



CHAPTER : I.
I-N-T-R-O-D-U-C-T-I-O-N.

CHAPTER : I

INTRODUCTION

The study of local self Government in India has acquired a special significance in the post-independence period, largely because India has adopted the aim of socialistic pattern of society and the concept of welfare state. In this effort it has also accepted decentralisation as a basic tenet and hence emphasis on encouraging local self institutions. It is the local self Government which makes people and provides an opportunity to actively participate and associate themselves with the development process. The local self Government plays a vital role in providing for the participation of public in the political process, and accordingly it has to carry out multifarious functions with the available resources to meet the needs and demands of the people.

The Balwantrai Mehta Team 1957, recommended that there should be administrative decentralisation for the effective implementation of the development programme and the decentralised administrative system should be under the control of the elected bodies. In other words development cannot progress without responsibility and power, community development can be real only when the community understands its problems, realises its responsibilities, exercises the necessary powers through its chosen representatives and maintains a constant and

intelligent vigilance on local administration, with this objective the committee recommended early establishment of statutory elective local bodies and devolution to them of necessary resources, power and authority.

The Team recommended that the basic unit of democratic decentralisation should be located at the block/samiti level in a three tier structure i.e. Zilla Parishad at the District level, panchayat samitis at Taluka or block level and Gram Panchayats at village levels.

The National Development Council affirmed the objective in introducing democratic institutions at the district and block levels and suggested that each state should work out the structure which suited its condition best. The Maharashtra State had appointed a committee under the chairmanship of Shri V.P. Naik, the then revenue minister, to suggest the suitable structure of Panchayati Raj, within the framework of Balwant-Rai Mehta committee recommendations, in Maharashtra.

The Naik committee 1961, recommended for the three tier structure of Panchayati Raj with District i.e. Zilla Parishad as a main executory body and not the block/Taluka Samiti stage as suggested by the Mehta committee. Therefore the working of Zilla Parishads in Maharashtra has got important place in the three tier structure of Panchayati Raj.

The Panchayati Raj institutions, Zilla Parishads, Panchayati Samitis and Gram Panchayats - are not only the nurseries of leadership but they also provide a laboratory for democratic experimentations and administrative innovations at the grass roots level. Panchayati Raj institutions for their effectiveness are intimately associated with other public institutions and political structures. The patterns and problems of rural local bodies have been changing with compulsions of a fast changing society and its aspirations. The rural local bodies are facing new challenges with the growing modernisation of rural areas, with the new objectives of democratic socialism, decentralisation, development planning and welfare state, the importance of rural local bodies has come to the forefront. Rural local bodies are regulated by a host of enactments passed by the state legislatures. The draft outline of the fourth plan has brought increasing importance to the role of rural local bodies because of their participation in the execution of the national development.

A need therefore, has arisen for rationalizing these bodies, to strengthen them to take up development functions. Modernisation is taking place at a very fast speed in rural areas. India's 70% population is scattered in the rural area. The rate of growth of population is tremendous as over all population during the span of ten

years (1961-71) is increased by about 25%. The problems faced by the rural people are various, scarcity of water, housing, lack of educational and medical facilities, increasing unemployment, breaking away of joint families and thrust for city life and shortage of Agricultural labour. This points to the importance of the study of rural local bodies and their finances on whom a major responsibility lies under the Indian constitution. Rural local bodies are expected to play a major role in fulfilling the needs of the rural population. Though local Government is a state subject the constitution has recognised the local Government institutions are essential part of the National Government.

The subject of the local Government appears at entry 5 of the state list in the 7th Schedule of the constitution of India. Zilla Parishads are the creation of the state Governments, whose responsibility is to provide adequate finances to them, because there is no separate 'local list' alongwith union, state and concurrent lists. The Zilla Parishads possess powers and perform functions which are specifically delegated to them by the various acts passed by the state legislatures and they are subjected to statutory defined supervision and control by the state Government. In the wake of Socio Economic developments, since the attainment of independence the functioning of rural local bodies have assumed new dimensions.

Hence a close study of the resources and the finances of the rural local bodies, to get an over all picture of its finances and to understand the matching of obligations and resources of Zilla Parishads is highly desirable. With this in mind I have chosen to undertake the study of finances of Rural local bodies with special reference to Kolhapur Zilla Parishad. This study tries to analyse and assess the financial aspects of the Kolhapur Zilla Parishad. Efforts are made to understand the functional development also.

Finance is the life-blood of an institution and rural local bodies are no exception to it. It is especially so in regard to the Zilla Parishads, who are entrusted with the task of Socio-Economic development of the rural community. If the financial resources are weak, these institutions cannot come up to the desired expectations. The ability of these local bodies to discharge the functions entrusted to them depend on the adequacy of financial resources. Zilla Parishads are expected to perform various functions which promote human comfort and welfare. Therefore, it is expected that the adequate resources and finances are made available to the rural local bodies. But unfortunately, the local finance has been in the direction of centralisation of revenues and decentralisation of expenditure, stated thus, the problem becomes very clear, what is needed is

a matching of obligation and resources. It is a fundamental pre-requisite for any delegation of functions to be accompanied by devolution of resources. In India, in no state can it be claimed that the matching of obligation and resources has been consciously recognised and rigorously tackled. Though some states like Maharashtra have definitely been more alive to the problem than others.

The study team on Panchayati Raj finance 1963 (Govt. of India) infact ruefully says, "we cannot help wishing that when the acts were passed by legislatures, an attempt had been made to estimate the minimum cost of fulfilling the obligatory functions and to provide resources for the purpose. The actual resources often vary inversely to the number and extent at obligatory functions"¹.

Therefore efforts are to be made, if we are to be consistent and achieve the objectives in view. There is no alternative to ensuring the matching of obligations and resources. What is more, if such an equilibrium is not attempted, development schemes may go awry in the wide spread rural sector. It means the failure of the

1. : Report of the Study Team on Panchayat Raj finances, 1963 Government of India, Vol.I.P.10.

plans. Besides, without such equilibrium there can be no further enlargement of the functions of rural local bodies. The problem of rural local bodies finance is, therefore, the purposeful matching of obligations and resources. But the picture presented by the finance of rural local bodies is not an encouraging one. The proportion of local resources to the total resources is a comparatively minor and waning factor in local bodies and there is a large measure of dependence on Government grants, which had resulted in complete dependence of rural local bodies upon the mercy of the state Government for their existence.

Rural local bodies have to be conscious of their existence as live organisms instead of being mere departments of Government. They should have the feeling of life as well as the feeling of growth, unless the balancing of resources with obligations takes note of this desideratum, Rural local bodies can never be living organisms in the body politic. Rural local bodies should not be allowed to feel that irrespective of whatever they do the Government will haul them out of difficulties.

Thus, I have tried to examine broadly how ~~for~~ an equilibrium between functions and finances prevails in the rural local bodies in Maharashtra with special reference to Kolhapur Zilla Parishad. The Panchayati Raj institutions, (rural local bodies) are in a stage of

experimentation in democratic decentralisation and as an engine of Economic development. In Maharashtra Zilla Parishads are working at the district level. In the three tier structure of Panchayati Raj, have been given prominence and made main executory bodies. The financial structure of Zilla Parishads in Maharashtra is designed on an impressive scale and includes besides specific powers of taxation, an incentive grant, a local cess matching grant, land revenue grant, equalisation grant, Deficit Adjustment Grant, plan grant, block grant and local revenue recoupment fund.

The period of the study undertaken is from 1962-63 to 1978-79. It is done so, because in Maharashtra the Panchayati Raj institutions came into existence on 1st May 1962 as per Maharashtra Zilla Parishads and Panchayat Samitis Act 1961 (on the basis of recommendations of Naik committee 1961). As the Zilla Parishads have come into existence in the year 1962, it helps one, to get an overall picture of the Zilla Parishads working and its finances from its experimental or infant stage to the developed one. The period of study covers the period of 17 years i.e. 1962-63. to 1978-79. It is a sufficient time span for studying the working and its finances of the Zilla Parishad, to come to certain conclusions and suggestions after making an analysis of facts and figures of the Zilla Parishads.

I have chosen Kolhapur Zilla Parishad for the study of finances of rural local bodies in Maharashtra, as Kolhapur is an important socio-Economic centre of activities in Maharashtra.

§ Kolhapur was a princely state of Marathas before the merger of the Princely State on 1st March 1949 with the Indian-Union After the merger it became one of the districts in the old Bombay State, and later on in Maharashtra State.

Kolhapur district consists of 12 talukas namely- Karvir, Kagal, Gadhinglaj, Ajra, Chandgad, Gargoti, Radhanagari, Gaganbawada, Shahuwadi, Hatkanangale, Shirol and Panhala. (The Zilla Parishad Head Quarter is at Kolhapur and there are twelve Panchayat Samitis located at the Taluka levels and Gram Panchayat in 1093 villages scattered all over the district).

Kolhapur District covers an area of 8059 square miles and Population 20,48,000 as per 1971 census. This district lies between 15° to 17° north latitude and 73° to 77 ° East longitude. It is bounded by Sangli district at the north, by Belgaum district of Karnataka state at the south east and by Ratnagiri district at the west.

This study is confined to a period of 17 years i.e. from 1962-63 to 1978-79. It is because of this that the study tries to understand and assess the evolution and

growth of Kolhapur Zilla Parishad finances. The data of 17 years was readily available to bring forth an integrated view of Kolhapur Zilla Parishad and its finances.

The approach of the study as far as methodology is concerned is both a historical approach and an aggregate analysis of the existing data. It is a survey of facts and figures based on the three main sources.

1. Published library material.
2. Unpublished material from the Zilla Parishad records.
3. Use of personal discussions with the concerned officials.

The published material includes the budget/ Administrative Annual Reports of Kolhapur Zilla Parishad from 1962-63 to 1978-79 and general books and periodicals on the topic have been referred to.

The unpublished material used is from the Records maintained by the Kolhapur Zilla Parishad. Notes were made, tabulated and computed and used in the dissertation. All Tables and statements are prepared on the basis of collected material from the published and unpublished material.

The third source being the personal discussions with the Zilla Parishad Officials i.e. chief executive officer, Accounts officer and other staff connected with the Budget and accounts section of Kolhapur Zilla Parishad.

The source material is mainly drawn from the budget annual reports of Kolhapur Zilla Parishad. I have collected it year-wise and computed them chart wise. The work mainly consists of 7 chapters, namely, Introduction, Theory of Decentralisation, History of Panchayati Raj, Functions and powers of Zilla Parishad, finances of Zilla Parishad and effects of expenditure.

The First chapter introduces the topic of Research and methodology.

The Second chapter throws light on the theory of Decentralisation. The Third chapter deals with '■ History of Panchayati Raj' institutions and its functioning in Maharashtra from 1962 to 1979.

The Forth chapter deals with the functions and powers of the Zilla Parishad, functions include both obligatory and discretionary.

The fifth chapter assessee the Sources of Zilla Parishad's income and six chapter deals with expenditure during 1962-63 to 1978-79.

The last chapter deals with the effects of expenditure of Kolhapur Zilla Parishad.