these became non-functional in most of the GPs. Tube-wells and Pipelines are the major sources of drinking water. Water tanks are available in the

GPs for common use, and these tanks are filled with tube-well water. Except for Palwal, a majority of GPs in the study area had open defecation-free status.

Second, the sampled GPs adhere to the provisions mandated for the constitution of Gram Panchayat as mentioned in the Haryana Panchayati Raj (PR) Act. On average, the number of Gram Sabha meetings held during 2020-21 vary from two to four and GP meetings vary from 13 to 28. Average GP in Karnal district had conducted the highest number of meetings (28), while this average is least in Rohtak district (13). Many times the meetings were canceled due to COVID 19 and the nationwide lockdown. Gram Sachiv is the key official functionary of GP. He looks after several GPs and is over-burdened, which can adversely affect his performance in dealing with the GP activities, including maintenance and update of accounts. Looking at computerization and internet facilities, only about 39 percent GPs reported having computer desktop/laptop facilities. Fatehabad and Ambala have a relatively better status in access to computer facilities than their counterparts. The field observations and the FGDs reveal that both elected and official functionaries are unaware of the activity mapping.

Third, the expenditure and technical efficiency results reveal some interesting conclusions: a) Average GP in the sample has a significant potential to augment its revenues from tax and non-tax sources, given the same level of its per capita committed expenditure; b) Only seven sampled GPs are found to be on the *best-practice frontier* of “revenue-generating efficiency,” and none of the sampled GP from Mahendragarh district has earned the status of 100 percent revenue-generating efficiency; c) On average, the revenue-generating efficiency of GPs with Shamilat land is higher than those who do not possess Shamilat land. GPs without Shamilat land will have to place 15.8 percent additional efforts to attain the status of expenditure efficient GP; d) On the technical efficiency front, an average GP could achieve the underlined development goals by spending less per-capita resources; e) The sample GPs have performed relatively well on developing better roads, followed by sanitation & water supply and employment under MGNREGS; and f) Only two GPs, Bhirdana (Fatehabad) and Banswa (Hodal), are the top-performing GPs in our sample, and three GPs – Talwari from Jhakar, Iqbalpur Nangli from Nangal Choudhary, and Badoli from Badoli block bottom the rank list. Putting together, GPs have immense potential to augment their revenues from tax and non-tax sources and reduce waste of per-capita resources allocated. The own source revenue to total outlay, size of GP, and overburdening of Sachiv are the key factors that determine the GP efficiency and are critical to its functioning.

Fourth, the analysis of PRIs’ finances for the last ten years (2011-12 to 2020-21) shows more than a three-fold increase in their revenue receipts. However, the increase was mainly due to a steady rise in the CFC and SFC funds, while own source revenue (OSR) shows a decelerated trend, demonstrating a higher resource dependence of PRIs on external funding. In 2020-21, OSR consisted of 15.26 percent of the total

revenue of PRIs, with their own tax and non-tax revenue shares of 0.12 percent and 15.14 percent, respectively, indicating their high dependence on grants and other external sources. House tax is the only source of own tax revenue. The non-tax revenue mainly comes through the leasing of Panchayat agricultural/Shamilat land. Other sources, such as the sale of trees, lease money on ponds, mining, constituted a minuscule proportion of total OSR. We note that although per capita OSR is higher than the per-capita committed expenditure of a GP in the selected districts, it is significantly lower than the total per capita outlay for the majority of the sampled GP. Therefore, there is a dire need to increase tax and non-tax revenues. For this, the imposition of new taxes and a revision in the existing house tax rates are instruments that can be used to augment tax revenue. To generate additional non-tax revenue, GPs can explore new areas to generate non-tax revenue. For example, GPs should develop their own market infrastructure, such as local haat, etc. GPs can also levy a fee for extracting mineral resources and installing a mobile tower in their jurisdiction.

Based on the findings, the study recommends: i) enhancing GP facilities and infrastructure; ii) training and capacity building of GPs' elected representatives and other functionaries; iii) effective enforcement of provisions in the Haryana PR Act; iv) rationalizing the workload and responsibilities of Gram Sachiv; v) data quality, digitization and proper maintenance of GP records; vi) proper accounting and pre-auditing of GP records; vii) monetization of GPs' dysfunctional assets after their fabrication and repair; viii) adoption of effective ways and means to augment own revenues from tax and non-tax sources; ix) re-working on activity mapping and coordination of line departments with PRIs; and x) clustering and networking of GPs on a watershed basis to get the benefits of economies of scale.

The study also recommends that GPs use the allotted funds judiciously to achieve desired goals to the maximum extent. For this, the following initiatives can be taken: a yearly conclave of GP functionaries may be organized to exchange innovative ideas, experiences and best practices, and to extend honours/awards to Sachivs/Sarpanchs/Panchs of the GPs having outstanding performance in their own source revenue generation and attaining local service outcome goals. The State Government can incentivize the best-performing GPs, which put their significant efforts in timely achieving the development goals to bring positive spill over effects. With the use of technology and minimal human intervention, an in-built mechanism can be evolved for future allocation of performance grants funds to Panchayats. We recommend that a GP be eligible for a performance grant if it satisfies the criteria of fiscal discipline and transparency. The criteria can include *data quality, digitization and maintenance of account on the standard software, own revenue generation and ranking of GPs on local area development, and attainment of the targeted outcome goals*. The incentive grant is to be utilized for the creation and maintenance of income-generating assets. Finally, while deciding the post-devolution gap funding to the relatively poor GPs, two aspects—the size of the GPs and the extent of availability of Common Property Resources, may also be taken into consideration. The optimum size of GPs can be identified by linking the GPs resource envelope with their population sizes.

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Acronyms

ARC	Administrative Reforms Commission
ANM	Auxilliary Nurse Midwife
BDPO	Block Development and Panchayat Officer
DDPO	District Development and Panchayat Officer
CAG	Comptroller Auditor General
CFC	Centre Finance Commission
FFC	Fifteenth Finance Commission
FGD	Focus Group Discussion
CPR	Common Property Resource
EE	Expenditure Efficiency
GP	Gram Panchayat
GPDP	Gram Panchayat Development Plan
GS	Gram Sabha
ODF	Open-Defecation Free
OSR	Own Source Revenue
OTR	Own Tax Revenue
ONTR	Own Non-Tax Revenue
MGNREGS	Mahatama Gandhi National Rural Guarantee Scheme
PRI	Panchayati Raj Institutions
PS	Panchayat Samiti
PHC	Primary Health Centre
RLB	Rural Local Bodies
TE	Technical Efficiency
TOSR	Total Own Source Revenue
SFC	State Finance Commission
ULB	Urban Local Bodies
WS	Ward Sabha
ZP	Zila Parishad

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1. Background and Objectives

"Creation of Constitutional bodies like the State Election Commissions and the State Finance Commissions have also given these institutions permanency and stability. However, most Panchayats continue to be treated as agencies of the State for the implementation of prescribed schemes, even though essential services such as the provision of drinking water, rural sanitation, preventive health and primary education are accepted as their legitimate core functions" (2nd Administrative Reform Commission, 2007, 6th Report p.8).

1.1 Introduction

1.1.1 Panchayat Raj Institutions (PRIs), referred to as local self-governance institutions, cherish the Gandhian vision of "Gram Swaraj"¹. Although these institutions existed for a long, the 73rd Constitutional Amendment Act 1992 brought about significant reform in rural local self-governance through provisions for devolving them powers and responsibilities for preparing and executing plans for economic development and social justice, including 29 subjects listed in the eleventh schedule of the Constitution.

1.1.2 In conformity with the 73rd Amendment Act, the Haryana Panchayati Raj (PR) Act was constituted on 22nd April 1994 (recently, amended in 2020). The Haryana PR Act makes provisions to empower Panchayats with finance, functions, and functionaries (triple-Fs) and put a suitable governance framework in place. In practice, effective local self-governance depends on supply and demand factors in the adoption of these provisions. From the supply side, the State's willingness and capability to transfer triple-Fs to them and enforcement of provisions of the Act are crucial essentialities. From the demand side, capability, knowledge, and motivation of elected functionaries and members of Gram Sabha in conceptualization, planning, execution, and monitoring of socio-economic development and welfare programmes, and activation and utilization of dormant social capital are critical.

1.1.3 Under the Haryana PR Act 1994, the generation of productive assets for direct and continuous benefits to the target group of households/population and strengthening local infrastructure are the responsibility of PRIs. They perform these functions by utilizing the resources, which are limited and have competitive uses. Therefore, their optimum and judicious usage becomes essential. The most critical issue in resource-use (technical efficiency) and revenue-generation (expenditure efficiency) is poor awareness and knowledge-base of the functionaries at all levels. In general and Haryana in particular, PRIs are financially and technically under-equipped to perform even their core functions, much less than welfare and other economic functions.

¹ <http://gramswarajindia.org/>

1.1.4 It is, therefore, vital to critically analyze the triple-Fs status of PRIs and measure the technical and expenditure efficiencies of the PRIs in Haryana, especially at the third-tier, i.e., Gram Panchayats (GPs). This study is an attempt in this direction. It examines i) the status of resources and infrastructural facilities with GPs; ii) the extent of GP's governance and finances; iii) technical and expenditure efficiencies of GPs; and iv) rank GPs on their performance for the decision-making.

1.1.5 This study's research findings intend to complement the Sixth State Finance Commission (SFC) Report, Haryana (2021-2026). It provides valuable inputs for mobilization of PRIs' own resources and improving expenditure (spending) and technical (goal-oriented) efficiency. Since the SFC also recommends the principle of devolution of funds to the Rural Local Bodies, the findings of the study support the Commission to identify and set the indicators based on which the performance grant may judiciously be allocated to the PRIs.

1.2 Relevance of the Study

There are several reasons why should efficiency of Panchayati Raj Institutions be measured:

(a) The generation of productive assets for direct and continuous benefits to the target groups and strengthening physical and social infrastructure are the responsibility of these institutions, which they perform through utilizing the resources- technological, financial, and human.

(b) By identifying the factors that determine the technical and expenditure efficiencies in the rural local bodies, we can know which factors derive the efficiency and which factors adversely affect it, and resultantly corrective actions may be taken.

(c) The most important reason is to use the relative efficiency scores for allocating the performance grant to PRI. This study provides the theoretical and empirical framework for measuring the efficiency of individual GPs and setting benchmarking to monitor their performance for 2020-21. However, the framework can be used to rank the performance of GPs on a yearly basis, and an in-built mechanism may be developed to allocate the performance grant based on their rank on technical and expenditure efficiencies.

(d) The hallmark of the success of any GP is the degree of financial autonomy it enjoys in formulating and implementing its GPDP. As the study explores the impact of financial autonomy/resource dependency on the technical and expenditure efficiencies of GPs, the findings would be useful in evolving a strategy for augmenting their own sources for revenue generation.

1.3 Panchayati Raj Institutions (PRIs) in Haryana

1.3.1 The State of Haryana established local self-governing institutions when it became an independent State in 1966. At that time, a three-tier structure – Gram

Panchayat (GP), Panchayat Samiti (PS), and Zila Parishad (ZP) – was inherited from the Punjab Panchayat Samitis and Zila Parishads Act of 1961. This was continued until 1973.

1.3.2 To assess the effectiveness of the ZPs, an ad hoc Committee was formed in 1972. The Committee concluded that Zila Parishads were redundant bodies and did not carry out their supervision and administrative functions. As a result, Zila Parishad was abolished in July 1973, and subsequently, Haryana had a two-tier Panchayati Raj System until the enactment of the Haryana Panchayati Raj Act 1994.

1.3.3 In accordance with the 73rd Amendment Act 1992, the Haryana Panchayati Raj Act 1994 was enacted on 22 April 1994. The Act finally restored the powers of Ward Sabha, Gram Sabha, and Gram Panchayat and established three-tier PRIs, namely Gram Panchayat at the village level, Panchayat Samiti at the block level, and Zila Parishad at the district level.

1.3.4 The recommendations of several committees constituted before the enactment of the Haryana PR Act in 1994 have paved the way to institutionalize PRIs in India, including Haryana. These committees include Balwant Rai Mehta Committee (1957), Ashok Mehta Committee (1977), G.V.K. Rao Committee (1985), L.M.Singhvi Committee (1986), P.K. Thungan Committee (1989), Gadgil Committee (1988), among others. The committees' recommendations are backed by the Constitutional provisions and towards revival and strengthening the role of the Panchayati Raj System.

Organizational and Administrative Structure of PRI in Haryana

1.3.5 The Panchayati Raj System in Haryana comprises three hierarchical levels – Gram Panchayat at the bottom, Panchayat Samiti in the middle, and Zila Parishad at the top. Presently, in Haryana, there are 22 ZPs, 142 PS, and 6229 GPs. The organizational structure of PRI in Haryana and the devolution of powers are briefly discussed below.

1.3.6 At the lowest level, the third tier of rural local governance is the Gram Panchayat, which may consist of a village or group of villages further divided into wards. The State Election Commission conducts the GP election through a secret voting system. All adult members of Gram Sabha constitute voters, who elect Sarpanch and Panchs of Gram Panchayat. For the administrative purpose at the GP level, a Gram Sachiv is appointed to each GP. The Sachiv manages the local accounts and prepares Audit notes for submission to the Block Development and Panchayat Officer (BDPO). The tasks of Gram Sachiv require professional competence and reliability.

1.3.7 The second tier of the rural local self-government is Panchayat Samiti, which shall consist of a Chairman, a Vice-Chairman and other directly elected members. The BDPO is appointed to each block for the administrative handling of PS.

1.3.8 The first tier of the rural local self-government is Zila Parishad, which has a President, a Vice President, and other directly elected members. The Chairman of ZP is analogous to the Chairman of PS. These functionaries carry out their functions and conduct meetings to discharge all duties imposed under the PR Act. The ZP performs at the district level, the highest in the hierarchical level of the organizational structure. Equivalent to BDPO at the block level, there is a District Development and Panchayat Officer (DDPO) at the district level. ZP also has a Chief Executive Officer.

1.4 Efficiency of PRIs: Literature Overview

1.4.1 Studies on decentralized planning, finances, administrative aspects, and structures are noteworthy in reviewing local governments. However, research endeavours to measure the performance of local governments (or rural local bodies), especially the technical and expenditure efficiencies, are rarely done (see the extensive surveys by Worthington, 2000; Narbón-Perpiñá and Witte, 2017a, b). Although few attempts have been made in measuring local government's efficiency, these studies have mainly focused on urban local bodies in developed nations, especially municipalities in European countries (see, for instance, Athanassopolous and Triantis, 1998; Loikkanen and Susiluoto, 2005; Alfonso and Fernandes, 2003, 2008; Balaguer-Coll and Prior, 2009; Alfonso et al., 2010; Mahabir, 2013; Basílio et al., 2020; Chang et al., 2020; Narbón-Perpiñá et al., 2020; Tran and Noguchi, 2020; among others).

1.4.2 Broadly, the studies focus on evaluating the spending performance of municipalities in improving the economic and living standards of local households. From these studies, a strand of empirical research has concentrated on measurement of efficiency for particular development goals or local services like education (Loikkanen and Susiluoto, 2005; MSC de Sousa et al., 2005; Ferraro et al., 2020), social welfare (VandenEeckaut, Tulkens and Jamar, 1993; De Borger et al., 1994; Alfonso and Fernandes, 2003; Alfonso and Fernandes, 2008; Alonso and Andrews, 2019), waste management, street lighting, road maintenance (Balaguer-Coll and Prior, 2009; Balaguer-Coll et al, 2007; Balaguer-Coll et al, 2002; Balaguer-Coll et al., 2012; Balaguer-Coll et al., 2009), and so on, wherein the other strand tries to capture the wide variety of goals or outcomes. As far as rural local bodies are concerned, such studies on efficiency measurement are hardly found, especially for India.

1.4.3 In India, since the introduction of the new Panchayat Raj System, voluminous studies have been conducted on various aspects of panchayats such as local politics and allocation of resources (Palaniswamy and Krishnan, 2012; Mahi Pal, 2000a); panchayat finances (Rajaraman et al., 1996, Mahi Pal 2000b; Bandyopadhyay et al., 2003; Dhar, 2006; Jena and Gupta, 2008; Sahasranaman, 2010); participation of women (Mahi Pal, 1998; Gibson, 2012); democratic decentralization (Aziz, 2000; Singh, 2012, Mishra, 2009); social audit (Pai S, 2001), capacity building (Mahi Pal, 2003); accountability and transparency (Vaddiraju and Mehrotra, 2004, Aiyay and Mehta, 2015); planning and management (Singh, 2003), marginalized groups

(Patnaik, 2005); and devolution index (Oommen, 2009; Alok, 2020); among others. The research works on decentralized planning, PRI and municipal finances, local administrative aspects, local auditing and structures are remarkable. However, studies on measuring the efficiency of PRIs, especially measuring the technical and expenditure efficiencies of gram panchayats, are rarely done.

1.5 Defining Efficiency of PRIs

1.5.1 In general parlance, the notion of efficiency of an economic agent/unit is defined as either the ability of the agent/unit to minimize the use of resources (inputs) at the given level of outcomes (outputs) or the ability to expand the outcomes (outputs) given the level of inputs (resources). The former notion is known as input-oriented efficiency, while the latter is known as the output-oriented efficiency perspective.

1.5.2 More specifically, in the context of PRIs, especially GPs, two concepts of efficiencies are evolved based on the contemporary literature on the efficiency of local governments².

Expenditure Efficiency: It reflects how well a GP transforms the allotted funds and committed expenditures to maximize its own source revenue. In simple terms, this notion of efficiency throws the light on the potential of a GP to maximize mobilization of own source revenues (OSR) using the devolved funds optimally. Since the ratio of OSR to total revenue envelope is one of the key indicators of the fiscal autonomy of Panchayats, estimation of this efficiency is directly associated with their autonomy in conceptualization, planning, and implementation of plans for economic development, public welfare, and social justice as per their felt-needs.

Technical efficiency: It explains how efficiently a GP utilizes the allotted funds and committed expenses (inputs) to meet the desired developmental goals (outputs) like construction of village streets, sanitation facilities, schools, piped water supply, employment, etc.

One can safely swap the notions of expenditure efficiency with “*spending performance*” or “*revenue generation efficiency*” and technical efficiency with “*goal-oriented efficiency*” (for more detailed discussion, refer to Chapter 5).

1.6 Research Objectives

The key objective of this research study is to critically review the status of triple Fs – finances, functions, and functionaries – across the PRIs, especially GPs, in Haryana. We provide a methodological framework to measure the technical and expenditure efficiencies of GPs, which may be linked with the allocation of performance grants. More specifically, it addresses the following research questions:

² For example, see Nijkamp and Suzuki (2009), Narbón-Perpiñá et al. (2020a, b).

1. How do GPs perform in achieving “goals” and generating “own revenue”?
2. What is the rank of a GP on expenditure and technical efficiency levels?
3. What is the relative positioning of a GP on the performance matrix?
4. Do fiscal autonomy and digitization improve technical and expenditure efficiencies in GPs?
5. Does governance matter for the efficiency of GPs?

In light of the above research questions, the specific objectives of the study are to:

1. measure technical and expenditure efficiencies of GPs and set benchmarks to monitor their progress;
2. rank the inefficient GPs on their expenditure and technical efficiency levels;
3. identify the factors that determine the efficiency scores of the GPs;
4. explore the PRIs’ potential for augmenting their own financial resources; and
5. suggest measures to improve their performance.

1.7 Outline of the Report

To present the discussion in a lucid way, the study report is outlined into eight chapters. The present chapter of the report is introductory and provides background, relevance, the organizational structure of PRIs, objectives, and research questions. In addition, it reviews the major policy recommendations by several working groups/committees, previous works on the local self-governments in India and enunciates the concept of efficiency of PRIs, particularly with reference to GPs.

Chapter 2 presents the sampling design and criteria used to select districts, blocks, and sampled GPs. It also explains the data and methodological frameworks employed in the study to measure the efficiency of GPs.

Chapters 3, 4, 5, 6 and 7 present the main analysis based on both primary and secondary data. *Chapter 3* elaborates the status of resources and infrastructural facilities in the sampled GPs. From the analysis point of view, the chapter divides the discussion on infrastructure and facilities into six heads that broadly cover the activities of GPs mandated under the Constitution. These heads are roads & electrification, drinking water & sanitation, education & health, agricultural facilities, natural resources, and other physical resources.

Chapter 4 examines the extent of GP’s governance in the State. It enlightens on the concept of local self-governance and discusses the composition of GPs, the functioning of Ward Sabha and Gram Sabha, meetings, record keeping, accounting, social capital, activity mapping, and status & capacity building of GP officials. Chapters 3 and 4 are based primarily on data collected from a field survey of randomly selected 60 GPs, Focus Group Discussions (FGDs) conducted with Gram Sachivs and elected functionaries, and discussions held with different stakeholders at the Divisional level.

Chapter 5 provides the theoretical and empirical frameworks for measuring the expenditure and technical efficiencies of the sampled GPs. Here, we empirically assess the technical and expenditure efficiencies of GPs; rank the inefficient GPs; identify the factors that explain their efficiencies; and suggest measures for improving their efficiencies. The adopted framework can be used to rank GPs on a relative efficiency score on a year-on-year basis and build a mechanism that may be developed to allocate the performance grants to GPs.

Chapter 6 examines the finances of the PRIs, presents their resource envelope, and analyses the trends in their own tax and non-tax revenues. The aggregated and disaggregated analyses of own resources of selected districts, blocks and GPs are also done. Finally, it explores the potential for augmentation of their OSR.

Chapter 7 reviews the reports of SFCs of various States to understand the devolution of funds to PRIs. It makes the comparative analysis of devolution to RLBs in Haryana vis-à-vis other States in India.

Finally, *Chapter 8* concludes the report with a summary of findings and major recommendations.

2. Sampling Design, Data, and Methodology

2.1 Introduction

2.1.1 This chapter presents the sampling design, data, and estimation methodology adopted in the report. Our analysis is based on both primary and secondary data. The secondary data are collected from various sources, including eGramSwaraj, Statistical Abstracts of Haryana, MGNREGS' official website, Mission ANTYODAYA, previous State Finance Commissions (SFCs) reports, Department of Development and Panchayats, Government of Haryana, and Block Development and Panchayat Offices of the study area.

2.1.2 In order to collect primary data, a field survey of 60 Gram Panchayats (GPs) spread over six districts of six divisions of the State is conducted. The GPs are sampled randomly across six districts in consultation with the 6th SFC of Haryana. We prepared the GP questionnaire after thoroughly examining the activity mapping at the GP level (see Appendix A for the GP schedule). The questionnaire outlines six sections: i) GP profile and infrastructure; ii) Gram funds and expenditure; iii) input-output variables and performance indicators for efficiency measurement; iv) GP planning process and practices, v) GP governance, and vi) own source revenues. The questions in the questionnaire are both open-ended and close-ended. In addition, focus group discussions (FGDs) were also conducted at the selected blocks and GPs with the elected representatives, Gram Sachivs, Sarpanchs, and Block Development and Panchayat Officers. A detailed discussion on the sample selection criteria and selection of GPs is presented below.

2.2 Profile of the Haryana State

2.2.1 Geographically, Haryana is located in the northwest of India, which is mainly an agrarian state. The State is surrounded by Punjab, Rajasthan, Himachal Pradesh, Uttarakhand, Uttar Pradesh, and Delhi. Its total area is around 44,212 square km, which is 1.4 percent of the total geographical area of India. The State's demographic profile uncovers that it is the 17th most populated State in India, with a population of 25,351,462 as of 2011 (comprising 2.09 percent of India's population). Table 2.1 shows that the State's rural population consisted of 65.12 percent of the total (Census of India, 2011). The population density is 573 people/Km², higher than the country's population density of 382 People/Km². In Haryana, the Fatehabad district has the highest population, and Panchkula is the least populated. The sex ratio is 877, which is lower than the all-India level (940). The percentage of females in the total population is 46.7, and nearly 20 percent of the population belongs to the scheduled castes. The literacy rate is above 75.6 percent, which is higher than the literacy rate of the country (72.9 percent).

2.3 Sampling Design

2.3.1 The State comprises six administrative divisions – Ambala, Faridabad, Gurugram, Hisar, Rohtak, and Karnal. Ambala division consists of Ambala, Kurukshetra, Panchkula, and Yamuna Nagar districts. Faridabad division includes Palwal, Faridabad, and Nuh districts. Gurugram division comprises Gurugram, Rewari, and Mahendragarh districts. Hisar division includes Fatehabad, Jind, Hisar, and Sirsa districts. Rohtak division comprises Sonipat, Jhajjar, Bhiwani, Charkhi Dadri, and Rohtak districts. Karnal division consists of Karnal, Panipat, and Kaithal districts. The districts are further classified into 142 blocks and 6233 Gram Panchayats. The study adopts the simple random sampling procedure to avoid bias in selecting 60 GPs.

Total population	253.51 lakh
Rural population	16509359 (65.12% of the total)
Population density	573
Schedule caste population	51.14 lakh (20.17% of the total)
Female	118.56 lakh
Male	134.95 lakh
Sex ratio	877
Literacy rate	75.6%
Geographical Area	44212 square km
Number of Divisions	6
Number of Districts	22
Number of Blocks	142
Number of GPs	6233
Source: Census of India, 2011	

Criteria for Selection of Districts

2.3.2 The first level of sampling involves the random selection of one district from each of the six divisions of the State. As an outcome of this, we randomly selected six districts. Our sampled districts include Ambala from Ambala Division, Fatehabad from Hisar Division, Karnal from Karnal Division, Rohtak from Rohtak Division, Mahendragarh from Gurugram Division, and Palwal from Faridabad Division. All the six districts are circled on the map of Haryana (Figure 2.1).



Figure 2.1: Map of Haryana

Criteria for Selection of Blocks

2.3.3 At the second level, we selected two blocks randomly from each sampled district. From the Ambala district, Barara and Nariangarh are randomly chosen. Badoli and Hodal are selected from the Palwal district. Mahendragarh and Nangal Choudhary are selected from the Mahendragarh district. Meham and Rohtak are chosen from Rohtak district. Fatehabad and Jakhal form the part of our sample from the Fatehabad district. Finally, from Karnal, we choose Assandh and Karnal. In total, 12 blocks are randomly selected for our study (Table 2.2).

Table 2.2: Sampled Panchayat Samitis		
Districts	Total number of blocks in districts	Sample blocks
Ambala	6	Barara and Nariangarh
Karnal	8	Karnal and Assandh
Fatehabad	7	Fatehabad and Jakhal
Rohtak	5	Rohtak and Meham
Palwal	6	Badoli and Hodal
Mahendragarh	8	Mahendragarh and Nangal Choudhary

Criteria for selection of Gram Panchayats (GP)

2.3.4 Figure 2.2 shows three levels of sampling — Districts, Blocks and GPs. A sample of 60 GPs is finally listed at the third level of sampling. For this, we selected five GPs from each of the 12 sampled blocks. The project team visited all the 60 GPs to collect the data, as per the survey schedule approved by the SFC.

2.4 Schedule of the Survey

2.4.1 The field survey was conducted from July 28, 2021 to August 20, 2021. The details of the schedule of the survey are impaneled in Annexure 2.1. The process is initiated from the Mahendragarh district, followed by Palwal, Rohtak, Fatehabad, Karnal, and Ambala districts. The rounds of discussion were held with the elected representatives, Gram Sachivs, Panchs, and Sarpanchs of the GPs, to collect the responses to different parts of the structured questionnaire.

2.4.2 We planned the survey in three schedules. In Schedule I, we collected information on the basic demographic profile of GP, its facilities, and infrastructure. This information assisted us in reviewing the status of the resources and facilities available for the households and the physical infrastructure necessary to facilitate the effective implementation of GP functions. We also sought responses on the GP level's planning, process and practices, and local governance.

2.4.3 Schedule II focused on data collection on gram funds and the panchayat's expenditure, input-output variables, and outcome/performance indicators for expenditure and technical efficiency measurement from the Block Development and Panchayat Office. The information collected through this schedule is required to address the objective of performance benchmarking of the sampled GPs in Haryana and draw relevant conclusions and recommendations. It includes details on the resource and expenditure envelopes of Panchayats, the CFC and SFC grants, and the ways and means through which own source revenue (OSR) may be mobilized, and the scheme of devolution for PRIs in Haryana vis-à-vis other States. It helped us explore the similarities or dissimilarities and the actions of other states compared to Haryana.

2.4.4 Finally, in Schedule III, the investigation team focused on formal and informal rounds of discussions. As a part of formal discussion, FGDs were conducted in the selected Blocks with Sarpanchs, Panchs, Gram Sachivs, and other members of GPs.

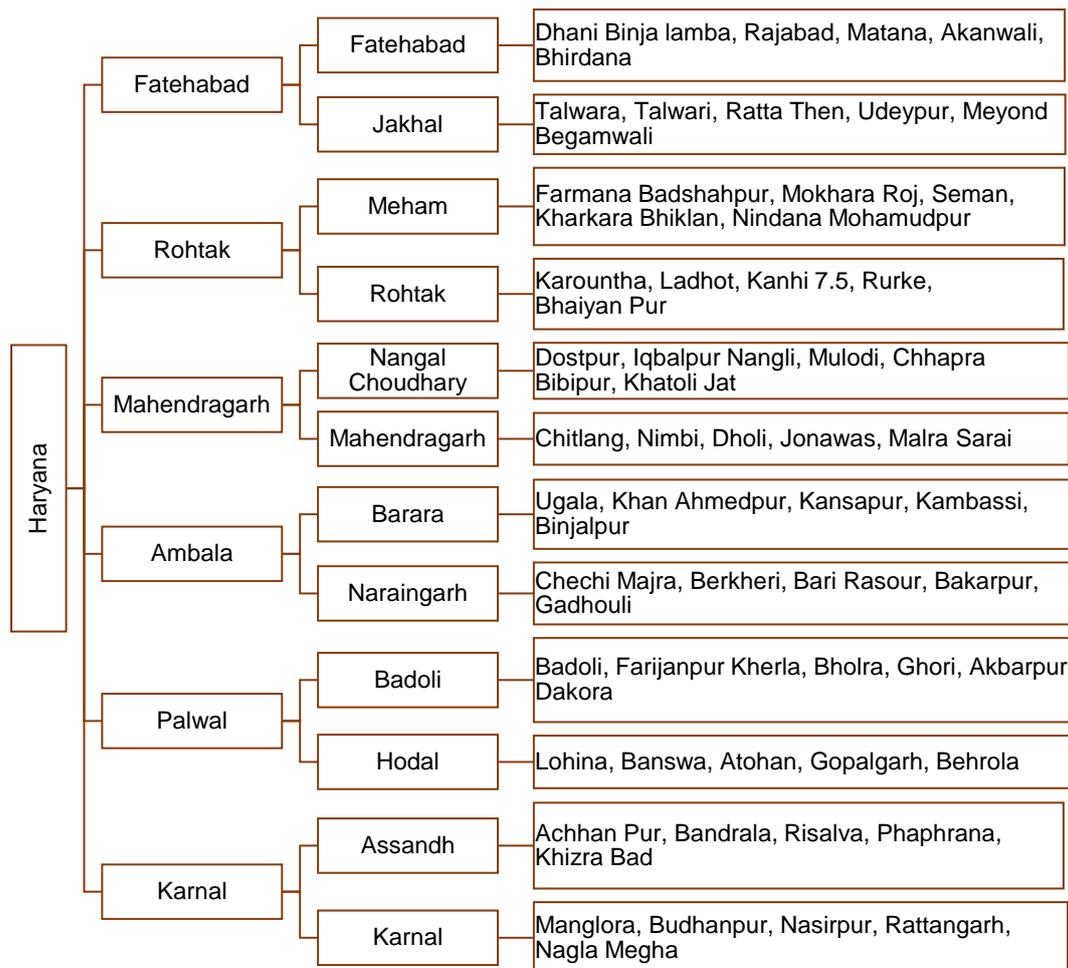


Figure 2.2: Selection of Districts, Blocks, and GPs

2.5 Estimation Methodology

Measurement of Efficiency of GPs

2.5.1 The empirical works on the investigation of the efficiency of local governments have mainly relied on parametric (econometric or stochastic approaches) and non-parametric (mathematical approaches). This study employed the most popularly used non-parametric data envelopment analysis (DEA) approach due to its intrinsic advantages that it accommodates multiple inputs and outputs, handles small samples, independent of a priori assumption related to the functional form of the local production function, and provides areas of potential improvement in the overall performance (Coelli et al., 2005; Fried et al., 2008; Darario et al., 2020). For working out the expenditure and technical efficiency of a sample GP, the study used the directional distance function-based data envelopment analysis (DEA-DDF).

Data envelopment analysis based directional distance function (DEA-DDF) model

2.5.2 The principal idea of employing the DEA-DDF approach is to simultaneously handle the hybrid situations of efficiency estimation in which desirable, undesirable, and non-discretionary inputs/outputs are present alongside standard inputs and

outputs in the production technology. In the present study, we have chosen an output-oriented DDF framework to measure the maximum possible capacity of a GP to earn its own revenues with available input resources, which we termed as “*expenditure efficiency*” or “*revenue-generating efficiency*”. On the other hand, the “*technical efficiency*” of a GP, defined as optimizing the resource utilization in achieving their development goals based on functions devolved to them, is measured using an input-oriented version of the model. The formulation of the linear programming problem (LPP) of the DEA-DDF model can be explained as below.

Consider a production process that includes ‘s’ output(s) (like revenue earning or local outcomes), i.e., $y = (y_1, y_2, \dots, y_s) \in \mathfrak{R}_s^+$ that are produced using a given level of ‘m’ input resources, i.e., $x = (x_1, x_2, \dots, x_m) \in \mathfrak{R}_m^+$. Thus, the production technology for a local government is defined as:

$$\Psi = \{(x, y) \in \mathfrak{R}_+^{m,s} \mid (x, y) \text{ is feasible}\}$$

and alternatively, $P(x) = \{(y) : (x, y) \text{ can produce } (y)\}$

The directional technology distance function that seeks to augment the desirable outputs (own tax and own non-tax revenues) through the optimum utilization of available funds can be defined in (2.1) as:

$$\bar{D}_k(x, y; 0, g_y) = \max\{\beta : (x, y + \beta g_y) \in \Psi\} \quad (2.1)$$

Similarly, the input-oriented DDF that avoids the waste of input resources to achieve the targeted development goals is given in (2.2) as:

$$\bar{D}_k(x, y; g_x, 0) = \max\{\beta : (x - \beta g_x, y) \in \Psi\} \quad (2.2)$$

where g_x and g_y are direction vectors that give the direction in which the desirable inputs and outputs are scaled.

Suppose there are n ($j=1, \dots, k, \dots, n$) gram panchayats (GPs) in the sample, and our focus is to get an efficiency estimate for k^{th} gram panchayat. Taking the directions g_y to be the observed values direct outputs (own tax and own non-tax revenue) of the gram panchayat, i.e., $g_y = y_{rk}$, and g_x to be observed input resources (committed expenditure and plan outlay) at the disposal of each GP, i.e., $g_x = x_{ik}$. The expenditure and technical inefficiency scores for GP k in the sample are given by the optimal solution of the Models (A) and (B) as:

Model (A) Expenditure Efficiency or “Revenue Generating Efficiency”	
$\bar{D}_k(x, y; 0, g_y) = \max_{\beta, \lambda} \beta_k$	
s.t.	
$\sum_{j=1}^n \lambda_j x_{ij} \leq x_{ik},$	$i = 1, \dots, m$ (constraint for input resources)
$\sum_{j=1}^n \lambda_j y_{rj} \geq (1 + \beta_k) y_{rk},$	$r = 1, \dots, s$ (constraint for direct outputs)
$\lambda_j \geq 0$	$j = 1, \dots, n$
Model (B) Technical Efficiency or “Goal-Oriented Efficiency”	
$\bar{D}_k(x, y; g_x, 0) = \min_{\beta, \lambda} \beta_k$	
s.t.	
$\sum_{j=1}^n \lambda_j x_{ij} \leq (1 - \beta_k) x_{ik},$	$i = 1, \dots, m$ (constraints for input resources)
$\sum_{j=1}^n \lambda_j y_{rj} \geq y_{rk},$	$r = 1, \dots, s$ (constraints for local outcomes)
$\lambda_j \geq 0$	$j = 1, \dots, n$

For the explanation purpose, Models (A) and (B) can be re-written in expanded form for a sample of five GPs as given in Models (A.1) and (B.1):

Expanded form of Models (A) and (B) for Five Sample GPs	
Model (A.1) Revenue-generating Efficiency	
$\bar{D}_k(x, y; 0, +g_y) = \max_{\beta, \lambda} \beta_k$	
s.t.	
$\lambda_1 x_{11} + \lambda_2 x_{12} + \lambda_3 x_{13} + \lambda_4 x_{14} + \lambda_5 x_{15} \leq x_{1k},$	(Wages & Salaries to Staff)
$\lambda_1 x_{21} + \lambda_2 x_{22} + \lambda_3 x_{23} + \lambda_4 x_{24} + \lambda_5 x_{25} \leq x_{2k},$	(Other administrative expenses)
$\lambda_1 x_{31} + \lambda_2 x_{32} + \lambda_3 x_{33} + \lambda_4 x_{34} + \lambda_5 x_{35} \leq x_{3k},$	(Plan outlay)
$\lambda_1 y_{11} + \lambda_2 y_{12} + \lambda_3 y_{13} + \lambda_4 y_{14} + \lambda_5 y_{15} \geq (1 + \beta_k) y_{1k},$	(Own tax revenue)
$\lambda_1 y_{21} + \lambda_2 y_{22} + \lambda_3 y_{23} + \lambda_4 y_{24} + \lambda_5 y_{25} \geq (1 + \beta_k) y_{2k},$	(Own non-tax revenue)
$\lambda_1, \lambda_2, \lambda_3, \lambda_4, \lambda_5 \geq 0.$	

Model (B.1) Technical Efficiency on “Sanitation & Water Supply”

$$\bar{D}_k(x, y; -g_x, 0) = \min_{\beta, \lambda} \beta_k$$

subject to

$$\begin{aligned} \lambda_1 x_{11} + \lambda_2 x_{12} + \lambda_3 x_{13} + \lambda_4 x_{14} + \lambda_5 x_{15} &\leq (1 - \beta_k) x_{1k}, && \text{(Wages \& Salaries to Staff)} \\ \lambda_1 x_{21} + \lambda_2 x_{22} + \lambda_3 x_{23} + \lambda_4 x_{24} + \lambda_5 x_{25} &\leq (1 - \beta_k) x_{2k}, && \text{(Other administrative expenses)} \\ \lambda_1 x_{31} + \lambda_2 x_{32} + \lambda_3 x_{33} + \lambda_4 x_{34} + \lambda_5 x_{35} &\leq (1 - \beta_k) x_{3k}, && \text{(Plan outlay on Sanitation \& Water Supply)} \\ \lambda_1 y_{11} + \lambda_2 y_{12} + \lambda_3 y_{13} + \lambda_4 y_{14} + \lambda_5 y_{15} &\geq y_{1k}, && \text{(Proportion of households with toilets)} \\ \lambda_1 y_{21} + \lambda_2 y_{22} + \lambda_3 y_{23} + \lambda_4 y_{24} + \lambda_5 y_{25} &\geq y_{2k}, && \text{(Proportion of households with piped water supply)} \\ \lambda_1, \lambda_2, \lambda_3, \lambda_4, \lambda_5 &\geq 0. \end{aligned}$$

where λ_j is the weight of the j^{th} panchayat. Note that β_k represents the scaling factor and measures the distance from the efficiency frontier, and $0 \leq \beta_k \leq 1$. Further, $(1 + \beta_k)y_{rk}$ denote maximum proportionate expansion of desirable outputs and serve to obtain k^{th} panchayat's inefficiency, and $(1 - \beta_k)x_{ik}$. The panchayat 'k' is said to be efficient if directional vector β_k or $\bar{D}_k = 0$, whereas it is inefficient when the value of β_k or $\bar{D}_k > 0$. We define the DDF efficiency score for the k^{th} panchayat as $\hat{E}_k = (1 - \beta_k^*)$ where β_k^* is the optimal value of β_k . The efficiency score \hat{E}_k lies between $[0, 1]$, and a higher value of \hat{E}_k implies better performance by the gram panchayat. If $\hat{E}_k = 1$, the panchayat has the best efficiency and could be considered a peer to other panchayats.

Econometric Methods

2.5.3 After computing efficiency scores, in the second stage, the contextual factors that might influence the GPs' efficiency are determined using a *bootstrapped truncated regression* algorithm of Simar and Wilson (2007). The regression model (2.3) is estimated for this purpose

$$E_j = \beta_o + \sum_{k=1}^K \beta_k Z_j^k + \varepsilon_j \quad (2.3)$$

where Z indicates potential performance indicator(s) that can affect the efficiency level(s), including computerization of accounts and internet connectivity, percentage share of own revenue in total plan outlay, per capita fund received, and percentage of untied funds in total funds. In addition to the above factors, the study also assesses the impact of local governance, as proxied with a number of panchayats under Gram Sachiv, and female Sarpanch, on the GP efficiency in the second-stage regression.

2.6 Summing up

This chapter draws attention to the sampling design, data, and efficiency estimation methodology utilized for addressing the report's objectives. The whole discussion and empirical analysis in the report are based on both primary and secondary data. The secondary data on input-output variables are collected from various sources, and for the primary data, we conducted the field survey and compiled the responses across a sample of 60 GPs spread over the six districts of six divisions of the State. In addition, FGDs were conducted at the selected blocks with Gram Sachivs, Sarpanchs, Gram Sabha members and other functionaries. Finally, we deliberated on the data envelopment analysis model used to investigate the efficiency of GPs.

Annexure 2.1: Sample GPs, Local Government Directory (LGD) Code, Schedule of the Field Survey and Population (as on Census of India, 2011)

Districts	Blocks	GPs (LGD Code)	Survey Started	Survey ended	Population (as per census 2011)		
1. Mahendragarh	Nangal Choudhary	Chhapra Bibipur (31656)	28-Jul-21	29-Jul-21	2092		
		Dostpur (31661)	28-Jul-21	29-Jul-21	1530		
		Iqbalpur Nangli (31666)	28-Jul-21	29-Jul-21	1145		
		Khatoli Jat (31672)	28-Jul-21	29-Jul-21	902		
		Mulodi (31679)	28-Jul-21	29-Jul-21	1885		
	Mahendragarh	Chitlang (31580)	30-Jul-21	31-Jul-21	2216		
		Dholi (31586)	30-Jul-21	31-Jul-21	1862		
		Jonawas (31599)	30-Jul-21	31-Jul-21	1222		
		Malra Sarai (31617)	30-Jul-21	31-Jul-21	2585		
		Nimbi (31625)	30-Jul-21	31-Jul-21	2444		
2. Palwal	Badoli	Akbarpur Dakora (28882)	2-Aug-21	3-Aug-21	1059		
		Badoli (28750)	2-Aug-21	3-Aug-21	10863		
		Bholra (28889)	2-Aug-21	3-Aug-21	1729		
		Farijanpur Kherla (28902)	2-Aug-21	3-Aug-21	1708		
		Ghori (28913)	2-Aug-21	3-Aug-21	7287		
	Hodal	Atohan (28846)	4-Aug-21	5-Aug-21	2046		
		Banswa (28850)	4-Aug-21	5-Aug-21	6764		
		Behrola (28848)	4-Aug-21	5-Aug-21	2464		
		Gopalgarh (28859)	4-Aug-21	5-Aug-21	1659		
		Lohina (28866)	4-Aug-21	5-Aug-21	3129		
		3. Rohtak	Rohtak	Bhaiyan Pur (32451)	6-Aug-21	7-Aug-21	1459
				Kanhi 7.5 (32465)	6-Aug-21	7-Aug-21	1316
				Karountha (32467)	6-Aug-21	7-Aug-21	5802
Ladhot (32472)	6-Aug-21			7-Aug-21	3112		
Rurkee (32482)	6-Aug-21			7-Aug-21	6372		
Meham	Farmana Badshahpur (32424)		9-Aug-21	10-Aug-21	3619		
	Kharkara Bhikhlan (32427)		9-Aug-21	10-Aug-21	1469		
	Mokhra Roj (32435)		9-Aug-21	10-Aug-21	1742		
4. Fatehabad	Fatehabad	Nindana Mohammadpur (32438)	9-Aug-21	10-Aug-21	3371		
		Seman (32441)	9-Aug-21	10-Aug-21	4704		
		Akanwali (272862)	11-Aug-21	12-Aug-21	1140		
		Bhirdana (29006)	11-Aug-21	12-Aug-21	11500		
		Dhani Binja Lamba (29017)	11-Aug-21	12-Aug-21	1440		
Matana (29039)	11-Aug-21	12-Aug-21	4460				
Rajabad (29047)	11-Aug-21	12-Aug-21	900				

Districts	Blocks	GPs (LGD Code)	Survey Started	Survey ended	Population (as per census 2011)
	Jakhal	Meyond Begamwali (29062)	13-Aug-21	14-Aug-21	1147
		Ratta Theh (29068)	13-Aug-21	14-Aug-21	2009
		Talwara (29073)	13-Aug-21	14-Aug-21	2848
		Talwari (29074)	13-Aug-21	14-Aug-21	1504
		Udeypur (29075)	13-Aug-21	14-Aug-21	500
5. Karnal	Assandh	Achhan Pur (30777)	16-Aug-21	16-Aug-21	982
		Bandrala (30783)	16-Aug-21	16-Aug-21	1445
		Khizra Bad (30804)	16-Aug-21	16-Aug-21	928
		Phaphrana (30816)	16-Aug-21	16-Aug-21	5194
		Risalwa (30821)	16-Aug-21	16-Aug-21	929
	Karnal	Budhanpur (30967)	17-Aug-21	18-Aug-21	980
		Manglora (30991)	17-Aug-21	18-Aug-21	2267
		Nagla Megha (30998)	17-Aug-21	18-Aug-21	4412
		Nasir Pur (31002)	17-Aug-21	18-Aug-21	1022
		Rattan Garh (31009)	17-Aug-21	18-Aug-21	1305
6. Ambala	Barara	Binjalpur (27919)	19-Aug-21	19-Aug-21	2308
		Kambassi (27937)	19-Aug-21	19-Aug-21	2385
		Kansapur (27938)	19-Aug-21	19-Aug-21	444
		Khan Ahmedpur (27940)	19-Aug-21	19-Aug-21	1024
		Ugala (27974)	19-Aug-21	19-Aug-21	7307
	Narain-garh	Bakarpur (27981)	20-Aug-21	20-Aug-21	527
		Bari Rasour (27986)	20-Aug-21	20-Aug-21	1356
		Berkheri (27990)	20-Aug-21	20-Aug-21	1241
		Chechi Majra (27997)	20-Aug-21	20-Aug-21	156
		Gadhoulia (28009)	20-Aug-21	20-Aug-21	4189

3. Gram Panchayat Facilities and Infrastructure

3.1 Introduction

3.1.1 This chapter presents the status of infrastructural facilities in the sample Gram Panchayats. From the analysis point of view, we divide the facilities into six heads, namely, 1) Rural roads³ and Electrification, 2) Drinking Water and Sanitation, 3) Education and Health Infrastructure, 4) Agricultural Facilities in GP, 5) Natural Resources, and 6) Other Physical Resources. These heads of facilities and infrastructure broadly cover the activities of GPs mandated under the Haryana PR Act and Article 243G of the Indian Constitution.

3.2 Rural Roads, Drainage System, and Electrification

3.2.1 The basic infrastructure in rural areas consists of roads, a proper drainage system, electrification, etc. As far as road infrastructure is concerned, village roads are mainly constructed by cemented interlocking tiles. Except for a few GPs, the village roads are in good condition. In the Mahendragarh district, 70 percent of the GPs have roads made of cement interlocking tiles, 20 percent GPs have RCC roads, while 10 percent of GPs have khadanja (refer to Table 3.1). Overall, the rural roads are constructed very well, but the drainage system is a major concern. A poor drainage system decreases the strength and life of roads.

3.2.2 During the field investigation, we observed that roads inside the village area were interlocking tiles roads or RCC roads in most GPs, but the poor drainage system caused severe damage to the newly constructed roads. Almost in all selected districts, most GPs (i.e., 95 percent) have open drainage. In Mahendragarh and Rohtak districts, nearly 10 percent of the GPs have an underground drainage system, and 10 percent GPs of Ambala have both open and underground drainages. The major problem of the GPs is sewage water. The drainage situation worsens during the rainy season; the open drainages generally get overflowed, and the sewage water collected on roads creates breeding sites for many water-borne and other diseases (Figure 3.1).

3.2.3 Figure 3.1 reflects the condition of the drainage system in the Nindana Mohamudpur GP of Meham Block (Rohtak) and Akbarpur Dakura GP of Badoli Block (Palwal). Although the road is constructed with cement interlocking tiles, the drainage is open and in poor condition. The sewage water gets overflowed that causes a problem for the GP residents. Hence, there is a need for the proper drainage system to gutter the water out of the village residential area and roads.

³ Roads in this report are confined only to village(s) area of a GP. They are also called streets, Khadanja (vertical lying of bricks), and Pandanja (horizontal lying of bricks).

Selected Districts	Roads			Drainage System			Electrification	
	Interlocking tiles roads	RCC roads	Khadanja	Open	Under-ground	Both	100% electricity	Street Lights
Ambala	100	0	0	90	0	10	90	70
Fatehabad	100	0	0	100	0	0	100	50
Karnal	100	0	0	100	0	0	100	80
Mahendragarh	70	20	10	89	11	0	89	78
Palwal	100	0	0	100	0	0	100	90
Rohtak	100	0	0	90	10	0	100	78

Source: Based on the field survey



Figure 3.1: Condition of the Drainage System in Nindana Mohamudpur and Akbarpur Dakura

3.2.4 As far as the targeted goal of 100 percent electrification in GP households is concerned, the primary data reveal that all the sampled GPs in Fatehabad, Karnal, Palwal, and Rohtak districts have achieved the goal, while Ambala and Mahendragarh districts are lagging in this regard. Nearly ten percent of GPs of Mahendragarh and Ambala do not have 100 percent electrification of households. However, the duration of electricity available in different GPs differ significantly. Even though all GPs in the sampled districts are fully electrified, none has 100 percent streetlights facilities. On average, 90 percent GPs in Palwal district and 50 percent in Fatehabad district have streetlights. During the field investigation, we observed that in most GPs, streetlights had been installed, but due to the lack of maintenance, these became non-functional.

3.3 Drinking Water and Sanitation

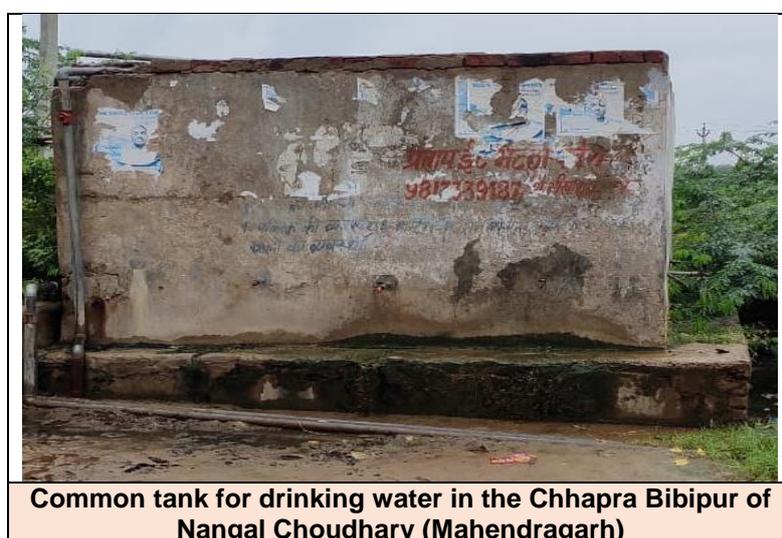
3.3.1 The drinking water and sanitation status in the sampled GPs across selected districts is reported in Table 3.2. We note that Tube-wells and Pipelines are the major sources of drinking water in the study area. On average, 56 percent GPs in sample districts have installed tube-wells for drinking water. In Ambala, 70 percent of sample GPs use tube-wells for drinking water, whereas only 40 percent of GPs in Rohtak district have tube-wells as the primary source of drinking water. Water tanks have been made available in the GPs for common use, and these tanks are filled with tube-well water (refer to Figure 3.2 for the condition of the common tank for drinking water in Chhapra Bibipur of Nangal Choudhary).

3.3.2 On average, 23 percent GPs in the sampled districts provided piped water supply in the village. Forty percent GPs of Karnal provided piped water supply to the residents, whereas none of the sampled GPs of Mahendragarh district has piped drinking water supply. Some other sources of drinking water are available in the GP, such as Diggy, canal, hand-pumps, private borewell, etc. About 44 percent GPs of Mahendragarh district used these sources for drinking water. To ensure the quality standard of drinking water, nearly 80 percent of the GPs of sampled districts reported conducting a water quality test. The problem of scarcity of drinking water was observed in all the sampled districts. About 60 percent GPs of Rohtak district and 56 percent GPs of the Fatehabad district reported drinking water scarcity. Further, the water level in 'Lohina' GP of Palwal is good, but salinity is high, so there is drinking water scarcity. Due to this problem, villagers have to buy drinking water canes and tankers, which cost them Rs. 20 per cane and Rs. 600 per tanker⁴.

3.3.3 Rainwater harvesting is one of the best ways to reduce water scarcity. All the sampled GPs of Ambala and Fatehabad districts adopted different methods for rainwater harvesting. Ponds and hollow pits were constructed for rainwater harvesting. All GPs in Ambala district had open defecation-free (ODF) status, whereas the corresponding percentage in Palwal district is 57. On average, in each sample district, 45 percent GPs have a disposable waste system. About 90 percent GPs of Ambala have a waste disposal system, while the corresponding percentage in Karnal district is only 30. Except for Ambala, all other sampled districts have a poor waste management system at the GP level. Quality drinking water and sanitation play a crucial role in controlling water-borne diseases such as diarrhoeal, cholera, typhoid, etc. The prevalence of water-borne diseases is higher in Ambala district and least in Karnal and Rohtak districts.

⁴ The tanker rates differ from district to district. For instance, in Mahendragarh, villagers buy drinking water tankers at the cost of Rs. 300-350 per tanker.

Selected Districts		Ambala	Fatehabad	Karnal	Mahendragarh	Palwal	Rohtak
Sources of Drinking Water	Tube-well	70	56	60	56	56	40
	Pipe-line	20	22	40	0	33	20
	Others	10	22	0	44	11	40
Water Quality Testing in GP		100	70	90	70	70	70
Water Scarcity in GP		40	56	22	50	50	60
Community Rain Water Harvesting		100	80	100	90	80	80
Prevalence of Water-borne diseases		44	13	22	30	38	22
Waste disposal system		90	20	30	50	50	33
ODF Status		100	75	80	83	57	80
Source: Based on the field survey							



Common tank for drinking water in the Chhapra Bibipur of Nangal Choudhary (Mahendragarh)

Figure 3.2: Condition of Drinking Water Tank in Chhapra Bibipur of Nangal Choudhary

3.4 Education and Health Infrastructures

3.4.1 Table 3.3 summarizes education and health infrastructure facilities. In Fatehabad, Karnal, and Palwal, all sampled GPs have primary schools. In Ambala and Mahendragarh, 80 percent and 70 percent GPs have a primary school, respectively. In Rohtak district, 100 percent GPs have middle schools, while only 50 percent GPs in Ambala and Palwal districts have middle schools inside their territory. The primary and middle schools are within walking distance.

3.4.2 For GPs, not having primary schools inside their areas, children have to cover the average distance of 1.5 km, and for middle schools, on average, students have to travel to 2.5 km to go to the nearest middle schools. The availability of high schools in the Panchayat area is a key concern. On average, only 35 percent GPs of sampled districts have high schools, and the average distance of the nearest high school is 3.4

km. Very few GPs have a public library and inter-college located in GPs. On average, only 13 percent GPs of sampled districts have inter colleges. For GPs, not having a college inside their jurisdiction, the students have to travel an average distance of 7.8 km.

3.4.3 As far as health infrastructure in the GP area is concerned, about 22 percent GPs in sampled districts have a Health Sub-Centre. The availability of auxiliary nurse midwives (ANM) or health sub-centre is also in shortage in all sampled districts. For GPs not having healthcare facilities, people have to cover an average distance of 5.2 km to reach the nearest Primary Health Centre (PHC) and 9.7 km to access the services of the nearest private doctors. As shown in Figure 3.3, the Health Sub-Centre of Chhapra Bibipur of Mahendragarh district remains closed most of the time due to the non-availability of the staff.

3.4.4 Only a few GPs in the selected districts have the facilities of integrated child development centres (ICDS). Registration of births and deaths is not done in all GPs. All sampled GPs have 100 percent immunization of children of age 0 to 5 years. About 43 percent of GPs have veterinary hospitals, and for the rest of the GPs, people have to travel an average distance of 3.6 km to avail healthcare services (Table 3.3).

Table 3.3: Education and Health Infrastructure in the Sample GPs						
(in percent of GPs)						
Selected Districts	Ambala	Fateha- bad	Karnal	Mahend- ragarh	Palwal	Rohtak
Education						
Primary school	80	100	100	70	100	90
Middle School	50	60	70	70	50	100
High School	30	30	22	20	50	63
Inter college	20	10	0	0	20	30
Library	0	10	10	0	10	11
100% enrolment of children (6-14 yrs) in school	100	70	89	100	100	100
Separate toilets in schools	90	90	100	89	100	100
Health						
ICDS centre	11	14	0	30	29	0
Auxiliary Nurse Midwife	30	30	20	33	30	80
Health Sub-Centre	20	10	10	0	22	70
Private doctors	56	20	22	10	20	30
Veterinary Hospital	40	40	30	30	50	70
Births and deaths registration	20	50	30	70	44	80
100% immunization of children (0-5 yrs)	100	100	100	100	100	100
Source: Based on the field survey						



Figure 3.3: Condition of Health Sub-Centre in Chhapra Bibipur

3.5 Agricultural Facilities

3.5.1 In every GP of Haryana, a large proportion of the population is engaged in agricultural activities. The villagers do not have agricultural land work as agricultural labourers. Adequate agriculture infrastructure increases farm productivity and reduces the cost of production; hence, it helps to improve the socio-economic condition at the GP level. The findings based on the primary data analysis, as reported in Table 3.4, shows that agricultural facilities and infrastructure are inadequate at the GP level. A very few GPs have government seed centres. In Karnal, Mahendragarh, and Rohtak districts, none of the GPs has a government seed centre. The common seed centre is available at the block level.

3.5.2 In recent years, the burning of crop residues has become an environmental concern in Haryana and nearby places like Delhi. In our sampled analysis, 40 percent of the sampled GPs in Fatehabad reported to burn crop residues. GPs are making reasonable efforts to address this environmental issue. For instance, none of our sampled GPs in Rohtak and Mahendragarh reported burning crop residues. The GPs are adopting other methods to dispose of agricultural wastes. Crop residues are being used in sugar mills that they collect with a charge of Rs. 500 per hectare.

3.5.3 A few GPs in Haryana are practicing organic farming and renewable sources of energy. About 38 percent of GPs in Ambala have installed Biogas plants, which are the highest among all the sampled districts. Some GPs have also installed solar panels as an alternative source of energy (Figure 3.4). Farmers in 10 percent GPs each in Karnal and Fatehabad and 40 percent in Rohtak reported having adopted organic farming. There is a need for popularizing organic farming in Mahendragarh, Palwal, and Ambala.

Selected Districts	Ambala	Fatehabad	Karnal	Mahendragarh	Palwal	Rohtak
Government seed centres	20	10	0	0	11	0
Inputs (seed / fertilizers) stores	40	10	10	20	10	40
Agricultural Mandi	10	10	0	0	10	0
Krishi Vigyan Kendras	0	10	0	10	0	0
PDS Outlet	50	71	40	63	75	88
Daily/Weekly Market	0	20	0	0	10	30
Burning of crop residues	20	40	20	0	20	0
Agro Service centres	0	0	0	0	0	0
Cooperative Milk Society	44	40	20	10	30	80
Warehouses	0	10	0	0	10	0
e-Seva Kendra	40	50	40	40	60	90
Biogas Plants	38	20	20	10	10	10
Organic farming Practices	0	10	10	0	0	40
Soil testing	100	70	78	70	80	80

Source: Based on the field survey



Figure 3.4: Installed Solar Panel in Dholi of Mahendragarh Block (Mahendragarh)

3.5.4 As per our survey, most GPs in all the districts reported having soil testing to ensure soil health. However, this testing is done irregularly, and in some GPs, the last soil testing was done three to four years back. Hence, it is necessary to do the soil testing at regular intervals so that the farmers may use recommended doses of soil nutrients. Public Distribution System (PDS) outlets, where food grains and other items are distributed to the entitled households, vary across districts. About 88 percent GPs in Rohtak have PDS outlets, while the corresponding percentage in Karnal is only 40.

3.5.5 For other agricultural facilities, such as e-Seva Kendra, cooperative milk society, warehouses, agricultural mandi, daily or weekly markets, and agro service centers, the availability varies across sample GPs. A significant number of our sampled GPs have e-Seva Kendra and cooperative milk societies located in their areas. However, for the rest of the facilities, most of the residents have to travel an average distance varying from 4 km to 19 km. None of the GPs of selected districts has an agro service centre. A few GPs in Fatehabad, Palwal, and Rohtak have daily or weekly markets in their jurisdiction.

3.6 Natural Resources

3.6.1 There are seven major natural resources: ponds, trees, panchayat land, pastureland, forest area, encroached land, and wasteland. In Ambala, Fatehabad, and Palwal, all GPs have ponds, while 90 percent GPs of Karnal, Mahendragarh, and Rohtak have ponds. Nasirpur (Karnal), Dostpur (Nangal Choudhary) and Nindana Mohmadpur (Meham) GPs do not have ponds. Panchayats lease these ponds for fisheries production. Some of the GPs generated good income from ponds. In addition, ponds are used to collect sewage water. The pond is a good method for water recharging. In Figure 3.5, the picture below is of a pond available in Kambassi GP.

3.6.2 Another source of GP's income is panchayat or *Shamilat* land. All GPs of Ambala and Palwal have Panchayat land, while 60 percent GPs in Karnal have Panchayat land. The case of encroached land has been observed in many GPs. For instance, 50 percent GPs of Karnal reported the issue of encroached land. In Mahendragarh districts, none of the sample GPs reported the encroached land. Encroached land means the panchayat land/*Shamilat* land/common land illegally occupied by encroachers. Kambassi GP of Ambala district has 13.4 hectares of Panchayat land. The Sarpanch stated that the panchayat land was encroached by some villagers since 1995. It came into the panchayat's possession in 2016. The pond has an area of 9.5 acres on paper, but in reality, it is less than 4 acres, and the rest area was under encroachment. Ugala (Barara) has 61.83 hectares of Panchayat land, but the land has encroached, and the court case is ongoing on panchayat land. In the Mahendragarh district, 67 percent and 44 percent GPs have pastureland and forest area, respectively. About 75 percent GPs of Palwal have wasteland.

Selected Districts	Ambala	Fatehabad	Karnal	Mahendragarh	Palwal	Rohtak
Ponds	100	100	90	89	100	90
Panchayat Land	100	80	60	86	100	78
Trees	100	100	80	78	75	89
Pasture land	50	11	33	67	14	11
Forest area	29	11	0	44	29	0
Encroached land	43	25	50	0	NA	29
Wasteland	50	0	0	50	75	20

Source: Based on the field survey



Figure 3.5: Pond in Kambassi in Barara Block (Ambala)

3.7 Other Physical Resources

3.7.1 Concerning the post office services in the sampled GPs, over 80 percent of GPs in Rohtak have post offices. A majority of GPs in other sample districts do not have post offices inside their geographical boundary. To reach the nearest post office, residents have to travel an average distance varying from 1 km to 5 km.

3.7.2 There is a need for attention in facilitating financial services in the sample GPs. There are no banks and ATM facilities in the sampled GPs in the Mahendragarh district. To access the nearest ATM facility, people have to cover an average distance of 4 to 5 kms. About 70 percent of the sampled GPs in Rohtak have bank branches in their areas. For the rest of the districts, access to banking facilities inside the GP area is inadequate. The average distance nearest to banking facilities ranges from two to eight kilometers.

3.7.3 In the era of digitalization, internet and computer facilities are highly required in Panchayat offices, for that every GP is expected to have a Panchayat Ghar equipped with these facilities. Table 3.7 shows that 40 to 90 percent of GPs in the study area have Panchayat Ghars, with the highest percentage in Fatehabad and Mahendragarh and the lowest in Palwal. As far as computer and internet facilities in the GP office are concerned, the percentage of GPs having these facilities is lowest in Palwal (11%) and highest in Ambala (67%).

Selected Districts	Ambala	Fateha- bad	Karnal	Mahendra garh	Palwal	Rohtak
Post Office	40	50	30	10	40	80
Anganwadi	100	100	100	100	90	100
Cooperative Society	33	33	22	14	30	60
Bank Branch	20	20	10	0	30	70
ATM	10	20	0	0	20	30
Panchayat Bhawan	60	90	60	90	40	60
Internet and Computer Facilities in GP office	67	60	20	40	11	33
Playground/Mini stadium	50	40	20	40	40	70
Railway Station	0	10	0	0	0	0
Bus Stand	30	30	0	20	0	40

Source: Based on the field survey

3.7.4 GPs maintain playgrounds or mini stadiums that help in promoting sports and physical health activities among people. Sometimes GPs rent out this space and collect fees on it. So it is also one of the sources of own revenue for GPs. About 70 percent of the sampled GPs in Rohtak have playgrounds/mini stadiums in good condition, whereas the corresponding percentage in Karnal is only 20 percent.

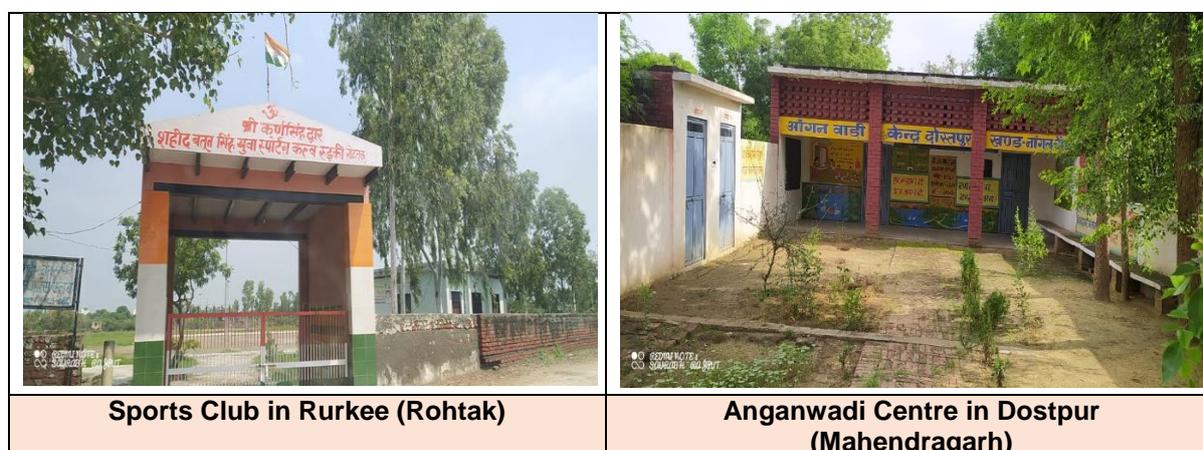


Figure 3.6: Sports Club and Anganwadi Centre in the sampled GP

3.7.5 In the case of transportation facilities, ten percent GPs in Fatehabad have railway stations, while sample GPs in Karnal and Palwal do not have any railway station or bus stand inside their area. The average distances from the sampled GPs to the nearest railway station and bus stand in Karnal are 21 km and 8 km, respectively, and in Palwal, the distances are 12 km and 8 km., respectively. There is easy accessibility of Anganwadi facilities in all the sampled districts, as more than 90 percent of the sampled GPs have maintained this facility in very commendable condition.

3.8 Summing up

Panchayats have to perform various functions (core and non-core) to develop the rural economy, infrastructure, community welfare, and social justice. The Panchayat resources and infrastructural facilities analyzed in this chapter play a critical role in improving the village economy and creating livelihood opportunities for the rural workforce. The extent of their quantities and qualities depends on the capacity of GP in conceptualizing, planning, and execution of GPDP, people's demand and participation through the institution of Gram Sabha in decision-making and mobilization of resources, and sharing of the benefits. Therefore, a relatively higher level of infrastructural facilities in any GP partly reflects how well a Gram Panchayat is functioning.

4. Gram Panchayat Governance in Haryana

4.1 Introduction

4.1.1 Panchayat Raj Institutions (PRIs), referred to as institutions of local self-governance, cherish the Gandhian vision of “Gram Swaraj”⁵. Although these institutions existed for a long, the 73rd Constitutional Amendment Act 1992 brought about significant reform in local governance through provisions for devolving them powers and responsibilities for preparing and executing plans for economic development and social justice, including 29 subjects listed in the Eleventh Schedule of the Constitution. In conformity with the 73rd Amendment Act, the Haryana Panchayati Raj Act 1994 makes sufficient provisions for empowering them in terms of finance, functions, and functionaries (triple-Fs) and putting in place a suitable governance framework. However, in practice, effective governance depends on supply and demand factors in adopting these provisions. From the supply side, the State’s willingness and capability to transfer triple-Fs to them and enforcement of provisions of the Act are crucial essentialities.

4.1.2 From the demand side, capability, knowledge, and motivation of elected functionaries and members of Gram Sabha in conceptualization, planning, execution, and monitoring of socio-economic development and welfare programmes, and activation and utilization of dormant social capital are critical. With this backdrop, this chapter examines the extent of Gram Panchayat (GP) governance in Haryana. The chapter is based on the primary data collected from randomly selected 60 GPs, which are evenly spread over the six divisions of the state, FGDs conducted with Gram Sachivs and elected functionaries, and discussions held with different stakeholders at the divisional level.

4.2 Defining Local Self-Governance

4.2.1 PRIs are the institutions of local self-governance. The term “self-governance” literally implies “*governing by oneself rather than governed by others*”. The local self-governance is defined as “*a process of collective discussions, collaborative learning and collaborative actions by the local community and its leadership on the basis of their collective knowledge*” (Rai, 2014).

4.2.2 The self-governance comprises the political and institutional processes through which local bodies conceptualize, plan and execute their collective decisions to achieve the mandated goals of economic development and social justice. Good governance can only be imagined when the local self-governing institutions follow a participatory, accountable, transparent, and inclusive system of taking decisions and strictly adopt the constitutional provisions under which these institutions are established. *Gram Sabha*, a pivotal institution in the entire system of governance, consisting of all voters in its jurisdiction as members, is constitutionally authorized to

⁵ <http://gramswarajindia.org/>

take decisions collectively and inclusively. However, demand-side constraints make its role in ensuring good governance at the grassroots level limited.

4.2.3 The 2nd Administrative Reform Commission (ARC) in 2007 suggests participation in decision-making, rule of law, transparency, responsiveness, consensus orientation, equity, effectiveness and efficiency, accountability, and strategic vision as the key features of good governance for PRIs to make them the real institutions of local self-governance.

4.3 Composition of Gram Panchayats

4.3.1 Article 243(C) of the Indian Constitution makes provisions for the constitution of *Gram Panchayat* (GP). It says that “*the State legislature may, by law, make provisions for the composition of GP with the number of elected members in proportion to the population of its territorial area same throughout the state so far as practicable*”. The Haryana PR Act states that each GP shall have six to twenty Panchs, headed by the Sarpanch elected through the election in the Panchayat area. Each GP shall be divided into a minimum of five wards. A provision for not less than one-third seats for Scheduled Caste (SC) in proportion to their respective population in the Panchayat area is also made. One-third of the seats of the GP members are reserved for women. Out of the total reserved seats of women, one-third of seats shall be reserved for the SC women. The Act also mandates the appointment of one Panch from Other Backward Classes (OBC) if their population is two percent or more in the total population of the Sabha.

4.3.2 Table 4.1 depicts the composition of 60 GPs of the study area. The average size of GP in terms of Panchs is largest in Palwal (13), closely followed by Rohtak (12) and Fatehabad (11), and it is lowest in Mahendragarh (9). Approximately a GP in the sample area consists of 11 members, including Sarpanch. The SC members comprise a little over 26 percent of the total members, while the shares of OBC, General Category (GC), and women are 33.89, 43.13, and 41.55 percent, respectively. The sampled GPs adhere to the provisions mandated for their constitution in the Act. Regarding women’s share, it constitutes more than one-third of representation in the GPs. The Government of Haryana has recently notified to enhance the participation of women in PRIs to 50 percent. Ensuring greater participation of women in Panchayats is one of the key steps towards their political empowerment. However, in the absence of supportive social institutions and freedom in decision-making at the grassroots levels and inadequate capacity development, the legislative provisions for their empowerment may be less effective in practice.

Districts	Members per GP	SC Members per GP	OBC Members per GP	General Category Members per GP	Female Members per GP
Ambala	10	3	4	3	5
Fatehabad	11	3	3	5	4
Karnal	10	3	3	4	4
Mahendragarh	9	2	6	2	4
Palwal	13	3	4	6	5
Rohtak	12	3	2	8	5
Overall Average	10.83	2.83	3.67	4.67	4.5

Source: Based on the field survey

4.3.3 On average, each GP had four to five female Panchs. However, during the field survey, we observed that in several GPs headed by female Sarpanch, the actual works of GPs were performed by male members of their families.

4.3.4 Size of the GP is critical to its functioning. Too small and too big GPs can create diseconomies of scale in delivering essential services, building productive infrastructure, and their efficient functioning as autonomous institutions of local self-governance. The 2nd ARC classifies the GPs based on size into four categories – tiny (less than 2000 population), small (2001-5000 population), medium (50001-10000 population), and large (above 10000 population). Our study indicates that many GPs in the State are tiny and small, which may get the disadvantage of small size in delivering basic public services. Tiny and small GPs get inadequate funds (in absolute terms) due to population criteria of allocation, while they also require the critical minimum investment in the creation of basic infrastructure related to water, sanitation, streets, and liquid & solid waste management. The state has to re-examine the delimitation of GPs to make them economically viable administrative units. The 2ndARC suggests that the minimum size of a GP be determined on the basis of (a) potentiality for resource generation, (b) sustainability of the staff structure, (c) suitability as a unit of planning for core functions, (d) geographical cohesiveness, (e) terrain conditions, and (f) communication facility within the Panchayat area. The small GPs may be clustered, considering the geographical proximity and their resource endowments using GIS-based technology. Since large size GPs also have disadvantages, particularly in their governance and citizen participation, the optimum size of GPs needs to be identified. The actual sizes of the GPs can range 15 percent below and above the optimum size. For example, if the optimum size is 5000 population, the GPs can be re-grouped in the range of 4250 to 5750.

4.3.5 In our sample, 55 percent of GPs are tiny (population less than 2000), about 32 percent of GPs are small (2001-5000). Thus, about 87 percent GPs are tiny and small. Only 10 percent of GPs are medium (50001-10000), and about three percent are large (above 10000). At the state level, 89.37 percent GPs are tiny and small, while only 9.01 percent are medium, and the remaining 1.62 percent are large. Thus, our sample

distribution by size of GPs is a good representative and largely is consistent with the state-level distribution of GPs by the size of the population.

Type of GP	No. of GP in Sample area	State
Tiny (up 2000)	33 (55.0)	3223 (51.74)
Small (2001 - 5000)	19 (31.67)	2344 (37.63)
Medium (5001-10000)	6 (10.0)	561 (9.01)
Large >10000)	2 (3.33)	101 (1.62)
Total	60 (100)	6229 (100)
Note: Figures in parentheses are percentages to the total.		

4.4 Functioning of Gram Sabha

4.4.1 Gram Sabha (GS) plays a key role in the effective functioning of the lowest tier of rural local government. It constitutes all the voters of the constituted GP and provides a platform for them to participate in planning and decision-making processes. It is almost impossible to envision GP's empowerment without strengthening the GS. It is the institution of direct democracy where people can make free and frank debates and discussions to conceptualize the plan, mobilize resources, execute the approved plan, monitor the outcomes, and share the intended benefits. The Gram Panchayat Development Plan (GPDP) is finalized and approved by the GS, integrated initially with the Panchayat Samiti Development Plan (PSDP) and finally with Zila Parishad Development Plan (ZPDP). The District Planning Committee (DPC) integrates the ZPDP with the urban development plan to prepare the draft district plan. In the whole process of rural planning, GS has to play a pivotal role.

4.4.2 As per the provisions of the Haryana PR Act, GS shall consist of a village or a part of the village or adjacent villages, and each GS shall have a minimum of 500 population⁶. The Act, among others, empowers the GP to consider and approve GP statement of accounts, GPDP, and beneficiaries of various schemes; review and scrutinize GP works and existing schemes; maintain a record for all development works; and consider audit reports and their compliances.

4.4.3 As per Section 11 of the Haryana PR Act 1994, every GP shall hold a minimum of three general meetings of GS in each year at such date, time, and venue, as may be fixed by Block Development and Panchayat Officer (BDPO). As a chairperson of the GP, the Sarpanch has the responsibility to conduct these meetings.

4.4.4 The information regarding the GS meetings conducted during 2020-21 is presented in Table 4.3. Our study shows that the average number of GS meetings held during 2020-21 varies from 2 to 4. However, there are eight GPs, in which only one meeting was reported to be conducted. It is observed that the meetings were canceled due to COVID 19 and the nationwide lockdown. On average, per meeting

⁶ In exceptional cases, this limit of 500 can be relaxed.

number of attendees was 68. The highest number of attendees was in Karnal (153), followed by Palwal (96), while it was lowest in Ambala (27), and followed by Mahendragarh (30). Thus, the participation of members varies significantly across districts.

4.4.5. As far as the participation of women in GS meetings is concerned, the results show that their share ranges from lowest in Mahendragarh (14%) to highest in Fatehabad (49%). Overall, about 31 percent of women were reported to participate in the meetings.

Details of Gram Sabha Meetings	Ambala	Fatehabad	Karnal	Mahendra-garh	Palwal	Rohtak	Overall
No. of GS meetings held	4	2	3	2	4	2	2.83
No. of attendees per meeting (it can be examined with the help of GS members whether a quorum was there and not)	27	57	153	30	96	43	68
Percentage of women attendees per meeting	22	49	27	14	31	42	31
Percentage of GS meetings with Quorum ⁷	100	42	65	63	100	33	67

Note: The results are based on the responses from the sample GPs.

4.4.6 According to the sub-section 7A of section 11 of the Act, for any general meeting of the Gram Sabha, one-tenth of the members of Gram Sabha or three hundred members, whichever is less, shall form a quorum. In Ambala and Karnal districts, all the Gram Sabha meetings are reported to be held with the required Quorum. In Fatehabad districts, only 42 percent of Gram Sabha meetings reported conducting with the required Quorum. Overall, in about 67 percent of meetings, the Quorum was reported to be maintained. The percentage was lowest in Rohtak (33%).

4.4.7 The main discussions in these meetings were on GPDP, revenue and expenditure, sanitations and water arrangements, MGNREGS work plan, and other issues. In 80 percent of the GPs, statements of account are placed before the Gram Sabha for discussion and approval. About 96 percent GPs got responses from the village people while making the GPDP. Almost in every sampled GPs, the GP decides priorities of various schemes after discussion with the Gram Sabha members.

⁷ Participation in the GS is only on paper. The Sarpanchs and Sachivs manage the signatures and thumb impressions to fulfill the requirement. Therefore, maintenance of Quorum is mostly not found in reality, as told by several Sachivs in the FGDs.

4.5 Functioning of Ward Sabha

4.5.1 The Haryana PR Act also makes provision for the constitution of Ward Sabha (WS), whose meeting shall be held under the chair of the Ward Panch at least once in six months with maintaining the Quorum of not less than 10 percent of the total Ward Sabha members or 20 members, whichever is less. It is more near to people as compared to GS and is entrusted with preparing comprehensive and realistic proposals for the ward with effective community participation. It is responsible for identifying and prioritizing beneficiaries of various government schemes and programmes to be placed before the Gram Sabha for its approval. It has the right to get the information from the GP in the context of work proposals of the ward, their rationality, and follow-up action on the decision in the succeeding period of six months after the meeting of the Ward Sabha.

4.5.2 The Ward Sabha is also responsible for providing and mobilizing voluntary labour and contributions in cash/kind for development work. It is to supervise such development works through volunteer teams. Further, it requires making efforts to ensure that the members of WS pay taxes to the GP. It is authorized to suggest the location of the streetlights, street or community water taps, public wells, public sanitation units, irrigation facilities, and other public amenities within the WS area. It should create awareness on matters of public interest, assist the GP employees in sanitation adult education and public health-related activities, and promote harmony and unity among various groups.

4.5.3 As per the Act's provisions, the Ward Sabha has given power and responsibilities almost similar to Gram Sabha. However, in practice, it has not yet been operationalized on the ground. Its formal meetings are not being held. The Ward Panch prepares the proposals consulting informally with some members for consideration in the GPDP.

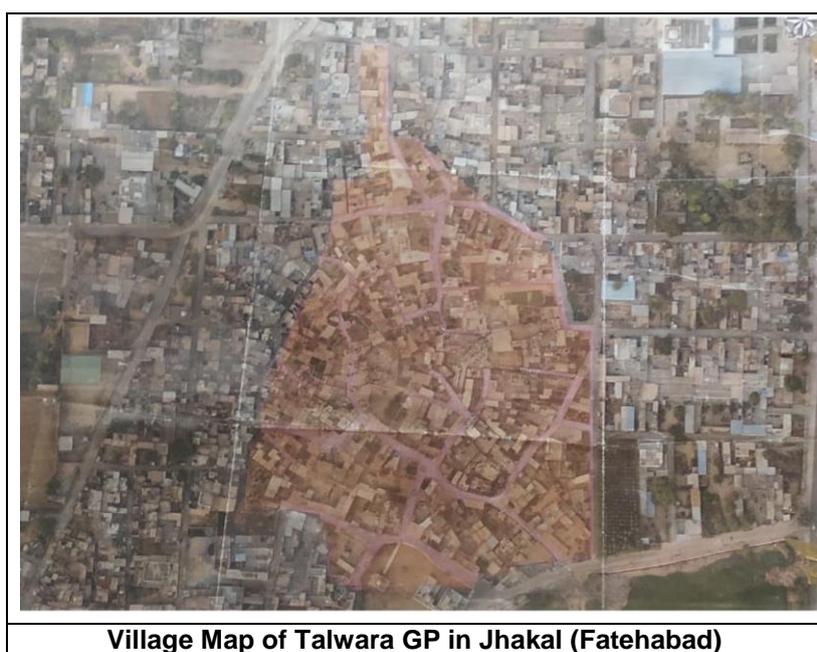
4.6 Functioning of Gram Panchayat

4.6.1 According to Section 13 of the Haryana PR Act 1994, each GP shall conduct a minimum of two meetings every month with the majority of the GP members. Our study shows that the average number of GP meetings held during 2020-21 varies from 13 to 28. Except for Fatehabad and Karnal districts, all other sampled districts had conducted less than 24 GP meetings. On average, each sampled GP of Karnal district had conducted the highest number of meetings (28), while this average is least in Rohtak district (13). Across the sampled districts, the average number of SC members in GP meetings varies from two to five. The average number of SC attendees in the Ambala district was the highest (five per GP). The average number of female members in GP meetings varies from four to six across the selected districts.

Details of Gram Panchayat Meetings	Ambala	Fatehabad	Karnal	Mahendra-garh	Palwal	Rohtak	Overall
No. of GP meetings held	21	26	28	19	19	13	21
Average no. of SC members attended GP meetings	5	3	2	2	2	3	2.83 (average or participation)
Average no. of women members attended GP meetings	6	4	4	4	4	6	4.67
Percentage of GP reported minutes of the meetings	100	100	83	72	40	100	82.5
Note: The results are based on the responses of the sample GPs.							

4.7 Record Keeping

4.7.1 Table 4.5 shows that about 64 percent GPs in the study area had the village map, with the highest percentage of such GPs in Fatehabad (78%), closely followed by Palwal (75%) and lowest in Rohtak (38%). Records of natural resources, including CPRs, are maintained by only about 53 percent of GPs. The percentage of such GP is highest in Karnal (78%), followed Ambala (67%) and lowest in Palwal (25%). As far as the updated record of the GP population is concerned, most GPs do not keep such records. Only 22 percent GP in Fatehabad, 11 percent in Karnal, and 10 percent in Rohtak reported that GPs maintain such records. Overall, about seven percent of the total GPs said to have maintained the updated population records.



4.7.2 Except for 11 percent of GPs in Fatehabad, no other GPs reported having records of occupational distribution of the workforce. At the same time, no GP maintains the data of employed and unemployed and illiterate or literate people in its office. However, about 61 percent of sample GPs reported having the BPL list in their offices, with the highest percentage of such GPs in Karnal (89%), closely followed by Rohtak (86%) and the lowest in Palwal (29%), and followed by Ambala (33%). BPL list is required for the identification of beneficiaries of various government schemes. It is expected that every GP shall maintain transparency in its functioning, and it is supposed to display all relevant information, including income and expenditure, on the notice board of the GP office and at several other places on the wall. However, our survey reveals that only 21 percent of GPs reported having displayed such information. Such GPs are highest in Fatehabad (33%) and lowest in Rohtak (10%). Overall, record-keeping is relatively better in Fatehabad and Karnal and poor in Palwal.

Table: 4.5 Details of Record-Keeping of Resources in the Sample GPs
(in percent of GPs)

Details of Record Keeping	Ambala	Fatehabad	Karnal	Mahendra-garh	Palwal	Rohtak	Overall
Village Map	56	78	67	67	75	38	63.5
Record of natural resources	67	56	78	29	25	60	52.5
Updated the record of the village population	0	22	11	0	0	10	7.17
Updated record of the occupational classification of workforce	0	11	0	0	0	0	1.83
Record of literate/illiterate and employed/unemployed manpower	0	0	0	0	0	0	0
BPL list	33	56	89	75	29	86	61.33
GP display all relevant information	22	33	22	22	17	10	21
Note: The results are based on the responses of the sample GPs.							

4.8 Accounting and Auditing

4.8.1 Maintaining proper statements of accounts, cashbooks, income, and expenditure on the prescribed forms in a digital mode is one of the critical factors in GP governance. Our field observations reveal that most GPs do not have computers, printers, and internet facilities in their offices. They get the services of private computer centres on payment when it is required to prepare and upload any document on the portal. Otherwise, they use the off-line and hand-written system of maintaining the

accounts, GP and GS proceedings, minutes, etc. (Refer to the specimen in Annexure 4A). However, a majority of GPs claim to keep the accounts in the prescribed formats. The CAG has prepared the accounts formats, which are to be used by PRIs to maintain the accounts. About 84 percent GPs in the study area reported having used the prescribed formats to keep the accounts. The percentage of such GPs is highest in Karnal (100%), followed by Rohtak (90%), and lowest in Palwal (60%).

Table: 4.6 Details of Auditing and Accounting in the Sample GPs
(in percent of GPs)

Details of Auditing & Accounting (Percentage of GPs having the following)	Ambala	Fatehabad	Karnal	Mahendra- garh	Palwal	Rohtak	Overall
Prescribed format GP accounts	89	88	100	78	60	90	84.17
Updated and authenticated accounts	100	88	100	75	83	100	91
Computerized accounts	78	57	89	44	50	75	65.5
Auditing of accounts	100	88	100	89	100	100	96.17
GP's works inspected	86	57	83	75	83	100	80.67
GPs with computer facility	67	60	20	40	11	33	38.5

Note: The results are based on the responses of the sample GPs.

4.8.2 A majority of GPs claim to have updated and authenticated accounts. Overall, 91 percent of GPs reported having updated and authenticated accounts, with 100 percent in Ambala, Karnal, and Rohtak. Computerization of accounts is reported in 66 percent of GPs with the highest percentage of such GPs in Karnal (89%), followed by Ambala (78%) and Rohtak (75%), and lowest in Mahendragarh (44%). A majority of GPs in the sample areas do not have computer facilities in their offices. Overall, only about 39 percent GPs reported having computer desktop/laptop facilities. Fatehabad and Ambala have a relatively better status in access to computer facilities than their counterparts. Some Sachivs said they received laptops but did not have prior knowledge of how to use them for record-keeping and other operations effectively. Some others have informed that they got their required documents computerized from outside on payment and then sent them to the PS. Therefore, mostly computerization of GPs' data is available at the PS level, not at the GP level. The maintenance of proper accounts is the responsibility of Gram Sachivs. They should be the custodian of all accounts; disciplinary actions may be taken against them if proper and updated records of accounts are not found after an inspection.

4.8.3 Auditing of accounts is reported to be done in almost all the GPs. However, it is not regularly done. Most of the Sachivs suggested introducing the pre-audit system in the GPs so that objections to the bills may be removed beforehand to avoid audit objections later on. Respondents in about 81 percent of GPs reported that inspection

of GP works is done. The percentage of such GPs is highest in Rohtak (100%), followed by Ambala (86%) and lowest in Fatehabad (57%).

4.9 Social Capital

4.9.1 Social capital is one of the key factors in economic development. Activation of dormant social capital and its efficient utilization in development activities can significantly change the outcomes of the use of scarce physical and financial resources. Table 4.7 shows the status of some of the constituents of social capital in the study area. It is significant to note that except Rohtak, where 20 percent GPs reported to have a presence of NGOs/CVOs, the rest of the GPs do not report to have involvement of any such organization in their areas. Participation of women and youth organizations in the GP activities is largely found missing in the study area. Although Mahila Mandal (women group) and Yuvak Mandal (youth group) were formed, their involvement in panchayat affairs was observed negligible. Further, about 22 percent of GPs reported having the presence of farmers' organizations, but they are not involved formally or informally in the GP activities.

Details of Social Capital (Perent of GPs having)	Ambala	Fatehabad	Karnal	Mahendragarh	Palwal	Rohtak	Overall
NGOs/CSOs	0	0	0	0	0	20	3.33
Mahila Mandal	25	0	38	11	44	22	23.33
Yuvak Mandal	50	43	25	44	44	33	39.83
Farmers' organization	29	29	0	0	38	33	21.5

Note: The results are based on the responses of the sample GPs.

4.10 Activity Mapping

4.10.1 Activity mapping of PRI refers to unbundling the entrusted subjects into smaller units of work and assigning these units to different tiers of the PRIs (2ndARC, 2007). It is required to unambiguously demarcate their works and avoid duplications, overlapping, and conflicts. Since functions devolved to PRIs under article 243G are common for all the levels, it becomes essential to identify which tier shall do which works within a given subject. The 2ndARC (2007) suggests that the unbundled activities can be classified under five categories: setting standards, planning, asset creation, implementation and management, and monitoring & evaluation. The subjects given to PRIs are also the subjects of the state government, which are implemented through the line departments. Therefore, it is required to delineate the role of different tiers of PRI and also the line departments in each subject.

4.10.2 The state had prepared the activity-mapping document in 2006 for ten departments, namely food & supplies, health, public health, social justice and empowerment, irrigation, animal husbandry, education, women & child development, agriculture, and forest. Within the food & supplies, PDS was the work to be done by the PRIs at different levels. For example, the GP's tasks are to recommend allotment of deos, attest ration card forms, monitor & supervise PDS commodities, address the local complaints, certify the arrival of PDS quantities at FPS, verify the entries in the stock registers and ensure proper distribution, and send a functioning report of PDS to the PS once in a month.

4.10.3 Similarly, in the case of the Irrigation Department, GPs' functions are to repair and maintain lined water courses and promote participatory irrigation management and water-users association. In contrast, PSs' functions are repairing and maintaining cow ghats, repairing and maintaining parapets and ramps of VR bridges of minors, and de-weeding and desilting minors. The ZPs' tasks are watershed development, direct irrigation tube-wells, and repair VR bridges over minors and distributaries. It indicates that the government Tube-well and its operator in the GP jurisdiction are not under its control.

4.10.4 A perusal of the activity mapping indicates that not all 29 subjects are covered in it. For example, construction, repair, and maintenance of roads, drinking water, sanitation, environmental protection, waste disposal, to name a few, are not part of the activity mapping. Most of the funds of GPs are spent on the maintenance of roads, drains and street lights, drinking water, and sanitation, but these activities are not covered in the activity mapping.

4.10.5 Our field observations and the FGDs reveal that both elected and official functionaries are not aware of the activity mapping. Probably, the document was not circulated and widely disseminated among the functionaries. In practice, GPs' role is limited to a few functions, and most of the functions are yet to be devolved to them. To make the PRIs real institutions of self-governance rather than the implementing agencies of the government schemes and programmes, all functions under Article 243G should be devolved, and the activity mapping is to be made for all the 29 subjects and be effectively implemented on the ground.

4.11 Capacity Building

4.11.1 According to Vincent and Stephen (2015), "*Capacity building implies activities which strengthen the knowledge, abilities, skills and behavior of individuals and improve institutional structures and processes such that the organization can efficiently meet its mission and goals in a sustainable way*". In the context of GPs, it is a process through which skills, new attitudes, and motivations among the GP functionaries and Gram Sabha are infused, and the GPs are equipped with adequate finances, functions and functionaries (3-Fs) so that they may perform up to their maximum potential for achieving the intended goals of economic development and social justice.

4.11.2 The capacity building measures, among others, consist of the creation of an enabling environment with appropriate policy and legal frameworks, institution building, human resources development, and strengthening of managerial capability. Community audit skills, common vision, prioritization of realistic objectives consistent with local values, facilitation of a strategic plan, monitoring and evaluation of works can also be part of capacity-building measures.

4.11.3 The most critical in the entire chain of capacity building is the Gram Sabha that has the potential to initiate a participatory process, promote transparency and accountability and act as a social auditor for effective local governance. However, our field study and FGDs indicate that it is yet to become an operational entity in the state. Sarpanchs and other influential people, including local political leaders, dominate the decision-making process. Accountability and transparency mechanism does not-exist at the GP level. Although the proposals are put before the GS in its general meetings for approval, due to lack of awareness among its members about their role in planning, monitoring, and auditing of programmes/projects and lack of motivation among them, very few members usually attend the general meetings. A massive awareness campaign is required to enlighten GS about its role in planning, execution, monitoring, auditing GP works, and controlling GP resources. CBOs, CSOs, and the line departments' representatives in the GS meetings can play a crucial role in motivating and sensitizing the members to take an active part in the panchayat affairs.

4.11.4 The 2ndARC (2007) suggests that any organization should have the capability of tapping required skills rather than spending a large amount of resources in acquiring such skills themselves. Evolving partnerships, developing networks, and outsourcing functions are all methods of enhancing the capability of an organization. It also recommends that the SFCs be vested with the responsibility of suggesting 'staffing norms' for various levels and categories of local bodies to determine the optimum or desirable degree of outsourcing of functions. The training of elected functionaries should be a continuing activity, and the SFCs should earmark the funds' allocation to meet the training expenses.

4.12 Status of GPs' Official Functionaries

4.12.1 Effective functioning of a GP, to some extent, depends on the quality of its functionaries. The quality depends on the level of education and skills. Gram Sachiv is the key official functionary of GP. He looks after several GPs and is over-burdened, which can adversely affect his performance in dealing with the GP activities, including maintenance and update of accounts. Most of them do not know the use of ICT and computers, which is the need of the in the current scenario where fund management is done through the IT system. The CFC funds are mandatorily managed through PFMS. To bring transparency and efficiency in the fund allocation and utilization, the SFC and other budgetary transfers to GPs should also be through PFMS. It calls for upgrading Sachivs' skills in the computer application by redesigning training modules. Their training needs assessment have to be carried out and comprehensive training programmes, preferably outside the state, be organized.

4.12.2 It is good to note that the state government has decided to rationalize the number of posts of Gram Sachivs. The state government has also made graduation with computer knowledge as the minimum qualification for the post of Sachivs. Further, to address the problem of shortages of GP staff, the state government has initiated a recruitment process for filling up 697 positions of Sachivs. However, the Department of Development and Panchayats did not fix any timeline to fill the vacant post, create new posts, and construct gram Sachivalays.

4.12.3 Based on our discussion with Sachivs, we suggest that there should not be more than two GPs per Sachiv (may be only one per GP in the case of big GPs). Further, the designation of Gram Sachiv may be changed to the Gram Panchayat and Vikas Adhikari (GPVA).

4.13 Key Findings based on FGDs

- Agenda and notice of the meeting of GP are circulated through WhatsApp messages. The signatures of Panchs on the meeting notice are not received, and a copy of the notices signed by Panchs is not kept for the record.
- The Quorum of the GP meetings is reported to be maintained. However, some GP members (Panch) stay outside the village in town/city and hardly attend the meeting. Therefore, effective participation of all Panchs in the GP affairs is lacking.
- The Quorum of the GS meetings does not meet, as very few GS members participate in the meetings. A majority of members do not have much concern about GP activities. There is also a political interference in GPs' decision-making, and the local politicians sometimes pressurize Gram Sachivs to receive undue favours. External interference in decision-making and repugnance of GP in considering the proposal of GS members seems to be a deterrent in the participation of members in the GS meeting.
- Sarpanch and Panchs are not fully aware of the provisions of the Act and their powers and responsibilities. Most of them are not even aware of the name of sub-committees. These committees are vital in making the GP functions more smoothly, transparent and inclusive, but they have not yet been operationalized on the ground. Although these committees were constituted as per the Act's provision, they were only on paper.
- Ward Sabha is not yet operationalized. Formal Ward Sabha meetings are rarely held.
- The work proposed by GS members for inclusion in GPDP is often not considered, due to which their interest in the Gram Sabha meetings is lost. Representatives of line departments do not attend the GS meetings and share their activities plan concerning the GP.
- There should be only two comprehensive general meetings of GS in a year (one after Kharif and the other after Rabi crops). Too many meetings lose the interest of members. The sessions of the GS may continue for two to three days, like in

parliament, so that detailed discussions may be made on various subjects, including GPDP.

- All concerned line departments' representatives should compulsorily attend the meeting and submit their proposals to be included in the GPDP under the convergence framework. It is necessary because all their activities are the subjects of GPs under the Act.
- Any activity/scheme executed in the jurisdiction of *Gram Sabha* should be done with prior information/approval of GP. Sometimes assets of GS are damaged due to work done by the line departments, and these departments do not put the assets in order after execution of their work (For example, laying of water pipelines).
- There is a need to improve the capacity of GPs in terms of triple-Fs – finance, functions, and functionaries. GPs are not handling 29 subjects mentioned in the Act. These are also the subjects of line departments, and there is no coordination between the concerned line departments' and GP's activities. They are unaware of the activity mapping and the kinds of work to be done by GPs under the 29 subjects. Activity mapping must be re-worked, and the role and coordination of line departments with PRIs should be explicitly defined and translated into action.



Focus Group Discussion at Jhakal (Top) and Khatoli Jat (Bottom)

- As far as functionaries of GPs are concerned, training of both elected and official functionaries should be given top priority. Although training of *Sarpanch* is mandatorily done at the beginning of the constitution of the new GP, training is inadequate to understand various aspects of decentralized planning and management under the rural local self-governance institutions.
- Some exposure visits of a few elected functionaries of best performing GPs of Haryana and other states can be done. It would not be cost-effective to organize off-line training sessions for all *Panchs* and sub-committee members. Therefore, institutes like HIRD/NIRD&PR may also organize online training programmes, and certificates should be given only to those who pass the online exam after training.
- Training of *Sachivs* should be organized preferably outside their place of work to make them captive participants and fully concentrate on the training sessions without any interference of local people and higher officials. Training duration should be 10-15 days with detailed training modules, a well-developed methodological framework, and post-training feedback and examination.
- One of the major issues in GP governance is the lack of sufficient staff. Currently, on average, each *Sachiv* is handling about four GPs. They are also assigned some other duties such as e-Girdawari and e-swamitava, which are supposed to be done by the revenue department. There should not be more than two GPs per *Sachiv*. Further, per two GPs, there should be one post of *Sahayak Sachiv-cum-computer operator* to assist the *Sachiv* and maintain and update the online records and data of GPs.
- Most GPs do not possess a computer/laptop with printer and internet facilities in their offices. They prepare GPDP and other documents from private computer centres on payment. Each GP should have e-database-cum-governance centre to keep the updated and verified GP data, the socio-economic profile of GP, demographic profile, CPRs, occupational structure, details of physical infrastructure, etc. It should also provide e-government services to the residents. Each GP should also have a *Gram Sachivalya*.
- GP budgeting, accounting, and auditing system should be improved. The CAG has prescribed forms for accounting and auditing in PRIs, which should be used.
- A pre-auditing system in GP should be introduced to remove objections in the bills before passing the bills. There should be one post of an auditor at the PS level for this purpose.
- Although the government has recently enhanced women's participation in PRIs from 33 percent to 50 percent, the entire system needs to be made gender-sensitive (female-friendly) to implement it on the ground. More recruitment of females in line departments should be made. Females feel comfortable interacting with female officers and staff. For example, most females of rural areas are engaging in agriculture, but there is a deficiency of female extension

staff. Similar is the condition in other line departments, except education and healthcare.

Box 4.1: Key Highlights

- Effective enforcement of the provisions of the PR Act needs to be made.
- Two general meetings of Gram Sabha should be held on the pattern of parliamentary sessions with detailed discussion and proper record-keeping and videography of the proceedings.
- An auto convening mechanism for conducting meetings, including calendar-based schedules should be evolved.
- All development works of line departments executed in the jurisdiction of GPs should be part of the GPDP.
- Provision of virtual meetings may also be made.
- A Panch may be disqualified if he/she does not attend three consecutive GP meetings.
- Although the Act makes adequate provisions for binding the GS decisions on the GP, however, penalty on Sarpanch may be imposed if he/she does not execute the GS decisions.
- Coordination between GPs and line departments needs to be improved, and the presence of their representatives in the general meetings be made mandatory.
- A coordination committee of PRI with members of all the three-tiers should be constituted to ensure effective communication and coordination, optimize the outcomes by removing duplication of projects, and establish effective linkages. The members of the Committee should range from 20 to 30, selected on a rotational basis with more representation of GPs and PSs in it. The Chairperson of ZP should head the Committee, and the CEO of ZP should be the member secretary.
- Record Keeping, accounting, and auditing systems should be improved using CAG prescribed accounting system and digitalization of records, statements of accounts, GPDP, and PFMS fund flow system.
- A software-based double-entry accounting system should be implemented.
- Pre-auditing of GPs bills should be done, and a post of the auditor be created at the block level for this purpose.
- Geo-tagging of GP development works, including MGNREGS works, should be made mandatory.
- Social audit, being done for MGNREGS works, should be extended to all GPs works.

(Source: Based on our field observations, FGDs and inputs from the Divisional level meetings of the Commission and the data shared by the Development and Panchayat Department)

Box 4.2: Highlights of FGD in Khatoli Jat

- Constitution of the ward is not done according to the geographical location but to the extended families, whose houses may be scattered in different places. Formal Ward Sabha meetings are not held.
- Panchayat Ghar in the GP is damaged, and the new building proposal is approved.
- Representatives of line departments do not attend the GS meetings and share their activities plan with the GP.
- The GP has three ponds of about 2.0 hectares but is not being currently used for revenue generation. There is a potential for revenue generation from the leasing of these ponds for fish production. The fishery department should provide technical inputs and help in providing quality seed to the growers.
- There are about 100 hectares of forestland in the GP, which also supports the livelihood of sheep and goat holders.
- The watershed development programme may be initiated to improve water level, as the region is water-scarce.
- The Sarpanch of the GP got training in the beginning for five days at Bewadi centre of HIRD, Haryana, but he is not fully aware of the PRI's provisions.
- The information of GP and GS meetings is communicated verbally through Chowkidar and on the WhatsApp group.
- Since the population size of the GP is small, it gets less funds from the government, which are not sufficient to meet out their requirements. The GP members suggest that the smaller GPs should get relatively more weight in the devolution of funds.
- Greywater disposal system, playground and open Jim, library, a computer equipped with printer and internet, and watershed development programme are the development priorities of the GP.

4.14 Summing Up

4.14.1 GPs cannot become effective local self-governance and management institutions unless the institution of Gram Sabha is empowered. The study shows that GS has not yet become an operational entity in the State. For its emergence as a body to which the GP is accountable, it has to articulate its role as planner, decision-maker, social auditor, and control over natural resources, land records, and conflict resolution. It must have the power to make independent decisions. Its members have to be enlightened to exercise their powers and privileges as vested in the Act. There is a strong need to involve CSOs, CBOs, and academicians to build awareness and motivation.

4.14.2 Currently, GPs do not possess adequate capacity to prepare GPDP and manage rural development schemes. The first step in any planning process is to keep a database of all resources—physical, human, institutional, and natural. With the

available database, GS can identify developmental problems, potentials, and needs of the village. Each GP should have a computer equipped with printer and internet facilities to maintain the database, provide e-services to the GP residents, and ensure a system of accountable, responsive, and transparent governance.

4.14.3 The decision-makers often raise the issue of the incapability of PRIs in handling their functions and responsibilities effectively as an excuse not to entrust them with their due responsibilities. Therefore, their capacity building through training and follow-up programmes would help to address such issues. The performance of a GP largely depends on the ability of its leadership. A visionary, dedicated, dynamic, and motivated *Sarpanch* can affect the vibrancy of GS. Both elected and official functionaries need to be imparted behavioural skills, such as communicating with people, working with them, and appreciating the dynamics of villages' social, political, and cultural values through well-thought training modules. In addition to the power, function, and responsibilities of PRIs, training modules should also incorporate topics related to planning, designing, implementation, monitoring and evaluation, and other management techniques relevant for GPDP and its execution and monitoring. The training focus must be on developing the knowledge and skills needed to identify the village's problems and priorities, assess the physical, economic, and social processes required for managing the GP activities, organize groups, and mobilize OSR.

4.14.4 The government has increased the participation of females in PRIs. However, in the absence of supportive social institutions and female networks, such initiatives may not be fully translated into action on the ground.

5. Expenditure and Technical Efficiency of Gram Panchayats

5.1 Introduction

5.1.1 As per the constitutional provisions and the Haryana Panchayati Raj Act 1994, the generation of productive assets for direct and continuous benefits to the target group of households/population and strengthening local infrastructure are the responsibility of PRIs. They perform these functions by utilizing the resources, which at their disposal are limited and have competitive uses. Therefore, their optimum and judicious usage becomes essential. The most critical issue in resource-use (technical efficiency) and revenue-generation (expenditure efficiency) is poor awareness and knowledge-base of the functionaries of the GPs. They are expected to prepare their plans by matching people's needs and priorities with available resources and mobilizing additional local resources through a fair, inclusive, transparent and participatory process. In general and Haryana in particular, PRIs are financially and technically under-equipped to perform even their core functions, much less than welfare and other economic functions. Thus, it is vital to measure the technical and expenditure efficiencies of the third tier of PRIs, i.e., Gram Panchayats (GPs).

5.1.2 This chapter thus aims to examine: i) technical and expenditure efficiencies of GPs; ii) their ranking and benchmarking to monitor the performance of the inefficient GPs; iii) contextual factors that explain these efficiencies; and iv) suggest measures for improving their efficiencies. The novelty of the study is to provide the theoretical and empirical framework for measuring the expenditure and technical efficiencies of individual GPs. The framework can be used to rank GP on a relative efficiency score on a year-on-year basis and build a mechanism that may be developed to allocate the performance grants to GPs. The chapter also identifies the impact of computerization of accounts, resource dependency, per capita availability of funds, and local governance on GP efficiency in the second-stage regression analysis.

5.1.3 The findings of the chapter will be useful in complementing the report of the 6th SFC, Haryana. Since the SFC recommends the principles of devolution of funds to the PRIs, including GPs, the study can help in setting the performance ranking on "revenue-generation efficiency" and "goal-specific efficiency" on which the performance grant by the SFC may be allocated to GPs. The chapter proceeds with defining the concept of efficiency, followed by a modeling framework employed for the measurement of expenditure and technical efficiencies of a sampled GP. We compute efficiency scores using the non-parametric directional distance function-based DEA (DDF-DEA) model and obtain the rankings of sampled GPs across the state.

5.2 Modeling Framework for the Measurement of GP Efficiency

5.2.1 The evaluation framework used here for the measurement of expenditure and technical efficiency is based on the key activities and functions assigned to the PRIs under the Haryana Panchayati Raj Act, 1994. The underlined production models in Figure 5.1 define the ways and means by which GPs can transform their available

resources to generate their own revenue and developmental works. Our conception of these production models is inspired by the work of Bradford et al. (1969), who propose that the outputs of local governments can be categorized into direct output (like that of revenue earning) and development outcomes that affect the well-being of households. Based on the idea proposed by Bradford et al. (1969), we conceptualize the definition of *expenditure efficiency*, which reflects the ability of GPs to maximize direct output (the mobilization of own revenues both from tax and non-tax sources) through the optimal utilization of funds/outlay available to them. Thus, the *expenditure efficiency* of a GP explains “the spending performance” and reflects how well a GP transforms the given expenditures into its own source revenue”. In simple terms, this notion of efficiency throws the light on the potential of a GP to maximize mobilization of own revenues using the funds devolved to them optimally. One can safely swap our notion of “expenditure efficiency” with its own notion of “*spending performance*” or “*revenue generation efficiency*” depending on his preference. In the present study, we make a novel attempt to measure the *expenditure efficiency* of individual GPs using the sample of 60 GPs in Haryana State. The objective is to draw appropriate inferences concerning their efficiency on spending funds and translating those funds to own source revenue⁸.

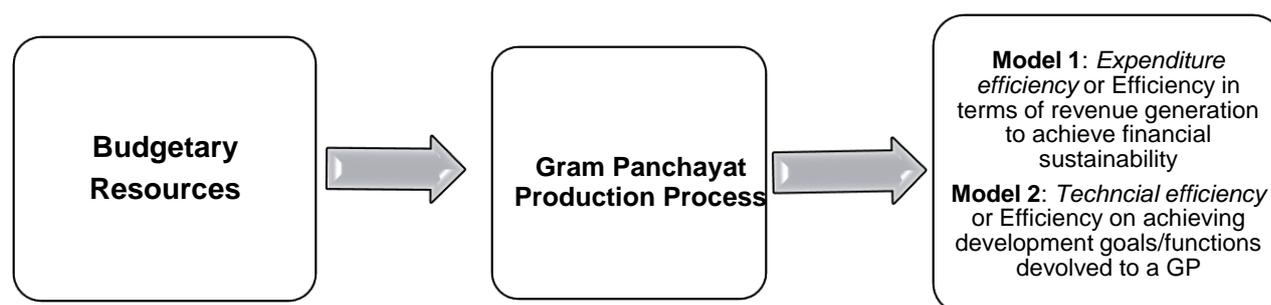


Figure 5.1: A modeling framework for the measurement of efficiency of Gram Panchayats

5.2.2 It is a well-pondered fact by the experts in the field of local governments’ performance that a measure of expenditure efficiency, if considered solely, is inadequate to assess the overall performance of local governments holistically because the generating revenues are though important for financial sustainability but do not delineate the impact on social welfare of the households. Therefore, they advocated the “goal-oriented” approach that targets how efficiently the allotted funds and committed expenses have been utilized to meet desired developmental goals like construction of roads and houses, sanitation facilities, schools, piped water supply, etc. Therefore, in this study, we measure the performance of GPs in terms of their potential to achieve the targeted goals or minimum desired level of service outcomes of local development policies given their plan outlay. In this context, we define a

⁸ The key assumption is that local demands and services are unpriced in the public sector due to their non-marketable nature. Thus, data on costs are available but not on the prices of local services and physical inputs. Their cost or spending performance can be captured directly from the expenditures/outlay.

measure of “*technical efficiency*” or “*goal-oriented efficiency*” as the ability of a GP to optimize resource utilization in achieving its pre-assigned development goals.

5.2.3 We attempt to measure the technical efficiency of GPs in achieving i) the goals pertaining to the access to basic facilities (*TE_Basic Facilities*), ii) the goals concerning roads & related construction works (*TE_roads&related works*), iii) the goals aiming at improving sanitation and water supply (*TE_sanitation&watersupply*), and iv) the goals focusing at augmenting employment through MGNREGS (*TE_employment*). In total, we apply five distinct production models for measuring the efficiency of a sampled GP – one for expenditure efficiency and four for technical efficiency. Table 5A.1 lists out the resources (inputs) and outcome indicators (outputs) modeled for obtaining underlined efficiency measures.

Box 5.1: Efficiency of a Gram Panchayat

In the context of GPs, two concepts of efficiencies are evolved based on the contemporary literature on the efficiency of local governments.

- **Expenditure Efficiency:** It reflects how well a GP transforms the allotted funds and committed expenditures to maximize its own-source revenue. In simple terms, this notion of efficiency throws the light on the potential of a GP to maximize mobilization of its own revenues using the devolved funds optimally.
- **Technical efficiency:** It explains how efficiently a GP utilizes the allotted funds and committed expenses to meet desired developmental goals like construction of roads, sanitation facilities, schools, piped water supply, employment, etc.

5.2.4 Since the numeric values of efficiency estimates hinge on the choice of resources and outcome indicators, some discussion on the role of these variables in different model specifications is warranted here and is given below. In Model 1, the choice of inputs and outputs is straightforward and includes all major expenditure items as inputs and all core revenue items as outputs. The expenses of the GP envelop the wages & salaries to chowkidars, safai karamcharis, and tubewell operators. Additionally, GP spends on honorarium to panchayat members, especially Sarpanch, Panch, etc., and other administrative and operational activities. In particular, the expenditure efficiency is computed using three input resources: i) wages & salaries to staff, ii) other administrative expenditures, and iii) plan outlay to GP in the financial year. Based on the local functioning of GPs in the Haryana State, we include two output variables in Model 1. These variables are i) own tax revenue and ii) own non-tax revenue. Note that with the objective to account for measurement error and scale issues, we have worked out per capita values of all underlined input and output variables. This normalization procedure prevents the expenditure efficiency scores from being overstated. Moreover, without this normalization, it is likely that a larger

number of “resource-rich” and bigger GPs may be marked as efficient even though at the ground level, these GPs are inefficient.

5.2.5 As noted above, the measurement of technical efficiency is performed using four distinct model specifications. We compute the technical efficiency of a particular GP corresponding to four service goals to be performed by that GP – sanitation & water supply, roads & related construction works, rural employment (MGNREGS performance), and access to basic facilities. In all model specifications 2-5, we consider two common inputs- i) per capita wages & salaries to staff, and ii) other administrative expenses. However, instead of total plan outlay/expenditure, we here prefer to take outlay/expenditure specific to the desired goal to measure the resource utilization potential of GP in achieving their specific development goals⁹. For instance, for technical efficiency on sanitation & water supply (Model 2), we use the per capita expenditure on sanitation & water supply as input resources along with common inputs. This model specification includes two outcome indicators- i) proportion of households with toilets and ii) proportion of households with piped water supply. On similar lines, the other three models are formulated for efficiency measurement. The details of all model specifications can be found in Table 5A.1.

5.3 Expenditure Profile of Sampled GPs

5.3.1 Before gaining a better understanding from the empirical results of presenting the efficiency analysis, we should first look into the expenditure profile of all the sampled GPs in six selected districts. In addition to other administrative and operational activities, the expenses include the wages & salaries to chowkidars, safai karamcharis, tube-well operators, and an honorarium to panchayat members, especially Sarpanch, Panchs, etc. A GP receives the development funds in the tied and untied forms, which the functionaries spend on different functions devolved to them. Our field survey reports that, in the majority of the sampled GPs, funds released under plan outlay are fully utilized. Therefore, we have reasonably assumed that the total plan expenditure assigned to an underlined goal is equivalent to the planned outlay for that goal. The component-wise average committed expenditure under different heads along with total spending in selected districts in 2020-21 are presented in Table 5B.1.

5.3.2 Wages to chowkidar, safai karamchari and tube-well operator in 2020-21 are fixed at Rs. 7000, Rs. 14000 and Rs. 10447, respectively. However, the average wage expenses on chowkidars, tube-well operators and safai karamcharis vary across GPs in selected districts. This is due to differences in the number of chowkidars, safai karamcharis and tube-well operators employed per sampled GP. In particular, on average, Mahendragarh district is disbursed with the highest average committed expenditure (Rs. 64803.7). The major component of committed expenditure of GPs is the amount of wages paid to tube well operators by the State Government. In Karnal,

⁹ For the sampled GPs, 100 percent of funds released under plan outlay are utilized for development purposes. Therefore, it is reasonable to assume total plan expenditure/expenditure specific to the desired goal equivalent to the planned outlay/outlay for a specific activity in the fiscal year.

the lowest expenses are made on daily workers and other administrative activities (Rs. 47149.8). In Rohtak, wages to safai karamcharis form the key component of committed expenditure. The analysis report that, on average, GP in the Mahendragarh block involve the highest committed expense, and Hodal and Karnal blocks have made the lowest expenses (Table 5B.2).

5.3.3 Among the sampled GPs, Chechi Majra (Rs. 179.49) has the highest per-capita committed expenditure, followed by Udeypur (Rs. 92.65), Kansapur (Rs. 75.33), and Risalwa (Rs. 72.65) (Table 5B.3). On the other hand, Banswa, Bhirdana, and Badoli have shown the lowest per-capita expenditure on wages & salaries to staff (less than Rs. 10).

5.3.4 As per the activity-wise expenditure, expenses are mainly incurred on roads, sanitation and water supply, social welfare, and materials under MGNREGS. Rohtak is allocated and spent higher on developing roads in GPs, followed by Mahendragarh, Fatehabad, and Palwal (Table 5.2). Except for Palwal and Rohtak, the mean and median values of the committed expenditure in selected districts are closer, whereas a significant variation can be observed in the plan outlay/activity-wise outlay.

5.3.5 The expenditure from planned funds for local development depends upon whether funds are released in tied or untied forms. Rohtak allotted the more untied funds per GP (Rs. 55 lakhs), followed by Fatehabad (Rs. 20.7 lakhs), while a large amount of tied funds were allocated to GPs of Mahendragarh (Rs. 19 lakhs). On the per-capita basis, expenditure on roads and related construction works is higher in Fatehabad and Rohtak districts than in the other districts. Interestingly, we observe that there exists considerable disparities in the per capita allocation of planned funds to GPs in Fatehabad (Fatehabad Block) and Rohtak (Rohtak Block). Per-capita allocation of plan outlay to Palwal (Rs. 608.89) is lowest, followed by Karnal (Rs. 628.63) and Ambala (Rs. 631.39) (Table 5B.3).

5.3.6 The distribution of sampled GPs on per-capita expenditure under different heads is shown in Table 5.1. About 75 percent GPs (45 GPs) show the per-capita committed spending between Rs. 10 and Rs. 40. Twelve GPs (20%) disbursed more than Rs. 40 and the remaining three GPs (5%) paid less than Rs. 10. It indicates that most GPs adopted an almost uniform payment structure to chowkidars, safai karamcharis, and tube-well operators in the study year.

5.3.7 As far as their per-capita plan outlay and subsequent utilization is concerned, 39 GPs (65% GPs) reported having allocated the outlay in the range of Rs. 500 to 1000 (Table 5.1). The next 14 GPs (23%) received per capita funding between Rs. 1000 and Rs. 3000, about two GPs received between Rs. 3000 and Rs. 5000. And, remaining two GPs, namely, Bhaiyanpur (Rs.11881.54) and Kanhi (Rs.10017.01) of Rohtak Block of Rohtak District, are appropriated with the per-capita outlay of more than Rs. 10000 (also refer to Table 5B.3 for sampled GPs).

Per Capita Committed Expenditure (Rs.)		Per Capita Plan Expenditure (Rs.)		Per capita expenditure on roads & related construction works		Per capita expenditure on sanitation & water supply		Per Capita Total OSR (Rs.)	
Classification	No. of GPs	Classification	No. of GPs	Classification	No. of GPs	Classification	No. of GPs	Classification	No. of GPs
0-10	3	0-500	3	Zero	16	Zero	1	0-100	28
10-20	16	500-1000	39	0-100	3	0-100	1	100-200	12
20-30	14	1000-2000	8	100-300	11	100-300	2	200-300	4
30-40	15	2000-3000	6	300-600	21	300-400	44	300-400	5
40-50	4	3000-5000	2	600-1000	0	400-500	2	400-500	1
50-60	4	5000-10000	0	1000-2000	4	500-700	8	500-1000	4
60-80	2	Above 10000	2	2000-5000	3	Above 700	2	1000-1500	2
Above 80	2			Above 5000	1				
Total	60	Total	60	Total	60	Total	60	Total	60

Source: Own calculations based on data from Development and Panchayats Department, Haryana and eGramSwaraj

5.3.8 The majority of sampled GPs received and utilized per-capita funds on roads & related construction works in the range of Rs. 100 to 300 (11 GPs) and Rs. 300 to 600 (21 GPs), with a total of 53 percent that falls in this range. On sanitation & related works, 44 GPs (73%) were allocated between Rs. 300 and Rs.600 to provide better sanitation and clean drinking water. Note that 16 GPs have not zeroed on roads and related construction activities in the study year since they might have prioritized other functions (refer to Table 5.1).

5.3.9 Comparing per-capita funds/committed expenses and per-capita OSR, we find that although per-capita OSR is higher than the per-capita committed expenditure of a GP in the selected districts, it is significantly lower than the GP's total per-capita outlay for most of the sampled GPs. Forty GPs (66.7%) collected per-capita OSR in the range of Rs. 0-200, while 42 GPs (70%) of sampled GPs had per-capita plan outlay receipts/payments between Rs. 300 and Rs.1000. It reflects lower mobilization of own resources and greater reliance of GPs on CFC/SFC funds for development works. So a notable gap exists between the per-capita spending from allocated funds and the own resources collection in GPs.

Districts	Total Committed Expenditure (Rs.)			Plan Outlay (Rs.)		
	Mean	Median	SD	Mean	Median	SD
Ambala	48712.9	37447	26408.41	1298131	715044.5	1391759
Fatehabad	59306.7	50534.5	20344.44	2726321	1200253	3351613
Palwal	51014.2	34447	28578.47	2195828	1373043	1650896
Mahendragarh	64803.7	63787.5	15600.59	2497970	2020203	1617456
Rohtak	59800	46500	26355.69	7893237	7411250	6201822
Karnal	47149.8	42365	18810.07	1223566	731411	986911.6
Total (for 60 GPs)	55131.22	46723.5	23115.41	2972509	1478767	3753385
Districts	Roads & related construction works (Rs.)			Sanitation & Water Supply (Rs.)		
Ambala	448663.6	153269	715449.5	748982.7	350419.5	948881.6
Fatehabad	1201772	420143	2733203	664793.8	550698	373791.2
Palwal	869483.8	574636	850296.5	1097915	686523.5	825447.5
Mahendragarh	1505509	1000000	1695772	797440	742046	284327
Rohtak	4047146	2292136	4623767	1457948	1120091	1081002
Karnal	126176.1	0	170185.1	611783	365706	493455.8
Total (for 60 GPs)	1366459	416276.5	2589102	896477	638608	760803.2

Source: Own calculations based on data from Development and Panchayats Department, Haryana and eGramSwaraj

5.4 Outcome Indicators of Sampled GPs

5.4.1 Schedule III of the questionnaire provides valuable data information on the set of outcome indicators. This information facilitates how effectively the funds are being utilized to achieve the targeted development goals at the local level. The summary of selected local services per GP is provided in Table 5.3. We note that except Palwal, 99 percent of the households in the sampled GPs have toilets. About 99 percent and 97 percent of the households in the GPs of Ambala and Karnal have piped water supply. However, only 50 percent of houses in Palwal hold this facility.

5.4.2 Mainly, GPs have cement-interlocked roads in the village area, and the length of these roads per 1000 population is only about 1-3 km. GPs in the Ambala district reportedly have shown better road conditions, followed by Rohtak. However, road conditions are found to be the poorest in a few GPs of Palwal. All GPs have at least one primary school, while only a few GPs (e.g., Bhirdana) also have a secondary school and inter-college. A large number of households received employment benefits under MGNREGS in Fatehabad, followed by Rohtak.

5.4.3 Lastly, GPs in Rohtak district have better proximity to the banking facilities, with an average distance of 1 km. The solar electrification of village houses remains an almost neglected service outcome since less than 10 percent of houses received electricity through this source. Overall, GPs in Rohtak and Fatehabad have shown good performance on most of the local service goals.

Table 5.3: Outcome Indicators per GP in Selected Districts

Selected districts	Proportion of households with toilets	Proportion of households with water supply	Length of pakka road per 1000 population (in Km)	Proportion of households with solar energy	Total no. of households provided employment per GP	Percentage of GPs with veterinary clinics	Number of primary schools per GP	Community Rain Water Harvesting per GP	Average distance to Bank
Ambala	0.997	0.999	3.60	0.0316	35.3	40	1	0.9	3
Fatehabad	0.998	0.893	1.422	0.0229	134.9	40	1.1	0.4	3.85
Karnal	0.999	0.978	1.90	0.0147	35.4	30	1	0.8	4.95
Mahendragarh	0.991	0.8	2.477	0.1043	53.3	30	1	0.5	3.4
Palwal	0.913	0.5	1.173	0.0096	61.3	50	1.1	0.3	3.8
Rohtak	0.997	0.81	2.08	0.090	98.2	70	1.3	0.1	1
Overall	0.983	0.830	2.109	0.046	69.733	43.333	1.083	0.500	3.333

Source: Based on the field survey

Box 5.1: Key Highlights

- Mahendragarh has the highest committed expense per GP at the block level, and Hodal and Karnal have the lowest expenses. In Mahendragarh block, the major component of committed expenditure per GP is the wages paid to tube-well operators.
- Among sampled GPs, Chechi Majra (Rs.179.49) has the highest per-capita committed expenditure, followed by Udeypur (Rs.92.65), Kansapur (Rs. 75.33) and Risalwa (Rs. 72.65). Banswa, Bhirdana and Badoli have shown the lowest per-capita expenditure on wages & salaries (less than Rs. 10).
- Rohtak district allotted more untied funds per GP (Rs. 55 lakhs), followed by Fatehabad district (Rs. 20.7 lakhs), while a considerable amount of tied funds were allocated to GPs of Mahendragarh district (Rs.19 lakhs). On the per-capita basis, expenditure on roads and related construction works is higher in Fatehabad and Rohtak districts than in the other districts.
- Per-capita allocation of plan outlay to Palwal district (Rs.608.89) is lowest, followed by Ambala (Rs. 631.39) and Karnal (Rs. 628.63).
- Overall, GPs adopted a uniform payment structure of wages & salaries to chowkidars, safai karamcharis, and tube well operators.
- About 65 percent GPs have allocated the per capita outlay in the range of Rs. 500 -1000. The next 14 GPs (23%) received per-capita funding between Rs. 1000 and Rs. 3000, about two GPs received between Rs. 3000 and Rs. 5000. The remaining two GPs, namely, Bhaiyanpur (Rs.11882) and Kanhi (Rs.10017) of Rohtak Block, had the per-capita outlay of more than Rs. 10000.
- Although per capita OSR is higher than the per-capita committed expenditure of a GP in the selected districts, it is significantly lower than the total per-capita outlay for the majority of the sampled GP.
- In terms of local service outcomes, GPs in Rohtak district have shown good performance on different local area development goals.

5.5 Expenditure and Technical Efficiencies of Sampled GPs

Expenditure efficiency of the sampled GPs

5.5.1 As discussed in the methodology section 5.2.4, we calculate the expenditure efficiency and four distinct variants of technical efficiency specific to development goals using the DDF-DEA approach. The technical efficiency measures pertain to i) sanitation & water supply, ii) roads & related construction works, iii) employment, and iv) access to basic facilities. The overall technical efficiency for a GP is computed as an average technical efficiency on a set of four local service outcomes. Table 5B.4 reports the computed efficiency scores, which are bounded between 0 and 1, with a GP having a score of 1 is considered to be efficient and less than 1 as inefficient.

5.5.2 We note that the overall expenditure efficiency of sampled GPs ranges from a minimum of 0.02 (abysmally low) to a maximum of 1.00, with an average of 0.351. This implies that an average GP has a significant potential of 64.9 percent to augment their revenue from tax and non-tax sources, given the same level of their per-capita committed expenditure and funds for development. Thus, GPs need to put substantial efforts into improving their overall performance on the revenue generation front.

5.5.3 Our analysis reveals that only seven sampled GPs are found to be on the *best-practice frontier* of “revenue-generating efficiency”. They include two GPs from Fatehabad, two GPs from Rohtak, and one each from Karnal, Ambala and Palwal. This coveted status is earned by GPs of Bhirdana (Fatehabad) and Talwara (Jhakar) from Fatehabad district, Kharkara Bhikhlan (Meham) and Farmana Badshahpur (Meham) from Rohtak, along with Kansapur (Barara), Risalwa (Assandh) and Banswa (Hodal). It is astonishing to see that none of the sampled GP from Mahendragarh district falls on this list. In Mahendragarh, expenditure efficiency ranged in the low interval with a minimum bound of 0.021 (Dholi) and a maximum bound of 0.378 (Khatoli Jat). Interestingly, the spending performance of 38 GPs (63%) is less than 40 percent (Table 5.4).

5.5.4 Strikingly, Farijanpur Kherla (Badoli) and Ugala (Barara) reported zero expenditure efficiency in the sample year of investigation. It is because the own revenue collected by these two GPs is zero from both the tax and non-tax sources. As discussed with Sarpanchs/Gram Sachivs, no collection was made in Ugala due to legal/court cases on panchayat/Shamilat land. However, in Farijanpur Kherla, no revenue was collected because a playground was constructed on panchayat/Shamilat land in 2013, and the pond was given on rent for eight years since 2018.

5.5.5 Across sampled districts, the GPs in Rohtak district are 53.4 percent efficient on average and thus reflect the greater potential for revenue generation; GPs in Mahendragarh are the least expenditure efficient with an average score of 18.6 percent.

5.5.6 On average, the revenue-generating efficiency of GPs with Shamilat land is higher than with those who do not possess Shamilat land. The GPs having panchayat/Shamilat land are 15.8 percent (i.e., $0.367 - 0.209 = 0.158 \times 100 = 15.8\%$)

more efficient. This indicates the higher competency of GPs with Shamilat land in generating income from non-tax revenue, thus reflecting better proximity to the revenue efficient frontier. The finding thus suggests that GPs without Shamilat land will have to place 15.8 percent additional efforts to attain the status of expenditure efficient GP.

Technical efficiency of the sampled GPs

5.5.7 As mentioned above, we computed technical efficiency on four variants of service goals: sanitation & water supply, roads & related construction works, rural employment (MGNREGS performance), and access to basic facilities. The GP-wise scores are reported in Table 5B.4. Here, we present the performance of GPs on the efficient utilization of resources/outlay to achieve the underlined targeted service goals. The findings reveal that, on average, a sampled GP can reach the underlined development goal(s) by spending 43.5 percent less resources. This reflects that the per-capita resources allocated to most of the GPs are either underutilized or wasted.

Expenditure efficiency		TE_Sanitation		TE_Roads& Const		TE_Employment		TE_BasicFacilities	
Classification (in %)	No. of GPs	Classification (in %)	No. of GPs	Classification (%)	No. of GPs	Classification (%)	No. of GPs	Classification (%)	No. of GPs
Zero	2	0-20	0	0-10	1	0-10	1	0-10	1
0-10	12	20-40	16	10-20	0	10-20	6	10-20	11
10-20	10	40-50	4	20-40	13	20-30	12	20-30	15
20-40	16	50-60	16	40-60	10	30-50	13	30-40	11
40-60	11	60-70	8	60-70	3	50-70	8	40-50	4
60-80	1	70-80	5	70-80	4	70-80	1	50-70	8
80-90	1	80-90	3	80-90	4	80-90	0	70-90	5
90-100	7	90-100	8	90-100	25	90-100	19	90-100	5
No. of GPs with score 100	7	No. of GPs with score 100	7	No. of GPs with score 100	24	No. of GPs with score 100	18	No. of GPs with score 100	5
Total	60								

Source: Own calculations

5.5.8 Looking at the specific goals, we note considerable disparities in the GP efficiency on resource utilization to achieve local service outcomes. In our sample, GPs have performed reasonably well on developing better roads (0.709), followed by sanitation & water supply (0.577), and employment (0.556). However, the matching target could have been realized with 29.1 percent, 42.3 percent, and 44.4 percent less deployment of per-capita resources on roads, sanitation, and employment, respectively.

5.5.9 A meager focus has been placed on access to basic facilities (0.416), including infrastructure pertaining to health, education, and access to finance. Around 37 GPs (61% of the sample GPs) score less than 40 percent efficiency on access to basic facilities (refer to Table 5.4). Our results suggest that an average GP needs to make more efforts on this dimension to attain the status of technically efficient. The poor

performance of GPs on basic facilities might be due to higher dependence on the state and centre funds for health and education. Although these functions are fully devolved to GPs, ground-level reality does not support this transfer fully.

District	Expenditure efficiency	TE_Sanitation	TE_Roads&Const	TE_Employment	TE_BasicFacilities	TE_Overall
Ambala	0.257	0.587	0.713	0.601	0.389	0.573
Fatehabad	0.419	0.528	0.648	0.489	0.405	0.518
Karnal	0.290	0.699	0.916	0.605	0.506	0.682
Mahendragarh	0.186	0.400	0.590	0.466	0.233	0.422
Palwal	0.422	0.665	0.638	0.554	0.503	0.590
Rohtak	0.534	0.586	0.749	0.621	0.459	0.604
Overall	0.351	0.578	0.709	0.556	0.416	0.565

Source: Own calculations

5.5.10 Among districts, GPs in Karnal have performed better on the goal of sanitation & water supply and roads & related construction works, with average scores of 0.699 and 0.916, respectively (Table 5.5). In Rohtak, GPs reflected higher efficiency on MGNREGS activities than the other districts. A few GPs in Fatehabad block (Fatehabad district), Hodal block (Palwal district), and Meham block (Rohtak district) have outpaced their sampled peers both in terms of expenditure and technical efficiency (see the subsequent section for GP-wise discussion).

5.6 Ranking and Benchmarking of GPs on Expenditure and Technical Efficiency

5.6.1 Table 5B.4 provides the ranking of GPs on the expenditure efficiency and four variants of technical efficiency. Table 5.6 summarizes the list of benchmark GPs which are best performing and defines the efficiency frontier on OSR generation (EE=1) and achieved local outcomes (TE=1). Such a benchmarking analysis of 60 GPs on their revenue generation and goal-oriented efficiency will assist the State Government in making decisions that are more rational on the devolution of funds in accordance with their own revenue gaps for meeting targeted local development goals. This will also serve as a guiding tool to incentivize the GPs, which stand outstanding both on expenditure and technical efficiency levels.

5.6.2 The analysis reveals that only two GPs, namely, Bhirdana (Fatehabad) and Banswa (Hodal), are top-performing (Table 5.6). These GPs have performed well both on expenditure and technical efficiency, with a score of 1. The empirical findings are in consonance with the field survey report prepared for these two GPs. Bhirdana GP has shown good potential to generate its own resources through tax and non-tax sources, while Banswa has mainly relied on non-tax revenue as the main source of its own income. Banswa has five ponds and Bhirdana has three ponds in the GP area. Also, the panchayat land area with these GPs is more than 160 acres. These GPs are medium to large-sized GPs in terms of population and might be enjoying economies of scale. GPs collect good revenue from panchayat land and ponds and use the OSR for development works. The majority of households in star GPs get piped water supply for drinking purposes and all households get 100 percent electricity. GP meetings are usually held at Gram Sachivalya. The village road is constructed with cement

interlocking tiles. Public distribution system outlets and e-Sewa Kendra are available in the village. In the Anganwadi, there are ASHA workers, Anganwadi workers and helpers.

5.6.3 In relative terms, seven GPs hold top rank in their spending performance and seven GPs have efficiently utilized resources to achieve their service goals on sanitation and water, 24 GPs on roads and related construction activities, 18 GPs on employment under MGNREGS, and 5 GPs on access to basic facilities (Table 5.6).

5.6.4 None of the GPs from Mahendragarh district achieved efficient status on revenue generation, sanitation, and access to basic facilities. Majority GPs in Mahendragarh depend on the state and centre funds, with a meager collection of income from house tax and other non-tax sources. The condition of basic infrastructure is also pitiable in a few GPs of this district. Moreover, Talwari (Jhakar), Iqbalpur Nangli (Nangal Choudhary), and Badoli (Badoli) bottom the list.

5.7 Performance Matrix for GPs on Expenditure and Technical Efficiency

5.7.1 We constructed a performance matrix and classified the sampled GPs into four groups based on their average expenditure and overall technical efficiency levels of 0.351 and 0.565, respectively. The performance matrix can be visualized in Figure 5.2, and Table 5B.5 reports the detailed characteristics of each group.

5.7.2 The first group includes the GPs balancing between revenue generation and better resource utilization to achieve the targeted local service outcomes. We labeled these GPs as “*better performers*”. These GPs have a relatively higher potential to generate revenue for self-sustaining and meeting their development goals with less reliance on external funds than usual. Of 60 GPs, 16 GPs appeared as better performers with $TE > 0.565$ and $EE > 0.351$. The GPs in this category includes Chechi Majra from Ambala, Bhirdana, Rajabad and Talwara from Fatehabad, Budhanpur and Risalwa from Karnal, Ghori, Behrola, Banswa and Gopalgarh from Palwal, and Farmana Badshahpur, Mokhra Roj, Nindana, Seman, Ladhot and Rurkee from Rohtak, and none from Mahendragarh, which have shown relatively good zeal to earn own revenue to improve their spending and sustain on meeting the demands of GP households. Two GPs, namely, Banswa (Hodal) and Bhirdana (Fatehabad), appeared as top performers in the performance matrix with $TE = 1$ and $EE = 1$ (see top right corner of Figure 5.2). We classified these GPs as “*star performers*” among “*better performers*” both in terms of revenue generation and efficient resource utilization to attain local service outcomes.

Table 5.6 Benchmark GPs in Selected Districts						
Selected Districts	EE	TE_ Sanitation	TE_ Roads&Const	TE_ Employment	TE_ BasicFacilities	TE_ Overall
Best performing GPs						
Ambala	Kansapur	Khan Ahmedpur	Khan Ahmedpur, Chechi Majra, Bari Rasour, Gadhouli	Kambassi Ugala, Bakarpur, Chechi Majra	Gadhouli	-
Fatehabad	Talwara, Bhirdana	Bhirdana, Rajabad	Bhirdana, Meyond Begamwali, Udeypur	Bhirdana, Rajabad, Talwara	Bhirdana, Rajabad	Bhirdana
Karnal	Risalwa	Risalwa, Nagla Megha	Bandrala, Khizra Bad, Manglora, Nagla Megha, Rattan Garh, Budhanpur, Nasir Pur	Phaphrana, Budhanpur	Phaphrana	-
Mahendragarh			Jonawas, Dholi, Khatoli Jat, Farijanpur Kherla	Jonawas, Nimbi, Chhapra Bibipur		
Palwal	Banswa	Banswa, Atohan	Atohan, Banswa, Nindana Mohammadpur	Bholra, Banswa, Behrola	Banswa	Banswa
Rohtak	Farmana Badshahpur, Kharkara Bhikhlan	-	Mokhra Roj, Rurkee, Karountha	Kharkara Bhikhlan, Seman, Rurkee		
No. of GPs on the frontier	7	7	24	18	5	2
Source: Own calculations						

5.7.3 The second group contains “*resource-rich*” GPs which are financially sound but lag in efficient utilization of resources to achieve their targeted development goals. A total of Nine GPs are entitled as “*resource-rich*”. These GPs have shown a greater potential to generate their own source revenue but need to focus on efficiently directing some of their resources to serve the development goals.

5.7.4 Strikingly, of 60 GPs, 20 GPs show lacklustre performance on both the dimensions and these GPs are labeled as “*under performers*”. The efficiency of these GPs is low both on spending and resource consumption to achieve targeted outcomes since their expenditure efficiency is less than 0.351 and technical efficiency is less than 0.565. Seven out of 10 sample GPs of Mahendragarh district get a place in this quadrant, supporting our earlier viewpoint of the poor performance of this district.

5.7.5 Remaining 15 GPs, constituted the fourth group, are better in resource utilization but largely dependent on external funding. These GPs are not collecting enough own revenue and are less sustainable, and therefore, their sustainability status is really

questionable. We thus classify these GPs as holding the status of “poor sustainability”. Gram Sachivs/Sarpanchs of these GPs should be directed to put more effort into increasing their revenue generation potential to become financially viable. In total, the third and fourth groups include 35 GPs (i.e., 58% of our sample).

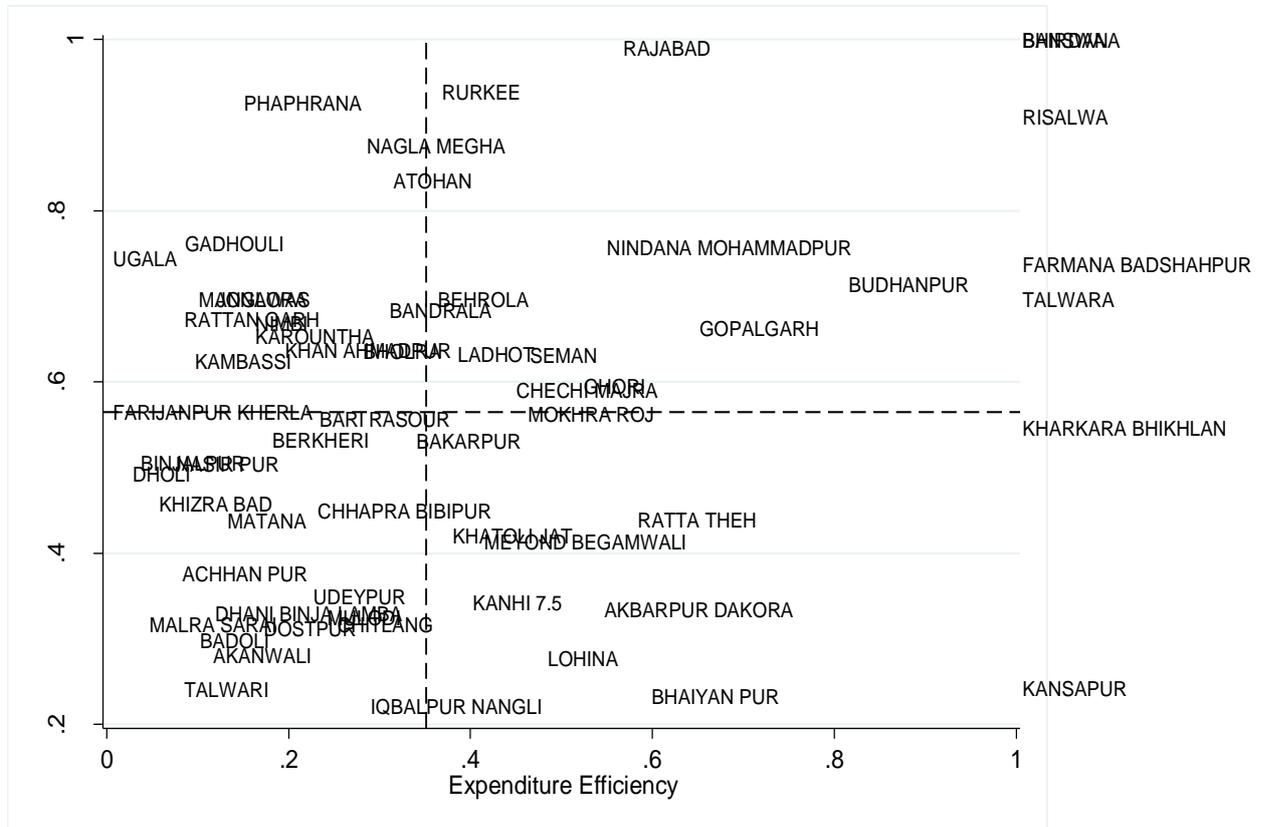


Figure 5.2 Technical efficiency vs. Expenditure efficiency

5.8 Factor Influencing the GP Efficiency

To investigate the factors influencing the expenditure and technical efficiency of GPs, we specify the regression model that takes the form as below.

$$E_j = \beta_0 + \beta_1 \text{Computerization}_j + \beta_2 \text{OSR}_j + \beta_3 \text{Per capita fund} + \beta_4 \text{GPSize}_j + \beta_5 \text{Untied}_j + \beta_6 \text{GP_Sachiv}_j + \beta_7 \text{FemaleSarpanch}_j + \varepsilon_j$$

The regression model captures the impact of computerization (Computerization), own source revenue to total plan outlay (OSR), per capita funds (Per capita funds), untied funds to total funds (Untied), and GP size based on population (GPSize) on the expenditure and technical efficiency of GP. In addition to the above indicators, we also attempted to see whether local governance – proxied by two variables, the number of GPs with Gram Sachiv (GP_Sachiv) and female sarpanch (FemaleSarpanch) as head of the GP – influences their efficiency levels. Table 5.7 presents the results corresponding to different model specifications.

5.8.1 The ratio of own-source revenue to total plan outlay (OSR) is used as a proxy of fiscal autonomy/resource dependency on external funds and indicates the own financial status of a GP. Higher the OSR ratio, the higher the fiscal autonomy and the lower the dependence of GP on external funds. In all the model specifications, the results uncover a positive relationship between OSR and efficiency level, suggesting that the efforts in terms of enhanced own revenue significantly improve the “spending” and “goal efficiency” of a GP. Interestingly, per capita funds devolved to GP significantly drive the expenditure efficiency level (see Models 1 and 2 in Table 5.7).

5.8.2 As the population size of the GP is concerned, the literature suggests measuring this variable as the total population or as a dummy variable representing population groups. The link between population size and GP efficiency is ambiguous. The intuition is that GP with a larger population enjoys economies of scale and mass externalities and is typically more efficient. In contrast, a larger population may increase the cost of providing local services and add to higher complexity. In this study, we gauge the efficiency variations due to GP size in two ways. Firstly, we classify the sample GPs based on their population into four groups – tiny (0-2000), small (2001-5000), medium (5001-10000) and large GPs (above 10000). The results are reported in Table 5B.6. In total, 33 GPs in our sample are tiny, 19 are small, six are medium and two are large GPs. Here, we note that, on average, medium and large GPs are more efficient and enjoy economies of scale both in terms of efficiency on spending and achieving specific goals. Large GPs have shown more efficient consumption of the available resources to meet the households’ local demands and thus are more technically efficient. The top-performing GP Bhirdana from Fatehabad is a large GP and Banswa from Hodal is a medium-sized GP. Secondly, we include variable GPsize (as measured by the GP population) in our second stage regression analysis. We note that GPs with more population exploit economies of scale and enjoy agglomeration externalities that enhance their technical efficiency level, while few exceptions remain.

5.8.3 The number of GPs assigned to Gram Sachiv varies significantly in our sample. In 37 GPs, Gram Sachivs are posted with five or more GPs, and in 4 GPs, the GP number is more than 10. Therefore, we include two variables to proxy the role of local governance in determining GP efficiency. As for the female sarpanch as the head of the GP is concerned, the results could not conclude any significant effect on expenditure and technical efficiency levels. Interestingly, our study reports the negative and significant effect of Gram Sachiv being posted with a higher number of GPs on the revenue generation capability of a GP (see Model 1 and 2 in Table 5.7). Based on our analysis, we recommend that the minimum desired number of GPs be fixed to be assigned to Gram Sachiv to improve the efficiency.

Efficiency measure→	Expenditure Efficiency		Technical Efficiency	
	Model (1)	Model (2)	Model (3)	Model (4)
<i>Constant</i>	0.4363** (0.2001)	0.3488*** (0.1320)	0.383*** (0.115)	0.4492*** (0.0696)
<i>Computerization</i>	-0.0576 (0.0942)	-0.0641 (0.0928)	0.0641 (0.061)	0.0663 (0.0633)
<i>OSR</i>	0.1346** (0.0546)	0.1301** (0.0569)	0.0586** (0.0278)	0.05951** (0.02865)
<i>Per capita fund</i>	0.0004* (0.00002)	0.00003* (0.00002)	-	-
<i>Untied</i>	-0.1746 (0.30002)	-	0.125 (0.172)	-
<i>GPSize</i>	-0.00002 (0.000001)	-0.000004 (0.00002)	0.00003* (0.00001)	0.00003** (0.000001)
<i>GP_Sachiv</i>	-0.0490** (0.0219)	-0.0465** (0.0225)	0.0028 (0.008)	0.00196 (0.0088)
<i>FemaleSarpanch</i>	-	-	-0.0830 (0.0586)	-0.0821 (0.0595)
Number of observations	60	60	60	60
Wald chi ² (p-value)	10.98**	9.22*	5.44*	9.23*

Note: (i) *Computerization*, Computerization of accounts and internet connectivity in GP; *OSR*, Own revenue to total plan outlay; *Per capita fund*, Per capita fund allocated for development works; *Untied*, Proportion of untied funds to total funds; *FemaleSarpanch*, Dummy taking the value of 1 if GP head is female, 0 otherwise; *GP_Sachiv*, Number of GPs assigned to a Gram Sachiv; (ii) Figures in parentheses are bootstrapped standard errors (ii) ***, ** and * indicate coefficients are significant at 1, 5 and 10% levels, respectively, and (iii) number of iterations = 1000.

Source: Own calculations

Box 5.2: Key Findings

Expenditure and Technical Efficiency

- The overall expenditure efficiency of sampled GPs ranges from a minimum of 0.02 (abysmally low) to a maximum of 1.000, with an average of 0.351. Thus, an average GP in the sample has a significant potential of 64.9 percent to augment their revenues from tax and non-tax sources, given the same level of their per-capita committed expenditure and per-capita funds for development.
- On average, the overall technical efficiency of sampled GPs is 0.564. This reflects that, on average, a sampled GP could achieve the underlined development goals by spending 43.5 percent less per-capita resources. This reflects that the per-capita resources allocated to the majority GPs are either underutilized or wasted.
- On average, the revenue-generating efficiency of GPs with Shamilat land is higher than with those who do not possess Shamilat land. This indicates the higher competency of GPs with Shamilat land in generating income from non-

tax revenue, thus reflecting better proximity to the revenue efficient frontier. The finding thus suggests that GPs without Shamilat land will have to place 15.8 percent additional efforts to attain the status of expenditure efficient GP.

- GPs have performed fairly well on developing better roads (0.709), followed by sanitation & water supply (0.577) and employment (0.556). However, the matching target could have been achieved with 29.1 percent, 42.3 percent and 44.4 percent less deployment of per-capita resources on roads, sanitation and employment, respectively.
- Only seven sampled GPs define the best-practice frontier of “revenue-generating efficiency”. None of the sampled GP from the Mahendragarh district has earned the status of revenue-generating efficient. Moreover, the per-capita spending performance of 38 GPs (63% of the sample) is less than 40 percent.
- The sampled GPs in Rohtak have reflected the greater potentials for revenue generation, while GPs in Mahendragarh are the least expenditure efficient.
- On the technical efficiency front, GPs in Karnal have performed well on sanitation & water supply goals and roads & related construction works. In Rohtak, GPs reflected higher efficiency on MGNREGS activities, and few GPs of Fatehabad (Bhirdaba), Hodal (Banswa), and Meham (Farmana Badshahpur) have outpaced their sampled peers both in terms of expenditure and technical efficiency.
- Putting together, GPs have immense potential to augment their revenues from tax and non-tax sources.

Performance matrix and ranking of GPs on Expenditure Efficiency and Technical Efficiency

- Only two GPs, Bhirdana (Fatehabad) and Banswa (Hodal) are the top-performing GPs in our sample. These GPs have outrightly performed well both on expenditure and technical efficiency, with a score of 1. We label these GPs as “star performers” among “better performers” both in terms of revenue generation and efficient resource utilization. None of the GPs from Mahendragarh district achieved the status of efficient GP on revenue generation, sanitation, and access to basic facilities. Seven out of 10 sampled GPs in the Mahendragarh district got a place in the "under performers" group in the performance matrix.
- Three GPs – Talwari from Jhakai, Iqbalpur Nangli from Nangal Choudhary, and Badoli from Badoli block – bottom the rank list.
- Most GPs in the Rohtak district are labeled as “better performers” with a relatively higher potential to generate revenue for self-sustaining and meet their development goals with less reliance on external funds. While GPs in Ambala and Karnal are better in resource utilization, their financial sustainability status is questionable.
- Overall, GPs have enormous potentials to augment their revenue generation and goal-oriented efficiency. Moreover, it may be the case that a GP might perform

well on one aspect but needs to put more effort to attain the efficient status on another goal.

Factors influencing GP efficiency

- The findings uncover a positive relationship between OSR and efficiency level, suggesting that the efforts in terms of enhanced own revenue significantly improve the spending and goal efficiency of a GP.
- GPs with more population exploit economies of scale and enjoy agglomeration externalities that enhance their technical efficiency level, while a few exceptions remain.
- The number of GPs assigned to Gram Sachiv varies from 2 to 19 in our sample of 60 GPs. In 37 GPs, Gram Sachivs are posted with five or more GPs, and in four GPs, a Sachiv handles more than 10 GPs. The study shows a negative and significant effect of Gram Sachiv being posted with a higher number of GPs on the revenue generation capability of a GP. Therefore, based on our analysis, we recommend that the minimum desired number of GPs be fixed to be assigned to Gram Sachiv to improve the expenditure efficiency of a GP.

5.9 Summing up

5.9.1 In order to move on to the *revenue efficient frontier*, an average GP has to put gigantic efforts in augmenting their tax and non-tax revenues, given the same level of their per-capita committed expenditure and per-capita funds for development. For this, the following are recommended.

- There is a need to increase per capita collection from house tax (which is the only source of tax income) and non-tax revenue (primarily stems from lease money from panchayat land). In this direction, effective enforcement of entrusted taxes is needed. This action will narrow down the existing gap between the projection and the actual collection of house tax. A revision in the house tax rates is another instrument that can be used to augment tax revenue. At present, house tax rates are pretty low and range between Rs.10 and Rs. 30 per year. This band can safely be revised to Rs. 50 – 150.
- Additional non-tax revenue can be generated by levying user charges on the delivery of local services, as provisioned in the Haryana Panchayati Raj Act.
- The GPs should explore new areas to generate non-tax revenue. For example, GPs should develop their own market infrastructure, such as local haat, etc., to facilitate the marketing of local products. Among others, GPs can also levy a fee for the extraction of mineral resources and installing a mobile tower in their jurisdiction.

5.9.2 One of the key findings of this study is that per-capita resources allocated to the majority of GPs are misutilised while meeting the underlined development goals. The misutilization of resources is observed to be more prominent in the area of access to basic facilities, sanitation & water supply, and enhancing employment in the rural

areas. Compared to the above development goals, GPs performed relatively better in developing road infrastructure. In this direction, efforts should be made to use the allotted funds judiciously so that desired goals can be achieved to the maximum extent. We recommend the following initiatives to improve the “goal-oriented” efficiency of GPs.

- First, a yearly conclave of GP members should be organized where the State can extend an honour/award to Sarpanchs of those GPs that performed outstandingly well on attaining local service outcomes. It will definitely bring positive spill over effects.
- Second, there is a dire need to evolve a system featuring that any future allocation of funds to a GP is based on its past performance.

5.9.3 The workload of Gram Sachiv needs to be rationalized so that GPs may achieve a higher collection of revenue from tax and non-tax sources. One step in this direction could be to fix a limited number of GPs to Gram Sachiv, say two GPs per Sachiv.

Annexures

Annexure 5A.1 Production Models for the Measurement of Efficiency of a Gram Panchayat

Models	Efficiency measure	Resources	Outputs/Outcomes
Expenditure efficiency			
Model 1	Expenditure efficiency “spending performance” or “revenue potential”	1. Per capita Wages & Salaries to Staff 2. Per capita other administrative expenditure 3. Per capita plan outlay	1. Per capita own tax revenue 2. Per capita own non-tax revenue
Technical efficiency			
Model 2	Technical efficiency “Sanitation & Water Supply”	1. Per capita Wages & Salaries to Staff 2. Per capita other administrative expenditure 3. Per capita outlay on Sanitation and Water Supply	1. Proportion of households with toilets 2. Proportion of households with piped water supply
Model 3	Technical efficiency “Roads & Related Construction”	1. Per capita Wages & Salaries to Staff 2. Per capita other administrative expenditure 3. Per capita outlay on roads & related construction works	1. Length of village streets per 1000 population 2. Number of street lights 3. Proportion of households with solar energy electricity
Model 4	Technical efficiency “Rural Employment”	1. Per capita Wages & Salaries to Staff 2. Per capita other administrative expenditure 3. Per capita expenditure on Materials under MGNREGS	1. No. of households provided employment 2. SC&ST person-days of employment 3. Women person-days of employment 4. Total person-days of employment
Model 5	Technical efficiency “Access to Basic Facilities”	1. Per capita Wages & Salaries to Staff 2. Per capita other administrative expenditure 3. Per capita plan outlay	Index for Access to Basic Facilities defined on five key facilities: 1. Number of primary/secondary schools 2. Number of healthcare centers in the village under GP 3. Distance to Bank from GP office 4. Number of veterinary clinics 5. Availability of community rainwater harvesting system
Source: Own elaboration			

Annexure 5A.2: Inputs and Output Variables used for the Measurement of GP Efficiency

Type	Resources/Variables	Indicators	Data Source
Input resources			
Input	Wages & Salaries to Staff (=wages & salaries to chowkidars + safai karamcharis + tubewell operators)		Data from Development and Panchayats Department
Input	Other Administrative Expenditure (=honorarium to GP members + other miscellaneous expenses including electricity)		Data from Development and Panchayats Department
Input	Plan Outlay		eGramSwaraj
Input	Outlay on sanitation & water supply		eGramSwaraj
Input	Outlay on roads & related construction		eGramSwaraj
Input	Expenditure on Materials		MGNREGS
Output/Outcome			
Output	Own tax revenue (= house tax)		Data from Development and Panchayats Department/ Survey by IIT Roorkee
Output	Own non-tax revenue (= lease money from Shamilat/panchayat land+lease money from ponds+sales of trees+mining+other misc. activities, excluding interest from fixed deposits)		Data from Development and Panchayats Department/ Survey by IIT Roorkee
Outcome	Index for Access to Basic Facilities	Distance to Bank from GP office	Survey by IIT Roorkee
Outcome		Number of primary/secondary schools	Survey by IIT Roorkee
Outcome		No. of health sub-centres in the villages under GP	Survey by IIT Roorkee
Outcome		Number of veterinary clinics	Survey by IIT Roorkee
Outcome		Availability of community rain water harvesting system	Survey by IIT Roorkee
Outcome	Rural roads and related construction work	Length of village streets per 1000 population	Survey by IIT Roorkee
Outcome		Availability of Street Lights	Survey by IIT Roorkee
Outcome		Proportion of households with solar energy electrification	Survey by IIT Roorkee
Outcome	Sanitation and water supply	Proportion of households with toilets	Survey by IIT Roorkee
Outcome		Proportion of households with piped water supply	Survey by IIT Roorkee
Outcome	Rural employment	Number of households provided employment	MGNREGS
Outcome		SC&ST person-days of employment	MGNREGS
Outcome		Women person-days of employment	MGNREGS
Outcome		Total person-days of employment	MGNREGS
Second-stage regressors/contextual factors			
Performance indicator	Proxy of digitization	Computerization of accounts and internet connectivity	Survey by IIT Roorkee
Performance indicator	Proxy for self-sustainability	Percentage share of own revenue in total expenditure	Survey by IIT Roorkee
Performance indicator	Resource sufficiency	Per capita fund received	Survey by IIT Roorkee
Performance indicator	Resource Elasticity	Percentage of untied funds in the total funds	Survey by IIT Roorkee
Performance indicator	Potential of Job creation	Per capita expenditure under MGNREGS	Survey by IIT Roorkee
Performance indicator	Local Governance	Female sarpanch	Survey by IIT Roorkee
Performance indicator	Local Governance	Number of panchayats under Gram Sachiv	Survey by IIT Roorkee
Source: Own compilation based on literature review			

Annexure 5B

Table 5B.1: Component-wise average outlay/expenses in sampled GPs across selected districts, 2020-21						
(Amount in Rupees)						
Districts	Ambala	Fateha- bad	Palwal	Mahendra -garh	Rohtak	Karnal
Panel A: Components of Committed Expenditure						
Wages of Chowkidars	2800	9100	6300	6300	7000	5600
Wages of Tubewell Operators	7312.9	11491.7	11491.7	21938.7	0	1044.7
Wages of Safai Karamcharis	23800	18200	23800	19600	33600	15400
Honorarium/Pension to Sarpaches/ Panchs	14800	16400	9300	14800	17100	20100
Electricity & Water Bills and other misc. office expenses	NA	4115	122.5	2165	2100	5005.1
Panel B: Components of Plan Outlay						
Tied Funds(Planned)	616738.6	648509.1	1097915	1900625	2311560	611783
Untied Funds(Planned)	616739	2077812	1097914	597344.8	5581677	611782.9
Panel C: Activity-wise allocation						
Roads & related construction works	448663.6	1201772	869483.8	1505509	4047146	126176.1
Sanitation & water supply	748982.7	664793.8	1097915	797440	1457948	611783
Materials (under MGNREGS)	182078.1	2029131	933945.8	750061.8	971679.7	832694.6
Source: Own calculations based on data from Development and Panchayats Department, Haryana, and eGramSwaraj						

Table 5B.2: Component-wise average outlay/expenses in sampled GPs across selected blocks												
Blocks	(Amount in Rupees)											
	Assandh	Badoli	Barara	Fatehabad	Hodal	Jakhal	Karnal	Mahendra-garh	Meham	Nangal Choudhary	Naraingarh	Rohtak
Panel A: Components of Committed Expenditure												
Wages of Chowkidars	7000	5600	2800	11200	7000	7000	4200	8400	4200	4200	2800	9800
Wages of Tubewell Operators	0	12536.4	10447	10447	10447	12536.4	2089.4	22983.4	0	20894	4178.8	0
Wages of Safai Karamcharis	16800	33600	30800	19600	14000	16800	14000	22400	30800	16800	16800	36400
Honorarium/ Pension to Sarpaches/ Panchs	26200	15600	13600	19400	3000	13400	14000	13600	16000	16000	16000	18200
Electricity & Water Bills and other misc. office expenses	8940	245	0	4730	0	3500	1070.2	2840	0	1490	0	4200
Panel B: Components of Plan Outlay												
Tied Funds (Planned)	595815.6	1217834	785697.6	638728.8	977995.6	658289.4	627750.4	2187620	1225468	1613630	447779.6	3397652
Untied Funds(Planned)	595816.2	1217834	785698	2477399	977993.6	1678225	627749.6	647619.6	1205468	547070	447780	9957886
Panel C: Activity-wise outlays												
Roads & related construction works	206642	951988.2	785698	2112482	786979.4	291063.2	45710.2	1971019	485814.8	1040000	111629.2	7608478
Sanitation & water supply	595815.6	1217834	785697.6	638728.8	977995.6	690858.8	627750.4	647620	1345468	947260	712267.8	1570428
Materials (under MGNREGS)	149174.2	161847.6	0	70560	0	64320	0	116745.8	201000	73440	71662.6	1150000
Roads & related construction works	517685.6	892762	271873	1083475	975129.6	2974787	1147704	1302919	818013.2	197205	92283.2	1125346
Source: Own calculations based on data from Development and Panchayats Department, Haryana, and eGramSwaraj												

Selected Districts	Selected Blocks	Sampled GPs (LPD Code)	Population (Census 2011)	Per capita committed expenditure (Rs.)	Per capita Plan Outlay (Rs.)	Per capita allocation on roads (Rs.)	Per capita allocation on Sanitation & Water Supply (Rs.)	Per Capita Total Own Revenue (Rs.)
Ambala	Barara	Binjalpur (27919)	2308	25.32	631.39	315.69	315.69	34.66
		Kambassi (27937)	2385	21.57	631.39	315.69	315.69	100.17
		Kansapur (27938)	444	75.33	631.39	315.69	315.69	439.01
		Khan Ahmedpur (27940)	1024	33.64	631.38	0.00	0.00	298.83
		Ugala (27974)	7307	15.12	631.39	315.69	315.69	0.00
	Nariangarh	Bakarpur (27981)	527	53.13	631.39	315.69	315.69	220.87
		Bari Rasour (27986)	1356	29.83	455.85	0.00	227.92	2792.55
		Berkheri (27990)	1241	23.37	631.39	315.69	315.69	504.63
		Chechi Majra (27997)	156	179.49	631.39	0.00	315.69	956.57
		Gadhoul (28009)	4189	17.53	631.39	0.00	631.39	35.14
Fatehabad	Fatehabad	Akanwali (272862)	1140	32.87	651.39	325.69	325.69	40.70
		Bhirdana (29006)	11500	8.03	94.95	41.77	53.18	55.90
		Dhani Binja Lamba (29017)	1440	33.47	755.55	325.69	325.69	72.93
		Matana (29039)	4460	21.53	2629.36	2007.31	325.69	6.04
		Rajabad (29047)	900	58.75	1034.70	321.35	321.35	1614.65
	Jhakal	Meyond Begamwali (29062)	1147	38.75	3372.54	0.00	921.42	722.66
		Ratta Theh (29068)	2009	22.62	651.38	325.69	325.69	757.87
		Talwara (29073)	2848	22.28	651.38	221.56	325.69	1273.16
		Talwari (29074)	1504	44.14	2384.50	113.03	325.69	165.75
		Udeypur (29075)	500	92.89	2128.41	0.00	651.39	726.80
Karnal	Assandh	Achhan Pur (30777)	982	47.86	628.63	314.32	314.32	88.81
		Bandrala (30783)	1445	26.64	628.63	0.00	314.31	188.92
		Khizra Bad (30804)	928	56.79	628.63	0.00	314.31	65.25
		Phaphrana (30816)	5194	17.14	628.63	83.28	314.31	174.11
		Risalwa (30821)	929	72.66	628.63	314.31	314.32	5700.97
	Karnal	Budhanpur (30967)	980	31.19	628.63	0.00	314.32	1483.53
		Manglora (30991)	2267	16.76	628.63	100.82	314.32	45.06
		Nagla Megha (30998)	4412	10.48	628.63	0.00	314.32	150.88
		Nasir Pur (31002)	1022	34.25	628.63	0.00	314.32	1.27
		Rattan Garh (31009)	1305	20.69	628.63	0.00	314.31	1.10

Contd...

Selected Districts	Selected Blocks	Sampled GPs (LPD Code)	Population (Census 2011)	Per capita committed expenditure (Rs.)	Per capita Plan Outlay (Rs.)	Per capita allocation on roads (Rs.)	Per capita allocation on Sanitation & Water Supply (Rs.)	Per Capita Total Own Revenue (Rs.)
Mahendra garh	Mahendrag arh	Chitlang (31580)	2216	36.01	2432.05	2118.55	313.50	1076.11
		Dholi (31586)	1862	36.43	626.99	0.00	313.50	171.58
		Jonawas (31599)	1222	34.98	626.99	0.00	313.50	171.69
		Malra Sarai (31617)	2585	34.02	2058.33	1744.83	313.50	58.92
		Nimbi (31625)	2444	29.78	626.99	265.96	313.50	189.59
	Nangal Choudhary	Chhapra Bibipur (31656)	2092	37.47	1344.01	478.01	626.99	38.23
		Dostpur (31661)	1530	38.84	1191.18	457.52	626.99	20.88
		Iqbalpur Nangli (31666)	1145	51.55	1937.04	1310.04	626.99	11.68
		Khatoli Jat (31672)	902	44.73	1735.64	1108.65	626.99	12.83
		Mulodi (31679)	1885	31.69	1265.72	530.50	626.99	66.01
Palwal	Badoli	Akbarpur Dakora (28882)	1059	42.51	608.89	304.44	304.44	825.37
		Badoli (28750)	10863	9.23	460.63	230.32	230.32	35.23
		Bholra (28889)	1729	18.64	608.89	304.44	304.44	308.70
		Farijanpur Kherla (28902)	1708	31.13	608.89	0.00	304.44	0.00
		Ghori (28913)	7287	14.71	608.89	193.39	304.44	377.93
	Hodal	Atohan (28846)	2046	16.84	608.89	304.44	304.45	141.74
		Banswa (28850)	6764	5.09	608.89	304.44	304.44	300.86
		Behrola (28848)	2464	13.98	608.89	60.94	304.44	152.19
		Gopalgarh (28859)	1659	20.76	608.89	150.69	304.44	331.53
		Lohina (28866)	3129	11.01	608.89	272.48	304.44	182.17
Rohtak	Meham	Farmana Badshahpur (32424)	3619	12.16	640.97	110.53	320.48	11.64
		Kharkara Bikhlan (32427)	1469	21.78	640.97	320.48	320.48	369.19
		Mokhra Roj (32435)	1742	26.98	640.97	148.27	320.48	7.41
		Nindana Mohammadpur (32438)	3371	12.76	640.97	0.00	320.48	6.35
		Seman (32441)	4704	18.92	1193.91	276.36	735.14	6.28
	Rohtak	Bhaiyan Pur (32451)	1459	39.75	11881.54	9436.32	320.48	155.44
		Kanhi 7.5 (32465)	1316	29.64	10017.02	4056.90	640.97	130.09
		Karountha (32467)	5802	16.20	1586.75	566.06	320.48	12.51
		Ladhot (32472)	3112	14.78	4503.61	2891.18	481.15	4.83
		Rurkee (32482)	6372	16.64	2046.23	1044.30	499.73	4.24
Source: Own calculations based on data from Development and Panchayats Department, Haryana and eGramswaraj								

Districts	Blocks	Sampled GPs	Efficiency score						Rank of the GP					
			EE	TE_Sanit ation	TE_Roads & Const	TE_Employ ment	TE_BasicFa cilities	TE_ove rall	EE	TE_Sanit ation	TE_Ro ads & Const	TE_Employ ment	TE_BasicFa cilities	TE_ov erall
Ambala	Barara	Binjalpur	0.030	0.607	0.594	0.411	0.408	0.505	57	23	38	33	22	35
		Kambassi	0.090	0.614	0.464	1.000	0.416	0.624	49	22	40	5	21	26
		Kansapur	1.000	0.318	0.361	0.134	0.155	0.242	3	51	50	59	56	56
		Khan Ahmedpur	0.189	1.000	1.000	0.271	0.279	0.638	37	2	2	45	37	22
		Ugala	0.000	0.718	0.654	1.000	0.606	0.745	59	15	36	1	13	10
	Nariangarh	Bakarapur	0.334	0.482	0.461	1.000	0.183	0.531	26	43	41	10	51	34
		Bari Rasour	0.227	0.689	1.000	0.270	0.269	0.557	34	18	14	47	39	31
		Berkheri	0.175	0.681	0.595	0.427	0.425	0.532	38	19	37	31	20	33
		Chechi Majra	0.443	0.212	1.000	1.000	0.150	0.590	19	59	14	10	57	28
		Gadhoul	0.079	0.548	1.000	0.502	1.000	0.762	50	33	14	28	5	8
Fatehabad	Fatehabad	Akanwali	0.110	0.264	0.330	0.264	0.263	0.280	46	54	53	48	40	54
		Bhirdana	1.000	1.000	1.000	1.000	1.000	1.000	6	2	10	2	1	1
		Dhani Binja Lamba	0.112	0.524	0.322	0.237	0.234	0.329	45	38	55	50	43	48
		Matana	0.126	0.618	0.338	0.395	0.399	0.437	43	21	51	35	23	41
		Rajabad	0.561	1.000	0.962	1.000	1.000	0.990	12	2	25	3	3	2
	Jhakkal	Meyond Begamwali	0.408	0.257	1.000	0.225	0.170	0.413	20	55	21	52	54	43
		Ratta Theh	0.577	0.580	0.441	0.384	0.351	0.439	11	28	44	36	31	40
		Talwara	1.000	0.601	0.812	1.000	0.375	0.697	5	24	29	17	26	13
		Talwari	0.078	0.218	0.280	0.294	0.170	0.241	52	57	58	43	55	57
		Udeypur	0.220	0.216	1.000	0.091	0.089	0.349	36	58	21	60	60	45
Karnal	Assandh	Achhan Pur	0.076	0.539	0.435	0.296	0.238	0.377	53	36	45	42	41	44
		Bandralla	0.304	0.732	1.000	0.497	0.503	0.683	28	14	4	29	18	17
		Khizra Bad	0.050	0.303	1.000	0.310	0.214	0.457	55	52	21	40	48	38
		Phaphrana	0.144	0.817	0.889	1.000	1.000	0.926	42	11	26	4	4	4
		Risalwa	1.000	1.000	0.840	0.907	0.893	0.910	1	2	27	19	6	5
	Karnal	Budhanpur	0.809	0.586	1.000	1.000	0.272	0.714	8	25	14	10	38	12
		Manglora	0.094	0.758	1.000	0.515	0.515	0.697	48	13	12	27	17	13
		Nagla Megha	0.279	1.000	1.000	0.762	0.742	0.876	30	2	8	20	9	6
		Nasir Pur	0.069	0.549	1.000	0.230	0.236	0.504	54	32	14	51	42	36
		Rattan Garh	0.078	0.710	1.000	0.535	0.446	0.673	51	16	13	25	19	18

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Districts	Blocks	Sampled GPs	EE	TE_Sanit ation	TE_Roads & Const	TE_Employ ment	TE_BasicFa cilities	TE_ove rall	EE	TE_Sanit ation	TE_Ro ads & Const	TE_Employ ment	TE_BasicFa cilities	TE_ov erall
Mahendra- garh	Mahendrag arh	Chitlang	0.246	0.543	0.364	0.183	0.179	0.317	32	35	49	55	52	50
		Dholi	0.021	0.327	1.000	0.329	0.314	0.493	58	49	1	38	33	37
		Jonawas	0.113	0.498	1.000	1.000	0.291	0.697	44	41	11	10	35	13
		Malra Sarai	0.040	0.521	0.317	0.238	0.190	0.317	56	39	56	49	50	50
		Nimbi	0.156	0.565	0.754	1.000	0.358	0.669	41	30	31	5	28	19
	Nangal Choudhary	Chhapra Bibipur	0.225	0.248	0.323	1.000	0.226	0.449	35	56	54	5	46	39
		Dostpur	0.165	0.327	0.378	0.316	0.229	0.312	39	50	48	39	44	52
		Iqbalpur Nangli	0.283	0.290	0.309	0.141	0.145	0.221	29	53	57	58	58	59
		Khatoli Jat	0.373	0.328	1.000	0.180	0.176	0.421	23	48	14	56	53	42
		Mulodi	0.235	0.351	0.452	0.270	0.227	0.325	33	47	43	46	45	49
Palwal	Badoli	Akbarpur Dakora	0.540	0.497	0.391	0.162	0.286	0.334	14	42	47	57	36	47
		Badoli	0.095	0.525	0.238	0.213	0.215	0.298	47	37	59	53	47	53
		Bholra	0.275	0.695	0.453	1.000	0.396	0.636	31	17	42	10	24	23
		Farjanpur Kherla	0.000	0.586	1.000	0.304	0.373	0.565	60	26	21	41	27	29
		Ghuri	0.517	0.583	0.745	0.485	0.570	0.596	15	27	32	30	15	27
	Hodal	Atohan	0.308	1.000	1.000	0.558	0.781	0.835	27	2	14	23	8	7
		Banswa	1.000	1.000	1.000	1.000	1.000	1.000	6	1	5	5	2	1
		Behrola	0.357	0.572	0.672	1.000	0.540	0.696	25	29	34	5	16	16
		Gopalgarh	0.645	0.782	0.716	0.424	0.728	0.663	9	12	33	32	10	20
		Lohina	0.478	0.409	0.166	0.396	0.139	0.278	16	44	60	34	59	55
Rohtak	Meham	Farmana Badshahpur	1.000	0.863	0.796	0.677	0.613	0.737	2	9	30	21	12	11
		Kharkara Bhikhlan	1.000	0.384	0.465	1.000	0.337	0.546	4	45	39	10	32	32
		Mokhra Roj	0.456	0.558	1.000	0.337	0.356	0.563	18	31	9	37	29	30
		Nindana Mohammadpur	0.543	0.819	1.000	0.634	0.575	0.757	13	10	6	22	14	9
		Seman	0.458	0.510	0.660	1.000	0.354	0.631	17	40	35	18	30	25

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Districts	Blocks	Sampled GPs	EE	TE_Sanit ation	TE_Roads & Const	TE_Employ ment	TE_BasicFa cilities	TE_ove rall	EE	TE_Sanit ation	TE_Ro ads & Const	TE_Employ ment	TE_BasicFa cilities	TE_ov erall
	Rohtak	Bhaiyan Pur	0.592	0.203	0.336	0.199	0.195	0.233	10	60	52	54	49	58
		Kanhi 7.5	0.395	0.367	0.417	0.291	0.296	0.343	21	46	46	44	34	46
		Karountha	0.156	0.674	1.000	0.555	0.385	0.654	40	20	3	24	25	21
		Ladhot	0.379	0.544	0.816	0.517	0.656	0.633	22	34	28	26	11	24
		Rurkee	0.361	0.933	1.000	1.000	0.825	0.940	24	8	7	10	7	3
Average- Overall		-	0.351	0.577	0.709	0.556	0.416	0.565						
Number of efficient GPs		-	7	7	24	18	5	2						
Source: Own calculations														

Table 5B.5: Categorization of 60 GPs based on their Technical and Expenditure Efficiency				
Groups	Better Performers	Resource Rich	Under Performers	Poor Sustainability
Characteristics	Balancing with revenue generation and resource utilization	Financially sound but weak on service goal	Underperforming on both the aspects spending and service goal	Technically efficient, but sustainability remains questionable
Categorization criteria	EE > 0.351 and TE > 0.565	EE > 0.351 and TE < 0.565	EE < 0.351 and TE < 0.565	EE < 0.351 and TE > 0.565
GPs by Division				
Ambala (10)	Chechi Majra	Kansapur	Binjalpur, Bakarpur, Bari Rasour, Berkheri	Kambassi, Khan Ahmedpur, Ugala, Gadhouli
Fatehabad (10)	Bhirdana, Talwara, Rajabad	Meyond Begamwali, Ratta Theh	Akanwali, Dhani Binja Lamba, Matana, Talwari, Udeypur	-
Karnal (10)	Budhanpur, Raisalwa	-	Acchanpur, Khirzabad, Nasirpur	Bandrala, Phaphrana, Manglora, Nagla Megha, Rattangarh
Mahendragarh (10)	-	Khatoli Jat	Chitlang, Dholi, Malra Sarai, Chhapra Bibipur, Dostpur, Iqbalpur Nangli, Mudoli	Jonawas, Nimbi
Palwal (10)	Ghori, Banswa, Behrola, Gopalgarh	Akbarpur Dakora, Lohina	Badoli	Bholra, Farijanpur, Atohan
Rohtak (10)	Farmana Badshahpur, Mokhra, Nindana, Seman, Ladhot, Rurkee	Kharkara, Bhaiyan Pur, Kanhi	-	Karountha
GPs in each category	16	9	20	15
Source: Authors' elaboration based on estimated efficiency scores				

Table 5B.6: Average Efficiency Score by GP Size							
Size	Category	No. of GPs	EE	TE_Sanitation	TE_Roads & Const	TE_Employment	TE_BasicFacilities
0-2000	Tiny GP	33	0.344	0.499	0.712	0.453	0.319
2001-5000	Small GP	19	0.340	0.627	0.659	0.641	0.464
5001-10000	Medium GP	6	0.363	0.788	0.881	0.840	0.731
Above 10000	Large GP	2	0.547	0.762	0.619	0.607	0.607
Source: Own calculations							

6. Panchayat's Finances in Haryana

6.1 Introduction

6.1.1 The 73rd Constitutional (Amendment) Act of India, 1992 is a landmark in India's political, administrative, and fiscal decentralization. The Act makes two provisions—mandatory and enabling. Mandatory provisions, among others, include reservation of marginalized groups in PRIs (Article 243D); constitution of the State Election Commission (Article 243K); holding regular Panchayat election (Article 243E); constitution of SFC to recommend devolution of funds to PRIs (Article 243I); and constitution of DPC (Article 243ZD). In contrast, the enabling provisions are left to the discretion of State Governments. For instance, Article 243G refers that the State Government may, by law, endow PRIs with such powers and authority as may be necessary to enable them to function as institutions of self-government, and may entrust them works for economic development and social justice, including 29 subjects of the Eleventh Schedule. Thus, the extent of devolution of functions, finances, and functionaries (triple-Fs) to PRIs is at the discretion of the state governments. The devolution of these intertwined triple-Fs to PRIs determines their performance, and inadequacy of any of them can adversely affect the intended outcomes. Enlargement of PRIs' fiscal resources, functions, and the corresponding rise in the quantity and quality of official functionaries can generate a virtuous cycle to achieve socio-economic development. PRIs can become real local governments and management institutions if they have a strong financial base with well-defined revenue sources and their optimal use.

6.1.2 The Haryana Panchayati Raj (PR) Act 1994 authorizes PRIs to levy taxes and fees to improve their financial autonomy and reduce dependence on the Central and State Governments' grants. This chapter examines one of the most critical triple Fs that is the finances of the PRIs. It presents their resource envelope and analyses the trends in their own tax and non-tax revenues. The aggregated and disaggregated analyses of own resources of sampled districts, blocks and and GPs are also done. Finally, it explores the scope for augmentation of their tax and non-tax revenues.

6.2 Resource Mobilization under the Haryana Panchayati Raj Act, 1994

6.2.1 Section 41(1) and 41(2) of the PR Act gives power and authority to GPs to levy taxes and fees subject to rules made under the Act or any order made by Government on this behalf. The Act makes provisions for imposition of (a) a house tax from the residents; (b) a surcharge on stamp duty on sale, gift, and mortgage of immovable property in the jurisdiction of a GP up to two percent, if authorized by the Government; (c) any other tax, duty or cess which the legislature of the state has the power to impose. As per the Act's provisions, State Government authorization is mandatory for the imposition of any tax. Provided that if the GP fails to impose the tax, duty, or cess, the Government may take necessary steps to impose it, and the tax, duty, or cess so imposed shall be deemed to have been imposed by the GP. Further, it also empowers

the State Government to withdraw the authorization of any tax, duty, or cess under clause (b) or clause (c).

6.2.2 The Act also makes provision for GPs to impose (i) Teh-bazari from the shopkeepers in fairs other than cattle fairs; (ii) service fee including fee on cleaning of streets and lighting of streets and sanitation; (iii) fees for registration of animals sold in the sabha area; and (iv) water rates where the GP supplies water. The GPs can also impose a special tax on adult male members of GS for constructing any public work of general utility, with the prior permission of the Director. It may exempt any member from paying this tax in place of doing voluntary labour or having it done by another person on his behalf. GPs shall levy fee, tax, duty, or cess the owner of communication towers, as may be specified in the policy notified from time to time in this regard.

6.2.3 With the prior sanction of the CEO and subject to the general direction and control by the Government, a PS can levy and collect taxes or fees for the use of or benefits derived from (a) public hospitals, dispensaries, schools, Sarai(s), markets, rest houses, and other public institutions; (b) the supply, storage and preservation of water for drinking, bathing and agricultural purposes; and (c) preservation and reclamation of soil and drainage and reclamation of swamps. In addition, it may also fix fees on fairs, agricultural shows, and industrial exhibitions held under its area of authority.

6.2.4 Sections 147 of the Act give similar powers to the ZPs for imposing taxes and fees. Similar to GP and PS, with the prior approval of the State Government, a ZP may impose any tax, which the Legislature of the State has the power to impose. As per section 148(1), it may pass a resolution in its special meeting to propose the imposition of any tax under section 147 of the Act. A ZP may levy fees and collect taxes similar to a PS (as mentioned in para 6.2.3). Section 45B of the Act gives power to PRIs to regulate commercial, institutional and industrial activities. Prior approval is required from GPs to run such activities, and the owner of such activities may pay fees, tax, duty, or cess to the concerned GPs, as may be prescribed.

6.2.5 The perusal of these provisions indicates a considerable scope for revenue mobilization through imposing taxes and fees on various heads corresponding to the jurisdiction of three-tiered PRIs, provided they submit the proposals passed in their special meetings to the State Government, which may approve or not approve such proposals. Presently, the only tax source of own revenue is house tax, whose rates range from Rs.10—30 per household per year, with some exceptions also. The non-tax revenue comprises rent/lease money from Panchayat land/Shamilat land and common property resources (CPRs). If appropriate, then GPs also receive additional funds through assigned tax and shared tax. Assigned tax is levied by GPs and is collected by states, and the proceeds are transferred to GPs after deduction of collecting cost. On the other hand, the state levies shared taxes, and a portion is shared with the GPs.

6.3 Resource Envelope of PRIs

6.3.1 At present, the resource envelope of PRIs in Haryana state consists of its own resources, Grants from Centre and State, and other budgetary transfers to PRIs. In the fiscal year 2020-21, the PRIs in Haryana received Rs. 2,187.19 crores of the total resources. Of which, Rs. 333.67 crores (15.26%) are mobilized through their own resources, Rs. 1518 crores (69.43%) from grants, and Rs. 334.90 crores (15.31%) from other budgetary transfers, respectively (Figure 6.1).

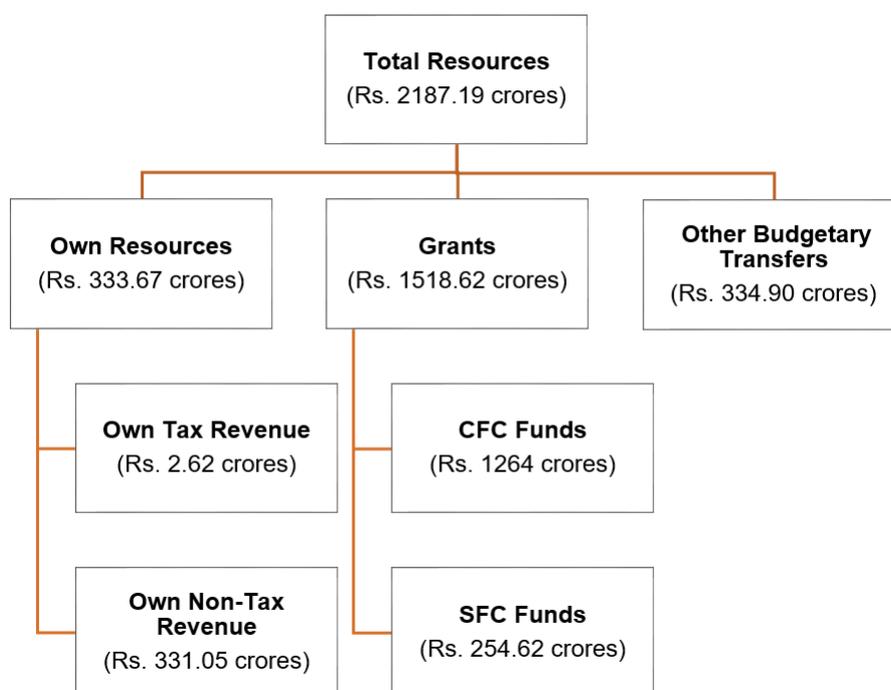


Figure 6.1 Resources Envelope of PRIs in Haryana (in 2020-21)

Source: Data from Development and Panchayats Department

6.3.2 In 2020-21, the total revenue collection by PRIs through their own tax and non-tax sources totals Rs.2.62 crore (0.12% of total resources) and 331.05 crores (15.14% of total resources), respectively (Figures 6.1 and 6.2). House tax is the only source of own tax revenue. The non-tax revenue mainly comes through leasing or auctioning agricultural/Shamilat land or ponds. A minuscule proportion of income is generated through other sources like the sale of trees, mining, interest from bank/fixed deposits, etc.

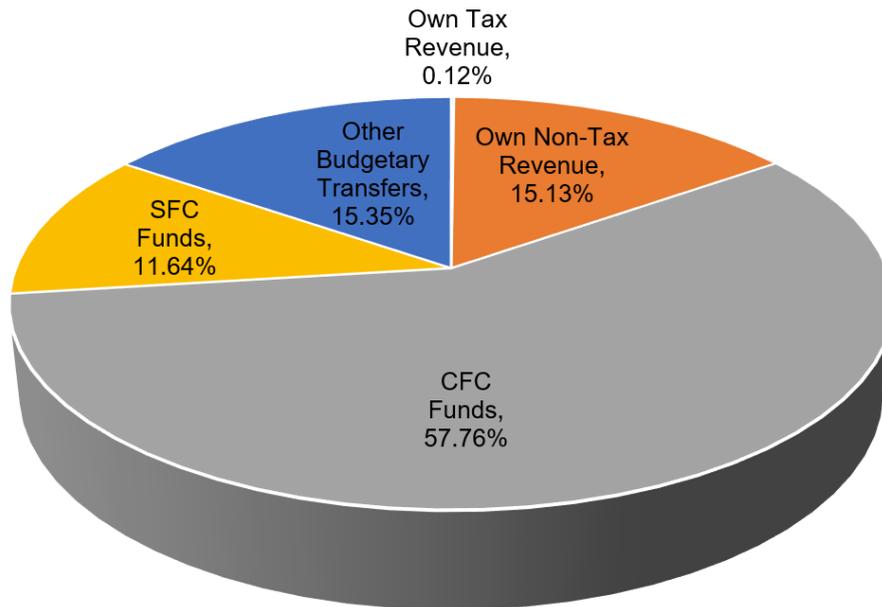


Figure 6.2 Composition of Resources of PRIs in 2020-21 (in percentage)

6.3.3 In addition, PRIs received the SFC and the CFC grants. These grants are transferred to local bodies through the process of devolution. The previous Commission proposed the devolution of funds between these local bodies as ZP: PS: GP: 10:15:75, with 10 percent to ZPs, 15 percent to PSs, and 75 percent to GPs. In 2020-21, the SFC and CFC funds amounted to a significant chunk of 1518.62 crores (i.e., 57.79% of total resources) to the PRIs (Figures 6.1 and 6.2).

6.3.4 Another key source of receipts to PRIs is budgetary transfers (both in tied and untied categories) that amount to Rs. 334.90 crores (15.31% of total resource envelope). These budgetary includes wages of chowkidar, safai karamcharies, honorarium to PRI members and pension to Ex-PRI heads, allowances to Sarpanchs and Panchs, and grants for developmental works.

6.3.5 In 2020-21, PRIs generated only 15.26 percent of the total revenue through their own resources, containing the collection of tax and non-tax revenues. The financial dependence of PRIs is higher on the state and centre funds, with 84.74 percent of the total receipts constitute SFC and CFC grants and other budgetary transfers in 2020-21 (Figure 6.1).

Box 6.1: The 15th CFC Recommendations (2021-26)

- A total of Rs. 236805 crore recommended for duly constituted rural local bodies for 2021-26 across states/UTs.
- PRIs in Haryana will receive Rs.4929 crores (Rs. 2957.4 crores as tied and Rs. 1971.6 crores as untied fund) for 2021-26.
- Sixty percent grants tied and forty percent untied.
- Tied grants to be used for national priorities such as drinking water supply and rainwater harvesting and sanitation, and untied grants (Basic grants) to be utilized by PRIs as per their discretion to improve basic services related to the activities listed in the 11th Schedule.
- The share of PRIs in the CFC funds will be in the range of 70-85 percent for GP, 10-25 percent for PS, and 5-15 percent for ZP with a total of 100 percent.
- The three tiers PRIs are parts of one system and interlinked through backward and forward linkages. Availability of funds to all three tiers would improve functional coordination among them.
- Web-based availability of annual accounts for the previous year and audited statements for the year before the previous one are mandatory for PRIs to be eligible for the CFC grants.

6.4 Trends in PRI Finances

6.4.1 The analysis of total receipts from different sources for the last ten years from 2011-12 to 2020-21 gives a clear picture of the PRIs' finances. There has been a more than three-fold increase in the year-on-year revenue receipts of PRIs in the past decade. The highest percentage growth (39.86%) in total revenues of PRIs was observed in 2016-17 over the preceding year (refer to the last row of Table 6.1). It was due to a significant upsurge in the CFC and SFC grants to PRIs. Furthermore, in 2015-16, there was a decline of around 1.52% compared to 2014-15.

6.4.2 Figure 6.3 also shows the trends in different PRIs' revenue sources for the last ten years. The own tax revenue constitutes a minuscule share in the total revenue receipts from 2011-12 to 2020-21. The major chunk of funds comprises grants from the CFC and SFC and other budgetary funds. The share of CFC grants has increased sharply from 2015-16, and the SFC grants closely follow this. From 2016-17 to 2019-20, a two-fold increase in the CFC and SFC grants is observed. In contrast, the total OSR of PRIs shows the higher dependence of PRIs on external funding and making them less self-reliant and arduous in mobilizing their own resources. In addition, loans constitute a negligible share in the total revenue receipts. The Government offers a loan under a matching grant scheme to GPs and PSs with a long gestation period for repayment without interest, mainly for installation of tube well, wells and construction of shops, etc.

Year	Own Tax Revenue	Own Non-Tax Revenue	Total Own Revenue	The SFC Grants	The CFC Grants	Budgetary Transfers	Total Receipts	Rate of growth in total receipts (%)
2011-12	5.5 (0.66)	206.3 (24.76)	211.8	143 (17.16)	170.5 (20.46)	308 (36.96)	833.3 (100)	-
2012-13	6.9 (0.68)	230.9 (22.83)	237.8	171 (16.91)	246.4 (24.37)	356 (35.21)	1011.2 (100)	21.35
2013-14	7.3 (0.65)	252.4 (22.42)	259.7	213 (18.92)	291.2 (25.86)	362 (32.15)	1125.9 (100)	11.34
2014-15	4 (0.32)	407.6 (32.88)	411.6	200 (16.13)	284.1 (22.92)	344 (27.75)	1239.7 (100)	10.11
2015-16	3.15 (0.26)	274 (22.44)	277.15	150 (12.29)	419.3 (34.35)	374.39 (30.67)	1220.84 (100)	-1.52
2016-17	3.08 (0.18)	267.66 (15.68)	270.74	312 (18.27)	656.72 (38.46)	468 (27.41)	1707.46 (100)	39.86
2017-18	3.82 (0.19)	298.33 (14.75)	302.15	455 (22.50)	756.98 (37.43)	508.46 (25.14)	2022.59 (100)	18.46
2018-19	4.13 (0.18)	323.77 (14.31)	327.9	631 (27.88)	775.99 (34.29)	528.27 (23.34)	2263.16 (100)	11.89
2019-20	3.89 (0.14)	350.82 (13.06)	354.71	1140 (42.44)	1048.53 (39.03)	143.07 (5.33)	2686.31 (100)	18.70
2020-21(P)	2.62 (0.12)	331.05 (15.13)	333.67	254.62 (11.64)	1264 (57.76)	336 (15.35)	2188.29 (100)	-18.54

Source: Development and Panchayats Department, Report 5th SFC Haryana and Finance Department, Govt. of Haryana. Figures in parentheses are percentages of the total receipts.

6.4.3 Another fact is that the percentage share of other budgetary transfers in the revenue receipts of PRIs has declined from 36.96 percent in 2011-12 to just 15.31 percent in 2020-21. It is worth noting here that this decline in the other budgetary transfers is observed due to the appropriation of these funds, especially after the implementation of the 5th SFC's recommendations. Earlier, a surcharge on VAT and share in Excise duty was also given separately and was part of the budgetary transfers. However, since September 2018, these two taxes were merged into the divisible pool of SFC, consequently raising the percentage share of SFC grants in the resource envelope and reducing the percentage share of other budgetary transfers. In a way, a significant part of other budgetary transfers was made a part of SFC devolution, and rightly so as it was being devolved based on specific tax sharing.

6.4.4 The over-dependence of the PRIs on external funding has thus attracted the state government's and commission's attention towards optimizing the fiscal burden and recommending efficient ways of mobilization of own revenues to PRIs. Another reason for the decline in PRIs' OSR could be the Covid-19 pandemic, due to which the potential of own resource generation was low in the last two years, and more state funds were re-appropriated to provide better healthcare and other related necessities to PRIs.

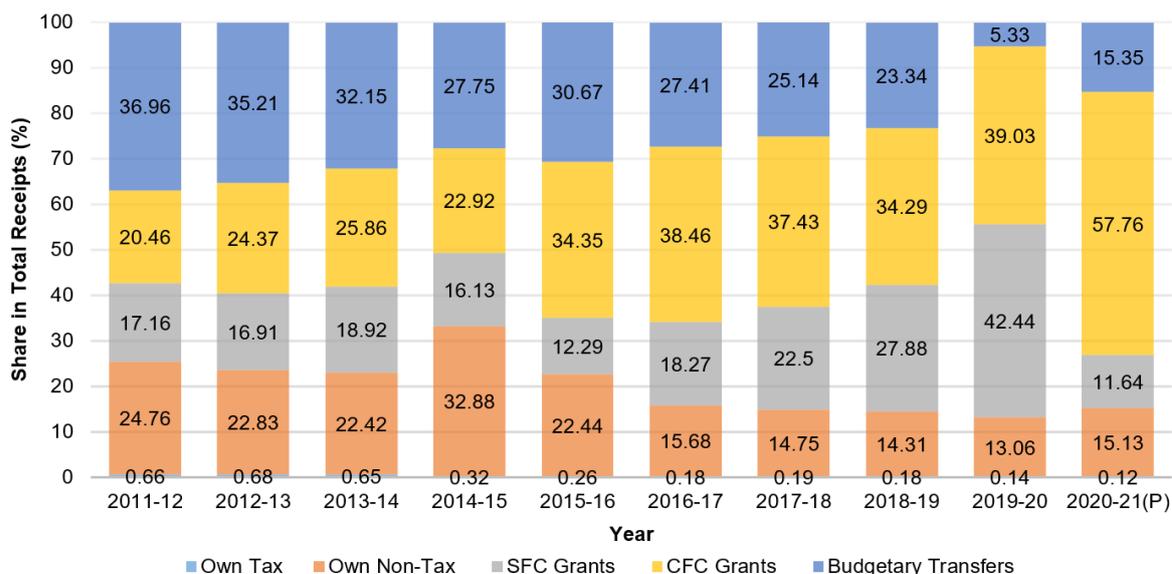


Figure 6.3 Share of Different Sources of Revenue in Total Revenue (in percent)

6.5 Analysis of Own Resources of PRIs

6.5.1 A major chunk of own revenue of rural local bodies in Haryana came from non-tax revenue sources. The own non-tax revenue has been the highest contributor in own total revenue over the past decade. The revenue collection from own tax sources has declined by two-folds since 2011-12. In 2013-14, tax revenue collection stood at Rs. 7.30 crore, while it reached a significantly low value of Rs. 2.62 crore in 2020-21. If we look at the share of own tax revenue in total own-source revenue (TOSR), it shows deceleration from 2.9% in 2012-13 to 0.79 percent in 2020-21 (Table 6.2). The share of non-tax revenue in TOSR has remained remarkably high. It ranged from 97 to over 99 percent.

Year	Own Tax Revenue	Own Non-Tax Revenue	Total Own Revenue	Share of Tax Revenue in Total Own Revenue (in %)	Share of Non-Tax Revenue in Total Own Revenue (in %)
2011-12	5.50	206.30	211.8	2.60	97.40
2012-13	6.90 (25.5)	230.90 (11.9)	237.8 (12.3)	2.90	97.10
2013-14	7.30 (5.8)	252.40 (9.3)	259.7 (9.2)	2.81	97.19
2014-15	4.00 (-45.2)	407.60 (61.5)	411.6 (58.5)	0.97	99.03
2015-16	3.15 (-21.3)	274.00 (-32.8)	277.15 (-32.7)	1.14	98.86
2016-17	3.08 (-2.22)	267.66 (-2.31)	270.74 (-2.31)	1.14	98.86
2017-18	3.82 (24.02)	298.33 (11.46)	302.15 (11.60)	1.26	98.74
2018-19	4.13 (8.12)	323.77 (8.53)	327.9 (8.52)	1.26	98.74
2019-20	3.89 (-5.81)	350.82 (8.35)	354.71 (8.18)	1.10	98.90
2020-21	2.62 (-32.6)	331.05 (-5.6)	333.67 (-5.9)	0.79	99.21

Note: Figures in parentheses are percent to the annual change in the revenue.

Source: Data compiled from Development and Panchayats Department, Various State Finance Reports, Haryana

6.5.2 There is a significant plunge in the yearly collection of the State's own resources from PRIs. The revenue collection in the last two years has significantly shrunk owing to the Covid-19. It reflects the greater dependence of PRIs on the state and the centre funds than own resources during the corona crisis. Table 6.2 shows that the collection of own total revenue amounted to just Rs. 354.71 crores in 2019-20 and 333.67 crores in 2020-21, compared to a maximum collection of Rs. 411.6 crores in 2014-15. In 2019-20, the own tax revenue of rural local bodies plummeted by 5.81 percent, while non-tax revenue increased by 8.35 percent over the preceding year. Moreover, the TSOR withered by (-) 5.9 percent in 2020-21. The observed trend can be visualized in Figure 6.4.

6.5.3 Tax revenue of PRIs vary substantially across years and do not manifest any trend. It was highest in 2013-14 (Rs.7.3 crores) and lowest in 2020-21 (Rs. 2.62 crores). The year-on-year growth rates are negative in several years. The non-tax revenue also evinces ups and downs across years. Thus, the status of own tax revenue in PRIs is quite dismal.

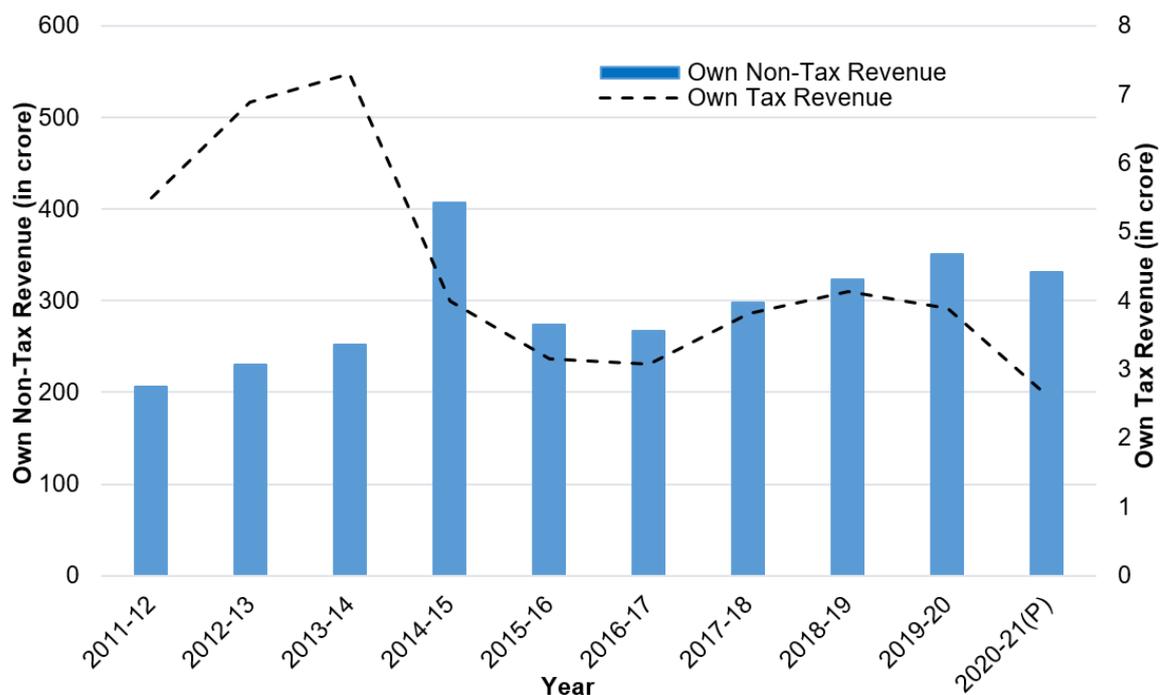


Figure 6.4 Trends in Own Resources of PRIs

6.5.4 House tax is the only own tax source of PRIs that generated only Rs. 2.62 crores in 2020-21. The major source of OSR is the non-tax source of revenue, which generated Rs. 331.05 crores in 2020-21. Within non-tax sources of revenue, lease money from Shamilat land (community land) is the major source. The second important source of non-tax revenue is lease money from ponds. Other sources—lease money from mining, sale of trees, water/electricity cess, toll tax, and cattle fairs together constituted only a meager or negligible volume of total OSR of PRIs in the state.

6.5.5 It is significant to note that per capita tax revenue generation in PRIs was only Rs.1.62 (as per Census 2011) in 2020-21, implying the dismal scenario of own tax collection. Per capita non-tax revenue of PRIs was Rs. 204.35, which was much higher than the tax revenue. Thus, overall, the per capita OSR of PRIs in 2020-21 was only Rs. 205.97 (Table 6.3).

Total Own Tax Revenue (Rs. in Crore)	2.62
Total Own Non-Tax Revenue (Rs. in Crore)	331.05
Total Own Revenue (Rs. in Crore)	333.67
Per Capita Own Tax Revenue (Rs.)	1.62
Per Capita Own Non-Tax Revenue (Rs.)	204.35
Per Capita Total Own Revenue (Rs.)	205.97
Source: Data compiled from Development and Panchayats Department, Haryana	

6.5.6 The State Government estimated house tax potential based on the house tax rates and the number of households eligible for the tax payment. The tax rates range from Rs.10 –30, depending on the category of households. Table 6.4 shows the gaps between the demand for house tax and the actual collection of the tax. The yearly data indicates that the house tax demand has constantly been rising, while the actual collection fluctuates across years. The tax demand increased from Rs.9.32 crores in 2015-16 to Rs.13.36 crores in 2020-21, a net increase of 43.35 percent during the period. Contrary to this, the actual tax collection does not reveal any significant increase, and it declined substantially in 2020-21, which may be due to the Covid-19 pandemic. The tax collection as a percent of total demand ranges from 19.6 to 34.69, revealing poor performance in the tax collection. However, even if the actual house tax is fully collected as per the demand, the per capita collection would be only about Rs. 8 in 2020-21.

Year	Demand for House Tax (Rs. in crore)	House Tax Collected (Rs. in crore)	Collection of House Tax as % of Demand	Gap in Rs Crore
2015-16	9.32	3.15	33.8	6.17
2016-17	9.78	3.0	30.74	6.78
2017-18	11.1	3.4	34.47	7.7
2018-19	11.93	4.13	34.69	7.8
2019-20	12.47	3.89	31.23	8.58
2020-21	13.36	2.62	19.6	10.74
Source: Compiled from Development and Panchayats Department, Haryana				

Box 6.2: Highlights-1

- OSR consisted of 15.26 percent of the total revenue of PRIs in 2020-21, with own tax and non-tax revenue shares of 0.12 percent and 15.14 percent, respectively, indicating their high dependence on grants and other external sources.
- House tax is the only source of own tax revenue. The non-tax revenue mainly comes through the leasing of panchayat agricultural/Shamilat land. Other sources, such as the sale of trees, lease money on ponds, mining, constituted a minuscule proportion of total OSR.
- Analysis of PRIs' finances for the last ten years (2011-12 to 2020-21) shows more than a three-fold increase in their revenue receipts. However, the increase was mainly due to a steady rise in the CFC and SFC funds, while OSR shows a decelerated trend, depicting higher resource dependence of PRIs on external funding.
- The percentage share of other budgetary transfers to rural local bodies declined from 36.96 percent in 2011-12 to 15.31 percent in 2020-21.
- Share of own tax revenue in total OSR declined from 2.9 percent in 2012-13 to 0.79 percent in 2020-21, whereas the share of non-tax revenue ranged between 97 and 99 percent.
- Own tax revenue of PRIs vary substantially across years and do not manifest any trend. Average annual growth in tax revenue is negative (–4.85%), while non-tax revenue grew by 7.81 percent per year.
- Within the non-tax sources of revenue, lease money from panchayat/agricultural land comprised more than 91 percent of total non-tax revenue. The second important source is lease money from ponds that constituted less than 5 percent of the total non-tax revenue. Thus, the tax and non-tax revenue base of PRIs is narrow.
- Per capita tax revenue generation in PRIs was only Rs. 1.62 in 2020-21, while per capita non-tax revenue was Rs. 204.35.
- The house tax collection as a percent of total demand ranges from 19.6 percent to 34.69 percent, revealing poor performance in the tax collection.

6.6 Financial Resources of PRIs in Selected Districts

6.6.1 This study is based on 60 GPs randomly. The sample of GPs is drawn from six districts, namely Ambala, Fatehabad, Palwal, Mahendragarh, Rohtak, and Karnal, representing the six divisions of the state. As per the 2011 census, Karnal has the largest population (946983), followed by Palwal (813510) and the lowest in Rohtak (579331). We first analyze the total financial resources of all GPs in these selected districts. If we looked at the total revenue receipts of all GPs in selected districts in 2020-21, Karnal had the largest amount of collection (Rs.158.79 crores), followed by Fatehabad (Rs. 93.31 crores), and it was lowest in Rohtak (Rs.61.12 crores). On a per capita basis, the revenue receipts were lowest in Palwal (Rs.1023.37), followed by

Rohtak (Rs.1055), and it was highest in Karnal (Rs.1677), followed by Fatehabad (Rs.1297.42). Thus, the own fiscal resources vary significantly across districts (refer to Table 6A.1).

6.6.2 Aggregate financial resources of GPs in selected districts comprise three distinct components—CFC grants, SFC grants, and OSR. CFC grants constituted the highest share among these components in GPs across all selected districts, while OSR has the second position, except Rohtak and Mehendragarh. Note that for Zila Parishads (ZP) in the selected districts, OSR includes only non-tax revenue, usually rent from ZP-owned shops, etc. Income from Shamilat land, mining, etc., mainly belongs to their respective GPs. Table 6.5 indicates that devolution of funds to these districts from the CFC constituted a major source. Its CFC share ranges from 48.55 percent in Karnal to 75.45 percent in Mahendragarh. The share of OSR in total revenue receipts is highest in Karnal (about 42%) and lowest in Rohtak. The share of SFC grants ranges from 9.57 in Karnal to 15.72 percent in Rohtak. The resource dependency is highest in Rohtak, followed by Mahendragarh and Palwal, and lowest in Karnal (refer to Table 6A.1).

Components	Ambala	Fatehabad	Palwal	Mahendragarh	Rohtak	Karnal
Total Receipt (Rs. lakhs)	6739.09	9331.29	8325.23	8875.85	6111.64	15878.87
CFC Grants (%)	67.46	64.14	70.30	75.45	75.07	48.55
SFC Grants (%)	14.36	14.15	14.61	13.28	15.72	9.57
Total OSR (%)	18.18	21.72	15.09	11.26	9.21	41.89
Source: Own calculations using data from Development and Panchayats Department, Haryana						

6.6.3 Based on a mobilization by GPs in selected districts, per capita own tax revenue (OTR) was highest in Rohtak (Rs. 4.14), followed by Mahendragarh (Rs. 3.42) and lowest in Palwal (Rs. 0.37). On average, per capita OTR per district was only about Rs. 2.11, which is quite low. As far as per capita own non-tax revenue (ONTR) is concerned, Table 6A.1 in the Annexure shows that it was highest in Karnal (Rs.701.32), distantly followed by Fatehabad (Rs. 279.44) and Ambala (Rs.203.71), and lowest in Rohtak (Rs.92.98), followed by Mahendragarh (Rs.129.33).

6.6.4 We also examine the key sources of OSR in the selected districts. Table 6A.2 (in Annexure) shows that house tax is the only tax source of PRIs across selected districts. In 2020-21, the total collection of house tax by GPs (collective for all GPs) ranged from Rs. 2.99 lakhs in Palwal to Rs. 25.73 lakh in Mahendragarh. Within ONTR, lease money from Panchayat's agricultural land constituted a significant share, followed by revenue from the leasing of ponds by GPs. The generation of revenues by GPs in chosen districts from other sources, such as lease money from mining, revenue from the sale of trees, water/electricity cess, etc., were almost negligible. Per hectare lease amount of agricultural land was lowest in Palwal (0.17 lakhs), followed by Rohtak (Rs.0.32 lakhs), and it was highest in Karnal (19.25 lakhs). It indicates that the potential of revenue generation from CPRs is quite high.

6.6.5 Table 6A.3 shows trends in house tax demand, collection, and the gap in GPs across selected districts of Haryana. The data indicate that there is a huge gap between house tax demand and actual collection. Further, gaps in terms of percentage to the total demand do not show any trend but fluctuate across years. The gap ranges from 45.8 to 71.51 percent in Ambala; from 60.77 to 79.40 percent in Fatehabad; from 72.24 to 82.89 percent in Karnal; from 12.15 to 46.71 percent in Mahendragarh; from 82.61 to 96.33 percent in Palwal; and from 53.45 to 79.79 percent in Rohtak. The average gap during the period was lowest in Mahendragarh (28.07%), distantly followed by Ambala (57.24%) and Rohtak (65.81%) and highest in Palwal (90.27%), followed by Karnal (76.40%). Thus, the performance in collecting house tax in GPs of Mahendragarh has been better than other districts in the study.

6.7 Own Sources Revenue (OSR) of GPs in Selected Blocks

6.7.1 Information on total OSR and its components for 12 selected blocks of six districts is given in Annexure Tables 6A.4 and 6A.5. The data reveals that Assandh had the highest total OSR (Rs.4.65 crores), followed by Karnal (Rs.4.59 crores), Barara (Rs. 2.70 crores), Hodal (Rs. 2.52 crores), Rohtak (Rs. 2.36 crores), and Jakhal (2.34 crores). The total OSR was lowest in Nangal Choudhary (Rs. 0.64 crores), followed by Meham (Rs. 0.86 crores), Naraingarh (Rs. 1.73 crores), and Mahendragarh (Rs. 1.93 crores).

6.7.2 Since the size of GPs in blocks in terms of population differs, we calculate per capita OSR based on the 2011 census. In 2020-21 it was highest in Jakhal (Rs.504.82), followed by Karnal (Rs.428.57), Assandh (Rs.343.57), Badoli (Rs.286.51), and Barara (Rs.223.69). The lowest OSR was observed in Meham (Rs.57.54), followed by Nangal Choudhary (Rs.72.58). Thus, the OSR of Jakhal is about 7.75 times that of Meham, indicating a huge inequality among blocks in terms of mobilization of their OSR.

6.7.3 The collection of own tax revenue (mainly house tax) in GPs of Meham (in total) was highest (Rs.11.45 lakhs), distantly followed by Rohtak (9.05 lakhs) and Nangal Choudhary (Rs. 4.49 lakhs), while tax revenue was zero in Hodal and very low in Jakhal (Rs. 0.14 lakhs). A majority of blocks had per capita tax revenue less than Rs. 2.0. Only four selected blocks had per capita tax revenue of more than Rs.2.0. As far as the non-tax revenue is concerned, Assandh ranked first, followed by Karnal, Barara, and Badoli, while Nangal Choudhary had the lowest rank, followed by Meham, Naraingarh, Mahendragarh, and Fatehabad (refer to Table 6A.4).

6.7.4 Within non-tax sources of revenue at the block level, the analysis presented in Table 6A.5 shows that lease money from Panchayat's agricultural land constituted a significant share, followed by revenue from the leasing of ponds. Revenues from other sources, such as lease money from mining, revenue from the sale of trees, water/electricity cess, etc., were either negligible or zero in GPs of selected blocks. Per hectare lease amount of agricultural land ranged Rs. 0.02 lakhs in Nangal Choudhary to Rs.1.03 lakhs in Karnal. Lease money from ponds was highest in Rohtak

(Rs.55.22 lakhs), followed by Karnal (Rs.21.1 lakhs), Assandh (19.15 lakhs), Hodal (Rs.17.6 lakhs) and Fatehabad (Rs.14.13 lakhs), while it was lowest in Mahendragarh (zero), followed by Jakkhal (0.36 lakhs) and Naraingarh (Rs. 0.45 lakhs). Overall, out of 12 blocks, only two blocks, namely Assandh and Karnal, had a relatively better position in terms of OSR.

6.7.5 The distribution of tax and non-tax revenue of 12 blocks show that house tax is their only source of tax revenue. In 2020-21, it ranged from zero in Hodal to Rs.11.45 lakhs in Meham. About 33 percent of selected blocks had house tax revenue collections from GPs less than Rs.1.0 lakh. The next 42 percent of blocks (PSs) collected house tax in the range of 1-4 lakhs. Only three PSs (25%) collected the tax revenue above Rs.4.0 lakhs (refer to Tables 6A.5 and 6A.6).

6.8 Own Sources Revenue (OSR) of Sampled GPs

6.8.1 We collected data from a sample of 60 GPs spread in the twelve blocks of six districts of six divisions of the state. The data indicate that OSR varies substantially across sampled GPs. House tax is the only source of tax revenue. Table 6.6 indicates the distribution of sampled GPs on OSR in 2020-21. About 27 percent GPs (16 GPs) in the study area did not collect any house tax in 2020-21. Next 28 percent GPs (17 GPs) collected less than Rs. 2000; about 15 percent (9 GPs) collected between Rs, 2000 to 5000; about 13 percent GPs' tax revenue was in the range of Rs. 5000—10000. Only nine GPs (15%) had the tax revenue in the range of Rs.10000—30000. One GP, namely, Farmana Badshapur collected above Rs.30000 (Rs. 42110). Thus, a majority of GPs' own tax revenue is quite low (also refer to Table 6A.7 for sampled GPs).

6.8.2 As far as their non-tax revenue is concerned, 11 GPs (18% of the total) reported having zero income from their own non-tax sources of revenue. A majority of GPs (about 55%) had their own non-tax revenue of less than Rs. 5 lakhs. About 17 percent GPs had their own non-tax revenue in the range of 5-10 lakhs and 10% GPs had Rs. 10 lakhs and above. The frequency distribution reveals that OSR of PRIs varies substantially across sampled GPs (refer to Table 6.6).

6.8.3 Within the non-tax sources of revenue, lease income from GP's agricultural land was the main source. However, 15 out of 60 GPs (25% of the total) did not have any income from this source. About 51 percent GPs had income from agricultural land below Rs.5 lakhs. There were only eight GPs with income in the range of Rs.5-10 lakhs; two GPs with Rs.10-20 lakhs; two with 20-30 lakhs; and another two with more than Rs.30 lakhs. Other non-tax sources of income were negligible in most of the GPs. It is relevant to note that 45 out of 60 GPs (75% of the total) did not have any income from other non-tax sources, including income from ponds, sale of trees, mining, cattle fairs, etc. Among GPs that generated revenue from the other non-tax sources, most of them (11 GPs) had less than Rs. 1 lakh (refer to Table 6.6).

Total Own Tax (in Rs. 1000)		Total Own Non-Tax (in Rs. 1000)		Lease Revenue from Agriculture (in Rs.1000)		Other Non-Tax Revenue (in Rs.1000)		Total OSR (Rs.1000)	
Classifica- tion	No. of GPs	Classification	No. of GPs	Classifica- tion	No. of GPs	Classifica- tion	No. of GPs	Classifica- tion	No. of GPs
Zero	16	Zero	12	Zero	15	Zero	45	Zero	3
0 - 1	9	0- 50	5	0-50	5	0-25	1	0-50	14
1- 2	8	50-100	5	50-100	4	25-50	7	50-100	5
2 – 3	4	100-150	7	100-150	6	50-75	2	100-150	7
3 – 4	4	150-200	3	150-200	2	75-100	1	150-200	3
4 -5	1	200-300	7	200-300	7	100-125	1	200-300	7
5-10	8	300-400	4	300-400	6	125-150	0	300-400	4
10- 20	4	400-500	1	400-500	1	150-175	1	400-500	1
20 -30	5	500-1000	10	500-1000	8	175-200	1	500-1000	10
Above 30	1	1000-2000	2	1000-2000	2	Above 200	1	1000-2000	2
Total	60	2000-3000	2	2000-3000	2	Total	60	2000-3000	2
		Above 3000	2	Above 3000	2			Above 3000	2
		Total	60	Total	60			Total	60

Source: Own calculations based on data from Development and Panchayats Department, Haryana

6.8.4 We have also classified sampled GPs on their per capita OSR, as shown in Table 6.7. More than one-fourth of total GPs did not collect house tax, which was the only source of tax revenue. A majority of GPs (53% of the total) collected less than Rs.5.0 per capita. Only 20 percent GPs had per capita tax revenue collection of Rs.5.0 and above.

6.8.5 Classification of per capita own non-tax revenue indicates that except for three GPs, all other GPs generated revenue from this source. About 42 percent of GPs generated per capita non-tax revenue of zero or less than Rs.100. Next 18 percent GPs generated in the range of Rs.100-200 on a per capita basis. Thus, about 60 percent GPs per capita non-tax revenue was less than Rs.200. Another 17 percent GPs had per capita ONTR in the range of Rs. 200-400. Only 10 GP (17% of the total) has ONTR Rs.400 and above.

6.8.6 As discussed above, lease money from Shamilat land (Panchayat land) is the main source of ONTR in the sample GPs. Per hectare income from this source varies significantly across GP. Almost 25 percent of the total GP did not have any income from this source. Next, 32 percent GPs had less than Rs.10000 per hectare. Eleven GPs earned in the range of Rs.10-30 thousand per hectare, and only two GPs earned Rs.30-50 thousand. About 20 percent GPs obtained per hectare Rs.50000 and above. (refer to Table 6.7)

Per Capita Own Tax (Rs.)		Per Capita Own Non-Tax (Rs.)		Per hectare Lease Revenue from Agriculture Land (in Rs. 1000)		Per Capita Total OSR (Rs.)	
Classification	No. of GPs	Classification	No. of GPs	Classification	No. of GPs	Classification	No. of GPs
Zero	16	Zero	11	Zero	15	Zero	2
0 - 1.0	12	0-100	19	0-10	19	0-100	28
1.0 -1.5	4	100-200	12	10-20	7	100-200	12
1.5 – 2.0	3	200-300	4	20-30	4	200-300	4
2.0 - 2.5	7	300-400	5	30-40	2	300-400	5
2.5-5.0	6	400-500	1	40-50	1	400-500	1
5.0 – 7.50	7	500-1000	4	50-75	3	500-1000	4
7.5 -10.0	1	1000-1500	2	75-100	5	1000-1500	2
Above 10	4	Above 1500	2	Above 100	4	Above 1500	2
Total	60	Total	60	Total	60	Total	60

Source: Own calculations based on data from Development and Panchayats Department, Haryana

6.8.7 Distribution of GPs by the total OSR (OTR + ONTR) shows a pattern similar to the total ONTR, as OTR is quite low. It is surprising to observe that two GPs – Ugala and Farijanpur Kherla – in our sample did not have any OSR. From the field survey, it has been found that Ugala GP has not collected any lease money on Shamilat land due to a court case, and in Farijanpur, there is no Shamilat land, so no collection is made in 2020-21. The majority of GPs (45%) have per capita OSR less than Rs.100. The next 20 percent had in the range of Rs.100-200, and another 17 percent had in the range of Rs-200-500. Only eight GPs (13%) had per capita OSR Rs. 500 and above.

6.8.8 To understand the inter-divisional differences in the OSR of GPs, we classified all sampled GPs by selected districts in six divisions. Summary statistics show that SD is quite high in the OSR of all the districts, indicating that some of the GPs had a low level of OSR, while others had a high magnitude of OSR. Due to highly skewed data, the mean value of OSR may not reflect the real position of OSR of an average GP. Therefore, the median value can be a better measure to assess their performance in terms of OSR generation. Table 6.8 shows that Rohtak district had the highest house tax collection per GP (Rs.19035), distantly followed by Mahendragarh (Rs.3500) and Ambala (Rs. 2506). GPs in the Palwal district did not have any income from house tax. In the other two districts, Fatehabad and Karnal, per GP house taxes were Rs.1380 and 1370, respectively.

Box 6.3: Highlights-2

- The CFC grants constituted the highest share in total revenue receipts of the selected districts, while OSR has the second position, except in Rohtak and Mehendragarh.
- Share of the CFC funds ranges from 48.55 percent in Karnal to 75.45 percent in Mahendragarh; the OSR's share is highest in Karnal (42%) and lowest in Rohtak (9.21%), and the share of SFC grants ranges from 9.57 percent to 15.72 percent. Dependency is highest in Rohtak, followed by Palwal, and lowest in Karnal.
- Per capita own tax revenue (OTR) was highest in Rohtak (Rs. 4.14), followed by Mahendragarh (Rs. 3.42), and lowest in Palwal (Rs. 0.37). On average, per capita, OTR per district was only about Rs. 2.11, which is quite low.
- The per capita own non-tax revenue was highest in Karnal (Rs.701.32), distantly followed by Fatehabad (Rs. 279.44) and Ambala (Rs.203.71), and lowest in Rohtak (Rs.92.98), and followed by Mahendragarh (Rs.129.33).
- Trends in house tax demand, collection, and gap indicate a huge gap between potential and actual collection. The gap ranges from 45.8% to 71.51 percent in Ambala; 60.77 percent to 79.40 percent in Fatehabad; 72.24 to 82.84 percent in Karnal; 12.15 to 46.71 percent in Mahendragarh; 82.61 to 96.33 percent in Palwal; and 53.45 to 79.79 percent in Rohtak.
- Of the sample of 60 GPs, about 27 percent GPs did not collect any house tax in 2020-21. Next, 53 percent GPs collected less than Rs.5000; only 20 percent GPs collected house tax Rs.5000 and above.
- Within the non-tax sources of revenue, lease income from GP's agricultural land was the main source. About 25% of GPs did not have any income from this source. The next 51 percent GPs had income from agricultural land below Rs.5 lakhs. There were only 13 percent GPs with income in the range of Rs.5-10 lakhs, and only 11 percent GPs had it Rs. 10 lakhs and above.
- The majority of GPs (45%) have per capita OSR less than Rs.100. The next 20 percent had in the range of Rs.100-200, and another 17 percent had in the range of Rs-200-500. Only eight GPs (13%) had per capita OSR Rs.500 and above.
- The deviation is quite high in the OSR in GPs across the districts, indicating that some of the GPs had a low level of OSR, while others had a high magnitude of OSR.
- Total OSR per GP was highest in Palwal (Rs. 541875), followed by Fatehabad (Rs.302548). It was lowest in Rohtak (Rs.35823), followed by Mahendragarh (Rs.100293) and Ambala (Rs.148213).

District	Own Tax Revenue (Rs.)			Own Non-Tax Revenue (Rs.)			Total OSR (Rs.)		
	Mean	Median	SD	Mean	Median	SD	Mean	Median	SD
Ambala	2506	2020	3435	160853	146012	94459.94	155359	148213	105448
Fatehabad	4172	1380	7097	726169	301983	1113871	730341	302548	1112990
Palwal	0.00	0.00	0.00	836452	541875	867736	836452	541875	867736
Mahendra-garh	3840	3500	3658	175576	91838	217703	179416	100293	215980
Rohtak	20901	19035	10349	94090	0.00	167213	114991	35823	867736
Karnal	1839	1370	1255	871185	182300	1596045	873924	185759	1595788
Total (for 60 GPs from selected districts)	5543	1620	8831	476054	157150	907022	481597	161750	905224

Source: Own calculations based on sampled GPs

6.8.9 In some GPs, there is a huge gap between mean and median values per GP ONTR, as shown in Table 6.8. For example, in Rohtak, 6 out of 10 GPs had zero value of ONTR. As a result, the median value is zero, while the mean value is 132580 because of high values in the remaining four GPs. Similarly, the mean value of ONTR in Karnal is Rs. 871185, while the median value is Rs. 182300. More or less, a similar pattern is observed in other districts, except Ambala, where the gap between mean and median values is quite less.

6.8.10 Based on median value, per GP ONTR is estimated to be highest in Palwal (Rs. 541875), followed by Fatehabad (Rs. 301983) and lowest in Rohtak (0.00), and followed by Mahendragarh (Rs.91838).

6.8.11 Total OSR per GP was highest in Palwal (Rs. 541875), followed by Fatehabad (Rs.302548). It was lowest in Rohtak (Rs.35823), followed by Mahendragarh (Rs.100293) and Ambala (Rs.148213).

6.9 Constraints in Mobilisation of OSR of PRIs

6.9.1 Our field study of 60 GPs indicates that GP's elected functionaries in most of the cases did not make efforts to collect the taxes for which the GPs are legally authorized. They were not fully aware of the philosophy of introduction of direct democracy at the village level. The most critical problem in mobilization and management of the financial resources is improving the awareness and knowledge base of the chairperson and members of GP and the entire Gram Sabah (GS).

6.9.2. In the absence of a vibrant GS, enhancement of OSR would be a distant dream. A perusal of the financial position of GPs in the state reveals that the share of OSR in the total finances of some GPs was quite low. Their functional responsibilities are closely linked with their financial powers; however, there is a mismatch between the two in practice. Panchayats' OSR is not enough to meet their O&M requirements, raising their dependency on external grants. The role of SFC could be critical in examining the revenue-sharing arrangements between the state government and

PRIs and the entire range of subjects concerning assignment of taxes, transfers of power, and such other subjects for improving their financial health.

6.9.3 PRIs are financially and technically underequipped to perform their core functions, such as water supply, rural roads, street lighting, sanitation, and primary health. The 2nd ARC also observes that the internal resource generation at the PRIs is weak due to a thin tax domain and their reluctance to collect revenue. Substantial fixed capital investment is needed to create socio-economic assets, such as water supply systems, solid and liquid waste disposal systems, public parks, playgrounds, market complexes, public libraries, public ponds, etc. GPs may fix user charges for these services or lease out the assets to increase their revenue.

6.10 Scope for Enhancing OSR of PRIs in Haryana

A time-bound capacity-building exercise for the chairpersons, members of sub-committees, and functionaries of PRIs can help to generate knowledge of various aspects of finances, their proper utilization, documentation, and up-keeping of records. The Government should put in place enabling rules and set up systems so that PRIs may obtain the best returns while leasing out their productive assets. Based on our primary survey and FGDs, the following tax and non-tax measures are recommended to improve the fiscal autonomy of PRIs.

6.10.1 Tax Measures

- Income from house tax is quite low. About 27% of GPs did not collect house tax. There is a huge gap between the potential of house tax collection and actual realization. It calls for effective enforcement of house tax collection. Currently, house tax rates range from Rs.10—30 per year, which need to be raised to Rs.50 – 150.
- The PR Act of Haryana makes provisions for PRIs to impose any tax, duty, or cess that the state legislature has the power to do (refer to sections 41, 88, and 147). The PRIs can submit new tax proposals duly approved by general house meetings to the state government. It implies that the demand for new taxes should come from the rural local bodies. However, the enforcement of the new taxes depends on the willpower of the state government. The Government may or may not approve any legitimized tax proposal of PRI.
- The Department of Development and Panchayats, Government of Haryana, initiated an exercise to explore new taxes that can be imposed to mobilize additional tax revenues, similar to the Urban Local Bodies. The Principal Secretary circulated a memo no 81068-89 dated September 11, 2020, to the CEOs of all the ZPs to explore the indicative list of taxes that can be imposed under section 147 of the PR Act. The list includes (i) residential properties (houses and flats), (ii) Commercial properties (shops, commercial space, and industrial properties), (iii) institutional properties (commercial, non-commercial,

education), (iv) vacant land, (v) Special categories (private hospitals, marriage places, Cinema halls and multiplex, banks, storage godown, grain markets/subzi markets/timber market/sub-market, tec., other institution, such as stand-alone hostels, PG, private office buildings, restaurants, etc. The CEOs of ZPs were asked to submit the tax proposals on the indicative list along with the rates dully approved by the house of ZPs.

- The Chairman, Fatehabad ZP, in response to the above circular, proposed taxes on five types of properties: (1) Residential properties (houses' ground floor area): Rs.0.30 –Rs.3.0 per yard; (2) Commercial properties: (a) shops—Rs.7.2 to Rs.18 per yard, (b) commercial space—Rs.3.2 to Rs.4.5 per yard, (c) industrial properties—Rs. 1.5 to Rs.2.0 per yard; (3) Institutional properties: (a) commercial—Rs.3.6 to Rs.7.2 per yard, (b) non-commercial—Rs. 3 to 4.5 per yard, (c) Education—Rs.3000 to Rs. 1.5 lakhs per building; (4) vacant land: (a) residential—Rs.0.15 to Rs.0.30 per yard, (b) industrial/institutional—Rs.0.5 to Rs.1.5 per yard; and (5) Special categories: (i) private hospital—20-40% of the commercial carpet area rates, (ii) Marriage Places—50% of the commercial carpet area rates, (iii) Cinema/Multiplex—100% of the commercial carpet area rates, (iv) Banks—100% of the commercial carpet area rates, (v) Storage Godowns—Rs. 1.8 to Rs.3 per yard, (vi) Grain market/sabzi mandi/timber market, etc.—Rs.640 per shop and Rs.360 per booth, (vii) Clubs—50% of the commercial carpet area rates, (viii) Hotels—75 to 125% of the commercial carpet area rates, (ix) other installations such as PG—50% of the commercial carpet area rates, (x) Private office buildings—100% of the commercial carpet area rates, and (xi) Restaurants—100% of the commercial carpet area rates (refer Table 6A.8).
- The proposal covers almost all the properties in the jurisdiction of ZPs and is a good initiative, if approved by the state government, can become a sustainable source of own revenue mobilization of PRIs. However, the proposed tax rates seem to be arbitrarily decided without the discussion in the general house meeting. The letter states that the approval will be obtained from the house of the ZP in the next general meeting.
- The states may empower local bodies to impose advertisement and professional taxes.
- As per the provision of the PR Act, a two percent surcharge on the stamp duties on sale deeds of immovable properties in the jurisdiction of GP and two percent excise duty on sale of liquor in GP area be imposed and transferred to GPs. However, excise duty has been merged into SFC divisible pool from 2021-22 onwards. PRIs will receive 2% Panchayat Tax on the electricity bill, and 2% of

stamp duty as their own income, from 2021-22 onwards. The orders are duly released by the state government.

6.10.2 Non-Tax Measures

- GPs should develop their own market infrastructure such as local haat, shops to generate resources. In addition to resource generation, the market infrastructure would also promote rural markets of agro and non-agro products as common masses purchase mostly wage goods that are largely produced and consumed locally.
- CPRs of GPs should be identified, listed, and made productive for resources generation. The *e-swamitava* initiative of the Government could be a game-changer in this context.
- Household biodegradable wastes can be processed into bio-fertilizer with the participation of SHGs to promote organic farming as bio-fertilizer.
- GP may be given lease power up to one acre of CPRs such as land, pond with approval and rate fixed by the DPDO/CEO of ZP or DC.
- Dysfunctional assets can be repaired and re-fabricated and then may be given to the private entities on lease through competitive bidding.
- 'Marketing on wheels' of various commodities has been rising in the rural areas and has the potential source of income of GP if the entry fees are imposed on them. It can be similar to *Tehbazari* on periodical markets.
- GPs should also get royalties on the extraction of mineral resources in their jurisdiction.
- A levy on "mobile towers" set up in their jurisdiction may be imposed¹⁰.
- The GP is supposed to provide basic services, such as piped water supply, sanitation & cleaning, streetlights, issue of certificates, etc. to the households. Some user charges may be levied on the beneficiaries of GP services.

¹⁰ A license fee at the time of installation of the tower was supposed to be collected. Order regarding this are released in 2012-13. This fee shall be shared with the ZP, PS and GP in the ratio of 10:15:75. However, a monthly or annual fee can be recommended.

Box 6.4: Highlights-3 (Key Recommendations)

- Implementation of Sections 41, 88, and 147 of the P R Act to enlarge PRIs' Own revenue-base
- Asset Monetization
- Authorization of GPs to levy fees/establishment taxes on:
 - petrol pumps
 - private schools and colleges, hospitals and nursing homes,
 - shops, factories, commercial establishments, line department buildings
- Entre fees in GPs on 'Marketing on Wheels'
- Outsourcing of collection of taxes, fees, and user charges

6.11 Summing up

Mobilization of own finances is critical for their financial autonomy and reducing their dependence on the grants-in-aid. There is huge scope for raising their own sources of revenue through effective enforcement of entrusted taxes and user charges on the delivery of public services. A time-bound capacity-building exercise for the chairpersons, members of sub-committees, and other functionaries can enlighten and motivate them regarding resource mobilization. In addition to imparting knowledge related to various aspects of finances and their proper utilization, the functionaries should be equipped with the skills related to proper documentation and maintenance of records.

Annexures

Components	Ambala	Fatehabad	Palwal	Mahendragarh	Rohtak	Karnal
Population as per Census 2011	597142	719221	813510	753224	579331	946983
Total Receipts (Rs. in lakhs)	6739.09	9331.29	8325.23	8875.85	6111.64	15878.87
Per Capita Total Receipts (in Rs. as per Census 2011)	1128.56	1297.42	1023.37	1178.38	1054.95	1676.79
CFC Grants (Rs. in lakhs)	4546.00	5985.00	5853.00	6697.00	4588.00	7709.00
SFC Grants (Rs. in Lakhs)	968.00	1320.00	1216.00	1179.00	961.00	1519.00
Total Own Revenue (Rs. in Lakhs)	1225.09	2026.29	1256.23	999.85	562.64	6650.87
Per Capita Own Revenue (in Rs. as per Census 2011)	205.16	281.73	154.42	132.74	97.12	702.32
Own Tax Revenue (Rs. in lakhs)	8.67	16.48	2.99	25.74	23.97	9.53
Per Capita Own Tax Revenue (in Rs. as per Census 2011)	1.45	2.29	0.37	3.42	4.14	1.01
Own Non-Tax Revenue (Rs in Lakhs)	1216.41	2009.81	1253.23	974.12	538.68	6641.34
Per Capita Own Non-Tax Revenue (in Rs. as per Census 2011)	203.71	279.44	154.05	129.33	92.98	701.32
Revenue Dependency						
Percentage share of own source revenue in total receipts	18%	22%	15%	11%	9%	42%
Source: Data from Development and Panchayats Department						

Districts	Ambala	Fatehabad	Palwal	Mahendragarh	Rohtak	Karnal
Panel A: Components of Own Tax Revenue						
Income from House Tax (Rs. in lakhs)	8.67	16.48	2.99	25.73	23.97	9.53
Panel B: Components of Own Non-Tax Revenue						
Lease Money from Agricultural Land (Rs. in lakhs)	1173.3	1896.63	1129.63	878.03	363.42	6465.15
Per Hectare Income from agricultural land (Rs. in thousands)	100.000	99.999	17.472	99.999	32.172	1925.808
Lease Money from Ponds (Rs. in lakhs)	22.09	95.14	123.43	27.14	174.05	170.31
Lease Money from Mining (Rs. in lakhs)	0	0	0	65.53	0	5.73
Income from Sale of Trees (Rs. in lakhs)	21.02	12.8	0.17	0	0.97	0.16
Income from Water/ Electricity Cess (Rs. in lakhs)	0	0	0	2.88	0.24	0
Income from Toll Tax, etc. (Rs, in lakhs)	0	5.25	0	0	0	0
Income from Cattle Fairs (Rs, in lakhs)	0	0	0	0.55	0	0
Source: Data from Development and Panchayats Department						

Year	2015-16		2016-17		2017-18		2018-19		2019-20		2020-21	
Districts	House Tax Demand	House Tax Collection										
Ambala	23.45	12.71	28.17	10.15	31.47	14.26	32.01	13.9	31.82	15.63	33.2	9.46
Fatehabad	45.75	17.95	53.19	18.08	69.21	22.66	82.91	25.03	92.86	28.61	69.89	14.4
Karnal	63.5	17.63	71.89	19.13	73.52	17.58	70.28	17.65	71.08	15.01	55.52	9.5
Mahendar-garh	48.47	26.27	42.23	37.1	44.23	35.62	47.78	42.74	48.46	32.1	49.52	26.39
Palwal	13.46	2.34	17.07	2.95	17.6	1.34	19.77	1.47	21.71	1.09	20.69	0.76
Rohtak	30.06	11.01	40.52	11.04	48.46	17.56	53.34	24.83	54.87	20.99	55.96	11.31

Source: Data from Development and Panchayats Department, Previous State Finance Commission Reports.

Table 6A.4: Per Capita Receipts of Selected Blocks (Panchayat Samities), 2020-21

Blocks	Population (as per Census 2011)	Total Revenue (Rs. in lakhs)	Per Capita Total Revenue (in Rs.)	Own Tax Revenue (Rs. in lakhs)	Per Capita Own Tax Revenue (in Rs.)	Own Non-Tax Revenue (in lakhs)	Per Capita Own Non-Tax Revenue (in Rs.)
Assandh	134821	463.21	343.57	1.93	1.44	461.27	342.14
Badoli	89572	256.64	286.51	0.41	0.45	256.23	286.06
Barara	119631	267.61	223.69	2.13	1.78	265.48	221.91
Fatehabad	159779	202.46	126.71	3.20	2.00	199.26	124.71
Hodal	163647	251.58	153.73	0.00	0.00	251.58	153.73
Jakhal	46246	233.46	504.82	0.14	0.30	233.32	504.52
Karnal	106978	458.48	428.57	0.88	0.82	457.60	427.75
Mahendragarh	146507	193.23	131.89	1.85	1.26	191.38	130.63
Meham	150188	86.42	57.54	11.46	7.63	74.96	49.91
Nangal Choudhary	89012	64.60	72.58	4.49	5.05	60.11	67.53
Naraingarh	115936	173.00	149.22	3.10	2.67	169.90	146.55
Rohtak	182535	226.99	124.35	9.06	4.96	217.93	119.39

Source: Data from Development and Panchayats Department**Table 6A.5: Components of Own tax and non-tax revenues of Block (PSs) (Rs. In Lakhs)**

Blocks	Assandh	Badoli	Barara	Fatehabad	Hodal	Jakhal	Karnal	Mahendragarh	Meham	Nangal Choudhary	Naraingarh	Rohtak
Panel A: Components of Own Tax Revenue												
Income from House Tax	1.93	0.4	2.13	3.2	0	0.14	0.88	1.84	11.46	4.49	3.1	9.06
Panel B: Components of Own Non-Tax Revenue												
Lease Money from Agricultural Land	436.24	254.61	263.57	185.13	233.98	232.97	436.5	186.2	72.17	57.87	169.45	161.5
Per Hectare Income from agricultural land (in actuals)	34.69	61.97	13.56	10.02	9.76	29.37	103.42	8.42	1.07	1.67	56.85	6.78
Lease Money from Ponds	19.15	1.62	1.91	14.13	17.6	0.36	21.1	0	2.79	2.24	0.45	55.22
Lease Money from Mining	5.73	0	0	0	0	0	0	5.18	0	0	0	0
Income from Sale of Trees	0.16	0	0	0	0	0	0	0	0	0	0	0.97
Income from Water/ Electricity Cess	0	0	0	0	0	0	0	0	0	0	0	0.24
Income from Toll Tax etc (if any)	0	0	0	0	0	0	0	0	0	0	0	0
Income from Cattle Fairs	0	0	0	0	0	0	0	0	0	0	0	0

Source: Data from Development and Panchayats Department

Year	2015-16		2016-17		2017-18		2018-19		2019-20		2020-21	
Blocks	House Tax Demand	House Tax Collection										
Barara	4.853	3.6939	5.3383	3.4698	5.6084	3.8137	5.8916	3.8295	6.1861	4.2065	6.4954	4.5467
Naraingarh	2.2317	2.217	2.2428	1.6022	2.2586	1.4353	2.2679	1.2142	2.2778	1.1999	2.2819	1.1243
Fatehabad	7.4	6.9	6.63	6.18	6.85	6.15	8.6	7.7	9	8.3	9.05	5.45
Jakhal	7.74998	0.8062	9.43128	0.8037	11.52708	0.74526	11.9807	1.2653	12.97943	0.8762	2.264	0.724
Asandh	18.939	1.132	24.8423	2.478	21.2237	1.721	21.648	1.755	22.081	1.7905	22.522	1.826
Karnal	6.8658	0.3233	9.2444	1.1064	10.856	2.4811	11.1385	3.1046	10.8397	0	0	0
Mahendragarh	8.0836	7.1785	8.0836	11.9885	8.2837	7.62446	8.5289	9.1823	8.5321	4.7823	8.5478	3.3396
Nangal Choudhary	1.6048	2.02515	3.6944	4.0274	3.7354	4.1278	3.7585	3.7909	4.3196	3.7911	4.3309	2.6081
Hodal	6.5852	1.0114	9.1051	1.65466	9.5712	0.0847	11.6659	0.1984	13.51125	0.0494	13.4873	0.0541
Badoli	0	0	0	0	0	0	0	0	0	0	0	0
Rohtak	8.5716	9.05	8.6016	6.523	8.6366	9.3092	8.6523	13.5796	8.6809	8.8957	8.9189	0.7269
Meham	NA	NA	7.4577	2.6565	12.4317	5.7737	14.9116	8.9717	13.5097	9.5617	11.7041	8.0872

Source: Data from Development and Panchayats Department, Previous State Finance Commission Reports, Haryana

Table 6A.7: Components of Own Source Revenue of Sampled 60 GPs

(Amount in actuals)											
Selected Districts	Selected Blocks	Sampled GPs (LPD Code)	Population (as per Census 2011)	Income from House Tax/ Chullah Tax	Total Own Tax Revenue	Per Capita Own tax Revenue	Lease Money from Agricultural Land	Per Hectare Income from agricultural land	Other Non-Tax Sources	Total Own Non-Tax Revenue	Per Capita Own Non-tax Revenue
Ambala	Barara	Binjalpur (27919)	2308	0	0	0	80000	1647.37	0	80000	34.66
		Kambassi (27937)	2385	0	0	0	238900	17828.36	0	238900	100.168
		Kansapur (27938)	444	11320	11320	25.495	183600	12635.93	0	183600	413.514
		Khan Ahmedpur (27940)	1024	0	0	0	306000	11929.82	0	306000	298.828
		Ugala (27974)	7307	0	0	0	0	0	0	0	0
	Narian-garh	Bakarpur (27981)	527	3300	3300	6.262	113100	111980.2	0	113100	214.611
		Bari Rasour (27986)	1356	3200	3200	2.36	283500	77671.23	0	283500	209.071
		Berkheri (27990)	1241	2840	2840	2.288	111400	20291.44	0	111400	89.766
		Chechi Majra (27997)	156	1200	1200	7.692	148025	69495.31	0	148025	948.878
		Gadhoul (28009)	4189	3200	3200	0.764	144000	39452.05	0	144000	34.376
Fateha-bad	Fateha-bad	Akanwali (272862)	1140	2280	2280	2	0	0	44000	44000	38.596
		Bhirdana (29006)	11500	23000	23000	2	337395	2064.34	276500	613895	53.382
		Dhani Binja Lamba (29017)	1440	2880	2880	2	102000	83606.56	0	102000	70.833
		Matana (29039)	4460	8920	8920	2	17700	1050.45	0	17700	3.969
		Rajabad (29047)	900	1800	1800	2	1426425	52635.61	0	1426425	1584.917
	Jhakal	Meyond Begamwali (29062)	1147	190	190	0.166	828700	26010.67	0	828700	722.493
		Ratta Theh (29068)	2009	560	560	0.279	0	0	0	0	0
		Talwara (29073)	2848	960	960	0.337	3625000	41490.21	0	3625000	1272.823
		Talwari (29074)	1504	330	330	0.219	248965	9036.84	0	248965	165.535
		Udeypur (29075)	500	800	800	1.6	319500	25177.3	35500	355000	710
Karnal	Assandh	Achhan Pur (30777)	982	1200	1200	1.222	0	0	82500	82500	84.012
		Bandrala (30783)	1445	4740	4740	3.28	264600	8689.66	0	264600	183.114
		Khizra Bad (30804)	928	720	720	0.776	0	0	59500	59500	64.116
		Phaphrana (30816)	5194	800	800	0.154	827550	6546.04	58000	885550	170.495
		Risalwa (30821)	929	1000	1000	1.076	5205200	64261.73	0	5205200	5603.014
	Karnal	Budhanpur (30967)	980	1856	1856	1.894	1413000	120976.03	39000	1452000	1481.633
		Manglora (30991)	2267	2160	2160	0.953	100000	98039.22	0	100000	44.111
		Nagla Megha (30998)	4412	3170	3170	0.718	662500	136316.87	0	662500	150.159
		Nasir Pur (31002)	1022	1300	1300	1.272	0	0	0	0	0
		Rattan Garh (31009)	1305	1440	1440	1.103	0	0	0	0	0

Contd...

Selected Districts	Selected Blocks	Sampled GPs (LPD Code)	Population (as per Census 2011)	Income from House Tax/ Chullah Tax	Total Own Tax Revenue	Per Capita Own tax Revenue	Lease Money from Agricultural Land	Per Hectare Income from agricultural land	Other Non-Tax Sources	Total Own Non-Tax Revenue	Per Capita Own Non-tax Revenue
Mahendra-garh	Mahendra-garh	Chitlang (31580)	2216	1960	1960	0.884	612000	6262.79	45000	657000	296.48
		Dholi (31586)	1862	0	0	0	57250	1067.9	0	57250	30.747
		Jonawas (31599)	1222	60	60	0.049	209750	6534.27	0	209750	171.645
		Malra Sarai (31617)	2585	0	0	0	152300	6650.66	0	152300	58.917
		Nimbi (31625)	2444	640	640	0.262	462710	1704.34	0	462710	189.325
	Nangal Choudhary	Chhapra Bibipur (31656)	2092	8660	8660	4.14	68985	1559.69	0	68985	32.976
		Dostpur (31661)	1530	5040	5040	3.294	25725	280.66	0	25725	16.814
		Iqbalpur Nangli (31666)	1145	7080	7080	6.183	4390	819.03	0	4390	3.834
		Khatoli Jat (31672)	902	6710	6710	7.439	2960	66.28	0	2960	3.282
		Mulodi (31679)	1885	8250	8250	4.377	3690	262.45	111000	114690	60.844
Palwal	Badoli	Akbarpur Dakora (28882)	1059	0	0	0	874067	195979.15	0	874067	825.37
		Badoli (28750)	10863	0	0	0	382700	78744.86	0	382700	35.23
		Bholra (28889)	1729	0	0	0	533750	79309.06	0	533750	308.704
		Farijanpur Kherla (28902)	1708	0	0	0	0	0	0	0	0
		Ghori (28913)	7287	0	0	0	2754000	68000	0	2754000	377.933
	Hodal	Atohan (28846)	2046	0	0	0	250000	7534.66	40000	290000	141.74
		Banswa (28850)	6764	0	0	0	2000000	10426.99	35000	2035000	300.857
		Behrola (28848)	2464	0	0	0	350000	10342.79	25000	375000	152.192
		Gopalgarh (28859)	1659	0	0	0	550000	23012.55	0	550000	331.525
		Lohina (28866)	3129	0	0	0	550000	7585.16	20000	570000	182.167
Rohtak	Meham	Farmana Badshahpur (32424)	3619	42110	42110	11.636	0	0	0	0	0
		Kharkara Bhikhlan (32427)	1469	25540	25540	17.386	334300	14950.81	182500	516800	351.804
		Mokhra Roj (32435)	1742	12910	12910	7.411	0	0	0	0	0
		Nindana Mohammadpur (32438)	3371	21390	21390	6.345	0	0	0	0	0
		Seman (32441)	4704	29536	29536	6.279	0	0	0	0	0
	Rohtak	Bhaiyan Pur (32451)	1459	16680	16680	11.432	210100	10349.75	0	210100	144.003
		Kanhi 7.5 (32465)	1316	9200	9200	6.991	0	0	162000	162000	123.1
		Karountha (32467)	5802	9610	9610	1.656	52000	2831.89	0	52000	8.962
		Ladhot (32472)	3112	15030	15030	4.83	0	0	0	0	0
		Rurkee (32482)	6372	27000	27000	4.237	0	0	0	0	0

Source: Data from Development and Panchayats Department, Haryana

Table 6A.8: House Tax on Ground: Indicative list of Potential Taxes along with Proposed Rates in Fatehabad District

1. Residential Properties		2. Commercial Properties		3. Commercial Space (shopping Malls, multiplex, office space)	
<i>Plot size (in sq. yards)</i>	<i>Rates (Rs. / sq.yard)</i>	<i>Shop (area in Sq. yards)</i>	<i>Rates (Rs./yard)</i>	<i>Carpet area (in Sq. feet)</i>	<i>Rates (Rs./feet)</i>
300	0.30	Up to 50	7.2	Up to 100	3.2
301-500	1.2	51-100	10.8	More than 1000	4.5
501-1000	1.8	101-500	14.6		
1001-2000	2.1	501-1000	18		
Above 2 acres	3.0				
4. Industrial Properties		5. Institutional: Commercial		6. Institutional: non-Commercial	
<i>Plot size</i>	<i>Rates (Rs./yard)</i>	<i>Plot size (sq. yard)</i>	<i>Rates (Rs./yard)</i>	<i>Plot size (sq. yard)</i>	<i>Rates (Rs./yard)</i>
Up to 2500 sq. yard	1.5	Up to 2500	3.6	Up to 2500	3.0
2501 sq yard – 2 acres	2.0	2501-5000	6.4	2501-5000	3.6
50 acres	First 2 acre as above + 0.60	More than 5000	7.2	More than 5000	4.5
Above 50 acres	First 50 acre as above + 0.30				
7. Institutions: Educational		8. Vacant Land		9. Special Categories	
<i>Plot size (acre)</i>	<i>Rates (Rs.)</i>	<i>Plot size (sq. yard)</i>	<i>Rates (Rs./sq yard)</i>	<i>Pvt Hospital (Bed size)</i>	<i>Rate</i>
Up to 1	3000	Up to 100 for residential and 500 for institutional/ industrial	Nil	Up to 50	20% of commercial on carpet area
1 – 2.5	40000	101-500 residential	0.15	51- 100	40% of commercial on carpet area
2.5 – 5.0	60000	More than 500 residential	0.30	More than 100	60% of commercial on carpet area
More than 5	150000	101-500 commercial	1.5		
		More than 500 commercial	0.5		
10. Marriage Places	50% of commercial rate the rate on carpet area	11. Cinema Hall (stand-alone)	50% of commercial rate on carpet area	12. Cinema Halls in Mall/ multiplexes	Full commercial rate on carpet area
13. Banks	Commercial rate on carpet area	14. Clubs	50% of com. on carpet area	15. Private office buildings	Commercial rate on carpet area

Contd...

16. Storage Godown	Rates (Rs. sq yards)	17. Grain market/Subzi	Rate per shop (Rs.)	18. Hotels	Rate
Up to 2500sq yard	1.8	Shops	640	Up to 3 star	75% of commercial on carpet area
2501 yards to 1 acre	2.7	Booths	360	Above 3 star	125% of commercial on carpet area
More than 1 acre	3.0				
19. Other institutions like stand-alone PG	50% of commercial rate on carpet area	20. Private Office Buildings	Full commercial rates on carpet area	21. Restaurants: more 1000 sq feet	Full commercial rate on carpet area
Source: Block Development and Panchayat Office and Focus Group Discussion, Fatehabad District					

7. Scheme of Devolution of Funds to PRIs

7.1 Introduction

This chapter reviews the reports of SFCs of various states to understand the devolution of funds to PRIs. It makes the comparative analysis of devolution to RLBs in Haryana vis-à-vis other states in India.

7.2 Devolution of Funds to the PRIs under the Decentralized Framework

7.2.1 Article 243G and 243H of the Indian Constitution make provisions to transfer functional responsibilities to the PRIs and bolster panchayats' ability to be financially independent. PRIs' finances comprise the devolution of funds from the CFC and SFC, loans from state governments, funds received under the centre and state-sponsored schemes, and their own tax and non-tax sources of revenue.

7.2.2 Based on our field study and FGDs, we can make the following deductions on the functioning of PRIs under the decentralized framework:

- The generation of resources at the GP level has not been effective. It is partly due to a lack of an adequate tax base and lower house tax rate, and partly due to their repugnance to mobilize own resources of revenue.
- They lack financial autonomy and largely depend on external grants-in-aid.
- They also face constraints in efficiently using the allotted funds (as tied and untied) mainly due to their poor capacity to conceptualize, plan, and execute development activities with higher multiplier effects in the rural economy.
- The line departments still do most of the activities under the 29 subjects devolved to PRIs. The activity mapping of the three-tier PRIs is not executed in letter and spirit. The role of the state government is critical to equip the PRIs with adequate finance, functions, and functionaries (triple-Fs) as these Fs are intertwined, and deficiency in any one of them can create a vicious spiral in their overall functioning.

7.2.3 Effective decentralization can only happen through accountable activity mapping when finances match expenditure on the devolved activities. To tackle this, first, PRIs need to functionally evolve their own revenue base through their own tax and own non-tax sources, and second, PRIs have a sound allocation of funds from the central and state governments. Decentralization can only be effective if accompanied by an effective devolution process.

7.2.4 Even though devolution of funds from higher levels of government is a major component of the total receipts of the PRIs, their own ability to raise revenue is vital. The issue is not only of taxation but also of a financial and administrative setup for resource mobilization at all levels. Article 243H of the Constitution of India and the Haryana PR Act empower PRIs to collect a wide range of taxes, duties, tolls, and other

fees according to prescribed procedures and within certain limits.

7.3 Financial Powers to PRIs in Haryana

7.3.1 As per Sections 39 to 45 of the Haryana PR Act, each GP shall have a Gram Fund that constitutes grants from the centre and state governments, balances, donations, and own tax and non-tax revenues. Section 41 says that GPs shall collect house tax, duty on property's transfer, and any other tax or duties authorized by the government. They shall collect non-tax revenue from various fees such as sanitation, street lighting, water charges, and fairs (excluding cattle fair), etc.

7.3.2 It is the responsibility of each GP to keep accurate records of its income and expenditure in prescribed format and arrange for the audit of the accounts by the Auditor. Every GP shall keep a copy of its budget discussed and approved in Gram Sabha. The Gram Sachiv shall prepare a GP's annual account statement in the prescribed format.

7.3.3 Finally, Section 45 suggests that GP may levy a special tax on adult male members with prior approval to construct any public work in the Gram Sabha area.

7.4 Central Finance Commissions and Devolution to PRIs

7.4.1 The recommendations on devolution of funds to PRIs by the three latest Central Finance Commissions – 13th FC (2010-2015), 14th FC (2015-2020), and 15th FC (2021-2026) are briefly discussed. The 13th FC recommends grants-in-aid to the local bodies as a percentage of the previous years' pool of taxes, over and above the states' share. It suggests the devolution of funds as basic and performance grants. The basic grant can be used to provide essential services, and performance grants can be utilized to further strengthen the potential of PRIs. A special area grant was also announced for Scheduled V and Scheduled VI areas and other areas covering the tribal belts and Autonomous Councils.

7.4.2 The 13th FC awarded 1.5 percentage of the divisible pool as a basic grant to PRI. The performance grant to Local Bodies (LBs) across states was estimated as 0.5 percent of the divisible pool in 2011-12 and one percent of the same pool for the remaining years (2012-15). The states can avail performance grants provided that:

- a supplementary budget to the LBs in the State budgets be sanctioned;
- a comprehensive audit system for LBs, as stipulated by the CAG of India, and maintenance of accounts be made; and
- LBs had to appoint an independent Local Body Ombudsman to e-transfer grants within five days of receipt from Union Government. It also emphasized on qualifications of the SFC members who empower the LBs for levying tax and set standards for the delivery of basic services by PRIs.

7.4.3 A local body will be eligible to get the performance grant if it provides:

- Reliable data on receipt and expenditure through audited reports of the preceding year;
- Audit Report, ratified by the General Body of the concerned RLBs;
- Entitlement of at least two installments of centrally sponsored schemes to be certified by the concerned Auditor, and
- Maintenance of updated accounts in the software provided by the State Government.

7.4.4 The incentive grant shall be utilized for the creation and maintenance of income-generating assets of the GPs. In most states, the SFC has made a composite index for the devolution of funds to the RLBs. The index comprises indicators such as population, population density, SC/ST population, percentage of illiterates, BPL population, etc.

7.4.5 The 14th CFC recommended 90 percent weightage to a basic grant and 10 percent weightage to a performance grant. It endorsed a total grant of Rs. 200292 crores to GPs for 2015-2020, with a basic grant of Rs. 180262.98 crores and a performance grant of Rs. 20029.22 crores. The per capita annual availability of funds was Rs. 480 for the rural population (2011 Census).

7.4.6 For Haryana, the 14th FC recommended the release of Rs.3883.52 crores, of which the basic grant was 3571.32 crores. There has been a multi-fold increase in grants transferred to PRIs from the 13th to 15th FC. For GPs in Haryana, the release of the basic grant has increased from Rs. 419.28 crores in 2015-16 to Rs. 1048.53 crores in 2019-20 (Fig. 7.1). However, performance grants of Rs. 226.02 crores allocated to RLBs of Haryana for 2018-19 and 2019-20 have not yet been released for the state.

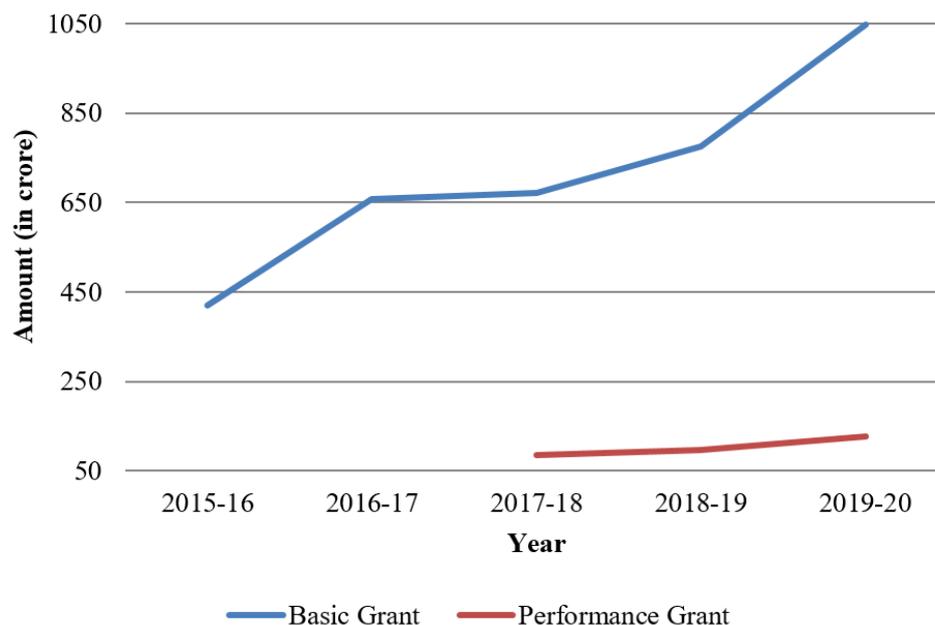


Figure 7.1 Trends in Basic and Performance Grants to RLBs in Haryana by 14th FC

7.4.7 The 15th FC gives 90 percent weightage to the population and 10 percent weightage to the geographical area to distribute grants to the local bodies. It recommends a total grant of Rs. 4.36 lakh crores for 2021-26 across the states of India. Of which, Rs. 2.4 lakh crores will be given to all three tiers of RLBs and Rs. 70051 crores for health activities at the local level to convert sub-centers and primary healthcare centers (PHC) in rural areas into health and wellness centers. To qualify for the 15th CFC grants (except health grants), the local bodies shall have to publish the provisional and audited account details in the public domain, set minimum tax rates as provisioned by states, and improve their tax collection. The local bodies will get no grants if a state does not form an SFC and does not develop recommendations by March 2024.

7.5. Haryana State Finance Commissions (SFCs) and Devolution to PRIs

7.5.1 From 1996-97 to 2020-21, the Haryana Government has constituted five SFCs and now moving ahead towards the adoption of the sixth one from 2021-26. The purpose is to decide revenue sharing between the state and local bodies and optimize resource use to generate local provisions and local development.

7.5.2 The 1st and 2nd SFCs, in their scheme of specific tax sharing mechanisms within the district, recommended the devolution of funds among GPs, PSs and ZPs, in the ratio of 75:15:10. The distribution of funds among the GPs and PSs was made based on population.

7.5.3 The 3rd SFC adopted a global revenue-sharing approach for financial devolution among local bodies. It recommended a combined devolution index, giving 40%, 25%, 25%, and 10% weights to population, geographical area, below poverty line population, and the literacy gap, respectively. Further, allocation of funds among GPs, PSs, and ZPs should be in the ratio of 75:15:10. Unlike previous commissions' recommendations for development, special, and maintenance grants for local bodies to improve local services, this Commission recommends the grants only to be used for the specific needs of local bodies, and not for meeting the wages and salaries and other liabilities of the local governments.

7.5.4 The 4th SFC of Haryana (2011-12 to 2015-16) recommended the devolution of funds to PRIs by giving weight to population (40%), geographical area (25%), literacy gap (15%), Antyodaya Anna Yojana population (10%) and sex ratio (10%). This criterion addressed the finances, fiscal capacity, and development gaps of the RLBs. GPs and PSs are allocated funds according to the population and geographical area in an 80:20 ratio. However, due to the submission of its report after elapse of about four years, the state government continued to follow the existing devolution pattern, recommended by the 3rd SFC, for the remaining financial year.

7.5.5 The recommendations of the 5th SFC of Haryana were for the period 2016-17 to 2019-2020. The Commission gave weight 80 percent to population and 20 percent to the area for allocation of grants to the local bodies and suggested devolution to GP: PS: ZP in the ratio of 75:15:10.

7.6 Devolution Criteria Adopted in the Other States of India

7.6.1 This section discusses the key features of the devolution criteria recommended by the SFCs of several other states. The comparative analysis of the devolution scheme across states is presented in Table 7A.1.

7.6.2 The 5th SFC of Assam adopted three parameters – population (50%), area (25%), and inverse of per capita GDDP (25%) to devolve the funds to PRIs. The Commission defined the inverse per capita rural district domestic product as the inverse of average per capita income of 2009 to 2012 based on GDDP.

7.6.3. The 4th SFC of West Bengal used the principle of equity-based on population (50% weight), area (10% weight), backwardness index (30% weight), and urbanization (RLB's share in total urban population) with 10 percent weight to assess the devolution to be made to RLBs. The backwardness index was based on RLB's share of illiterate females in total illiterate females (20% weight) and RLB's share of agricultural laborers in total agricultural laborers (10% weight).

7.6.4 The 5th SFC of Tamil Nadu recommended the devolution to RLBs on per capita consumption expenditure, population, area, and SC/ST population. The district-wise rural and urban monthly per capita consumption expenditure (MPCE) was computed on Mixed Reference Period (MRP) and per capita GDDP for 2011-12. This Commission believed that the district-wise per capita consumption data could reflect poverty and backwardness more accurately in the horizontal sharing scheme. It, therefore, provides a robust justification for the consumption expenditure distance. NSSO released the district-wise data on per capita consumption expenditure for rural and urban areas. In rural regions, the ratio between the top and lowest districts in terms of MPCE was 2.07:1, and in urban areas, it was 2.23:1, which is considerably closer than the gap in per capita GDDP between the highest and lowest districts, which was 4.94:1 (refer to Table 7A.1).

7.7 Induction of Social Parameters in the Devolution Scheme

7.7.1 The fourth SFC of Rajasthan recommended that social indicators like child sex ratio, infant mortality rate, girl's education should be assigned weightage for financial devolution of funds at the district level. In addition, to promote tax collection at the PRI level and make self-governance more effective, 10% weightage was given to average revenue mobilization. In addition to social indicators, the 3rd SFC of Manipur has also given relevance to local development indicators like piped water supply and population without electricity (refer to Table A7.1).

7.7.2 A review of the devolution schemes of SFCs of various states reveals that different SFCs recommended different devolution criteria that vary significantly across states, depending on their local conditions and requirements. The 6th SFC of Haryana can take insight from the recommendations of SFCs of other states. A devolution index can be constructed, keeping in view the general trends in other states, local requirements, and the dynamics changes likely to occur in the rural and urban economies of the state.

7.8 Recommendations for Devolution of Funds to PRIs in Haryana

7.8.1 The financial devolution to PRIs at all three tiers can be done in the ratio of GP: PS: ZP:: 75:15:10. The previous SFCs used this criterion, and no significant empirical evidence has been found that warrants deviating from this formula.

7.8.2 The distribution of funds to ZPs, PSs, and GPs, can be made based on population (60%), geographical area (15%), backwardness index (20%), and financial effort index (5%) by the local bodies. The index of backwardness can be constructed on components like per capita GDDP, BPL households, female illiteracy, infant mortality rate, child sex ratio (0-6 years), percent of SC/ST population, and share of agricultural workers.

7.8.3 The index of financial effort defines the potential of a GP/PS/ZP to mobilize its own revenue through efforts involved in tax collection or other sources. The financial effort index can serve as a proxy to capture the self-reliance level of a GP.

7.8.4 It is recommended to earmark a performance (incentive) fund of constant amount (say x) from the untied grants to be made available to a GP in different years from the 2nd year onwards. It will enable the GP to improve their level of local governance. The proposed x fund can be kept aside with the Development and Panchayats Department for transfers to well-performing GPs as a reward/incentive. Based on the CFC and SFC recommendations (and our experiences from the field survey of 60 GPs), we recommend that a local government can be made eligible to get the performance grant if it satisfies the following criteria of fiscal discipline and transparency:

- **Data Quality:** Availability of audited data on receipts and expenditures (panchayat finances audited by the examiner of local accounts and general body) of the preceding year for which the performance grant is to be claimed in the prescribed format.
- **Account Updation and Digitization:** Digitization and Maintenance of accounts on the standard software (PRiA).
- **Own Revenue Generation:** Efforts of a PRI to collect its own revenue, i.e., the proportion of its own revenue resources to total resources. It will reduce the revenue dependency of PRIs on the state and centre funds.

- **Ranking:** The ranking of panchayats on local area development and desired outcome for quality purposes.

The incentive grant shall be utilized for the creation and maintenance of income-generating assets by GPs.

7.8.5 Critical Gap Funding to GPs: Some GPs in the state are too small to benefit from economies of scale. The majority of them do not have adequate common property resources (CPRs) to generate their own non-tax sources of revenue. The total tax source of revenue (house tax) also be meager due to their small population size. All GPs, whether big or small, require a minimum amount of investment to create basic infrastructural facilities in their jurisdiction. Since the devolution of grants to GPs is on a per capita basis, GPs bigger in population get more funds than their smaller counterparts, and get economies of scale in creating such facilities. While deciding the post-devolution gap funding to the relatively poor GPs, two aspects—the size of the GPs and the extent of availability of CPRs may also be taken into consideration. The optimum size of GPs can be identified by linking the GPs resource envelope with their population sizes.

Table 7A.1: Summary of Devolution Criteria by the previous SFC across states of India

States	ZP:PS: GP	Devolution
Assam (5 th SFC)	30:30:40	The weighted average of the population (50%), geographical area (25%), and inverse per capita rural district domestic product (25%)
Bihar (5 th SFC)	20:10:70	ZP: Population (50%), Area (10%) and Under Development Index (40%) PS: Population (50%), Area (0%) and Under Development Index (50%) GP: Equal share based on population and Under Development Index
Chhattisgarh (2 nd SFC)	5:10:85	(i) ZP: Population (60%), Area (20%), SC/ST Population (10%), BPL Households(10%) (ii) PS and GP: Distribution based only on population
Gujarat (2 nd SFC)	25:25:50	(i) DP & TP: 60% for those in backward districts/ talukas and 40% for those in developed districts/talukas and then on the basis of population; (ii) GP: 60% for underdeveloped GPs and 40% for developed GPs
Karnataka (4 th SFC)	38.61:53.64 :7.76	Based on the average transfer of funds (for PRIs) for five years under all heads to each tier of PRIs
M.P. (4 th SFC)	0:0:100	Based on the population of GPs, classified into various class-sizes
Manipur (3 rd SFC)	10:10:80	Share of each GP in the total share of GPs, and share of each ZP in the total share of ZPs determined based on population (75%), Area (10%), No. of illiterates (5%), population without piped water supply (5%) and population without electricity (5%)
Sikkim (5 th SFC)	35:0:65	The population of Census 2011
Odisha (4 th SFC)	5:20:75	(i) Sharing ratio determined considering different nature of functions carried out by each tier. (ii) Population, Category, Number of units like GPs, PSs, etc.
Rajasthan (4 th SFC)	3:12:85	(i) District-wise distribution based on Rural Population (40%), Area (15%), No of BPL families (5%), SC population (5%), ST Population (5%), Child sex ratio (0-6 yrs.) (5%), IMR (5%), Girls education (5%), Own revenue mobilization (10%), Decline in decadal population growth rate (5%) (ii) Inter-se distribution among PSs, and (iii) GPs based on latest population
Tamil Nadu (5 th SFC)	8:37:55	Population as per 2011 Census (60%), Area (15%); SC/ST Population (15%), Per Capita Consumption Expenditure Distance (10%)
Uttar Pradesh (4 th SFC)	15:10:75	(i) ZP: Population (50%); Area (10%), SC/ST population (10%), Backwardness index (30%) (ii) PS and GP: Population (80%), SC/ST population (20%)

States	ZP:PS: GP	Devolution
Punjab (5 th SFC)	-	(i) 80% share in tax revenue to be disbursed among all panchayats in proportion to individual panchayat's population as per 2011 census (ii) Remaining 20% be given as additional grant for poor panchayats (in terms of GDDP) (iii) Grants to ZPs in proportion to the district's rural population (80%), and the poor panchayats of the district (20%).
Uttarakhand (4 th SFC)	35:30:35	(i) Population, Area, Remoteness and Tax efforts (ii) ZPs: KPs: GPs distribution based on Population (50:50:60), Area (20:30:20), Tax effort (15:00:00) , Remoteness (15:20:20) , respectively.
Tripura (3 rd SFC)	No specific ratio for a share of funds	(i) Establishment expenses both under Panchayat areas and Sixth Schedule areas, (ii) Development fund per capita ratio between panchayat areas and Tripura Tribal Areas (iii) 6 th Schedule areas based on population
West Bengal (4 th SFC)	10:12:78	(i) Focus on developmental activities (ii) Horizontal distribution based on Population (50%), Area (10%), Backwardness (30%) , Urbanization (10%) #Backwardness: illiterate females and agricultural labourers *Urbanization: RLB share in total population
Notes: i) Here, BPs= Block Panchayats, APs= Anchalik Panchayats, PUs=Panchayat Unions and KPs=Kshetra Panchayats ii) Andhra Pradesh, Haryana, Himachal Pradesh, Kerala, Maharashtra, Mizoram have no specific criteria for devolution.		
Source: Previous State Finance Commission Reports and Other Official Documents & Reports.		

8. Summary and Recommendations

8.1 Summary of the Report

8.1.1 This research study analyzes the status of finances of Panchayati Raj Institutions in Haryana and measures the technical and expenditure efficiencies of GPs. More specifically, it examines the status of resources and infrastructural facilities in GPs; assesses the extent of GPs' governance and finances; measures the technical and expenditure efficiencies of GPs, and ranks GPs on their performance for the decision-making. In addition, we review the reports of SFCs of various States to understand the devolution of funds to PRIs.

8.1.2 The study intends to complement the Sixth SFC report, Haryana (2021-2026). It aims to provide valuable inputs to mobilize Panchayats' own resources and improve expenditure (spending) and technical (goal-oriented) efficiency. Since the SFC recommends the principle of devolution of funds to the RLBs, the study's findings support the Commission to identify and set the indicators based on which the performance grant may be judiciously allocated to Panchayats.

8.1.3 The study is based on both primary and secondary data. The secondary data are collected from various sources, including e-GramSwaraj, Statistical Abstracts of Haryana, MGNREGS's official website, Mission ANTYODAYA, previous State Finance Commissions' reports, and Block Development and Panchayat Offices. To collect primary data, we conducted a field survey of 60 GP. The field survey was scheduled from July 2021 to August 2021. The GPs are selected randomly across six districts in consultation with the 6thSFC. We prepared the GP questionnaire after thoroughly examining the activity mapping at the GP level. The questionnaire outlines six sections: i) GP profile and infrastructure; ii) Gram funds and expenditure; iii) input-output variables and performance indicators for efficiency measurement; iv) v) GP governance and vi) own source revenues. The questions in the questionnaire are both open-ended and close-ended. In addition, FGDs were also conducted with the elected representatives, Gram Sachivs, Sarpanchs, and Block Development and Panchayat Officers. For the empirical investigation, the study applied the non-parametric DEA approach and a range of statistical and econometric tools to draw robust inferences.

8.1.4 To present the discussion systematically, the report is structured into eight chapters. Chapters 1 and 2 are general and provide background, relevance, the organizational structure of PRIs, research objectives, literature overview, the concept of efficiency, and the sampling design and methodological frameworks employed to measure the efficiency of GPs. Chapters 3-7 deliberate on the study's research objectives and present the major research findings. We present the key findings and recommendations below:

8.2 Key Findings

Gram Panchayat Facilities and Infrastructure in Haryana

8.2.1 As far as **road infrastructure** in the village area is concerned, village streets are mainly constructed by cemented interlocking tiles. Except for a few GPs, the rural streets are in good condition. A poor drainage system is a major concern in the majority of the GPs. The sewage water gets overflowed that causes a problem for the GP residents.

8.2.2 As far as the targeted goal of 100 percent **electrification** in GP households is concerned, all the sampled GPs in Fatehabad, Karnal, Palwal, and Rohtak districts have achieved the goal. Ambala and Mahendragarh districts are lagging in this regard. Streetlights had been installed, but due to the lack of maintenance, these became non-functional in most GPs.

8.2.3 Tube-wells and Pipelines are the major sources of **drinking water**. Water tanks have been made available in the GPs for common use, and these tanks are filled with tube-well water. On average, 23 percent GPs in the sampled districts provided piped water supply in the village. Forty percent GPs of Karnal provided piped water supply to the residents, whereas none of the sampled GPs of Mahendragarh district has piped drinking water supply. In a few GPs, the water level is good, but salinity is high.

8.2.4 All GPs in Ambala district had **open defecation-free** (ODF) status, whereas the corresponding percentage in Palwal district is 57.

8.2.5 **Education** infrastructure facilities, the primary and middle schools, are within walking distance. As a result, the enrolments of students are good. However, the villagers prefer English medium schools.

8.2.6 GPs are making reasonable efforts to address this environmental issue. For instance, none of our sampled GPs in Rohtak and Mahendragarh district reported having burned their **crop residues**. The GPs are adopting other methods to dispose of agricultural wastes. Crop residues are being used in sugar mills that they collect with a charge of Rs. 500 per hectare. All GPs of Ambala and Palwal have Panchayat land, while 60 percent GPs in Karnal have **Panchayat land**. The case of encroached land has been observed in many GPs. For instance, 50 percent GPs of Karnal reported the issue of encroached land. Ugala (Barara) has 61.83 hectares of Panchayat land, but the land has been encroached, the case is sub judice in the court..

8.2.7 The study shows that 40 to 90 percent of GPs in the study area have **Panchayat Ghar**, with the highest percentage in Fatehabad and Mahendragarh and the lowest in Palwal. As far as **computer and internet facilities** in the GP office are concerned, the percentage of GPs having these facilities is lowest in Palwal (11%) and highest in Ambala (67%).

Gram Panchayat Governance in Haryana

8.2.8 The average size of GP in terms of Panchs is largest in Palwal (13), and it is lowest in Mahendragarh (9). The SC members comprise a little over 26 percent of the total members, while the shares of OBC, General Category (GC), and women are 33.89, 43.13, and 41.55 percent, respectively. Regarding women's share, it constitutes more than one-third of representation in the GPs. On average, each GP had four to five female Panches. However, during the field survey, we observed that in several GPs headed by female Sarpanch, male members of their families performed the actual works. Recently, the Government of Haryana has notified to enhance the participation of women in PRIs to 50 percent. Ensuring greater participation of women in Panchayats is one of the key steps towards their political empowerment. However, in the absence of freedom in decision-making at the grassroots levels and inadequate capacity development, the legislative provisions for their empowerment may be less effective in practice.

8.2.9 Average number of **Gram Sabha** meetings held during 2020-21 varies from two to four. Eight GPs, only one meeting was reported to be conducted. The meetings were cancelled due to COVID 19 and the nationwide lockdown. On average, per meeting number of attendees was 68. The highest number of attendees was in Karnal (153), followed by Palwal (96), while it was lowest in Ambala (27). Women's participation in GS meetings was lowest in Mahendragarh (14%) and highest in Fatehabad (49%). Overall, about 31 percent of women were reported to participate in the meetings. In Ambala and Karnal districts, all the Gram Sabha meetings are held with the required Quorum, while the percentage was lowest in Rohtak (33%).

8.2.10 The **Ward Sabha** has given power and responsibilities almost similar to Gram Sabha. In practice, it has not yet been operationalized on the ground. Its formal meetings are not being held. The Ward Panch prepares the proposals consulting informally with some members for consideration in the GPDP.

8.2.11 Each GP shall conduct a minimum of two meetings every month with the majority of the GP members. Our study shows that the average number of GP meetings held during 2020-21 varies from 13 to 28. Except for Fatehabad and Karnal districts, all other sampled districts had conducted less than 24 GP meetings. On average, each sampled GP of Karnal district had conducted the highest number of meetings (28), while this average is least in Rohtak district (13). Across the sampled districts, the average number of SC members in GP meetings varies from two to five. The average number of SC attendees in the Ambala district was the highest (five per GP). The average number of female members in GP meetings varies from four to six across the selected districts.

8.2.12 **Record-keeping** is relatively better in Fatehabad and Karnal and poor in Palwal. A majority of GPs claim to keep the accounts in the CAG prescribed formats. About 84 percent GPs used the prescribed formats to keep the accounts. The

percentage of such GPs is highest in Karnal (100%), followed by Rohtak (90%), and lowest in Palwal (60%). Ninety-one percent of GPs reported having updated and authenticated accounts, with 100 percent in Ambala, Karnal, and Rohtak.

8.2.13 **Computerization of accounts** is reported in 66 percent of GPs, with the highest percentage of such GPs in Karnal, followed by Ambala, and lowest in Mahendragarh. A majority of GPs do not have computer facilities in their offices. Overall, only about 39 percent GPs reported having computer desktop/laptop facilities. Fatehabad and Ambala have a relatively better status in access to computer facilities than their counterparts.

8.2.14 **Social capital** is one of the key factors in economic development, except for Rohtak (20%), where GPs do not report NGOs' involvement in their areas. Although Mahila Mandal (women group) and Yuvak Mandal (youth group) were formed, their involvement in panchayat affairs was observed negligible.

8.2.15 Our field observations and the FGDs reveal that both elected and official functionaries are unaware of the **activity mapping**. Not all 29 subjects are covered in it. For example, most GPs spent maintaining roads, drains, streetlights, drinking water, sanitation, and environmental protection, but these activities are not covered in the activity mapping. GPs' role is limited to a few functions, and most of the functions are yet to be devolved to them. To make the PRIs real institutions of self-governance rather than the implementing agencies of the government schemes and programmes, all functions under Article 243G should be devolved, and the activity mapping is to be made for all the 29 subjects and be effectively implemented on the ground.

8.2.16 **Gram Sachiv** is the key official functionary of GP. He looks after several GPs and is over-burdened, which can adversely affect his performance in dealing with the GP activities, including maintenance and update of accounts. The state government has decided to rationalize the number of posts of Gram Sachivs. The state government has also made graduation with computer knowledge the minimum qualification for the post of Sachivs. Based on our discussion with Sachivs, we suggest that there should not be more than two GPs per Sachiv (maybe only one per GP in the case of large GPs). Further, the designation of Gram Sachiv may be changed to the Gram Panchayat Development Officer (GPDO).

Gram Panchayat Finances

8.2.17 Own source revenue consisted of 15.26 percent of the total revenue of PRIs in 2020-21, with own tax and non-tax revenue shares of 0.12 percent and 15.14 percent, respectively, indicating their high dependence on grants and other external sources. House tax is the only source of own tax revenue. The non-tax revenue mainly comes through the leasing of panchayat agricultural/Shamilat land. Other sources, such as the sale of trees, lease money on ponds, mining, constituted a minuscule proportion of total OSR.

8.2.18 Analysis of PRIs' finances for the last ten years (2011-12 to 2020-21) shows more than a three-fold increase in their revenue receipts. However, the increase was mainly due to a steady rise in the CFC and SFC funds, while OSR shows a decelerated trend, depicting higher resource dependence of PRIs on external funding. Per capita tax revenue generation in PRIs was only Rs. 1.62 in 2020-21, while per capita non-tax revenue was Rs. 204.35. The house tax demand increased from Rs.9.32 crores in 2015-16 to Rs.13.36 crores in 2020-21, a net increase of 43.35 percent during the period. The actual tax collection declined substantially in 2020-21 due to the Covid-19 pandemic. This reveals the poor performance of tax collection by GPs in the state.

8.2.19 On average, per capita, OTR per district was only about Rs. 2.11, which is quite low. Per capita own tax revenue was highest in Rohtak (Rs. 4.14) and lowest in Palwal (Rs. 0.37). The per capita own non-tax revenue was highest in Karnal (Rs.701.32), distantly followed by Fatehabad (Rs. 279.44), and lowest in Rohtak (Rs. 92.98) and Mahendragarh (Rs. 129.33). Trends in house tax demand, collection, and gap indicate a huge gap between potential and actual collection. About 27 percent GPs did not collect any house tax in 2020-21. Lease income from GP's agricultural land was the primary source. Fifty-one percent GPs had income from agricultural land below Rs. 5 lakhs. There were only 13 percent GPs with income in the range of Rs.5-10 lakhs, and only 11 percent GPs had it Rs. 10 lakhs and above. Total OSR per GP was highest in Palwal (Rs. 541875), followed by Fatehabad (Rs.302548). It was lowest in Rohtak (Rs.35823), followed by Mahendragarh (Rs.100293) and Ambala (Rs.148213).

8.2.20 Mahendragarh Block has the highest committed expenditure per GP, and Hodal and Karnal have the lowest expenditure. In Mahendragarh block, the major component of committed expenditure per GP is the wages paid to tube well operators. Among sampled GPs, Chechi Majra (Rs. 179.49) has the highest per-capita committed expenditure, followed by Udeypur (Rs. 92.65), Kansapur (Rs. 75.33), and Risalwa (Rs. 72.65). Banswa, Bhirrana and Badoli have shown the lowest per-capita expenditure on wages & salaries (less than Rs. 10).

8.2.21 Rohtak district allotted more untied funds per GP (Rs. 55 lakhs), followed by Fatehabad district (Rs. 20.7 lakhs), while a considerable amount of tied funds were allocated to GPs of Mahendragarh district (Rs. 19 lakhs). On a per-capita basis, expenditure on roads and related construction works is higher in Fatehabad and Rohtak districts than in the other districts. Per-capita allocation of plan outlay to Palwal district (Rs. 608.89) is lowest, followed by Ambala (Rs. 631.39) and Karnal (Rs. 628.63). Overall, most GPs adopted an almost uniform payment structure of wages & salaries to chowkidars, safai karamcharis, and tube well operators. Although per capita OSR is higher than the per-capita committed expenditure of a GP in the selected districts, it is significantly lower than the total per-capita outlay for the majority of the sampled GP. In terms of local service outcomes, GPs in the Rohtak district have shown good performance on different local area development goals.

GP Expenditure and Technical Efficiency

8.2.22 The findings on expenditure efficiency reveal that an average GP in the sample has a significant potential of 64.9 percent to augment their revenues from tax and non-tax sources, given the same level of their per-capita committed expenditure and per-capita funds for development. Only seven sampled GPs are found to be on the *best-practice frontier* of "revenue-generating efficiency." None of the sampled GP from the Mahendragarh district has earned the status of 100 percent revenue-generating efficiency. Moreover, the per-capita spending performance of 38 GPs (63% of the sample) is less than 40 percent.

8.2.23 On average, the revenue-generating efficiency of GPs with Shamilat land is higher than those who do not possess Shamilat land. GPs without Shamilat land will have to place 15.8 percent additional efforts to attain the status of expenditure efficient GP. This indicates the higher competency of GPs with Shamilat land in generating income from non-tax revenue, thus reflecting better proximity to the revenue efficient frontier. Surprisingly, Farijanpur Kherla (Badoli) and Ugala (Barara) reported zero expenditure efficiency in the sample year of investigation.

8.2.24 On the technical efficiency front, an average GP could achieve the underlined development goals by spending 43.5 percent less per-capita resources. This reflects that the per-capita resources allocated to the majority GPs are being under-utilised. GPs have performed fairly well on developing better roads (0.709), followed by sanitation & water supply (0.577) and employment under MGNREGs (0.556). However, the matching target on roads, sanitation, and employment could have been achieved with 29.1 percent, 42.3 percent, and 44.4 percent less deployment of per-capita resources, respectively. Sampled GPs in Rohtak have reflected the greater potential for revenue generation, while GPs in Mahendragarh are the least expenditure efficient.

8.2.25 GPs in Karnal have performed well on sanitation & water supply goals, and roads & related construction works. In Rohtak, GPs reflected higher efficiency on MGNREGS activities, and few GPs of Fatehabad (Bhirdana), Hodal (Banswa), and Meham (Farmana Badshahpur) have outpaced their sampled peers both in terms of expenditure and technical efficiency. Putting together, GPs have immense potential to augment their revenues from tax and non-tax sources and reduce waste of per-capita resources allocated.

8.2.26 In the performance matrix, only two GPs, Bhirdana (Fatehabad) and Banswa (Hodal) are the top-performing GPs in our sample. None of the GPs from Mahendragarh district achieved the status of efficient GP on revenue generation, sanitation, and access to basic facilities. Seven out of 10 sampled GPs in the Mahendragarh district got placed in the "under performers" group. Three GPs – Talwari from Jhakai, Iqbalpur Nangli from Nangal Choudhary, and Badoli from Badoli block bottom the rank list. Most GPs from Rohtak are labeled as "better performers" with a relatively higher potential to generate revenue for self-sustaining and meet their

development goals with less reliance on external funds than usual. While GPs in Ambala and Karnal are better in resource utilization, their financial sustainability status is somehow questionable.

8.2.27 The own source revenue to total outlay, size of GP, and overburdening of Sachiv determine the GP efficiency and are critical to its functioning.

8.3 Recommendations for Consideration by the 6th State Finance Commission, Haryana

8.3.1 Regarding GP infrastructure, it is observed that the drainage system is in poor condition. In the majority of sampled GPs, the drainage is open and in poor condition. The strength and durability of constructed streets depend on how well the drainage system is working in the GP area. Therefore, it is recommended that underground drainage should be constructed.

8.3.2 Although all the GPs have reached closer to the targeted goal of 100 percent electrification of households, yet the functional street light facility needs to be improved. The streetlights should be installed in the villages, and expenditure should be made on the maintenance of already installed and non-functional streetlights. Solar plated streetlights should be preferred.

8.3.3 All GPs should be covered by piped water facility. Testing of water quality should be done on a regular basis. New check dams and hollow pits should be constructed for rainwater harvesting. Each GP should have at least one high school. The residents highly demand English medium school. Every GP should have at least a health sub-centre located in the GP area. Every GP should be provided banking facilities/ATMs in their nearest proximity to promote financial inclusion in the rural areas.

8.3.4 Panchayat Sachivalya should be constructed/made functional in each GP with proper internet and computer facilities. The Common Service Centre (CSC) or *e-Sewa Kendra* should be established in every GP so that documents like caste, income, residential, birth, death certificates, etc., may be issued at the GP level.

8.3.5 One of the major issues in GP governance is the over-burdening of *Gram Sachiv*. Currently, on average, each *Sachiv* is handling about four to five GPs. The workload of Gram Sachiv should be rationalized, and there should not be more than two GPs per *Sachiv*. Further, per two GPs, there should be one post of *Sahayak Sachiv*-cum-computer operator to assist the *Sachiv* to maintain, and update the online records and data of GPs. Further, the designation of Gram Sachiv may be changed to the Gram Panchayat Development Officer (GPDO).

8.3.6 The computerization of records and internet facilities in the GP area is another major concern. Each GP should be well-equipped with a computer/laptop. The staff should be well-trained to maintain the updated and verified GP data, the socio-economic profile of GP, demographic profile, CPRs, occupational structure, details of physical infrastructure, etc. It is recommended to develop e-database-cum-governance centre to provide e-government services to the GP residents. Each GP should also have a *Gram Sachivalya*.

8.3.7 Training of Sachivs should be organized outside their work place to make them captive participants and fully concentrate on the training sessions without any interference of local people and higher officials. Training duration should be 10-15 days with detailed training modules, a well-developed methodological framework, and post-training feedback and examination.

8.3.8 There should be only two comprehensive general meetings of Gram Sabha in a year that can be aligned on the pattern of parliamentary sessions. Too many meetings lose the interest of members. The sessions of the GS may continue for two to three days, like in parliament, so that detailed discussions may be made on various subjects, including GPDP. To maintain regularity, a Panch may be disqualified if he/she does not attend three consecutive GP meetings, and a penalty on Sarpanch may be imposed if he/she does not execute the GS decisions.

8.3.9 There is a need to improve the capacity of Gram Panchayats in terms of triple-Fs – Finance, Functions, and Functionaries. Although all the 29 subjects mentioned in the Act are transferred to GPs, yet GPs are not aware of the activity mapping and the kinds of work to be done by GPs under these subjects. These are also the subjects of line departments, and therefore, there is a need to improve coordination between the line departments and GP activities. It is recommended that i) activity mapping must be re-worked; ii) the role and coordination of line departments with PRIs should be explicitly defined and translated into action; iii) all development works of line departments executed in the jurisdiction of GPs should be part of the GPDP; and iv) the presence of representatives of the line departments in the general meetings of Gram Sabha should be made mandatory. A software-based double-entry accounting system should be implemented. Pre-auditing of GPs bills should be done, and a post of the auditor be created at the block level for this purpose.

8.3.10 As far as functionaries of GPs are concerned, training of both elected and official functionaries should be given top priority. Some exposure visits or interaction with a few elected functionaries of best performing GPs of state/other states can be done. It would not be cost-effective to organize off-line training sessions for all *Panchs* and sub-committee members. The institutes like HIRD/NIRD&PR may be involved in organizing online training programmes, and certificates should be given only to those who pass the online exam after training.

8.3.11 There is a need to increase per capita collection from house tax (which is the only source of tax income) and non-tax revenue (primarily stems from lease money from panchayat land). Effective enforcement of entrusted taxes, as provisioned in the Haryana Panchayati Raj Act, is needed. A revision in the house tax rates is another option that can be used to augment tax revenue. At present, house tax rates are pretty low and range between Rs. 10 and Rs. 30 per year. Based on our FGDs, we note that this band can safely be revised to Rs. 50 – 150. The above action will narrow down the existing gap between the projection and the actual collection of house tax and increase the per-capita tax potential of a GP. In addition, the imposition of other taxes can be facilitated. It can be in line with the notification by the Principal Secretary (memo

no 81068-89, dated September 11, 2020), to the CEOs of all the ZPs to explore the indicative list of taxes that can be imposed under section 147 of the PR Act.

8.3.12 The GPs can generate an additional non-tax revenue by levying user charges on the delivery of local services, as provisioned in the Haryana Panchayati Raj Act. They should explore new areas to generate non-tax revenue. For example, GPs should develop their own market infrastructure, such as local haat, etc., to facilitate the marketing of local products. Among others, GPs can also levy a fee for extracting mineral resources and installing a mobile tower in their jurisdiction.

8.3.13 It is recommended that GPs use the allotted funds judiciously to achieve desired goals to the maximum extent. The following initiatives can be taken to improve the “goal-oriented” efficiency of GPs.

- A yearly conclave of GP functionaries may be organized to exchange innovative ideas, experiences, and best practices and extend honours/awards to Sachivs/Sarpanchs/Panchs of GPs with outstanding performance in their own source revenue generation and attaining local service outcome goals. Elected functionaries of best-performing GPs can share their processes and practices adopted to achieve the goals. A special session by these functionaries may be organized during the conclave.
- An incentivization scheme should be adopted for the best-performing functionaries/GPs who put their significant efforts in timely achieving the development goals. It will bring positive spill over effects.
- With the use of technology and minimal human intervention, an in-built mechanism can be evolved for future allocation of performance grants funds to Panchayats. We recommend that a GP be eligible for a performance grant if it satisfies the criteria of fiscal discipline and transparency. The requirements can include data quality, digitization and maintenance of account on the standard software, own revenue generation and ranking of GPs on local area development, and attainment of the targeted outcome goals.

8.3.14 The own source revenue to total outlay, size of GP, and overburdening of Sachiv determine the GP efficiency and are critical to its functioning. In line with the suggestions of the 2ndARC, this study recommends that the small GPs may be clustered, considering the geographical proximity and their resource endowments using GIS-based technology to get the benefits of economies of scale and optimize the costs in creating common assets, such as underground drainage.

8.3.15 Regarding the scheme of devolution to PRIs, the study recommends that the financial devolution to PRIs at all three tiers can be done in the ratio of GP:PS: ZP::75:15:10. This procedure has been standard allocation, and there is insufficient evidence to depart from it. However, the distribution of funds to ZPs, PSs, and GPs, can be made based on population (60%), geographical area (15%), backwardness index (20%), and financial effort index (5%) by the local bodies. It is recommended to

earmark a performance (incentive) fund of constant amount from the untied grants to be made available to a GP in different years from the 2nd year onwards. It will enable the GPs to improve their level of local governance. A GP can be eligible for the performance grant if it maintains fiscal discipline and transparency, digitizes *accounts* on the standard software, keeps an updated database, and augments its OSR. The incentive grant shall be utilized for the creation and maintenance of income-generating assets by GPs. Finally, while deciding the post-devolution gap funding to the relatively poor GPs, two aspects—the size of the GPs and the extent of availability of CPRs—may also be considered. The optimum size of GPs can be identified by linking the GPs resource envelope with their population sizes.

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Annexure A Gram Panchayat Schedule

Assessment of Technical and Expenditure Efficiency of Panchayati Raj Institutions in Haryana

1. Name of GP:..... 2. Block:..... 3 District:.....

PART A

Gram Panchayat (GP) Profile

A.1 Demographic and Occupation Structure

Sl .No.		No. of Households		Total Population		Literate	
		2011	2021	2011	2021	2011	2021
Demographic Profile							
1	Total						
2	Scheduled Caste (SC)						
3	Scheduled Tribe (ST)						
4	Other Backward Class (OBC)						
5	Others						
Occupational Profile							
1	Cultivators						
2	Agriculture Labour						
3	Construction workers						
4	Handicraft and Handlooms (HH) Industry						
5	Non-HHs industry						
6	Trade/ Business						
7	Services						
8	Others (Specify)						

A.2 Number of Below Poverty Line (BPL) Households:

A.3 Natural Resources of GP

Sl. No.	Items	Yes/ No	Total Area (ha)/ Nos.	Actual Rate and Market rate	Lease and Market	Total Income (Rs.)
1	Ponds					
2	Panchayat Land					
3	Trees					
4	Pasture Land					
5	Forest Area					
6	Encroached Land					
7	Wasteland					
8	Others (Specify)					

A.4 Facilities in the GP

Particulars	Within the GP (Y/N)	If No, Nearest available place & distance	Particulars	Within the GP (Y/N)	If No, Nearest available place & distance
Post Office			Inputs (seed/ fertilizers) stores		
Anganwadi			Agricultural Mandi		
Primary School			Krishi Vigyan Kendras		
Middle School			PDS Outlet		
High School			Daily/Weekly Market		
Inter College			Agro Service centres		
Library			Cooperative Milk Society		
Cooperative Society			Warehouses		
Bank Branch			Playground/mini stadium		
ATM			Railway Station		
Auxiliary Nurse Midwife/Health Sub-Centre			Bus Stand		
Primary Health Centre			eSeva Kendra		
Private doctors			Biogas Plants		
Veterinary Hospital			Distance of GP from nearest town/city		
Distance of GP from development Block			Distance of GP from District Headquarter		
Panchayat Bhawan			Internet and Computer Facilities in GP office		

A.5 GP Infrastructure

S.No.	Tick mark the correct one	Response	Remarks
i.	Streets	1. RCC 2. Khadanja 3. Mixed	
ii	Drainage	1. Underground 2. Open Drain 3. No drain	
iii	Source of drinking water: Please mention		
iv	Waste disposal system: Yes/No		
v	ODF Status: Yes/No		
vi	100% Electrified: Yes/No		
vii	Street lights: Yes/No		
viii	Registration of Birth and Deaths: Yes/No		

ix	100% enrolment of children (6-14 yrs) in school: Yes/No		
S.No.	Tick mark the correct one	Response	Remarks
x	Water Quality Testing in GP: Yes/No		
xi	Prevalence of water-borne diseases: Yes/No		
xii	100% immunization of children (0-5 yrs): Yes/No		
xiii	Availability of ICDS centre in GP: Yes/No		
xiv	Prevalence of domestic violence: Yes/No		
xv	Separate toilets available for females in schools: Yes/No		
xvi	Prevalence of female foeticide in GP: Yes/No		
xvii	Caste, Income, Residential Certificates, etc. issued by GP: Yes/No		
xviii	Prevalence of child labour: Yes/No		
xix	Water scarcity in GP: Yes/No		
xx	Burning of crop residues: Yes/No		
xxi	Organic farming Practices: Yes/No		
xxii	Soil testing: Yes/No		
xxiii	Government seed centres: Yes/No		
xxiv	Community Rain Water Harvesting System/Pond/Dam/Check Dam etc.: Yes/No		

PART B

B.1 Gram Fund and Expenses (GP Schedule -1(a))

Receipts	Amount (in lakhs)												Remark, if any
Sources	Sources	2011 -12	2012 -13	2013 -14	2014 -15	2015 -16	2016 -17	2017 -18	2018 -19	2019 -20	2020 -21	2021-22 (estimated)	
A. Own Revenue	Own tax revenue												
	Own non-tax revenue												
	Loans (if any)												
	Other receipts (please specify)												
	Total (A)												
B. Grants from centre and state	CFC Grants												
	SFC Grants												
	CSS Funds												
	State-Sponsored Scheme (SSS)												
	Total (B)												
Total revenue (A)+(B)													

CFC: Centre Finance Commission; SFC: State Finance Commission; CSS: Centrally Sponsored Scheme

Gram Fund and Expenses (GP Schedule -1(b))

Expenditure		Amount (in lakhs)											Remarks, if any
		2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22 (estimated)	
Expenditure from CFC and SFC funds	Expenditure from CFC funds												
	Expenditure from SFC funds												
Expenditures on Schemes	Expenditure on Centrally Sponsored Schemes												
	Expenditure on State Sponsored Schemes												
	Revenue Expenditure												
	(of which, Salaries, wages and honorariums)												
	Administrative Expenditure (salaries/wages+electricity+water bills+misc)												
	Operating Expenditure												
	Capital Expenditure												
Total Expenditure													

PART C

Input-Output Variables and Performance Indicators

C.1. Activity-wise receipts and expenditures (Amount in lakhs)

Funds received

S.No.	Item	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22 (estimated)
A	Funds for core activities						
	a) Health and Family Welfare						
	b) Water supply						
	c) Waste Management						
	d) Sanitation (incl. Storm Water Drainage and Solid Waste Management)						
	e) Rural Electrification (conventional and non-conventional sources)						
	f) Any other (please specify)						
B	Funds for development activities						
	a) Agriculture and allied activities						
	b) Roads						
	c) Forestry, Wildlife and Environment						
	d) Financial and Communication Infrastructure						
	e) Industrial activities						
	f) Any other (please specify)						
C	Funds for welfare activities						
	a) Education (excluding teacher's salary)						
	b) Rural Housing						
	c) Welfare of backward/tribal including SC/ST						
	d) Social Justice and Empowerment (women, child and old age)						
	d) Any other welfare expenditure for citizens (pl. specify)						
D	Funds for Maintenance activities						
E	Total for all activities						

Expenses

S. No.	Item	2016- 17	2017- 18	2018- 19	2019- 20	2020- 21	2021-22 (estimated)
A	Expenditures of core activities						
	a) Health and Family Welfare						
	b) Water supply						
	c) Waste Management						
	d) Sanitation (incl. Storm Water Drainage and Solid Waste Management)						
	e) Rural Electrification (conventional and non-conventional sources)						
	f) Any other (please specify)						
B	Expenditure on development activities						
	a) Agriculture and allied activities						
	b) Roads						
	c) Forestry, Wildlife and Environment						
	d) Financial and Communication Infrastructure						
	e) Industrial activities						
	f) Any other (please specify)						
C	Expenditure on welfare activities						
	a) Education (excluding teacher's salary)						
	b) Rural Housing						
	c) Welfare of backward/tribal including SC/ST						
	d) Social Justice and Empowerment (women, child and old age)						
	d) Any other welfare expenditure for citizens (pl. specify)						
D	Expenditure on Maintenance activities						
E	Total Expenditure on all activities						

C.2 Outcome indicators

GP activity	Link to SDGs goal	Indicator	2020-21	Remarks, if any
1. Rural employment	SDG1: No poverty & SDG8: Employment	1.1 Persons provided employment under MGNREGS		
		1.2 No. of people granted unemployment allowance under MGNREGS		
		1.3 Women person-days of employment		
		1.4 SC/ST person-days of employment		
2. Agriculture and allied activities	SDG2: Zero hunger	2.1 No. of households engaged majorly in Farm activities		
		2.2 Total area irrigated (in hectare) in the district (% of net irrigated area and % of the gross irrigated area)		
		2.3 No. of farmers doing organic farming		
		2.4 No. of beneficiaries of Pradhan Mantri Kishu Sinchayi Yojna		
		2.5 No. of veterinary clinics		
		2.6 No. of warehouse/public godowns		
		2.7 Percentage of net sown area in the total area in the block		
		2.8 No. of beneficiaries of Pradhan Mantri Fasal Bima Yojana		
		2.9 No of beneficiaries of PM Kisan Samman Nidhi		
		2.10 No. of beneficiaries of Parampragat Krishi Vikas Yojna		
3. Health and Family Welfare	SDG2: Zero Hunger & SDG3: Good Health and Well Being	3.1 No. of primary health care units/centres in the villages under GP		
		3.2 No. of ANM/ASHA in PHC		
		3.3 Distance of nearest medical shop or pharmacy		
		3.4 No. of households registered for health insurance services under Pradhan Mantri Arogya Yojana scheme or any other state health insurance in the scheme		
		3.5 Maternal mortality rate per 1,000 live births		
		3.6 Infant mortality rate		
		3.7 Children under the age of 12-23 years fully immunized		
		3.8 No. of children under the age of 6 years who are underweight		

GP activity	Link to SDGs goal	Indicator	2020-21	Remarks, if any
4. Rural Education	SDG4: Quality Education and SDG5: Gender Equality	4.1 No. of primary schools		
		4.2 No. of middle schools		
		4.3 No. of higher/ senior secondary schools		
		4.4 No. of degree colleges		
		4.6 No. of public libraries		
		4.7 Student-teacher ratio		
		4.8 No. of students enrolled in primary/secondary schools		
		4.9 No. of schools with the computer, 100 percent electricity facility and toilets		
		4.10 No. of girl enrolments in primary and secondary schools		
		4.11 Number of Female Panch in Gram Panchayats		
5. Rural sanitation, waste management and drinking water	SDG6: Clean water and sanitation	5.1 Total number of Latrines constructed under Swachh Bharat Mission-Gramin scheme		
		5.2 No. of mobile toilets provided under Swachh Bharat Mission-Gramin scheme		
		5.3 No. of households not having toilets		
		5.4 Percentage of households covered with piped water supply		
		5.5 No. of tube well installed for drinking water purpose		
		5.6 Proportion of solid waste collected		
6. Rural Electrification	SDG7: Affordable and Clean energy	6.1 No. of beneficiaries under Ujjwala Yojana		
		6.2 No. of households electrified		
		6.4 No. of street lights installed		
		6.5 Duration of electricity availability (or duration of power cut)		
		6.6 No. of households electrified using Solar Energy		
7. Rural Road Infrastructure	SDG9: Industry, Innovation and Infrastructure	7.1 Distance to the railway station from GP Office		
		7.2 Distance to the bus station from GP office		
		7.3 Length of pakka road		
		7.4 Distance of the village from an all-weather road		
		7.5 No. of community centres		

GP activity	Link to SDGs goal	Indicator	2020-21	Remarks, if any
8. Industry, Housing and Financial infrastructure	SDG9: Industry, Innovation and Infrastructure	8.1 No. of households engaged in the cottage and small-scale units		
		8.2 No. of households engaged in bee keeping		
		8.3 No. of households engaged in sericulture (silk production)		
		8.4 No. of households engaged in Handloom and Handicraft		
		8.5 No. of bank branches		
		8.6 No. of ATMs		
		8.7 No. of households having Jan-Dhan bank accounts		
		8.8 No. of self-help groups (SHGs)		
		8.9 No. of SHGs which accessed bank loan		
		6.10 No. of POS terminals at shops in GP		
		8.11 No of households having a house with kuccha wall and kuccha roof		
		8.12 No of households who have got a PMAY House or any other government housing scheme (Basti yojna)		

C.3 Performance indicators

S.No	Performance indicators	2020-21	Remarks, if any
1	The percentage share of own revenue in total expenditure		
2	The ratio of expenditure on productive assets to the total expenditure		
3	Percentage of the utilization of allocated funds under CSS		
4	Percentage of the utilization of allocated funds under SSS		
5	Percentage of the utilization of allocated funds under CFC		
6	Percentage of the utilization of allocated funds under SFC		
7	The ratio of own revenue to the potential capacity		
8	The ratio of own revenue to the total revenue		
9	The ratio of own revenue to the total outlay		
10	Per capita fund received and utilization		
11	Percentage share of untied funds in the total funds		
12	Amount of performance grant received		
13	Per capita expenditure on maintenance of physical assets		
14	Per capita expenditure under MGNREGS		
15	No. of NGOs in the GP/BP/DP		
16	Extent of Social Capital (CBOs, SHGs, Yuvak Mangal dal, Mahila Mandal, farmers' group, WhatsApp group of GP, etc.)		
17	Number of RTI files		
18	New projects initiated in the GP		

PART D

Planning Process and Practices

D.1 No. of sub-committees held

Sl No.	Name of the sub-committee	No of meetings to be held as per the act	No of the meetings actually held	Main decision taken	Remarks, if any
1					
2					
3					
4					
5					

D.2 Details of Gram Sabha Meetings held during 2020-21

Sl No.	Date of meeting	No of attendees	% of female attendees	Major subjects discussed	Whether GPDP discussed (Y/N)	Whether signed minutes available (Y/N)	Quorum Maintained (Y/N)

D.3 Details of GPDP for the last three years

Year	GPDP prepared	Approval of GPDP by GS	No of works/ projects approved	Sources of Funds	No of works		Uploading of GPDP on PRIASoft
	(Y/N)	(Y/N)			On-going	completed	(Y/N)
2018-19							
2019-20							
2020-21							

Gram Sabha

SI No.	Particulars	Response (Y/N)	Remarks, if any
Gram Sabha			
i.	Number of Gram Sabha meetings held during 2020-21 (Nos.)		
ii	Was any meeting postponed due to lack of quorum?		
iii	Have printed/soft copies of the proposed GPDP/budget estimate been given to all participants in Gram Sabha Meetings? (If no, state the reasons:		
iv	Has Gram Sabha conducted a social audit during 2020-21? a. For MGNREGS (get details) b. Any other Central and State Schemes:		
v	Does the GP get the responses of village people before making a plan?		
vi	Does GP decide the priorities of various schemes after discussion with members of Gram Sabha? (get details)		
vii	How is the plan proposal approved by Gram Sabha implemented? 1. Planning Committee is constituted 2. Panchayat Sarpanch and Panchs themselves execute 3. Beneficiaries of the schemes themselves execute 4. Panchayat Samiti/ Block office executes 5. Contractor execute		
viii	No of GP Members: SC:- OBC:- Gen:- Female:-		
xiv	No. of mandated GP meetings in a year: No. of meetings held in 2020-21:		
x	Presence of SC /ST members: (Nos.) Presence of Women members: (Nos.)		
xi	In how many meetings were decisions taken by vote or consensus after discussion?		
xii	Whether minutes of meetings recorded? (get details)		
xiii	Was GPDP discussed in gram sabha?		
xiv	If yes, Were its suggestions incorporated in GPDP? (get details)		
xv	Were stakeholders' groups consulted while preparing GPDP? (get details)		
xv	Whether GP accounts are placed before Gram Sabha/ Ward Sabha for discussion and approval?		
xvi	Whether GP has generated any income from voluntary contributions in the form of labour, cash or kind? (get details)		
xvii	Whether untied funds spent to address the needs of marginalized groups (SC's/ST's/ Women)? (get details)		

Social Capital		Response (Y/N)	Remarks, if any
i.	Has any NGO been working in the village? (if yes, get details)		
ii	Does Mahila Mandal exist in the village?		
iii	Does Yuvak Mangal Dal exist in the village?		
iv	Is there any farmers' organization working in the village?		
Training and Capacity Building			
i	Whether GP Functionaries attended any training programme? If yes, give details A. <u>Elected Functionaries</u> i. Date and duration of training: ii. No. of persons attended: iii. Name of training institution/organization: iv. Contents of the training: B. <u>Officials</u> i. Date and duration of training: ii. No. of persons attended: iii. Name of training institution/organization: iv. Contents of the training		
ii	Details of exposure visit of GP sarpanch and panchs		

D.5 Development Priorities as per the need of the GP (need to be done in the context of SDGs):

Sl. No.	Activities	Rank
i.		
ii		
iii		
iv		
v		
vi		
vii		
viii.		

PART E

E.1 Record Keeping, Accounting and Auditing

SI No.	Particulars	Response (Y/N)	Remarks, if any
i.	Is the village map available in the GP office? (if yes, get photocopy)		
ii	Does GP maintain the record of natural resources of the village? (take the photo)		
iii	Has GP maintained and updated the record of the village population? (get data)		
iv	Does GP have an updated record of the occupational classification of the working population? (get data)		
v	Does GP maintain the record of literate/illiterate and employed/unemployed manpower of the village? (get data)		
vi	Does the GP have a BPL list available in the office? (get the list)		
vii	Does the GP display all relevant information on the notice board in the GP office for public view? (take the photo)		
ix	Are Gram Panchayat accounts maintained in the format prescribed by the Government? (get a copy)		
x	Are Gram Panchayat accounts updated and authenticated?		
xi	Are Gram Panchayat accounts computerized? (if yes, get all data in pen drive)		
xii	Are the Panchayat's works regularly audited? If Yes, who audits them?		
xiii	Are the GP's works inspected? If yes, who inspect?		

PART F

F.1 Sources of Own Revenue (Internal Revenue Mobilization (Amount in lakhs))

Items	Tax levied (Yes or no)	If yes, tax rate (in rupees)	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22 (estimated)	Remarks, if any
Tax Revenue														
1. House tax														
2. Duty on transfer of property														
2. Special tax														
3. Any other please specify														
Total (A) Own tax revenue (OTR)														
Non-tax revenue														
1. Teh Bazari														
2. Water rate														
3. Rural water cess @1% of water rate per household														
4. Street lighting fee														
5. Drainage fee														
6. Income from Shamlat land														
7. Street cleaning fee														
8. Sanitation fee														

Items	Tax levied (Yes or no)	If yes, tax rate (in rupees)	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22 (estimated)	Remarks, if any
9. Establishment fee (on Petrol Pump, Dhaba/Motel, Marriage Halls, Industrial Units, in sabha areas)														
10. Cable fee														
11. Market Fair/Mela fee														
12. Communication tower in gram sabha area														
13. Other own sources (income from lease of GP land, etc.)														
14. Any other please specify														
Total (B) Own Non-tax revenue (ONTR)														
Total (A+B)														

F.2 New Initiatives and Potential for Augmenting Own resources

i. Has the GP introduced any new scheme or taken any new initiative for the development of the village during the last three years?

If yes, give details:

.....

ii. Has the GP initiated convergence of GP funds with other funds? If yes, give details:

Sl no.	Activity/work	Detail of assets	Cost in Rs.	Convergence with			Remarks, if any
				MGNREGS funds	Line Depts	others	
i.							
ii							
iii							

iii. Are the existing resources of GP adequate for the development of the village? (Y/N)

If no, how can these be enhanced

Sl. No.	Suggestions for raising resources	Rank
1		
2		
3		
4		
5		

Focus Group Discussions





Heath-Wellness Centre in Khan Ahmedpur (Barara)



Gran Sachivalya in Talwara (Jakhal)



Anganwadi Kendre in Udeypur (Jakhal)



Haryana Swarn Jayanti Award for Sanitation to Talwara (Jakhal)



Water Tank in Kambassi



Roads in Chhapra Bibipur