

Chapter-V

Panchayat Resources and Pattern of Expenditure on Development Activities with Special Reference to Cooch Behar District.

Introduction:

Finance is the lifeblood of any organisation. Without finance nothing can be done, no work or programme however well planned it might be, can be carried out if there is no fund available for the purpose. So finance is a necessary input for the proper functioning of P.R.I. One of the most crucial problems facing the panchayats in our country is that relating to the procurement of adequate financial resources for meeting their varied requirements. The success of these bodies depends on their financial resources and strength. These bodies can be effective only if these are provided with sufficient resources. According to the Taxation Enquiry Commission (1953-54)¹, the crux of the problem of local bodies is finance. The Santhanam Committee having studied the problem of Panchayat Raj finances observed, " Although PRI have the formidable list to function to discharge, they do not have the necessary financial resource to cope with these function. Therefore it is essential for the stability and growth of these institution that they should have substantial and growing resources which are entirely within their power to exploit and develop⁽²⁾ .

An attempt has been made in this chapter to discuss the resource position of two sample gram panchayats of the district of Cooch Behar and their pattern of expenditure on rural development over the years from 90-91 to 99-2000.

The resources of gram panchayats can be classified into (a) own resources (b) assigned revenue (c) Govt. grants.

Own resources comprise (i) own tax revenue (ii) own non-tax revenue (iii) fees, levy and duty.

Assigned revenue consist of (i) Land cess, (ii) Surcharge on stamp duty (iii) entertainment tax.

Government grants include (i) per capita grant (ii) purposive grant (iii) establishment grant.

a) Tax Revenue of Gram Panchayat: -

To make the P.R.I. bodies self-governing and self-reliant tax revenue has a greater role to play in shaping the financial structure of the panchayat. A panchayat can never be a self-governing institution if it is not made to mobilise a major part of its revenue. West Bengal panchayat Act 1973 provides revenue to be levied by the panchayat from house tax, fees, rates and tolls at such rate as may be prescribed by state govt. for registration of vehicles, providing sanitary arrangement at such places of worship, pilgrimage, for running trade (wholesale or retail) for ferry under the management of the gram panchayat, for lighting rate where arrangement for lighting of public streets and place is made by G.P. for grazing cattle on growing land under the management of G.P., for use of burning ghat under the management of G.P.

(i) House Tax Revenue of the Sample Panchayats:

The West Bengal panchayat act, 1973 made compulsorily the levy of house tax by panchayats. Section 46 of West Bengal panchayat (Amendment) act 1997 laid down that "a gram panchayat shall impose yearly a tax on land and building within the local limits of its jurisdiction"⁽³⁾. Under this act house tax is levied on annual value of land and buildings which means an amount equal to six percent of the market value of land and buildings at the time of assessment estimated. Regarding the rate of tax it is laid down in the act that "one percent of the annual value of such lands and buildings when the annual value does not exceed rupees one thousand and two percent of the annual value of such land and building

when the annual value of such land and building exceeds rupees one thousand”⁽⁴⁾.

So, house tax constitutes an important source of revenue of the finances of panchayets. Panchayat earns a major portion of revenue from house tax. This is highlighted with the help of data of the two gram panchayates. With regard to the experience of Khagrabari gram panchayat house tax income gives miserable picture, which is presented in the table no 5.1. The percentage of income to total income declined from 96.80 percent in 90-91 to 10.44 percent to total income in 98-99. But the proceeds of house tax were increased in absolute terms during the years. The revenue increased by 56.60 percent over the years. The growth in revenue of house tax is caused by increased in rate of tax in the year 93 – 94 ⁽⁵⁾ and increase in number of houses assessed ⁽⁶⁾ for taxation purpose which was not done earlier. Over the period of 23 years the panchayat raised the levy of tax once only. The rate was increased to half percent in the year 1993-94⁷. As a result it is seen that proceeds of house tax continue to increase from this year. But the per capita revenue is not proportional to the per capita demand. It is merely 26 percent on an average during the last four years.

Next to Khagrabari gram panchayat, Sikarpur gram panchayat derives good amount of house tax revenue as it is shown in the table 5.1. Though the location of this G.P. is in remote distance the position of house tax revenue gives a better picture than Khagrabari. The proceeds of house tax were increased significantly. The revenue proceeds increased from Rs.1729 in 1990-91 to Rs. 40040 in 99-2000. It is almost 2216 times that of 1990. This is due to two reasons, which are similar to these of other

Table No. – 5.1
House Tax Revenue of Sikarpur and Khagrabari Gram Panchayat form 1990-91 to 99-2000

Year	KHAGRABARI					SIKARPUR				
	House Tax Revenue (in Rs.)	Percentage of House Tax Revenue to Total Tax Revenue	Population estimates From 1991-2000	Per Capita Revenue	Per Capita Demand	House Tax Revenue (in Rs.)	Percentage of House Tax Revenue to Total Tax Revenue	Population estimates Form 1991-2000	Per Capita Revenue	Per Capita Demand
1990-91	18992	100.00 (96.80)	23703	.80	1.61	1729	100 (15.93)	17372	.09	1.61
1991-92	15983	100.00 (94.08)	24177	.66	1.67	N.A.	N.A.	17719		1.67
1992-93	8783	74.36 (67.89)	24660	.35	1.79	729	100 (11.32)	18073	.04	1.79
1993-94	23301	88.02 (64.47)	25153	.92	2.00	19953	93 (31.82)	18434	1.08	2.00
1994-95	20937	81.14 (16.25)	25606	.81	2.04	8010	75.80 (8.57)	18802	.42	2.04
1995-96	29972	37.75 (17.06)	26169	1.31	2.05	7006	62.97 (15.94)	19178	.36	2.05
1996-97	24375	20.66 (8.39)	26692	.92	3.11	8854	83.16 (22.47)	19561	.45	3.11
1997-98	22886	16.39 (8.23)	27225	.84	3.14	8450	80.47 (9.16)	19952	.42	3.14
1998-99	20311	18.41 (10.44)	27769	.73	3.77	32586	99.45 (26.69)	20351	1.60	3.71
1999-2000	29743	27.57 (21.18)	28324	1.05	3.62	40047	60.63 (25.00)	20758	1.92	3.82

Note: Parenthesis indicates percentage to total own revenue.

Source: 1) Annual Reports of the gram panchayats, 1990-91 to 1999-2000.

2) Personal Computation.

panchayats. Though the per capita revenue is below the projected per capita demand but collection is better than that Khagrabari gram panchayat. It is almost 43.50 percent respectively in two consecutive years of the proceeds. The administrative machinery compelled the villagers by some measures to pay taxes in addition to collection by paid staff. This helps to enhance tax revenue of the panchayat.

ii) Fees of the Sample Panchayat:

Section 47 of the West Bengal Panchayat (amendment) Act. 1994 provides for the levy of fees, rates and tolls of the gram panchayats⁸. It is an important source of income to every gram panchayat. But the act does not prescribe any uniform rate rather it is will of the respective G.P. Therefore the rate is varied from G.P. to G.P. The position of revenue from fees, rate, tolls in panchayat resources can be seen which is presented in table 5.2

Table-5.2
FEES RECEIVED BY KHAGRABARI AND SIKARPUR GRAM
PANCHAYAT (1990-91 TO 1999-2000)

Year	Khagrabari		Sikarpur	
	Fees (in Rs.)	Percentage of Fees to total Tax Revenue	Fees (in Rs.)	Percentage of fees to total Tax Revenue
90-91	N.A.	N.A.	N.A.	N.A.
91-92	N.A.	N.A.	N.A.	N.A.
92-93	3027	25.63 (23.39)	N.A.	N.A.
93-94	3170	11.97 (8.77)	1484	6.92 (2.36)
94-95	4866	18.85 (3.77)	2556	24.19 (2.73)
95-96	49414	62.27 (28.14)	4115	37.00 (9.36)
96-97	93574	79.33 (32.24)	1790	16.81 (4.59)
97-98	116706	83.60 (41.98)	2100	19.90 (2.27)
98-99	89986	81.58 (46.25)	180	.54 (.15)
99-2000	78124	72.43 (55.62)	26000	39.37 (16.62)

Note: Parentage indicates Percentage to total Revenue.

Source: 1. Annual Reports of Khagrabari & Shikarpur gram panchayat (1990-1991 to 1999-2000)
2. Personal Computation.

Since Khagrabari G.P. is adjacent to the district town a cultural upliftment helps in increasing the revenue from the fees. From the table it

is seen that G.P. begun to earn revenue from the year 92-93. The proceeds of revenue increased from Rs. 3027 to Rs. 78124 in the year 99-2000 showing an increase of 2480 percent (24.81 times) over the years and it went to maximum Rs. 116706 in the year 97-98. Construction of the rural market and growth of rural entrepreneurship were the significant factor contribution to the growth of revenue. The fall in revenue in the year 98-99 was due to the fact that G.P. could not collect the receipt from the market due under tolls to the panchayat during that year. But one interesting point is to be noted here that the percentage of it to total tax revenue as well as total own source revenue tends to increase over the year.

On the other hand, the revenue from the fees, tolls in Sikarpur G.P. is not satisfactory, compared to Khagrabari G.P. But the proceeds in revenue increased from Rs. 1484 in the year 93-94 to Rs. 26000 in the year 99-2000 showing an increase about 16.52 times over the years which is presented in the table 5.2. The percentage if it to total tax revenue increased from 6.92 in the year 92-93 to 39.37 percent in the year 99-2000. Therefore the collection from it was the largest in the year 99-2000 was due to the fact that there was a growth of rural entrepreneurship and receipt from the market which fetched significant amount revenue in that year.

b) Total Tax Revenue of the Sample Panchayat:

In our earlier discussion the different ingredients of tax revenue and their relationship to total tax revenue and total own revenue have been analysed. It will be wise to see the total tax revenue and per capita tax revenue of the sample panchayats. It is seen that over the year's total revenue of all panchayats has been increased considerably. But the

question arises whether the increase in tax revenue has parity with the growth of overall revenue.

Table 5.3 highlights the scenario of Khagrabari G.P. regarding the tax revenue position. It is observed that tax revenue is declined of about 20 percent during the period 1990-91 to 99-2000. The tax revenue in absolute terms increased from Rs. 1892 in 90-91 to Rs. 107867 in 99-2000 showing an increase of 56 times over the years. The fall in tax revenue in the year 99-2000 was due to poor collection of the House tax by the G.P. The per capita tax revenue in 90-91 was Rs. .80 and it is increased to Rs. 3.80 in the year 99-2000. Thus the growth of tax revenue is not slow but moderate. Collection from fees, tolls prove a very potential source of income to this panchayat. The percentage of it increased from 25.63 in 99-2000 as against the 29.57 percentage of house tax collects in the same year.

Table- 5.3
Total Tax Revenue and Per Capita Tax Revenue of Khagrabari Gram Panchayat
(1990-91 to 99-2000)

Year	Tax Revenue (in Rs.)	Percentage growth over previous year.	Percentage of Tax Revenue to total revenue.	Population estimates from 1990-91 to 2000	Per Capita Revenue. (in Rs.)
1	2	3	4	5	6
90-91	18992	-	96.80	23703	.80
91-92	15983	-15.84	94.08	24177	.66
92-93	11810	-26.11	91.28	24660	.47
93-94	26471	124.14	73.24	25153	1.05
94-95	25803	-2.52	20.03	25656	1.00
95-96	79351	207.53	45.19	26169	3.03
96-97	117949	48.64	40.64	26692	4.41
97-98	139593	18.35	50.22	27225	5.12
98-99	110298	-20.98	56.69	27769	3.97
99-2000	107867	-2.20	76.80	28324	3.80

Note: Parenthesis indicates percentages Source: 1. Annual reports (1990-91 to 1999-2000)
2. Personal computation.

With regard to Sikarpur gram panchayat house tax constituted the major source of revenue. Among the panchayats studied it has the highest percentage of house tax revenue to total tax revenue as well as total revenue. The tax revenue increased from Rs. 1728 in 90-91 to Rs. 66047 in 99-2000 showing an increase of 37.22 times. While analysing the per capita tax revenue it is clear that Sikarpur gram panchayat has the lowest per capita revenue all the years except in the year 99-2000. The per capita tax revenue in 90-91 was Rs. .09 which is gradually increase to Rs. 3.18 in 99-2000. It is given in the table 5.4. Though a trend of improvement is seen but per capita tax revenue is the lowest among the panchayat studies. With regard to the different item of tax revenue house tax continued to share the major percent of its total income.

Table-5.4
Total Tax Revenue and Per Capita Tax Revenue of Sikarpur Gram Panchayat (1990-91 to 1999-2000)

Year	Tax Revenue (in Rs.)	Percentage growth over previous year	Percentage of Tax revenue to total Revenue	Population estimates (1990-1991 to 1999-2000)	Per Capita Revenue (in Rs.)
1	2	3	4	5	6
90-91	1728	-	15.92	17372	0.09
91-92	N.A	-	N.A	17719	-
92-93	729	-	11.32	18073	0.04
93-94	21437	2840.60	34.19	18434	1.16
94-95	10566	-50.71	11.31	18802	0.56
95-96	11121	5.25	25.30	19561	0.57
96-97	10644	-4.28	27.34	19952	0.54
97-98	10550	-.88	11.44	19952	0.52
98-99	32766	210.57	26.84	20351	1.61
99-2000	66047	101.57	42.23	20758	3.18

Source: 1. Annual reports of Shikarpur gram panchayat, (1990-91 to 1999-2000).
2. Personal Computation.

c) Non Tax Revenue of the Sample Panchayats:

Minor local revenue constitutes the source of non-tax revenue. At present it possesses immense revenue potential in the finance of panchayat of West Bengal. However in the majority of the state in India non-tax sources form only small part of total local revenue. Greater autonomy can be promoted by increasing the non-tax revenue raising capabilities of the P.R.I. The following are the most important non-tax revenue sources currently pursued by the G.P. in West Bengal. Cart stands, Receipt from nursery, sale of form, sale of trees, fishing cultivation, fishery rent, saving bank interest, receipt from market, auction, are the sources.

In Khagrabari gram panchayat the major items of revenue are fish cultivation, leasing of pond and selling of trees. The process of revenue increased from Rs. 626 in 90-91 to Rs. 32576 in the year 99-2000 that is presented in table 5.5. The quantum of revenue in the beginning was less but in the latter year it increased and it went up to maximum Rs. 172257 in the year 96-97. The fall of revenue in the year 99-2000 was due to poor collection of receipt from market.

For Sikarpur panchayat the sources of revenue are mostly similar to that of Khagrabari gram panchayats. There was a continuous growth in revenue in absolute terms and percentage in non-tax revenue of total own revenue. It is increased from Rs. 9125 to Rs. 90357 in the year 99-2000 that is presented in table-5.5. In percentage it forms the 57.73 percent of the total own revenue.

Table-5.5
Income Received from minor local revenue by sample
Panchayat (1990-91 to 99-2000)

Year	Khagrabari		Sikarpur	
	Local Revenue (in Rs.)	Percentage of Local Revenue to Non-tax Revenue.	Local Revenue (in Rs.)	Percentage of Local Revenue to Non-tax Revenue
90-91	626	100 (3.19)	9125	100 (84.07)
91-92	1004	100 (5.19)	N.A.	N.A.
92-93	1127	100 (8.71)	5710	100 (88.67)
93-94	9670	100 (26.75)	41258	100 (65.80)
94-95	103011	100 (79.96)	82885	100 (88.69)
95-96	96228	100 (54.80)	32824	100 (84.31)
96-97	172257	100 (59.35)	28282	100 (72.65)
97-98	138355	100 (49.77)	81711	100 (88.61)
98-99	84246	100 (43.30)	89280	100 (73.15)
99-200	32576	100 (23.19)	90357	100 (57.78)

Note: Parenthesis indicates percentage total revenue.

Source: 1. Annual reports of the Sikarpur to and Khagrabari g.p., (1990-91 to 99-2000)
2. Personal Computation.

d) Total Revenue and Percapita Revenue of Panchayats:-

Analysis of total revenue is essential to understand the growth of revenue of panchayats. An effort is made in this section to discuss the growth and change in the pattern of tax and non-tax revenues and total revenue over the years.

Table 5.6 gives the picture of total revenue position of Khagrabari gram panchayat. The revenue of this panchayat rose from Rs. 19618 in 90-91 to Rs.140443 in 99-2000 showing an increase of 6 times. With regard to

Table- 5.6
Total Revenue and Per Capita Revenue of
Khagrabari Gram Panchyayat (1990-91 to 1999-2000)

Year	Total Revenue (in Rs.)	Percentage Growth over Previous Year	Tax Revenue (in Rs.)	Percentage Growth over Previous Year	Non Tax Revenue (in Rs.)	Percentage Growth over Previous Year	Percentage of Tax Revenue to Total Revenue	Percentage of Non Tax Revenue to Total Revenue	Per Capita total Revenue
1	2	3	4	5	6	7	8	9	10
90-91	19618	-	18992	-	626	-	96.80	3.19	0.83
91-92	16987	-13.41	15983	-15.84	1004	60.38	94.08	5.91	0.70
92-93	12937	-23.84	11810	-26.11	1127	12.25	91.28	8.71	0.52
93-94	36142	179.37	26471	124.11	9670	758.03	73.24	26.75	1.44
94-95	128814	256.41	25803	-2.52	103011	965.26	20.03	79.96	5.02
95-96	175579	36.30	79351	207.53	96228	-6.58	45.19	54.80	6.70
96-97	290206	65.29	117949	48.64	172257	79.00	40.64	59.35	10.87
97-98	277947	4.22	139593	18.35	138355	-19.68	50.22	49.77	10.20
98-99	194543	-30.00	110298	-20.98	84246	-39.11	56.69	43.30	7.00
99-2000	140443	-27.80	107867	-2.20	32576	-61.33	76.80	23.20	4.96

Source: 1. Annual reports of the Khagrabari g.p., (1990-91 to 99-2000)
2. Personal computation.

Table- 5.7
Total Revenue and Per Capita Revenue of
Sikarpur Gram Panchayat (1990-91 to 1999-2000)

Year	Total Revenue (in Rs.)	Percentage Growth over Previous Year	Tax Revenue (in Rs.)	Percentage Growth over Previous Year	Non Tax Revenue (in Rs.)	Percentage Growth over Previous Year	Percentage of Tax Revenue to Total Revenue	Percentage of Non Tax Revenue to Total Revenue	Per Capita total Revenue (in Rs.)
1	2	3	4	5	6	7	8	9	10
90-91	10853	-	1728	-	9125	-	15.92	84.07	0.62
91-92	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A
92-93	6439	-	729	-	5710	-	11.32	88.67	0.35
93-94	62695	873.67	21437	2840.60	41258	622.56	34.19	65.80	3.40
94-95	93451	49.05	10566	-50.71	82885	100.89	11.31	88.69	4.97
95-96	43945	-52.97	11121	5.25	32824	-60.39	25.30	84.31	2.29
96-97	38928	-11.42	10644	-4.28	28282	-13.84	27.34	72.65	1.99
97-98	92211	136.88	10550	-.88	81711	188.92	11.44	88.61	4.62
98-99	122046	32.36	32766	210.57	89280	9.26	26.84	73.15	5.99
99-2000	156404	28.15	66047	101.57	90357	1.21	42.22	57.78	7.53

Source: 1. Annual reports of the Sikarpur g.p., (1990-91 to 99-2000)
2. Personal computation.

tax revenue of the panchayat, the increase during the years only 4 times. The growth in tax revenue has no parity with the overall growth in tax revenue. However, the percentage of tax revenue to total revenue declined from 96.80 to 76.80 in 99-2000. Fees and rates are the major components of tax revenue as discussed in the earlier section. Since the location of this panchayat is town adjacent, development of other activities took place from the year 94-95 and potentiality of non-tax revenue grew rapidly. In absolute terms the non-tax revenue increased by 5103 percent (51 times) from 90-91 to 99-2000. The sharp fall of revenue in the year 99-2000 was due to poor collection. The percentage of it to total own revenue increased from 3.19 in 90-91 to 23.20 percent in 99-2000 and went up to maximum 69.96 percent in the year 94-95. Thus in the later years non-tax revenue played significant part in the finance of Khagrabari G.P. With regard to per capita revenue, the increase in actual terms was from .83 in 90 -91 to Rs. 4.96 in 99-2000.

The total revenue of Sikarpur panchayat rose to 1341 (13 times) percent during the period 1990-91 to 99-2000. In absolute terms it increased from Rs. 10853 to Rs. 156404 in 99-2000 showing 37 times over the year as shown in the table 5.7. The growth in revenue is keeping satisfactory pace with the overall growth of revenue. The percentage of tax revenue to total revenue is increased from 15.92 in 90-91 to 42.22 percentages in 99-2000. The percentage of non-tax revenue is decreased from 84.07 in 90-91 to 57.78 in 99-2000 but in absolute terms the revenue rose from Rs. 9125 in 90-91 to Rs.90357 in 99-2000 showing an increase of 890 percent. The per capita revenue is increased from Rs. .62 in 90-91 to 7.53 in 99-2000. The revenue increases in absolute terms in Sikarpur and is followed by

Khagrabari Among the panchayats the major influencing factor of revenue is non-tax revenue.

e) Grants from the Govt. and Own Resource of the Sample Panchayats:-

The Union Parliament facilitated their creation by bring up about the constitution (73rd amendment 1992). It is the duty of centre and states to provide financial support to panchayat. Section 45 of the West Bengal panchayat act lays down that gram panchayat fund consists of contribution from the state govt and central govt⁹. operationally there are two types of grants-purposive grant which include implementation of assigned scheme given by central govt and source of this grant is central govt. J.R.Y., I.A.Y. the central sponsored schemes fall under this category. In addition panchayats also avails of some schemes related to rural development and social security. On the other hand grants from the state government are of wide variety such as general grants, specific grant establishment grant (Salaries and allowance, office expanses, fees of the members) incentive grant. Specific grants are given for construction and maintenance of road, school buildings, culvert maintenance of minor irrigation scheme and also for public health and social welfare measures. Grants notably J.R.Y., I.A.Y. dominate the source of panchayat finance. Under such a granter grantee relationship, very little autonomous development and self-rule can happen¹⁰. Therefore, the predominance of government grants and low contribution from resource of the two gram panchayat are illustrated in Table 5.8, 5.9 respectively.

With regard to the **Khagrabari** gram panchayat, the own source of income is on an average 6.25 percent and grants include 94.25 percent. Among them I.R.Y., I.A.Y. centrally sponsored scheme constitutes the

Table- 5.8
Own Resource and Grant of Khagrabari Gram Panchayat over the Years (90-91 to 99-2000)

Year	Purposive Grant (Rs.)	Establishment & Other Grant (Rs.)	Total Grant (Rs.)	Own Resource (Rs.)	Total Resources (Rs.)
90-91	390738 (67.86)	165404 (28.73)	556142 (96.59)	19618 (3.45)	575760
91-92	474020 (66.68)	220014 (30.31)	694034 (97.61)	16987 (2.39)	711021
92-93	819293 (84.78)	134096 (13.88)	953389 (98.66)	12937 (1.34)	966326
93-94	669392 (75.53)	180703 (20.39)	850095 (95.92)	36142 (4.08)	886237
94-95	1052734 (76.25)	198999 (14.41)	1251733 (90.66)	128814 (9.33)	1380547
95-96	858829 (50.91)	652610 (38.68)	1511439 (89.59)	175579 (10.41)	1687018
96-97	574955 (29.56)	079784 (55.51)	1654739 (85.08)	290206 (14.92)	1944945
97-98	2070429 (69.71)	621613 (20.93)	2692042 (90.64)	277947 (9.36)	2969989
98-99	1324434 (35.81)	2179132 (58.93)	3503566 (94.74)	194543 (5.26)	3698109
99-2000	4495911 (65.12)	2259248 (32.76)	6755159 (97.95)	140443 (2.04)	6895602

Note – i) Parenthesis indicate percentages on total resource
ii) Purposive Grant sponsored by Central govt.
iii) Establishment grants by state govt.

Source: i) Annual reports of Khagrabari gram panchyat from 1990-91 to 1999-2000
ii) Personal Computation

Fig. 5.1
Trend of Own Resource

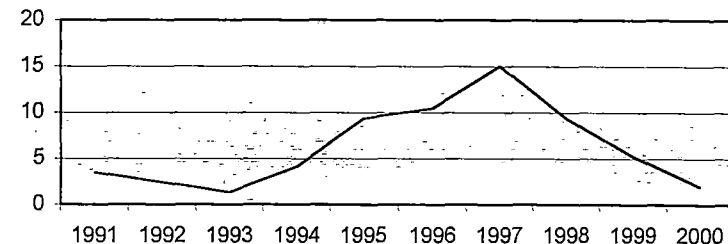


Fig. 5.2
Distribution of Grant & Own Resource

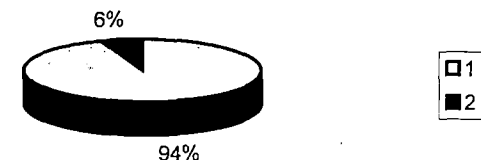


Table-5.9
Own Resource and Grant of Sikarpur Gram Panchayat over the Years (90-91 to 99-2000)

Year	Purposive Grant (Rs.)	Establishment & Other Grant (Rs.)	Total Grant (Rs.)	Own Resource (Rs.)	Total Resource (Rs.)
90-91	399467 (74.34)	137914	537381 (98.02)	10853 (1.98)	548234
91-92	NA	NA	NA	NA	NA
92-93	43430 (43.84)	55634	99064 (93.90)	6439 (6.10)	105503
93-94	1048053 (92.95)	79433	1127486 (94.73)	62695 (5.27)	1190181
94-95	931916 (85.20)	161943	1093859 (92.13)	93451 (7.87)	1187310
95-96	1600 000 (90.80)	162016	1762016 (97.57)	43945 (2.43)	1805961
96-97	1200 000 (84.51)	219915	1419915 (97.33)	38928 (2.67)	1458843
97-98	2015910 (77.58)	582286	2598196 (96.57)	92211 (3.43)	2690407
98-99	2117618 (82.20)	458693	2576311 (95.48)	122046 (4.52)	2698357
99-2000	5184220 (91.43)	486198	5670418 (97.32)	156404 (2.68)	5826822

Note – i) Parenthesis indicate percentages on total resource
 ii) Purposive Grant sponsored by Central govt.
 iii) Establishment grants by state govt.

Source: i) Annual reports of Sikarpur Gram Panchyat from 1990 – 91 to 1999 – 2000
 ii) Personal Computation

Fig. 5.3
Trend of Own Resource

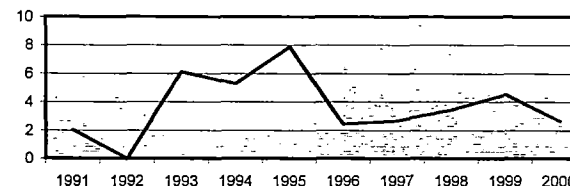
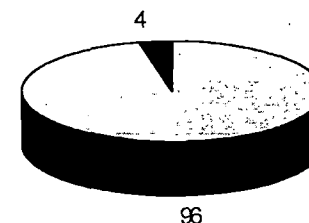


Fig. 5.4
Distribution of Grant & Own Resource



lion share as high as 85.93 percent in year 92-93. But it is interesting to note that from the year 93-94 a raising trend is being noticed in generation of own resource and it reached to a maximum 14.92 percent in the year 96-97. The credit goes to the panchayat due to own consciousness about the self-reliance. They set up social forestry, constructed regulated market, and created pond for fish cultivation. In the last year the percentage of owns source goes down to 2.04 percent because of the poor collection of the receipt from the market. However a positive attitude by the gram panchayat towards the way of self-reliance is being developed.

An analysis of Table 5.9 gives the picture of generation of own resource to total resource by the **Sikarpur** gram panchayat. The own resource is on an average 3.69 percent, which is low compared to Khagrabari gram panchayat. Grants constitute 96.40 percent. J.R.Y. grant continues to share the major percent of the total resource, which is as high as 92.95 percent in the year 93-94. But one thing is to be remembered that generation of own resources tends to increase from the year 92-93 and it went up to 7.87 percent in the year 94-95. The own resource increased from Rs. 10852.00 in 90-91 to Rs.156404 showing an increase of. The reason behind is awareness among the panchayat to stand on their own foot. They set up village market, social forestry and encouraged set-up rural entrepreneurship.

f) Expenditure of Panchayats: -

“Fiscal federalism literature argues that expenditure assignment must precede tax assignment. This is because tax assignment would in general be guided by expenditure requirement at different levels and these cannot be worked out in advance of expenditure assignment”¹¹. We have observed the revenue effort of the G.P. in the earlier section. Here we will see how income from revenue is applied for development activities. The

West Bengal panchayat act states the functions to be performed by the G.P., which is described in chapter 2. The development activities include education, health, fisheries, water supply, streetlights development project. The Govt. meets the salaries of administrative staff, collection staff of every panchayats. The administrative staff consists of Secretary, Job assistant, Tax collector. There are no guidelines for panchayat on the utilisation of their limited funds under village work. The expenditure policies are decided in accordance with the availability of funds.

Table 5.10 depicts the analysis of expenditure pattern of Khagrabari Gram Panchayat. It appears from the table that expenditure on streetlight has received the major attention over the years. It is one of the amenities provided by the panchayats. The electricity board charges panchayats at a flat rate for each street light irrespective of the actual consumption of power. It also provides and erects all the fittings and fixture and replaces bulbs free of coast. The expenditure is increased from Rs.10824 in the year 90-91 to Rs. 57668 in the year 99-2000 i.e., 432.77 percent (4.32 times) and went up maximum to Rs. 58335 in the year 98-99. On an average it is 34.20 percent of the own resources. The increase in expenditure is due to the increase in the rates and increase in lights in the panchayat area. The expenditure in fishing is increased from Rs. 400 in 90-91 to Rs. 30152 in the year 99-2000 showing an increase of 7438 percent (74.38 times). The increase is in percentage from 2.04 percent of the total resources in the year 90-91 to 21.47 percent in the year 99-2000. The cost involves purchasing prawn, renovation and maintenance of the pounds. It is interesting to see that education and health, which are the most important area of social development¹², have received the least attention. The expenditure incurred over the decade is negligible. The percentage of expenditure of total own resources is decreased from 18.73 percent in the year 90-91 to 2.57 percent in the year 99-2000 on an

average 5.96 percent of the total own resources is being spent on education. The picture is worse in the matter of health. The panchayat started making expenditure of 12.23 percent of the total own resources in the year 99-2000 only. The amount is very small in rest of other years. The expenditure associated with purchasing of medicine, which are distributed to the people free of cost and remuneration to doctors. There has been a considerable growth of expenditure in the matter of drinking water. The expenditure in absolute terms is increased Rs. 2900 in the year 91-92 to Rs. 76976 in the year 99-2000 showing an increase of 25.54 times during the year and the percentage from resources which stood 17.07 percent in the year 91-92 is increased to 39.57 percent in the year 98-99. The program consists of repairing of wells, setting up of wells in scarcity area and piped water supply. More than 50% of the expenditure is made in the last three years in development project which consists of silk cultivation. It offers some employment to the people of the gram panchayat.

As regards Sikarpur gram panchayat the expenditure on development activities is increased both in absolute terms and in percentage to total expenditure. Table 5.11 gives that in terms of actual expenditure and in percentage of total own resources. Sikarpur had a earmarked a considerable portion of its outlay on miscellaneous items. In some of the years the expenditure on this head went up to more than 50%. It includes items, which are not development oriented. Entertainment to G.P. members, telephone bill, electricity bill, donation remuneration to daily labour are the items of expenditure under this head. In absolute terms the expenditure increased

Table- 5.10
Development Expenditure of Khagrabari G.P from 90-91 to 99-2000

Year	Total Own Resource Rs.	Street Light Rs.	Fishing Rs.	Education Rs.	Health Rs.	Drinking Water Rs.	Development Project Rs.	Total Development Expenditure Rs.	Misc. Exp. Rs.
90-91	19618	10824 (55.17)	400 (2.04)	3675 (18.73)	Nil	Nil	Nil	14899 (75.94)	4719 (24.06)
91-92	16987	8702 (51.23)	-	1280 (7.54)	Nil	2900 (17.07)	Nil	12882 (75.84)	4105 (24.16)
92-93	12937	7418 (57.34)	-	1834 (14.18)	Nil	4075 (31.50)	Nil	13327 (103.02)	Nil
93-94	36142	20721 (57.33)	1173 (3.25)	1416 (3.92)	Nil	2397 (6.63)	Nil	25707 (71.13)	10435 (28.87)
94-95	128814	21222 (16.47)	27707 (21.51)	2100 (1.63)	Nil	20352 (15.80)	22716 (17.64)	94097 (73.05)	34717 (26.95)
95-96	175579	19265 (10.97)	12283 (6.99)	4466 (2.54)	Nil	15843 (9.02)	87960 (50.09)	139817 (79.61)	35762 (20.37)
96-97	290206	32190 (11.09)	29540 (10.18)	5559 (1.92)	481 (0.17)	47000 (16.19)	162544 (56.00)	277314 (95.56)	12892 (4.44)
97-98	277947	31682 (11.40)	26354 (94.48)	6890 (2.48)	1500 (0.54)	Nil	157836 (56.79)	224262 (80.69)	53685 (19.31)
98-99	194543	58335 (29.99)	32815 (16.87)	8117 (4.17)	18300 (9.41)	76976 (39.57)	Nil	194543 (100.00)	Nil
99-2000	140443	57668 (41.06)	30152 (21.47)	3614 (2.57)	17180 (12.23)	Nil	Nil	108614 (77.34)	31829 (22.66)

Note : Parenthesis indicates percentages.

Source :

1. Annual Reports of Khagrabari G.P. (1990-91 to 1999-2000)
2. Personal Computation.

Table- 5.11
Development Expenditure of Sikarpur G.P from 90-91 to 99-2000

Year	Total Own Resource Rs.	Street Light Rs.	Fishing Rs.	Education Rs.	Health Rs.	Drinking Water Rs.	Development Project Rs.	Total Development Expenditure Rs.	Misc. Exp. Rs.
90-91	10853	-	-	4622 (42.59)	-	-	-	4622 (42.59)	6231 (57.40)
91-92	-	-	-	-	-	-	-	-	-
92-93	6439	-	-	-	-	157 (2.44)	-	157 (2.44)	6282 (97.56)
93-94	62695	-	-	1690 (2.70)	-	7700 (12.28)	26228 (41.83)	35618 (56.81)	27077 (43.19)
94-95	93451	-	-	1500 (1.61)	-	1419 (1.52)	7961 (8.52)	10880 (11.65)	34157 (36.55)
95-96	43945	-	-	4176 (9.50)	2115 (4.81)	1091 (2.48)	12076 (27.48)	19458 (44.27)	24487 (55.73)
96-97	38928	-	2528 (6.49)	4063 (10.44)	4200 (10.79)	189 (0.49)	4655 (11.96)	15635 (40.17)	23293 (59.83)
97-98	92211	-	-	3300 (3.58)	3445 (3.74)	-	3470 (3.76)	10215 (11.08)	32583 (35.34)
98-99	122046	-	7500 (6.15)	89665 (73.47)	6962 (5.70)	787 (0.64)	-	104914 (85.96)	17132 (14.04)
99-2000	156404	-	2829 (1.81)	25000 (15.98)	-	25852 (16.53)	46710 (29.86)	100391 (64.19)	56013 (35.81)

Note : Parenthesis indicates percentages.

Source : 1. Annual Reports of Sikarpur G.P. (1990-91 to 1999-2000)
2. Personal Computation.

from Rs. 6231 in the year 90-91 to Rs. 56013 in the year 99-2000 showing an increase of 7.98 times over the years. Regarding street light it is a pity that electrification is yet to be done in the villages under this G.P. But efforts are going on in this field. In the matter of education and health no distinction can be drawn in regard to expenditure with Khagrabari G.P. In the year 98-99 73.47 percent of the own resources was expended on education but a very small amount was spent in other years. There was an involvement of heavy expenditure for the construction of building of primary school in the year 98-99. The position is same in the matter of health. On an average 6.25 percent of the own resources have been allocated on health over the years. The cost is associated with immunization of pulse polio only of the rural children under 5 years. In the year 99-2000 drinking water received a sizable amount to Rs. 25,852 i.e., 16.53 percent of the own resources and very negligible amount is spent in other years. The cost involves setting up of wells and repairing of wells. A significant amount is spent on development project in the year 93-94, and 99-2000 respectively which consists of setting up of rural hat, making of wooden bridge, giving agricultural training and making competition of wawaia sangeet.

f) Summary

Analysis of this chapter looks on internal resources. i.e. revenue, grants expenditure patterns of panchayat and draws some notable points. Among the internal resources, house tax is an important source of revenue. Over the years from 1990-91 to 99-2000 the house tax revenue of all panchayats increased considerably but the panchayats failed to mobilise the revenue from house tax satisfactorily (Table 5.1). Fees as a source of finance has played a significant part in the resource of panchayats. Contribution during the last four years was more than 70 percent of the total tax revenue in Khagrabari G.P. (Table- 5.2). The total

tax revenue of Khagrabari panchayat increased by 468 percent whereas Sikarpur by 3722 percent during the period from 1990-91 to 99-2000. (Table 5.3, 5.4).

Non tax revenue is the most influencing factor in the generation of revenue in Sikarpur G.P. Non tax revenue as a percentage to total revenue is more than 70 percent in all the years in the year in case of Sikarpur G.P. (Table 5.5).

The total revenue of all panchayats increased considerably during the period from 90-91 to 99-2000. The percentage increase was 616, 1341 in the case of Khagrabari, Sikarpur panchayat respectively during the same period. The per capita revenue of Khagrabari panchayat was increased from Rs. .83 in 90-91 to Rs. 4.96 in the year 99-2000. Sikarpur has the highest per capita revenue of Rs. 7.53 in 99-2000, which increased from Rs. .62 in the year 90-91 (Table 5.6, 5.7).

An overall picture of grants-in-aid reveals that still panchayats are solely dependent on it. It is infact a life to them. On an average 96 percent of the total finance includes grants in Sikarpur G.P., 4 percent of the total resources have been created by themselves (Table 5.9). Similarly total finance of the Khagrabari G.P. constitutes 94 percent from the grant and 6 percent from own resource (Table 5.8).

A look at the total expenditure of Panchayats brings out the fact that the expenditure in absolute terms during the period from 1990-91 to 99-2000 on development activities increased considerably. But the Panchayats did not adopt the balanced approach in expenditure policy, hence a greater fluctuation is observed in certain years on different items. The social sector i.e. health, education, which should have been given priority, is neglected in all the Panchayats. On an average 5.96 percent of the total own resources is spent on education in Khagrabari G.P. (Table 5.10). In all the years except in the year of 90-91 and 99-2000 7.30 percent

is spent on education in Sikarpur G.P. (Table 5.11): Expenditure under drinking water increased from 17.07 percent in the year 1991-92 to 39.57 percent in the year 98-99 in Khagrabari G.P. Health expenditure received fewer slices of the total own resources. It is decreased from 18.73 percent in the year 90-91 to 2.57 percent in the year 99-2000 in Khagrabari G.P. (Table 5.10). The position of Sikarpur G.P. under this head showed no better picture. Emphasis on expenditure of miscellaneous item was given in Sikarpur G.P. in place of expenditure on developmental activities. In some of the years the expenditure under this head went up to more than 50 percent (Table 5.11).

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