

CHAPTER-II

OVERALL BUDGETARY

TRENDS OF ERANDOLI

AND ARAG

VILLAGE PANCHAYAT

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CHAPTER – II

OVERALL BUDGETARY TRENDS OF ERANDOLI AND ARAG VILLAGE PANCHAYAT

2.1 Introduction

The present chapter deals with the over budgetary trends of Erandoli and Arag village panchayat. Before going to study overall budgetary trends in Erandoli and Arag Village Panchayat finance, first of all we have to see the history of Panchayati Raj in India in pre-independence and post-independence period in context of Public Finance and its components , brief information of local government, Panchayat Raj System in India and Maharashtra etc. The Panchayat Raj Institutions cannot become effective institutions of local self-governance unless they have a strong financial base, with clearly defined sources of revenue and expenditure and clearly defined the surplus and deficit position of panchayats. Therefore, we have to study the history of Panchayat Raj in India and its functions. Furthermore, in the second part of the chapter we attempted to study the overall budgetary trends in Erandoli and Arag Village Panchayat in the study period 2009-10 to 2011-12.

2.2 Panchayat Raj in Pre Independence Period

Panchayati Raj System is a three-tier system in the state with elected bodies at the village, Taluka, and District levels. It ensures greater participation of people and more effective implementation of a rural development programme. There is a Gram Panchayat at Village level, a Taluka Panchayat or Panchayat Samiti at Taluka level and Zilla Panchayat at District level.

The Panchayat Raj System in India has a historical background and the root of the local self-government in India can be traced from an

ancient period. The history of Panchayati Raj in India can be divided into the following periods¹.

2.2.1 Vedic Period

In Vedic era, 'Panch-Ayah' means a group of five persons selected by the villagers. In the old Sanskrit scriptures, there is a word 'Panchayatana,' which means a group of five persons, including some spiritual man. In the Rig-Veda, there is a mention of Sabha, Samiti, and Vidath as local self-units, subsequently; the Panchayat became a group of any five selected persons of the village to decide village disputes. The concept of 'Panchparameswar' or 'panch' the God existed in the democratic bodies at the local level. The King used to get the approval of the Sabha or Samiti regarding certain functions and decisions.

2.2.2 Epic Period

Epic period refers to the time of the two great Indian epics, the Ramayana and the Mahabharata of administration. In the Ramayana period, the administration was divided into two parts- 'Pur' and the village people were called the Jan pad Gram, Maha Gram, and Ghosh is mentioned in the Ramayana.

Self-government of a village finds ample expression in Shanti parva of Mahabharata and Manusmriti as well as in Kautilya's Arthashastra. Sabha and Samiti played a part in controlled the decisions of the King. As per the village, Dashap was the chief of ten villages; Vinshya Adhipati, Shat Gram Adhyaksh and Sahara Gram Pati, were the chiefs of 20, 100, and 1000 villages respectively.

2.2.3 Ancient period

Kautilya, in his Arthashastra advised the King to constitute on its villages having 100-500 families. There would be centers of 10 villages, 200 villages, 400 villages and 800 villages, These Centers would be respectively known as 'Sangrahan', 'Karvatik' and 'Drona Mukh' and 'Sthaneeya'.

In Chandragupta Maurya period, the policy of decentralization of powers was adopted. The village was the smallest unit of governance. A person elected by the people of the village was the Gramik.

In the Gupta period, the policy also, the Gramik was the Village head and a Village was the smallest unit of governance. In the Gupta, period records are mention in 'Gram Sabha', 'Gram Janpad', and 'Panch Mandalli'.

2.2.4 Medieval period

During the sultanate period, the Sultan of Delhi knew that it would be impracticable to govern a vast country like India from the centers directly. Hence, they divided their Kingdom into provinces called 'vilayat,' 'Amir' or 'Vali' was the head of a province management of finance, collection of taxes and selection of judicial officers were under their change, for governance of a village, there were three important officials- Mukkadam of administration, patwari for collection of revenues. Choudhries take a decision on disputes with the help of the Panch. A village has sufficient powers as regards self-government in their territory. Panchayats were prevalent in villages in the medieval period².

2.2.5 British Period

Self-government was not the object of the British Government. Their main object was to protect imperial interests. It was only with such an object that the powers were given at the local level. More attention was paid to urban administration rather than rural areas³.

Lord Mayo's Resolution- In 1870 the viceroy, Lord Mayo, got a resolution passed by his council for decentralization of power and then the local self-government came to be adopted still, it was a landmark in the evolution of British regimes⁴.

Lord Ripan Resolution – Lord Ripan came as the Viceroy in 1880. He passed the local self-government resolution in 1882. Ripan wanted to develop municipal bodies. Local boards were established in rural areas. Districts and tehsils were formed functions and sources of revenue were formed functions and sources of revenue of non-official members was more than the official ones not less than more two-third. The government was only to guide them rather than control them.

The Royal Commission on Decentralization - In 1907, the government set up Royal Commission on Decentralization, which submitted its report on 1909. This Commission is comprised five English men and only one Indian. The Commission recommended that, "It is most desirable alike in the interest of decentralization and in order to associate people with the local tasks of administration that an attempt should be made to constitute and develop Village Panchayat for the administration of local village affairs."⁵ However, the recommendations remained largely on paper.

Montagu- Chelmsford reforms - Montagu- Chelmsford reforms of 1919 made local self-government a transferred subject. This meant that local

self- government was brought under the domam of Indian ministers in the provinces. Almost all provinces and native states, acts were passed for the establishment of Village Panchayats⁶.

Government of India Act, 1935 - Government of India Act, 1935, is another important stage in the evolution of panchayats in the country, with popularly elected governments in the provinces, almost all provincial administrations felt duty-bound to enact legislations for further democratization of local self-government institutions.

2.3 Panchayat Raj in post – Independence Period

Mahatma Gandhi gave the idea or ‘Gram Swarajya.’ He considered Gram Swaraj to have been self-sufficient in villages where people would be self- dependent and has an autonomous self-government. Gandhi’s idea of the revival of the ‘little Republic’ has much influence in the development of Panchayats in India. Gandhi wrote, “India’s independence must begin at the bottom. Thus, every village will be a republic or a panchayat having full powers. The village panchayat should constitute an integral part of our constitution, if our independence is to reflect the people’s voice. The greater the power to panchayats, the better for the people.”⁷

Dr. Ambedkar opined that villages in India were caste-ridden and had few prospects of success as an institution of self-government. Arrangements of those who pleaded for inclusion of village panchayats in the constitution, however, finally prevailed and found a place in Article 40 of the Indian Constitution, which reads under.

“The state should take steps to organize village panchayats and endow them with such power and authority as may be necessary to enable them to function as units of self-government.”⁸

2.3.1 Community Development Programme-1952

The introduction of the Community Development Programme in 1952 was a major step in bringing about economic development and social welfare in rural India. For this, it was considered necessary to develop adequate administrative set up, which could promote people welfare and cope with problems of development local level, National Extension Service lives were introduced in 1953, as a prelude to community development in various blocks.

Various committees were setup at different time to make recommendations; some of these committees are in briefly discussed-

2.3.2 Balwant Rai Mehta committee - 1956

The National Development Council nominated a committee on plan projects to look in to this problem. This committee is nominated as a study team in 1956 under the chairmanship of a senior legislator, Balwant Rai Mehta, to review critically Community Development Projects and National Extension Service and suggest measures needed for implementation. The team was also asked to examine, “the extent to which community development movement has succeeded in utilizing local initiatives and in creating institution to ensure continuity in the process of improving economic and social condition in rural areas”.⁹

To sum up, the basic principles emphasized by the Committee were:

- 1) There should be a three-tier structure of local self-governing bodies from the village to the district, with organic linkage among them well defined and practical.

- 2) Adequate administrative powers may be entrusted to these bodies to avoid excessive state control.
- 3) There should be a real transfer of power and responsibilities to them so that they can discharge their duties.
- 4) Adequate resources should be transferred to the new bodies to help them to discharge their responsibilities.
- 5) All developmental programmes should be excluded through these bodies.
- 6) The system evolved should aim at further devolution and dispersal of responsibilities in the future in the real sense.
- 7) State government should not duplicate their functioning.

2.3.3 Ashok Mehta Committee-1978

Ashok Mehta the Janata Party Government came to power at the center in 1977 to suggest measures to strengthen the Panchayat Raj Institutions. The full recommendations were made as follows¹⁰:

- 1) The district is a viable administrative unit for which planning, and resource allocation with available technical expertise.
- 2) Panchayat Raj Institutions as two-tier system, of Mandal Panchayat at the bottom and Zilla Parishad at the top.
- 3) Representation of SC and ST in the election to Panchayat Raj Institutions based on their population.
- 4) There should be at the same time functional and financial development. The Panchayat Raj Institutions are capable of planning for themselves with the resources available to them.

2.3.4 G.V.K. Rao Committee -1985

In 1985, the Union Government also appointed G.V.K. Rao Committee to the advice on the poverty alleviation programmes and

organization of the Panchayat Raj Institutions. The Committee advised for regular elections to the Panchayat Raj Institutions and the formulation of plans at the district level¹¹.

2.4 Public finance

Word Public Finance is a combination of two words, Public and Finance. Public is a collective name for the individuals living within an administrative territory. Public authorities include all sorts of government whether it may be central, state, or local. While the word finance means incomes to be the science of the income and expenditure. Therefore, Public Finance comes to be science of the income and expenditure of the government whether it is central government, State Government, and Local Government.

2.4.1 Definitions of Public Finance

Richard A Musgrave, “The complex of problems that centre on the revenue expenditure process of government referred to traditionally a Public Finance”¹².

Hugh Dalton’s, “Public Finance is concerned with the income and expenditure of public authorities and with the adjustment of one to the other.”¹³

Mrs. Ursula K.Hicks, “The main contents of Public Finance consists, then, of the examination and appraisal of the methods, by which governing bodies provide for the collective satisfaction of wants and secure the necessary fund to carry out their purposes.”¹⁴

Prof, Philips E. Taylor’s definition, “Public finance deals with the finances of the public in an organized group under institution of government. The finances of the government include the raising and

disbursement of government funds. Public finance is concerned with the operations of the fiscal or public treasury, hence, to the degree that it is a science, it is a fiscal science, its policies are fiscal policies and its problems are fiscal problems'¹⁵.

The above definitions throw light on the subject matter of to get a full grasp what is Public Finance. However, it is necessary to streamline the subject matter to get a full grasp what is Public Finance.

2.4.2 Contents of Public Finance

Public Finance is split in to five categories of financial activities of the government¹⁶.

2.4.2.1. Public Revenue

The income of government through all sources is called Public Revenue. Dr. Dalton has defined public revenue in two senses-wide and narrow. In the wider sense, it includes all the incomes or receipts which the government may secure during any given period. In the narrow sense, it includes only those sources of income of the government, which are ordinarily known as public resources. To avoid any ambiguity, the former is termed as public receipts and the latter public revenue.

The main sources of Public Revenue are as follows:

- i. Tax Revenue** - includes house or building tax, light tax, water tax, market tax, health tax, fair tax etc.
- ii. Non-Tax Revenue**- includes grants-in-aid, stamp duty, grants on collected land revenue, fees etc.

2.4.2.2. Public Expenditure

Public expenditure is the expenditure incurred by public authorities – central, state or local governments - either for the satisfaction of collective needs of the citizens or for promoting their

economic and social welfare. It aims to ensure maximum welfare of the society. It is considered to be the backbone of economic development of a country. Public expenditure is an important part of public finance.

i. Plan and Non-Plan expenditure-

Plan expenditure – includes Agriculture Rural Development, water irrigation plan, flood control plan, transport, environment etc.

Non-plan expenditure- includes interest, expenditure on tax collection, various grants, farmers' loan, expenditure on the police, education, health, defense etc.

ii. Revenue and Capital expenditure –

Revenue expenditure - includes railway, post, police, defense, and grant in aid to State Government etc.

Capital expenditure - includes capital expenditure on defense, government loan, loan given to State Government, loan given to Foreign Government Etc.

iii. Developmental and Non development expenditure-

Developmental expenditure- includes economic service, social service, grant to state government, environment, water supply, education, science, technology, agriculture, industry etc.

Non-developmental expenditure - includes defense, expenditure on the tax, interest, police, court, pension etc.

2.4.2.3. Public debt

Public debt is a debt or loan taken by the government from its own people as well as from foreign countries. It is a term utilized for short-term and long-term borrowings of the government. The government may borrow from banks, business organization, business houses, and individuals and from foreign countries. Thus, the borrowings of the government may be within the country or outside the country.

The sources of Public Debt are as follows:

i. Internal Sources of Public Debt – includes borrowing from individuals, borrowing from Commercial Banks, borrowing from Non-banking Financial Institutions, borrowing from Central Banks etc.

ii. External Sources of Public Debt – includes foreign individuals and foreign banks, international institutions and foreign government etc.

2.4.2.4. Financial Administration

The term financial administration refers to the administration of the finance of public authority or government. Every act of government in respect of administration of its finance is contained in the study of financial administration. Financial administration is no less a part of public administration than is of public finance.

It includes the study of budget, its presentation, methods of administration of public revenue with regard to the custody of public funds, manner of spending money, keeping of financial records etc. of the government.

2.4.2.5. Economic Stabilization

This section is expected to be recent origin. It has a wide scope to play especially in the less developed countries like India, Pakistan etc. The main task of this section is to frame and look after the implementation of various policies required for economic stabilization and growth.

2.5 Importance of Public Expenditure

Public expenditure has played an important role in the developmental process of a country. It can promote economic development as follows¹⁷

- 1) By building economic overheads, e.g. roads, railways, irrigation power, etc. The tempo of economic development can be boosted up. Similarly, undertaking of social overheads such as hospitals, schools, etc. is still of great help.

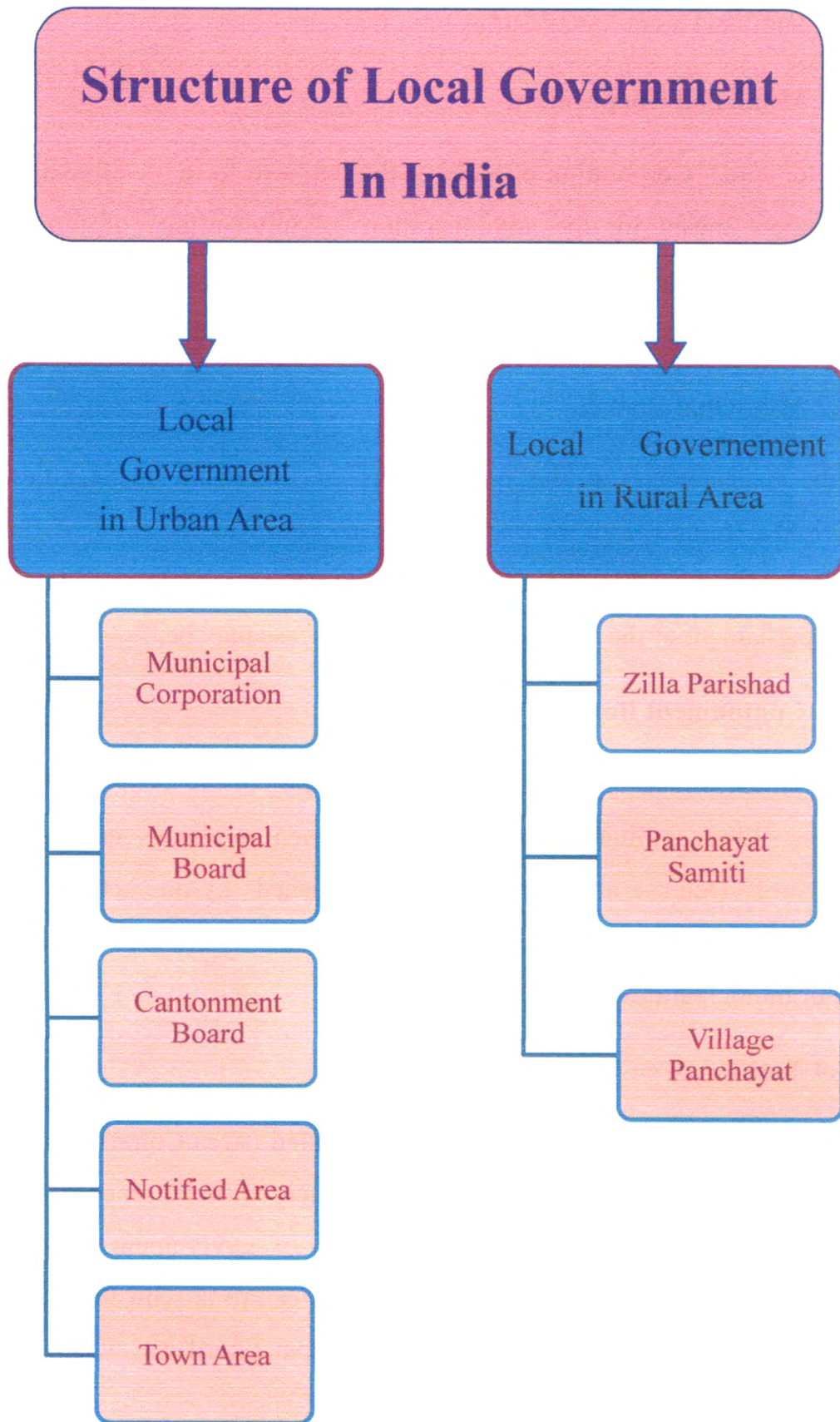
- 2) By bringing about balanced regional growth Public Expenditure can channelize the allocation of resources in a proper way and avoid lop-sided development and can correct regional imbalances. More public spending can be made in the backward regions of uplift their economy.
- 3) Public Expenditure is necessary for buying equipment for the development of agriculture and industry.
- 4) By exploiting and developing numeral resources, coal, and oil.
- 5) For rural electrification programs, it can bring about rural development.

In short, Public Expenditure has to create and maintain conditions conducive to economic development. It just has to improve the climate for investment. It should provide incentives to save investing and innovate.

2.6 Local Government of India

As the present study concerned with Erandoli and Arag Village Panchyats in Sangli district, an attempts are made to explain the structure of Local Government in India¹⁸. Chart 2.1 shows the structure of local government in India. It is clear from the chart that there are two broad categories of the local government, i.e. Urban Government and Rural Government. Urban Local Government consist with municipal corporation, municipal board, cantonment board, notified area, town area and Rural Local Government consist with Zilla Parishad, Panchayat Samiti, Village Panchayat. Let us see one by one.

Chart 2.1 Structure of Local Government in India



2.6.1 Local Government for Urban Area

The Urban Local areas are classified into five categories:

2.6.1.1 Municipal Corporation

The Municipal Corporation of India is the highest form of Municipal Government meant for the administration of civic affairs of top in the country having population more than a particular limit. The corporation performs two types of function- obligatory and discretionary.

2.6.1.2 Municipal Board

For the management of the civic affairs of town and small cities, municipal committees or boards have been set up in all parts of the country. Municipalities are created under a general Act passed by the Union parliament or the State Legislature as the case may be.

2.6.1.3 Cantonment Board

A Cantonment Board is made for the administration of the local affairs of any area. Where military is stationed, a cantonment is always under the Ministry of Defense and as such, it is established by an act of the Union Parliament. The functions of the cantonment board are similar to those of municipalities.

2.6.1.4 Notified Area Committee

A Notified area is a mini municipality. Notified Area Committee is meant for such municipality areas from which sufficient income is not expected because of the predominance of government property or where there is a small town or industrial centre is semi urban. It performs only such function under the Municipal Board act, which are permitted to it by the government.

2.6.1.5 Town Area

There has not much difference between the Notified Area and the town area. This type of unit is established generally for places where the population is more rural than urban. Its function mainly relates to public health, other local bodies as if the port trust, improvement trust etc. are specialized local units with demarcated functions.

2.6.2 Local Government for Rural Area

In the rural area, there is a Zilla Parishad at top level, Panchayat Samiti at the middle level and a Village Panchayat at bottom level.

2.7 Importance of Local Government

Local self-government can play an important role in the development planning. Both planning and an implementation can become effective and realistic, when continuous and full participation of the people in local government. Through the system of local self-government, people can obtain their democratic rights. The success of democracy depends on the decentralization of power. Through this system, power can be properly decentralized and every individual can get the scope to develop. The local self-government solved the local problems properly. It reduces the heavy responsibilities of the central and the state governments. The member of the local self-government is restricted to local people. They can realize and understand the local problems more seriously than the administration of the state or central government and proper to them. In local self-government, the members have close and intimate contact with the local people; naturally, it remains free from corruption and acts with real social welfare, moreover the local self-government is conducive to equality and liberty and the perfect

medium for satisfying the needs and grievances of the people at local regional level¹⁹.

2.8 Panchayati Raj Systems in India

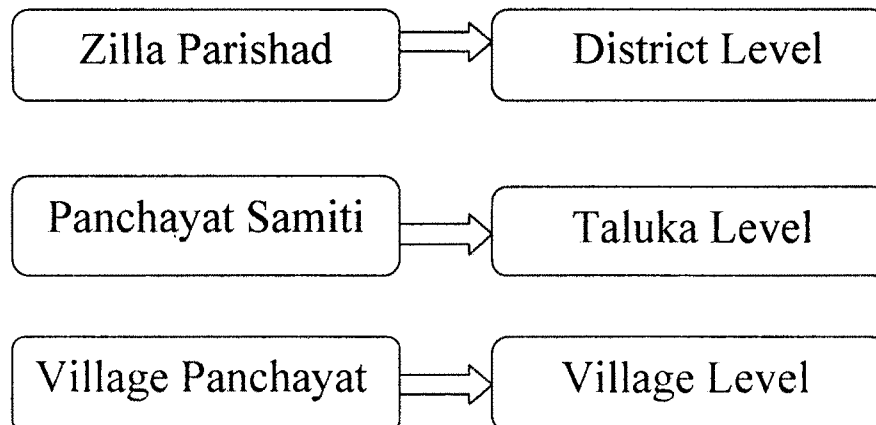
Panchayati Raj in India was the dream of Gandhiji, the father of the nation. In 1946, Gandhi had remarked that the Indian independence must begin at the bottom and every village ought to be a republic or Panchayat with powers. His dream was translated in to reality with the introduction of the three-tier Panchayat Raj System to ensure peoples participation in rural reconstruction.

Organization of Panchayat Raj in India came as a revolutionary step in rural development. The launching of Community Development Programme on 2 October 1953 the National Extension Service was launched. However, the inadequate success registered by the necessitated the need for reforms, in 1954, the government of India established the Balawant Rai Mehta Committee for suggesting some major reforms. In October 1957, the Balawant Rai Mehta Committee submitted recommended the creation of the three-tier Panchayati Raj System – they its report; it suggested the organization of Panchyat Raj in rural India. It is Village Panchayat at the village level, Panchayat Samiti at the Block level and Zilla Parishad at the district level. The National Development Council accepted the recommendation of B.R.M.C. in 1958. The government of India then called upon all the states to follow up on these recommendations on 2 October 1959; Rajasthan came to be the first state to establish Panchayat Raj. Thereafter, Andhra Pradesh, Punjab, West Bengal, Gujarat, Madhya Pradesh, Bihar, Kerala, Jammu and Kashmir, Himachal Pradesh, Maharashtra and in fact all states introduced Panchyat Raj in their respective areas by passing necessary laws. The whole of rural India came under Panchayat Raj.

2.9 Panchayati Raj Systems in Maharashtra

Panchayati Raj in Maharashtra State follows the general Structure of Local Governance in India on 1st May, 1960, the State of Maharashtra was formed and Bombay as its capital. The State Government appoints a committee on democratic decentralization headed by Shri. Vasant Rao Naik studies the subject of Panchayat Raj in all aspects. It was based on the recommendations of the Naik Committee that a comprehensive legislation. The Maharashtra Zilla Parishad and Panchayat Samiti Act, 1961 was enacted. Zilla Parishad and Panchayat Samiti were constituted in May 1962. Maharashtra was the eleventh state in the country to implement the latest three tiers Panchayat Raj System²⁰.

Three tier Panchayat Raj System in Maharashtra



2.9.1 Zilla Parishad

Zilla Parishad stands at the top level of the three-tier structure of the Panchayat Raj System. It looks after the administration of the rural area of the district and its head office is situated in a district place.

Functions of Zilla Parishad

According to Professor S. R. Maheswari Zilla Panchayat performs the following functions:

- 1) It considers and approves the budget of Taluka Panchayat.
- 2) It issues directions to Taluka Panchayats for efficient performance of their functions.
- 3) It coordinates development plans established by the Taluka Panchayats. Besides, it coordinates inter-block activities.
- 4) It advises the state government on all matters relating to development activities in the district.
- 5) It distributes funds, provided by the state government, to the Taluka Panchayats in the district.
- 6) It informs the district collector and the divisional commissioner about irregularities, if any, committed by the Panchayats and Taluka Panchayat in the district
- 7) It collects statistics relating to the activities of local authorities in the district.
- 8) It advises the state government on allocation of work to be made among panchayats and Panchayat Samiti's in the district and on coordination of work between the samiti's and among various panchayats, themselves.
- 9) It entrusted such powers and performs such functions as may be conferred by the state government.

2.9.2 Panchayat Samiti

The Panchayat Samiti is the intermediate tier in the Panchayat Raj System. It is a Local Government body at the Taluka level or Tehsil level. It works for the villages of the Taluka that together are referred to

as a Development Block. It is the link between the Gram Panchayat and Zilla Parishad. Its members were elected every five years, and elect two of the members as Chairperson and vice chairperson.

Functions of Panchayat Samiti

The Taluka Panchayat or Panchayat Samiti has to make reasonable provision for the following matters, namely:

- 1) Construction, maintenance, and augmentation of water supply work to ensure forty liters of drinking water, per capita per day.
- 2) Filing yearly, half-yearly report regarding the activities of the Gram Panchayats within the taluka
- 3) Construction of individual and community latrines
- 4) Collection and revision of taxes, rates, and fees
- 5) Payment of electricity charges
- 6) Progress of immunization
- 7) Providing adequate number of classrooms and maintaining primary school building in proper condition including water supply and sanitation
- 8) Acquiring land for locating, the manure pits away from the dwelling houses in the villages.

2.9.3 Village Panchayat

Village Panchayat is the lowest unit in the Panchayat Raj System. There is a Panchayat for each village or a group of villages in case the population of these villages takes place at too small. Only the person who is registered as voters and do not hold any office under the government is eligible for election to the panchayat. Persons convicted by the court for criminal offences are disqualified from election of the panchayat.

Every Panchayat elects a president or Sarpanch. Panchayat Secretary and the village level workers are the two officers at the panchayat level to assist the Sarpanch in administration.

Functions of the Village Panchayat

As per constitutional provision, Village Panchayat has to perform following function within their area.

- 1) Construction of the street
- 2) Medical relief
- 3) Sanitation and taking curative and preventive measures to remove and to prevent the spread of an epidemic
- 4) Registration of birth, deaths, and marriages
- 5) Regulation of places for the disposal of dead bodies
- 6) Regulation of markets and fairs
- 7) Establishing and maintaining of primary schools for boys and girls
- 8) Construction, repair, and maintenance of public wells, tanks, and ponds for the supply of water to drink

2.9.3.1 Gram Sabha

Gram Sabha includes all the adult citizen voters of the village. It has the power to support the Gram Panchayat body. This Gram Sabha can contribute the number of decisions taken by the Gram Panchayat and facilitate to modify the weak decisions, whenever they feel. The Gram Panchayat can be established for a village having a population more than 750 to 25,000. The villages having less population are grouped under group Gram Sabha²¹.

The Gram Sabha is defined in section 2(16) of the Panchayat Raj Act, 1992 as a body consisting of persons registered in the

electoral roll relating to a village comprised within the area of Gram Panchayat²².

In Panchayat Raj System, the Gram Sabha occupies a very important place. The Gram Sabha is under a variety of functions as per the Act. They are:

- a. To prepare and promote development schemes of the village
- b. To organize sanitation and drainage schemes of the village
- c. To mobilize voluntary labor and contribute in kind and cash for the community
- d. To assist the Panchayat in the implementation of developmental schemes pertaining to the village

2.10 Devolution of Financial Powers to Panchayats

Constitution Provision

Article 243-G of the Constitution of India provides that the States/ Union Territories may by law, endow the Panchayats with such powers and authority as may be necessary to enable them to function as institutions of self-government. To prepare plans for economic development and social justice and their implementation including those in relation to the matters listed in the Eleventh Schedule.

Article 243-H of the Constitution as reproduced below specifies the powers to impose taxes by and funds to the Panchayats²³.

“The Legislature of a State may, by law, -

- a. authorize a Panchayat to levy, collect and appropriate such taxes, duties, tolls and fees in accordance with such procedure and subject to such limits.

- b. assign to a Panchayat such taxes, duties, tolls and fees levied and collected by the State Government for such purposes and subject to such conditions and limits.
- c. Provide for making such grants-in-aid to the Panchayats from the Consolidated Fund of the State.
- d. Provide for constitution of such Funds for crediting all moneys received, respectively, by or on behalf of the Panchayats and also for the withdrawal of such moneys there from, as may be specified in the law.”

The various taxes assigned to the Gram Panchayats by different states are shown in table on next page.

Taxes Assigned to Gram Panchayats by the States

States/UTs	Taxes assigned to Gram Panchayats
Andhra Pradesh	House tax, vehicle tax, Tax on agricultural land for specific purpose and advertisement tax.
Assam	Taxes on structure, tax on trades and callings additional stamp duty on entertainment and water rate.
Gujarat	Taxes on lands, Octroi on animals and goods, pilgrim tax, tax on fairs, festivals, another entertainments, boats or animals used for riding, tools on vehicles and animals, tax on dogs, general sanitary cess, cess on land revenue.
Himachal Pradesh	House tax, local rate on all lands, water rate, special tax for community services, profession tax and surcharge on stamp duty.

Karnataka	Tax on buildings and lands, water rate, tax on entertainments other than cinematographic shows, tax on non-motor vehicle, and tax on advertisement and hoardings.
Kerala	Building tax, profession tax land conversion cess and land cess.
Madhya Pradesh	Cess on land revenue, property tax on lands or building or both, tax on private latrine, lighting tax, profession tax, tax on animals and vehicles and water rate.
Maharashtra	Tax on buildings and lands, betterment charge on lands, water rate, and Octroi.
Manipur	Tax on lands and buildings, lighting tax and conservancy rate.
Orissa	Tax on vehicle, conservancy tax, lighting rate and drainage tax.
Punjab	Tax on lands and buildings, profession tax, additional stamp duty on entertainment, special tax on public utility works.
Rajasthan	Tax on building, octroi on animals or goods, vehicle tax, pilgrim tax, water tax, tax on commercial crops and special tax on community services.
Tamil Nadu	House tax, vehicle tax, tolls and tax on agriculture needs.
Tripura	Tax on lands and buildings, additional stamp duty, entertainment tax, water rate, lighting rate, conservancy rate and tolls.

Uttar Pradesh	Surcharge on land revenue, entertainment tax, tax on animals and vehicle, a tax on persons, water rate and tax for other civic amenities.
West Bengal	Tax on lands and buildings, additional stamp duty, additional stamp duty on entertainments, water rate, lighting rate, conservancy rate, drainage rate, and tolls.

Source: Standing Committee on Urban and Rural Development, 2002, no.37

2.11 73rd Amendment of the Constitution

73rd Amendment to the Constitution was passed in 1992 in India. It was the most significant work in the history of Panchayats in India. The 73rd Constitutional Amendment is one of the most important steps in Panchayat Raj. When P. V. Narasimharaoji was the Prime Minister of India, the bill was submitted on 22, December 1992 in Lok Sabha. This bill was passed in Loksabha on the same day and passed in Rajya Sabha on 23 December 1992. After the bill was passed by the state assemblies of more than half the states, the President gave his assent in April 20, 1993, and this became came in to act.

Mandatory Provisions²⁴

1. Three-tier structures - Constitutional sanctioned three tier of the government at local level -article 243-B states the Gram Panchayat at village level, Panchayat Samiti at Blocks Level and Zilla Parishad in district level. The Act provided three tiers Panchayat Raj System for all the states having the population of more than 20 lacks.

2. Reservation for weaker section- article 243-D, reservation of seats for the Scheduled Castes and Scheduled Tribes in proportion of their population for membership of panchayats.
3. Reservation of seats for women- Article 243-D,(3), provides that not less than one third of the total number of seats to be filled up by direct election in every panchayat shall be allotted by rotation to different constituencies in a panchayat. However, current position reservation of 50% seats for women at all levels of the Panchayat Raj.
4. Election for every five year- Article 243-E, every panchayat shall continue for five years from the date appointed for its first meeting and no longer.
5. Provision of 11th schedule- Article 243(G) made addition of eleventh schedule and assigning duties and responsibilities on 29 subjects.
6. State Finance Commission –Article 243(I) provides for constitution of State finance commission to review financial position of the Panchayat Raj Institutions and to make recommendation to the Governor and Distribution between the State and the Panchayat Raj Institutions of the net proceeds of the taxes, duties, tolls and fees levied by the state.
7. State Election Commission – Article 243(K), provides for the establishment of the State Election Commission. The super intendance, direction, and control of the preparation of electoral rolls for and the conduct of all elections to the panchayats shall be vested in the state election commission.
8. District Planning Committee – Article 243(ZD0) provides for the constitution of DPCs to consolidate the development panchayats by the Gram Panchayat.

9. Establishment of Gram Sabha- Article 243 provides for Gram Sabha to exercise such powers and perform such functions at the village level as the legislature of a state may by law provides.

2.12 Overall Budgetary Trends in Village Panchayat Finance

After having overall picture history of Panchayati Raj in India in pre-independence and post-independence period in context of Public Finance and its components , brief information of local government, Panchayat Raj System in India and Maharashtra etc. Now we are in a position to explain the overall budgetary trends of considered villages.

2.12.1 Overall Budgetary Trends of Erandoli Village Panchayat

2.12.1.1 Introduction

Erandoli is a village situated in Miraj Taluka in Sangli District of Maharashtra State, in India. It is located in fourteen k.m. towards east from Miraj Taluka. The population of village is 6,791 as per the survey of census of 2011 by the Indian Government. There are total 1,405 households; and total 3,500 males and 3,291 females.

Agriculture is the main occupation of Erandoli village. They produce grapes, sugarcane, jowar, etc. Erandoli is primarily famous for grapes. They produce the grapes and then put it on Junooni to prepare raisins. Most of the grapes farmer make raisins and then sold it in the market. These raisins were seen into export quality.

In Erandoli, there is one Marathi boy's school, one girl's school and one New English School. There is also one Junior College of Arts and Commerce faculty. This village is famous for Janhavi Devi Temple, which is a holy place. In the month of February, there is Yatra.

The present study attempts to analyze the study of Financial Status of Erandoli Village Panchayat, of Miraj Taluka of Sangli District of Maharashtra. The village was founded in 1940. In order to examine

Trends in Total Expenditure

Table 2.1 and figure 2.1 reveal that there is rapid raising trend in the total expenditure during the study period. The total expenditure of the Erandoli Village Panchayat was Rs. 9,49,368 in the year 2009-2010. It increased to Rs. 22, 02,734 in the year 2010-2011. It further highly rose to Rs. 76, 62,864 in the year 2011-2012. In the study period, total expenditure was higher in the year 2011-12. Compound Growth Rate of total expenditure of Erandoli Village Panchayat was 184.10% in the study period 2009-10 to 2011-12.

In Erandoli Village Panchayat in the year 2009-10, there was a big amount of rupees 23,56,783 grant received from central government for Bharat Nirman Yojana. This year the expenditure on Bharat Nirman Yojana was spent only rupees 6,28,540. Therefore the Erandoli Village Panchayat was surplus amount of rupees 17,81,684. In the year 2010-11, Erandoli Village Panchayat was spent of rupees 17,56,783 for Bharat Nirman Yojana and there was seen a deficit position. The total amount of grant for Bharat Nirman Yojana received in the year 2010-11 and the deficit amount recovered from this amount. In the year 2011-12, there was also deficit position of rupees 1,33,942 and this amount of deficit recovered from surplus amount in the year 2009-10.

2.12.1.3 Overall Budgetary Trends: Surplus or Deficit Position of Village Panchayat

In Table no. 2.1 the column no.4 shows that the percentage of the total expenditure in to the total revenue of the Erandoli Village Panchayat and column no. 5 shows that the surplus or deficit position of their finance during the period under the study.

Regarding the Erandoli Village Panchayat in the year 2009-10, the total revenue has been more than the total expenditure and to expenditure as percentage of total revenue was only 34.76 %.There for this year the Village Panchayat has been surplus of Rs.17, 81,684. In the year 2010-11, the total expenditure has been more than total revenue and expenditure as percentage of the total revenue was 405.95%. Therefore, this year the Village Panchayat had been a deficit Rs.16, 60,118. In the year 2011-12, the total expenditure has a little more than the total revenue, as percentage of total revenue was 101.77%. Therefore, this year the Village Panchayat has also become a deficit of Rs. 133942. The overall total revenues CGR ratio is 66.03 and the overall total revenues CGR ratio is 184.10.

The data shows that the Erandoli Village Panchayat under the study shows fluctuating trends in their financial as well as revenue and expenditure pattern during the period under the study from the above data we can concluded that:

- i. Total revenue of the Erandoli Village Panchayat shows growth with fluctuations during the period under study.
- ii. Total expenditure of the Erandoli Village Panchayat shows the increasing trend during the period 2009-2010 to 2011-2012.
- iii. Out of three years of the Panchayat had surplus for only one year that Rs. 17, 81,684 in year 2009 to 2010.
- iv. Out of three years of the Panchayat had a deficit for two years that is 2010 to11 and 2011-2012.
- v. In the three years Panchayat had two-year deficit position it indicates that the problems may increases in future.

overall finance of the Village Panchayat, the researcher has considered total revenue and total expenditure of the panchayat during the study period. Table no. 2.1 provides the details of the total revenue and total expenditure of the Panchayat during the considered study period.

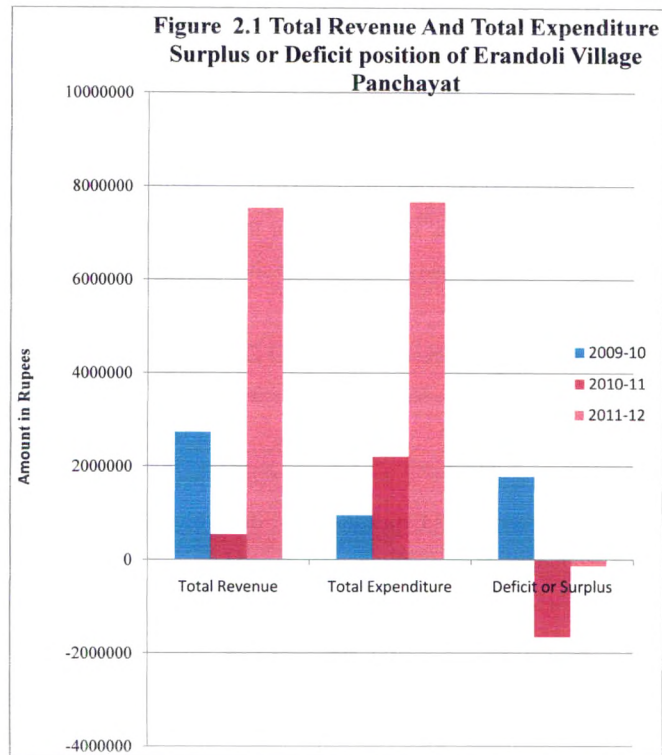
2.12.1.2 Trends in Total Revenue and Total Expenditure

The total revenue and total expenditure for the year 2009-2010 to 2011-2012 of the Erandoli Village Panchayat are shown in the table.

Table No.2.1 Total Revenue and Total Expenditure of Erandoli Village Panchayat

(Amount in Rupees)

Year	Total Revenue	Total Expenditure	%of Expenditure in to Revenue	Surplus or Deficit
2009-10	2731052	949368	34.76	+17,81,684
2010-11	542616	2202734	405.95	-16,60,118
2011-12	7528922	7662864	101.77	-1,33,942
CGR	66.03	184.1	-	-



Source: Official Records of Erandoli Village Panchayat

Trends in Total Revenue

Table 2.1 and figure 2.1 reveals that the total revenue during the period under the study shows that Rs. 27,31,052 in the year 2009-2010, however it was reduced to Rs. 5,42,616 in the year 2010-2011. In the year 2011-2012, it was highly increased upto Rs. 75,28,922. In the study period, total revenue was highest in the year 2011-12. Compound Growth Rate of total revenue of Erandoli Village Panchayat was 66.03% in the study period.

2.12.2 Overall Budgetary trend of Arag Village Panchayat

2.12.2.1 Introduction

Arag is a village situated in Miraj Taluka in Sangli District of Maharashtra State in India. It is located in 17.90 km. towards east from Miraj Taluka. The population of village is 15,631 as per the survey of the census of 2011 by the Indian Government. There are total 8,003 males and 7,628 females. Agriculture is the main occupation of Arag village people and 75% people are farmers. They produce sugarcane, grapes, Pan Mala, jowar, turmeric, etc. In Arag village, entire crops of sugarcanes are sold to the sugar factory like Mohanrao Shinde Co-operative Sugar Factory Ltd. Mohan nagar, Arag, Vasantdada Co-operative Sugar Factory, Madhavanagar, Sangli etc. Arag is famous for leading grapes and sugarcane producer place in Sangli. Arag is also famous for 'Pan' (Beetle leaves). These pans are sent across India, major to Gujarat, Andhra Pradesh, and Mumbai etc. Throughout India, these Pans are called Poona Pan.²

In Arag Village, all types' primary needs are expected to be available. There are number of schools Z P Boys School, Z P Girls School, Kanyashala, English Medium School, Arag high school, etc.

The present study attempts to examine the study of Financial Status of Arag Village Panchayat, of Miraj Taluka of Sangli District in India. It was founded in 1954. The study is the overall finance of the Village Panchayat by examining the total revenue and total expenditure of the Panchayat, for this study the data have been used for three years (2009-2010 to 2011-2012); Table no. 2.2 provides the details of the total revenue and total expenditure of the Panchayat under the study.

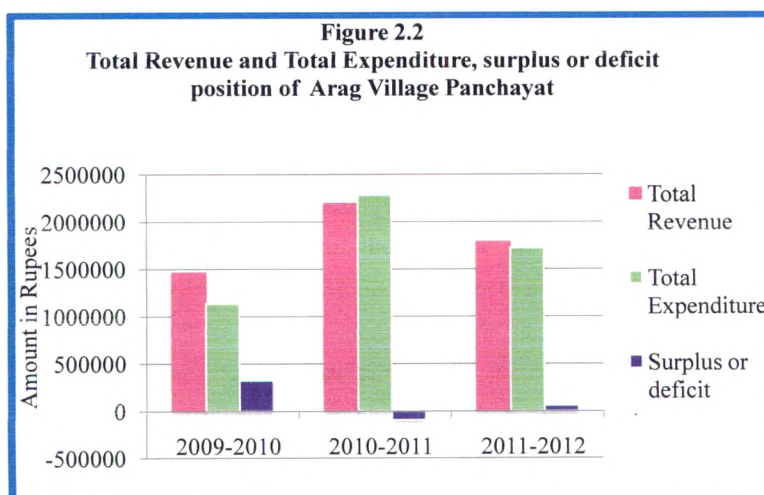
2.12.2.2 Trends in Total Revenue and Total Expenditure

Table no. 2.2 Total Revenue and Total Expenditure of Arag Village Panchayat

(Amount in Rupees)

Year	Total Revenue	Total Expenditure	% of Expenditure in to Revenue	Surplus or Deficit
2009-10	1463663	1136644	77.66%	+3,27,019
2010-11	2194822	2288157	104.25%	- 93,335
2011-12	1787439	1726080	96.57%	+61,356
CGR	10.50	23.23	-	-

Source : Official Records of Arag Village Panchayat



Trends in Total Revenue

Table 2.2 and figure 2.2 reveal that there are ups and down trends in both the total revenue and total expenditure. The situation of Arag is different from the Erandoli Village Panchayat. The year 2011-12 is take off year of Erandoli Village Panchayat and the year 2010-11 is better off for Arag. During the period under the study clarifies that total revenue was Rs. 14,63,663 in the year 2009-2010, however it increased to Rs 21,94,822 in the year 2010-2011 and again declined Rs.17,87,439 in the year 2011-2012. In the study period, total revenue was highest in the year 2010-11. Compound Growth Rate of total revenue of Arag Village Panchayat was 10.50% in the study period.

Trends in total expenditure

Total expenditure of the Arag Village Panchayat shows ups and downs trend during the study period. It was just Rs. 1136644 in the year 2009-10 which rose up to Rs. Rs.22, 88,157 in the year 2010-2011. In the year 2011-12 it was Rs 17, 26,680 which registered negative simple annual growth rate. Thus in the study period, total expenditure was highest in the year 2011-11. The Compound Growth Rate of total expenditure of Erandoli Village Panchayat was 23.23% in the study period.

In Arag Village Panchayat in the year 2009-10 there was surplus amount of rupees 3,27,019. In the year 2010-11 the deficit amount of rupees 93,335 and the deficit amount was fulfilled from the surplus amount in the year 2009-10.

2.12.2.3 Overall Budgetary Trends: Surplus or Deficit Position of Village Panchayat

In table No. 2.2 the column no.4 shows that the percentage of the total expenditure in to the total revenue of the Arag village panchayat and column No. 5 shows that the surplus or deficit position of their finance during the period under the study.

Regarding the Arag Village Panchayat in the year 2009-10 the total revenue has become more than the total expenditure and to expenditure as percentage of total revenue was only 77.66%. Therefore this year the village panchayat has been surplus of Rs. 3,27,019, in the year 2010-11, the total expenditure has been more than total revenue and expenditure as percentage of total revenue was 104.25%. Therefore, this year the Village Panchayat had become a deficit of Rs. 93,335. In the year 2011-12, the total revenue has become more than the total expenditure as percentage of total revenue was only 96.57%. Therefore, this year the village panchayat has been surplus of Rs. 61356. The overall total revenues CGR ratio is 10.5% and the total overall revenues CGR ratio is 23.23%.

The data reveals that the Village Panchayat under the study shows fluctuating trends in their financial as well as revenue and expenditure pattern during the period under the study from the above data we can concluded that:

- i. Total revenue of the Arag Village Panchayat shows growth in the fluctuations during the period under study.
- ii. Total expenditure of the Arag Village Panchayat also shows the fluctuations during the period 2009-2010 to 2011-2012.
- iii. In the study period, Arag Village Panchayat had surplus for two years i.e. 2009 to 2010 and 2011-2012.

- iv. In the study period, Arag Village Panchayat had a deficit for only a year 2010 to 2011.
- v. In the study period, Arag Village Panchayat had two years surplus position; it indicates that the welfare of the people is increasing during that year.

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