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Chairman
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Orissa



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Dated the, 27th January, 2010

To

**His Excellency, the Governor of Orissa
Bhubaneswar.**

Sir,

The Third State Finance Commission was constituted under Article 243 -I of the Constitution of India read with sections 3 & 8 of the Orissa Finance Commission (Miscellaneous Provisions) Act, 1993, (Orissa Act 28 of 1993) on 10th September, 2008 by His Excellency, the Governor of Orissa (Vide Notification No.41424/F Dt.10.9.2008 of Finance Dept.). The Commission started functioning from 1st October, 2008 and submitted the 1st Report (interim) meant for the Thirteenth Finance Commission to His Excellency, the Governor on 9th February, 2009.

The Commission was asked to make recommendation relating to the following matters:

- (i) The principles which should govern-
 - (a) the distribution between State and Panchayati Raj Institutions and the Municipalities of the net proceeds of taxes, duties, tolls and fees leviable by the State which may be divided amongst them under Part-IX and Part-IX A of the Constitution and the allocation between the Panchayats at all levels and Municipalities of their respective shares of such proceeds,
 - (b) the determination of taxes, duties, tolls and fees which may be assigned to, or appropriated by Grama Panchayats, Panchayat Samities and Zilla Parishads or the case may be, Municipalities and
 - (c) the Grants-in-aid to Grama Panchayats, Panchayat Samities, Zilla Parishads or as the case may be, Municipalities from the Consolidated Fund of the State;
- (ii) the measures needed to improve the financial position of the Grama Panchayats, Panchayat Samities, Zilla Parishads and Municipalities;

- (iii) any other matters, which the Governor may refer to the Commission in the interest of sound finance of Grama Panchayats, Panchayat Samities, Zilla Parishads and Municipalities.

The Commission, before preparing the final Report, undertook visits to different Rural and Urban Local Bodies in the state to acquire insightful information on income, expenditure, resource position and functioning of these bodies. Such visits helped the Commission considerably to prepare a comprehensive Report and provide a better and wider platform to the Local Bodies to enable them to render better services to the people. The Commission had also the benefit of effective interactions with the officials of the state government, elected representatives and functionaries of the Local Bodies. I thank them all for their help and cooperation.

I take this opportunity to express my deep sense of gratitude to my esteemed colleagues, Sri Swapneswar Baya, IAS (Retd), Sri Bijay Kumar Mohanty and Sri Rabi Ranjan Mallick, IAS for their dedicated service to the Commission. This work could not have taken the present shape without their sustained efforts.

I thank Sri Basant Kumar Tripathy, Joint Secretary and Dr. Sidhartha Kanungo, Under Secretary, who helped us immensely in our work.

My sincere thanks to Sri Surendranath Naik , Ex-Desk Officer, Sri Harihar Sethi, Section Officer, Sri Bijay Kumar Mallik, Asst. Section Officer, Sri Murali Mohan Das, Asst. Section Officer, Sri Bishnu Sankar Dash, Asst. Section Officer, Sri Santosh Kumar Dalabehera, Asst Section Officer, Sri Pyari Mohan Biswal, Private Secretary to the Member, Sri Brahmananda Sahoo, Personal Asst. to the Chairman, Sri Kabiratan Sar, Personal Asst. to the Member, Sri Ashok Kumar Nahak, Senior Grade Typist, Sri Smruti Ranjan Biswal, Senior Grade Typist, Sri Trinath Barik, Senior Grade Typist, Sri Upendra Kumar Pradhan, Senior Grade Typist, Smt. Sasmitabala Mohanty, Data Processing Assistant, Smt. Sucheta Ray, Data Processing Assistant, Sri Gopinath Sitha, Junior Grade Diarist, Sri Kailash Chandra Mohapatra, Sri Kartik Ch. Singh, Sri Purna Ch. Mishra, Sri Prasananna Kumar Panda, Sri Dillip Kumar Barik, Sri Gobinda Kanhar, Sk. Kamal Bakhs and Sri Sanjay Ku.Rout for their professional support.

My sincere thanks to Sri D.P. Dash, IAS (Retd.) former Member Secretary and to Sri S.N. Sarangi, IAS, Member Secretary of the Commission who helped the Commission in coordinating its programmes and activities in all circumstances to enable the Commission to stick to the time schedule in preparing and submitting the Report.

I thank Shri B.C.Mohapatra, IAS, Addl.Secretary, Finance Department, for his consistent support to the Commission in its work.

Shri Rabi Narayan Senapati, IAS, former Principal Secretary, Finance Department, now Agriculture Production Commissioner gave his invaluable administrative support to the Commission to streamline its functioning. I take this opportunity to thank Shri Senapati for all his assistance to the Commission.

Shri Jugal Kishore Mohapatra, IAS, Principal Secretary, Finance Department, with his rich experience in development administration both at the state and the centre shared his valuable insights with the Commission. I gratefully acknowledge his valuable contributions and cooperation with the Commission.

I am thankful to the Hon'ble Chief Minister, Shri Naveen Patnaik for his vision on development and inclusive growth that inspired the making of this Report.

I take this opportunity to thank Shri Prafulla Chandra Ghadai, Hon'ble Minister, Finance & Excise, Shri Prafulla Samal, Hon'ble Minister, Panchayat Raj, Information & Public Relations, Shri Badrinarayan Patra, Hon'ble Minister, Housing & Urban Development and Shri Debi Prasad Mishra, Hon'ble Minister, Higher Education, Tourism & Culture for their active co-operation.

Recommendations contained in the Report, we hope, will receive favourable attention of the Government and the implementation of the same can be expected to strengthen the Local Bodies.

This day, the 27 of January, 2010, I, on behalf of my esteemed colleagues, Shri Swapneswar Baya, IAS(Retd), Shri Bijay Kumar Mohanty, Shri Rabi Ranjan Mallick, IAS, Director, Municipal Administration and Shri S.N.Sarangi, IAS, Member-Secretary have the honour and privilege of submitting the Report of the Commission to the Hon'ble Governor for his kind acceptance.

Yours faithfully,

(Sudhakar Panda)

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CHAPTER-1

Introduction

Article 243-1 of the Constitution of India makes it mandatory for the State Government to constitute State Finance Commission (SFC) at the end of every five years to review the financial position of the Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs) and spell out the principles which should govern the distribution of net proceeds of taxes, duties, tolls and fees between the State, the PRIs and the ULBs and suggest measures for the Local Bodies to augment their own resources.

FIRST STATE FINANCE COMMISSION

1.1 The First State Finance Commission was constituted on Dt. 21.9.1996 under the Chairmanship of Justice Shri S.K. Mohanty. The Commission was, however, reconstituted by the Governor on Dt. 24.8.1998 with Prof. Baidyanath Mishra as the Chairman. The Commission submitted its Report to the Governor on Dt. 3.2.1999. After the approval of the Cabinet on Dt. 3.2.1999, the Report was laid in the Orissa Legislative Assembly on Dt. 9.7. 1999.

SECOND STATE FINANCE COMMISSION

1.2 The Second State Finance Commission was constituted on Dt. 5.6.2003 under the Chairmanship of Sri Trilochan Kanungo, Member of Parliament. The Commission submitted its Report to the Governor on 29th September 2004. The Report was approved by the Cabinet on Dt. 22.4.2006 and was laid in the Orissa Legislative Assembly on Dt. 11.8.2006, after a gap of more than one year and six months.

1.3 This inordinate delay in the acceptance and implementation of Commission's Report could have been avoided by the State.

1.4 The present State Finance Commission, that is, the THIRD STATE FINANCE COMMISSION was constituted by the Governor of Orissa on the 10th September 2008 under the Chairmanship of Prof. Sudhakar Panda, former Professor of Economics, Utkal University, Bhubaneswar. (Annexure-I)

1.5 The Governor appointed Sri Swapneswar Baya IAS(Retired), former Secretary, Panchayati Raj Department and Higher Education, Government of Orissa and Sri Bijay Kumar Mohanty of Sambalpur District as the Members of the Commission. Sri Durga Prasad Dash, IAS, Special Secretary to Government, Finance Department was appointed as the Member-Secretary.

1.6 Terms of Reference (TOR)

The Commission shall make recommendations relating to the following matters:

- (i) The principles which should govern:
 - (a) the distribution between State and Panchayati Raj Institutions and the Municipalities of the net proceeds of taxes, duties, tolls and fees leviable by the state which may be divided amongst them under part-IX and Part-IXA of the Constitution and the allocation between the Panchayats at all levels and the Municipalities of their respective shares of such proceeds,
 - (b) the determination of taxes, duties, tolls and fees which may be assigned to, or appropriated by Gram Panchayats, Panchayat Samities and Zilla Parishads or, as the case may be Municipalities, and
 - (c) the Grants-in-aid to the Gram Panchayats, Panchayat Samities, Zilla Parishads or, as the case may be Municipalities from the Consolidated Fund of the State,
- (ii) the measures needed to improve the financial position of the Gram Panchayats, Panchayat Samities, Zilla Parishads and Municipalities.
- (iii) any other matters, which the Governor may refer to the Commission in the interest of sound finance of Gram Panchayats, Panchayat Samities, Zilla Parishads and Municipalities.

1.7 In making its recommendations, the Commission shall have regard, among other considerations, to -

- (a) the revenue proceeds of the State Government and the demands thereon, on account of expenditure on Civil Administration, Police and Judicial Administration, Education, Maintenance of Capital assets, Social Welfare, Debt Servicing and other committed expenditure and liabilities;
- (b) the function and liabilities of Panchayat Raj Institutions and Municipalities in respect of discharging and implementing the schemes entrusted to them under the Article 243 G and 243 W of the Constitution;
- (c) the revenue resources of Panchayat Raj Institutions and Municipalities at all levels for five years, commencing from 1st April, 2010 on the basis of levels of taxation reached in 2006-07, target set for additional resources mobilization and potential for mobilizing additional resources.
- (d) the scope for better fiscal management consistent with the need for speed, efficiency and cost effectiveness of delivery of services, and

- (e) the need for providing adequate incentive for better resource mobilization as well as closely linking expenditure and revenue raising decisions.

1.8 The report of the Commission shall contain specific chapters, narrating -

- (i) the approach adopted by it;
- (ii) an analysis of the resources of the State Government, and
- (iii) an analysis of the resources of the Panchayats at each level and also Municipalities at each level,
- (iv) an estimation and analysis of the finances of the State Government as well as the Panchayat Raj Institutions and Municipalities at the pre and post transfer stages along with a quantification of the revenue that could be generated additionally by the Panchayati Raj Institutions and Municipalities by adopting the measures recommended therein.

1.9 For the purpose of assessment of supplementing the resources of the Panchayats and Municipalities by the Central Finance Commission, the Commission shall -

- (i) follow a normative approach in the assessment of revenues and expenditure rather than make forecasts based on historical trends,
- (ii) take into account per capita norms for revenue generation, the data relating to the tax bases and avenues for raising non-tax income by the Municipalities and the Panchayats, assuming reasonable buoyancies and the scope for additional resource mobilization; and
- (iii) take into account per capita expenditure norms on the basis of the average expenditure incurred by some of the best performing Municipalities and Panchayats in the provision of core services;

1.10 The Commission shall also review the implementation of the recommendations of the Second State Finance Commission.

1.11 On the matters aforesaid, the Commission shall make its report by 31st December, 2008 covering a period of five years commencing from 1st day of April, 2010.

1.12 The Commission shall indicate the basis on which it has arrived at its findings.

1.13 The process of setting up of the office of the Commission was taken up immediately by the Finance Department and officers for the purpose were appointed. It, however, took considerable time to furnish the office with

computers, laptop and printers as there was delay in providing them by the Information Technology Department.

1.14 The Commission started its work immediately after the Chairman and the members assumed office. The first formal meeting of the Commission was held on 3rd October, 2008 where the Commission approved the rules of procedure.

1.15 It was decided that the Chairman and the Members should go for field visits, meet the elected representatives and officials of the rural and urban local bodies and officials of the state government and ask for relevant information for the preparation of the Interim Report to be submitted to the Thirteenth Finance Commission.

1.16 The Chairman and the members visited jointly and individually the Gram Panchayats, Panchayat Samities, Zilla Parishads and the Municipalities and discussed their problems relating to finance, infrastructure and social sector development with the elected representatives and the officials with a view to getting acquainted with the real issues prevailing at the grass root level (the list of Institutions visited is at **Annexure-II**).

1.17 These visits could give an opportunity to the Commission to see and assess the magnitude of problems of the rural and urban bodies.

1.18 To create an opportunity for the people and institutions including the NGOs working in the state and to have the benefit of their suggestions, advertisements were placed in different Oriya dailies (**Annexure-III**). Citizens of the state, academic institutions including universities and research organizations and NGOs in the state were invited to write to the Commission and submit their proposals to strengthen the functioning of the local bodies in the state.

1.19 The Member Secretary wrote letters to the Secretaries of the Panchayati Raj Department, Housing & Urban Development Department, Rural Development Department, School & Mass Education Department, Health & Family Welfare Department, S.T. & S.C Development Department, Women & Child Development Department, Revenue & Disaster Management Department, Industries Department, Handloom & Textile Department, Forest & Environment Department, Agriculture Department, Co-operation Department, Fisheries & Animal Resources Development Department, Food Supplies & Consumer Welfare Department, Water Resources Department and Accountant General, Orissa requesting them to submit relevant information. Copies of correspondences are kept in Vol.II of the Report. Panchayati Raj Department was also requested to submit their Action Taken Reports (ATRs) relating to the recommendations of the Second State Finance Commissions. Finance Department submitted to the Commission all information and data relating to state finances.

1.20 Meetings were convened with the Secretaries/Directors of the concerned Departments to get acquainted with their views and perspectives in the light of 73rd and 74th amendments of the Constitution. Meetings proved very useful for the Commission.

1.21 To collect information about the resource position of the Gram Panchayats (GPs) and the Urban Local Bodies(ULBs),a questionnaire prepared by the Commission was sent to all the GPs, Panchayat Samities and the ULBs with the request to send the filled-up questionnaire to the Commission. (Copies of questionnaire are kept in Vol.II of the Report).

1.22 The Commission, through the visits and interactions with the representatives of the rural and urban local bodies (Gram Panchayats, Panchayat Samities, Zilla Parishads, NACs, Municipalities and Municipal Corporations) and officials of the state working for these institutions, could collect considerable information relating to the constraints they faced in their efforts to render services to the people .

1.23 Shri S.Baya, Member attended a National Seminar on behalf of the State Finance Commission at New Delhi organized by the Ministry of Panchayati Raj, Government of India on 23rd January 2009.

1.24 The Chairman attended the Panel Discussion on the role of the National Finance Commissions organized by the Indian Economic Association in its 91st Annual Conference held at Udaipur from 27th December to 29th December 2008.

1.25 The Commission requested the Finance Department for extension of time for submission of the Interim Report as the work of the Commission slowed down because of the official holidays on account of Durga Puja and Deewali in the month of October, 2008.

1.26 The Commission prepared the Interim Report, that is, the First Report containing its recommendations for consideration of the Thirteenth Finance Commission for devolution of funds from the Centre to the State for the period 2010-11 to 2014-15.

1.27 The Commission presented its First Report to the His Excellency the Governor on 9th February, 2009 and to the Hon'ble Chief Minister on 13th February, 2009.

1.28 The Chairman and Members of the State Finance Commission were invited to meet the Chairman, Members and officials of the 13th Finance Commission when the National Commission visited the State from 25th February 2009 to 27th February 2009. Chairman and Members of the Commission met the Chairman and Members of the National Commission on 25th and 26th February and had interactions with the Advisor to the National Commission on certain important aspects of SFC's recommendations to the 13th Finance Commission.

RECONSTITUTION OF THE COMMISSION

1.29 Shri Rabi Ranjan Mallick, IAS, Director, Municipal Administration was appointed a member of the Commission vide Government Notification No.BT-VI(SFC)-1//2007(Pt-I)-2843/F, dated 14th January, 2009.

1.30 Shri Durga Prasad Dash, IAS, Member Secretary of the Commission retired from the service on reaching the age of superannuation.

1.31 Shri S.N.Sarangi, IAS, Special Secretary to Government, Finance Department was appointed the Member Secretary of the Commission.

1.32 General Elections to the 15th Parliament and the 14th State Legislative Assembly were held simultaneously in April 2009. After the announcement of the dates for elections to the State Assembly and Parliament in March 2009, officers of the state government remained busy with the preparatory works for the elections. Meetings and field visits of the Commission had to be postponed till the formation of the new government on 21st May, 2009.

Meetings And Consultations

1.33 A State Level Seminar on Memorandum to The Thirteenth Finance Commission was organized by the Finance Department on 17th October, 2008. The Seminar was inaugurated by the Hon'ble Chief Minister and attended, among others, by the Hon'ble Minister Finance. Prof. Dr. S. Panda, Chairman and Shri S. Baya and Sri Bijoy Mohanty, Members participated in the day-long discussions.

1.34 Prof. Dr. S. Panda, Chairman and Shri Baya and Shri Mohanty, Members had a meeting with the representatives of the Civil Society in Bhubaneswar on 3rd September 2009 and exchanged views on the strengthening of PRIs in Orissa.

1.35 Prof. Dr. S. Panda, Chairman and Shri Baya and Shri Bijay Mohanty, Members attended a meeting and had discussions with the representatives of the PRIs and Urban Local Bodies on 4th September, 2009 at Bhubaneswar.

1.36 Shri S. Baya attended a meeting on Minor Forest Produce on 19th September 2009. The meeting was organized by the NGO, PRIA.

COLLECTION OF INFORMATION FROM THE LOCAL BODIES

1.37 Years have passed when the Second State Finance Commission collected certain information which the Commission considered relevant for formulating recommendations in its Report. This Commission felt it necessary to collect certain information from the Rural Local Bodies and Urban Local Bodies relating to their (i) own tax and non-tax income (ii) grants received from the State and the Centre (iii) assets (iv) infrastructure (v) drinking water facilities (vi) implementation of Centrally Sponsored Schemes and State Government Schemes and (vii) awareness of the elected functionaries about their powers and responsibilities etc; that would help the Commission to prepare the Report and shape the Recommendations.

COMMISSION'S VISITS

(A) VISITS INSIDE THE STATE

1.38 The Chairman and Members of the Commission made extensive tours of the districts. They visited Gram Panchayats, Panchayat Samities, Zilla Parishads, NACs,

Municipalities and Municipal Corporations in the state to see for themselves the maintenance of records and accounts, utilization of funds made available to the local bodies from the state and from the 12th Finance Commission grants, implementation of projects, infrastructure development, supply of drinking water, solid waste management and social sector development. The Commission also tried to assess the revenue raising efforts of the rural and urban local bodies. Panchayat representatives discussed matters relating to devolution of functions, area development, special problems of their respective areas, absence of technical personnel, implementation of Centrally Sponsored Schemes and State Government Schemes, sanitation facilities for the students in the schools and responsibilities of the Chairpersons of PRIs and ULBs with the Chairman and the Members of the Commission. Problems relating to collection of tax and non-tax revenue were brought to the notice of the Commission.

(B) VISITS TO OTHER STATES

1.39 The Commission felt it necessary to visit some PRIs and ULBs in Karnatak, Kerala and West Bengal to gain first hand information about their organization, functioning, resource mobilization efforts and their patterns of expenditure vis-à-vis the activities assigned to them.

1.40 On Dt.18.8.09, the Commission visited Kerala Institute of Local Administration (KILA) at Thrissur and discussed matters relating to administrative de-centralisation, developmental de-centralisation, fiscal de-centralisation and training programmes for the representatives of the Local Bodies with the Director and faculties. Zilla Parishad President, Thrissur, Chairman, Thrissur Municipality and President of the Adad Gram Panchayat were present in the meeting and participated in the discussion. The Commission also visited the Adad Grama Panchayat which was adjudged to be the best Gram Panchayat in Kerala in 2008-09 and had interactions with the President and the ward members.

1.41 The Commission visited the Kochi (Cochin) Municipal Corporation in the evening and had discussion with the Mayor. Officers of the Corporation were present in the meeting.

1.42 On Dt.20.8.09 the Commission visited the Bruhath Bengaluru Municipal Corporation. The Administrator, the Commissioner and officials of the Corporation were present in the discussion.

1.43 On Dt.21.8.09 the Commission visited the Hosahundi Gram Panchayat in Mysore district. The President of the Gram Panchayat and the ward members were present in the meeting and had interactions with the Commission. The Commission also visited the Mysore Zilla Parishad and had interactions with the officials.

1.44 On 15.9.09 the Commission visited the Baranagar Municipality in the North 24 Pragana District and had discussion with the Chairman and other elected representatives on a wide range of issues relating to Municipal finance and functioning in West Bengal.

1.45 The Commission, on Dt.16.9.09, had a meeting with the Principal Secretary and other officials of the Panchayati Raj Department, Government of West Bengal regarding the revenue raising powers of the local bodies and their role in the development of their respective regions. The Commission visited the Amdanga Gram Panchayat in the North 24 Pragana District and had discussion with the A.D.M, B.D.O and elected representatives of the Panchayat Bodies.

1.46 The Commission invited officers from the Panchayati Raj Department, Housing and Urban Development Department, Health and Family Welfare Department, Women and Child Development Department, Rural Development Department, School and Mass Education Department, S.T and S.C Development Department and Forest Department and had meetings with them on the following dates mentioned against their names;

1. Dr. A. K. Panda,
Commissioner- cum-Secretary,
Housing & Urban Development Department31.10.08
2. Taradatt,
Commissioner -cum-Secretary,
S.T & S.C Development Department17.12.08
3. Shri S. N. Tripathi,
Commissioner-cum-Secretary, 11.12.08
Rural Development Department 05.01.09
4. Shri R. N. Dash
Commissioner -cum-Secretary
Panchayati Raj Department 05.01.09
5. Smt. Usha Padhi
Director, Social Welfare and
Additional Secretary, W&CD Department 10.12.08
6. Shri J. P. Agrawala
Director,Panchayati Raj & ex-officio
Additional Secretary10.08.09
7. Shri Srinibas Mohapatra
F.A-cum Joint Secretary
School & Mass Education Department12.12.08
8. Shri K.K.Tripathy
F.A-cum-Additional Secretary
Health & Family Welfare Department10.08.09
9. Shri K. C. Badu
Commissioner, Orissa Electricity Regulatory Commission
(Former Special Secretary, Finance Department, GoO)
10. (i) Shri S.N.Tripathi
Commissioner-cum-Secretary
Panchayati Raj Department

- (ii) Shri J.P.Agrawala,
Commissioner-cum-Director & Special Secretary,
Panchayati Raj Department
- (iii) Shri O.P.Mohapatra,
Joint Secretary, P.R. Department.
- (iv) Shri Suresh Chandra Mohanty,
Principal Chief Conservator of Forest.
- (v) Shri K. Jude Sekar,
APCCF(Kendu Leaf).
- (vi) Shri S.K. Sinha,
Director, (Operations),
Orissa Forest Development Corporation 07.11.09

- 11. (i) Shri Jugal Kisore Mohapatra,
Principal Secretary, Finance Department
- (ii) Dr. A. K. Panda,
Commissioner-cum-Secretary,
Housing & Urban Development Department17.11.09
- 12. Shri Manoj Ahuja
Commissioner-cum-Secretary,
Food Supplies & Consumer Welfare Department09.12.09

1.47 The Commission, before it could submit the recommendations to the state thought it proper to hold discussions with the following Ministers relating to the problems of the local bodies in rural and urban areas:

Shri Prafulla Chandra Ghadai,
Hon'ble Minister of Finance & Excise28.10.09

Shri Prafulla Samal,
Hon'ble Minister, Panchayati Raj & I&PR..... 05.11.09

Shri Badri Narayan Patra,
Hon'ble Minister, Housing & Urban Development... 10.11.09

1.48 The Commission had a meeting with Shri Debi Prasad Mishra, Hon'ble Minister, Higher Education, Tourism and Culture at Narasinghpur when the Commission visited Badamba and Narasinghpur Panchayat Samities in Athagarh Sub-division on dtd. 29.10.09 and dtd.30.10.09.

1.49 The Commission had meetings with eminent economists, distinguished professors, social workers and educationists who could share their views on state and local finances and education for children coming from the disadvantaged social groups. Their names are mentioned below:

1. Professor Baidyanath Mishra,
Former Chairman, First State Finance Commission.
2. Professor G.K.Chadha,
CEO, South Asian University,
JNU Campus, New Delhi,
Former Member, Economic Advisory Council to the Prime Minister,
Government of India,
Former President, Indian Economic Association (2008-09).
3. Professor C.H.Hanumanth Rao,
President, Indian Economic Association.
4. Padma Shri Prof. Sukhdeo Thorat,
Chairman, U.G.C
5. Dr. Achyut Samant,
Founder Secretary, Kalinga Group of Institutions & KIIT University,
Bhubaneswar.
6. Professor Vinod Vyasulu,
Bengaluru.
7. Shri Jockin Arputham,
Social Worker & Ramon Magsaysay Awardee.
8. Professor K.Saraf,
Sambalpur University, Sambalpur.
9. Professor Shakti Prasad Padhi,
Director, NCDS, Bhubaneswar.

1.50 I take this opportunity to appreciate the efforts of Dr. Ratneswar Debnath, Principal, Commerce College, Kokrajhar, Assam for sending me information regarding the Cane & Bamboo Technology Centre at Guwahati.

MEETINGS OF THE COMMISSION:

1.51 The Commission had to meet from time to time before the finalisation and submission of the Report to discuss and analyse the problems of the PRIs and ULBs and work out appropriate policies that would strengthen their finance and would have the right impact on the working of these bodies. The Commission had to discuss several proposals received from different quarters relating to the PRIs and the ULBs with the respective Departments to develop strategies that would facilitate efficient implementation of programmes for the benefit of the people. Issues relating to livelihood vis-à-vis the role of the Gram Panchayats were also examined to create opportunities to enable the rural poor to overcome poverty.

CHAPTER-II

ORISSA -INTRODUCING THE STATE

Orissa is a developing state. In areas like industry, housing and urbanization, it is developing faster. Yet there are many areas like health, education, communication and sanitation where the pace of development is slow and the state lags behind many other states. State's potentialities for growth in agriculture, horticulture, floriculture, pisciculture and agro-processing etc. remain under- explored. Its vast land, water and coastline resources remain untapped. So also its growing human resources.

2.1.1 Reasons for such disappointing economic performance can be traced to its history and the distorted pattern of evolution of the state. Its history has been one of negligence and exploitation. Its development as a state saw many ups and downs as Oriya speaking areas remained scattered in different adjoining provinces such as Madras in the South, Central Provinces in the West and Bihar and Bengal in the North.

2.1.2 It may be stated that Oriya speaking tracts which formed integral parts and parcels of Orissa during the Surya dynasty and before were not allowed to remain under any one single administrative unit or province during the British rule. They remained scattered. Northern Orissa- (Cuttack, Puri and Balasore districts) remained in Bengal. Ganjam in southern Orissa formed a part of the Madras Presidency. Sambalpur remained under the control of different administrative units.

2.1.3 In 1912 a separate province 'Bihar and Orissa' was created through the partition of Bengal Presidency. It was only a part of the Oriya speaking tract that got unified. Many other Oriya speaking areas of Bengal were not transferred to the new province and were kept under the administrative control of Bengal. In fact, Oriya-speaking tracts and Oriyas were deliberately left under different administrative jurisdictions. And, to speak the least, these administrations were callous to the interests of the Oriyas. Such type of callousness to Oriyas continued. And the Oriyas continued to suffer from linguistic and cultural discrimination, negligence, social injustice and under-development. The struggle for the formation of a separate state started in the beginning of the 20th century.

2.1.4 We may recollect the sympathy of Lord Curzon for the struggling Oriyas when he raised his voice in the House of Lords against the continuous negligence and sufferings of the Oriyas who lived scattered and could hardly take care of their own socio-economic and cultural interests. Way back in 1912 while speaking in the House of Lords, Lord Curzon described the Oriyas "as a non-agitating people" and advocated for the unification of Oriya-speaking tracts failing which they (Oriyas) would continue to remain neglected.

2.1.5 The struggle for the formation of a separate state for the Oriyas became widespread and gathered momentum with the commanding presence of Utkal

Gourav Madhusudan Das, Pandit Gopabandhu Das, Gajapati Maharaja Krushna Chandra Dev and many other eminent persons who pioneered the movement. In response to the growing and sustained demand for unification of the Oriya speaking tracts as a separate State, Orissa became a separate state on 1.4.1936 within the British India. Many Oriya speaking tracts, however, remained excluded. After independence in 1947, feudary states in Orissa were abolished. Twenty five such states joined Orissa and the physical area and geographical shape of Orissa changed.

2.1.6 Consequent upon the merger of ex-states, nine more districts were created. They were Dhenkanal, Sundargarh, Keonjhar, Balangirpatna, Nayagarh, Narasinghpur, Bamara, Nilgiri and Boudh. In 1949, after the merger of ex-state Mayurbhanj, Mayurbhanj district was created and Orissa had 16 districts. It became imperative that after such mergers of princely states with Orissa there should be re-organisation of the districts. Districts like Nayagarh, Narasinghpur, Bamara, Nilgiri, Boudh and Angul were made sub-divisions and the State had 13 districts till the re-organisation of districts in 1993, when to bring administration closer to the people, more districts were created and the state had 30 districts.

2.2 Table below shows area, population, district headquarters along with the number of blocks, gram Panchayats and urban local bodies (Corporations, Municipalities and NACs) in each of the districts.

TABLE – 1

Sl. No	District	No. GPs	No. of Blocks	No. of ULBs	U.L.BS Status		N.A. Cs	Areas (Sq.Km)	Population	Headquarters
					Corporation	Municipality				
1.	Angul	209	8	3		1	2	6375	1139341	Angul
2.	Balasore	289	12	4		1	3	3806	2023056	Balasore
3.	Balangir	285	14	4		1	3	6575	1335760	Balangir
4.	Boudh	63	3	1			1	3098	373038	Boudh
5.	Bhadrak	193	7	2		1	1	2505	1332249	Bhadrak
6.	Baragarh	248	12	3		1	2	5837	1345601	Baragarh
7.	Cuttack	342	14	4	1	1	2	3932	2340686	Cuttack
8.	Deogarh	60	3	1		1		2940	274095	Deogarh
9.	Dhenkanal	199	8	3		1	2	4452	1065983	Dhenkanal
10.	Ganjam	475	22	18	1		17	8206	3136937	Chhatrapur
11.	Gajapati	129	7	2		1	1	4325	518448	Paralakhemundi
12.	Jagatsinghpur	194	8	2		2		1668	1056556	Jagatsinghpur
13.	Jajpur	280	10	2		2		2899	1622868	Panikoili
14.	Jharsuguda	78	5	3		2	1	2081	509056	Jharsuguda
15.	Keonjhar	286	13	4		4		8303	1561521	Keonjhar
16.	Kalahandi	273	13	3		1	2	7920	1334372	Bhawanipatna

17.	Koraput	226	14	4		1	3	8807	1177954	Koraput
18.	Kendrapara	230	9	2		1	1	2644	1301856	Kendrapara
19.	Khurda	168	10	5	1	2	2	2813	1874405	Khurda
20.	Mayurbhanj	382	26	4		1	3	10418	2221782	Baripada
21.	Malkangiri	108	7	2			2	5791	480232	Malkangiri
22.	Nawarangpur	169	10	2		1	1	5291	1918171	Nawarangpur
23'	Nayagarh	179	8	2			2	3890	863934	Nayagarh
24.	Nuapara	109	5	2			2	3852	530524	Nuapara
25.	Puri	230	11	4		1	3	3479	1498604	Puri
26.	Kandhamal	153	12	2			2	8021	647912	Kandhamal
27.	Rayagada	171	11	3		1	2	7073	823019	Rayagada
28.	Sambalpur	148	9	5		1	4	6657	928889	Sambalpur
29.	Sundargarh	262	17	4		4		9712	1829412	Sundargarh
30.	Subarnapur	96	6	3		1	2	2337	540659	Subarnapur
	TOTAL	6234	314	103	3	34	66	155707	37606920	

(Source : 1. Census of India, 2001, 2. Panchayati Raj Department, Government of Orissa, 3. H & U.D. Department, Government of Orissa)

Socio-Economic Profile:

Population

2.3.1 Orissa, with a population of 368.05 lakh (2001 Census) accounts for 3.57% of the total population of the country. It may, in this context, be noted that the state experienced a decline in the decennial growth rate of population from 20.06% in the period 1981-91 to 16.25% during the decade 1991-01. Share of state's population in national population, accordingly, declined marginally from 3.74% to 3.58% during this period.

2.3.2 The state remains overwhelmingly rural even though there has been an increase in urban population from 13.4% in 1991 to 15% in 2001. As per the social composition of population in the state, Scheduled Caste and Scheduled Tribes population stood at 60.82 lakh and 81.45 lakh respectively and constituted 16.5% and 22.1% of the total population. As per the 2001 census, the sex ratio in the state stood at 972 females per 1000 males. The corresponding sex ratio among the SC & ST population stood at 979 and 1003 respectively. Table 2 below indicates the position of the ST & SC population in Orissa in different census years from 1971 to 2001. The trend of growth indicates that the percentage of ST population of the State is decreasing while that of SC population is increasing to the total population of the State.

Table - 2

Census Year	Total population	ST population	% of ST population to total population	SC population	% of SC population to total population
1	2	3	4	5	6
1971	219.45	50.72	23.11	33.11	15.09
1981	263.70	59.15	22.43	38.66	14.66
1991	316.60	70.32	22.21	51.29	16.20
2001	368.85	81.45	22.13	60.82	16.53

(Source : Census India, 2001)

Literacy

2.4 Literacy rate in Orissa has increased from 49.09% in 1991 to 60.08% in 2001. Female literacy rate stands at 50.51% as against the male literacy rate of 75.35%. This marks a significant increase in female literacy rate from 34.40% in 1991 to 50.51% in 2001. Rural female literacy, however, is much lower at 46.7% and it is far below compared to Kerala (86.7%), Maharashtra (58.4%) and neighbouring West Bengal (53.21%). Literacy rate in Orissa, however, differs among different social groups. It is 55.33% among the Scheduled Caste compared to 37.37% among the Scheduled Tribes. Female literacy rate is still lower; 40.3% for the SC and 23.4% for the STs.

2.5 Geographical Features

(a) Geographically Orissa falls into two well demarcated areas, the coastal districts and the hill areas.

(b) The Coastal plains of Orissa stretch from Subarnarekha in the North to the Rushikulya in the South. The Coastal Plains are narrow in the north, widest in the middle, narrowest in the lake Chilka coast and broad in the South.

(c) The Coastal plains are the gift of six major rivers which bring silt from their catchments and have reclaimed this area from the depths of the Bay of Bengal. The rivers from North to South are the Subarnarekha, the Budhabalanga, the Baitarani, the Brahmani, the Mahanadi and the Rushikulya. The coastal districts have fertile soils and are highly suitable for agriculture, particularly for rice cultivation.

(d) The mountainous region of Orissa covers about three fourths of the area of the State. This region is a part of the Indian peninsula. Here deep and broad valleys are cut by the Baitarani, the Brahmani, the Mahanadi, the Rushikulya, the Vansadhara and the Nagavali rivers. They are fertile, well- drained and thickly populated. Morphologically this region can be divided into the following units. (a) the Simulia and the Meghasan mountains, (b) the Baitarani and the Brahmani interfluuous, (c) the watershed between the Brahmani and the Mahanadi and (d) the watershed of Rushikulya and the Bansadhara. The elevation ranges from 610 to 1068 meters.

2.6 Climate and the Agro-Climatic Zones in Orissa

(a) Orissa has an equable climate neither too hot nor too cold. In some places, however, extremes of climate are experienced. The average rainfall in the State is 150cms with moderate to high variability.

(b) There is a great deal of diversity in the agro-climatic conditions in the state depending on rainfall and soil conditions. Characteristics of different agro climatic zones in Orissa are presented in following Table:-

Table-3

Agro-Climatic Zones in Orissa

Sl. No.	Agro- Climatic Zone	Climate	Mean annual rainfall (in mm)	Soil group
1	2	3	4	5
1	North Western plateau	Hot & moist	1648	Red and Yellow
2	North Central Plateau	Hot & moist	1535	Red loamy
3	North eastern coastal plateau	Hot and moist sub-humid	1568	Alluvial
4	East & South eastern plateau	Hot & Humid	1449	Costal alluvial saline (near the coast line)
5	North eastern ghat	Hot & moist sub-humid	1597	Laterite and brown forest
6	Eastern ghat high land	Warm and humid	1522	Red, brown
7	South eastern ghat	Warm and humid	1522	Red, mixed red and yellow
8	Western undulating	Warm & moist	1527	Black, mixed red and black
9	West Central table land	Hot & moist	1527	Red, heavy textured colours
10	Mid Central table land	Hot and dry sub-humid	1421	Red loamy, laterite mixed red and black

(Source: Economic Survey; 2007-08,GoO)

2.7 Forest

(a) The state has a recorded forest area measuring 58136.907 sq. km. i.e. 37.34% of the total geographical area. This includes 26,329.12 sq. km. (45.29%) of reserved forest, 11687.12 sq. km. (20.10%) of demarcated and protected forests, 3,838.78 sq. km. (6.60%) of un-demarcated protected forests, 20.55 sq. km. (0.04%) of un-classified forests and 16,261.34 sq. km. (27.97%) of other forests (village forest, Khesra forests etc.). However according to the State Forest Report 2003 published by Forest Survey of India the state has only 48,336 sq. km. of forest cover including 207sq. km. of mangrove forest. Of this, 28,170 sq. km. is dense forest (with crown density greater than 40%) and scrub area 4,574 sq. km. In addition to the above, there is additional 6.381 sq. km. of area under tree cover. Thus, while the recorded forest area constitutes about 37.34% of the total geographical area of the state, actual forest cover exists over 31.06%. Out of this, 12.97% is open forest. In regard to forest cover, there has been wide disparity between districts. While forests are generally located in the districts situated in

Eastern Ghat, Central Table Land and Northern Plateau, the coastal districts are deprived of good forest potential. As per National Forest Policy, 1988, 33% geographical area should be under forest cover. The State Government have taken up afforestation programmes including development of village forests. Social and farm forestry are also developed by the state. Table below indicates revenue accrual to the state from Forest and Wild Life.

(b) Revenue Receipts from Forest and Wild Life

Table -4

(Rs. in crore)

Item	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Forest and Wild Life	87.95	97.04	48.46	84.72	59.13	130.63	82.66

(Source - Finance Accounts of respective years)

2.8 Agriculture

2.8.1 Orissa is an agrarian state. Agriculture continues to be the main-stay of the state's economy. Agriculture and Animal Husbandry Sector contributed 20.09 % to the Net State Domestic Product (NSDP) in 2007-08 (at 1999-2000 prices) and provided employment directly and indirectly to 70% of the total work force (Economic Survey:GoO,p4.1).It may thus be noted that agriculture which plays a dominant role in the economy of the state provides a source of livelihood to the majority of the population.

2.8.2 A series of measures have been initiated for the all round development of agriculture sector in the state. Programmes have been implemented for the development of cereals, pulses, oilseeds and jute etc. Special packages have been announced for the farmers in the past with supportive policies in the allied departments. The state, in fact, announced a comprehensive Agricultural Policy in 2008 to create enabling conditions for the development of the farm sector. Focus of the policy was to develop agriculture and improve the economic conditions of the farming community.

2.8.3 Because of her geographical position Orissa is frequently visited by natural calamity of one type or another e.g. Flood, Drought and Cyclone. This partly explains the reason for such wide fluctuations in production of food grains.

2.8.4 Paddy is the major cereal crop in the state and accounts for about 95% of the total food grains production in 2006-07. Pulses, oilseeds, vegetables, spices and sugarcane are other important crops in Orissa.

2.8.5 Table below gives the yield rate of different crops in Orissa vis-a-vis the yield rates in other states.

Table - 5

States	Yield rate of different crops (Kgs/hect) (Year-2004-05)											
	Rice	Wheat	Jowar	Bajra	Maize	Gram	Arhar	G.nut	Cotton	Jute& Mesta	S.Cane	Potato
West Bengal	2574	2103			2977	1024				2473	66231	22246
Uttar Pradesh	1790	2502	1020	1534	1705	910	982	816			60733	22322
Andhra Pradesh	3111		1032	862	3142	1012	456	890	316	1555	74948	
Punjab	3943	4221			2740				697		60116	20555
Tamil Nadu	2703		669	1274	1552		625	1632	256		100845	15820
Bihar	792	1609			2386	835	1235			1416	39460	7663
Assam	1460	1066								1243	36983	8059
Karnataka	2712	740	863	601	2955	536	516	766	224		80202	6942
Chhatisgarh	1170					542						
Haryana	2941	3901	271	1316		850			568		62000	19750
Maharashtra	1425	1344	762	736	1759	561	613	1123	176	265	63194	
Jharkhand	1305	2381			1497							
Gujarat	1806	2482	1154	1172	898	803	928	943	421		74072	27702
M. Pradesh	720	1735	957	1368	1398	928	785	1158	185		40914	16504
Kerala	2301											
Rajasthan		2839	464	658	1211	747		1552	297			
All India	1984	2602	797	859	1907	815	667	1020	318	2019	64752	17923
Orissa												
2004-05	1455	1332	541	510	1322	608	683	1515	412	983	68600	9495
2005-06	1554	1403	603	539	1496	645	742	1547	435	1033	69286	9046
2006-07	1557	1415	613	586	1602	651	803	1599	307	1125	70008	9701

(Sources :Directorate of Agriculture and Food Production Orissa Bhubaneswar)

It may be noted from the table that agriculture productivity in Orissa vis-a-vis West Bengal, Andhra Pradesh, Punjab, Tamilnadu, Karnataka and Haryana is low in the production of major crops like rice, jawar, bajra and maize

2.9 Fertiliser Consumption

2.9.1 Orissa is far behind the major states like Andhra Pradesh, Karnataka and Tamilnadu in terms of fertiliser application in agriculture. Table below gives figures relating to the consumption of fertilizer in some selected states in 2006-07.

Table – 6
Consumption of Fertiliser in the major states In India

Sl. No.	States	(Kgs/Hect.)
		Consumption
1.	Andhra Pradesh	203.61
2.	Assam	49.26
3.	Bihar	152.32
4.	Gujarat	111.07
5.	Harayana	166.72
6.	Karnataka	117.34
7.	Kerala	57.00
8.	M.P.	47.13
9.	Maharashtra	84.52

10.	Orissa	43.00
11.	Punjab	210.06
12.	TamilNadu	183.67
13.	Uttar Pradesh	140.37
14.	West Bengal	127.50
15.	Rajasthan	36.29
16.	U.P.	140.37
17.	All India	104.50

(Sources: Economic Survey 2008-09, GoO p.4/15)

2.9.2 Predominance of small and marginal farms, poverty among the farm households and their limited access to institutional sources of credit may partly explain the inability of the farmers to go for higher consumption of fertilizer in their fields.

2.9.3 Land resources remaining the same, per capita availability of land in Orissa has considerably gone down from 0.39 hect in 1950-51 to 0.14 hect. in 2005-06 due to the increasing pressure of population on land. It, therefore, becomes imperative that improved agricultural practices have to be adopted to raise the yield rates of different crops substantially.

2.10 New Agriculture Policy of the State

The new Agriculture Policy announced by the Government of Orissa has the following objectives for overall development of agriculture in Orissa.

- ❖ To bring in a shift from the present level of subsistence agriculture to a profitable commercial agriculture so that people would accept agriculture as a vocation;
- ❖ To promote sustainable agricultural development;
- ❖ To enhance productivity of important crops at least to match with national average (enhancing seed replacement, availability of quality planting materials, INM, IPM, water management, farm mechanization and technology transfer);
- ❖ To encourage crop diversification particularly in uplands and medium lands (e.g paddy to non paddy crops)
- ❖ To focus on horticultural crops including dry-land horticulture;
- ❖ To encourage modern farming system approach;
- ❖ To enhance water use efficiency through people's participation;
- ❖ To facilitate increased long term investment in agricultural sectors (on farm as well as off farm) both by the private sector, public sector and public-private partnership (PPP), particularly for post harvest management, marketing, agro processing and value addition etc.
- ❖ To encourage contract as well as compact farming;
- ❖ To increase access to credit for small and marginal farmers;
- ❖ To facilitate appropriate market linkages for agricultural produce with respect to which the state has competitive advantages;

- ❖ To implement integrated watershed development programmes in watershed areas for Natural Resource Management (NRM), increased crop production as well as farm and non-farm income;
- ❖ To create appropriate institutions/facilities to undertake regulatory, enforcement and quality assurance activities matching to the emergent needs; and
- ❖ To redefine the roles and responsibilities of the agricultural extension machinery by suitably restructuring the field extension set up.

2.11 Irrigation

2.11.1 Irrigation is one of the key factors not only to stabilize agricultural production but also to encourage farmers for higher application of inputs in the state. In fact, Orissa is lucky to have been endowed with abundant water resources. The state has around 11% of total water resources of the country with 11 river basins. Rain fall is the main source of water in the state. But this resource gets very unevenly distributed over time and space. The water resources scenario at the national and state level is given in the following table:-

Table – 7

Description	India	Orissa
Annual Precipitation	4000 BCM	230.76 BCM
Average Annual Water Resources	1869 BCM	141.41 BCM
Utilizable Water Resources (Surface & Ground)	1122 BCM	108.15 BCM
Utilizable Resources (% of precipitation)	28%	47%
Per capita water availability	1820 cum	3359 cum

(Source: Activities Report-2007-08 published by the Department of Water Resources, Government of Orissa.)

2.11.2 Since 70% of Orissa's population depend on agriculture for their livelihood, irrigation coverage to more areas is very much necessary for increasing agricultural productivity. The state government therefore is attaching utmost importance to agriculture. The year 2008 has been declared as “Year of Irrigation”. It may be mentioned that because of the consistent efforts by the state 28.13 lakh hectares of land have been brought under irrigation as against 49.90 lakh hectares that would be brought under irrigation in future.

2.11.3 Apart from public investment private irrigation sources are being developed with funds available under the new agriculture policy and the Jananidhi Scheme. The number of shallow tube wells, bore wells, dug wells and surface lifts installed since 1996-97 (till 2007-08) is indicated below.

Table - 8

Items	Nos. installed
(1)	(2)
Shallow Tube Well	69211
Bore Well	8026
Dug Well	1643
Surface lift	898
TOTAL	97778

(Source: Directorate of Agriculture & Food Production, Orissa)

2.11.4 During 2007-08, additional irrigation potential of 0.33 lakh has been created against the annual target of 0.59 lakh hectare up to the end of February 2008. The source-wise irrigation coverage status is given in the table below.

Table - 9
Irrigation Coverage Status (Status as on 29.02.2008)

Description	Assessed Irrigable area (th.ha.)	Created net Irr. Potential (th.ha)			Executing Agency
		Up to March 2007	During 2007-08 ending Feb.2008	Total	
Major & Medium	3130.00	1250.51	4.595	1255.105	W.R.Deptt.
Minor (flow)	970.00	519.02	6.048	525.068	W.R.Deptt.
Minor (lift)	890.00	421.19	22.575	443.765	W.R.Deptt.
Other Sources (Dug-well, WHS, Shallow tube well etc)	-	567.43* (June 2006)		567.43	P.R. Deptt., Agril Deptt. Pvt. Source
Total	4990.00	2758.15	33.218	2791.368	

(Source: Water Resources Department, Government of Orissa)

Major & Medium Irrigation

2.11.5 Major & Medium irrigation projects occupy a key position in the irrigation map of Orissa. At present 31 irrigation projects in different categories are under progress through different schemes. It has been targeted to complete all these projects during 11th Plan period. Additional irrigation potential of 395.78th.ha will be created on completion of these projects. The details are given in the table below.

Table - 10
Major & Medium irrigation Projects (Status as on 29.02.2008)

Category	No.(s)	Design Potential (Thousand hectares)	Potential created (th.ha)		
			By 03/2007	During 2007-08 ending 2/2008	Total (by 02/2008)
Major	8	321.50	38.95	2.945	41.895
Medium	11	53.43	5.17	0.10	5.27
Creek	6	13.53	0.00	1.00	1.00
ERM	6	395.78	44.12	4.595	48.715
Total	31	395.78	44.12	4.595	48.715

(Source: Water Resources Department, Government of Orissa)

2.12 Fisheries

2.12.1 The fisherman population of the State is about 10.84 lakh. The economic status of fisherman is generally below the poverty line.

About 80% of state's population eat fish. The annual per capita fish consumption is 8.44 Kg. (provisional) as against the per capita annual consumption of fish of 11 Kg. recommended by the World Health Organisation. During 2007-08 total fish production should approximately at 2,25,102 MT.

Pisciculture is gradually gaining popularity among the prospective entrepreneurs due to availability of improved technology and rising public interest in fish consumption.

2.12.2 The State Government have formulated a policy for Fishery Development as a part of the Agriculture Policy 1996. The policy aims at: -

- ❖ Increasing fish production by adopting scientific methods of culture;
- ❖ Assisting fishermen in more efficient fishing;
- ❖ Boosting fishing operation in deep sea;
- ❖ Transmitting technology both for culture and capture to fishermen and fish farmers and
- ❖ Establishing fish feed mills for culture of fish and prawn.

2.12.3 The following activities and programme are proposed to be given priority in the 11th Five Year Plan (2007-12) of the state:

- ❖ To promote sustainable development in inland fisheries sector for doubling fish production.
- ❖ To triple the export earnings in the State.
- ❖ To enhance contribution of fisheries sector to food and livelihood security of the people engaged in fisheries.
- ❖ To promote public, private partnership in developing, managing, conserving and sharing the fisheries resources for state's benefit.
- ❖ To create trained human resources for capacity building in the sector.
- ❖ The State Government has also been trying to take appropriate steps consistent with the broad policies and programmes of the Government of India.

2.13 Animal Resources

2.13.1 To improve the socio-economic standard of general public, different Animal Husbandry and Dairy Development programmes are being implemented by Animal Resources Development Department. By these programmes the unemployed youth are getting employment opportunities.

During 2007-08 the activities of the Department were as follows: -

No. of Cows & Buffaloes Artificially Inseminated	--	6,50,473
No. of cross-bred progenies born	--	2,64,893
No. of Animals treated (in '000 Nos.)	--	3,452
No. of Animals vaccinated (in '000 Nos.)	--	11,505
No. of Animals treated against Infertility (In Nos.)	--	34,140
No. of Animals Castrated (in '000 Nos.)	--	314
Milk Production during the period ('000 MT)	--	1043.76
Egg Production during the period (Million Nos.)	--	1082.05

It may be maintained that till 2007-08, there were 4374 Frozen Semen A.I. centers in the State

Productions of Vaccines

2.13.2 Two Biological Products Institutes, one at Bhubaneswar and the other at Berhampur are functioning in the state. During 2007-08 the following vaccines produced and supplied to different districts for vaccination: -

Table -11

H. S. Vaccine (Alum)	5560000 doses	ASV	599500 doses
B.Q. Vaccine FDRDV (R2B)	3940000 doses 1149000 doses	ENTV FDRD (FS) FDFPV	332800 doses 20000 doses 49500 doses

(Source: Fisheries & Animal Resources Development Department, Govt. of Orissa)

2.13.3 Dairy Development

Installation of one Milk Powder Plant at Bhubaneswar is on the verge of completion. The IDDP Phases IV, V, VI Clean Milk Production under STEP is being implemented through OMFED under the financial assistance by Government of India.

2.13.4 Poultry Development

Programmes are designed and policies have been formulated to strengthen the Poultry and Duck Breeding Farms in the state through Government of India financial assistance.

2.13.5 Fodder Development

In 2007-08 7,220 numbers of mini kits have been supplied to farmers for Kharif season from State Fodder Seed Production Farms. 13,600 numbers of mini kits have also been supplied in the Rabi Season. It may be recorded that 29792.31 quintals of green fodder have been produced in the Departmental L.B.D. & Seed production Farms. Rupees amounting to Rs.19.21 lakhs have been collected from the sales proceeds of the said farms and deposited in the Government Treasury.

2.14 Industries

2.14.1 Orissa offers immense opportunities for industrial growth. Suitable Industrial Policy Resolutions (IPRs) have been framed by the state from time to time to make Orissa a favourable destination for national and international investments. IPR 2007 aims at “promoting orderly and environmentally sustainable industrial growth” in Orissa.

To make Orissa an important hub for domestic and international markets in chemicals and petrochemical sectors, a Petroleum, Chemical & Petrochemical Investment Region (PCPIR) has been proposed at Paradeep with the Indian Oil Corporation Limited (IOCL) as the anchor tenant. Once fully developed, the annual turnover of the PCPIR would be around Rs.423,500 crore with an anticipated annual export of Rs.43,000 crore. It will generate nearly Rs.42,000 crore of tax revenue which will boost the regional as well as national economy. The direct employment in the proposed PCPIR would be 2.27 lakh with an indirect employment potential of 4.21 lakh.

2.14.2 Keeping in view the export potential of the State, an Export Policy is on the anvil. To maximize the impact of the current flow of investment in the industrial sector, thrust is being given to promote forward and backward linkages between large, small and medium industries through ancillary and downstream industries. Comprehensive MSME Policy has been prepared for the sustained growth of the MSME sector.

2.14.3 Industrial and social infrastructure of high standard is a sine - qua - non for sustained industrialization. Such physical and social infrastructure is being developed through Public- Private Partnership (PPP).

Flow of Private Investments

2.14.4 Indian and foreign mega investments in the steel and power sectors and aluminum and chrome products are dominating the private investment boom. Industry has grown at 20 percent annually since 2002-07, compared to only 6 percent in 1997-2002. This is fuelled, in part, by the rise in world metal prices. Since 2004, Orissa has been ranked as the country's premier investments destination, according to the Centre for Monitoring the Indian Economy (CMIE).

2.14.5 Private investments under implementation in Orissa now total about US\$ 125 billion - which is about seven times the state's annual gross domestic product (GSDP). Many of these investments are at an advanced stage and the companies are expected to start their production before 2012/13.

2.14.6 Indian IT companies are entering Orissa as traditionally favored destinations have become increasingly saturated. The services sector is now growing at a rapid rate, almost touching 10 percent.

2.14.7 Even agriculture, traditionally beset by drought and floods, grew at 3 percent per year during 2002-07, which is better than the rest of India. This is creating possibilities for the development of agro-industries.

2.14.8 Orissa's per-capita income, which remained much below the national average during the past five decades, has begun to grow fast. Regional inequalities within Orissa have also narrowed. Although average spending in rural Orissa is still low, it is moving up more rapidly than ever before.

Efforts to improve the investment climate and contain unproductive public expenditure.

2.14.9 To improve the investment climate tax reform measures and procedural simplifications have been introduced in the state. Regulations for setting up of industries have been further liberalized and made investor-friendly.

Between 2004 and 2006, the state undertook significant measures to contain unproductive public expenditure. Through a consultative and transparent process, the state government took the people on board in its efforts to right size the civil service, retrench employees of loss making public enterprises, and rationalize state's involvement in industries. Growing presence of the industries in the private sector created job opportunities and to a large extent took care of the consequences of government's efforts to downsize the public sector in terms of job loss and loss of income. Enactments of Orissa Industries Facilitation Act 2004, creation of Single Window agency for investment facilitation and dedicated web site for Investment Promotion added to investment climate improvement in the state.

2.14.10 Investment Scenario

- ❖ 46 projects for about 75 MTPA of Steel with investment >US\$45 Billion
- ❖ 4 new aluminum complexes 4+ MTPA alumina and 1 MTPA aluminum smelter capacity (US\$ 10 Bn)
- ❖ Major investors in the metal sector - POSCO, Arcelor-Mittal, Tata Steel, Bhushan, Jundal, Essar, Aarti, Hindalco, Vedanta, etc.
- ❖ 15 MTPA mega petrochemical complex by IOC (US\$ 6 Billion)
- ❖ 13 Thermal Power Projects under implementation with capacity of 15,590 MW (US\$ 14.6 Billion)
- ❖ 5 MTPA Cement capacity addition utilizing flyash and blast furnace slag (\$ 0.50 Billion)
- ❖ 4 new ports (US\$ 2 Billion) at Dhamra, Gopalpur, Jatadharimuhana and Kirtania on 480 km. long coast line of the state. Major expansion of Paradip Port underway.
- ❖ Orissa emerging as an IT/ITES powerhouse with the presence of Infosys, Satyam, TCS, WIPRO, Mind Tree, ICICI Bank, Genpact, Aricent, Perfectus Tech, etc.

2.14.11 The following Table depicts the picture of investment/employment generated/ MoUs sign in respect of Steel and Other Industries.

Table-12

Sl. No.	Sector	No. of MoUs signed	Total investment proposed (Rs. in Cr.)	No. of Units gone into production	Investments made (Rs. in Cr.)	Employment generated (Direct +Indirect)
1.	Steel	49	194,149.40	28	21,182.45	50,700
2.	Aluminum	2	19,400	1	8,832	1850
3.	Cement	3	1,114	-	243.30	86
4.	Oil Refinery	1	25,646	-	1388.64	800
5.	Power	13	56,271	-	-	-
6.	Auto Component	1	365	-	28.00	-

(Source: Industries Department, Govt. of Orissa)

Micro, Small, Medium and Cottage Industries

2.14.12 Growth of Micro, Small and Medium Enterprises sector is being emphasized not only because of its potential for generation of employment opportunities but also for its contribution to the output of the State. During 2006-07, 4556 Micro, Small and Medium Enterprises went into production with total investment of Rs.271.14 crore and 20,839 persons were provided with employment opportunities.

During 2006-07, 13015 cottage industry units were functioning in the state with an investment of Rs.53.12 crore and employment generation of 20498 persons. Besides, 114 coir cooperative societies were functioning in the state with 7211 members. By the end of 2006-07, 747 number of coir industry units were in operation in the state including 177 units setup during the year. About 11,160 MT of coir products valued at Rs.77.90 crore have been produced during 2006-07 by coir based industries, providing employment to 9,776 persons.

Handicraft

2.14.13 During 2006-07, 224 Handicraft Cooperative Societies were functioning in the state with 0.17 lakh members. Handicraft goods worth of Rs.712.44 lakh were produced in the state during 2006-07, while handicraft goods worth of Rs.744.88 lakh were sold.

Handloom, Textile and Sericulture:

2.14.14 Handloom industry of Orissa is rich with traditional skill and craftsmanship and has fine reputation for its traditional products like Khandua, Bomkai, Sambalpuri and Habaspuri sarees in domestic market and abroad as well. Besides, other items of cotton, silk and tasar fabrics are also produced for domestic and metro markets. Weavers of Orissa excel in skill, craftsmanship, originally conceived designs and in their ability to continue and protect Orissa's heritage. There are about 4,15,261 weavers working on 1,19,005 handlooms throughout Orissa either independently or through Primary Societies, Self Help Groups and as entrepreneur weavers.

2.14.15 In the textile sector, on the one hand there is a time-bound, well monitored privatization programme under implementation with the Department of Public Enterprises and Textiles & Handloom working together; and on the other steps are being taken to invite private sector for investment. The first MoU was signed in October 2006 with M/s Welspun Anzar SEZ Ltd. for setting up of a ITP in Choudwar. In the Apparel and Garment sector, there is a beginning of development of a skill base in the state with the first Apparel & Training Design Centre implemented by AEPC in collaboration with State Government. Under the scheme formulated by AEPC, Satellite Centres can also be set up later, once Bhubaneswar ATDC becomes operational.

2.14.16 Sericulture is an agro based labour intensive industry providing gainful employment mostly to rural people. Sericulture enterprise in its totality is a long chain industry. On the farm sector two basic biological processes are put into operation, one is food plant cultivation and the other one is silkworm rearing for cocoon production. In Non-farm sector, industrial activities such as silk reeling, twisting, processing, weaving etc are involved.

Sericulture is a livelihood activity that goes round the year and provides remunerative income to the farmers. About 15,000 traditional families involving one lakh people actively practice sericulture in Orissa. It provides indirect employment to equal number of reelers, spinners & weavers.

Traditionally Orissa has been a tasar producing state. Tasar farming is done in 10 districts. Mulberry is relatively new and practiced in 8 districts and Eri is traditional is cultivated in 11 districts.

Minerals

2.14.17 Minerals constitute an important source of revenue for the state and employment for the people. Mining sector contributed 7.25% to GSDP in 2006-07 (at 1999-2000 prices) in the same year, as many as 47376 workers were directly engaged in major mineral activities. A large section of rural tribal belonging to hilly areas find employment in mining activities going on in those regions. As high as 64.72% of the workers are found in iron ore and coal mines, the two major mineral resources of the state.

The State is endowed with vast mineral deposits like coal, iron-ore, manganese-ore, bauxite, chromite etc. According to All India Mineral Resources Estimates, the mineral deposits of Orissa in respect of chromite, nickel, bauxite, iron-ore and coal were about 97.93%, 92.46% , 51%, 33.17% and 24.16% respectively of the total deposits of India (Indian mineral year book 2005). Other important mineral resources of the state are limestone, Manganese, fire clay, quartz, precious and semi precious stones, copper, vanadium etc. However, the rate of exploitation of different minerals is not very significant. Except iron ore, chromites and graphite, the rate of exploitation to total reserve remains below 1%.

2.14.18 During 2006-07 about 1614.45 lakh tones of minerals valued at Rs.7629.63 crore were produced in the state as against 1396.78 lakh tones production valued at Rs.6604.41 crore during 2005-06, showing an increase of 15.6% in production and 15.5% in value over the previous year. Similarly, in 2006-07 about 162 lakh tones of mineral / ores valued at Rs.10761.2 crore has been exported from Orissa as against 146.3 lakh tones of minerals / ores valued at Rs.9161.2 crore exported during 2005-06. An amount of Rs.936.55 crore has been received as mining revenue in 2006-07 as against Rs.805.00 crore received during 2005-06.

2.14.19 Orissa possesses a total reserve of 3.789 million tones of high grade iron-ore which is about one third of country's deposit. This attracts steel manufactures of national / international level to establish steel plants in Orissa. So far the Government of Orissa has signed about 62 MoUs with different companies for establishment of steel, aluminum and cement plants. POSCO, one of the world's largest steel and power plants producing companies has also signed MoU for setting up of a mega steel plant having capacity of 12 MTPA with an investment of about US \$ 12 billion.

2.14.20 The following table, however, depicts the picture of physical progress of MoUs signed in respect of Steel Plants.

Table-13

PHYSICAL PROGRESS OF MoUs STEEL PLANTS														
Sl. No	Name of the Company	Capacity achieved in MTPA				CPP (MW)	Investment made (Rs. In Cr.)	Employment Generated				Periphery Devpt (Rs. In Cr.)	Tax Paid	
		Sponge	MBF	Steel	Others			State	Outside State	State	Outside State		State	Central
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
1.	Arati Steel Ltd.	0.2000	-	0.18	-	40	436.00	439	97	688	167	2.00	3.52	38.22
2.	Adhunik Metalicks Ltd.	0.18	0.2	0.26	-	30	653.00	516	433	340	680	0.85	20.55	85.76
3.	Scaw Industries Pvt. Ltd.	0.10	-	0.05	-	8	110.00	195	16	155	72	0.08	0.09	10.47
4.	VISA Steel Ltd.	-	0.22	-	-	-	1235.00	370	284	693	1156	0.45	38.19	39.10
5.	SMC Power Generation Ltd.	0.10	-	0.10	-	8	230.00	353	153	273	22	0.21	3.55	24.34
6.	Shyam DRI Power Ltd.	0.02	-	0.02	-	25	133.00	679	192	500	250	0.40	11.28	6.97
7.	Orissa Sponge Iron & Steel Ltd.	0.25	-	0.10	-	58	322.00	610	69	385	27	0.12	1.77	23.53
8.	SPS Steel & Power Ltd.	0.18	-	-	-	-	81.56	581	132	-	-	0.20	1.68	11.01
9.	Maharastra Seamless Ltd.	-	-	-	-	-	40.00	2	6	4	2	-	-	-
10.	Sterilite Iron & Steel Company Ltd.	-	-	-	-	-	20.00	10	5	35	-	0.07	-	0.01
11.	TATA Steel Ltd.	-	-	-	-	-	290.00	25	65	200	-	17.30	4.76	2.30
12.	OCL Iron & Steel Ltd.	0.12	-	0.085	-	14	143.01	247	62	167	452	0.13	1.45	20.44

13.	Maheswari Ispat Ltd.	0.13	-	0.06	-	-	305.00	260	116	500	200	2.00	10.89	57.13
14.	Monnet Ispat & Energy Ltd.	-	-	-	-	-	45.00	16	2	30	2	0.35	-	-
15.	Aryan Ispat & Power Ltd.	0.06	-	-	-	-	103.18	102	74	331	62	0.50	0.91	6.82
16.	Maithan Ispat Ltd.	0.15	-	0.13	-	-	478.35	163	48	680	88	0.02	5.46	18.97
17.	Sree Metaliks Ltd	0.30	0.03	0.28	-	28	272.89	664	166	177	95	0.25	5.05	33.37
18.	MSP Metalicks (P) Ltd.	-	0.18	-	-	-	193.00	171	85	465	132	0.40	3.21	21.22
19.	Action Ispat Power (P) Ltd.	0.11	-	0.125	-	4.5	132.00	298	134	252	63	0.12	2.17	14.13
20.	ESSAR Steel Orissa Ltd.	-	-	-	-	-	135.00	65	1	650	50	0.77	1.10	0.00
21.	Patnaik Steels & Alloys (P) Ltd.	0.11	-	0.10	-	15	157.00	165	1	700	50	0.77	1.42	0.33
22.	Rathi Udyoung Ltd.	0.15	-	-	-	20	234.00	281	126	385	112	0.27	0.59	0.08
23.	Viraj Steel & Energy Ltd.	0.11	-	0.075	-	8	187.14	205	162	204	45	-	6.27	7.59
24.	Deepak Steel & Power Ltd.	0.14	-	0.011	-	-	150.00	256	10	350	-	0.81	1.45	31.39
25.	Konark Ispat Ltd.	-	-	-	-	-	2.00	9	-	-	-	-	-	-
26.	Beekay Steel & Power Ltd.	0.11	-	-	-	-	75.79	133	9	127	11	0.21	1.33	6.18
27.	BRG Iron & Steel Co. (P) Ltd.	0.06	-	-	-	-	260.00	378	194	590	150	1.08	1.52	9.95
28.	Jain Steel & Power Ltd.	-	-	-	-	-	90.00	36	18	83	55	0.60	-	-
29.	Jindal Stainless Ltd.	-	-	-	0.15	130	2534.44	406	302	4950	11	0.24	32.87	8.42
30.	POSCO India (P) Ltd.	-	-	-	-	-	175.50	50	11	-	-	-	-	-
31.	Rungta Mines Ltd.	-	-	-	-	-	155.12	305	15	45	-	0.14	16.67	-
32.	Brand Alloys Ltd.	-	-	-	-	-	13.50	48	-	50	-	-	-	-
33.	Eastern Steel & Power Ltd.	0.11	-	0.1	-	12	186.00	276	157	145	114	2.25	6.87	8.31
34.	Jai Balaji Jyoti Steels Ltd.	0.12	-	0.12	-	-	116.71	198	24	195	-	1.11	71.79	77.71
35.	Jindal Steel & Power Ltd.	-	-	-	-	-	765.46	75	39	1020	80	1.24	0.65	19.99
36.	Bhushan Steel Ltd	0.50	-	0.5	-	110	5000.00	437	481	8433	3216	5.00	20.37	-
37.	Welspun Power & Steel Ltd.	-	-	-	-	-	2.00	9	7	15	5	-	0.11	-
38.	Uttam Galva Steels Ltd.	-	-	-	-	-	35.00	5	1	-	-	-	-	-
39.	Arcelo Mittal India Ltd.	-	-	-	-	-	-	11	1	100	4	-	-	-

40.	SSL Energy Ltd.	-	-	-	-	-	-	3	3	-	6	-	-	-
41.	MGM Steels Ltd.	-	-	-	-	-	38.39	69	2	60	-	0.005	0.57	1.88
42.	Surendra Mining Industries (P) Ltd.	0.06	-	-	-	-	32.00	149	-	14	-	0.11	9.65	1.87
43.	Crackers India (Alloys) Ltd.	0.06	-	-	-	-	21.41	127	6	21	2	0.19	0.86	1.36
44.	Brahmani River Pellets Ltd.	-	-	-	-	-	93.00	26	19	97	4	0.001	0.15	1.13
45.	Pradhan Steel & Power Pvt. Ltd.	-	-	-	-	-	1.00	14	-	3	-	5E-04	-	-
46.	Tecton Ispat Pvt. Ltd.	-	-	-	-	-	1.30	50	-	-	-	-	-	-
47.	Atha Mines Pvt. Ltd	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL		3.43	0.63	2.30	0.15	510.50	15684.75	9487	3728	24112	7385	40.25	288.77	589.98
48.	Bhusan Power & Steel Ltd. (MoU to be revived)	1.50	-	1.50	-	100	5500.00	977	864	3729	522	5.00	163.7	438.6
49.	Deo Mines & Minerals (P) Ltd. (MoU under subjudice)	-	-	-	-	-	-	-	-	-	-	-	-	-
GRAND TOTAL		4.93	0.63	3.80	0.15	610.50	21184.75	10464	4592	27841	7907	45.25	452.50	1028.53
								15056	35748					

(Source - Steel & Mines Department, Government of Orissa.)

Table below gives information relating to revenue generation from the Mining Sector

Table-14
Revenue Generated from Mining Sector

(Rs. in Crore)

Items	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Non-ferrous Mining & Metallurgical Industries	378.56	443.58	552.07	670.52	805.03	936.60	1126.06

(Sources: Finance Accounts of respective years.)

2.15 Infrastructure Development in Orissa

2.15.1 For a state that can take legitimate pride in its rich mineral resources, it sounds odd to say that Orissa is also one of the most backward states in the country. It is only natural for the state to give priority to its economic development. In that context we may look at its infrastructure which is of strategic importance for the development of the state. Orissa's infrastructure sector vis-à-vis India reveals that State's infrastructure is much below the national level. Not only that. There is also the prevalence of a high degree of inter-district

disparity in infrastructure development and in the quality of infrastructure. It is important that infrastructural constraints prevailing in Orissa in terms of power, railways, roads, ports, airports and telecommunication have to be removed to facilitate rapid growth of its economy. Particular emphasis has to be placed on the development of infrastructure in the backward districts like Nowrangpur, Kandhamal, Nuapada, Malkangiri, Nayagarh and Kalahandi which suffer the worst because of their poor infrastructure. This is necessary for regionally balanced development in the state.

2.16 Transport and Communication

2.16.1 Transport and Communication constitute as basic infrastructural requirement for achieving rapid economic development. Infrastructural adequacy in transport and communication sector is crucial for attracting investment. The ongoing economic reforms, therefore, attach high priority to development of transport and communication infrastructure. The Industrial Policy, 2007 accords special priority to infrastructural development which in turn would facilitate flow of funds for large investment in the industrial sector. Development of transport infrastructure is also essential for marketing of agricultural produce and that would enable the farmers to get a fair price. State Government has, therefore, accorded high priority for an all round development in Transport and Communication Sector.

2.16.2 ROADS

In the absence of adequate internal rail linkage, roadways constitute the major means of transport and communication to many parts of Orissa. As good roads improve the accessibility of the rural people to markets and facilitate better delivery of services, emphasis is being given to provide all weather road communication to inaccessible areas and upgrade the existing road network. So far only 40% of approximately 50,000 villages in Orissa have all weather connectivity as compared to the National average of 60%.

During 2006-07 the total road length of the state was as follows:

- ✓ 3596 Km – National Highways
- ✓ 29 Km – State Express Highways
- ✓ 3,855 Km- State Highways
- ✓ 3842 Km – Major District Roads
- ✓ 6516 Km – Other District Roads
- ✓ 27284 Km – Rural Roads
- ✓ 20314 Km – P. Samiti Roads
- ✓ 7298 Km – Forest Roads
- ✓ 17282 Km – Urban Roads
- ✓ 6277 Km – Irrigation Roads
- ✓ 88 Km – GRIDCO Roads

(Source - Transport Department, Government of Orissa)

2.16.3 Rail Transport

Orissa has so far remained neglected in the field of development of railways. The existing railway lines pass through the fringes of the state leaving the central areas untouched. This inadequacy is one of the factors which has had an adverse impact on the pace of infrastructural and industrial development in the state. The State had 21339 Kms. of railway route including 54kms of narrow gauge as on 31.03.2007. The railway route length in the State per thousand sq. km of area comes to 15.02 km. By 2005-06 a length of about 1277 km was electrified. There are 234 railway stations and 27 passenger halts in the state. The railway routes pass through 23 districts of the state excluding seven districts viz. Boudh, Deogrh, Kandhamal, Kendrapara, Malkangiri, Nawarangpur and Nayagarh. (Economic Survey 2008-09:GoO p12/10)

2.16.4 Ports

Out of 11 major ports in the country, Paradeep is the only major port in Orissa through which minerals and metallurgical products are being exported. During 2005-06, 216.85 lakh MT of cargo was exported and 114.24 lakh MT of goods imported through this port as against 216.66 lakh MT of goods exported and 84.38 lakh MT goods imported during 2004-05. Port at Dhamara has been making steady progress. Two more ports at Gopalpur and Kirtania are being developed. All these ports are to be developed under the PPP mode.

2.17 Tourism

Think of spectacular tourist spots in the country; the sea, the streams and rivers, the forests and mountains, the flora and fauna, the lakes, the caves and the ancient monuments, Orissa has them all. Known world-wide for the Jagannath Temple at Puri, Lingaraj Temple at Bhubaneswar and Konark Sun Temple at Konark the state attracts lakhs of visitors to these places every year. Puri, Konark and Bhubaneswar constitute the legendary Golden Triangle. Closed to Bhubaneswar, there is the Chilka Lake that continues to attract thousands of migratory birds every year. Boating in Chilka to visit the ancient Kalijai temple is a dream for all the visitors to Chilka. A visit to Nandankanan open zoo, close to Bhubaneswar is simply thrilling as one sees the tigers, lions, bears and deers etc moving freely in open space. The caves near Khandagiri-Udaigiri speak of an ancient time when the seers and sages lived in those caves and meditated for enlightenment. A visit to the Sun Temple at Konark is an experience as one sees the beautiful, artistic and revealing carvings on the stones. On the way to Puri from Bhubaneswar one can see the Shanti Stupa (the Peace Pagoda), the Buddhist temple at Dhauli. One can find Ashok's rock edict there, the place where the historic Kalinga war was fought and the war changed the life of Ashok from Chandashok to Dharmashok.

The "Tri-Ratna Triangle" of Orissa-Lalitgiri, Udayagiri and Ratna Giri, the three ancient centers of Buddhism attracts Buddhists and scholars from all round the world.

In Western Orissa, the religious-eco tourist circuit comprising Nrusinghanath on the slope of Gandhamardan Hills, Harishankar in the district of Bolangir and the temples of sixty-four yoginis continues to attract tourists from Chattishgarh, Jharkhand and Madhya Pradesh.

Koraput, Kandhmal, Kalahandi and Mayurbhanj have many tourist sites. But the real treasure for a tourist is to see tribal art, tribal handicrafts and tribals in their traditional dress and moving in rhythm and singing together their traditional folk songs.

Orissa needs long-term planning to develop the tourist spots and create the infrastructure for the movement of tourists. Private service providers may be encouraged to build tourist lodges, economy hotels and transport services to these places.

Small towns and rural areas are endowed with developed as tourist centres when they can be natural lakes, forests, mountains and streams. People, who take a break from their busy schedules would like to visit such places to relax. Those places need to be developed. This may appear to be a small beginning but has a big result in the end. Development of this industry would benefit the people, the economy and the state.

2.18 Social Sector

i) Education:

2.18.1 Development of education has been accepted as a priority area by the state as it is critical for the progress of its people. Universalization of Elementary Education has been adopted to provide universal access and enrolment of children in the school system. All efforts are made to retain these students once they are enrolled in the school system up-to the age of 14 years by providing them free and quality education. The state is committed to the universalisation of Elementary Education in Orissa by 2010. This approach of the state is consistent with the 86th Constitutional Amendment of the Indian Constitution which has made Elementary Education a fundamental right.

2.18.2 However the recent data relating to Primary, Upper Primary and High School Education published in the 2008-09 issue of Economic Survey, Govt. of Orissa reveal large gaps and deficit areas in the spread of education in Orissa. While the literacy rate in the state has increased from 30.5% in 1971 to 63.1% in 2001 wider gaps still exist in male literacy vis-à-vis female literacy. Male literacy increased from 44.5% in 1971 to 75.3% in 2001. The corresponding increase in female literacy rate was from 16.3% to 50.5%, thus leaving a gender gap of 24.8 percent. Literacy rate among the various social groups also vary widely. It stood at 55.53% for the SCs, as against 37.37% for the STs. Not only this. There are inter-district disparities in literacy in the state. Malkanagiri district which is a tribal district has the lowest literacy rate at 30.5% vis-à-vis Khurda which has the highest literacy rate at 79.6% (2001 census). It may also be observed that though the student enrolment in the Primary Schools has been increasing along with the number of Primary Schools, the overall drop out rate at the primary level in 2007-08 was 7.79 percent with of 7.76% for boys and 7.83% for girls. If we look at the overall drop out rate among the SC and ST students it stands at 12.54% and 16.89% respectively as against the overall drop out rate of 7.79% for all categories. It may also be observed that there are large variations in drop out rates among the boys

and girls. In 2007-08 it stood at 11.93% for boys, 13.16% for girls among the SC students compared to 14.03% for boys and 19.75% for girls among the ST students.

2.18.3 If we look at the Upper Primary Schools in Orissa, the enrolment of students over the years has been increasing. It stood at 2,00,2000 in 2007-08 as against 1,81,7,000 in 2006-07. The drop out rate in Upper Primary Schools, notwithstanding the rise in the enrolment of students, remains as high as 17.55% for boys and 20.05% for girls among the SC students compared to 22.13% for boys and 25.53% for girls among the ST students. This is against the overall drop out rate of 13.05% for boys and 13.49% for girls for all categories of students. It may also be noted that there are inter-district variations in the drop out rates. Nawarangpur district experienced the highest drop out rate at 21.53% followed by Mayurbhanj district at 18.54% as against the lowest drop out rate of 7.29% in Jagatsinghpur district. Similarly the drop out rate among the SC students and the ST students also vary from district to district. Deogarh district had the highest drop out rate at 24.73% for the SC students while Bhadrak district had the highest drop out rate at 32.48% for the ST students.

2.18.4 The drop out rate continues to rise as students move from Upper Primary Schools to High Schools. The overall drop out rate among the students coming from the ST community was the highest at 72.8% as against 70% for the SC students and 59.69% for all categories. The drop out for ST boys stood at 76.4% compared to 69% for the SC students as against 58.2% for all categories of students. Similarly the drop out rate for girls belonging to the ST community stood at 71% (2007-08) at par with the drop out rate for girls coming from the SC community (71%) as against the drop out rate of 61% for girls in all categories (2007-08).

2.18.5 It may be noted that literacy rate among the girl students in general and the girl students belonging to the SC and ST categories in particular is not only low, but the drop out rate for the girls belonging to the SC and ST groups is much higher compared to all other categories. Achieving full literacy in the state particularly among the SC and ST boys and girls has been a great challenge for the Government. Despite the increase in the number of schools right from the primary stage to the High School stage, there are lakhs of boys and girls who have not as yet gained access to the educational system in Orissa. If the objective of universalisation of Elementary Education is to be achieved in Orissa effectively, it is necessary that the state pays greater attention not only to expand education opportunities for these communities, but also makes sustained efforts to enhance gender equality in education which in turn can be expected to reduce inequality in opportunities for the girls. Illiteracy should be viewed not only as a short-coming in our education system but should be viewed as a threat to the whole society and a major hindrance to our socio-economic progress.

Educational inclusion for all children right from the early stage of teaching and education is very essential to tap the enormous growth potential of our human resources. This will not only create conditions for human development but can also be expected to facilitate social development.

2.18.6 The state administration which is committed to the goal of universalisation of education for children aged between 6 to 14 years has prepared a 5 year

perspective plan to put primary and upper primary education on a firmer footing. It has identified areas which offer scope for improvement. The perspective plan, prepared in a scientific way, is produced below;

Government in School & Mass Education Department have proposed a five year Perspective Plan from 2009-10 to 2013-14 covering different activities, the gist of which is mentioned below

(a) Universalisation of Elementary Education

Sl. No.	Outcome Indicators	Target 2009-10 (with source)	Target 2010-11 (with source)	Target 2011-12 (with source)	Target 2012-13 (with source)	Target 2013-14 (with source)
GOAL I : All Children in School / EGS centres : Alternative and Innovative Education Centres						
1.	Number of Children aged 6-14 years not enrolled in School / EGS Centres / AIE Centres	270783	100000	0	0	0
2.	Number of Children enrolled in School	Total: 6699722 Primary Level: 4586901 Upper Primary: 2112821	Total: 6923851 Primary Level: 4692336 Upper Primary: 2231515	Total: 70123851 Primary Level: 4792336 Upper Primary: 2331515	Total: 7315370 Primary Level: 4892125 Upper Primary: 2423245	Total: 7425260 Primary Level: 4902125 Upper Primary: 2523135
3.	Ratio of Primary to Upper Primary School	2:21	2:1:1	2:1	2:1	2:1
4.	Number of Children with special needs (CWSN) enrolled in school or alternative system including home based education	124741	130897	135000	136780	138766
GOAL II: Bridging gender and social category gaps						
5.	Girls increase as a share of students enrolled at primary and Upper Primary	Primary :49.5% Upper Primary: 48.5%	Primary : 49.8% Upper Primary: 49.5%	Primary : 50% Upper Primary: 50%	Primary : 50% Upper Primary: 50%	Primary: 50% Upper Primary:50%
6.	Scheduled Castes & Schedule Tribe Children increase as a share of students enrolled in Primary and Upper Primary Schools	SC : Primary 14.5% Upper Primary 11% ST :Primary 22.9% Upper Primary: 13%	SC: Primary 15.2% Upper Primary 14% ST:Primary 23% Upper Primary: 19%	SC: Primary 16% Upper Primary 23% ST:Primary 22.9% Upper Primary: 23%	SC : Primary 16.5% Upper Primary 16.3% ST :Primary 23.5% Upper Primary: 23.4%	SC : Primary 17% Upper Primary 16.8% ST :Primary 24% Upper Primary: 23.8%

GOAL III: Universal Retention						
7.	Transition rates from Primary to Upper Primary to increase	92.00	95.00	100	100	100
8.	Retention at Primary Level	85.00	82.00	100	100	100
9.	Retention at elementary level	63.43	75.00	84	90	95
GOAL IV: Education of Satisfactory Quality						
10.	(i) Teachers	(i) PTR at Pry. Level -30 (ii) PTR at UP level -26 (iii) No. of Schools with PTR > 60 at Elementary level -2200	(i) PTR at Pry. Level -28 (ii) PTR at UP level -25.5 (iii) No. of Schools with PTR > 60 at Elementary level - 500	(i) PTR at Pry. Level -25 (ii) PTR at UP level -25 (iii) No. of Schools with PTR > 60 at Elementary level - 0	(i) PTR at Pry. Level - 22 (ii) PTR at UP level -25 (iii) No. of Schools with PTR > 60 at Elementary level -0	(i) PTR at Pry. Level -20 (ii) PTR at UP level -25 (iii) No. of Schools with PTR > 60 at Elementary level -0
	(ii) Teaching Learning Material	% of eligible students receive free text books: 100 % of teacher received TLM Grants :100 Number of Schools state-wise using materials other than text books:1500 (CAL) LCR Material : All Schools (e.g. workbooks/ worksheets/ ABL cards / Kits/ CAL/ Supplementary books etc)	% of children received free text books: (Source) 100% % of Teachers received TLM grants : 100% Number of Schools state-wise using materials other than text books : (e.g. workbooks / worksheets/ ABL cards/Kits/ CAL / Supplementary book etc) 1500(CAL) UP Schools, CAL all Primary schools using integrated text books-cum-workbooks and worksheets	100 % 100 % 1500 1000 all Schools of 30 th districts in ABL	100 % 100 % 1500 1000 all Schools of 30 th districts in ABL	100 % 100 % 1500 1000 all Schools of 30 th districts in ABL

11.	Process indicators on quality					
	Teacher Training	% of teachers received in – service Training against annual target :100	100%	100%	100%	100%
	Pupil assessment by states – Pupil assessment system in place in Schools : 4 unit tests, half yearly and annual examination	To continue as such	Comprehensive and evaluation	Comprehensive and evaluation	Comprehensive and evaluation	Comprehensive and evaluation
	Attendance rates					
	- Students	Students attendance level at Primary and upper primary:80%	100	100	100	100
	- Teachers	Teachers attendance level at Primary and upper primary:80%	Teachers attendance level at Primary and upper primary:90%	Teachers attendance level at Primary and upper primary:95%	Teachers attendance level at Primary and upper primary: (Not available)	Teachers attendance level at Primary and upper primary:(Not available)
12.	Accountability to the community	Sharing of results with parents, (ii) development of Corpus fund (iii) Association with civil work utilization of funds with SIG, TLE, TLM, R &M Grants	Sharing of results with parents, (ii) development of Corpus fund (iii) Association with civil work utilization of funds with SIG, TLE, TLM, R &M Grants	Sharing of results with parents, (ii) development of Corpus fund (iii) Association with civil work utilization of funds with SIG, TLE, TLM, R &M Grants	Sharing of results with parents, (ii) devp. of Corpus fund (iii) Association with civil work utilization of funds with SIG, TLE, TLM, R &M Grants	Sharing of results with parents, (ii) development of Corpus fund (iii) Association with civil work utilization of funds with SIG, TLE, TLM, R &M Grants
13.	National Comparable students achievement level	Learning levels for class –III % in math, 70 % Percentage in language -70% (source: NCERT National Assessment Sample Survey – BAS) Learning level for class –V % in maths- 60.00 %	80.00 70.00 80.00 80.00 80.00 80.00	90.00 90.00 90.00 90.00 9590.00 90.00	95.00 95.00 95.00 95950.00 95.00 95.00	100.00 100.00 100.00 100100.00 100.00 100.00

		% in language – 80.00% % in EVS -60% Learning level for class –VII % in language 60 % % in math 60 % in science 60 % in S.Sc. – 60 % of the students will score more than 50% marks as per quality monitoring tool. (Source : NCERT National Assessment Sample Survey – BAS)		90.00 90.00	95.00 95.00	100.00 100.00
14.	Teacher support and Academic Supervision	% of BRCs / CRCs are operational: 80% BRC & CRC Effectiveness of BRC / CRC in academic supervision and improving school performance 60% (1) Performance against agreed roles & functions - 60% (2) Extent to which task are being done 60% (3) Extent of onsite support given to schools / teachers (4) Content & quantum of training given to BRC / CRC, BRCC – 6 days, CRCC - (5) perception of teachers / stake holders) 10 days on school management and pedagogical improvement and 13 days teleconference	% of BRCs /CRCs are operational: 100% BRC & 100 %CRC Effectiveness of BRC / CRC in academic supervision and improving school performance 70% (1) Performance against agreed roles & functions :-70% (2) Extent to which task are being done 70% (3) Extent of onsite support given to schools / teachers- (4) content & quantum of training given to BRC / CRC, BRCC – 6days, CRCC- (5) perception of teachers / stake holders 10 days on school management and pedagogical improvement and 13 days teleconference (Source: SMR)	% of BRCs /CRCs are operational: 100% BRC & 100% CRC Effectiveness of BRC / CRC in academic supervision and improving school performance 90% (1) Performance against agreed roles & functions :-90% (2) Extent to which task are being done 90% (3) Extent of onsite support given to schools / teachers- (4) content & quantum of training given to BRC / CRC, BRCC – CRCC- (5) perception of teachers/ stake holders 10 days on school management and	% of BRCs /CRCs are operational: 100% BRC & 100% CRC Effectiveness of BRC / CRC in academic supervision and improving school performance 95% (1) Performance against agreed roles & functions :- 95% (2) Extent to which task are being done 95% (3) Extent of onsite support given to schools / teachers- (4) content & quantum of training given to BRC / CRC, -	% of BRCs /CRCs are operational: 100% BRC & 100% CRC Effectiveness of BRC / CRC in academic supervision and improving school performance 100% (1) Performance against agreed roles & functions :-100% 2) Extent to which task are being done 100% 3) Extent of onsite support given to schools / teachers- (4) content &

(Source : SMR)

(b) Steps taken for reduction of dropouts.

1. Supply of free uniform to girls.
2. Supply of free text books to all the children of Govt. and Aided schools.
3. Supply of ACR schools in a ratio of 1:40.
4. Provision of special toilets for girls in Govt. UP schools.
5. Construction of RAMP for CWSN.
6. Introduction of Joyful learning and activity based learning.
7. Opening of KGBV Centres in 157 no of EBBs.
8. Opening of Bridge Course centres for dropout children.
9. Engagement of MCS coordinators to ensure regular attendance of girl children.
10. Training to community level institutions : CEC, MTA and PTA
11. Conduct of "Jatimahasabha" under tribal education programme to develop awareness among tribal communities towards education of their wards.
12. MLE programme in 10 tribal languages to reduce the gap between book language and home language of tribal children.

Sarva Shiksha Abhiyan

Five year perspective plan from 2009-10 to 2013-14 Projected

(Rs. in Lakh)

Sl. No.	Activity	2009-10	2010-11	2011-12	2012-13	2013-14	Total
	Fin	Fin	Fin	Fin	Fin	Fin	Fin
1.	New School opening						
	Opening of Class –VIII						
	New P.S.	0.00					
	Upgraded / New UPS	0.00					
2.	Teacher Salary	42371.1	44489.66	4671.14	49049.84	51502.34	234127.07
3.	Teachers Grant	941.33	988.40	1037.82	1089.71	1144.19	5201.44
4.	Block Resource Centre	852.04	894.64	939.37	986.34	1035.66	4708.06
5.	Block Resource Centre	1773.37	1862.04	1955.14	2052.90	2155.54	9799.00
6.	Teachers Training	4148.18	4355.59	4573.37	4802.04	5042.14	22921.31
7.	Intervention for OOSC	1526.02	1602.32	1682.44	1766.56	0.00	6577.33
8.	Remedial Teaching	269.92	283.42	297.59	312.47	3282.09	1491.48
9.	Free Text Book	5433.46	5705.13	5990.38	6289.90	6604.40	30023.27
10.	Intervention for CWSN (IED)	1496.89	1571.74	1650.32	1732.84	1819.48	8271.27
11.	Civil Works	51334.53	53901.25	56596.31	59426.13	62397.44	283655.66
12.	Teaching Learning Equipment	1328.31	1394.73	1464.46	1537.66	1614.57	7339.75
13.	Maintenance Grant	4963.55	5211.73	5472.31	5745.93	6033.23	27426.75

14.	School Grant	3815.87	4006.66	4207.00	4417.35	4638.21	21085.09
15.	Research & Evaluation	709.30	744.76	782.00	821.10	862.16	3919.32
16.	Management & Quality	6335.77	6652.56	6985.19	7334.45	7701.17	35009.14
17.	Early Child Care Education	377.08	395.93	415.73	436.52	458.34	2083.61
18.	Girls Education	450.00	472.50	496.13	520.93	546.98	2486.53
19.	SC/ST	450.00	472.50	496.13	520.93	546.98	2486.53
20.	Computer Education	1500.00	1575.00	1653.75	1736.44	1823.26	8288.45
21.	Urban deprived	70.39	73.91	77.60	81.49	85.56	388.95
22.	Minority	35.14	36.89	38.74	40.67	42.71	194.14
23.	Community Training	207.02	217.37	228.24	239.65	251.64	1143.92
24.	Total of SSA (District)	130389.26	136908.72	143754.158	150941.8656	156634.0738	718628.08
25.	STATE COMPONENT	860.75	903.79	948.98	996.43	1046.25	4756.20
26.	STATE SSA TOTAL	131250.01	137812.512	144703.138	151938.2948	157680.3245	723384.28
27.	NPEGEL	3044.27	3196.48	3356.30	3524.12	3700.32	16821.49
28.	KGBV	4454.66	4677.40	4911.26	5156.83	5414.67	24614.82
29.	GRAND TOTAL (SSA + NPEGEL + KGBV)	138748.94	145686.387	152970.706	160619.2412	166795.3182	764820.59

**National Programme for Education of Girls at Elementary Education
Five Year Perspective Plan - NPGEL.**

(Rs. In Lakh)

Sl. No.	Activity	2009-10	2010-11	2011-12	2012-13	2013-14	Total
	Fin	Fin	Fin	Fin	Fin	Fin	Fin
1.	No. of EBBS						
2.	No. of Urban Slums						
3.	No. of covered clusters						
4.	No. of clusters in Urban slums						
5.	Non Recurring Grants						
6.	Civil Works						
7.	Cont. of addl. Classrooms including toilets drinking water, electrification	318.43	124.65	92.043	0.00	0.00	535.123
8.	TLE	0.00					0.00
9.	One time grant of TLE, Library, Sports, Vocational training etc.	4.5	0.00	0.00	0.00		4.5
10.	CHILD CARE CENTRE	0.00	0.00				0.00
11.	Sub Total	322.93	124.65	92.043	0.00	0.00	539.623
12.	Recurring Grants						0.00

13.	Maintenance of Schools, part time instructor to MCS, provision of life Skills, bicycles, vocational training, transportation charges etc.	631.8	706.98	749.3988	814.3627	863.2245	3765.766
14.	Award to best School / teacher	157.95	178.745	189.4697	210.8379	223.4882	960.4907
15.	Student evaluation	315.9	347.49	368.3394	400.4398	420.4618	1852.631
16.	Remedial teaching	315.9	347.49	368.3394	400.4398	420.4618	1852.631
17.	Bridge Course	0.00	0.00	0.00	0.00	0.00	0.00
18.	Learning through Open Schools	0.00	0.00	0.00	0.00	0.00	0.00
19.	Teacher Training	13.76	15.824	16.6152	22.61211	23.74272	92.55403
20.	Child Care Centres for 2 centres	107.75	113.1375	118.7944	130.922	132.2313	602.8352
21.	Sub total restricted to	1543.06	1709.667	1810.957	1979.614	2083.61	9126.908
22.	Additional Incentives (Uniform stationery, workbook, escorts in difficult areas etc.)						0.00
23.	Primary	668.48	735.333	777.0996	827.7256	869.1119	3877.74
24.	Upper Primary	411.29	452.415	491.0358	520.4979	546.5228	2421.758
25.	Sub Total	1079.77	1187.748	1268.135	1348.224	1415.635	6299.512
26.	Community Mobilisation & Management Cost (6% of the outlay)	98.505	174.416	185.165	196.28	201.075	855.441
27.	Sub Total	98.51	174.416	185.165	196.28	201.075	855.441
	Total (NPEGEL)	3044.27	3196.48	3356.3	3524.118	3700.32	16821.48

Five Year Perspective Plan - KGBV

(Rs. In Lakh)

Sl. No.	Activity	2009-10	2010-11	2011-12	2012-13	Ph	2013-14	Total
	Fin	Fin	Fin	Fin	Fin		Fin	Fin
1.	No. of KGBVs sanctioned							0.00
2.	Non-Recurring Cost							0.00
	Construction of Building	1772.94	801.9	0	0		0	2574.894
	Boundary wall	45	5	0	0		0	50
	Boring / hand pump	28	0	0	0		0	28
	Electricity	5	0	0	0		0	5

	Furniture/ Equipment incl. kitchen equipment	44.89	14	0	0		0	58.89
	Teaching learning material and equipment including library books	47.71	0	0	0		0	47.71
	Bedding	11.19	0	0	0		0	11.19
	TOTAL	1954.73	820.9	0	0	0	0	2775.63
3.	Requiring cost per annum							
	Maintenance per girl student per month@ Rs.50. per month	1413	1978.2	2571.66	2700.243		2835.26	11498.35815
	Stipend for girl student per month @ Rs.50	94.2	131.88	121.444	127.5162		133.89	608.93221
	Course books, stationery and other Educational material @ Rs.50 per month	94.2	131.88	121.444	127.5162		133.89	608.93221
4.	Examination fee	3.14	4.396	5.7148	6.00054		6.30	25.551907
5.	Salaries							
	1 Warden cum teacher							
	4 Full time teachers							
	2 Urdu teachers, if required							
	3 Part time teacher	471	800.7	1040.91	1092.9555		1147.60	4553.168775
	1 Full Time Accountant							
	2 Support staff – (Accountant/ Assistant, Peon Chowkidar)							
	1 Head Cook & 1 Asst. Cook							
	Vocational training / specific skill training	55.7	129.69	168.597	177.0		185.88	716.8920425
	Electricity/ Water charges	53.94	114.092	148.3196	155.7		163.52	635.609539
	Medical care/ contingencies @ Rs. 750 child	117.75	210.95	274.265	288.0		302.38	1193.320413
	Miscellaneous	51.4	92.64	120.212	126.2		132.54	523.02883
	Maintenance	51.4	92.512	118.2656	124.2		130.39	516.744304
	Preparatory camps	23.55	42.39	55.17	57.09		60.76	239.6648175
	PTAs School functions	23.55	42.39	55.17	57.09		60.76	239.6648175
	Provision of Rent	0	0	0	0		0	0
	Capacity building	47.1	84.78	110.214	115.7		121.51	479.324935
	TOTAL	2499.93	3856.5	4911.26	5156.83	0	5414.67	21839.19295
	Grand Total	4454.66	4677.40	4911.26	5156.83	0	5414.67	24614.82295

2.18.7 EDUCATION THROUGH ST & SC DEVELOPMENT DEPARTMENT

ST & SC Development Department also looks after education for Scheduled Castes and Scheduled Tribes. The Department has established the following educational institutions;

Sl. No.	Type of the Institutions	No. of institutions
1.	High School for boys	155
2.	High School for girls	143
3.	Higher Secondary Schools	8
4.	Model High Schools on the pattern of Navodaya Vidyalaya	11
5.	Ashram Schools for Boys	109
6.	Residential Sevashrams	142
7.	Sevashrams (non-residential)	1026
8.	Primary Schools hostels	1548
9.	Residential facilities at Primary level for tribal girls in KBK districts	400
10.	Teachers Training Schools	2
11.	Students strength during 2007-08 managed by the Department	2,74,911
12.	Vocational Training Centres attached to High Schools	17

2.18.8 The Department provides pre-matric and post matric scholarship, nationalized text books, reading and writing materials and garments. The Department also provides facilities covering health measures, special coaching, cash rewards to teachers and students and book bank for Medical and Engineering Colleges.

2.18.9 The Commission expects that ST & SC Development Department would strengthen their efforts in the coming years for bringing marked improvement in the standard of education of ST & SC students.

2.18.10 The Commission has recommended funds separately for Education Sector in Chapter - V.

2.19 Higher Education

2.19.1 Higher Education Sector in Orissa comprising degree and University level education including the Higher Secondary and +2 vocational education is poised for a quantum jump in Orissa. This sector which includes institutions offering courses for Legal Studies, Computer Application, Finance, Business Management and several other professional courses prepares students for the emerging sectors of the Indian economy.

Universities, Autonomous Colleges, General Colleges and Professional Colleges recognized by the State are detailed below;

Table-15

i) Universities	
(a) Universities set up by Govt.	09
(b) Deemed University	02
(c) Central University	01
ii) Government Degree Colleges	
(a) General Colleges	44
(b) Sanskrit College	03
Total	47
(out of 44 General Colleges 16 are Women's Colleges)	
iii) Junior Colleges	49
(out of the above 17 are Women's Colleges)	
iv) Non-Government Aided Colleges	488
v) Non-Government (Un-aided) Colleges both +2&+3	886
vi) Law Colleges	
(a) University Law Colleges	04
(b) Non-Government Law Colleges	28
(vii) Non-Government (Aided) Sanskrit Colleges	22
(viii) Non-Government (Un-Aided) Colleges	158
(ix) Professional Colleges recognized by Higher Education Department	84

(Source : Higher Education Department, Govt. of Orissa)

Autonomous Colleges

With a view to promoting academic excellence, autonomous status has been conferred on 18 Government and 9 Non-Government (Aided) Colleges.

Academic Environment

2.19.2 Academic environment in the educational institutions in Orissa including Colleges and Universities is, by and large, peaceful. Library, Computer, Sports and Cafeteria facilities are provided for the benefits of the students and teachers. Grant-in-aid towards salary of teaching and non-teaching staff on Non-Government Aided Colleges has been provided. To improve their financial conditions Colleges and Universities have been asked to introduce self financing courses.

Establishment of National Law University at Cuttack.

2.19.3 A National Law University, first of its kind in the state has been set up at Cuttack, Foundation stone of this University, has been laid on 05.01.2008 at Brajabiharipur, Cuttack. The University has started functioning from the current academic session, i.e, 2008-09. Thirty acres of land free of premium have been

provided to the University. State Government have also committed to pay Rs. 5.00 crore as one time financial assistance for the National Law University, Orissa.

2.19.4 Establishment of Private Universities

Vedanta University

6,270 acres of land including 707.52 acres of Government land are being provided near Puri for the establishment of Vedanta University. This will be a World class multi-disciplinary University which will provide academic facility to nearly 1.00 lakh students.

Sri Sri University

For establishment of Sri Sri University, Government have sanctioned advance possession of 185 acres of land under Cuttack Sadar Tahasil. Necessary legislative enactments have been passed in the state assembly for setting up of the Vedant and Sri Sri University Bill.

I.C.F.A.I University

Bill relating to the setting up of this university has been introduced in the state legislature and awaiting its approval.

There is also a proposal to set up an Open University in the state.

2.19.5 National Institute for Science Education and Research

National Institute for Science Education and Research has started functioning in the Campus of Institute of Physics from 2007-08. Around 300 acres of land near Bhubaneswar have been provided by the state for building the permanent campus of the Institute.

NAAC Accreditation

2.19.6 Government have decided to make NAAC accreditation mandatory for all Universities, Government and Non-Government Aided Degree Colleges. So far 149 Colleges and 3 Universities of the State have been accredited by National Assessment and Accreditation Council (NAAC).

2.19.7 Education scenario is changing fast. With more of medical colleges and hospitals, engineering colleges and management institutes, the state would be producing professionally qualified graduates to serve the interests of industry, trade and business.

2.20 Technical Education

2.20.1 The State has made, in recent years, great strides in creating facilities for the spread of technical education to keep pace with developments in industries, constructions, engineering, finance and software. A good number of Engineering Colleges, Management Institutes, Polytechnics, Industrial Training Institutes (ITI) and Industrial Training Centres (ITCS) in the private sector have come up and they continue to attract students from all over the country. Biju Pattnaik University of Technology (BPUT), setup in July, 2002 and the Directorate of Technical Education and Training (DTET) look after the quality education and regulation of these institutions. The state has not only set up an IIIT but has also upgraded the status of Burla Engineering College to that of the Deemed University. It may also be mentioned that there are 13 Engineering Schools including Film and Television Institute for the benefit of students to be trained in Engineering and Non-Engineering disciplines. With the establishment of an IIT at Bhubaneswar, Orissa, the state today has larger opportunity in science and technical education and research.

2.21 Health:

2.21.1 Access to health care facilities in Orissa, particularly in rural Orissa has to be expanded for the benefit of the poor and vulnerable sections of the rural society. Ours is a welfare state and the state is under obligation to provide affordable and efficient health services to its citizens. Although there has been appreciable improvement in the health care system in the state in recent years, communicable and nutrition related diseases still pose a major challenge in the tribal and backward regions as well as in the remote rural areas in the costal districts. The main objectives of the Health Care Programmes are as follows:-

- i) Provision of adequate qualitative, preventive and curative health care to the people of the State;
- ii) Ensuring health care services to all, particularly to the disadvantaged groups like the Scheduled Tribes, the Scheduled Castes and the Backward Classes as the proportion of villages with access to primary health facilities is very low in tribal areas;
- iii) To provide affordable quality health care to the people of the State not only through the allopathic system of medicine but also through the homoeopathic and ayurvedic systems;
- iv) To ensure greater access to primary health care by bringing medical institutions as close to the people as possible or through mobile health units, particularly in the under-served and backward districts. This may help us in reducing the Crude Death Rate (CDR) in Orissa which stand at 9.3 as against 7.5 at all India level (2006);
- v) To improve health care in the KBK districts of the state. This has become very important as diseases like cholera and gastroenteritis some times spread like epidemic in tribal areas;
- vi) To eliminate diseases like polio and leprosy from the state and prevent and control other communicable diseases;
- vii) To reduce maternal and infant mortality and to improve maternal and child health;

- viii) To guarantee to the people of Orissa free treatment (including free medicines) for certain major communicable diseases;
- ix) To improve hospital services at the primary, secondary and tertiary levels in terms of infrastructure, drugs and personnel; and
- x) To impart training to doctors, nurses and other paramedical staff to upgrade their skill and knowledge to improve quality health care in the state.

2.21.2 The state is also committed to achieve the following monitorable targets for the Eleventh Plan.

- i) Reduce Infant Mortality Rate (IMR) to 37, Maternal Mortality Rate (MMR) to 1.1 per 1000 live birth and to reduce Fertility Rate to 2.1. as against the prevailing Infant Mortality Rate of 71 in the state and Maternal Mortality Rate of 358 (2001 census)
- ii) Provide clean drinking water for all by 2009.
- iii) Reduce malnutrition among children in the age group 0-3 to half its present level and reduce anemia among women and girls by 50% by the end of Eleventh Plan.

Health care infrastructure in the State :

2.21.3 For providing basic health services to the people throughout the State, particularly to the rural and urban poor, 231 CHCs-1, 116 Block PHCs, 1162 PHCs (New), 90 Mobile Health Units (in the 8 KBK districts), 122 other Hospitals and 5927+447 = 6374 Sub-Centres (ANM Centres) are in operation. Besides, 619 Ayurvedic, 560 Homoeopathy and 9 Unani dispensaries are also functioning in the State.

There are 30 District Headquarters Hospitals and two district level hospitals, viz., the Capital Hospital at Bhubaneswar and Rourkela Government Hospital at Rourkela. Besides, 57 Sub-Divisional Hospitals and 122 other hospitals, 3T.B. Hospitals, 2 Leprosy treatment institutions, 3 Paediatric, and 1 Maternity hospital are functioning in the state. Health infrastructure in Orissa and particularly primary health services in tribal areas have to be expanded with doctors, medical equipment and additional space where necessary.

2.21.4 Many Important National Health Programmes like the National Vector Borne diseases Control Programme for the control of malaria, National Leprosy Elimination Programme (NLEP), National programme for control of blindness (NPCB), National Filaria Control Programme (NFCP) and Revised National Tuberculosis Programme (RNTCP) are in operation in the state to eliminate Leprosy, reduce the incident of blindness eliminate filaria and provide diagnosis and treatment respectively.

Panchabyadhi Scheme

2.21.5. The Panchabyadhi Chikitsa Scheme (5 Diseases Treatment Scheme) - completes risk protection against the diseases. i.e. Acute Respirator, Malaria, Leprosy, Diarrhea, and Scabies has been benefiting the people in Orissa since its

introduction on 1st July, 2001. Quality medicines are made available free of cost to the patients at all Government Health Institutions. There is also a provision for reimbursement of cost of medicine in genuine cases. The scheme is very beneficial to all the poorer sections of the society.

2.21.6 Five Year Perspective Plan prepared by the Department of Health & Family Welfare, Govt. of Orissa :

Orissa's health system needs improvement. Health benefits need to be targeted to the poor and vulnerable sections of the society who now lack access to the health facilities. It is in this contest that we may look at the Five Year Perspective Plan on Health prepared by the state government.

(a) While Orissa has made impressive health gains over the last years, the Infant Mortality Rate remains higher at 71 than the national average of 55 per 1000 live births. So also in case of Maternal Mortality Rate During 2001-03 it stood at 358 in Orissa as against 301 at the all India level per 1,00,000 live births. Inequity in health exists both between geographical areas and between social groups which the Health Department is committed to reduce (vision 2010) and has been continuing to work towards this goal. There are also newer challenges to be met like prevention of lifestyle diseases such as coronary heart diseases and cancer.

Acknowledging the need to substantially accelerate the pace of health improvement in Orissa, the Five Year Perspective Plan has been formulated based on detailed plans from seventeen different programme areas. In particular the Five Year Perspective Plan would address three major issues.

- ❖ Infant Mortality
- ❖ Maternal Mortality and
- ❖ Malaria

Highlights

As regards Infant mortality and maternal mortality, following targets have been fixed.

- Infant Mortality Rate (IMR) is 71 as per SRS and has to be reduced to 65 in 2009-10 but needs accelerated actions designed to substantially reduce it to 30 by 2014.
- Maternal Mortality Rate (presently 303 per 100000 live births -SRS-2008) is being targeted to be reduced below 200 by 2014.
- Under 5 Mortality rate presently 01 per1000 live births (NFHS-3 2005-06) is being targeted to be reduced below 55.
- Mortality rate is being targeted at 7 per 1000 population as against 9.2 (SRS-2008).

(b) Health Services: The Health services are to be improved as mentioned below-

- Per capita public expenditure on health, nutrition, water and sanitation to be increased to above Rs.600 by 2014 from the present Rs.455 (State Finances RBI & Census of India).
- Utilisation of health services especially by the excluded, poor and vulnerable people to be increased from 23 persons per 1000 hospitalised in rural areas (NSS 60th round) to above 30.
- Institutional deliveries to be increased from 38.7 (NFHS-3) in 2005-06 to 90% by 2014
- Percentage of fully immunised children to be increased from 51.8 % (NFHS-3 2005-06) to 90%.
- Contraceptive Prevalence rate to be increased from 51% to 90% and unmet need for family planning to be reduced from 15% to nearly 0. (NFHS -3 2005-06 & DLHS)

(c) Maternal, Neonatal and Child Health

Under the Maternal, Neonatal and Child Health, the target would be to increase the number of fully functional first Referral Units (FRUs) and fully functional 24x7 to improve basic emergency and obstetric and neonatal care as well as access to Case Management of Sick Newborns through Integrated Management of Neonatal & Childhood Illness (IMNCI).

(d) Communicable Diseases.

- Since Malaria is the major public health problem of Orissa the Five Year Plan emphasizes on effective prevention through Behaviour Change Communication (BCC) and Long Lasting Insecticide Treated Nets (LLINs) and prompt diagnosis and treatment interventions within 24 hours of onset of fever by mobilizing field level functionaries.
- Besides, the Plan will emphasize to halt and reverse incidence of TB by increasing the detection and cure rate focusing on prevention of MDR - TB.
- The Plan aims to further reduce the burden of leprosy and occurrence of disability due to leprosy.
- Halt and reverse prevalence of HIV in the state through prevention by increased number of targeted interventions (TIs) and increased Care, Support and Treatment to people living with HIV/AIDS.

(e) Non-Communicable Diseases.

The Five Year Perspective Plan aims to reduce morbidity, mortality, disability of prevalent non-communicable diseases particularly diabetes,

cardiovascular diseases, stroke, cancer, sickle cell anaemia and injuries adopting public health approach and aiming to reduce risk factors and increased access to health care.

(f) Health Policy, Reform and Health Systems Strengthening

- The Plan will strengthen the health system through health policies and reforms to deliver the Purpose and Goals of the DoHFW through increasing availability of health functionaries at all levels and
- Better Financial Management and strengthened Procurement system
- Plan also envisages enforcing Acts like Clinical Establishment Act PCPNDT Act.
- Improved health seeking behavior for preventive and curative care and
- Increased access and demand of health services especially of the poor, vulnerable
- Improving Equity, Quality, Accountability and convergence to health service delivery with NRHM initiatives.

(g) Policy and Reforms:

A number of essential reforms are being introduced in the health sector in Orissa. This Five Year Plan brings in a number of further reforms. These include five key areas.

- Human Resources :- Vacancies; Availability of Medical personnel; Capacity Development
- Financial Management and Procurement systems
- Regulatory framework and accreditation for Quality Improvement
- Health Seeking behaviour for preventive and curative care and increased access and demand of health services especially of the poor, vulnerable
- Equity, Accountability and Convergence

(h) Budget :

The Five year Perspective Plan will require an amount of Rs.7487.12 core for implementation of all the activities planned to achieve the goals and objectives

The budget based on previous expenditure pattern is estimated at Rs.5396.97 crore and hence the gap needs to be addressed by tapping other sources including external funding agencies.

The budget calculated for implementation of the perspective plan includes two years after NRHM and the funding source is still to be identified.

2.21.7 The Commission have recommended in favour of the PRIs fund for sanitation and drinking water in Chapter-V. As regards ULBs the Commission have

recommended fund for solid waste management, drinking water, sewerage, public toilets, environment improvement and drainage facilities in Chapter-V. PRIs and ULBs can play timely and proper utilisation performed in above mentioned sector will help improving the health sector.

2.22 Poverty Scenario in Orissa

2.22.1 Notwithstanding the significant decline in poverty in the state over the years, Orissa continues to suffer from high incidence of poverty and remains one of the poorest states in the country. Table below gives information relating to the incidence of poverty in the major Indian states vis-à-vis Orissa:

Table -16

Incidence of Poverty in Orissa vis-a-vis other Major States 1977-78 to 2004-05
(Based on MRP consumption)

Sl. No.	State	People Below Poverty Line (%)					
		1977-78	1983	1987-88	1993-94	1999-00	2004-05
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	Andhra Pradesh	39.31	28.91	25.86	22.19	15.77	11.10
2.	Bihar	61.55	62.22	52.13	54.96	42.60	32.50
3.	Gujarat	41.23	32.79	31.54	24.21	14.07	12.50
4.	Haryana	29.55	21.37	16.54	25.05	8.74	9.90
5.	Karnataka	48.78	38.24	37.53	33.16	20.04	17.40
6.	Kerala	52.22	40.42	31.79	25.43	12.72	11.40
7.	Madhya Pradesh	61.78	49.78	43.07	42.52	37.43	32.40
8.	Maharashtra	55.88	43.44	40.41	36.86	25.02	25.20
9.	Orissa	70.07	65.29	55.58	48.56	47.15	39.90
10.	Punjab	19.27	16.18	13.20	11.77	6.16	5.20
11.	Rajasthan	37.42	34.46	35.15	27.41	15.28	17.50
12.	Tamil Nadu	54.79	51.66	43.39	35.03	21.12	17.80
13.	Uttar Pradesh	49.05	47.07	41.45	40.85	31.15	25.50
14.	West Bengal	60.52	54.85	44.72	35.66	27.02	20.60
	ALL INDIA	51.32	44.48	38.36	35.97	26.10	21.80

(Source – Planning Commission, Govt. of India quoted in Economic Survey, 2008-09 p8/2(GoO))

It may be observed from the table that as per the estimates of the Planning Commission 39.9 percent of people in Orissa live below the poverty line (2004-05) compared to the National average of 21.80%. Incidence of poverty is much higher in Orissa compared to 5.20%, 9.90% and 11.10% in Punjab, Haryana and Andhra Pradesh respectively. Poverty in the state can be tackled if our policies and programmes become more supportive of inclusive growth. Farm sector development, creation of jobs, generation of income, improvement in education and health and capacity building among the poor may succeed in reducing the burden of poverty in near future.

It is worth mentioning that a number of strategies have been implemented in India as well as in the state to reduce poverty, unemployment and generate income. Yet the impact of such development programmes on poverty, jobs and income generation has not been significant. Poverty in Orissa is widespread and remains more concentrated in rural areas. Investment in education, vocational

training, transport services and manufacturing which are expected to absorb more of unemployed labour in gainful employment have not yielded the expected result. And the problem of unemployment remains a challenge for the state. Back log of unemployment was estimated at 14.13 lakh person years in the state in 2007-08, the beginning of the 11th Five Year Period(2007-12).It has further been estimated that during the span of the Eleventh Five Year Plan period 10.53lakh additional labour force may join the labour market. As against this 10.73 lakh person years of employment may be created. The back log of unemployment by the end of the 11th Five Year Plan will be as high as 13.93 person years.(E.S 2008-09p2/12).Unemployment remains a major concern of the state. A High Power Employment Mission has been constituted to look into the various dimensions of this problem and create opportunities for wage employment and sustainable self-employment.

2.22.2 Poverty Alleviation and Inclusive Growth in Orissa

The main focus in the rural areas, apart from agriculture development, has been on poverty reduction by providing wage employment and opportunities for income generation.

Swarna Jayanti Gram Swarozgar Yojana (SGSY), a centrally sponsored self employment programme, is being implemented in the state since 1st April 1999.During 2006-07,about 68,687 swarozgaries have been assisted under this scheme against the target of 66,250 swarozgaries showing an achievement of about 104%.Out of these swarozgaries,25.2% were SC and 29.7% ST and 91.9% women.

Sampoorna Gramina Rozgar Yojana (SGRY),a centrally sponsored wage employment programme was implemented in the state with effect from 25th September,2001.Wages under the scheme are paid both in terms of food grain and cash in the proportion of at least 5kgs.of food grain and a minimum of 25% cash. After launching National Rural Employment Guarantee Scheme (NREGS), SGRY was withdrawn in a phased manner.

National Rural Employment Guarantee Act (NREGA)which came into force from 2nd February,2006 marked a significant change in India's approach to rural employment, livelihood security and social justice. The scheme was initially made operational in 19 districts of Orissa in March,2006. All the 30 districts are now covered under the scheme. During 2007-08, about 430.90 lakh man-days of employment were provided to12.17 lakh households including 158.05 lakh man-days for women, 88.09 for SC and 179.17 lakh man-days for St.(Economic Survey 2008-09).It may also be noted that as per the provisions of the NREGA Act, an amount of Rs.1,03,492 has been paid as unemployment allowances to543 households in Bolangir, Kalahandi and Nawarangpur districts.

2.22.3 Poverty Alleviation Programmes For SC & ST:

A number of programmes including self-employment and wage employment programmes like SGSY, SGRY, IAY and NREGS etc are in operation in the state to create employment and income opportunities for the poorer households belonging to the SC and ST households. Orissa Tribal Employment and Livelihood Programme

is in operation in the state since 2nd October, 2004 to ensure food security and create conditions for sustainable improvement in their living conditions. Steps have been taken in the state to prevent alienation of land belonging to the SC and ST households. As a matter of policy government land is also provided to the SC and ST families for agricultural and housing purposes. To impart and facilitate education among the SC and ST students, sevashrams and residential sevashrams, primary school hostels and girls' hostels and residential high schools have been functioning in the state. Integrated Tribal Development Agency (ITDA), Micro Projects For Development of Primitive Groups and Modified Area Development Approach (MADA) etc are operating for the development of SC and ST people in the state.

2.22.4 BAZAR SADAK PANI

Development at the local level is as important as development at the national level. Bazar, Sadak, Pani which indicate a convergence of three important infrastructure development indicators have been programmed to serve a multiple of objectives. While the focus will be on the development of rural infrastructure like market complexes, village roads with drains and improvement of village water bodies, wage employment and food security to the poor will be assured under the implementation of the SGRY programme. The approach has resulted in creation of some visible infrastructure in rural areas. Against the target to construct 327 nos. of shop rooms. 105 shop rooms have been completed during 2007-08 with an expenditure of Rs. 24.75 lakh. Under Sadak Yojana 8,760 concrete roads with drains comprising 1,979.03 km and 8,056 other rural roads with length of 6,201.92 km have been completed with an expenditure of Rs. 369.04 crore. Similarly, under Pani component construction / renovation of 2,034 big tanks and 4,436 other ponds / tanks of G.P. have been completed. Moreover, 2496 hac. of water spread area has been completed with an expenditure of Rs. 96.27 crore.

2.22.5 GOPABANDHU GRAMINA YOJANA (GGY)

In addition to the existing development programmes, the state innovated a new scheme in 2006-07 called the "Gopabandhu Gramina Yojana (GGY)" 2006-07 to provide additional developmental assistance to the targeted eleven districts viz, Angul, Balasore, Baragarh, Bhadrak, Cuttack, Jajpr, Jagatsinghpur, Kendrapara, Khurda, Nayagarh and Puri to help them to develop their infrastructure like roads, water supply and electricity in rural areas. Though the duration of the scheme is limited to the eleventh plan period, creation of infrastructure in the villages will contribute to their growth.

Each of these districts identified for the purpose shall be provided with an additional developmental assistance to the tune of Rs. 10.00 crore per annum for a period of 6 years i.e. from 2006-07 to 2011-12. The allocation amount under GGY has subsequently been increased from Rs. 10 crore to Rs. 15 crore per district effective from the year 2008-09. Panchayati Raj Department has been designated as the nodal department for the purpose of administration of the GGY.

2.22.6 Drought Prone Area Programme(DPAP)

This Programme is in operation Bolangir , Kalahandi, Nuapada, Boudh, Dhenkanal and Kandhamal districts.

State Government have constituted a Poverty Task Force (PTF) headed by Development Commissioner-cum-ACS to devise an actionable poverty reduction strategy. PTF has recommended that vigorous efforts need be made to reduce poverty by at least 7% at a simple rate on 1.4% per year during Tenth Plan period. A further reduction in poverty by about 10% is attempted during the Eleventh Plan Period i.e. 2007-12.

2.23 Food Security in Orissa

Ending hunger in Orissa has been accepted as an important welfare policy objective of state administration. Food security, that is, food for the poorer households in Orissa has received the priority it deserves. The state has made an effort to meet the challenge. As an effective action against hunger and poverty, the following schemes are being implemented in the state;

(a) **Supply of rice at Rs.2/ per kg:** All BPL card holders of the state and APL card holders in K.B.K districts are being supplied with 25kg.of rice per month at Rs.2/per kg.

(b) **Antodaya Anna Yojana:** the poorest of the poor beneficiaries of the state duly selected in Palli Sabha are being supplied with 35 kg.of rice per month at Rs.2/per kg. This is as per the Government of India guidelines.

(c) **Annapurna Scheme:** under this scheme the destitute old citizens who have not been covered under Old Age Pension Scheme are provided with 10kg.of rice every month free of cost. This has been done to ensure that no family suffers from starvation and no person in the state dies on that account.

To provide the poor with income and access to food, the National Rural Employment Guarantee Scheme (NREGS) is implemented in all the districts of Orissa and the Public Distribution System (PDS) has been strengthened with the involvement of Gram Panchayats wherever possible. The food security programme undertaken by the state may bring real relief to the poor, particularly to the extremely poor tribal population living in Nuapada, Gajapati, Rayagada, Malkanagiri and Kandhamal districts.

Since agriculture is the single most important economic activity of the people in Orissa, the government have to take measures to facilitate investments in agriculture to raise its productive capacity. It is also expected that the state will put enough emphasis on the development of non-farm sector activities to ensure employment, income and food security for the poorer households.

2.24 Orissa: the Treasure House of Art, Culture and Architecture

Orissa is known in the world for centuries for its art and architecture. Beauty of Orissan architecture engraved in the temples generates interest far beyond the borders of the state. Orissa takes legitimate pride in the superb artistic skills displayed in its temples, handicrafts, paintings and pattachitra. Odissi and Chhau are the two distinct schools of dance that have made Orissa world famous. Even the handloom weavers of Orissa show inquisitive craftsmanship in the screens and sarees produced by them. These goods enjoy not only a national market but also an international market. Their popularity has been growing fast in the contemporary world markets.

Orissa inherits a rich a glorious religious heritage from ancient times. Geographical situation has been responsible for the assimilation and fusion of different races in Orissa. Having no barriers like Vindhya, Orissa was the meeting ground of North and South and therefore, the process of fusion of Dravidian and Aryan Culture was started in ancient Orissa. Orissa was initially inhabited by the tribal Savaras who were representative of the Mundarian Culture. Although Savaras were overwhelmed by Dravidians and Aryans, their culture had its impact on them. In course of time, Mundarian, Dravidian and Aryan culture were synthesized and assimilated into one integrated culture. Sri Jagannath, the Supreme deity of the people of Orissa is the symbol of this cultural and religious assimilation. Afterwards, Jainism, Buddhism and all other faiths of Hinduism like Saivism and Vaishnavism were assimilated into the Jagannath culture and this culture ultimately emerged as the base of Hinduism and Indian culture. Sri Jagannath is, therefore, recognized as the philosophy and cult of different faiths.

Lord Jagannath is the center of Orissa's socio-cultural and religious life. Offerings to the Lord called Mahaprasad are taken by all, without any distinction of caste, creed or colour. According to one view, Lord Jagannath is believed to be the incarnation of Lord Buddha and the Car Festival is accepted as an adaptation by the Hindus of a similar festival prevalent among the Hinayan Buddhists. Puri has ashrams or monasteries of all faiths prevalent in India. One can hear all the languages spoken in India inside the temple of Lord Jagannath and the Pandas and Priests of the Lord are well conversed with the major languages spoken in the country.

Bhubaneswar is popularly known as the "city of temples and tanks" and "Cathedral City of India".

With archaeological and historical importance, Bhubaneswar is said to have contained 10000 temples in the past. It is indeed rare to find anywhere in the country such a large number of ancient temples. The Lingaraj temple is 127 feet high from the ground level and 147 feet from the plinth level. The temple is presided over by Lord Shiva "Lingaraj".

The Konark Sun temple also known as Black Pagoda (now a World Heritage Site) is regarded as one of the wonders of the world. Built in the 13th century as a chariot for the Sun god, it remains one of the biggest attractions for the tourists from all over the world for its beauty and magnificent architecture. The temple

has lost its original shape, yet its stunning beauty and architectural splendor have not faded. As a great piece of artistic work, the temple has stood the test of time. The works in the temple with their own expressions tell their stories to the visitors. They are, in fact, a challenge to contemporary art and architecture. The temple has been preserved under the Ancient Monuments preservation Act.

It has been aptly remarked that “Konark is a living testimony to the speculative daring and the artistic sensibility of a race once knew how to live, love, worship and create in heroic proportions.”

Nobel Laureate Gurudev Rabindranath Tagore wrote on Konark:

“The language of man is here defeated by the language of stones” and “the language of stone surpasses the language of man”.

2.25 Conclusion

An attempt has been made in the preceding pages to highlight some of the important aspects relating to the formation of the Orissa State on 1st April, 1936. An attempt has also been made to assess state's development in the fields of agriculture, industry, finance and social service sectors. Recent developments in the fields of industries, infrastructure, poverty alleviation and job creation have also been analysed. Reference has also been made to Orissa's art, culture and heritage etc. which constitute the pride of Orissa.

Orissa has been making sustained efforts for a close alignment of development and empowerment of the marginalized sections of the society with the advantages of decentralization and local initiatives. The Local Bodies, that is, the PRIs and the ULBs which enjoy an important place in a democratic country like ours have to play an important role in ushering in inclusive growth.

Given the multitude of problems that Orissa suffers from, a big question that comes up whether the state on its own has the resources to build itself into a strong, a vibrant and developed state and succeed in eliminating poverty and hunger and bring the poor into the mainstream of development without the generous financial assistance from the Centre in a federal set up ?

CHAPTER - III

FINANCIAL POSITION OF ORISSA - TRENDS AND ISSUES

Orissa is a resource rich state. Nature has gifted the state with an abundance of minerals. It has more than 90% of India's chrome ore and nickel reserves; 51% of bauxite and 24% of coal reserves. Moreover, being a coastal state, Orissa has the advantage of lower transaction costs in participating in global trade and investment. These two factors have the potentiality to facilitate growth and Orissa could have become one of the fastest growing states in India. But Orissa remained a lagging state for a long time and its economy continued to be underdeveloped. Its chequered history, political, social and economic factors and administrative inequities undermined its progress.

3.1 More importantly its poor growth can be attributed to her geographical position. Orissa is visited by natural calamity of one type or another almost every year in terms of flood, cyclone or drought. Besides, there is a very high proportion of tribal population in Orissa. There are 62 distinct tribal groups including 13 primitive tribes in the state, concentrated heavily in about 44.70% of the area of the State declared as scheduled area Tribal population in Orissa have distinctively lower social indicators in health and education and suffer from social and economic exclusion. As per 2001 Census, tribal population of the state is 81,45,081 constituting 22.13% of the total population of the state and 9.66% of the total tribal population of the country.

3.2 Because of underdevelopment, the state had a narrow tax base. Its ability to generate income was impaired. But the demands on the state revenues kept on increasing not only for development but also for (a) payment of salary, pension and other benefits to the employees (b) support to the state enterprises and (c) provision of essential social services. In course of time, imbalances between state's income and expenditure increased significantly. The state was compelled to borrow funds from different sources to meet the ever growing demands, which, in turn, made the state more dependent on borrowings. The state reached an unsustainable debt position. Debt stock as %age of GSDP which stood at 42.56% in 1999-2000 increased to 55.44% in 2002-03. Payment of salary and meeting other obligations by the state became difficult. It was virtually left with no funds for capital development.

3.3 No state government could allow this type of a situation to continue. Budgetary and financial policies of the state were recast. The state exercised more control over its income and expenditure policies. Expenditure rationalisation became an important area of reform. While maintaining expenditure to provide an acceptable level of social services and protection, public expenditure on different social and economic services had to be contained till the financial condition

changed in 2006-07. Subsidisation of loss-making state enterprises was stopped. Some of the facilities earlier given to the state employees were abolished. Vacant posts were filled up either on contractual or on a short-term basis. Significant changes were introduced in the management of State Finances and the State gradually recovered.

3.4 Economic reforms since 1991 played an important role in the development of the state. Sizeable quantities of new investments came to the state. Orissa's share in both mining and manufacturing began to rise appreciably. Construction, housing and services sector also expanded. In fact, Orissa's economy developed faster during the 9th (1997-2002) as well as the 10th (2002-07) Five Year Plan Periods. While the difference in the growth rate between Orissa and the national economy was almost marginal during the 9th Plan (5.5% & 5.3% respectively), the gap, however, widened during the 10th Plan period (8.5% and 7.8% respectively).

3.5 Fiscal policies adopted by the state yielded result. **“Fiscal situation of Orissa has shown a remarkable improvement. Just three years ago, they were in an extremely tight situation. Last two years, they did not have even a single day of Over Draft. There is now more fiscal space for undertaking development.”** This is the press release of the World Bank published in the “Indian Express in their Bhubaneswar edition dt.07.08.2006. This assessment of the World Bank assumes much importance as the state had earlier passed through a severe and unmanageable fiscal crisis. It may be mentioned in this context that in the year 2002-03, Ways & Mean Advances (WMA) were availed of by the State for 169 days and over-draft was availed of for 189 days. Because of such deteriorating financial conditions of the state, Reserve Bank of India felt disinclined to provide financial accommodation to the state in the shape of Ways & Means Advances (WMA) and Over Drafts (ODs). The State Government had to sign a Memorandum of Understanding (MoU) with the Government of India on 1st April, 1999 and subsequently in October, 2001. The MoUs inter alia envisaged a number of fiscal correction measures including expenditure rationalization and revenue generation measures so as to improve the fiscal situation of the state. Accordingly, the State Government undertook a number of reform measures which had their long term effects. The financial year 2005-06 ended with a Revenue Surplus of Rs.481.19 crore. The same trend since then continues. The years 2006-07 and 2007-08 ended with a revenue surplus of Rs.2260.60 crore and Rs.4243.92 crore respectively. Consistent efforts by the state to manage its finances carefully could alter the fiscal situation. Financial condition of the state has been improving as analyzed below.

- i) State's Own Revenue as %age of GSDP increased from 5.64% in 1999-2000 to 9.21% in 2008-09. The revenue deficit which was of the order of Rs.2574.19 crore in 1999-2000 has been completely wiped out in 2005-06 with a revenue surplus of Rs.481.19 crore. As pointed out earlier the State also became revenue surplus in subsequent years. As a %age of GSDP, revenue deficit which was 6.00% in 1999-2000, has in the meantime been transformed to revenue surplus of 0.61%, 2.48% and 4.11% of GSDP in 2005-06, 2006-07 and 2007-08 respectively.

- ii) The fiscal deficit which was Rs.3836.42 crore in 1999-2000 has in the meantime become fiscal surplus of Rs.823.19 crore and Rs.1323.13 crore in 2006-07 and 2007-08 respectively. As a %age of GSDP, the fiscal deficit which was of the order of 8.94% in 1999-2000, has been converted to a fiscal surplus of 0.90% and 1.28% of GSDP in 2006-07 and 2007-08 respectively.
- iii) As regards debt sustainability, it may be pointed out here that the debt stock as %age of total revenue was 324% in 1998-99. The same has been reduced to 165.3% in 2007-08. As per the recommendation of the 12th Finance Commission, the ratio of debt stock to GSDP should be limited to 28%. But while this ratio was 46.42% in 2005-06, it has in the meantime been reduced to 35.15% in 2007-08. The state government, however, has been taking various steps to reduce debt burden and meet the ratio of debt stock to GSDP to 28% as recommended by the 12th Finance Commission.
- iv) Last but not the least, as per the recommendation of the 12th Finance Commission, the ratio of interest payment to total revenue receipt should be ideally within 15%. While the ratio of interest payment to total revenue receipt was 32.6% in 1998-99, the same has been reduced to 14.4% in 2007-08.

All this could be possible because of the fiscal discipline enforced by the state and maintained by it on a sustained basis.

v) **Revenue Generation Measures**

i) **Tax Revenue**

- Modernisation of Tax Administration with I.T. intervention.
- Simplification of Rules and Procedures.
- Strengthening of Enforcement Activities.
- Introduction of VAT with effect from 01.04.2005.
- Stress on collection of arrear revenue and timely compliance to the observation of Audit in the report of C&A.G. (Revenue Receipt) for taking preventive action.

a) **Value Added Tax**

VAT has been introduced w.e.f. 01.04.2005. Since this is a destination and multipoint tax, this has potential for revenue growth. This can be achieved by efficient and effective administration. It creates a single market throughout India and puts an end to tax competition among the States to attract investment. There has been a high growth rate in the collection of VAT in recent years. In 2007-08 collection of revenue from the source got reduced mainly due to claim of input tax credit. The following measures have been taken to maintain a reasonably high growth rate;

- ❖ Input tax credit has been limited to the extent of Output Tax payable. This will curb tax schemers who report less sale price than the purchase price.
- ❖ The prescribed limit for voluntary registration under VAT Act has been done away with to facilitate registration with any business turnover.
- ❖ Stringent penal measures to curb fake and forged tax invoices.
- ❖ Provisions for furnishing closing stock at the year end to examine the correctness of purchase and sale turnover furnished in the return.

b) Entertainment Tax

It is proposed to bring DTH-Broadcasting Service Providers under the purview of Entertainment Tax Act. A formal amendment proposal has been submitted and draft bill has been prepared to be laid before the Assembly.

c) Entry Tax

The Legislation regarding Entry Tax has been challenged in the court of Law- Consequently anticipation of receipt from an important buoyant source is not possible at this stage.

d) New Excise Policy

- ❑ License fee for Breweries, Distilleries and Bottling units in Excise Policy, 2007-08 has been enhanced as compared to license fee fixed in excise policy, 2006-07.
- ❑ A new concept of collection of fee of Rs.10,000 on Gudakhu and similar small scale purchases has been introduced.
- ❑ Excise duty on IMFL/Beer/Vhang has been increased.
- ❑ Label Registration Fee has been enhanced.
- ❑ License Fee for Wholesale Distribution, IMFL “ON” Club, Beer parlor and Military Canteen has been introduced in the new excise policy 2007-08.

ii) Non-Tax Revenue

- As per the recommendation of the Standing Committee of the Department, rate of royalty in respect of different minor minerals has been revised w.e.f. August, 2007.
- Water rate has been revised w.e.f. 05.04.2002 by 2.5 times.
- User charges have been introduced in major hospitals, veterinary sectors and forest sanctuary.
- Fee structures in Medical Colleges have been revised.
- Introduction of user fee w.e.f. 29.05.2006 for issue of computerized certified copies of land records by Tahasildars w.e.f. 28.09.2005.
- Introduction of user fee for dissemination of information under Right to Information Act., 2005 @10/- for person seeking information.

iii) Expenditure Rationalization Measures

Expenditure on salary, pension and interest payment alone constituted 74.30% of non-plan revenue expenditure and 68.72% of total revenue expenditure in 1999-2000. The state has taken various reform measures in the expenditure sector in order to contain rise in state expenditure.

Some of the expenditure compression measures are as follows;

- ✓ Freeze on fresh recruitments excepting in Primary Health, Primary Education and Striking Police Force w.e.f. 14.03.2001.
- ✓ Self-financing courses have been introduced in educational and technical institutions. This is expected to generate revenue for the institutions.
- ✓ Surrender Leave encashment has been withdrawn w.e.f. 01.04.2002.
- ✓ Non-practicing allowance for doctors has been abolished w.e.f. 01.11.2003.
- ✓ Government have abolished 45,513 numbers of base level vacant posts in all categories i.e. Group - A,B, C & D as on 31.05.2009.
- ✓ To carry on with the essential functions of the government, wherever there is necessity, engagements are being made on short-term contract/regular basis. Government have created and filled up 1,42,369 posts by the end of 31.05.2009. This was necessary to maintain the desired standard of public services.
- ✓ Defined Contribution Schemes has been introduced w.e.f. 01.01.2005 for the new recruits.

iv) Result of Revenue Generation Measures vis-à-vis Expenditure Rationalisation Measures.

3.6 As pointed out earlier, there has been an impressive growth in State's Own Revenue due to sincere efforts of the Government at different levels. Different departments monitor the growth of state's own revenue from time to time and the defaulting agencies have been cautioned and asked to cooperate with the administration. As a result, state's own Tax/GSDP Ratio has increased from 3.97% in 1999-2000 to 6.64% in 2007-2008. Side by side, the state has also been able to contain the rate of growth in revenue expenditure since 2002-03 due to various expenditure rationalization measures. This is evident from the table given below:-

TABLE - I
Revenue and Expenditure of the State from 1999-2000 to 2007-08

(Rs. in Crore)

Year	State's Own Tax	% of Growth	Share in Central Taxes	State's Total Tax Revenue	Own Non-Tax	% of Growth	Grant-in-Aid from Central Government	State's Total Non-Tax Revenue	Total Revenue Receipt	% of Growth	Total Revenue Expenditure	% of Growth	Revenue Deficit / Surplus	Fiscal Deficit
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
1999-2000	1704.08	14.59	1748.45	3452.53	716.48	28.52	1715.62	2432.11	5884.64	29.21	8458.83	24.09	-2574.19	-3836.44
2000-01	2184.03	28.16	2603.97	4788.00	685.47	-4.33	1428.55	2114.02	6902.02	17.29	8833.99	4.44	-1931.97	-3325.27
2001-02	2466.88	12.95	2648.72	5115.60	691.75	0.92	1240.63	1932.38	7047.98	2.11	9877.54	11.81	-2833.74	-3968.10
2002-03	2871.84	16.42	2805.58	5677.42	961.17	38.95	1800.17	2761.35	8438.77	19.73	10014.68	1.39	-1575.91	-2816.04
2003-04	3301.73	14.97	3327.68	6629.41	1094.55	13.88	1716.28	2810.83	9440.24	11.87	10861.16	8.45	-1420.92	-3572.81
2004-05	4176.60	26.50	3977.66	8154.26	1345.52	22.93	2350.41	3695.93	11850.19	25.53	12372.48	13.91	-522.30	-1365.99
2005-06	5002.28	19.77	4876.75	9879.03	1531.90	13.85	2673.78	4205.69	14084.72	18.86	13603.52	9.95	481.19	-276.46
2006-07	6065.06	21.25	6220.42	12285.48	2588.12	68.95	3159.02	5747.14	18032.62	28.02	15772.02	15.94	2260.60	823.18
2007-08	6856.09	13.04	7846.50	14702.59	2653.58	2.53 (with debt relief) (24.52 without debt relief)	4611.02	7174.60	21967.19	21.81	17723.27	12.37	4243.92	1323.13

(Source : Finance Accounts of the respective years.)

3.7 Revenue deficit, which was of the order of Rs.2574.19 crore (6.05% of GSDP) in 1999-2000 has been converted to revenue surplus of 481.19 crore (0.53% of GSDP) in 2005-06 for the first time after a gap of 22 years. This is much ahead of the target of eliminating revenue deficit by 2008-09 as stipulated by the 12th Finance Commission and mandated under the Orissa Fiscal Responsibility and Budget Management Act, 2005. Similarly, Fiscal Deficit which was of the order of Rs.36144 crore (9.02% of GSDP) in 1999-2000 has in the meantime become fiscal surplus of Rs.823.18 crore (+0.90% of GSDP) for the first time in the history of the state.

What is more important to note in this connection is that the State Government have neither resorted to Ways & Means Advances nor has there been any Over Draft since 1.12.2005. The improved fiscal scenario has been appreciated by the World Bank. The World Bank economist Sri V.J Ravishankar along with Farah Zahir and Neha Kaul in an article "Indian States' Fiscal Correction: An Unfinished Agenda" published in Economic and Political Weekly in their special issue dt.20.09.2008 have clearly pointed out, "Orissa also stands out as the only state that has gained significantly from both revenue enhancement and expenditure contraction, in addition to enhanced central transfers."

This trend needs to be maintained if the state is to continue its journey in the Financial Recovery Path in tune with the recommendations of the 12th Finance Commission.

General Trends of Government Revenue :-

3.8 It may be seen that while on an average around 43.29% of revenue in 2007-08 came from state's own sources, central transfers and grants-in-aid together contributed nearly 56.71% of total revenue. Revenue receipts of the state consistently increased from Rs.18032.62 crore in 2006-07 to Rs.21967.19 crore in 2007-08 indicating growth rate of 28.81% during the year. An increase of Rs.791.03 cr.(11.53%) in own tax revenue receipts, Rs.65.46 cr. (2.46%) in non-tax revenue, Rs.1626.08 cr. (28.14%) in central tax transfers and Rs.1452.00 cr (45.96%) in grants-in-aid resulted in a steep increase of Rs.3934.57 cr. in revenue receipts during 2007-08. The revenue buoyancy ratio with reference to the state's own revenue increased during the year in sales tax revenue on account of implementation of VAT. Sales tax revenue, in fact , increased from Rs.3765.00 crore in 2006-07 to Rs.4118.00 crore in 2007-08, marking an increase of above 9.5%.

Tax Revenue

3.9 It may be mentioned that in 2007-08 tax revenue increased by 13.04% from Rs.6065.06 cr. in 2006-07 to Rs.6856.09 cr in 2007-08. Share of sales tax in total tax revenue which remained more than 50% throughout the period 2001-02 to 2006-07 sharply increased to 66% in 2007-08, mainly on account of implementation of VAT from 1st April, 2005. State Excise (Rs.524.93 cr.) Tax on vehicles (Rs.459.42 cr.), Land Revenue (Rs.276.15 cr.), and Tax & Duties on Electricity (Rs.327.46 cr.) were the other contributors to the State's Tax Revenue. The following table presents the trends in growth and composition of tax revenue during 2001-02 to 2007-08;

Table - II
State's Own Tax Revenue from 2001-02 to 2007-08

(Rupees in Crore)							
Items	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Sales Tax	1402.33	1605.23	1863.97	2471.39	3011.73	3764.82	4118.43
State Excise	197.46	246.06	256.37	306.61	389.33	430.07	524.93
Taxes on vehicles	216.37	257.35	280.03	338.11	405.86	426.54	459.42
Stamps & Registration	109.76	135.86	153.08	197.87	236.06	260.49	404.76
Land Revenue	84.48	82.16	103.27	131.49	69.62	226.38	276.15
Taxes & Duties on Electricity	136.96	172.17	200.43	261.89	353.13	282.57	327.46
Other Taxes & Duties (ET & LT)	27.62	13.33	14.77	25.24	6.75	26.59	31.59
Taxes on Goods and Passengers	252.04	313.07	377.18	384.93	463.34	574.00	626.90
Professional Tax	39.86	46.61	52.63	59.07	66.46	73.60	86.44
Total -	2466.88	2871.84	3301.73	4176.60	5002.28	6065.07	6856.08

(Source – Finance Accounts of respective years.)

Non Tax Revenue

3.10 It may be observed from Table-III that Non Tax Revenue of the state has been increasing over the years and that there was an increase of Rs.65.46 crore (2.52%) in 2007-08 mainly due to growth of non-tax revenue in sectors like Police, Jails, Contribution and Recoveries towards pensions and other retirement benefits, Medical and Public Health, Family Welfare, Water Supply and Sanitation, Information and Publicity, Labour and Employment etc. Other major contributors towards the non-tax revenue of the state included interest receipts including dividends (Rs.711.32crore), receipts from forestry and wildlife (Rs.82.66 crore), medium irrigation (Rs.43.73 crore) and non-ferrous mining and metallurgical industries (Rs.1126.06 crore).

Table - III
State's Own Non-Tax Revenue from 2001-02 to 2007-08

(Rupees in Crore)							
Items	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Interest	25.27	76.09	164.38	249.04	298.02	398.43	570.39
Dividend	8.76	152.22	138.06	69.15	120.59	49.39	140.93
Education	24.98	24.31	12.00	15.76	42.99	41.94	41.95
Medical	10.15	11.24	7.51	12.98	9.26	13.07	14.28
Water supply & sanitation	18.96	23.29	24.16	25.20	29.33	32.10	40.17
Housing	11.70	12.45	12.17	12.25	11.90	12.00	12.10
Forest & Wild life	87.95	97.04	48.64	84.72	59.13	130.63	82.66
Major & Medium Irrigation	16.54	22.53	32.29	36.42	39.02	49.75	43.73

Items	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Minor Irrigation	1.70	1.98	3.78	3.81	4.81	4.46	4.96
Non-ferrous Mining & Metallurgical Industries	378.56	443.58	552.07	670.52	805.03	936.60	1126.06
Others	107.18	96.44	99.49	165.57	111.82	919.75	576.35
Total -	691.75	961.17	1094.55	1345.52	1531.90	2588.12	2653.58

(Source - Finance Accounts of respective years)

3.11 The actual tax and non tax revenue receipts vis-à-vis the assessments made by the 12th Finance Commission and projected in Fiscal Correction Path and Medium Term Fiscal Programme during 2006-07 are indicated below.

Table - IV
Projection by TFC vis-a-vis Actuals

(Rupees in crore)

	Projection by TFC	Actuals (2007-08)
Own Tax Revenue	5585	6856.09
Own Non-Tax Revenue	1541	2653.58

(Source – Finance Accounts for the year 2007-08 & Finance Deptt., Govt. of Orissa.)

3.12 It may be seen from the table that tax revenue increased by 23% and the non tax revenue by 72% over the assessment made by the 12th Finance Commission. A significant increase in the non-tax revenue of the state could be possible on account of debt waiver under Debt Consolidation and Relief Facility

Growth of Expenditure

3.13 Total expenditure of the state increased from Rs.11432.00 cr. in 2002-03 to Rs. 20999.00 cr. in 2007-08. State's total expenditure, its annual growth rate and ratio of expenditure to state GSDP and to revenue receipts are indicated in the following table;

Table -V

Growth of Expenditure from 2002-03 to 2007-08

(Rs. in crore)

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Total Expenditure (TE)*	11432	13286	13633	14709	17495	20999.00
Rate of growth (per cent)	2.55	16.22	2.61	7.89	18.94	20.03
TE/GSDP ratio (per cent)	22.76	21.63	19.09	18.63	18.74	19.72
RR/TE Ratio (per cent)	73.82	71.05	86.92	95.76	103.08	104.61
GSDP Growth (per cent)	6.98	22.30	16.29	10.54	18.27	14.02
Buoyancy Ratio of Total Expenditure with reference to :						
GSDP	0.365	0.727	0.160	0.749	0.037	1.428
Revenue Receipt	0.129	1.367	0.102	0.418	0.676	0.918

* Total Expenditure includes revenue expenditure, capital expenditure and loans and advances

(Source:– Report of the Comptroller & Auditor General of India, For The Year Ended 31st March, 2008 (Civil))

3.14 It may be noted that state's total expenditure in 2007-08 stood at Rs.20999.00 crore as against Rs.17495.00 crore in 2006-07. It thus increased by Rs.3540.00 cr. (20%) over the previous year. The revenue expenditure constituted 84% (Rs.17723 crore), capital expenditure component 14% (Rs.2843 crore) while disbursement of loans and advances constituted only 2% (Rs.443 crore) in total expenditure (Rs.20999 crore) during the year. In terms of its plan & non-plan components, the share of plan expenditure constituted 34% (Rs.7046 crore), the remaining 66% was non-plan expenditure (Rs.13953 crore). The increase in capital expenditure of Rs.1392 crore was mainly due to increased expenditure on Irrigation and Flood Control (Rs.712.94 crore), Transport and Communication (Rs.168.43 crore), Water Supply and Sanitation (Rs.378.28 crore) and Welfare of SC, ST and OBC (Rs.56.06 crore). Loans and advances disbursed increased from Rs.272 crore in 2006-07 to Rs.433 crore in 2007-08 (59%). This was mainly due to disbursement of loans to PSUs (Rs.71.31 crore) loans to cooperation (Rs.12.51 crore) and loans and advances to Government servants (Rs.3.78 crore) etc.

Trends in Total Expenditure by Activities

3.15 In terms of activities, total expenditure consisted of expenditure on general services including interest payments, social and economic services, grants-in-aid and loans and advances. Relative share of these components in total expenditure is indicated in Table-VI ;

Table- VI
Components of Expenditure - Relative Share

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
	(in %)					
General Services	42.21	39.12	47.75	46.77	43.25	35.04
Of which Interest Payment	25.24	21.53	24.44	25.13	18.22	15.09
Social Services	31.67	28.88	29.75	32.61	31.10	33.62
Economic Services	21.83	18.51	19.83	19.17	22.54	27.61
Grants-in-aid	1.29	1.66	1.16	1.00	1.55	1.67
Loans and Advances	3.00	11.83	1.50	0.46	1.55	2.06

(Source:- Report of the C&AG, India for the year 2007-08 (Civil))

3.16 The movement of relative shares of these components of expenditure indicated that the share of General Services (including interest payment), considered as non-developmental, decreased from 43 per cent in 2006-07 to 35 % in 2007-08. Interest payment which is a part of general services declined from 18 % in 2006-07 to 15% in 2007-08 mainly because of an increase in relief in interest rate on account of consolidation and re-scheduling from 31 % in 2006-07 to 34 % in 2007-08. The relative share of economic services which hovered around 19 % in 2003-04 and 2005-06 has shown an increasing trend and increased from 23 % in 2006-07 to 28% in 2007-08. Grants-in-aid also increased from 1.29 % in 2002-03 to 1.67 % in 2007-08 with slight variations while loans and advances kept on fluctuating during the period 2002-08.

3.17 Revenue expenditure is incurred to maintain the current level of services and payment for the post obligations and as such does not result in any addition to the state's infrastructure and service network. Revenue expenditure had the predominant share varying between 82 to 92 per cent in the total expenditure during the period 2002-08. The overall revenue expenditure, its rate of growth, ratio of revenue expenditure to GSDP and to revenue receipts and its buoyancy are indicated in Table VII;

Table VII
Revenue Expenditure - Basic Parameters.

(Rs. in crore)

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Revenue Expenditure (RE), of which	10015	10861	12372	13604	15772	17723
Non-Plan Revenue Expenditure (NPRE)	8444	9218	10416	11491	13045	13634
Plan Revenue Expenditure (PRE)	1571	1643	1956	2113	2727	4089
Rates of Growth / Ratios (%)						
Revenue Expenditure	1.35	8.45	13.91	9.96	15.94	12.37
NPRE	4.69	9.17	13.00	10.32	13.52	4.52
PRE	-13.50	4.58	19.05	8.02	29.06	49.94
RE/TE (%)	87.60	81.75	90.75	92.49	90.15	84.40
NPRE/GSDP (%)	16.81	15.01	14.58	14.55	13.97	12.81
with regard to (a) NPRE as % of TE	73.86	69.38	76.40	78.12	74.56	64.93
(b) NPRE as % of RR	100.06	97.65	87.90	81.58	72.34	62.07
Buoyancy Ratio of Revenue Expenditure with regard to						
(a) GSDP	0.193	0.379	0.854	0.945	0.873	0.882
(b) Revenue Receipts	0.068	0.712	0.545	0.528	0.569	0.567

(Source: Report of the C & A.G., India for the year 2007-08 (Civil))

Revenue expenditure accounted for 84 per cent of total expenditure during 2007-08 of the State and has increased by 12 per cent from Rs.15772 crore in 2006-07 to Rs.17723 crore in 2007-08. The Non Planned Revenue Expenditure (NPRE) has shown a consistently increasing trend over the period 2002-08 and continued to enjoy the highest proportion varying in the range of 65 per cent to 78 per cent of the total expenditure. Of the total increase of Rs.1951 crore in Revenue Expenditure in 2007-08, increase in NPRE contributed 30 per cent (Rs. 589 crore) and remaining Rs.1362 crore (70 per cent) was the plan revenue expenditure. The increase in NPRE during the current year was mainly on account of Education, Sports and Culture (Rs. 423.49 crore), Transport (Rs.191.09 crore) and Irrigation and Flood Control (Rs.99.48 crore) set off by a decrease in expenditure on Social Welfare and Nutrition (Rs.137.21 crore). Increase of Rs.1362 crore in Plan Revenue Expenditure from Rs.2727 crore in 2006-07 to Rs.4089 crore in 2007-08 was mainly due to increase in Agriculture and Allied Services (Rs.146.28 crore), Rural Development (Rs.237.56 crore), Water Supply and Sanitation (Rs.302.47 crore), Irrigation and Flood Control (Rs.73.87 crore) and Housing and Urban Development (Rs.284.50 crore) and Energy (Rs.156.29 crore).

3.18 The trend of expenditure in some important sectors between 2001-02 to 2007-08 is indicated in the following table;

Table - VIII
Trend of Revenue Expenditure in some important sectors

(Rupees in crore)

Sector	2001-02	% to BE	2002-03	% to BE	2003-04	% to BE	2004-05	% to BE	2005-06	% to BE	2006-07	% to BE	2007-08	% to BE
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
A .Social Services														
i) Education	1733.34	112.58	1882.79	95.89	1881.83	97.83	1995.39	103.4	2311.58	106.14	2474.35	103.40	3260.22	123.22
ii) Health & Family Welfare	421.44	84.42	459.58	83.23	458.82	81.98	627.45	97.20	450.64	64.88	575.47	83.76	726.21	90.56
Total:	2154.78		2342.37		2340.65		2622.84		2762.22		3049.82		3986.43	
B. Economic Services														
i) Agriculture	471.47	94.06	499.51	68.34	638.37	98.80	533.99	87.46	560.58	83.57	652.33	103.97	890.33	185.53
ii) Rural Devp.	447.98	163.42	469.03	131.10	458.67	61.06	467.71	99.88	513.94	116.18	610.11	122.07	861.13	109.89
iii) Irrigation & Flood Control	193.00	116.13	184.55	109.90	178.07	84.80	207.71	89.92	235.34	114.91	280.66	118.06	454.00	123.27
iv) Energy	16.17	348.49	47.79	69.51	27.42	28.68	43.91	46.14	40.86	100.57	32.77	18.06	189.98	150.91
v) Transport	135.35	88.02	145.28	65.17	131.30	73.14	143.51	72.03	204.93	90.74	563.24	92.62	754.33	95.94
vi) General Economic Services	157.72	107.77	189.01	66.15	272.92	106.99	298.30	75.33	303.94	90.48	506.99	114.57	428.56	104.66
Total:	1421.69		1535.17		1606.75		1695.13		1859.59		2646.1		3578.33	

(Source : Accounts at a Glance published for the year 2006-07 published by A.G.(A&E), Orissa, Bhubaneswar and Budget documents of Finance Department, 2007-08 Government of Orissa.)

3.19 Similarly, the size of Non-Plan and Plan Expenditure during the period 2001-02 to 2007-08 is indicated in the following table;

Table - IX
Non-Plan Expenditure & Plan Expenditure during 2001-02 to 2007-08
(Rupees in crore)

Year	Non-Plan Expenditure	Plan Expenditure	Total Expenditure
(1)	(2)	(3)	(4)
2001-02	7393.28	2910.60	10303.88
1002-03	8642.81	2789.19	11432.00
2003-04	10588.04	2698.07	13286.11
2004-05	10626.38	3006.75	13633.13
2005-06	11615.15	3093.63	14708.78
2006-07	13290.45	4204.81	17495.26
2007-08	13821.41	6745.27	20566.68

(Source : Accounts at a Glance published for the year 2007-08 published by A.G.(A&E), Orissa, Bhubaneswar and Accounts at a Glance published for the year 2007-08 published by A.G.(A&E), Orissa, Bhubaneswar)

Pension Payments

3.20 Expenditure on pension indicated a rising trend during the period 2002-03 to 2007-08. The following table depicts the factual position;

Table - X
Expenditure on Pension during 2002-03 to 2007-08
(Rupees in crore)

Heads	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Expenditure on Pensions	1030	1158	1260	1339	1485	1801
Rate of Growth	2.70	12.43	8.81	6.27	10.90	21.28
As per cent of GSDP	2.05	1.89	1.76	1.70	1.59	1.69
As per cent of RE	10.28	10.66	10.18	9.84	9.42	10.16
%age of total revenue	12.21	11.21	10.63	9.51	8.25	8.20

(Source:– Report of the C&A.G. of India for the year 2008-09(Civil))

3.21 The increase in pension payment during the year was mainly due to an increase in the number of retired employees and grant of dearness relief during the year. A comparative analysis of actual pension payments vis-à-vis the assessment/projection reveals that actual pension payment of Rs.1801 crore during 2007-08 remained significantly lower than the projection of Rs.2127 crore made by the Twelfth Finance Commission which was also adopted by the State in its Fiscal Correction Path /Medium Term Fiscal Plan for the year. The Government did not work out the pension liabilities on a realistic basis as prescribed in FRBM Act 2005 to mitigate the impact of rising pension liabilities in future. The Government however introduced a Contributory Pension Scheme for employees recruited on or after 1st January 2005.

3.22. Expenditure on Salaries and Wages

Table XI below indicates the Expenditure on Salaries during the period 2002-03 to 2007-08;

Table XI
Expenditure on Salaries

(Rupees in crore)						
Heads	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Expenditure on Salaries & Wages	3929.39	3725.75	3777.80	4002.44	4028.27	4582.41
Of which						
Non-Plan Head	3564.92	3512.24	3551.70	3774.01	3816.11	4333.01
Plan-Head	364.47	213.51	226.10	228.43	212.16	249.39
As % of GSDP	7.82	6.07	5.29	5.07	4.31	4.30
As % of RR	46.56	39.47	31.88	28.42	22.34	20.86

(Source – Report of the C & AG of India for the year 2007-08 (Civil))

3.23 Expenditure on salaries increased from Rs.4028.27 crore in 2006-07 to Rs.4582.41 crore in 2007-08 which was 21 % of revenue receipts of the state during the year. Expenditure on Salaries and Wages under non-plan head during 2007-08 increased by Rs.516.90 crore from Rs.3816.11 crore in 2006-07 to Rs.4333.01 crore in 2007-08 whereas expenditure on plan head has also increased by Rs.37.23 crore from Rs.212.16 crore in 2006-07 to Rs.249.39 crore in 2007-08 mainly due to payment of dearness allowance at increased rates during the year and payment of salary to contractual employees etc. Expenditure on Salaries and Wages as a percentage of revenue expenditure net of interest payment and pensions amounts to 35.93 % which was almost at par with the norm of 35% as recommended by the Twelfth Finance Commission and lower than the projection of 41% made in the Medium Term Fiscal Plan. Moreover, ratio of salary expenditure to state's own revenue at 48% is significantly less than the projection of 63.17% in the Medium Term Fiscal Plan and is very much within the target of 80% to be achieved in the financial year 2007-08 as laid down in the State's FRBM Act, 2005.

Interest Payments

3.24 It may be observed from the Table below that there is a consistent decline in interest payments from Rs.3697 crore in 2005-06 to Rs.3169 crore in 2007-08 (Table XII). The swapping of debt amounting to Rs.2543.62 crore during the three year period 2002-05 resulted in giving interest relief of Rs.144.47 crore to the Government and helped further in reducing heavy burden of interest payments especially for the year earlier to 2005-06.

Table-XII: Interest Payments

Year	Total Revenue Receipt	Interest Payment	Percentage of Interest payments with reference to	
	(Rs. in Crore)		Total Revenue Receipts	Revenue Expenditure
2002-03	8439	2886	34	29
2003-04	9440	2860	30	26
2004-05	11850	3332	28	27
2005-06	14085	3697	26	27
2006-07	18033	3188	18	20
2007-08	21967	3169	14	18

(Source : Report of the C & AG of India for the year 2007-08 (Civil))

3.25 A decline of Rs.19 crore in interest payments in 2007-08 was mainly on account of interest rate relief and consolidation and re-schedulement of GOI loans under DCRF. Besides the State Government also prepaid the high cost NSSF loan amounting to Rs.199.72 crore towards the close of the financial year 2007-08. The ratio of interest payment to total revenue receipt was 14 percent which was well within the projection of 19 percent made in MTFP, FCP and 15% norm recommended by the TFC.

Subsidies

3.26 The State Government has been giving subsidies to various corporations/companies as well as to individuals in the form food subsidy etc. Quantum of subsidies released since 2003-04 and the percentage of subsidies to total expenditure are given in the table below;

Table -XIII

Subsidies

Year	Amount (Rupees in crore)	Percentage increase (+)/decrease(-) over previous year	Percentage of subsidy in total expenditure
2003-04	230.89		1.73
2004-05	93.95	(-) 59.30	0.69
2005-06	82.70	(-) 11.97	0.56
2006-07	170.20	(+) 105.80	0.97
2007-08	148.39	(-) 12.81	0.71

(Source : Report of the C & AG of India for the year 2007-08 (Civil))

3.27 The state government in its Fiscal Policy Strategy Statement made it clear to rationalize subsidy and reduce their overall volume. Both MTFP and FCP of the State have projected the reduction of subsidy gradually to a level of Rs.59.96 crore by the year 2009-10. Though there has been a significant reduction in state expenditure on subsidies from Rs.230.89 crore in 2003-04 to Rs.148.89 crore in 2007-08, it may prove difficult to realise the projected reduction in subsidies as stipulated by the MTFP/ FCP by 2009-10. In case of food subsidy, the Twelfth Finance Commission recommended for an amount of Rs.36.71 crore per annum and the recommended amount of subsidy has been provided in the budget for 2009-10.

3.28 Growth in major areas of revenue expenditure is indicated in the following table;

Table - XIV**Major areas of Revenue Expenditure**

(Rupees in crore)

Areas of expenditure	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	%age increase in 2007-08 over the last year
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Interest Payments	2885.56	2860.28	3332.02	3697.10	3188.43	3169.48	-
Pensions & Misc. General Services	1051.70	1199.81	1410.41	1430.91	1578.29	1895.84	20.11
Administrative Services	555.32	668.70	674.89	752.83	913.17	1112.12	21.78
Agriculture & Allied Activities	499.51	638.37	533.99	560.58	652.33	890.33	36.48
Rural Development	469.03	458.67	467.71	513.94	610.11	861.13	41.14
Energy	47.79	27.42	43.91	40.86	32.77	189.98	479.73
Science & Tech.	15.62	11.48	8.08	12.78	17.18	18.44	7.33

(Source:— Finance Accounts of respective years.)

Debt Stock

3.29 It is worthwhile to mention at this stage that we have been consistently trying to bring down the Debt- GSDP ratio and by the end of 2007-08, it stood at 35.15%. What is more important is that net addition to Debt Stock has been reduced from Rs.3350.00 crore in 1999-2000 to Rs.793.06 crore in 2006-07. For the first time in the history of state finances the total debt stock has been reduced from 37249.51 crore in 2006-07 to 36311.61 crore in 2007-08. As a result of debt swap and other fiscal restructuring measures, there has been significant improvement in debt management, which would be evident from the following table;

Table - XV**Debt and Payment of Interest**

(Rupees in crore)

Year	GSDP at current price	Revenue Receipt	Net Debt incurred during the year	Total Debt stock at the year end	Payment of Interest	Debt stock as % of GSDP	Debt stock as % of Revenue Receipt	Interest payment as % of Revenue Receipt	Revenue Deficit as % of Net loan incurred
1	2	3	4	5	6	7	8	9	10
1999-2000	42910	5884.63	3349.66	18100.80	1237.70	42.56	308	21.00	36.85
2000-01	43493	6902.02	2901.10	21001.90	2286.81	47.75	304	33.10	66.50
2001-02	46946	7047.98	3031.72	24033.60	2834.96	50.84	341	40.20	93.47
2002-03	50223	8438.77	3767.59	27801.19	2885.58	55.44	329	34.20	41.83
2003-04	61422	9440.24	3832.77	31633.96	2860.28	51.80	335	30.30	37.07
2004-05	71428	11850.19	2417.22	34051.18	3332.02	49.32	287.3	28.10	21.61
2005-06	78536	14084.72	2405.27	36456.45	3697.10	48.16	258.86	26.25	Rev. Surplus
2006-07	91151	18032.62	793.06	37249.51	3188.43	40.87	206.6	17.68	Rev. Surplus
2007-08	103304	21967.19	11116.54	36311.61	4049.11	35.15	165.3	14.4	Rev. Surplus

(Source:— Finance Accounts for the years 1999-2000 to 2007-08, published by Comptroller & Auditor General of India.)

Debt Restructuring

3.30 State Government have taken the following steps to reduce the burden of interest payment.

i) Swapping of high-cost loan

Swapping of high cost loan of Rs.2543.62 crore during 2002-03 and 2004-05 has yielded interest saving of around Rs.145.00 crore.

ii) Prepayment/Buyback of high cost market borrowing

3.31 The total market borrowing as on 31.03.2007 was of the order of Rs.5300.00 crore out of which the high cost market borrowing carrying rate of interest 10% and above was Rs.3115.00 crore.

3.32 The state has been able to retire Rs.394.61 crore of such borrowing in 2006-07 through auction. In 2007-08, the state government initiated a process of Buy-Back of High cost market borrowing for which a provision of Rs.700.00 crore was made. It may be noted that from 29.02.2008 to 12.03.2008, an amount of Rs.50.00 crore (principal) has been brought back by the R.B.I on behalf of the Government of Orissa.

iii) Restructuring of high cost NSSF loan

On the basis of the recommendation of the NDC Sub-Committee constituted for examination of issues relating to restructuring of securities issued by the State Government to the National Small Savings Fund (NSSF);

- The State Government have opted for 80% share of net Small Savings collection
- The interest rate on the outstanding NSSF loan contracted upto the year 2002-03 is reset at 10.5% w.e.f. 01.04.2007.
- During 2007-08, prepayment of high cost NSSF loan amounting to Rs.199.72 crore has been made by the Government of Orissa on 12th February, 2008.

Creation of Consolidated Sinking Fund

3.33 In pursuance of the recommendation of the 11th Finance Commission and guidelines framed by the RBI, Government of Orissa constituted a Consolidated Sinking Fund in 2003-04 to be utilized as an Amortisation Fund for redemption of liability arising out of Open Market Borrowing.

3.34 The scope of this Fund is being expanded to cover in future all repayment liabilities including market borrowing as per the recommendation of the 12th Finance Commission.

Creation of Guarantee Redemption Fund

3.35 A Guarantee Redemption Fund has been constituted in 2002-03 with the objective of meeting the payment obligations arising out of default in discharging the debt servicing for the loans guaranteed by the Government.

3.36 In the mean time the state government discharged guaranteed liabilities for Rs.332.44 crore through One Time Settlement. This has enhanced the credibility and financial reputation of the state Government with the financial institutions.

Restriction on Government Guarantee

3.37 The state government is very often required to provide guarantees for borrowings from institutional finances by public sector undertakings/Co-operative Institutions/Urban Local Bodies and State-owned Companies etc to enable them to carry out approved developmental works and meet the working capital requirement etc. It may be noted that such guarantees will not form a part of the debt burden as conventionally measured, but in the event of default by borrowing organisations, the state government may have to repay the debt as guarantor.

3.38 In pursuance of the recommendations of the Technical Committee of Finance Secretaries, the state government have fixed a ceiling on guarantees during 2002-03 to regulate the guarantee vide F.D. Resolution No.52214/ dated 22.11.2004 which stipulates as under :-

3.39 “The total outstanding government guarantees as on 1st day of April every year shall not exceed 100 % of the state revenue receipts of the second preceding years reflected in the books of accounts maintained by the Accountant General. Attempt should be made to bring this gradually to the level of 80 % over next five years.”

3.40 The outstanding guarantee as %age of revenue receipt net of grant-in-aid has been reduced from 127.3% in 1999-2000 to around 27.87% as on 31.03.2007.

Introduction of Escrow Account for new guarantee

3.41 In order to ensure fiscal discipline in public sector undertakings/Urban Local bodies/Co-operative Institutions and State-owned Companies etc. and to minimise the default on payment of government guaranteed loans the Finance Department vide their Resolution No.11311/F dated 19.03.2004 issued instructions that all Public Sector Undertakings/Urban Local Bodies/ Co-operative Institutions and State-owned Companies etc, who have borrowed or intend to borrow against government guarantee will open an escrow account in a nationalized bank for timely repayment of guaranteed loans. The proceeds of this account shall first be utilized for payment of dues of the financial institutions and it is only after meeting such payments that the surplus amount shall be diverted for other payments including salaries.

3.42 In the meantime the guidelines for issue of guarantee have been amended vide Finance Department Resolution No.46546 dated 14.11.06 where it has been stipulated that in future government guarantee, if issued, would cover the principal only and accordingly the guarantee format has been revised.

Creation of Special Reserve Fund to meet the Foreign Exchange Risk

3.43 Government of India have decided that external assistance in case of new projects signed on or after 1st April, 2005 will be passed on back-to-back basis. Thus, exchange risks will now be borne by the State Governments. Accordingly, Government of Orissa decided to set up a Special Reserve Fund to bear the foreign exchange risks and made budget provision of Rs.100.00 crore in the Supplementary Statement of Expenditure 2006-07.

Prioritization of Expenditure and Enforcement of Fiscal Discipline

i) Zero Based Investment Review for Timely Completion of Prioritized Projects:

3.44 For timely completion of identified projects, concerned departments of the government have been allowed to make necessary provision in the budget and in case of necessity they have been allowed reallocation of funds within the overall budgetary allocation made for the department. Year wise provision of funds in the budget for the projects identified under Zero Based Investment Review is shown in the following Table :

Table - XVI

Provision of Funds for Zero Base Investment Project (Rs. in crore)

Year	Budget Estimate
2002-03	89.34
2003-04	192.73
2004-05	138.09
2005-06	182.88
2006-07	66.25
2007-08	60.66
2008-09	73.08
2009-10	*96.08

* For 105 new Projects only.

(Source:- Finance Department, Government of Orissa.)

Achievement

3.45 During the last 5 years (2002-03 to 2007-08), out of 490 identified projects as many as 294 projects have been completed as indicated in the table below.

Table - XVII

No. of Projects identified vis-a-vis actually completed

Year	No. of projects identified	No. of projects completed
2002-03	41	17
2003-04	60	24
2004-05	41	19
2005-06	115	85
2006-07	128	86
2007-08	105	63
Grand Total	490	294

(Source:- Finance Department, Government of Orissa.)

3.46 As many as 61 new projects and 44 spill over projects of previous year were identified for completion during 2007-08, out of which 63 projects were completed by 31.03.2008 .

3.47 During the year 2008-09, as many as 120 projects were identified for completion under Zero Based Investment Review out of which only 74 projects were completed by 31.3.2009.

3.48 During the year 2009-10, as many as 150 projects have been identified for completion under Zero Based Investment Review. But as per available information in Finance Department, only 14 nos. of projects have been completed by the end of 31.08.2009.

Utilization Certificate:

3.49 The state government has placed priority on utilization of central assistance in time and submission of utilization certificates. After constant monitoring and review at different levels, i.e. at the level of Finance Minister and Principal Secretary, there has been perceptible improvement in submission of Utilization Certificates in respect of central assistance which would be evident from the following Table :

Table - XVIII

Position of Utilisation Certificate

(Rs. in Crore)

Year	Utilisation Certificate Submitted
2000-2001	534.00
2001-2002	615.00
2002-2003	1151.00
2003-2004	1465.04
2004-2005	2807.08
2005-2006	2470.58
2006-2007	2852.25
2007-2008	3913.08
2008-2009	4856.20

(Source:- Finance Department, Government of Orissa.)

Enactment of Orissa Fiscal Responsibility & Budget Management Act

3.50 As per the recommendation of the 12th Finance Commission, Orissa has enacted the Orissa Fiscal Responsibility & Budget Management Act, 2005. The same has come into force w.e.f. 14.06.2005. As per the target fixed by FRBM Act, 2005, Orissa is required to eliminate revenue deficit by 2008-09 and reduce the fiscal deficit to 3% of GSDP by that period. Orissa has already achieved this target in 2005-06. The same trend also continues in subsequent years.

Computerization of Treasuries - Orissa Treasury Management System (OTMS)

- ❑ The system is based on a three tier architecture with the treasuries and sub-treasuries and special treasuries connected to a central location, thereby providing a facility for analysis of various financial information and MIS at one place.
- ❑ The system empowers the Government to control the expenditure as and when required and as per the requirement.

Social Safety Net Programme

3.51 The objective of Social Safety Net Programme (Roshini) is to facilitate alternative livelihood facilities through training and redeployment to the retired employees under VRS/VSS in Phase-II. Social Safety Net Programme envisages assisting 7000 retirees through training and redeployment. Around 3000 retirees have already been covered by Dec. '07 under this programme.

Reforms in Other Areas

3.52 Orissa is the acknowledged pioneer in introducing reforms in the Power Sector.

The Power Sector Benefits Attributable to Reforms

- Completion of Upper Indravati Project
- Massive T&D System upgradation
- Revenue from Sale of TTPS - Rs.356 crore
- Revenue from disinvestments of OPGC - Rs.603 crore
- Dividend from OPGC - Rs.75 crore (approx.)/annum
- Revenue from disinvestments of Distribution Companies- Rs.159 crore
- Increased collection in Electricity Duty - Rs.250 crore
- No Subsidy by the Government of Orissa since 01.04.96

The Road Ahead

- Though Orissa has gained in terms of financial benefits in the power sector, power sector distribution continues to be plagued by high level of Aggregate Transmission and Commercial (AT&C) loss. The overall AT&C loss in 2006-07 is 42.7% and this compares poorly with states like Andhra Pradesh, Gujarat and West Bengal which have managed to bring down their AT&C loss to around 30%. (West Bengal - 24%, Andhra Pradesh - 27%, Gujarat - 30%, Karnataka 35%)

- High AT&C loss and high incidence of power theft continue to be the areas of concern. The state government, in the meantime, has taken steps to establish Energy Police Stations and Special Courts to deal with such cases.
- Making distribution segment of the power industry efficient and sustainable is the key to the success of power sector reform and provisions of services of specified standards
- The Regulatory Commission is trying to strike the right balance between the requirements of commercial viability of distribution licensees and consumers' interest.

Privatization/Disinvestment Policy

3.53 The state government has been pursuing a policy of selective privatization/disinvestments of loss making public and cooperative enterprises operating in non-core sectors with the hope that this may facilitate the revival of potentially viable but loss making enterprises to safeguard the interests of workers of the state. It has also identified core enterprises which will continue to operate in the public sector. Eleven loss making Public Sector Enterprises have so far been privatized under disinvestment policy.

Restructuring

3.54 The state has taken appropriate steps to institute a system of good corporate governance practices in eight selective core sector enterprises. Restructuring plan in respect of Orissa Lift Irrigation Corporation, Orissa State Finance Corporation, Orissa State Road Transport Corporation and Orissa Forest Development Corporation have also been implemented. In addition to this, Orissa Seeds Corporation, Orissa State Civil Supplies Corporation, Orissa Bridge and Construction Corporation and Orissa Construction Corporation have been identified for corporate restructuring.

Voluntary Retirement Scheme

3.55 The State has also offered Voluntary Retirement Scheme for the employees of Public Sector Enterprises. Financial assistance for 21 days of Ex-gratia for each completed year of service, gratuity and leave encashment to the identified PSUs under the Public Enterprise Reform Programme are offered in the Voluntary Retirement Scheme. In certain cases, the state government may provide financial assistance to meet the arrear dues of the retirees if any, under VSS. During OPERP Phase-II, 17657 employees/workers have already been separated till Nov.' 07.

Public Enterprises Reform:

3.56 The state as a matter of policy has been providing a strategy to reform the state PSUs by completing the process of their closure, privatization or restructuring along with business process re-engineering, which will give strong support to government's efforts to achieve fiscal stabilization by reducing investment in PSUs and diverting the resources thus saved to the priority sector development, i.e. Health and Education. To complete the process of reforms, the state government has requested DFID for continuing its support to reform the PSUs.

To achieve this objective, public enterprise reform programme Phase-II has been in operation since 2003-04 with bilateral assistance of DFID and the state government. The outlay for Phase-II Programme is Rs.2286.5 million.

Change in Expenditure Pattern

(A) Capital Expenditure

3.57 Availability of better social and physical infrastructure in the state reflects the quality of state expenditure. In this context, it may be pointed out that capital expenditure has been increasing which would be evident from the following table.

Table - XIX
Capital Expenditure
(Rs. in crore)

Year	Amount
2002-03	1074.00
2003-04	853.00
2004-05	1056.00
2005-06	1038.00
2006-07	1451.00
2007-08	2843.00

(Source - Finance Accounts for the years 2002-03 to 2007-08, published by Comptroller and Auditor General of India)

(B) Expenditure on Social Services

3.58 Given the fact that human development indicators such as access to basic education, health services and drinking water and sanitation facilities etc, have strong linkage with eradication of poverty and economic progress, it may help us to make an assessment of provision of these services in the state. The following table summarizes the expenditure incurred by the state government in expanding and strengthening the social services in Orissa from 2002-03 to 2007-08;

Table - XX
Expenditure on Social Services

(Rupees in crore)

Item	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Education						
Revenue Expenditure, of which	1871.96	1856.65	1976.70	2288.28	2431.40	3215.65
(a) Salary & Wage component		1669.59	1683.87	1829.41	1783.25	1977.18
(b) Non-Salary & Wage component		187.06	292.83	458.87	648.15	1238.47
Capital Expenditure	19.65	17.69	2.01	2.28	4.25	5.79
Health & Family Welfare						
Revenue Expenditure, of which	289.51	300.02	321.84	450.07	416.22	718.69
(a) Salary & Wage component		46.73	64.85	65.05	34.04	38.51

(b)Non-Salary & Wage component		253.29	256.99	385.02	382.18	680.18
Capital Expenditure	94.55	64.63	69.13	89.07	150.19	528.47
Other Social Services						
Revenue Expenditure, of which	838.50	1094.12	1054.41	1488.73	1797.45	1755.96
(a) Salary & Wage component		182.72	176.58	184.24	189.48	221.90
(b)Non-Salary & Wage component		911.40	877.83	1304.49	1607.97	1534.06
Capital Expenditure	8.86	3.14	1.48	11.37	33.00	88.64
Total (social Services)	3620.44	3836.21	4056.47	4796.82	5440.69	7059.79
Revenue Expenditure, of which	3459.55	3709.61	3980.40	4677.72	5220.54	6416.51
(a) Salary & Wage component	NA	2275.10	2319.76	2487.06	2450.36	2742.56
(b)Non-Salary & Wage component	NA	1434.51	1660.64	2190.66	2770.18	3673.95
Capital Expenditure	160.89	126.60	76.07	119.10	220.15	643.28

N.B: Figures of salary and non-salary for the year 2002-03 are not available.
(Source :Report of the C & AG of India for the year 2007-08 (Civil))

3.59 Expenditure on social services during the year 2007-08 (Rs.7060 crore) accounted for 34% of total expenditure (Rs.20999 crore) and 55% of developmental expenditure (Rs.12856 crore). It may be noted that in 2007-08, three major social services, i.e general education (Rs.3215.65 crore), health and family welfare (Rs.726.21 crore) and water supply and sanitation (Rs.718.69 crore) accounted for 73% of the total expenditure on Social Services.

3.60 Capital Expenditure on Social Services which stood at Rs.160.89 crore in 2002-03 has shown an unsteady trend over the years till 2007-08 when it increased to Rs. 643.28 crore. The major area of improvement was in Water Supply, Sanitation etc (from Rs.94.55 crore in 2002-03 to Rs.528.47 crore in 2007-08). Out of revenue expenditure on Social Services, share of salary component increased from Rs.2275 crore in 2003-04 to Rs.2743 crore in 2007-08 (21%) whereas non-salary component increased by 156% from Rs.1435 crore to Rs.3674 crore during the period. Assuming that non-salary component of revenue expenditure is a proxy for the maintenance and efficient running of these services, the quality of these services may be expected to have improved reasonably over the period 2003-08.

3.61 Recognising the need to improve the quality of education and health services in the state, the Twelfth Finance Commission recommended that the non-plan salary expenditure under education, health and family welfare should increase only by five to six percent while non-salary expenditure under non-plan heads should increase by 30% per annum during the award period. Trends in expenditure (taking expenditure under both plan and non-plan heads) reveal that salary and wage component of revenue expenditure under general education increased by 11% in 2007-08 over the previous year while non-salary and wage component increased by 91% during that period. Under Health and Family Welfare, salary and wage component increased by 14% during 2007-08 while non-salary and wage component increased by 68% during that period.

(C) Expenditure on Economic Services

3.62 Expenditure on economic services includes all such expenditures to promote directly or indirectly, the productive capacity within the State's economy. The expenditure on economic services (Rs.5796 crore) accounted for 28% of the total expenditure and 45% of developmental expenditure. The following Table indicates the size of state expenditure on different economic activities from 2002-03 onwards till 2007-08;

Table XXI : Expenditure on Economic Sector

(Rs. in crore)

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Agriculture, Allied Activities						
Revenue Expenditure of which	499.51	638.37	533.99	560.58	652.33	890.33
(a) Salary & Wage component		326.72	315.90	328.87	349.42	400.46
(b)Non-Salary &Wage component		311.65	218.09	231.71	302.91	489.87
Capital Expenditure	59.19	60.96	56.04	54.90	60.79	49.31
Rural Development						
Revenue Expenditure of which	469.03	458.66	467.71	513.94	610.12	861.13
(a) Salary & Wage component		84.57	84.82	87.19	94.23	106.40
(b)Non-Salary & Wage component		374.09	382.89	4216.75	515.89	754.73
Irrigation and Flood Control						
Revenue Expenditure of which	184.55	178.08	207.71	235.34	280.66	454.01
(a) Salary & Wage component		84.46	91.02	96.78	76.01	83.08
(b)Non-Salary &Wage component		92.62	116.69	138.56	204.65	370.93
Capital Expenditure	513.57	401.28	486.43	484.02	699.69	1412.63
Energy						
Revenue Expenditure of which	47.80	27.42	43.91	40.86	32.77	189.98
(a) Salary & Wage component		2.18	3.58	3.47	1.62	1.84
(b)Non-Salary &Wage component		25.24	40.33	37.39	31.15	188.14
Capital Expenditure		20.64	36.44			
Industry and Mineral						
Revenue Expenditure of which	46.86	53.11	49.91	80.91	113.15	131.87
(a) Salary & Wage component		37.45	37.08	38.39	41.28	47.74
(b)Non-Salary &Wage component		15.66	12.83	42.52	71.87	84.13
Capital Expenditure	0.49	(-)2.84	(-)3.47	(-)3.54	0.28	30.44
Transport						
Revenue Expenditure of which	145.28	131.30	143.51	204.93	563.24	754.33
(a) Salary & Wage component		10.78	11.26	11.67	2.27	2.22
(b)Non-Salary &Wage component		120.52	132.25	193.26	560.97	752.11
Capital Expenditure	308.84	201.00	360.92	318.90	395.20	563.63
Science, Technology and Environment						
Revenue Expenditure of which	20.74	11.49	8.08	12.78	17.18	18.44
(a) Salary & Wage component		0.33	0.37	0.35	0.35	0.24
(b)Non-Salary &Wage component		11.16	7.71	12.43	16.83	18.20
Capital Expenditure						

General Economic Services						
Revenue Expenditure of which	189.01	272.92	298.30	303.94	506.99	428.56
(a) Salary & Wage component		41.64	41.78	48.37	45.74	53.37
(b)Non-Salary &Wage component		231.28	256.52	255.57	461.25	375.19
Capital Expenditure	11.30	6.84	14.15	11.93	11.72	11.76
Total Economic Services	2496.17	2459.23	2703.63	2819.49	3744.11	5796.42
Revenue Expenditure of which	1602.78	1771.35	1735.12	1953.28	2776.44	3728.65
(a) Salary & Wage component		589.13	585.81	615.09	610.92	695.35
(b)Non-Salary &Wage component		1182.22	1167.31	1338.19	2165.52	3033.30
Capital Expenditure	893.39	687.88	950.51	866.21	1167.67	2067.77

N.B: The Salary & Non-salary figures for the year 2002-03 are not available

(Source: Report of the C & AG of India for the year 2007-08 (Civil))

3.63 The trends presented in the table reveal that the share of revenue expenditure stood at 64% and that of capital expenditure at 36% of the total expenditure incurred on economic services. Within the revenue component, Agriculture and Allied activities (Rs.890.33 crore), Irrigation and Flood Control (Rs.454.01 crore),Transport and Communications (Rs.754.73 crore), Energy (Rs.189.98 crore) and Rural Development (Rs.861.13 crore) taken together received Rs.3150.18 crore (84%) while Irrigation and Flood control and Transport absorbed about 96% of the total capital expenditure during 2007-08.

Higher Plan Size

3.64 Improved financial position of the state resulting from prudential management of its finances has enabled it to go for higher plan size. During the year 2007-08 and 2008-09, the state plan outlay has been increased by about 40% and 39% respectively compared to previous year's plan outlay. Higher outlay for programmes like AIBP, JNNURM, RIDF, NSAP etc. has been provided for. This is evident from the following Table :

Table - XXII

Size of State Plan Outlay

(Rs.in Crore)

Year	State Plan Outlay
2004-2005	2500.00
2005-2006	3000.00
2006-2007	3500.00
2007-2008	5105.00
2008-2009	7500.00
2009-2010	9500.00

(Source - Finance Department, Government of Orissa)

Adequate Provision towards state share of CSPs

3.65 Matching contributions by the state for CSP schemes are now provided. In fact, it has gone up from the level of Rs.662.67 crore in 2007-08 (BE) to Rs.1128.21 crore in 2008-09 (BE). In order to cover the left out beneficiaries of various Central Schemes, the state government has also launched schemes like Biju KBK Yojna, Gopabandhu Gramin Yojna, Biju Gram Jyoti Yojna, Mo Kudia Yojna, Madhubabu Pension Yojna etc.

Intervention of Government of India is required

3.66 Reform initiatives taken by the Government of Orissa, particularly in the fiscal sector should be supplemented and actively supported by the Government of India in the following areas:

Release of State Share out of undisbursed amount of Fiscal Incentive Grants as per the recommendation of the 11th Finance Commission:

3.67 An incentive fund of Rs.10,608 crore was constituted as per the recommendation of the 11th Finance Commission by transferring 15% of Revenue Deficit Grant meant for 15 states and a matching contribution by the Government of India. Release of incentives grant was linked to performance in terms of reduction in revenue deficit. It may be mentioned that -

i) The 11th Finance Commission had recommended that undisbursed amount, if any, should be disbursed among the performing states.

ii) Similarly, the 11th Finance Commission had also recommended that if a state did not take effective steps to utilize Upgradation/Special Problem Grants during the 1st four years 2000-2004, the same may be added to the Incentive Fund in the 5th year and distributed among better performing states.

iii) It may be noted that the 11th Finance Commission had recommended that if a state achieved improvement in the ratio of revenue deficit to revenue receipt by 5% per annum, it would be entitled to Fiscal Incentives Grant.

iv) In Orissa, the ratio of revenue deficit to revenue receipt for the year 1999-2000, which stood at 43.47% has been reduced to 4.4% in 2004-05, the annual average reduction being 7.86% against the target of 5% as recommended by the 11th Finance Commission.

v) Accordingly, Orissa got the Fiscal Incentives Grant of Rs.315.35 crore for all the years from 2000-01 to 2004-05.

vi) Orissa is thus entitled to receive its share out of undisbursed amount lying in the Incentives Fund as it is one of the performing states. Additional share outstanding may be released by the centre in favour of Orissa.

Revision of rates of royalty on coal and other major minerals on ad valorem

3.68 Despite the fact that Orissa is rich in minerals, it does not get commensurate non-tax revenue in shape of royalty from such major minerals. This is primarily due to the reason that the rates of royalty are not being revised in time. Due to non-revision of royalty in time, the 11th Finance Commission had recommended for payment of Rs.150.00 crore per annum to compensate the loss which amounts to Rs.750.00 crore. The state has not received any amount on this

account. On the other hand, the 12th Finance Commission have recommended that the rate of royalty should be revised on ad valorem basis. The Government of India have not taken any steps in the matter despite state government's repeated and reasonable pleas for periodic revision of royalty on ad valorem basis.

Compensation on Thermal Power Generation:

3.69 Orissa has vast coal deposits. Orissa is a power surplus state and it exports power to other states. Since electricity duty is charged on consumption only, the importing state gets benefit while the exporting state has to bear the negative externalities such as environmental degradation due to mining etc. This tantamounts to transfer of resources from the producer state without receiving any compensation for the huge negative externalities as well as depletion of its natural resources. This situation has to be altered by either allowing the state to levy on generation or else mandate that a specific %age of power generated should be given free of cost to the state by the Central Public Sector Generating Companies as is the case in Hydropower generation.

Implementation of the Sixth Pay Commission Recommendation And Its Impact on State Revenue

3.70 Implementation of the recommendations of the 6th Pay Revision Commission would impose, in fact, a very big burden on the state. Total government spending on this account would increase by Rs.2106.93 crore per annum (salary Rs.1401.66 cr + pension Rs.705.28 cr). Government spending would go up further when arrear payments amounting to Rs.4200 crore are added to it. The burden on the state would further rise when the UGC recommendations for University and College teachers and recommendations for new pay scales for the judiciary are announced. It is very doubt full if there would be commensurate increase in the state revenue to absorb the impact of such expenditure by the state. This may consequently affect the transfer of resources from the state to the PRIs / ULBs for their development.

Present Fiscal Scenario

3.71 Global economic slow down had its adverse impact on the Indian economy as well as on the economy of Orissa. It caused a decline in the collection of state's Own Tax and Non-Tax Revenue and a fall in state's share in Central Taxes in April, 2009. The state is committed to implement the revised pay scale for different categories of government employees. The arrear load on account of revision of salary will further increase over and above the budgeted 60 % of arrear salary and pension. In addition to this, the revised pay for College and University Teachers, Teachers of Medical and Technical Colleges and Judicial Officers will have to be accommodated.

3.72 It may be noted that on the one hand, the state faces constraints in raising resources and on the other it has to meet the increasing demand for Revenue Expenditure during 2009-10. This may result in higher Revenue Deficit for the state and may shrink the Fiscal space for Capital and Plan Expenditure. Added to this during the year 2008-09, there was a reduction of share in Central Taxes by an amount of Rs.960.00 crore compared to the provision made in the Union Budget,

2008-09 (Budget Estimate). The Share Tax allocated for Orissa for the year 2009-10 in the Union Budget is Rs.8849.49 crore. In the State Budget, 2009-10 (Vote on Account), the Share Tax was projected at Rs.10624.87 crore for having a higher Plan size. So there is a shortfall of about 1775.38 crore which is to be made good through higher mobilization of Own Tax and Non Tax for retaining a plan size of 9500.00 crore. In the circumstances, the state may have to resort to higher borrowing during 2009-10 for the desired level of Plan Expenditure. Last but not the least, the State Government have been implementing several new schemes such as the Biju KBK Yojana, Gopabandhu Gramin Yojana, Biju Gram Jyoti Yojana, Mo Kudia, Madhubabu Pension Yojana for the benefit of the poor and vulnerable sections of the society. The state has also been trying to providing food security to the poorer households living below the poverty line by providing 25 Kgs. of rice to each of these families every month at an affordable rate of Rs.2.00 per Kg. All these schemes require huge funds for their successful implementation for the benefit of the poor and weaker sections of the society. Contrary to the rise in revenue expenditure, the state may experience a decline in revenue collection due to the impact of global recession. This may necessitate steps to contain revenue expenditure to create more fiscal space for capital expenditure on developmental activities.

Conclusion:

3.73 Orissa is a performing state now. Because of sustained efforts to maintain fiscal discipline there has been visible improvement in the financial condition of the state. It has been able to contain the growth of expenditure and at the same time additional resource mobilisation measures have been implemented. It is a turning point in Orissa's economy.

3.74 However, state's public finances may be strained when all the new pay scale are implemented. Added to it, there may be a big increase in Government spending on Health, Education, Infrastructure and state programmes designed to help the poor and disadvantaged sections of the population. Besides, massive upgrading of urban infrastructure is needed to attract and retain the skilled manpower demanded by modern industry and services. The failure of kharraf and cash crops in Orissa has badly affected the farming community and the state has taken upon it self the responsibility of assisting these families by providing them with financial packages. Added to all this the government may be called upon to allot more funds for the maintenance of law and order in the state in view of the Maoist violence in certain parts of the state. All this may affect Orissa's financial condition in the years to come.

3.75 Liberal federal assistance at this moment would strengthen the state and the state, in turn, would have an enhanced capacity to devolve more funds to the local bodies in their operations to provide better services to the people.

CHAPTER- IV

PANCHAYATI RAJ INSTITUTIONS AND URBAN LOCAL BODIES IN ORISSA: ISSUES & APPROCHES

4. PANCHAYATS IN ORISSA

The Orissa Grama Panchayat Act, 1948 is the first legislation prescribing constitution, power and functioning of Grama Panchayats in the state of Orissa. Provisions of the Act were to be extended to different areas of the state from time to time and could be withdrawn when necessary, as circumstances may warrant. It was assumed that successful functioning of Panchayats at selected cases would serve as examples to the surrounding villages, who, in turn may demand establishment of Grama Panchayats. This experiment however did not succeed because in many villages people were misled by the propaganda that in the Panchayat areas people had to pay some additional taxes, fees etc. to the Panchayats without getting appreciable amenities in lieu thereof. Government, therefore, adopted a scheme of establishing Panchayat covering an entire district or a sub-division w.e.f. year 1952-53. The provision of permitting withdrawal of Panchayat from certain areas was deleted by the Orissa Grama Panchayats (2nd amendment) Act, 1957.

The number of Grama Panchayats set up in different areas are shown below:

1950-51	530
1951-52(Phase-I)	519
1951-52(Phase-II)	705
1951-52(Phase-III)	1241
1951-52(Phase-IV)	1348
1951-52(Phase-V)	2261
1951-52(Phase-VI)	341

(Source-Annual Report of Panchayati Raj Department, 2005-06)

4.1 Initially, a Panchayat was being formed in a single village having minimum of population of 1500 or a group of villages having a minimum of population 1000. It was soon noticed that such a small unit is not operationally viable. Therefore, some of the Panchayats established in the year 1950-51 were merged in the neighbouring Panchayats in order to make them financially viable units.

4.2 During the period 1958 to 1961, Blocks were established in the State in selected areas.

In the year 1961, three tiers of Panchayati Raj Institutions were introduced in Orissa. The growth of Panchayats after 1961 is indicated below.

Sl. No.	Year	Grama Panchayat	Panchayat Samiti	Zilla Parishad
1	1961	2350	214	13
2	1963	2350	307	13
3	1966-67	3826	307	13
4	1983-84	4391	314	13
5	1991-92	5263	314	13
6	2002	6234	314	30

(Source-Annual Report of Panchayati Raj Department, 2005-06)

Functioning of Grama Panchayats, Panchayat Samities & Zilla Parishads during the sixties-

4.3 Among the three tiers of Panchayats, the intermediate tier namely Panchayat Samiti was made the implementing agency. All the funds for Community Development were given as grant-in-aid to the Samiti. Grama Panchayat was treated as the unit for formulation of developmental programme. Zilla Parishad functioned as the Supervisory Body. Zilla Parishads were abolished in the year 1968. The Panchayat Samiti emerged as the important institution for implementing developmental programmes, poverty alleviation programmes and social security schemes. However, Panchayat Samities and Grama Panchayats could not emerge as the Institutions of Self-Government.

4.4 Pre-73rd Amendment Provisions :-

- (1) Reservation for S.C. and S.T. in respect of seats.
- (2) Not less than 1/3rd of the total seats were reserved for women. This was applicable in respect of seats reserved for SC,ST and others.

4.5 Post-73rd Amendment initiatives-

After the 73rd Amendment, the Panchayat laws were amended consistent with the provisions of the 73rd Amendment in the following manner;

- (1) Reservation was provided in favour of SC,ST,OBC and women in respect of all seats and offices,
- (2) Election Commission and Finance Commission were constituted,
- (3) Tenure of Panchayats was fixed for 5 years, and
- (4) Powers and functions of Grama Sabha and Palli Sabha were redefined.

PRESENT PROFILE OF PANCHAYATI RAJ INSTITUTIONS IN ORISSA

Elected Members

Sl. No	Level	Post	No. of Seats	Member elected	SC		ST		OBC		UR	
					M	F	M	F	M	F	M	F
1.	Zilla Parishad	President	30	30	3	3	6	3	5	3	5	2
		Parishad Members	854	853	87	58	135	85	149	88	181	422
2	Panchayati Samiti-	Chairman	314	314	15	21	82	57	37	23	62	17
		Samiti Members	6233	6232	601	4551	1029	699	1037	631	1358	422
3	Grama Panchayat	Sarapanch	6234	6232	487	3441	1536	907	772	471	1249	466
		Ward Members	87,547	85,542	7,884	6,291	12,753	9,413	13,666	9,094	19,943	5,693

(Source- Annual Report of Panchayati Raj Department)

4.6 GRAMA SABHA-

(1) **COMPOSITION:-** All the electors residing within Grama Panchayat are the members of the Grama Sabha.

(2) **POWER OF GRAMA SABHA -**

Statutory power was given to Grama Sabha in the following matters,

- a) To approve the plans, programmes and projects for social and economic development before such plans, programmes and projects are taken up for implementation by the Grama Panchayat,
- b) To identify or select the beneficiaries under the Poverty Alleviation Programmes,
- c) To consider and approve the annual budget of the G.P. including the supplementary or revised budget,
- d) To consider levy of all taxes, rates, rent and fees and enhancement of rates thereof,
- e) To organise community services and draw up agricultural development programmes and implement such programmes and
- f) To approve the utilization of funds by Grama Panchayat.

(3) **PROCEDURE OF HOLDING GRAMA SABHA**

- a) Quorum- 1/10th of members of Grams Sasan. If there is no quorum the next meeting will be held without quorum.
- b) 1/3rd members present should be women.
- c) Grama Sabha will be held by rotation in each of the villages of the Grama.
- d) Sarapanch or Collector can convene special meeting of the Grama Sabha.
- e) 15 clear days' notice is given for Grama Sabha.

4.7 PALLI SABHA

(1) In order to further decentralize the participatory process, Orissa Act provides meeting of Palli Sabha. Functional characteristics of a Palli Sabha are as follows:-

- (a) Voters of a revenue village constitute Palli Sabha.
- (b) Ward member presides over Palli Sabha.
- (c) 1/10th members present are women.
- (d) Grama Panchayat shall convene meeting of Palli Sabha.
- (e) Two weeks time is given for holding Palli Sabha.
- (f) Grama Sabha shall fix the place of Palli Sabha if there are many wards in a revenue village.

(2) POWERS OF PALLI SABHA

It recommends to Grama Sabha in respect of the following matters.

- (a) the development works and programme that may be taken up during the ensuing year;
- (b) the annual budget estimate submitted by the Grama Panchayat.
- (c) Selection of beneficiaries under various poverty alleviation schemes.
- (d) Selection of labour leader for execution of work.

4.8 PESA INITIATIVES

The 73rd Amendment was not applicable to scheduled areas. Provisions of Panchayats (Extension to Scheduled Areas) Act came into force w.e.f. 24.12.96. Accordingly Panchayat laws were amended in the year 1997. Some of the important steps taken after coming into force of the PESA are mentioned below.

(1) ELECTION IN SCHEDULED AREA

Election in Scheduled Areas was conducted as per provisions of PESA in the year 2002. Orissa is the first State to conduct election as per provisions of PESA. All the offices of Chairpersons have been reserved for Scheduled Tribe in Scheduled Areas. Powers of Grama Sabha were also modified after the operationalisation of PESA.

(2) POWERS OF GRAMA SABHA IN SCHEDULED AREAS:-

The following functions are executed by G.Ps under the control and supervision of Grama Sabha;

- Enforcement of prohibition/ regulation/ restriction of the sale and consumption of any intoxicant.
- Ownership of Minor Forest Produce.
- Prevention of alienation of land and restoration of any unlawful acquisition of land of a Scheduled Tribe.
- Control over money lending to the Scheduled Tribe.
- Control over all local markets.
- Grama Sabha has power to safeguard the cultural identity, community resources and dispute resolution.

(3) Provisions of PESA and consequential powers given to different tiers of PRIs

Sl.No.	Provisions of Central Act	To be exercised / executed by
1	Section 4(C) and (e) Approve plans, programmes, projects, selection of beneficiaries under poverty alleviation programmes, issue of utilization of funds of Grama Sabha.	Grams Sabha.
2	Section 4(i)- No acquisition of land for development of projects and for rehabilitation of persons affected by such projects without prior consultation of the Parishad.	Zilla Parishad.
3	Section 4(i) Management of the Minor Water Bodies.	Zilla Parishad.
4	Section 4(k)(l)- Recommendation prior to issue of prospecting license or mining lease for minor minerals.	Zilla Parishad.
5	(1) Section 4(m)- Enforcement of prohibition of or restriction of the sale and consumption of any intoxicant, ownership of Minor Forest Produce, prevention of alienation of land and restoration of any unlawfully alienated land of a Scheduled Tribe, control over money lending to the Scheduled Tribe, management of village market. (2) (a) The Bihar and Orissa Excise Act has been amended giving power to Grama Sabha to exercise control over intoxicants. (b) 68 items of MFP have been transferred to Grama Panchayats. The Orissa Grama Panchayat (Minor Forest Produce Administration Rules, 2002 came into force w.e.f. 15.11.2002).	Grama Sabha.
6	Exercise control and supervision over institutions and functionaries of various sectors in relation to programmes and measures of Government, prepare the local plans including tribal sub-plans for the areas and to exercise control over the resources of such plans.	Panchayat Samiti
7	To safeguard and preserve the tradition and customs of the people, their cultural identity, community resources and customary mode of dispute resolution consistent with the relevant laws in force and in harmony with the basic tenets of the constitution and human rights.	Grama Sabha

4.9 Initiative during 2003 and 2004

(1) During 2003-04 Government took proactive measures to devolve power on PRIs. The Orissa Grama Panchayat Act was amended empowering Grama Panchayats to-

(a) prepare plans for economic development and social justice; and

- (b) implement schemes for economic development and social justice and undertake execution of any other scheme, performance of any act or management of any institution, or organisation as the Government may, by order, entrust to it including those in relation to the matters listed in the Eleventh Scheduled to the Constitution of India subject to such terms and conditions as may be specified in the order.

Similar provisions were made in the Orissa Panchayat Samiti Act and the Orissa Zilla Parishad Act.

(2) 21 subjects of 11 Departments were transferred to Panchayati Raj Institutions. The Chief Secretary issued a letter to 11 Departments elaborating responsibilities and accountability of District Level Officer, Block Level Officers and Village Level workers to the respective level of Panchayat vide his letter No.6886/PS dated 4.7.2003 of Panchayati Raj Department. (Annexure-IV).

The statement below indicates devolution of powers.

SI.No.	Name of Department Subjects transferred	Designation of functionaries who will be accountable to PRIs	Sanction of casual leave	Transfer
1	2	3	4	5
	<u>Agriculture Department</u> 1)Kharif,Rabi 2) Soil Conservation. Horticulture. 3)Watershed.	i)District Agriculture Officer ii)District Soil Conservation Officer iii)District Horticulture Officer Junior Agriculture Officer	President, Zilla Parishad. Chairman, Panchayat Samiti.	-
2	<u>Cooperation Department</u> Credit Plan	Dy. Registrar/ Asst. Registrar of Cooperative Societies.	President, Zilla Parishad.	-
3	<u>School & Mass Education Department</u> 4) Primary Education 5) Non-Formal Edn.and Adult Edn.	C.I/D.I of School Headmaster of Primary School.	President, Zilla Parishad. Sarapanch.	- A Committee comprising of Chairman, BDO and DI of School will make transfer of Primary Schools teachers within the Panchayat Samiti and limits of educational district. Recommendation of the Sarapanches will be given due weightage for transfer within the Panchayat Samiti. If it is considered to transfer a teacher from one Panchayat Samiti to another Panchayat Samiti, the above mentioned committee will recommend the same to the Zilla Parishad. A Committee comprising the President, Zilla Parishad, Executive Officer, Zilla Parishad and D.I. of Schools/CI of Schools will take decision regarding inter-block transfer of Primary school teachers within educational district.

4	<u>Food Supplies & Consumer Welfare Deptt.</u>	Civil Supplies Officer	President, Zilla Parishad	-
	6) Public Distribution system.			
5	<u>ST & SC Dev. Deptt.</u>	District Welfare Officer	President, Zilla Parishad.	-
	7) Primary Education	Headmaster of Sevashram	Sarapanch.	-
6	<u>H & F.W Department</u>	Chief District Medical Officer	President, Zilla Parishad.	-
	8) Health	Medical Officer in charge of PHC/Hospitals	Chairman, Panchayat Samiti	-
	9) Family Welfare schemes.	Village Level Health Worker/ANM	Sarapanch or Nail-Sarapanch whoever is a woman.	-
7	<u>W & C. CD Department</u>	District Social Welfare Officer	President, Zilla Parishad.	-
	10) Social Schemes/Mid-day Programme Security Meal	CDPO, ICDS/ Anganwadi Workers	Chairman/Vice Chairman whosoever is a woman.	
8	<u>F & ARD Department.</u>	District Fisheries Officer	President, Zilla Parishad	-
	11) Dairy	Assistant Director, Fisheries		
	12) Fishery	Chief District Veterinary Officer	President, Zilla Parishad	-
		Veterinary Asst. Surgeon	Chairman, Panchayat Samiti	-
		Live Stockman	Sarapanch will report attendance of Live Stock Inspector to Chairman and Veterinary Assistant Surgeon.	-
9	R.D Department 13) Drinking Water and Sanitation	Executive Engineer, RWSS	President, Zilla Parishad.	-
10	P.R Deptt. 14) Poverty Alleviation 15) Road, culvert, bridges, and ferries. 16) Minor Forest Produce. 17) Rural Housing. 18) Markets 19) Non-conventional energy. 20) Maintenance of community assets.	BDO	Chairman, Panchayat Samiti	-
11	Water Resources 21) Minor Irrigation upto 100 acres	Executive Engineer, MI	President, Zilla Parishad.	-
		Assistant Engineer	Chairman, Panchayat Samiti.	-

(Source- Activities of Panchayati Raj Department, 2003-04)

4.10 Departments concerned were instructed to ensure implementation of the instructions in letter and spirit. The Commission while interacting with the elected representatives in general and with Chairpersons in particular, came to know that plans and programmes of different Departments are not placed before the Zilla Parishad and Panchayat Samiti for discussion and approval. It is reported that in many cases, District Level / Block Level Officers do not obtain permission before availing of casual leave. Headmasters of Primary Schools/Sevashrams do not obtain approval of Sarapanches before proceeding on casual leave. Such lapses in

duty on the part of the concerned officers are seriously viewed by the Commission and the same is communicated to the Government for necessary action.

4.11 The Commission in this context would like to reproduce the extract of the 15th Anniversary Charter on Panchayati Raj dated 30.4.2008 prepared and finalized by the Ministry of Panchayati Raj, Government of India in consultation with representatives of PRIs of States.

“5.1. Provision of staff for the Panchayats:

Staff of the line departments relating to devolved matters should be placed under the control of Panchayats through a separate cadre management system for such Panchayat staff. Functionaries relating to health, drinking water supply, education, public distribution system and livelihood should be transferred immediately to the Gram Panchayats. Progressively, staff for performing functions devolved should be recruited by Panchayats. All three levels of Panchayats should have access to the best talent to head their administration at their CEO level. This could be through an open selection process or through deputation of senior level officials from the State Governments for a fixed tenure. While still working under the overall supervision and control of the President of the Zilla Panchayat and the Council, enhanced powers may be given to the EO of the Panchayats concerned so that he can better coordinate with line departments. Clear powers of management and control must be given to the Chairpersons of all levels of Panchayats, including clearly specified financial powers. All confidential reports of officials working under the Panchayats should be written by the Panchayat Presidents at the appropriate level.”

4.12 The Commission agrees with the above mentioned charter adopted at the National level. State Government should take effective steps for implementation of all the instructions contained in the letter of the Chief Secretary without further loss of time.

4.13 During the interactions with the elected representatives, some guidelines / instructions of the Government were brought to the notice of the Commission. Such guidelines / instructions undermine the status of Chairpersons of Panchayati Raj Institutions. A few examples are cited below.

(1) The School & Mass Education Department have issued guideline for transfer of elementary cadre teachers and non-teaching staff vide their letter No. 10445/SME dated 23.5.2007. As per instructions contained in the aforesaid letter, the Zilla Parishad level Transfer Committee has been re-constituted with Collector-cum-Chief Executive Officer of Zilla Parishad as Chairman and President of Zilla Parishad as a member. As regards Panchayat Samiti Level Transfer Committee, M.L.A having large number of Grama Panchayats in the Block has been designated as Chairman of the Committee and Chairperson of the Panchayat Samiti has been included as a member. President, Zilla Parishad and Chairman of the Panchayat Samiti are Executive Authority of Zilla Parishad and Panchayat Samiti respectively as per the Orissa Zilla Parishad Act and the Orissa Panchayat Samiti Act. It is surprising that President of Zilla Parishad functions as a Member under his / her

Chief Executive Officer. The Chairperson, Panchayat Samiti will attend the meeting as a member where the concerned MLA will act as Chairperson. This dilutes the authority of the elected Chairpersons and will hamper their efficient functioning. The Commission requests the government to review the orders and give due weightage to the Chairpersons consistent with their official status.

(2) The Commission further came to know that Food Supplies and Consumer Welfare Department has issued instructions constituting Block Level Committee wherein M.L.A. has been designated as Chairman of Panchayat Samiti Level Committee. Chairman of the Panchayat Samiti is the Executive Authority of an institution of self-government constituted under the provision of the Constitution and hence he must chair the Panchayat Samiti Level Committee and exercise power as envisaged under Article 243-G of the Constitution.

(3) The District Planning Committee constituted by the Planning & Coordination Department has got one Minister as Chairman of the Committee. Keeping with the spirit of the 73rd amendment of the Constitution, due weightage should be given to the President, Zilla Parishad who should be made Chairman of the District Planning Committee.

4.14 We may now examine the tax /resource raising powers which have been assigned to the Gram Panchayats in Orissa in the three-tier Panchayati system :

4.14.1 PUBLIC MARKETS

Weekly markets or daily markets in rural areas provide avenues for sale of produces of rural people and purchase of daily necessities.

Generally Gram Panchayat provides vacant land/ place within the jurisdiction for use as public markets. It may manage the market on its own or it may lease out the same to private parties either on a contractual basis or on the basis of auctioning to the highest bidder subject to the satisfaction of prescribed rules and regulations.

As per provisions of Section 58(2) of the OGP Act, Grama Panchayat is empowered to levy and collect fees for sale of goods, use of shops/stalls in the Grama Panchayat market.

Similarly, under clause (e) of Sub-Section (2) of Section 58 of the Act a Gram Panchayat may collect a licence fee from the brokers/commission agents operating in the market.

The income from markets and fairs during 2002-03 which was Rs.3.72 crore increased substantially to Rs. 7.92 crore during 2006-07. The income can be raised to Rs.50 crore if management of markets improves.

4.14.2 REGULATED MARKETS

11th schedule to the Constitution includes markets and fairs and as such, Panchayats have the responsibility to manage the markets and fairs. Provisions of Panchayats (Extension to Scheduled Areas) Act, 1996 specifically provides that Panchayats shall have the power to manage village markets by whatever name called vide section 4(m)(iv).

In spite of such specific provisions of the Constitution and the PESA, the Regulated Market Committees (RMCs) have taken over Grama Panchayat markets causing steady decline in the revenue of Grama Panchayat. There is a lurking suspicion that net income realised by the R.M.C from the markets concerned is not disclosed and that the Gram Panchayats are deprived of their legitimate share in income.

The Commission visited some of the markets under the control of R.M.Cs., interacted with representatives of people and specific recommendation of the Commission are given in General Observations of Chapter-VII.

4.14.3 RENTAL INCOME FROM SHOPS BUILT AND OWNED BY THE GRAM PANCHAYATS

Panchayati Raj Department has constructed a large number of shopping complexes under 'Bazar, Sadak, Pani' Yojana. It is necessary to hand over the shopping complexes to Grama Panchayat. The buildings should be a part of Grama Panchayat properties and necessary entries be made in the property register of the G.P. With the approval of G.P, monthly or annual rent should be fixed and accordingly collection should be made from the beneficiaries who are allotted with the shops. Since this issue has been raised by the Gram Panchayats in their discussion with the Commission, the Commission draws the attention of the Panchayati Raj Department to take necessary steps for collection of monthly/annual rent by Grama Panchayats.

It may, however, be noted that rental income collected by the Grama Panchayats from their properties including shopping units in Orissa in 2001-02 stood at Rs.51,23,630 and then declined to Rs.21,69,059 in 2002-03. This reflects on the inefficiency and ineffectiveness of the Grama Panchayats in collecting rents from their own shops.

4.14.4 INCOME FROM FERRY GHATS

Gram Panchayats managing ferry ghats on rivers, collect fees from the people using the ferries. Such income from a ferry ghat accrues either to Gram Panchayat or is shared between two Gram Panchayats, as the case may be. Detailed procedure has been prescribed in rule 81 to 83 of the O.G.P Rules. Revenue generation for the Grama Panchayats in Orissa from this source stood at Rs.85,86,993.00 in 2002-03. Income from this source increased to Rs.92,99,640.00 in 2003-04 only to decline Rs.44,01,296.00 in the year 2006-07.

4.14.5 LATRINE CONSERVANCY AND DRAINAGE TAX

Grama Panchayats under clause (C) of Section 83 of the Act can levy the tax and provide service to private latrines and premises on compounds. It has, however, been stipulated under clause (f) of section 83 of the Act that the rate of tax will be fixed in a manner that the total net proceeds shall not exceed the amount required for the system of drainage introduced by the Gram Panchayat. Drainage tax collection by the Grama Panchayats stood at Rs.15,287.00 in 2002-03. In 2003-04, tax collection from this source stood at Rs.11,23,659.00. In 2006-07, the same increased to Rs.17,35,341.00 after declining for two years that is, in 2004-05 and 2005-06.

Latrine Tax, in 2002-03 stood at Rs.1,89,304.00. Tax collection from this source increased to Rs.20,758.00 and Rs.9,65,738.00 in 2004-05 and 2005-06 respectively. It however, declined in 2005-06 and 2006-07 to Rs.52,684.00 and Rs.2,75,698.00 respectively. Collection of Latrine Tax and Drainage Tax tends to fluctuate from year to year.

4.14.6 STREET LIGHTING

The Gram Panchayats may levy a lighting rate fixed in a meeting of the Gram Panchayat. Revenue generated from this source stood at Rs.1,69,468.00 only in 2002-03 and then increased to Rs.8,21,391.00 in 2003-04. It then subsequently declined and in 2006-07, collection of revenue from this source stood at Rs.4, 31,021.00.

4.14.7 VEHICLE TAX

Gram Panchayats are authorized to impose a tax/ collect license fees from the bi-cycles, rickshaws and bullock carts. This source of tax revenue as a percentage share of total tax revenue has been declining over the years. It is no longer a major source of revenue for the Gram Panchayats.

4.14.8 INCOME FROM REGISTRATION

Gram Panchayats in Orissa have been authorized to collect registration fee of Rs.100.00 on each item of Minor Forest Produce only from business units collecting minor forest products from their areas. There is, however, a persistent demand by the Gram Panchayats to permit them to collect a higher registration fee. Collection from Registration stood at Rs.32,455.00 in 2002-03 and increased to Rs.3,71,201.00 and Rs.19,25,643.00 in 2003-04 and 2004-05 respectively. In 2006-07, this, however, declined to Rs.15, 60,118.00

4.14.9 USER CHARGES

4.28 Some Gram Panchayats in Orissa collect user charges from the provision of drinking water and from the heavy commercial vehicles which use Gram Panchayat roads and cause extensive damage to the roads. Revenue collected from this source is very meager.

4.14.10 INCOME FROM PANCHAYAT PROPERTIES

(a) Gram Panchayats are authorized to make use of the properties vested in them to augment their sources of income. Such properties as vested in the Gram Panchayats may include (a) Pisciculture tanks (b) Orchards, (c) Wasteland and (d) Open and Vacant lands.

Gram Panchayats may lease out the pisciculture tanks, orchards, waste land and vacant land for development and commercial exploitation to such parties who fulfill the conditions of lease as required under law. It may be recorded that income from Orchard, Pisciculture, Slaughter House and cart stand, cattle pound, markets and fairs and rent received from Grain Gollas stood at Rs.32,68,788.00,

Rs.7,04,,08,118.00,Rs.4,94,236.00,Rs.9,19,230.00,Rs.7,92,63,612.00, Rs.53,48,736.00 respectively during 2006-07.

(b) Gram Panchayats in Orissa, under various provisions of OGP Act 1964 have been empowered to levy taxes and collect fees for the services they render to the people in their respective areas. They, however, have not been sincerely exercising the powers vested in them to generate resources to enable them to discharge their obligatory functions. As per the findings of the Second State Finance Commission, average tax revenue for a GP in Orissa which stood at Rs.935.33 in 1999-2000, declined to Rs.891.67 in 2000-01, registered a significant increase in 2001-02 to Rs.1189.91 and then declined to Rs.336.25 in 2002-03. Given such wide fluctuations in the tax revenue generation efforts of the GPs in Orissa, their dependence on their own tax revenue has been rather weak. And to that extent, their dependence on state and central funding has been increasing.

(c) Grama Panchayats in Orissa have also been empowered to mobilize resources by tapping the sources of non-tax revenues. Non-tax revenues as collected by the G.Ps. are far from satisfactory. The average non-tax revenue per GP which stood at Rs.18721.53 in 1999-2000 declined to Rs.13897.19 in 2000-01 then increased to Rs.15474.70 in 2001-02 and then declined unexpectedly to as low as Rs.8497.53 in 2002-03 (Second State Finance Commission). There was no consistent trend in the collection of non-tax revenue by the GPs in the State.

(d) Grama Panchayats in Orissa which have scope for raising revenue - both tax and non-tax are not willing to put forth the necessary efforts to mobilize resources. This consequently affects their capacity to carry out the functions expected of them for the development of their respective areas.

4.15 Urban Local Bodies in Orissa.

4.15.1 Orissa, of late, has been gaining in urbanization. With the coming of large industries to the State, there is a steady increase in urban concentration in the districts of Sundargarh, Jharsuguda, Sambalpur, Jajpur, Dhenkanal, Angul and Balasore. Pace of urbanization in the metropoli city of Bhubaneswar, it being the Capital City of Orissa has of course been growing faster and it has a population, by any conservative estimate, approaching ten lakh. Urban politics and policies relating to traffic jams, roads, high ways, flyovers, sewerage and drainage systems, drinking water, education and health and other social amenities have been assuming importance both with the Urban Bodies and State Government. Pressure on the local governments, as it is, keeps on mounting to provide urban amenities to their people.

It may be observed that since 2001 when urban population in Orissa stood at 15 per cent of its total population urban areas in Orissa have been growing fast. History of urbanization in the state, however, can be traced back to 1867 when the first municipality was constituted in Berhampur which was under the Madras Presidency at that time. On 1st April, 1869, Cuttack, Jajpur and Kendrapara had their Town Committees constituted under the District Towns' Act (Act. VI-BC) of 1869 in the district of Cuttack. These three towns, as Orissa was not a separate state then, were under the Bengal Presidency at that time. And the first Local Self

Government i.e. Municipality of Sambalpur was constituted without a legislative enactment under the authority of a Book Circular of the Central Provinces Government, issued as per Notification No.337 dated the 17th May, 1867. The Central Provinces Municipal Act. (XVII) of 1889 gave it a legislative constitution. Sambalpur then was under the Central Provinces (C.P.). The state to-day has three Municipal Corporations at Cuttack, Bhubaneswar and Berhampur and has 34 Municipalities and 66 NACs.

4.15.2 All these Urban Local Bodies experience continuous increase in their population, though at different rates. They also experience growth in their respective geographical areas, though at different degrees. What is particularly important for these institutions is the need to provide basic civic and sanitary services to their residents. The demand for such civic amenities keeps on increasing with ever increasing migration of people from rural Orissa to Urban Orissa and again to towns and cities in Orissa from the adjoining provinces of Andhra Pradesh, Chattishgarh, Madhya Pradesh, Bihar, West Bengal and Jharkhand. The demographic composition of the towns and cities in Orissa has also been changing. Growing pressure of population and ever expanding geographical areas of municipal authorities create compelling conditions to develop and expand urban infrastructure and meet demands on recurring expenditure for the maintenance of such assets. Quality of urban infrastructure and urban services which they provide has a significant bearing on the quality and cost of living of the urban dwellers.

The Urban Bodies are vested with a number of important functions. Their functions relate to public health like the supply of drinking water, maintenance of sewerage and drainage systems, collection and disposal of garbage, social welfare activities like education and children's parks and public works like roads and developmental activities including infrastructure. They are also expected to perform certain regulatory activities in relation to markets, trade, industry and construction.

In other words the Municipalities and Corporations have to address the problems of the Urban Areas and take steps for redressing the hardships of urban life.

4.15.3 The 74th Constitutional Amendment Act 1992 has further bestowed the Municipalities and other Urban Bodies with additional functions and responsibilities. They are now required to prepare plans for economic development and social justice, look after the protection of environment and get involved in urban poverty alleviation programmes, slum improvement and advancement of cultural and recreational facilities.

4.15.4 Growing pressure of urban population and the accompanying demand for infrastructure for better health, education and welfare services put considerable pressures on Municipal finances. Pressure on the Urban Bodies to maintain environment and quality of life keeps on adding to their activities and thereby adds to their fiscal problems. But the sources of revenue available to the Municipalities have not been increasing that fast. Studies on Municipal finance by National Institute of Urban Affairs (NIUA) and National Institute of Public Finance

(NIPF) indicate that in case of a majority of Municipal Bodies, their revenues in real terms are either not increasing or increasing at a rate that is highly inadequate to meet the operational and maintenance cost of their service to the people. It will not be out of place to mention that even the statutory avenues of raising resources as assigned to the Municipalities remain unexplored or under-explored. Holding Tax constitutes a very important and expanding source of revenue for a Municipality. Collection of Tax on holdings on an average is 60 per cent of the target of the Municipalities in Orissa. One may also doubt the administrative efficiency of these bodies in the collection of rent from their own shops and market complexes. Similarly their efforts to collect registration fees, license fees, drainage tax and lighting tax etc. remain at a sub-optimal level. Inadequate taxation and relaxed efforts to raise non-tax revenue coupled with inefficient management of expenditure have reduced the capacity of the Municipalities to render satisfactory services to their citizens.

4.15.5 It may be mentioned, in this context, that Municipal Corporations in Orissa could raise tax revenue of Rs.2.59 crore and Rs.3.87 crore, 4.74 crore, Rs.7.47 crore, Rs.8.50 crore and Rs.9.29 crore in the years 2002-03, 2003-04, 2004-05, 2005-06, 2006-07 and 2007-08 respectively. In terms of non-tax revenues, the Corporations could mobilize Rs.1.01 crore, Rs.1.01 crore, Rs.1.32 crore, Rs.1.91 crore, Rs.2.14 crore and Rs.2.65 crore for the year 2001-02, 2002-03, 2003-04, 2004-05, 2005-06, 2006-07 and 2007-08 respectively. Mobilisation of resources both tax and non-tax revenue by the urban bodies has to be emphasized not only for anti-poverty activities in slum areas but also for urban betterment activities. Tax collection by the Municipalities in Orissa show an encouraging trend since 2004-05. It stood at Rs.3.45 crore, Rs.4.59 crore, Rs.6.36 crore and 6.51 crore in 2004-05, 2005-06, 2006-07 and 2007-08 respectively as against the non-tax revenue collection of Rs.1.39 crore, Rs.1.79 crore, Rs.3.44 crore, Rs.3.16 crore, Rs.2.02 crore and Rs.2.98 crore in the same years.

4.15.6 Financial position of the NACs is not very encouraging. Their tax collection in 2002-03, 2003-04, 2004-05, 2005-06, 2006-07 and 2007-08 stood at Rs.0.81 crore, Rs.0.89 crore, Rs. 6.29 crore, Rs.4.08 crore, Rs.1.70 crore and Rs.1.26 crore respectively. Non tax revenue collection is no better than tax collection performance. Their non-tax revenue for the same years stood at Rs.0.81 crore, Rs.0.89 crore, Rs.0.29 crore, Rs.1.08 crore, Rs.1.70 crore and Rs.1.26 crore respectively.

4.16 There are three Municipal Corporations, 34 Municipalities and 66 NACs in the state. Berhampur Municipal Corporation has been constituted only recently vide Government of Orissa Notification No.33011/H&UD, Bhubaneswar, dated 29th December, 2008. Table below indicates district-wise list of the Municipal Corporations, Municipalities and Notified Area Councils of the state.

Name of District	Name of Municipal Corporations	Name of Municipalities	Name of N.A.Cs.
1. Angul		1. Talcher	1. Angul 2. Athamallik
2. Balasore		2. Balasore	3. Jaleswar 4. Nilagiri 5. Soro
3. Baragarh		3. Baragarh	6. Barapalli 7. Padmapur
4. Bhadrak		4. Bhadrak	8. Basudevapur
5. Bolangir		5. Bolangir	9. Kantabanji 10. Patnagarh 11. Titilagarh
6. Boudh			12. Boudhgarh
7. Cuttack	1. Cuttack	6. Choudwar	13. Athagarh 14. Banki
8. Deogarh		7. Deogarh	-
9. Dhenkanal		8. Dhenkanal	15. Bhuban 16. Kamakshyanagar
10. Gajapati		9. Paralakhemundi	17. Kasinagar
11. Ganjam	2. Berhampur		18. Aska 19. Belguntha 20. Bhanjanagar 21. Buguda 22. Chhatrapur 23. Chikiti 24. Digapahandi 25. Ganjam 26. Gopalpur 27. Hinjicut 28. Kavisuryanagar 29. Khalikote 30. Kodala 31. Polsora 32. Purusottampur 33. Rambha 34. Soroda
12. Jagatsinghpur		10. Jagatsinghpur 11. Paradeep	-
13. Jajpur		12. Jajpur 13. Byasanagar	- -

14. Jharasuguda		14. Brajarajnagar 15. Jharasuguda	35. Belapahar
15. Kalahandi		16. Bhawanipatna	36. Junagarh 37. Kesinga
16. Kandhamal		-	38. G. Udayagiri 39. Phulbani
17. Kendrapara		17. Kendrapara	40. Pattamundai
18. Keonjhar		18. Anandapur 19. Barbil 20. Joda 21. Keonjhar	- - - -
19. Khurda	3. Bhubaneswar	22. Jatani 23. Khurda	41. Balugaon 42. Banapur
20. Koraput		24. Jeypore	43. Koraput 44. Kotpad 45. Sunabeda
21. Malkangiri		-	46. Balimela 47. Malkangiri
22. Mayurbhanj		25. Baripada	48. Karanjia 49. Rairangpur 50. Udala
23. Nawarangpur		26. Nawarangpur	51. Umerkote
24. Nayagarh		-	52. Khandapara 53. Nayagarh
25. Nuapada		-	54. Khariar 55. Khariar Road
26. Puri		27. Puri	56. Konark 57. Nimapara 58. Pipili
27. Rayagada		28. Rayagada	59. Gudari 60. Gunupur
28. Sambalpur		29. Sambalpur	61. Burla 62. Hirakud 63. Kuchinda 64. Rairakhol
29. Sonepur		30. Sonepur	65. Binika 66. Tarava
30. Sundargarh		31. SundaSrgarh 32. Rajagangapur 33. Biramitrapur 34. Rourkela	

(Source- Directorate of Statistics & Economics)

4.17 The local bodies- the PRIs and ULBs which have spending constraints because of their very limited fiscal capacity as discussed earlier would not be in a position to undertake the socio economic activities assigned to them. This may affect their planning and execution of infrastructure and social development activities.

4.18 Owing to the Constitutional provisions of functions and fiscal powers, the Centre has natural advantages over the state governments and the state governments over the local bodies in raising revenue as the relatively more productive sources of revenue are assigned to the Centre vis-à-vis the State and to the States vis-à-vis the local bodies. The local governments have been entrusted with the responsibilities of providing many types of public services which result in the mismatch between their revenue raising powers and expenditure decisions. It, therefore, creates a fiscal imbalance between their income and responsibilities. The resulting gap must therefore be met by transferring resources from the higher levels, that is from the Union Government and the State Government to the local bodies both at the urban and village level. In other words, inter-governmental transfers provide an opportunity in a federal setup to address both the problems of vertical inequity that exists between the state the local bodies and horizontal inequity as there is marked difference in the revenue position of one urban body vis-à-vis other urban bodies and one Grama Panchayat vis-à-vis other Grama Panchayats.

4.19 The State Finance Commission would make an attempt to address both the vertical and horizontal fiscal inequities that are observed at the lower levels of governance vis-à-vis the State.

In framing its award for the transfer of resources from the State Government to the local body governments, this Commission have made an attempt to adhere to the principles laid down in the Notification of the Finance Department, Government of Orissa No. BT-VI (SFC)-1/2007-41424/F dated 10th September, 2008 and within that frame work, would recommend devolution of funds to the local bodies to enable them to implement the tasks assigned to them. The Commission have taken stock of the level of development, particularly social development and the range of public services the local bodies provide vis-à-vis their respective revenue positions and scope for increased mobilization of resources. Socio-economic dimensions such as the existence of different social groups, poverty and source of livelihood, female literacy and sanitation have also been considered for devolution of funds and for awarding grants-in-aid. For the distribution of total amounts to be transferred to the local bodies between the PRIs and ULBs and inter-se amongst individual PRIs and ULBs, the consideration of equity has been duly taken into account. Weightage has, therefore, been proposed for PRIs and ULBs with a poorer resource base. This will help the local bodies which provide a relatively lower level of civic services to upgrade the level of their services to the people. The Commission, after much deliberations decided to use Gross Tax Revenue data of the state for the years 2005-06,2006-07 and 2007-08 for the purpose of devolution of funds to the PRIs and ULBs.

4.20 The Commission received remarkable cooperation from the different Departments of the State Government. Departments of Panchayati Raj and Housing

& Urban Development extended their whole hearted support and cooperation to the Commission in supplying relevant information and data relating to the PRIs and ULBs respectively. The Commission could also interact with different sections of the society and sought their views relevant for the purpose.

4.21 Obtaining the views of intelligentsia and political representatives

Before preparing the Report and spelling out the recommendations the Commission felt it necessary to ascertain the views of different sections of people including politicians, members of the public NGOs, academicians and researchers. Copies of the questionnaires were sent to all PRIs and Urban Local Bodies of the state. Notices were published in leading news papers of the state inviting comments of the members of general public about the working of PRIs and ULBs in their respective areas for improvement in their fiscal base and services provided by them. Letters were also been addressed to the Hon'ble M.Ps, M.L.As and Ministers requesting them to share their views. Besides, the commission prepared a questionnaire for the RLBs and ULBs requesting them to respond to the questionnaire relating to their finance and functioning. Copies of the same were sent to all PRIs and Urban Local Bodies of the state.

4.22 Information from other States

The Commission made an attempt to collect information from other states about finances of their state governments and Urban & Rural Local Bodies and action taken by the state governments on the recommendation of their respective State Finance Commissions. Governments of West Bengal, Rajasthan, Karnatak and Delhi responded to Commission's request and sent their reports. The Commission has found the reports very useful.

4.23 Information from Research Institutes and interaction with state officials

Interactions with senior officials of the state government proved very useful for the Commission. This has been an ongoing process. Besides, information from various research institutes like the State Institute of Rural Development have been helpful for the Commission to acquire valuable insights into the functioning of local bodies, their financial conditions and the options they have for mobilization of additional resources.

Meeting with State Level Officials, District Level Officers and Elected

Representatives of Local Bodies.

4.24 The Commission held a series of meetings with District Level Officers and elected representatives of different Rural Local Bodies and Urban Local Bodies. It was through official meetings that the Chairman and Members of the State Finance Commission had in the districts of Angul, Balasore, Baragarh, Bhadrak, Bolangir, Boudh, Cuttack, Deogarh, Dhenkanal, Gajapati, Ganjam, Jharsuguda, Khurda, Koraput, Keonjhar, Mayurbhanj, Sambalpur, Subaranapur and Sundargarh and opinions and views of the officials and elected representatives could be ascertained. Meetings were also held in the office of the Commission with the

officials of different departments. Such meetings proved very useful for the Commission.

4.25 Approach of this Commission

The important role of the Commission, as per the Terms of References, is to allocate funds for the Local Bodies (LBs), i.e, the Panchayat Raj Institutions (PRIs) and Urban Local Bodies (ULBs) to enable them to discharge the functions as assigned to them without undermining the financial strength and soundness of the State. The Commission is aware of the current institutional status of the local bodies which in Orissa are in a state of evolution. The approach of the Commission has therefore been to provide stronger institutional support and strengthen their working as institutions of self-governance and development by devolving more funds to these bodies and assigning them with new sources of revenues so that they on their own can address the problem of development at the grass root level and alleviate the economic insecurities of the vulnerable sections of our society. The Commission, therefore, keeping in view the Term of References (ToRs), has made an attempt to strengthen the capacity of the Local Bodies to tackle challenges such as poverty, livelihood, infrastructure human development and environment.

CHAPTER-V

DEVOLUTION TO PANCHAYATI RAJ INSTITUTIONS AND URBAN LOCAL BODIES IN ORISSA

5.1 The Constitution (Article 243G) provides for “devolution”, that is, the empowerment of Panchayati Raj Institutions (PRIs) to function as institutions of self-government for the twin purposes of (i) making plans for economic development and social justice and (ii) implementing programmes of economic development and social justice in their respective areas for subjects devolved to the PRIs, including those listed in the Eleventh Schedule and subject to such conditions as the State may, by law, specify. Therefore, the key objective is to ensure that Panchayati Raj Institutions function as institutions of self-government rather than as mere implementing agencies for other authorities in respect of such functions as may be devolved on them. The Ministry of Panchayati Raj convened Seven Round Tables of State Panchayati Raj Ministers between July and December, 2004 to discuss about effective devolution of 3Fs-Functions, Finances, Functionaries in addition to District Planning, Capacity Building and I.T enabled e-governance. Orissa participated in Seven Round Tables actively and effectively. In the light of resolutions adopted in the Seven Round Tables, a statement of conclusion was signed between the Hon’ble Union Minister for Panchayati Raj and Petroleum & Natural Gas and the Hon’ble Chief Minister of Orissa. The text is extracted below.

5.2 Statement of conclusions arrived at after the visit of the Union Minister for Panchayati Raj and Petroleum & National Gas to Orissa from 23 October, 2005 to 26 October, 2005 .

- (i) Pursuant to the 73rd Constitutional Amendment Act 1992, Orissa has suitably amended the existing laws relating to Panchayats, which include the Orissa Zilla Parishad Act 1991, the Orissa Panchayat Samiti Act 1959 and the Orissa Grama Panchayat Act 1964. Under the legislation as it stands amended, Panchayats at all three levels have been entrusted with duties and functions with regard to 21 matters listed in the Eleventh Schedule of the Constitution.
- (ii) To accelerate and sustain rural development, particularly in the direction of poverty alleviation, Orissa recognizes the need to strengthen Panchayats at all levels so that they function as institutions of self-government in the letter and spirit of Part IX of the Constitution and reiterates its commitment to the cause of strengthening Panchayat Raj.
- (iii) Recent measures of the Government of Orissa have continued the process of Panchayati Raj reform. Some important points are as follows:-
 - Legislative endowment of functions.
 - Powers of Grama Sabhas and Palli Sabhas.
 - 2nd Official Post in Panchayats to women
 - Implementation and conduct of election of 3 tier PRI under PESA Act. 1996.

- Democratic control over elected representative.
 - Power of suspension withdrawn from the District Collectors.
 - State Finance Commission award and its acceptance.
 - State Election Commission.
 - Maintenance of accounts of Panchayats in the manner prescribed by the Comptroller and Auditor General of India.
 - Auditing of Accounts of Panchayats
 - Database Management Information System.
- (iv) The challenges before Orissa in sustaining the pace of reform will require effective support and close coordination with the Central Government. In this endeavor the Government of Orissa and the Union Ministry of Panchayati Raj have agreed to accord priority to the following points.
- (v) A fresh national impetus has been given to the devolution of powers and responsibilities through the Seven Round Tables of State Ministers of Panchayati Raj that reached a consensus on 150 recommendations pertaining to 18 dimensions of Panchayat Raj. Government of Orissa will consider these recommendations and take suitable decisions on the same as feasible.
- (vi) In continuation of the exercise of devolution already undertaken as described above, Orissa has already completed the process of Activity Mapping for 9 departments, aimed at effectively devolving functions, funds and functionaries to the Panchayats. The Government of Orissa commits itself to operationalise the Activity Mapping Notification No-I-PS-1/05-8430/PR dated 25th October 2005. In furtherance of this, specific steps will be undertaken.
- (vii) For effectively performing the functions devolved to them through Activity Mapping, the Panchayats would need a matching transfer of funds in respect of the devolved functions. Government of Orissa agrees to create appropriate mechanism to give effect to these devolutions. This will require the entrustment of all schemes pertaining to the activities devolved upon Panchayats to the respective levels, through the creation of a Panchayat Sector in the State Budget. The Government of Orissa will attempt to initiate this process in the financial year of 2006-07. This is in line with the Planning Commission letter to the State Government in this regard, that the annual plan exercise for 2006-07 should be preceded by the creation of a Panchayat Sector in the Plan document.
- (viii) For Panchayats to effectively plan and implement the functions that have been devolved upon them, it is necessary that funds pertaining to these schemes are transferred to them. As part of this process, the Government of Orissa agrees to put in place systems that are capable of tracking transfers of funds to PR Institutions, both through banks and treasuries. This process will be put into operation to track the transfer of local body grants recommended by the 12th Finance Commission from the Consolidated fund of the State of Panchayats.
- (ix) For the effective performance of functions devolved to PR Institutions, it is necessary that the functionaries concerned with these functions are accountable to Panchayat Raj Institutions. The Government of Orissa has already undertaken several steps in this regard. The Government of Orissa

agrees to further strengthening this process, so that all functionaries involved with these functions are accountable to the Panchayati Raj Institutions concerned.

- (x) The Government of Orissa undertakes to put in place detailed operational guidelines to ensure that District Planning Committees function in accordance with Article 243 ZD of the Constitution.
- (xi) It is the endeavor of the State to equip the PRIs with substantive financial power in order to generate adequate resources for them to enable them to discharge functions and obligations adequately. In Orissa, there is a great scope for Panchayats to raise their own taxes. There is a need to encourage all levels of Panchayats, particularly Gram Panchayats to levy taxes and user charges. In enabling them to do so, the State agrees to undertake relevant reforms to the taxation provisions. Panchayats will also be permitted to spend taxes collected by them without restriction or delay.
 - (xii) In response to the Union Minister's request that the District Rural Development Agencies (DRDAs) be merged with the Zilla Parishads, the Government of Orissa agrees to associate the DRDAs with Zilla Parishads more closely, so that they function as technical support agencies of the Zilla Parishads.
- (xiii) In order to build capacity and leadership among categories for whom seats are reserved, Orissa shall consider extending the period of the reservation cycle from one to two or more terms.
- (xiv) Grama Sabhas and Palli Sabhas will be made an effective instrument for accountability and social audit.
- (xv) The Union Ministry of Panchayati Raj shall assist the Government of Orissa in capacity building and training of elected representatives and officials of Panchayats. This may include exposure visits to other States in order to familiarize themselves with best practices. The Union Ministry of Panchayati Raj agrees to assist the Government of Orissa in creating awareness among the youth and the student community, aspirants to office in the Panchayati Raj Institutions and elected representatives of the significance of Gram Swaraj. To this end, it would assist in conducting orientation and training of persons aspiring to posts in PRIs, particularly youth and women and pre-election voter education campaigns.
- (xvi) The Union Ministry of Panchayati Raj will pursue the devolution of Central funds through untied block grants and systemic reform of Centrally Sponsored Schemes including the establishment of a Panchayat Empowerment Incentive Fund to bring these in conformity with the constitutional provisions for good governance at the district and sub district levels as set out in Part IX read with the relevant articles of Part IXA.
- (xvii) The Union Ministry of Panchayat Raj agrees to support initiatives in computerization and e-governance of Panchayats in Orissa as part of the National e-Governance Action Plan.
- (xviii) The Union Ministry of Panchayati Raj agrees to support the creation of necessary infrastructure at the Gram Panchayat level, so as to enable effective administration.
- (xix) The Union Ministry of Panchayati Raj agrees to support the Government of Orissa if so required with assistance in undertaking further Panchayati Raj reform including Activity Mapping and Fiscal devolution.

- (xx) The Government of Orissa agrees to take all required steps to promote Rural Business Hubs through Public-Private-Panchayat Partnerships. Welcoming this, the Union Ministry of Panchayati Raj and the Confederation of Indian Industry offer to support the development of Rural Business Hubs through Panchayats, so as to upgrade local skills and products and find markets for them. It is further agreed that Fifth Schedule Areas of the State of Orissa would be a primary focus of attention in this regard.

Sd/-
Shri Mani Shankar Aiyar,
Union Minister for Petroleum and Natural Gas
and Panchayati Raj

Sd/-
Shri Naveen Patnaik
Chief Minister
Orissa

(Source- The State of the Panchayats-Amid Term Review and Appraisal,
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5.3 ACTIVITY MAPPING

The next important step taken up by the State Government in the light of the statement of conclusion was preparation of Activity Mapping.

Activity Map clearly spells out the activities with respect to each devolved function which are to be attributed to each level of the 3 Tier Panchayati Raj system. Ideally such devolution of activities should be undertaken on the principle of subsidiarity which holds that any activity which can be performed at a lower level should be undertaken only at that level and not at higher level. Activity Mapping finalized by the State Government is indicated below;

ACTIVITY MAPPING

DEPARTMENT OF PANCHAYATI RAJ, ORISSA.

DEPARTMENT : CO-OPERATION

Sl. No. in 11 th Schedule (Article 243-G)		Subject	
1		Agriculture	
Activity	Distribution of Functions		
	Zilla Parishad	Panchayat Samiti	Grama Panchayat
Credit	1. Prepare credit plan 2. Ensure timely credit availability and linkage between agriculture development and credit institutions and credit mobilisation.	1. Assist in preparing credit plan. 2. Ensure timely credit from formal institutions. 3. Minor credit delivery system.	1. Assist in assessing credit needs of various groups of farmers and crops. 2. Exercise social control and regulate interest areas and recovery of loans from formal and informal credit institutions. 3. Help in formation of self help groups.
Risk Management		1. Assist in providing benefits from crop insurance schemes. 2. Prepare and operate contingency agricultural plan.	1. Motivate and help in identifying farmers to take up crop insurance schemes. 2. Assist in the implementation of contingency plan.

DEPARTMENT : FISHERIES & ANIMAL RESOURCE DEVELOPMENT.

Sl. No. in 11 th Schedule (Article 243-G)		Subject	
4		Animal Husbandry Dairy and Poultry	
Activity	Distribution of Functions		
	Zilla Parishad	Panchayat Samiti	Grama Panchayat
Development of livestock	1. Assess the need and formulate projects for the establishment, improvement and maintenance of breeding farms for cattle, sheep, goats and hatcheries. 2. Funding shall be arranged by the Zilla Parishad from their own resources.	1. Propagate improved breed to livestock among farmers.	1. Assist in identification of beneficiaries under various programmes. 2. Motivate people to maintain quality breeds and adopt modern methods of maintaining livestock.
Veterinary services	1. Monitor the functions of veterinary services. 2. The necessity for establishment of Veterinary Mobile Health Clinics. 3. Strengthening of infrastructure of Veterinary Service Institutions are to be simultaneously taken care of by Zilla Parishad along with monitoring of veterinary services.	1. Organise SHG co-operative for fodeer4 production and provide financial assistance. 2. Propagate improved variety of fodder seeds. 3. Propagate modern methods of feeding including stall feeding to improve livestock productivity. 4. Supply fodder during droughts.	1. Supervise the functioning of Live Stock Centre and Ai service centres. 2. Report out-break of diseases and epidemics.
Feedings and fodder including support during droughts	1. Propagate production of nutritive fodder and promote proper feeding of animals.	1. Supply fodder during droughts.	1. Help in establishing co-operative fodder farm. 2. Allocate community land for fodder production under Utkal Subuja Banani Yojana. 3. Control grazing and improve grazing and pasture lands except forest land. 4. Distribute fodder during droughts.

Dairy development	<ol style="list-style-type: none"> 1. Assist Dairy Development Boards and Co-operatives in the development of infrastructure for milk collection, collection centres, transportation and processing. 2. As regards Dairy Development, funding for the programmes as cited out in the mapping may be provided over and above of the grant made available by the Department to OMFED. 	<ol style="list-style-type: none"> 1. Develop and open new milk routes for milk collection. 2. Promote milk producers, co-operative societies. 3. Ensure timely payment to milk producers. 	<ol style="list-style-type: none"> 1. Assist in organizing milk producers co-operative societies. 2. Identify beneficiaries for dairy development programme.
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Sl. No. in 11 th Schedule (Article 243-G)		Subject	
5		Fisheries	
Activity	Distribution of Functions		
	Zilla Parishad	Panchayat Samiti	Grama Panchayat
Developing of inland fisheries.	<ol style="list-style-type: none">1. Formulate projects for fisheries development.2. Technically appraise and approve projects for development of inland water bodies for fisheries.3. Promote and encourage fish seed production farms.4. Arrange training of fishermen in modern management techniques for fish production.5. Procure and supply fishing equipment for distribution among selected fishermen's co-operatives and beneficiaries.	<ol style="list-style-type: none">1. Select beneficiaries for fisheries training.2. Organise fishermen's co-operatives.3. Monitor, supervise and report progress.4. Long term and short term credit plan.	<ol style="list-style-type: none">1. Develop village pond for fisheries.2. Identify beneficiaries for assistance under various programmes and assist the min organizing fishermen's co-operatives.3. Assist PSs in the distribution of boats, nets and other equipment.4. Supervise and report progress to PSs.5. Execute fish pond and tank improvement projects.6. Lease village ponds to fishermen's SHGs, and eligible bidders.7. Utilisation of irrigation/drainage canal/dead river for pisciculture.

Development of Marine fisheries.	1. Procurement and supply of marine fisheries and development of brackish water fisheries.	<ol style="list-style-type: none"> 1. Select sites for marine aquaculture and brackish water fishing. 2. Organise fishermen's co-operatives. 3. Monitor impact of marine aquaculture on environment. 4. Monitor the impact of marine aquaculture on village environment and initiate mitigation measures. 5. Assisting operation of early warning system. 	<ol style="list-style-type: none"> 1. Identify beneficiaries and assist them in organizing into fishermen's co-operative. 2. Select beneficiaries for assistance. 3. Create awareness for and adopt safety measures during rough weather.
Development of marketing processing infrastructure.	<ol style="list-style-type: none"> 1. Encourage private entrepreneurs to establish processing, packaging and storage facilities. 2. Assist in establishing other marketing infrastructure. 	<ol style="list-style-type: none"> 1. Organise and train fishermen in processing, packaging and preservation of fish and fish products. 2. Develop tie-up arrangements between fishermen and processing units. 	
Welfare measures	Promote group insurance schemes for fishermen.		<ol style="list-style-type: none"> 1. Encourage fishermen to take up insurance schemes.

DEPARTMENT : WOMEN AND CHILD DEVELOPMENT

Sl. No. in 11 th Schedule (Article 243-G)		Subject	
25		Women & Child Development	
Activity	Distribution of Functions		
	Zilla Parishad	Panchayat Samiti	Grama Panchayat
Socio-economic development of women.	<ol style="list-style-type: none">1. Promote equal opportunity to women in all sectors of development-social economic and political.2. Mobilise social support against social evils like dowry, gender biases like killing girl child at birth, discrimination in educating girl child etc.3. Promote opportunities for women to engage themselves in income generating activities.4. Protect the interests of women workers in the unorganized sector.5. Ensure payment of minimum wages to women agricultural labourers.	<ol style="list-style-type: none">1. Propagate the message of equal opportunity to women in all sectors of development.2. Mobilise social support against social evils that discriminate against women.3. Identify income generating activities for women.4. Disbursement of NOAP, OAP, Disability Pension.	<ol style="list-style-type: none">1. Generate awareness among women about their rights.2. Promote self-help groups of women.3. Supervision of Anganwadi Centres.
Integrated Child Development	<ol style="list-style-type: none">1. Supervise, guide and support services (ICDS) for implementation of ICDS projects.2. Monitor functioning of the scheme in the district.3. Promote people's participation in programmes through involvement of local leadership4. Selection of Anganwadi Workers as prescribed by Government.	<ol style="list-style-type: none">1. Supervise works of ICDS Projects.2. Assist officers concerned with the programme in procurement and distribution of nutrition material and other medical supplies.3. Provide infrastructural facilities and other logistic support to facilitate implementation of the programme.	<ol style="list-style-type: none">1. Assist in selection of beneficiaries.2. Assist in selection of sites for locating Anganwadi Centres.3. Ensure community participation through organizing regular meetings.4. Assist in selection of Anganwadi Workers as prescribed by Government.

		4. Construct Anganwadi Centres in GPs. 5. Assist in selection of Anganwadi Workers as prescribed by Government.	
Welfare of the Disabled. Adoption of Children as per prescribed law/rules.	1. Inspect, supervise and monitor voluntary organisations receiving grant-in-aid from Ministry of Welfare GOI for rehabilitation of persons with disability. 2. Identify and promote voluntary organisation receiving grant-in-aid from the Ministry of Welfare Government of India for rehabilitation of leprosy patients. Identify voluntary organisations which deal with the adoption of destitute, abandoned, orphaned and relinquished children by giving the child for growth and development to parents other than the child's biological parents and help in the adoption of orphaned children.	Identify disabled persons and co-ordinate with ZPs for their rehabilitation. Identify parents willing to adopt children and co-ordinate with the district Panchayat for their growth and development.	Assist in identification of disabled persons and co-ordinate with block and Zilla Panchayats for their rehabilitation. Assist in identification of parents willing to adopt children and co-ordinate with the PS and ZP for their growth and development.

Sl. No. in 11 th Schedule (Article 243-G)		Subject	
26		Social Welfare	
Activity	Distribution of Functions		
	Zilla Parishad	Panchayat Samiti	Grama Panchayat
Welfare of the Aged	Identify destitute and aged persons and help them in taking shelter in voluntary organisations which receive grant-in-aid from the Ministry of Welfare ,Gol/State Governments for running old age homes and for giving old age pension.	Identify the aged and co-ordinate with the ZP for their maintenance and giving old age pension.	Assist in identification of the aged and co-ordinate with the ZP and PS for their maintenance and giving old age pension.

DEPARTMENT : SCHOOL & MASS EDUCATION.

Sl. No. in 11 th Schedule (Article 243-G)		Subject	
17		Primary Education	
Activity	Distribution of Functions		
	Zilla Parishad	Panchayat Samiti	Grama Panchayat
Expansion and development of educational facilities	Assess the requirements of Schools, Teachers, equipment etc. in the district and plan for them. Supervise and monitor quality of educational services. Campaign for full enrolment and reduction of dropouts.	1. Supervise the functioning of primary and upper primary schools. 2. Supply and distribute material and equipment to schools 3. To assess the drop out position and initiate appropriate action to reduce it. 4. Transfer of Elementary Cadre teachers. 5. Disbursement of salaries of Primary School Teachers.	Ensure full enrolment of school age children. Maintain school buildings and play grounds. Exercise vigilance on regular attendance of teachers and students and report to the concerned authority.
Establishment and maintenance of hostels, and other welfare measures for target group studies.	Assessment of requirement for hostels of target group students and plan them. Supply school uniforms and books etc. for target group students.	1. Distribute school uniforms, books and other materials to target group students. 2. Assist in the maintenance of hostels. 3. Transfer of Primary School, U.P.School teachers. 4. Disburse/draw salary of P.S. and U.P. School Teachers.	Assist in the distribution of study material to target group students. Maintenance of Hostels.

Sl. No. in 11 th Schedule (Article 243-G)		Subject		
19		Adult and Non-Formal Education		
Activity	Distribution of Functions			
	Zilla Parishad	Panchayat Samiti	Grama Panchayat	
Planning and implementation of adult and non-formal education total literary campaign.	<ol style="list-style-type: none">1. Identify suitable locations for establishing adult education centres.2. Select volunteers and supervisors for teaching and maintenance of centres.3. Supply all relevant infrastructure and educational material to centres.4. Supervision and monitoring of the activities.5. Organise total literacy campaign.	<ol style="list-style-type: none">1. Implement Adult and non-formal education programmes and total literacy campaigns.2. To assist in the distribution of materials to the centres.	<ol style="list-style-type: none">1. Help in mobilizing people for participation in adult education and TLC campaigns.2. Supervise and assist in functioning of centres and ensure regularity of learners and volunteers.3. Supervise and monitor functioning of the centres.	

DEPARTMENT : HEALTH AND FAMILY WELFARE

Sl. No. in 11 th Schedule (Article 243-G)		Subject	
23		Health including Hospitals, Primary Health Centres and Dispensaries.	
Activity	Distribution of Functions		
	Zilla Parishad	Panchayat Samiti	Grama Panchayat
Health care	<div>1. Plan through health committees to provide physical infrastructure.</div> <div>2. Co-ordinate communicable diseases programme with the State.</div> <div>3. Co-ordinate construction and maintenance and supervision of PHCs.</div> <div>4. Promote school health programmes. Organise health awareness rallies and camps.</div>	<div>1. Supervise PHC/Hospitals.</div> <div>2. Organise health and family welfare camps and conduct demonstration-cum-exhibition programmes on health, family welfare and sanitation.</div>	<div>1. Mobilise and organise people for Health and Family Welfare Camps.</div> <div>2. Constitute Panchayat Health Committee comprising of elected representatives, multi-purpose Health Worker, Anganwadi Worker, ANM, Trained Birth Attendants to assist Health and Family Welfare programme.</div>

Sl. No. in 11 th Schedule (Article 243-G)		Subject	
24		Family Welfare	
Activity	Distribution of Functions		
	Zilla Parishad	Panchayat Samiti	Grama Panchayat
Maternal and Child Health (MCH) Centres	<ol style="list-style-type: none">1. Co-ordinate with State/National agencies.2. Assist in immunization programme.3. Propagate family planning methods.4. Assisting family planning and RCH programme.5. Organise IEC/Health and FW promotional campaigns.6. Promote school health programmes.7. Procure, supply and distribute meals for children, medicines and equipment for ICDS centres.8. Train ANMs and others. Liaise with State/National Level Health programmes	<ol style="list-style-type: none">1. Propagate and create awareness about maternal and child care immunization and family planning schemes.2. Co-ordinate and assist in monitoring and supervision of family welfare and family planning services.3. Assist in organizing family planning and immunization camps.4. Organise IEC health and FW promotional campaigns.5. Distribute materials medicines and equipment to ICDS, promote school health programme centres.6. Assist beneficiaries, mothers and children.	<ol style="list-style-type: none">1. Assist in propagation of maternal child care, family planning and immunization programmes.2. Assist in identification and recommendation of beneficiaries under NMBS.3. Supervise the activities of ANMs.4. Invite ANM to Gram Panchayat meeting for discussion and follow up action on health and family welfare activities.

DEPARTMENT : ST & SC DEVELOPMENT

Sl. No. in 11 th Schedule (Article 243-G)		Subject	
27		Welfare of the Weaker Section and in Particular of the Scheduled Caste & The Scheduled Tribes.	
Activity	Distribution of Functions		
	Zilla Parishad	Panchayat Samiti	Grama Panchayat
Eradication of un-touch ability	1. Assist Victims in getting legal aid. 2. Supervising survey of untouchability prone areas 3. Promoting inter-caste marriage and giving incentives. 4. Making efforts for doing publicity about the provisions of the PCR Act 5. Dissemination of information regarding the PCR Act. 1995 in regional language.	1. Selection of Gram Panchayats doing good work in the area of removal of untouchability for giving awards 2. Opening camps to create awareness about the provisions of the PCR Act. 1995. 3. Celebration of “Removal of untouchability week” on 2 nd October every year. 4. Screening of films in the rural areas on eradication of untouchability for creating awareness about the various socio-legal measures.	Reporting to the police for necessary action when any of the following discriminatory practices is noticed in the matter of accessibility to common drinking water source, burial ground, using separate utensil in village tea stall, entering places of worship, refusal to offer services by barber and washerman, taking marriage processions (Barat). Assist in distributing copies of the PCR Act, 1995 translated in regional languages. Mobilising the village community and helping in elimination of untouchability.

Curbing Atrocity against SC/ST	<p>Assist victims in getting legal aid.</p> <p>Supervising survey for identification of atrocity prone areas.</p> <p>Giving wide publicity about the provisions of the SC & STs Atrocities (Prevention) Act. 1989.</p> <p>Monitoring disbursement of monetary relief to the victims of atrocity at the prescribed rates.</p> <p>Translation of the SC & STs Atrocities (Prevention) Act. 1980 in regional language.</p>	<p>Organising survey of atrocity prone areas.</p> <p>Organising camps for creating awareness among people and the provisions of the Act.</p>	<p>Ensuring protection of the crops raised by the SCs/STs, assisting in ensuring physical possession of the lands distributed to the SCs/STs under the ceiling surplus law especially. Ensuring that members of the SCs are not forced to perform undignified traditional occupations like lifting of carcasses, beating of drums, digging of burial pits etc.</p> <p>Assisting in ensuring that tribals are not harassed by forest, police, revenue, excise etc. officials while collecting minor forest produce and fuel wood etc.</p>
Educational Development	<p>1. Monitoring construction of buildings for the Boys Hostels, Girls Hostels for SC/ST students.</p>	<p>1. Monitoring and review of disbursement of scholarships to SC/ST students with special reference to Pre-matric scholarships to the children whose parents are engaged in vulnerable/unclean occupations.</p> <p>2. Supervising and monitoring the functioning of coaching and allied schemes for SC/ST students.</p> <p>3. Supervision over Primary School Hostels.</p>	<p>1. Promotion of literacy among tribal girls in low literacy pockets.</p> <p>2. Supervision over Sevashram Schools.</p>
Economic Development	<p>1. Supervision</p>	<p>1. Supervision</p>	

DEPARTMENT : FOOD SUPPLIES & CONSUMER WELFARE

Sl. No. in 11 th Schedule (Article 243-G)		Subject	
28		Public Distribution System	
Activity	Distribution of Functions		
	Zilla Parishad	Panchayat Samiti	Grama Panchayat
Distribution of PDS Commodities			Run Fair Price shops for distribution of PDS retail outlets wherever necessary.
Identification of beneficiaries and distribution of ration cards.		Review of beneficiary list, distribution of cards and elimination of bogus cards.	1. Identification of eligible beneficiaries for coverage under PDS as per Government norms. 2. Assist in Planning for issue of ration cards, identification of bogus cards and their elimination.
Linking PDS with Poverty Alleviation Programmes and Employment Generation Schemes.	1. Assessing demand for food grain for distribution as a part of wages under Employment Generation Schemes. 2. Maintain vigilance in the supply and distribution of food grains as part of wages.	1. Collect demand from GPs for ration to be distributed as part of wages. 2. Ensure supply and distribution of required quantity of ration to the Gram Panchayats. 3. Monitor movement and distribution of food grains to the beneficiaries and report/initiate action against irregularities/ malpractices.	1. Assist in assessing the quantity of food grains required. 2. Assist in proper distribution of ration to the beneficiaries. 3. Maintaining vigilance on quantity and quality of ration distribution to the beneficiaries. 4. Reporting against malpractice/ irregularities.

Sl. No. in 11 th Schedule (Article 243-G)		Subject	
7		Minor Forest Produce	
Activity	Distribution of Functions		
	Zilla Parishad	Panchayat Samiti	Grama Panchayat
Regeneration of MFP species	<div>1. Plan raising MFP plantation in concentrated blocks to facilitate collection and marketing.</div> <div>2. Encourage cultivation of MFP in existing forest, degraded forest lands, barren and uncultivable area and community wastelands.</div> <div>3. Encourage plantation of MFP such as gum, resin, medicinal plants, aromatic plants, leaves, oil seeds, tans and dyes, grasses, seeds, canes, bamboo etc., particularly in tribal areas.</div> <div>4. Promoting plantation of MFP species in drought prone desert areas and under social forestry activity under JGSY, particularly in tribal areas.</div>	<div>1. Establish MFP nurseries for propagation of MFP species.</div> <div>2. Fixation of prices of MFPs.</div>	<div>1. Assist in identification of families willing to plant MFP species.</div> <div>2. Distribute MFP seedlings for plantation.</div> <div>3. Take up plantation on land leased out by Collector in favour of GP.</div>
Training	Organise training for scientific tapping of gums, resins and grading of MFPs		Select and forward trainees' names to the PS.
MFP collection	<div>1. Monitor MFP collection activities in forest ranges.</div> <div>2. Timely payment of collection.</div>	<div>1. Organise item-wise MFP co-operatives like Kendu leaf.</div> <div>2. Fix support prices for MFP procurement.</div>	Implementation of OGP (MFP Administration) Rule, 2002.

Processing and marketing charges.	<ol style="list-style-type: none"> 1. Set up small scale industrial units for value addition to MFPs. 2. Establish godowns for storage of MFPs. 3. Strengthen market intelligence and market extension. 	<ol style="list-style-type: none"> 1. Liaise with forest department of construction of joint Forest Management Committee for MFP regeneration collection, processing and marketing. Ensure value addition to MFP before it leaves the forest area. 	<ol style="list-style-type: none"> 1. Promote collection, primary processing and value addition to MFP before selling. Ensure timely payment and adequate collection charges to MFP collectors.
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Sl. No. in 11 th Schedule (Article 243-G)		Subject	
10		Rural Housing including Indira Awas Yojana	
Activity	Distribution of Functions		
	Zilla Parishad	Panchayat Samiti	Grama Panchayat
Approval of PS's plan and sanctioning of fund for rural housing schemes.	Determine design and unit cost for guidance to PS/GPs keeping in view technical advice and beneficiary needs.	1. Execution of housing projects. 2. Procure and supply of building materials. 3. Assist GPs for execution of housing projects.	1. Identify beneficiaries through Palli Sabha. 2. Assist in allotment and distribution of house and house sites. 3. Constitute beneficiaries committee. 4. Execute construction work as may be assigned by Government. 5. Provide assistance in the distribution of building materials.
Supervision and monitoring of rural housing schemes.		Supervise in construction of Rural Housing Schemes.	Supervise construction quality, use of material and report progress.
	Formulate water supply schemes. Technically appraise and approve schemes proposed by PSs and GPs. Award contracts for the execution of major schemes outside PS and GP plans. Establish water testing laboratories for control of chemical and biogenic impurities.	Construct schemes within the prescribed cost limits for PSs.	Identify schemes and locations, estimate cost and formulate projects through the involvement of Gram Sabha. Construct wells, tanks and village water supply schemes of its own or as assigned by the GP or PS. Periodically chlorinate open wells and treat water. Ensure proper distribution of water to all households in its village collect water sample for testing.

	Monitor and supervise the progress, quality of work and target achievement.	Monitor and supervise progress and quality of works.	Monitor scheme implementation and report progress.
			Maintain drinking water schemes, collect water charges and appoint operators wherever necessary.

Sl. No. in 11 th Schedule (Article 243-G)		Subject	
13		Roads, Culverts, Bridges, Ferries, Waterways and other types of Communication.	
Activity	Distribution of Functions		
	Zilla Parishad	Panchayat Samiti	Grama Panchayat
Development of road network and accessibility.	1. Identify village as per MNP norms inaccessible by all weather road and formulate projects for construction of link roads connecting more than one P.S.	1. Survey, technical feasibility, sanction of funds for village road, GP road and PS roads. 2. Acquire land, assess and grant compensation. 3. Construct roads using local labour without contractors. 4. Provide technical assistance for road construction projects proposed by GPs. 5. Monitor the specifications of roads and bridges and supervision of the quality of works and reporting progress to the DP.	1. Assist in formulating road construction of projects and obtain approval through Gram Sabha. 2. Seek technical advice, feasibility and approval from PS engineers. 3. Allocate, approve and sanction of funds. 4. Construct village link roads and village lanes through works committees, using village labour without contractors. 5. Monitor and supervise quality of works through work committee and report progress to Panchayat Samiti.

Improvement and maintenance of the existing roads/culverts and bridges.	<ol style="list-style-type: none"> 1. Conduct traffic volume survey and identify road sections needing. 2. Monitor and supervise the quality of works. 	<ol style="list-style-type: none"> 1. Convert PS roads into black topped roads. 2. Undertake annual repairs and maintenance of roads, culverts and bridges. 3. Approve, allocate and sanction of funds for improvement and maintenance of PS roads. 4. Monitor and supervise quality of works and report progress. 5. Execute works for providing rural link roads. 	<ol style="list-style-type: none"> 1. Assess costs of improvement, repair and annual maintenance of village roads. 2. Raise funds through Government or own sources and donations with the help of Gram Sabha. 3. Execute works for providing rural link road.
Development of waterways, ferrying, ferry services etc.	<ol style="list-style-type: none"> 1. Identify waterways suitable for construction of jetties for ferry services. 		

Sl. No. in 11 th Schedule (Article 243-G)		Subject	
15		Non-conventional Energy	
Activity	Distribution of Functions		
	Zilla Parishad	Panchayat Samiti	Grama Panchayat
Assessment of district's energy requirement.	Consolidate PSs plans for energy requirement and supply through non-conventional means.	Formulate projects for use of non-conventional sources of energy in the PS.	Assist PS in identification of potential sources of non-conventional energy devices
Promoting non-conventional sources of energy which include installations of solar panels, wind mills and gobar gas plants and extension education.	Promote non-conventional energy devices and sources. Promote and popularize energy saving devices. Co-ordinate different agencies including NGOs for promotion of alternative sources of energy.	Implement projects for creation of non-conventional energy. Train users in the maintenance of non-conventional energy devices. Monitor and supervise the operation and functioning of the projects.	requirement such as gobar gas, bio-mass, solar energy and wind energy. Implement projects for creation of non-conventional energy under the guidance of Panchayat Samiti. Assist in identification of beneficiary for individual biogas plants and other devices. Organise beneficiary training. Monitor functioning of NCE devices. Procure and supply material and equipment for the projects. Assist in identifying suitably locations and select individual beneficiaries for installation of community and private sources of energy.

Sl. No. in 11 th Schedule (Article 243-G)		Subject	
16		Poverty Alleviation Programmes	
Activity	Distribution of Functions		
	Zilla Parishad	Panchayat Samiti	Grama Panchayat
Planning and implementation of poverty alleviation programmes.	Co-ordinate with other departments and agencies. Development training infrastructure. Prepare plan for poverty alleviation programmes at district level. Supervise and review implementation of different poverty alleviation programmes. Review schemes implemented in Drought Prone Areas. The ZP in active co-operation with the PS and District Planning Committee may arrange decentralized planning. Review and supervise schemes implemented under the grants recommended by the Central Finance Commission for local bodies.	Collect and distribute data regarding development and management at the district level. Assist in the evaluation of schemes. Release of funds to banks for subsidy adjustment, formulation of credit plans through banks. Prepare plans at the block level under SGSY for filling up gaps in technology, marketing tie-ups, training, strengthening infrastructure and market facilities. Assist GPs in organizing self-help groups and implement cluster strategies. Review plans prepared by the GPs and accord technical approval and assistance. Draw action plans, get technical approvals and funds allocated under land development scheme. PSs can implement schemes with the help of GPs and integrate other programmes with poverty alleviation schemes. Assist in supervision of works under district decentralized plan. Plan and implement infrastructure development by rural local bodies. Develop marketing infrastructure	Identify beneficiaries through Palli Sabha under Poverty alleviation schemes, individual beneficiary oriented poverty alleviation schemes, and other employment generation programmes entrusted to GPs. Assist PS for the distribution of identity cards under Employment generation scheme. Put up information boards about all the works taken up under Employment generation Scheme. Assist the PS in preparation of plans for land development schemes coming within PSs purview. Ensure proper utilization of funds of Central Finance Commission by local bodies and ensure that the scheme works permitted within GPs are completed. Execute Schemes under Poverty Alleviation Programmes.

		marketing network for SGSY self help group products. Execute Schemes under Poverty Alleviation programmes.	
Wage employment programmes.	<p>Prepare ZP level shelf of projects and desegregate it into plans that can be implemented by PS and GP plans. Formulate projects outside PS and GP.</p> <p>Assign projects to PSs, GPs and NGOs and various other agencies and departments for execution. Approve, sanction and release funds to PSs, GPs and other organisations for the execution of ZP projects. Release funds to PSs as per prescribed norms. Provide funds for maintenance of assets created under Centrally Sponsored Schemes and State Sponsored Scheme. Inspect muster rolls and check quality of workers and wage material ratio as per guidelines. Monitor and supervise progress of programmes. Submit quarterly returns and utilization certificates to GOI and State Government for release of next instalments.</p>	<p>Formulate and execute projects.</p> <p>Procure and supply material for projects. Technically assist GPs for executing projects. Execute projects outside GPs plans. Inspect muster rolls, quality of work, assets created and man-days generated by projects executed by IP and GPs.</p>	<p>Assist in identification of labourers in the village requiring wage employment through Gram Sabha, list them and provide employment cards to beneficiaries.</p> <p>Formulate projects and get approval through Gram Sabha. Constitute works committee for execution of works and projects. Ensure employment to all in the village. Distribute projects and works as per norms.</p> <p>Execute, Monitor and supervise works, assets created and man-days generated. Conduct Social Audit.</p>

Sl. No. in 11 th Schedule (Article 243-G)		Subject	
22		Markets and Fairs	
Activity	Distribution of Functions		
	Zilla Parishad	Panchayat Samiti	Grama Panchayat
Identification of location and development of market yards.	Identify locations for marketing rural products and formulating projects.	1. Develop and maintain places for fairs and weekly markets. 2. Construct market complexes for providing marketing linkages to products of Swarojagaris.	Own and manage village market. Construct market complex within the G.P. Settle markets on lease basis. Collect rent from shops. Maintain village markets and shopping complexes.
Regulating wholesale and retail markets, supervision and monitoring of marketing activities.	Supervise and monitor marketing activities.	1. Enforce fair trade practices and maintain quality of commodities. 2. Assist in the maintenance of statistics on prices and commodity traded. 3. Maintain statistics on prices and commodities transacted within the district.	

DEPARTMENT : WATER RESOURCES.

Sl. No. in 11 th Schedule (Article 243-G)		Subject	
3		Minor Irrigation, water management and watershed development.	
Activity	Distribution of Functions		
	Zilla Parishad	Panchayat Samiti	Grama Panchayat
Development of MI (Ayacut up to 100 Acres) system, drainage system, water harvesting structures and water management.	1. Formulate dist plan for MI projects. 2. Assign projects to PS and GP. 3. Development of drainage system in water logged areas. 4. Suggest projects for percolation tanks, check dams and land leveling. 5. Supervise, monitor and review of the progress and quality of works by the subject committee. 6. Co-ordinate between various departments and agencies funding MI projects.	1. Identify and formulate MI projects. 2. Execute and maintain MI projects included in PS plan. 3. Execute MI project assigned by ZP. 4. Construct percolation tanks and check dams (outside GP plan). 5. Supervision, monitoring and review of the progress and quality of works. 6. Co-ordinate between various line departments/agencies funding for MI projects. 7. Execute community MI projects and MI projects belonging to P.S.	1. Assist in formulation of MI projects and rectification by Gram Sabha. 2. Identify locations for projects. 3. Execute MI projects under supervision of P.S. 4. Identify beneficiaries under various programmes for MI projects and constitute user committee. 5. Supervise, monitor and review progress, quality of work.
Water management	1. Propagate modern water management delivery methods through Pani Panchayats, WALMI and other agencies. 2. Propagate use of sprinkler and drip irrigation in drought prone/water scarce area through Pani Panchayats, WALMI and other agencies.	1. Guide and motivate people to adopt modern methods of irrigation, on-farm development and proper maintenance of field channels etc. 2. Select beneficiaries for subsidized sprinklers, drip irrigation equipment and delivery system and supply them, including providing technical guidance to beneficiaries. 3. Organise farm demonstration for modern water management techniques.	1. Identify beneficiaries through identify beneficiaries through Gram Sabhas for subsidised sprinkler and drip irrigation system. 2. Constitute users committee for proper utilization of water including use for drinking purposes. 3. Encourage farmers for on-farm development and development of field channels/delivery system for proper utilization of water.

(Source : The State of the Panchayats (Vol.II), Ministry of Panchayati Raj, Govt. of India.)

5.4 Creation of Panchayat Sector in the Budget-

Activity Mapping forms the basis of devolution of funds and functionary to the Panchayats. The statement of conclusions signed between the Hon'ble Union Minister, Panchayati Raj, Petroleum & Natural Gas and the Hon'ble Chief Minister, Orissa stipulates that for effectively performing the functions devolved to them through Activity Mapping, the Panchayats would need the matching transfer of funds in respect of the devolved functions. The Government of Orissa agreed to the creation of Panchayat sector in the state budget in the financial year 2006-07.

The Commission would reiterate that State Government should open a Panchayat sector in the State budget which has not been done so far. 11 Departments whose functions have been partially transferred to the PRIs should open a separate Panchayat Sector in their respective budgets and transfer fund according to Activity Mapping agreed to by them.

5.5 Budgetary allocation to the PRIs and ULBs to discharge their functions

- (i) Even prior to the assignment of functions to the P.R.Is and U.L.Bs as per 11th & 12th Schedules of the Constitution which emerged after 73rd and 74th Amendments of the Constitution, the State Government has been providing funds to PRIs & ULBs in the shape of grants-in-aid etc to discharge the functions such as infrastructure development, sanitation, drinking water supply, primary education, poverty alleviation, welfare of weaker section, civic amenities, maintenance of community assets etc. The P.R.Is and ULBs have a vast net work of administrative machinery right from the Zilla Parishad at the district level to the Gram Panchayat at the grass root level in the three-tier system and in case of ULBs, it starts at the Corporation level in big cities, Municipalities in the towns and NACs in semi-urban areas. A sizeable amount of State's resources is devolved to these bodies as the income derived by the PRIs and the ULBs are not able to generate adequate revenue to maintain their administrative machineries and provide necessary civic amenities. Tables below indicates transfer of resources from the state to the PRIs.

Table -1

(ii) Grants-in-aid to Gram Panchayats under schemes like Honorarium/ Subsidy as per the recommendation of 1st and 2nd State Finance Commission.

(Rs. in Crore)							
Sl. No	Purpose of Grants	2003-04 (Actual)	2004-05 (Actual)	2005-06 (Actual)	2006-07 (Actual)	2007-08 (RE)	2008-09 (BE)
1	Honorarium to Sarpanches & Naib Sarpanchs	3.70	4.48	4.33	4.37	4.49	4.49
2.	Grants to G.P for staff subsidy (Salary of GP Secretaries)	13.47	2.71	11.50	10.29	10.71	9.99
3.	D.A & Sittings fees to Sarpanches, Naib Sarpanches and Ward Members for attending GP Meetings	3.86	3.26	3.46	3.29	3.38	3.38

(Source - Finance Department, Government of Orissa)

Table-2

(iii) Grants-released in favour of Gram Panchayats

(Rs. in Crore)							
Sl. No	Purpose of Grants	2003-04 (Actual)	2004-05 (Actual)	2005-06 (Actual)	2006-07 (Actual)	2007-08 (RE)	2008-09 (BE)
1	Sairat Grant	1.0	1.00	0.87	0.78	1.00	1.00
2.	Kendu leaf Grant	22.77 (Kendu leaf grant @13.11 crore arrear+9.80 lakh current)	15.90	9.80	9.07	10.00	10.00
3.	Land Cess	10.64 (@3.81 crore arrear +5.34 crore current)	9.14	5.34	13.38	15.00	15.00
4.	Grants under Minor Forest Produce	0.00	0.00	0.00	1.00	1.00	1.00
5.	Grants towards Entertainment Tax	0.00	0.13	0.00	0.15	0.15	0.15
6.	Improvement of G.P. Roads	0.00	0.00	0.00	0.00	5.00	5.00

(Source:- Finance Department, Government of Orissa.)

(iv) Panchayat Samities receive Grants-in-aid towards payment of Honorarium and Allowances to Chairman, Vice-Chairman and Non Official Members. The following table indicates the size of Grants-in-aid devolved to the Panchayat Samities.

Table-3

Sanction of Grant-in-Aid towards payment of Honorarium & Allowances to Non-Officials of Panchayat Samities

(Rs. in Crore)

Sl. No.	Purpose	2003-04 (Actuals)	2004-05 (Actuals)	2005-06 (Actuals)	2006-07 (Actuals)	2007-08 (R.E.)	2008-09 (B.E.)
1.	a) Honorarium & Allowances to Panchayat Samities Chairman, Vice Chairman & Non-Official Members	3.03	3.21	2.29	2.89	3.30	3.30
2.	Strengthening of Blocks	67.82	68.11	63.94	79.27	100.55	104.36
3.	Maintenance of Minor Irrigation Project	0.00	0.00	0.00	0.00	19.85	20.85
4.	Maintenance of Non-residential building	-	-	-	3.75	3.75	3.75
5.	Maintenance of Road	-	-	-	50.00	50.00	50.00

(Source:- Finance Department, Government of Orissa.)

(v) The state also provides Honorarium and Allowances to the Zilla Parishad Presidents, Vice Presidents and Non-Official Members, Salary of Zilla Parishad Staff and funds for District Establishments. The factual position is indicated in the following table;

Table-4

(vi) Funds released to Zilla Parishad Establishments towards Salaries of Staff and District Establishment

(Rs. in Crore)

Sl. No.	Purpose	2003-04 (Actuals)	2004-05 (Actuals)	2005-06 (Actuals)	2006-07 (Actuals)	2007-08 (R.E.)	2008-09 (B.E.)
1.	Salaries of Zilla Parishad Staff	1.95	1.79	8.27	8.59	11.04	11.03
2.	Honorarium & Allowances to Zilla Parishad Presidents, Vice Presidents and Non-Officials	1.20	1.07	0.06	1.33	1.21	1.21
3.	Funds for District Establishment	0.00	0.00	6.83	7.20	9.10	9.02

(Source:- Finance Department, Government of Orissa.)

(vii) It may be noted that other grants are also released in favour of P.R.s as per the recommendation of State Finance Commission. The following table indicates the factual position;

Table-5
Funds released to P.R.s for different purposes

(Rs. in Crore)

Sl. No.	Purpose	2003-04 (Actuals)	2004-05 (Actuals)	2005-06 (Actuals)	2006-07 (Actuals)	2007-08 (R.E.)	2008-09 (B.E.)
1.	Celebration of Panchayati Raj Divas	0.00	0.00	0.46	0.40	0.40	0.40
2.	Other grants to Gram Panchayat & Panchayat Samities	0.00	0.00	0.00	0.50	0.0001	0.0001
3.	Building Repair (Quarters & Office)	0.00	0.00	0.41	0.96	2.00	2.50
4.	Different Development Work	0.00	0.00	0.00	12.78	11.74	28.14
5.	Performance based incentive to PRIs	0.00	0.00	0.00	10.00	1.20	1.20
6.	State's Matching Share against Finance Commission grants	22.30	21.75	0.00	0.00	0.00	0.00

(Source:- Finance Department, Government of Orissa.)

(viii) Grants released in favour of the PRIs as per the recommendation of 12th Finance Commission is indicated below;

Table-6
Funds released to P.R.s for different purposes

(Rs. in Crore)

	Purpose	Recomm- endation of 12 th Finance Commissi- on	Release made by GOI	Recomm- endation of 12 th Finance Commissi- on	Release made by GOI	Recomm- endation of 12 th Finance Commissi- on	Release made by GOI	Recomm- endation of 12 th Finance Commissi- on	Release made by GOI
SIN o		2005-06		2006-07		2007-08		2008-09	
1.	Grants for Panchayat i Raj Institutions (PRIs)	160.60	160.60	160.60	160.60	160.60	160.60	160.60	-

(Source:- Finance Department, Government of Orissa.)

5.6 The following tables indicate the size of expenditure vis-a-vis the amount of revenue raised by these bodies.

Table-7

(Rs. in Crore)

[illegible]

Table-8
Panchayat Samiti

(Rs. in Crore)

Year	Expenditure		Sources of Revenue						
		Capital	Own Revenue		Transfers from Central Government	Transfers from TFC/EFC	Assigned + Devolution	Grant-in-Aid from State Government	Others
				Non Tax (Incl. user charges)					
2002-03	70.15	283.88			155.13	1.32	73.83	3.33	120.42
2003-04	76.00	317.24			168.73	1.53	78.03	5.46	139.50
2004-05	74.43	323.56			203.44	1.75	75.72	6.65	110.42
2005-06	68.93	331.52			229.62	1.85	69.68	2.78	96.52
2006-07	85.21	1144.13			993.12	1.83	86.41	36.98	111.00
2007-08	128.11	1146.54			992.85	1.89	109.27	63.15	107.49

Table-9
Grama Panchayat

(Rs. in Crore)

Year	Expenditure		Sources of Revenue						
	Revenue	Capital	Own Revenue		Transfers from Central Government	Transfers from TFC/EFC	Assigned + Devolution	Grant-in-Aid from State Government	Others
			Tax	Non Tax (Incl. user charges)					
2002-03	48.52	362.73	1.28	7.84	168.12	67.14	23.88	24.43	118.57
2003-04	45.31	401.15	1.30	8.23	172.68	67.14	24.54	21.39	151.17
2004-05	31.61	398.78	1.30	8.39	197.32	67.13	17.55	10.81	127.90
2005-06	34.89	488.70	1.30	8.55	233.37	158.57	11.13	19.61	91.06
2006-07	42.33	435.49	1.37	8.75	130.12	158.62	20.83	86.15	71.98
2007-08	47.65	331.97	1.41	9.02	28.33	158.52	19.55	85.30	77.49

Note: (GIA from state govt. includes Gopabandhu Gramina Rojagar Yojana, Incentive award to PRIs. and grants to DRDA etc in State plan Under MH-2501 and 2505 and 2515 & TFC grants for maint. of buildings and roads)

(Source : Finance Department, Government of Orissa for Tables 8,9 & 10.)

5.7 Own income generated by PRIs

As pointed out earlier, the PRIs have three tier - system ; that is Grama Panchayat, Panchayat Samiti and Zilla Parishad. But only the Gram Panchayat is authorised to levy and collect tax, fees, toll and settle Gram Panchayat property through lease. It is to be admitted that the income generation capacity of the G.Ps is very limited. The following tables indicate the current position of revenue generated from different sources -

Table-10

Position of Tax Revenue

(In Rs.)

Sl. No	Year	Registration fees	Street lightning	Drainage tax	Latrine tax	License	Total
1	2002-03	324555/-	169468/-	15287/-	189304/-	4511864/-	5210478/-
2	2003-04	371201/-	821391/-	1123659/-	207580/-	3302324/-	5826155/-
3	2004-05	1925643/-	485425/-	410757/-	965738/-	3639512/-	7427075/-
4	2005-06	130546/-	607670/-	288701/-	52684/-	3436346/-	4515947/-
5	2006-07	1560118/-	431021/-	1735341/-	275698/-	3787059/-	7489237/-

(Source :- Panchayati Raj Department, Government of Orissa)

Table-11
Position of Non-Tax Revenue

(In Rs.)

Year	Market & Fair	Cattle Pound	Orchard	Waste Land	Pisciculture	Ferry Ghat	Slaughter House & Cart stand	Compost	Rent received Grain	Gollas/ Cooperative Societies	Total
2002-03	37251215	707823	2254383	644264	40156989	8586993	546473	733665	4000814	19018258	113900877
2003-04	38280113	713402	2587872	513251	40021208	9299640	628794	1005388	5110743	1620929	99781340
2004-05	34754094	788253	3323532	1677695	53978128	8469964	1239906	2804966	4649357	1011058	112696953
2005-06	30822234	795498	2569295	2116470	68127986	8770536	458498	1298249	4614738	4866195	124439699
2006-07	79263612	919230	3268788	997930	70408118	4401296	494236	473062	5348736	1065984	166640992
Total	220371268	3924206	14003870	5949610	272692429	39528429	3367907	6315330	23724388	27582424	617459861

(Source :- Panchayati Raj Department, Government of Orissa.)

5.8 Financial Position of Urban Local Bodies

Urban Local Bodies, under the 74th Constitutional Amendment, are required to discharge a large number of functions. Generation of revenue by these bodies from their own sources are limited, though the number of functions to be implemented by them is large and elastic in nature.

An effort is made in the following tables to assess the size of revenue generation by the ULBs in Orissa vis-a-vis the projections of revenue mobilization in 2008-09 and onwards (Table-12).

Table-12
OWN REVENUE (INTERNAL REVENUE MOBILIZATION) OF ULBs

(Rs. in Lakhs)

Sl. No	Item	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	Date of last revision	(Projection)					
									2008-09	2009-10	2110-11	2011-12	2012-13	2013-14
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
1.	Water Charges													
2.	Property Tax	660.00	833.00	997.00	1337.00	1579.00	1790.00	01.04.95	2148.00	2577.00	3093.00	3711.00	4454.00	5344.00
3.	Professional Tax													
4.	Entertainment Tax													
5.	Octroi/Entry Tax													
6.	Fees/User Charges	321.00	369.00	522.00	621.00	622.00	627.00	03.08.06	689.00	758.67	834.53	917.99	1009.78	1110.76
TOTAL -														

(Source : Housing and Urban Development Department, Govt. of Orissa)

Table-13, gives information relating to the funding position of the Municipal Corporation from their own sources and from other sources as mentioned.

Table - 13

Sources of Revenue of Municipal Corporations

(Rs. in Crore)

Year	Own Revenue		Transfers from the Central Government	Transfers from the TFC/EFC	Assigned + Devolution	Grants-in-Aid from State Govt.	Others
	Tax	Non-Tax (inclusive of user charges)					
2002-03	2.59	1.01	2.39	1.20	48.00	9.82	0.11
2003-04	3.87	1.01	2.87	1.27	55.05	7.74	1.31
2004-05	4.74	1.32	3.06	1.10	53.58	2.91	0.05
2005-06	7.47	1.91	0.47	5.46	67.36	3.94	0.18
2006-07	8.50	2.14	1.34	10.08	61.55	4.66	0.68
2007-08	9.29	2.65	121.34	10.08	91.76	4.56	6.82

(Source: - Finance Department, Government of Orissa)

N.B- Others include State Share of Expenditure towards counterpart funding of Central Schemes, i.e., CUISS, IDS&MT, UIDSS&MT, JNNURM & IHSDP

The following Table indicates the size of expenditure in two Municipal Corporations of the State i.e. Bhubaneswar and Cuttack from 2002-2003 to 2007-2008.

Table - 14

Expenditure of Municipal Corporations

(Rs. in Crore)

Year	Expenditure	
	Revenue	Capital
2002-03	31.54	33.58
2003-04	30.04	43.08
2004-05	46.98	19.78
2005-06	49.00	37.79
2006-07	69.07	19.88
2007-08	77.29	169.21

(Source: - Finance Department, Government of Orissa.)

Table-15 indicates us the picture of the sources of Revenue of Municipalities during 2002-2003 to 2007-2008.

Table - 15
Sources of Revenue of Municipalities

Year	Own Revenue		Transfers from Central Government	Transfers from TFC/EFC	Assigned + Devolution	Grant-in-Aid from State Govt.	Others
	Tax	Non-Tax (inclusive of user charges)					
2002-03	3.85	1.39	2.45	2.69	41.97	15.88	0.46
2003-04	3.21	1.79	2.97	2.88	46.90	13.46	1.14
2004-05	3.95	3.44	2.72	3.30	47.20	4.87	0.45
2005-06	4.59	3.16	8.02	10.08	33.97	10.68	2.69
2006-07	6.36	2.02	14.23	18.78	60.07	19.20	2.25
2007-08	6.51	2.98	37.70	19.02	81.28	18.01	3.42

N.B. : Other include State Share of Expenditure towards counterpart funding of Central Schemes, i.e., CUISS, IDS&MT, UIDSS&MT, JNNURM, IHSDP & SJSRY

(Source: - Finance Department, Government of Orissa.)

The following Table indicates the size of expenditure incurred by the Municipalities from 2002-2003 to 2007-2008.

Table -16
Expenditure of Municipalities

Year	Expenditure	
	Revenue	Capital
2002-03	54.47	14.22
2003-04	55.19	17.16
2004-05	44.96	20.97
2005-06	52.40	20.79
2006-07	87.64	35.27
2007-08	108.70	60.14

(Source: - Finance Department, Government of Orissa.)

The following Table indicates the income of the NACs from different sources during the period from 2002-2003 to 2007-2008

Table - 17
Sources of Revenue of N.A.Cs

(Rs. in Crore)

Year	Own Revenue		Transfers from Central Government	Transfers from TFC/EFC	Assigned + Devolution	Grant-in-Aid from State Govt.	Others
	Tax	Non-Tax (inclusive of user charges)					
2002-03	1.16	0.81	1.71	4.12	15.03	10.41	0.43
2003-04	1.25	0.89	1.79	3.94	17.10	9.39	1.31
2004-05	1.38	0.29	2.36	2.54	19.01	12.81	1.52
2005-06	1.33	1.08	5.05	5.31	44.04	9.20	2.83
2006-07	1.15	1.70	4.09	12.70	37.67	18.37	1.50
2007-08	1.89	1.26	8.69	12.95	52.09	18.79	3.38

N.B. : Other include State Share of Expenditure towards counterpart funding of Central Schemes, i.e., CUISS, IDS&MT, UIDSS&MT, JNNURM, IHSDP & SJSRY

(Source: - Finance Department, Government of Orissa)

The following Table indicates the expenditure of the NACs during the period from 2002-03 to 2007-08

Table - 18
Expenditure of N.A.Cs

(Rs. in Crore)

Year	Expenditure	
	Revenue	Capital
2002-03	29.70	3.97
2003-04	34.28	1.39
2004-05	30.49	9.42
2005-06	49.49	19.35
2006-07	58.88	18.30
2007-08	74.03	25.02

(Source: - Finance Department, Government of Orissa.)

An abstract of income and expenditure of the Corporations, Municipalities and the NACs is given below in Table-19.

Table-19

Expenditure and Revenue of ULBS in Orissa										(Rs. In Crore)			
(Municipal Corporations, Municipalities and NACs)													
MUNICIPAL CORPORATION (Aggregate information of all Municipal Corporation in the District to be provided if there are more than one in the district)					MUNICIPALITY (Aggregate information of all Municipalities in a District to be provided)					NACs (Aggregate information of all NACs in a district to be provided)			
Name of the Municipal Corporations:					No. of Municipalities:					No. of NACs			
					2					37			
Total Area of Municipal Corporations:					283.80					Total area of Municipalities :			
					1182686					Total area of NACs			
Total Population of Municipal Corpn.:					1182686					Total population of Municipalities			
					2548655					Total population of NACs			
		YEAR				YEAR				YEAR			
Sl. No	Items	2004-05	2005-06	2006-07	2007-08	2004-05	2005-06	2006-07	2007-08	2004-05	2005-06	2006-07	2007-08
I	Expenditure	66.76	86.79	88.95	246.50	65.92	73.19	122.91	168.91	39.91	68.84	77.17	99.05
A	Revenue	46.98	49.00	69.07	77.29	44.96	52.40	87.64	108.78	30.49	49.49	58.88	74.03
B	Capital	19.78	37.79	19.88	169.21	20.95	20.80	35.27	60.13	9.42	19.35	18.29	25.02
II	Source of Revenue	66.76	86.79	88.95	246.50	65.92	73.19	122.91	168.91	39.91	68.84	77.17	99.05
A	Own Revenue	6.06	9.38	10.64	11.94	7.39	7.75	8.38	9.49	1.67	2.41	2.84	3.15
i	Own Tax	4.74	7.47	8.50	9.29	3.95	4.59	6.36	6.51	1.38	1.33	1.15	1.89
ii	Own non-tax	1.32	1.91	2.14	2.65	3.44	3.16	2.02	2.98	0.29	1.08	1.70	1.26
B	Transfer from Central Govt	3.06	0.47	1.34	121.34	2.72	8.02	14.23	37.70	2.36	5.05	4.09	8.69
C	Transfer from TFC/EFC	1.10	5.46	10.08	10.08	3.30	10.08	18.78	19.02	2.54	5.31	12.70	12.95
D	Assigned + Devolution	53.58	67.36	61.55	91.76	47.20	33.97	60.07	81.28	19.01	44.04	37.67	52.09
E	Grant-in-Aid from State Govt	2.91	3.94	4.66	4.56	4.87	10.68	19.20	18.01	12.81	9.20	18.37	18.79
F	Others (specify)	0.05	0.18	0.68	6.82	0.45	2.69	2.25	3.42	1.52	2.83	1.50	3.38
Others includes state matching contribution towards implementation of SJSRY & state share of expenditure towards counter part funding of Central Schemes of CUISS, IDS&MT, UIDSS&MT, JNNURM, & IHSDP.													

(Source : Finance Department, Government of Orissa)

N.B- Berhampur Municipality has been declared as a Municipal Corporation only recently in January, 2009. Hence, its revenue and expenditure is reflected in the Municipality.

5.9 Assignment of Tax

The Second State Finance Commission recommended 20% increase on the amount of transfer of Entry Tax to the ULBs against the previous 10% increase every year. This recommendation of the Commission was accepted by the Government. As per the recommendation, the State Government will provide 20% increase per annum towards Entry Tax to the ULBs. Out of this 20% hike, 10% would be passed on to the ULBs as untied resources and the balance 10% would be released by the State Government to the concerned ULBs based on their performance in undertaking various reforms including augmentation of internal non-tax resources.

The following tables indicates the assignment of Entry Tax in favour of ULBs during the period from 2005-06 to 2008-09.

Table-20

(Rs. in Crore)					
Sl. No.	Year	Municipal Corporations	Municipalities	NACs	Total
(1)	(2)	(3)	(4)	(5)	(6)
1.	2005-2006 (Actual)	57.70	29.94	41.62	129.26
2.	2006-2007 (Actual)	58.61	58.85	36.94	154.40
3.	2007-2008 (R.E.)	68.87	71.74	46.37	186.98
4.	2008-2009 (B.E.)	84.14	85.45	54.79	224.38

(Source: Finance Department, Government of Orissa)

5.10 Devolution

The 2nd State Finance Commission recommended 15% of the average of State's Gross Own Tax Revenue from 1999-2000 to 2001-02 i.e. 211.83 crores per annum may be transferred to the PRIs and ULBs at the ratio of 80:20 for each of the year during the award period from 2005-06 to 2009-10 (Totalling Rs.1059.150 crore).

The following table indicates devolution of resources to the ULBs as per the recommendation of Second State Finance Commission. It may be noted that the Devolution includes Entertainment Tax, Stamp Duty, M.V Tax & Incentive Grant.

Table-21

Devolution

(Rs.in crore)

Sl. No.	Year	Municipal Corporations	Municipalities	NACs	Total
(1)	(2)	(3)	(4)	(5)	(6)
1.	2005-2006 (Actual)	9.66	4.03	2.42	16.41
2.	2006-2007 (Actual)	2.94	1.22	0.73	4.89
3.	2007-2008 (R.E.)	22.89	9.54	5.72	38.15
4.	2008-2009 (B.E.)	1.89	0.79	0.47	3.15

(Source: Finance Department, Government of Orissa)

5.11 Grants-in-Aid

The following Table indicates the Grants-in-Aid given to the Municipal Corporations as per the recommendation of the 2nd State Finance Commission. It includes Staff Subsidy to U.L.Bs and Local Body Grants.

Table-22

(Rs. in Crore)

Year	Amount
2005-06	2.71
2006-07	4.53
2007-08 (RE)	4.54
2008-09 (BE)	4.54

(Source: Finance Department, Government of Orissa)

Table-23 indicates the size of Grants-in-aid given to the Municipalities as per the recommendation of 2nd State Finance Commission.

Table-23

(Rs. in Crore)

Year	Amount
2005-06	9.03
2006-07	18.45
2007-08 (RE)	17.21
2008-09 (BE)	17.21

(Source: Finance Department, Government of Orissa)

Similarly Table-24 indicates Grants-in-aid given to the NACs as per the recommendation of the 2nd State Finance Commission.

Table-24

(Rs. in Crore)

Year	Amount
2005-06	6.38
2006-07	17.85
2007-08 (RE)	18.09
2008-09 (BE)	18.10

(Source: Finance Department, Government of Orissa)

Size of stamp duty transferred to the ULBs as per the recommendation of the 2nd State Finance Commission is indicated in the following table;

Table-25

(Rs. in Crore)

Year	Amount
2005-06	16.11
2006-07	3.00
2007-08 (RE)	38.00
2008-09 (BE)	3.00

(Source: Finance Department, Government of Orissa)

The following table indicates devolution of funds/grants-in-aid in favour of the Urban Local Bodies from 2005-06 to 2008-09 as per the recommendation of the 2nd State Finance Commission.

Table-26

(Rs. in Crore)

Purpose of Grants	2005-06 (Actual)	2006-07 (Actual)	2007-08 (R.E.)	2008-09 (B.E.)
Entertainment Tax	0.00	1.90	0.15	0.15
Stamp Duty	16.11	3.00	38.00	3.00
Motor Vehicle Tax	14.94	24.84	25.00	25.00
Grants for Staff Subsidy	3.16	5.73	4.30	4.45
Local Body Grants	0.02	8.28	8.40	8.40
Incentives grants for ULBs for Urban Services	0.00	1.97	2.00	2.00
Total	34.23	45.72	77.85	43.00

(Source: Finance Department, Government of Orissa)

The following table indicates State's Matching Share against Finance Commission Grants (11th & 12th) in respect of ULBs.

Table-27

(Rs. in Crore)

Sl. No.	Purpose	2003-04 (Actual)	2004-05 (Actual)	2005-06 (Actual)	2006-07 (Actual)	2007-08 (R.E)	2008-09 (B.E.)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	State's Matching Share against Finance Commission Grants	27.36	0.07	0.00	0.00	0.00	0.00

(Source: Finance Department, Government of Orissa)

The following table indicates the awards of the 12th Finance Commission to Urban Local Bodies during the period 2005-06 to 2008-09. This is in addition to the State Finance Commission grants.

Table-28

(Rs. in Crore)

Name of the Schemes	2005-06 (Actual)	2006-07 (Actual)	2007-08	2008-09
Solid Waste Management	19.76	19.76	9.88	
Data base Management	1.04	1.04	0.52	
Total	20.80	20.80	10.40	

(Source: Finance Department, Government of Orissa)

5.12 Transfer of fund by H&U.D. Department in favour of Urban Local Bodies.

Transfer of fund is also made by the Administrative Department i.e. H&U.D. Department in favour of ULBs in the following manner.

- i) Financial assistance to meet the expenditure towards the electricity charges and other expenditure relating to the supply of drinking water.
- ii) Housing & Urban Development Department also releases fund in both Plan and Non-Plan Sectors.

It may pointed out that while the state plan sector includes assistance to Urban Local Bodies for i) digging of tube wells in Primary Schools ii) Public Toilet-Community Latrine iii) Tribal Area Sub-Plan iv) State Share of expenditure in Centrally Sponsored Plan Schemes (IDSMT) v) Slum Clearance vii) State matching share for Swarnajayanti Sahari Rojagar Yojana viii) State matching share for SISRY ix) State matching share for SISRY under TASP other tribal area sub plan grants x) Grants to Local Bodies for ODA assisted projects xi) Grants to ULBs for DFID assisted projects xii) Modernisation of solid waste management at BBSR assisted by JBIC xiii) Grants for strengthening urban infrastructure xiv) Grants for implementation of double entry accounting system xv) Property tax reform system xvi) E-governance system xvii) Capacity Building etc., the assistance in non-plan sector is given mainly on account of a) Grants to ULBs for festive occasion b) assistance to ULBs c) Differential Pay and D.A. for Non-Teaching and Teaching Staff and d) Grants to Rourkela Municipality for Salary of Teaching Staff.

The following table indicates the transfer of fund to ULBs to meet the cost of electricity charges etc. relating to the supply of drinking water. It may be pointed out that this transfer is in the non-plan sector over and above the other assistance given in the non-plan sector for other purposes.

Table-29

(Rs. in crore)

Name of the Scheme	2005-06	2006-07	2007-08
Drinking Water (to meet the cost of electricity charges, wages etc).	90.44	95.75	102.11

(Source: Finance Department, Government of Orissa)

The following table indicates the transfer of fund in both non-plan and state plan sector by Housing and Urban Development Department.

Table-30

(Rs. in crore)

Name of the Scheme	2005-06	2006-07	2007-08
State Plan	10.96	6.77	104.56
Non-Plan	3.31	0.35	0.39

(Source: Finance Department, Government of Orissa)

5.13 ACTION PLAN FOR UTILISATION OF GRANTS RECOMMENDED BY THE 12th FINANCE COMMISSION .

(i) Principles for distribution of 12th Finance Commission grants for local bodies were decided in the High Level Monitoring Committee meeting held on 26.09.2005 in the following manner;

- a) At least 50% of the grant i.e. 52.00 crore would be earmarked for the ULBs having population over 100000 as per 2001 census for the purpose of solid waste management in the manner recommended by the 12th Finance Commission.
- b) For creation of data base, the 11th Finance Commission had recommended a grant of Rs.8.14 lakh for the ULBs of the State. Against this allocation of the 11th Finance Commission, a sum of Rs.92.59 lakh had been utilised by the State for the installation of computers in the ULBs. Therefore, 5% of the grants should be utilised for the purpose of maintenance of accounts of all the ULBs through use of modern technology and management systems (Rs.5.20 crore).
- c) The balance 45% of the grant shall be distributed among to the ULBs having population less than 1 lakh as per 2001 census for the purpose of solid waste management and for providing various services.

(ii) Besides, the 12th Finance Commission has recommended a grant of Rs.140.00 crore for providing a comprehensive sewerage system with necessary branch sewers and treatment units in the Capital city of Bhubaneswar. The amount would be spent during the period 2006 to 2010.

(iii) Accordingly the State Government forwarded the action plan for utilisation of the award of the 12th Finance Commission vide Finance Department Letter No.57375/F dt.24.12.2005. The same was accepted by the Govt. of India. The total allocation of grants by the State Govt. to Local Bodies during the award period i.e. 2005-06 to 2009-10 is indicated in the following table;

Table-31

(Rs. in Crore)

Sl.No.	Name of the Scheme	Amount
1.	Solid Waste Management in ULBs having population of more than 1 lakh as per census 2001	52.00
2.	Solid waste management in ULBs having population less than 1 lakh as per census 2001 and also for providing other basic services	46.80
3.	For creation of database	5.20

(Source: Finance Department, Government of Orissa)

(iv) Funds relating to Solid Waste Management was intended to be transferred to ULBs during the period from 2005-2006 to 2009-2010 subject to the condition that second instalment of the grant from 2006-07 onwards would be released in favour of a ULB on receipt of certificate from it utilising prescribed percentage of grants during the preceding financial year.

(v) As regards the recommendation of the 12th Finance Commission for sewerage system for Bhubaneswar actual funds released was of the order of Rs.65.00 crore. The following table indicates the recommendation of the 12th Finance Commission vis-a-vis the actual release relating to sewerage system of Bhubaneswar Municipal Corporation.

Table-32**(Rs. in Crores)**

Sl. No.	Purpose	Recommendation of the TFC	Release made by the Govt. of India	Recommendation of the TFC	Release made by the Govt. of India	Recommendation of the TFC	Release made by the Govt. of India	Recommendation of the TFC	Release made by the Govt. of India	Recommendation of the TFC	Release made by the Govt. of India
1.	Sewerage System for Bhubaneswar	2005-06		2006-07		2007-08		2008-09		2009-10	
		35.00	33.00	35.00	32.00	35.00	Not released	35.00	Not released	35.00	Not released

(Source: Finance Department, Government of Orissa)

It may be pointed out that Govt. of India have not released the required amount for the said purpose due to want of utilisation certificate by the Bhubaneswar Municipal Corporation from the year 2007-08.

5.14 Devolution of State Revenue to the PRIs and ULBs (2010-11 to 2014-2015)

(i) The Commission, in the preceding chapters, reviewed the general financial condition of the state. The state which experienced a severe financial crisis has been managing its finances very carefully and has achieved revenue surplus during the years 2005-06, 2006-07 and 2007-08.

(ii) The Commission has also noted the commitment of the state government for devolution of power and functions to the PRIs and ULBs. The state government has transferred a large number of important activities to these bodies to undertake development that would benefit the poor and needy. The state government has strengthened Grama Panchayats creating posts of Executive Officers and appointing regular Executive Officers, engaging G.P Technical Assistant, Grama Rojagar Sevak, Grama Sathi and Grama Sanjojan. Computer Assistants have been provided in addition to Computer Programmer in Panchayat Samitis. Housing & Urban Development Department is taking steps to appoint officers with administrative experience as Executive Officer. Thus state government has shown its commitment to transfer function and functionaries reasonably well. The Commission, therefore, favours larger devolution of funds to these bodies to enable them to provide public services and undertake local development. Gross Tax Revenue of the state for the years 2005-06, 2006-07 and 2007-08, which are revenue surplus years has been taken into account for the purpose of devolution. Average Gross Tax Revenue of the state for these years has been calculated. This stands at 5974.48 crore. The Commission, considering the growing functions and responsibilities of the state which it is called upon to discharge and the consequent demand on the state for greater funds recommends to transfer 15% of the average Gross Tax Revenue calculated at 896.17 crore in favour of PRIs and ULBs. In other words, a sum of 896.17 crore should be transferred to PRIs and ULBs per annum. The allocation to be devolved to the local bodies would amount to $896.17 \times 5 = 4480.85$ crore for the period of five years i.e from 2010-11 to 2014-15.

(iii) As per Term of Reference (ToR), the net proceeds of taxes, fees and tolls needs to be taken into consideration for apportion of the same between the State and PRIs/ULBs. The Commission is constrained to state that such net proceeds of taxes, etc. are not available with the State Government nor these figures could be made available by the A.G. (A&E), Orissa. The 1st State Finance Commission and the 2nd State Finance Commission could not therefore, adhere to this principle in their recommendations. The 3rd State Finance Commission, because of these handicaps, decides to adopt the gross tax revenue of the state for the purpose of devolution.

(iv) The State experienced revenue surplus in its budgets for 2005-06, 2006-07 and 2007-08. The Commission decides to adopt the Gross Tax Revenue which registered significant growth in these years for the purpose of devolution as that would facilitate a higher devolution of funds to the Rural and Urban Local Bodies.

For the purpose of immediate reference, information relating to gross tax revenue and gross own revenue of the State is produced below.

Table-33
Gross Revenue of the State

(Rs. in Crore)							
Sl. No	Items	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
1.	State's own Tax Revenue	2871.84	3301.73	4176.60	5002.28	6065.06	6856.09
2.	State's own Non-Tax Revenue	961.17	1094.55	1345.52	1531.90	2588.12	2653.58
3.	State's Total Own Revenue	3833.01	4396.28	5522.12	6534.18	8653.18	9509.66
4.	Share Tax	2805.58	3327.68	3977.66	4876.75	6220.42	7846.50
5.	Grants from Centre	1800.17	1716.28	2350.41	2673.78	3159.02	4611.02
6.	Total Transfer from the Centre	4605.75	5043.96	6328.07	7550.53	9379.44	12457.52
7.	Total Revenue of the State	8438.76	9440.24	11850.19	14084.71	18032.62	18032.62

(Source - Finance Accounts of respective years.)

The Second State Finance Commission, in its wisdom decided to devolve 10% of the average of State's Gross Own Tax Revenue (Rs.211.83 crore per annum) to PRIs and ULBs at the ratio of 80 : 20. The ratio was determined on the basis of rural and urban population which stood at 85% and 15% respectively.

(v) The 3rd State Finance Commission's recommendation would be made operational w.e.f. 2010-11 to 2014-15. Urban population in Orissa by 2010-11 and between 2010-11 to 2014-15 would have increased significantly. By 2020 and 2026, Orissa's Urban Population as proportion of total population may reach at 25.8% and 29.17% respectively. (Dyson and Hanhate, EPW Vol-35 No.46, Nov. 11/17, 2000 PP (4021-4036). Orissa has to be prepared to manage such high growth in its urban population.

Setting up of new iron and steel, aluminium and power plants in the state, expansion of towns and cities (the important cities growing very fast are Bhubaneswar, Cuttack, Sambalpur and Berhampur) and the consequent expansion of trade, commerce and business and informal sector activities has been attracting a larger migration of people to urban areas not only from rural Orissa but also from the adjoining states of Bihar, Jharkhand, West Bengal and Andhra Pradesh. Establishment of new academic institutions like IIT at Jatani, KIIT University at Bhubaneswar, National Law University at Cuttack, Vedant University near Puri, Sri Sri Rabi Sankar University near Cuttack and the proposed AIMS at Bhubaneswar would create opportunities for growing urban population in Orissa. Keeping in view the pressing need to develop urban

amenities in the state and to enable the urban bodies to cope with the ever growing size of urban population, the Commission recommends that 25% of the amount earmarked for devolution may be transferred to the ULBs and 75% to the RLBs.

The Commission recommends a total devolution of **Rs.4480.85 crore to the local bodies of which 75% will be transferred to the rural local bodies and 25% to the urban local bodies for a period of 5 years from 2010-11 to 2014-15.** The amount may be released in three instalments, that is, during the 2nd week of April, 1st week of August and 1st week of December each year so that state finances are not strained at one point of time. Devolution to the urban bodies will not affect the accrual of Entry Tax to the Urban bodies which they have been receiving.

(vi) The National Finance Commission is aware of the severe financial crisis from which the state has emerged successfully. The state could mobilise additional resources and enforce financial discipline to achieve a revenue surplus in its budgets in 2005-06, 2006-07 and 2007-08. The National Finance Commission, in order to strengthen the Consolidated Fund of the State of Orissa, may transfer the devolved amount to the state in the interest of equity and sound finance. It may be pertinent to note that with the implementation of the 6th Pay Commission recommendations, the burden on the state would go up significantly to the tune of Rs. 4200 crore including the payment on account of arrears salary. Payment of new UGC Pay Scales for the College and University Teachers and the new pay scales for the Judiciary would further add to the state burden. Devolution of funds to the Urban and Rural Local Bodies may further corrode the financial strength of the state government. The State Finance Commission requests the National Finance Commission to appreciate state's transfer of resources to the local bodies during the period 2010-11 to 2014-15 to enable them to discharge the functions assigned to them and in that context assess the funding position of the state vis-a-vis the large and growing number of functions the state has to attend from time to time. The 13th Finance Commission is, therefore, requested to reimburse the state with Rs. 896.17 crore x 5 = Rs. 4480.85 crore during their award period in order to augment the Consolidated Fund of the State.

5.15 Devolution of Resources to three-tier PRIs And Urban Local Bodies.

Most of the Rural Local Bodies in Orissa are in a poor financial shape. The revenue domain allowed to them is very small. They are not interested to exercise the revenue raising powers vested in them, lest they would face strong criticism from the people who vote them to power.

The Urban Bodies, particularly the Corporations and Municipalities in the state are better placed to generate a significant part of their revenue. But they follow the outdated method of levy of property tax. The maintenance of accounts has not been modernised. New sources of revenue are not explored. Hence their income from Tax and Non-Tax sources remain low.

Both the PRIs and ULBs have been created under the Constitution to work as institutions of self government. And as such they have a duty to the people to provide them with opportunities for socio-economic development. Yet both the institutions are handicapped as their own income is insignificant to discharge the responsibilities assigned to them. Pressure to bring growth to the people and to the poorest of the poor has naturally made it mandatory for the state to share its resources with them.

The Commission while appreciating the role of PRIs and ULBs is also conscious of the expansionary nature of state activities. It, therefore, recommends **that Rs. 4480.85 crore be devolved to the local bodies and out of total amount of Rs.4480.85 crore, Rs.3360.64 crore may be transferred to PRIs and the balance amount of Rs.1120.21 crore may be transferred to ULBs during the period from 2010-11 to 2014-15.**

5.16 Details of Devolution of Funds to the PRIs.

The Commission in the First Report made item-wise distribution of Rs.3360.64 crore which included salary and honorarium of Grama Panchayats/Panchayat Samitis/Zilla Parishads amounting to Rs.1360 crore and sitting fees and D.A for members of Grama Panchayats/Panchayat Samities/Zilla Parishads amounting to Rs.125 crore. Subsequently from the reports of Finance Department namely Demand for Grants for 2008-2009, it could be ascertained that salary of regular staff working in Grama Panchayats, Panchayat Samities and Zilla Parishads, D.A, T.A, Sitting Fees and honorarium of elected representatives is released to Panchayati Raj Institutions in shape of grants-in-aid. For example, Sitting Fees and D.A to Sarapanches, Naib-Sarapanches, P.S members and Ward Members amounting to Rs.3,37,56,000/- has been released as grants-in-aid vide page 34 of Demand No.17, Vol.-1 of Finance Department for the year 2008-09. At the initial stage the Commission viewed that salary of staff, honorarium of elected representatives etc. should get priority over other items of expenditure to keep the PRIs functional and the expenditure should be met from the share of gross tax revenue of the state. Now that the Commission is aware of the release of grants-in-aid by the Government for the said purpose, it is only logical to distribute the total amount of Rs.1485 crore (Rs.1360 cr.+Rs.125 cr. indicated at Sl.No.13 and 14 at p.157 of the First Report of the Commission) for priority sectors like education, livelihood, rural connectivity and water bodies that would create opportunities for development of the people in the rural areas.

Now we would like to mention item-wise allocation of Rs.3360.64 crore in favour of PRIs.

5.16.1 LIVELIHOOD

As per the Census report, 2001 the number of main workers which in 1991 was 103.78 lakh declined to 95.89 lakh in 2001. This comprised of 34.35 lakh (35.8%) cultivators. 20.98 lakh (21.9%) agricultural labourers, 4.04 lakh (4.2%) workers in household industries and 36.52 lakh (38.1%) other workers. In addition to 95.89 lakh main workers, the state has (2001 census) 46.87 lakh

marginal workers. Taken together, the state has 142.76 lakh workers. The marginal workers work in different areas of activities. 8.12 lakh of marginal workers work as cultivators, 29.01 lakh as agricultural labourers, 2.97 lakh in the household industries and 6.76 lakh are engaged in other activities. The Commission is of the view that Government should provide fund to PRIs for supporting livelihood of rural people in following sectors.

Absence of opportunities makes life harder for these people. Keeping in view the role of the PRIs as institutions to address the problem of poverty and social justice, the Commission examines the prospects of livelihood and recommends the following. This is in addition to the livelihood programmes implemented by Women & Child Development Department, Panchayati Raj Department, Agriculture Department and ST & SC Development Department.

(a) **AGRICULTURE-**

Agriculture is the mainstay of Orissa's economy providing livelihood support to large sections of the population. 65% of the total work force in the state are engaged directly or indirectly in agriculture sector. When the 3 tier Panchayati Raj system was started in the state in the year 1962, extension programme was mainly focused on agriculture. The Village Level Worker was the lowest functionary responsible for agriculture extension. He used to maintain register containing village wise cropping pattern. Use of green manure and compost along with use of fertilizer, pesticides, and holding of demonstrations relating to improved agricultural practices were being planned at the village level. Subsequently Government withdrew Agriculture Extension Officers from the Block, created separate cadre of Village Agriculture Workers and kept agriculture exclusively under the command of Agriculture Department. Involvement of representatives of people was not encouraged. This practice was adopted sometime during 1976-77 and the practice continues till today. During 2002-2003 the Government took the decision to devolve the function of agriculture on the Panchayati Raj Institutions and accordingly instructions were issued under the signature of the Chief Secretary vide letter No. No.6886/PS dt.4.7.03. But Activity Mapping for Agriculture could not be completed till now. Fund is not released to the Panchayati Raj Institutions from the budget of Agriculture Department. Village Level functionaries and Block Level functionaries of Agriculture Department work under the administrative control of senior officers of Agriculture Department and are hardly responsible to the PRIs for implementation of agriculture programme.

During the visit of the Commission to different districts, elected representatives of PRIs offered valuable suggestions regarding implementation of agricultural programme. The elected representatives of Nuagaon Block in Sundargarh district informed the Commission that large quantity of vegetables were produced in the Block area but farmers had to sale the vegetables at throw away price as there was no cold storage facility and market linkages. In Kuchinda Sub-division, the Commission was informed that farmers who earlier produced potato, chilli and onion in the Kuchinda Sub-Division and in the adjoining Deogarh district suffered heavily in the absence of cold storage

facility. Many of the farmers have given up cultivation of potato and onion for fear of loss. Only chilli is now cultivated in some villages. In both the places the elected representatives suggested planning of agricultural activities at Grama Panchayat level and providing support to farmers at Grama Panchayat level. They also suggested establishment of cold stores to protect farmers against loss. They also suggested that Grama Panchayat should take steps for protection of crops against pest attacks.

The State Agriculture Policy, 2008 contains road map for increasing agricultural production. But it stipulates operationalising Agriculture Policy by way of preparing plan at the district level with the involvement of all stake holders including PRIs through participatory planning right from the grass root level. The above mentioned policy of Agriculture Department does not clarify the role of Grama Panchayats, Panchayat Samitis and Zilla Parishads. It appears, Panchayati Raj Department and Agriculture Department have not so far been able to specify the responsibilities of 3 tier Panchayati Raj Institutions relating to agriculture though the 11th schedule of the Constitution specifically assigned agriculture to Panchayati Raj Institutions.

The Commission recommends that-

- (i) the Activity Mapping relating to agriculture should be finalized jointly by the Panchayati Raj and Agriculture Departments without further delay and accordingly ;
- (ii) functionaries of Agriculture Department should be made accountable to the Panchayati Raj Institutions for successful implementation of agriculture policy of the Government;
- (iii) a part of the fund which will be made available to the Grama Panchayats under livelihood may be utilised for agricultural activities including supply of seedlings, pesticides, holding of crop demonstrations etc.

The Commission is of the opinion that problems of farmers can be effectively solved by entrusting the responsibility of agriculture to the PRIs.

(b) ANIMAL HUSBANDRY

Next to crop production, animal husbandry is the most important source of livelihood in rural households. Over 80% of rural households in Orissa keep live stock of one species or other. The Activity Mapping finalised by Panchayati Raj Department includes development of livestock, veterinary services, dairy development, development of inland fisheries, development of marketing, processing infrastructure and welfare measures. Panchayati Raj Department provides assistance to beneficiaries (taking up animal husbandry activities) for purchase of animals and construction of shed under SGSY scheme. The Commission recommends that a part of the fund which will be released under livelihood programme to Grama Panchayats may be utilised for animal health care, provision of fodder and cattle feed during natural calamities, control of

live stock diseases and upgradation of basic skills on rearing of animals and birds.

(c) PISCICULTURE

Pisciculture is one of the important sources of income in rural areas. Fishermen population of the state is about 10.84 lakhs. The fresh water fishery sources comprise 1,19,681 hectares of small and big tanks, 2,00,379 hectares of small, medium and large reservoirs. Grama Panchayats own 73,793 tanks as per Annual Administration of the Panchayati Raj Department for the year 1999-2000. Thus, there is vast potentiality in the state for pisciculture. In addition to inland fisheries, marine fisheries provide livelihood to a large population. Grama Panchayat has the advantage of getting technical advice of a Fishery Extension Officer at the Panchayat Samiti level. Fund which will be made available under livelihood scheme to Grama Panchayat may be utilised for demonstrating scientific method of pisciculture, training of fishermen and adoption of modern methods of processing of fish products.

(d) MINOR FOREST PRODUCE

The Commission have elaborately discussed about Minor Forest Produce in paragraph 6.6.2 to 6.6.9 of Chapter-VI. In order to provide livelihood to tribal people and forest dwellers and others, Grama Panchayats may utilise the fund to be made available under livelihood programme on activities based on Minor Forest Produce.

(e) HANDLOOM

The Commission has indicated about handloom, textile and sericulture activity in paragraph 2.61 to 2.65 of Chapter -II. Handloom sector provides employment to about 4.15 lakh weavers. About 15,000 traditional families actively practise sericulture in Orissa State Government provide them with assistance through Primary Societies and Self Help Groups. The Commission visited Maniabandha Grama Panchayat in Narasinghpur Block. Weavers of Nuapatana village of Tigriria Block also met the Commission at Abhimanpur I.B. The Assistant Director of Textile, Athagarh and Project Director, DRDA, Cuttack were present during discussion at Maniabandha. The members of weaving community brought to the notice of the Commission that Maniabandha has earned reputation inside and outside the State for traditional tie and dye handloom fabrics despite stiff competition from modern mill sector. There are about 2500 handloom artisans in Maniabandha and surrounding villages and most of them are Buddhists by religion. Due to cost escalation of yarn and silk, the cost of handloom fabrics has increased and consequently the demand for handloom sarees and clothes is on the decline. In this traditional work, all adult members of the family remain engaged. The earning of a weaver is Rs.200/- to Rs.400/- per week. State Government have sanctioned Integrated Handloom Cluster Development scheme for Maniabandha with a financial outlay of Rs. 57.25 lakhs. The Assistant Director of Textile who was present, submitted that an additional fund of Rs.13 lakhs was required towards working capital, computer aided textile design system, weaving accessories and work shed.

Weavers of Nuapatana village brought to the notice of the Commission that Shree Jagannath Spinning Mill has been closed. It was producing yarn of 100 counts and above. Due to closure of the said Spinning Mill, weavers do not get quality yarn at reasonable price.

The Commission during visit to Barkote Block of Deogarh district learnt Arjun and Asan plantation has been damaged badly due to non-maintenance.

The Commission requested Textile & Handloom Department to send a report indicating how the PRIs can provide support to weavers. The Department has suggested that the Primary Weavers Cooperative Societies (PWCS)/SHGs can get support from PRIs for infrastructure development such as construction of common facility centres where training can be imparted for skill up-gradation, establishment of dyeing units, construction of sale centres in urban hats at important places etc. for boosting sale of their products out of 10% SGSY infrastructure development fund. In Sericulture (Plantation) activities, PRIs can also provide assistance out of NREGA funds received by them. But the assistance from PRIs to PWCS/SHGs so far remain very meager due to local consideration as weaving is being perhaps not in their priority agenda. The Department has submitted two proposals namely for Handloom Sector and another for Sericulture Sector. The component wise break up given by the Department is mentioned below.

HANDLOOM SECTOR

Sl. No.	Component	Amount proposed (Rs. In lakhs)
1	2	3
i)	For setting up of training-cum-Production Centre	234.00
ii)	For skill up-gradation training to weavers.	100.13
iii)	For setting up of Common Facility Centre	350.00
iv)	For Technological Intervention in existing Common Facility Centres	104.50
v)	For setting up of Mechanized warping units	96.00
vi)	For basic orientation programme on exposure visits to weavers for awareness on modern technology and market trend.	79.20
vii)	For creation of common marketing platform	270.00
viii)	Cost for implementation and evaluation of the programme	23.00
Total		1256.83

SERICULTURE SECTOR

Sl.No.	Name of the Training Programme	No. of beneficiaries per programme	Unit cost (Rs. In lakh)	No. of programme	Total No. of beneficiaries	Total fund requirement (Rs. in lakh)
1	2	3	4	5	6	7
1	Mulberry plantation and cocoon production	10	1.85	55	550	101.75
2	Mulberry swilk reeling and yarn production	10	2.75	8	80	22
3	Mulberry silk yarn twisting	10	1.9	4	40	7.6
4	Training to private graineurs for dfl production	10	0.95	24	240	22.8
5	Tassar silk reeling, spinning and yard production	10	2.75	10	100	27.5
6	Eri Silk worm rearing and egg production	10	1.75	12	120	21
7	Eri cocoon spinning and yarn production	10	2.95	10	100	29.5
Total				123	1230	232.15

The Commission feels it is necessary to provide Rs.1256.83 lakh and Rs.232.15 lakh as per requirement of the Department. The Department has not indicated requirement of fund for sale outlets under the Directorate of Handicrafts. The Commission is fully aware of the fact that one of the burning problems of traditional artisans including weavers is huge accumulation of products without sale. Once products are sold in sufficient quantity, artisans will get engaged in works and earn wages adequate for their livelihood and will be motivated for skill up-gradation so as to earn better wages. This aspect of making arrangement for sale of products should be given due weightage and attention. The 'Utkalika' and the 'Bayanika' under the State Cooperative Handicrafts Corporation and the State Weavers cooperative Societies respectively and 'Sambalpuri Bastralaya' are the three apex bodies in the State providing outlets for sale of products. The Commission is inclined to provide them financial support for purchase of products from village artisans and weavers through Cooperative Societies and SHGs. The Commission makes the following recommendations for the handloom and sericulture sector.

- (i) Rs.15.00 crore may be provided to Panchayati Raj Department to utilise the same for handloom and sericulture sector through PRIs in consultation with Handloom & Textile Department as per their suggestion. Rs. 3 crore may be provided per annum over a period of five years(2010-11 to 2014-15).
- (ii) Broadly Grama Panchayat in cooperation with Primary Weavers Cooperative Societies/SHGs can help in modernization of looms, providing accessories and upgrading skill of weavers, construction of common facility centres where training can be imparted for

skill up-gradation, establishment of dyeing units, develop sericulture programme out of fund mentioned above.

- (iii) Considering the distressed condition of minor community namely:-Buddhist weavers community residing in Maniabandha and surrounding villages, Rs. 20 lakh may be placed at the disposal of Panchayat Samiti, Baramba per annum for providing computer aided textile design system, weaving accessories and work shed to Buddhist weaving community. Total requirement for five years comes to **Rs.1.00 cr.**
- (iv) The Textile & Handloom Department has requested allotment of Rs.2.70 cr. for creation of Common Marketing platforms in urban hats. This can only be taken up by Panchayati Raj Department in consultation with Textile & handloom Department. The Commission would further add in addition to creation Common Marketing Platforms, existing Apex Bodies like 'Utkalika', 'Bayanika' and 'Sambalpuri' should be strengthened. For this purpose, the Commission recommend that **Rs.25.00 crore** from livelihood fund may be provided to Panchayati Raj Department @ Rs. 5.00 cr. per annum as the corpus fund and the Department may make tie up with Apex Bodies of Industries Department, Textile & Handloom Department and ORMAS for strengthening sale outlets of handloom and handicraft products and for creation of Common Marketing Platform as suggested by Textile & Handloom Department. Out of Rs.5 cr. earmarked per annum, Rs.3 cr. may be utilised for purchase handloom products and Rs.2 cr. may be utilised for purchase of other handicraft products. Corporations and Apex Bodies may be provided fund out of this corpus fund free of interest for 5 years on the condition that they will utilise the fund for purchase of handloom and handicraft products only and they will refund the amount after the period of five years. Thus the fund will continue as a revolving fund for the benefit of artisans.
- (v) Weavers of Athgarh Sub-Division have a genuine demand to re-start Sri Jagannath Spinning Mill at Nuapatna. This demand cannot be addressed by the 3rd State Finance Commission. However, Textile & Handloom Department may take steps at their level for starting the defunct spinning mills in the state having potentiality of producing super quality yarn.

(f) **HANDICRAFTS**

- (i) As per Economic Survey Report of 2008, there are 224 Handicrafts Cooperative Societies with 17,045 members. Handicraft article worth Rs.6.57 crore was produced during 2007-08. Orissa is known for its excellence in silver filigree, appliqué, stone carving, brass and bell metal works, horns carving, terracotta and patta painting etc. There is one Industrial

Promotion Officer in the Panchayat Samiti. He generally works for strengthening the artisan based enterprises in the handicraft sector.

- (ii) The Commission had the occasion to visit Utkalika Branch in Bengaluru. It was found that customers who came to the outlet felt a little disappointed with the limited stock available. This restricted our capacities to woo the customs.
- (iii) The Commission visited Olab Grama Panchayat of Narasinghpur Block in Cuttack district. The Panchayat is situated in a hilly terrain bordering Hindol Block of Dhenkanal district. Out of total population of 1475 of the Grama Panchayat, 930 belong to Scheduled Tribe. The Grama Panchayat is cut off from rest of the Block by dense forest. The ghat road is not approachable by four wheelers. Roads to different villages from G.P headquarters are mostly earthen roads. There is no High School in the Grama Panchayat. The main source of livelihood was plucking of Kendu leaves and bamboo works. Consequent upon declaration of Satskosia Sanctuary all commercial activities on forest produce has been stopped. Now the Kendu Leaf pluckers are out of job. Similar situation will be prevailing in villages adjacent to Sunabeda and Badarama Sanctuary. The Commission is of the view that fund should be provided to people loosing livelihood consequent upon establishment of sanctuary.
- (iv) Bamboo handicrafts does not fetch sufficient income to support a family because the demand for traditional products is declining. People demand up-gradation of skill in modern bamboo crafts. Tribal people of this Grama Panchayat further demanded that they should be provided livelihood support as is available to tribal people in the scheduled areas.

The Commission may mention about Cane and Bamboo Technology Centre (CBTC) at Guwahati for imparting training, networking and transfer of technology for various bamboo processes. It is learnt that the CBTC, Guwahati has developed skill of village artisans to make Bamboo Wall Hangings, Bamboo vases, Cradles, Dining Chairs, Easy Chairs, Garden Chairs, Rocking Chair which has got demand in markets. The Commission is of the view that the state government may attempt to set up a Cane and Bamboo Technology Centre (CBTC) in the pattern of the Guwahati centre. This will be first of its kind and will have both state wide and spatial dimensions in terms of training, employment and income for the artisans in the field. The state may approach the National Bamboo Mission for financial and technical assistance after it has taken the preliminary steps in the matter. The Commission, keeping in view, the significant economic benefits that would be generated from such a project recommends a sum of **Rs.2.00 cr.** as the seed money for the project. The Cane and Bamboo

Technology Centre in Orissa may be set up in a region which offers the raw material and has developed communication facilities.

In addition to this, the Commission also recommends the establishment of a Bamboo Park where the exotic varieties of bamboos can be developed along with the traditional varieties. The Commission makes a grant of **Rs.0.94cr.** for the establishment of the Bamboo Park. One Panchayat Samiti Industry may be established in Orissa in the pattern of CBTC Guwahati to cater to the training requirements of artisans.

In order to promote industrial climate in the rural area, provide employment to rural people, have better utilisation of local resources, local skill and raw materials and provide better return to the agriculturists and artisans 147 no. of Panchayat Samiti Industries (PSI) were set up in the year 1961-62. Gradually 123 PSIs have become defunct. It is reported by Industries Department in their Activities Report 2008-09 that only 16 units are working. As Government are taking steps for rapid industrial growth, it would be appropriate to revive Panchayat Samiti Industries in phased manner.

The Commission recommends a sum of Rs.5 lakh per annum in favour of each Panchayat Samiti to utilise the fund for up-gradation of skills of traditional village artisans at the Grama Panchayat/ Block level in consultation with District Industries Centres, for marketing of the products through ORMAS and other Apex Bodies and strengthening of Village Artisans Cooperative Societies . The total requirement for five years comes to **Rs.78.50 cr.** (Rs.5 lakh X 314 BlocksX5 Years).

(g) To sum up, the Commission recommends-

- (i) **Rs.2.00 lakh** to each Grama Panchayat per annum towards agriculture, animal husbandry, pisciculture and Minor Forest Produce related activities. Total requirement for five years comes to **Rs.623.40 crore** (Rs.124.68 cr.X5).
- (ii) **Rs.25.00 crore** may be placed(as suggested in paragraph 5.16.1 (e)(iv). at the disposal of Panchayati Raj Department @ Rs. 5.00 cr. per annum for strengthening sale outlets of Handloom and Handicrafts products.
- (iii) **Rs.15 crore** may be placed at the disposal of Panchayati Raj Department to provide livelihood support to people dependant on handloom and sericulture @ **Rs.3 crore per annum as suggested in paragraph 5.16.1.(e)(i).** The amount may be utilised in consultation with the Handloom & Textile Department.
- (iv) A package of **Rs.1.00 cr.** (@ Rs.20 lakh per annum) may be provided towards upgrading weaving skill of Buddhist village artisans of Baramba Block as suggested in paragraph

5.16.1.(e)(iii). Buddhist minority community residing in Orissa may be given a preferential treatment for ensuring their livelihood.

- (v) **Rs.75 lakhs** per annum may be provided for alternate livelihood support to people who have lost their traditional livelihood due to establishment of sanctuaries namely Sunabeda, Satakosia and Badarama @ Rs. 25 lakh per sanctuary **as suggested in paragraph 5.16.1(f)** . The requirement for five years comes to **Rs.3.75 crore.**
- (vi) **Rs.2.00 crore** may be provided to Nuagaon Block of Sundargarh and Kuchinda Block of Sambalpur district @ Rs.0.50 crore per Block over a period of 2 years towards construction and maintenance of cold store. The position has been explained in paragraph 5.16.1(a).
- (vii) **Rs.2.00 crores** is recommended for establishment of Cane and Bamboo Technology Centre. The position has been explained in paragraph 5.16.1(f).
- (viii) **Rs.0.94 crore** recommended for establishment of a Bamboo Park. The position has been explained in paragraph 5.16.1(f).

Thus, the total requirement which comes to **Rs.673.42 crore** over a period of five years may be provided under livelihood sector.

5.16.2 EDUCATION

Instructions and guidelines are available from the Department of School and Mass Education Department clearly defining the role of the Grama Panchayat, Panchayat Samiti and Zilla Parishad in making the school system more functional and accountable. A major objective of policy changes has been to improve the system, particularly at the local level relating to appointment, transfer and teaching in the schools The Panchayat functionaries should be kept informed about these changes.

The important task before the state and local bodies, as the Commission understands, is to rationalize the posting of teachers in the state so that students are not deprived of teaching and their academic growth is not stunted. The Commission during its visits found the following:

It came to the notice of the Commission that 33 Primary Schools in the Kuchinda Education District functioned with a single teacher in each of the schools and that 57 Primary Schools in Gurundia Block functioned with single a teacher. It was further brought to the notice of the Commission that the job of teachers in the schools in the Kuchinda Sub-Division is managed by four categories of teachers; namely:- Regular Primary School teachers, Zilla Parishad Cadre Primary School Teachers, Sarva Sikshya Abhiyan teachers and Gana Sikshya Teachers. This is something to be worried about not just for

these areas but for the entire State when one thinks of the quality of teaching for the students enrolled in the Primary Schools. It may be worth mentioning that the Commission during their visit to West Bengal found that each of their Primary Schools had the benefit of one regular teacher. He is assisted by other categories of teachers. Continuation of the existing practice will vitiate the notion of quality teaching to which the state is committed. The Commission puts emphasis on these aspects of education at the Primary and Upper Primary Schools keeping in view the bigger burden the state will be called upon to bear in future when these students, weak in education and understanding enter the job market which offers them no job opportunity.

It is learnt from the School & Mass Education Department that the Department is taking special measures for education of children in 173 nos. of educationally backward Blocks. The list of 173 Educationally Backward Blocks does not include 13 Blocks situated within Scheduled Areas. The Commission is of the view that said 13 Blocks should also be included for providing special assistance towards education. In respect of above mentioned 186(173 +13) nos. of Blocks (list is at **Annexure-V**), the Commission recommends as follows:-

- (i) reasonable distribution of regular teachers and other teachers can be made so as to provide minimum one regular teacher and one or more other category of teachers to each Primary School. Opening of Class-VIII in Upper Primary School should be made along with the posting of teachers.
- (ii) The gap in education and literacy among the students coming from the disadvantaged social groups particularly the tribal students vis-à-vis the non-tribal students has to be reduced. Tribals need more attention, better service and more care for their educational development. Their students have to be nourished to retain them in the educational system. Performance targets may be fixed for the teachers in the schools by assigning them groups of students to be looked after in terms of extra educational care and extra capability building in communication. It is not enough that books are distributed free to the students. It is important that students are taught and trained well to read, write and do arithmetic effectively to be called literate. Teachers may be encouraged to have regular interactions with the students beyond the school hours to take care of their deficit areas and create confidence in them that they can do it. Teachers in these Blocks shouldering additional work load to deliver services that matter for the students may be rewarded by way of financial incentive.
- (iii) Stimulus money, to begin with at the rate of Rs.100/- per month to the parents of the girl child may be given to encourage them to send their girl child to the school till she completes her education right from the Primary School to the High Schools. The stimulus money may be enhanced to Rs.150/- at the Upper Primary stage and to Rs.200/- at the

- High School stage. This may be deposited in the name of the girl child in the bank. This may be viewed as an investment in the future of the new generations of girls.
- (iv) In order to create interest among the students in the learning process offered in the school, adequate learning materials like black board, charts, maps, teaching aids, science apparatus, sports and game materials should be provided. There should be provision for recreational facilities. As a matter of policy annual prize giving ceremony should be organised and participation of students in events like sports may also be encouraged.
 - (v) Well maintained infrastructure in the schools make an impact on the students and the teachers. This helps them to achieve better academic recognition. Provision of funds for infrastructure maintenance/development should be taken care of. Schools may even seek financial assistance for their activities from socially committed individuals/entrepreneurs.
 - (vi) The Commission, in view of the prevailing educational disparities among the different social groups in different regions and state's commitment to educational justice, recommends Rs.308.76 cr. for 186 nos. of educationally backward Blocks and Blocks situated in Scheduled Areas @ Rs.1.66cr. per Block) instead of Rs.117.60 cr. recommended in the first report.(an increase of Rs.191.16 cr.)

5.16.3 Culverts and Bridges for Grama Panchayat and Panchayat Samities and Village Roads.

73rd Amendment of the Constitution mandates the Government to transfer the subject "Roads, culverts and bridges" to Panchayati Raj Institutions because communication and transportation system play an important role in the field of socio-economic development of rural people. There are 1,39,973 kms' of approved Grama Panchayat (GP) roads, 20,373 kms' of Panchayat Samiti (PS) roads and 29,222 kms of classified village roads in the state under Panchayati Raj Department. Apart from these, there are many unclassified village roads in the state which need improvement and annual maintenance. Maintenance of roads is generally taken up under different schemes including fund provided by Central Finance Commission. New roads are constructed generally under NREGS and other labour intensive works. Culverts and bridges are not permitted under NREGS and other labour intensive schemes because material component is very small. It is necessary to make the roads all weather by constructing C.D works. The Commission recommends Rs.314.00 crore @ Rs.1.00 cr. per Block towards construction of culverts and bridges over a period of 5 years in the light of the mandate of the Constitution.

5.16.4 Development of Water Bodies-

The Commission in their 1st Report recommended a sum of Rs.74.54 crore in favour of Grama Panchayats for development of Water Bodies. After interaction with elected representatives, officials and public, the Commission came to know that large size tanks, mundas and kattas exist in all parts of the State. De-watering and excavation of such water bodies would require engagement of large number of labourers over a considerable period of time. In practice, excavation is taken up between March to mid-June. Labourers have their difficulty in lifting earth on head-load and walking over stiff embankment in case of large size water bodies. If there is hard soil, it will not be possible to complete excavation within 3-4 months' time. When there is delayed monsoon, farmers depend upon water sources from above mentioned water bodies. It is necessary to renovate the water bodies which have been silted up over the years. In difficult cases it will be necessary to use machines for excavation and transportations of earth along with engagement of labourers. But use of machines is prohibited under NREGA and other labour intensive schemes. State Government may take up this matter with the Central Government to make suitable provisions for use of machines in very difficult cases. There is also necessity to provide surplus and sluices to water bodies which provide irrigation. Such masonry work cannot be taken up under labour intensive schemes. The Commission recommend a revised amount of Rs.326.82 (in stead of Rs.74.54 cr.) over a period five years towards development of water bodies with provision of masonry works in appropriate cases in order to increase the storage capacity of water bodies. The amount available through this source may be dove-tailed with fund available from different labour intensive schemes. The Panchayati Raj Department will work out details of distribution of fund in respect of selected water bodies.

5.16.5 Rural Water Supply including Tube Wells .

As regards the supply of drinking water it is recommended that Rs. 473.40 crore may be transferred to the PRIs. Panchayat Raj Department has submitted a Memorandum to the State Finance Commission where they have raised a demand for Rs.1035.10 crore during the award period for operation and maintenance of pipe water supply schemes by the Panchayats. The Commission recommends Rs.478.40 crore for operation and maintenance of pipe water supply and tube wells during the award period. Each of the 6234 G.P may be allocated Rs.1,53,400/- per annum.

5.16.6 Up-gradation of PS/GP/Village Roads having contiguity.

The Commission, to facilitate rural road connectivity recommends that a sum of Rs. 266.90 crore may be transferred to 314 Blocks @ Rs. 85.00 lakh for a period of five years to enable them to undertake conversion of existing Metalled Roads to BT Roads. Construction of concrete roads has increased the mobility of the people in the villages. A sum of Rs.150 crore @ Rs.15 lakh per K.M. may be transferred for converting 1000 K.M. of village roads to concrete roads. Populous villages which have not been covered under any scheme for having c.c. roads may be provided with the recommended money on a

priority basis. A total sum of **Rs.416.90 crore** may be devolved to the G.Ps on this account.

5.16.7 Maintenance of Minor Irrigation Projects.

Recently, Water Resources Department has transferred as many as 1214 Minor Irrigation Projects to Grama Panchayat for their maintenance. Thus, a sum of **Rs. 151.75 crore** is recommended for the said purpose @ Rs.2.5 lakh per Minor Irrigation Projects per annum for a period of five years. A sum of Rs.1214 crore has been estimated by the P.R. Deptt. for the purpose covering the period 2010-11 to 2014-15.

5.16.8 Contribution to Minor Maintenance in respect of Cyclone Centres.

As many as 139 cyclone centres have been constructed by Orissa State Disaster Mitigation Authority (OSDMA). Its management and maintenance is equally important. As per the Memorandum of Association for The Cyclone Shelter Management and Maintenance Committee (CSMMC), its maintenance shall be the joint responsibility of the OSDMA and CSMMC. OSDMA will be responsible for major repairs and CSMMC shall be responsible for day to day maintenance. Article 21 of the said Memorandum envisages that in order to fulfil its responsibilities towards shelter maintenance, the CSMMC shall establish a shelter maintenance fund by way of financial contribution from the community and from other local sources such as the Gram Panchayats and also by putting the shelters to income generating use. It is, therefore, recommended that a sum of Rs. 34.75 lakh may be allocated per annum for the purpose. The total requirement on this account during the award period would be **Rs. 17.38 crore**. Annual allocation may be distributed to selected cyclone centres keeping in view need of maintenance.

5.16.9 Construction of Zilla Parishad Office and Maintenance of Panchayat Samiti Buildings.

Zilla Parishads in Orissa do not have their own office buildings. They function in the space provided to them by the district administration. Zilla Parishads which represent the apex institutions in the Panchayati Raj System should have their own office Buildings.

The Commission allots **Rs. 9.00 crore** @ Rs.30.00 lakh to each of the Zilla Parishads to construct their own building and function independently. They should have a respectability of their own which they deserve. However, Rs.1.80 crore (earmarked per annum) may be provided to selected Zilla Parishads keeping in view the progress of works.

The Commission further recommends a sum of Rs. 18 lakh per Panchayat Samiti for 314 Panchayat Samities for the maintenance of their office buildings. This comes **to Rs. 56.52 crore** covering the period 2010-11 to 2014-15. Rs.11.304 crore may be distributed among selected Panchayat Samities annually keeping in view the progress of works.

5.16.10 Construction and Provision of Sanitation Facility

It is observed that the G.Ps in Orissa do not have toilet facilities. Absence of such facilities causes a lot of inconvenience to the members, visitors and particularly to the women functionaries. It is therefore, necessary to have public toilets in every Gram Panchayat with running water facilities. A sum of Rs. 2.00 lakh may be given for the construction of one toilet in every G.P. Hence, the Commission recommends that a sum of **Rs. 124.68 crore** may be provided to the Gram Panchayats during the award period for construction of 6234 public toilets with water facility. Annual allocation of Rs.24.936 crore may be provided to selected G.Ps so that all G.Ps are covered over a period of 5 years.

5.16.11 Improvement in Street Lighting

The 12th Finance Commission did not recommend any grants for supporting street lighting. It may be noted that as per the Memorandum given by Panchayat Raj Department Rs. 311.70 crore is required for the said purpose during the period from 2010-11 to 2014-15. Now it is recommended to give a grant to the tune of **Rs.161.22 crore** to 6234 Grama Panchayat during the award period for the said purpose. Annual distribution of fund will be made by the Panchayati Raj Department among selected Grama Panchayats keeping in view the feasibility of the locality and ability of G.P to collect user fees.

5.16.12. Cremation / Burial Ground

Space earlier earmarked for burial purpose is disappearing in rural areas as the same is used for other purposes. 39000 burial structures need to be constructed where facilities would be created for safe disposal of human bodies. It may cost Rs.50000 to construct a structure. As such the total cost may come to Rs.195 crore. The Commission **allots Rs.94.25 crore** for the purpose. Rs.18.55 crore may be provided annually to selected G.Ps keeping in view availability of sites and ability of G.Ps.

5.16.13 Construction of Community Hall / Training Centres of SHGs with Kiosks providing Common Services Facilities.

- (i) Gram Panchayats in Orissa do not have a meeting hall even for their official transactions. Panchayats offices are visited daily by a large number of people for different purposes. It becomes necessary that they have a Community Hall or a Training Centre for the SHGs which can also be used by the Panchayats as and when required.

The Commission recommends that 2742 Grama Panchayats with a population exceeding 5000 may be provided with this facility and for this purpose the Commission provides **Rs.27.42 crore** at the rate of Rs.10 lakh for each of the identified Grama Panchayats.

- (ii) To make the Halls / Training Centres functional each of the GPs may be given Rs.2 lakh to purchase chairs, tables, fans and audio systems etc. A sum of **Rs.5.48 crore** is earmarked for this purpose.
- (iii) To make the KIOSKS functional each of the KIOSKS may be given Rs.50,000/- for acquisition of computer hardware. A sum of **Rs.13.74 crore** may be devolved for this purpose. One room in the newly constructed community centre and attached to the centre will be used as a KIOSK for rendering multiple services. It will be leased out to intending bidders annually / bi-annually by the respective GPs with prescription of user charges to be collected by the operator.

A total of **Rs. 46.64 crore** may be devolved for this purpose.

5.16.14 (i) Herbal Garden / Improvement in Rural Environment

The Commission is of opinion that development of herbal gardens should be promoted in rural areas. Apart from environmental development; these plants have great medicinal values. Accordingly, the Commission recommends that there should be at least 10(ten) herbal gardens in each block. Rs. 2.00 lakh may be provided to each of the proposed 3140 herbal gardens. The total financial requirement for five years come to **Rs.62.80 crores**. During 2010-11, Rs. One lakh may be released in respect of each garden. Subsequently Rs.25,000/-may be released annually for four years for maintenance of each garden.

(ii) Remuneration to Gardeners

Remuneration @ Rs. 70/- per day is required to be paid to the Gardener who will be engaged in the herbal garden. Accordingly, **Rs. 39.60 crore** may be transferred to the Panchayat Samitis for the aforesaid purpose during the award period.

A total of **Rs. 102.40 crore** may be devolved for this purpose.

Total Devolution to the PRIs during the period from 2010-11 to 2014-15 comes to Rs.3360.64 crore.

Abstract of Recommendations in favour of PRIs

(Rs. in Crore)

Sl. No.	Purpose	Amount
1	Livelihood	673.42
2	Education -	308.76
3	Culverts and bridges	314.00
4.	Development of Water Bodies	326.82
5	Rural Water Supply including Tube Wells (Core service)	478.40
6.	Upgradation of PS / GP / Village Roads having contiguity (i) Rs. 85.00 lakh per Block for five years for conversion of existing metalled roads into BT roads. (ii) Construction of Concrete road @ Rs.15 lakh per K.M for 1000 K.Ms. Populous villages not having concrete roads in every GP will be given preference.	266.90 150.00
7.	Maintenance of Irrigation Projects for five years @ Rs.2.5 lakh per Minor Irrigation Project for 1214 MIPs	151.75
8.	Contribution to Minor Maintenance in respect of Cyclone Centres @ Rs.25000 per annum for 139 centres for five years	17.38
9.	(i) Construction of Zilla Parishad Office Buildings @ Rs.30.00 lakh for 30 ZPs. (one time grant) (ii) Maintenance of Panchayati Samiti Building @ Rs.18 lakh for 314 PSs.	9.00 56.52
10.	Construction of Sanitation facilities in all the Grama Panchayats Office premises with water supply @ Rs.2 lakh per G.P (Core Service)	124.68
11.	Improvement of Street Lighting (Core Service)	161.22
12	Cremation / Burial Ground (Core Service)	94.25
13.	(i) Construction of Community Hall/Training Centres for Self Help Groups with KIOSKS providing common services facilities in 2742 G.Ps having a population exceeding 5000 @Rs.10 lakh per centre. (ii) Provision of tables, chairs, electrical appliances, audio system @Rs.2 lakh per centre (iii) Provision of Computer Hardware to KIOSKS @Rs.50000 per KIOSKS in 2742 centres	27.42 5.48 13.74
14.	(i) Herbal Garden @Rs.2 lakh per garden for 3140 gardens @ 10 garden in each Block (location to be decided by consulting an expert in the field.) (ii) Remuneration to gardeners @ Rs.2100/- per month	62.80 39.60
	TOTAL	3360.64

5.16 Details of devolution of funds to ULBs.

After detailed discussion we make item-wise allocation of Rs.1120.21 crore as mentioned below.

5.17.1 Improvement of Water Supply

Housing and Urban Development Department has requested the State Finance Commission to provide fund for improvement of Urban Water Supply in Municipalities and NACs because only 60% of urban population have access to drinking water. The State Finance Commission endorses the approach of the H & U.D Department and on its part recommends for Rs.170.00 crore for 34 Municipalities for a period a 5 years from 2010-11 to 2014-15 @ Rs. 1.00 crore per annum per municipality. Rs. 130.00 crore may be devolved to the NACs during the same period depending on their size and population. **Total amount recommended comes to Rs.300.00 crore** over the period of five years.

5.17.2 Integrated Sewerage System

The State Finance Commission **recommends Rs.113.06 crore** to 100 ULBs excluding Sambalpur, Berhampur and Bhubaneswar for integrated Sewerage System. The amount asked for by the H & U.D Department for improvement in Sewerage System in Sambalpur and Berhampur Cities amounting to Rs.550.00 crore may be provided by the 13th Finance Commission. The Bhubaneswar Municipal Corporation has received this specific grant from the 12th Finance Commission. Hence, we do not include Bhubaneswar in our award.

5.17.3 Maintenance of Roads & Bridges

H & U.D Department has requested for Rs.550.00 crore during the award period for Maintenance of Roads and Bridges. The **State Finance Commission recommends Rs.177.95 crore** for the said purpose. Annual allocation of Rs.35.59 crore may be distributed among the ULBs keeping in view the population, concentration of SC/ST and geographical situation of the ULBs.

5.17.4 Public Toilet with Water Facility

People in urban areas face increasingly more and more inconvenience and discomforts because of the absence of Public Toilets with water facilities. The Commission recommends devolution at the rate of Rs. 10 lakh per ULB for Public Toilet amenities with running water facilities. A sum of **Rs. 10.30 crore is recommended** for the purpose. Annual allocation of Rs.2.06 crores may be provided to selected ULBs so as to cover all the ULBs over a period of five years.

5.17.5 Housing to Urban Poor

Providing services to the urban poor poses enormous challenges for the ULBs. The H & U.D. Department has suggested funds to the tune of Rs.950.00 crore in order to provide security of tenure, improved housing, water supply, sanitation, education, health and social security to about 18 lakh slum dwellers. The **State Finance Commission, recommends for Rs.150.00 crore for housing facility** to the slum dwellers. This may be linked to subsidised housing scheme promoted by the HUDCO and other funding agencies.

5.17.6 Environment Improvement

Industries have been located in a big way in districts like Jajpur, Keonjhar, Sundargarh, Jharsuguda, Sambalpur, Anugul and Kalahandi. Level of pollution in these districts has increased. Plantation of trees may help / improve the environment and fight such external diseconomies. The Commission recommends Rs.1.2 crore for the purpose @ of Rs.15 lakh per district. This may be provided @ of Rs.3.00 lakh per annum to the urban local bodies in these districts.

5.17.7 Storm Water Drain

Flooding and water logging is common in most of the ULBs due to lack of adequate drain coverage and inadequate carrying capacity of existing drains. Heavy rainfall in the rainy season also poses enormous problems for the maintenance of storm water drains in the ULBs. During flooding due to poor drainage affects nearly 15 lakh people in the urban areas especially in the low lying slums. Absence of sewer and proper sanitation facility further compounds the problem leading to outbreak of various diseases, threatening large sections of the urban population. The H & U.D. Department has asked for Rs.100.00 crore to improve drainage net work. The State Finance Commission recommends Rs.15.00 crore for the purpose of the award period.

5.17.8 Maintenance/improvement of Street Lighting

As per the proposal submitted by the H & U.D Department to the State Finance Commission proper maintenance of Street Lighting would require Rs.178.89 crore for achieving energy efficiency and acceptable level of illumination. It is not possible on the part of the Commission to recommend the entire amount as proposed by the H & U.D Department which stands at Rs.178.89 crore. The Commission however, recommends that Rs.90.00 crore may be transferred to the ULBs for the said purpose during the award period. Priority may be given to ULBs situated in scheduled areas.

5.17.9(i) Construction of Children Park

With the growth in urban population, different facilities for children are to be created. The Commission therefore, recommends construction of children's park at @ Rs. 5.00 lakh per ULBs during the award period. The total amount comes to Rs.5.15 crore. The amount of Rs.1.03 crore per annum may be transferred to selected ULBs who arrange dispute free lands for the purpose.

(ii) Remuneration to gardeners @ Rs.2100 per month for 5 years amounting to Rs.1.30 crore may devolved to the ULBs.

5.17.10 Construction of Auditorium-cum-Culture Centres

(i) Municipalities and NACs in Orissa do not have any auditorium facilities of their own where they can organize meetings, make presentations and facilitate interactions. The same auditoriums can be used as Culture Centres for holding meetings, staging drama, literary events and cultural festivals. Such facilities are available in Corporations.

The Commission therefore recommends Rs. 50 lakh per ULB to construct auditorium and culture centres. A sum of **Rs. 50 crore** may be devolved to 100 ULBs for the purpose excluding the three corporations of Cuttack, Bhubaneswar and Berhampur during the award period.

(ii) **Provision of chairs, electrification, fans, tables, audio systems and screens.**

Auditoriums and culture centres cannot be made functional without these facilities. The Commission recommends that a sum of Rupees fifty thousands per year may be provided to the ULBs excluding 3 Municipal Corporations for acquisition of these items for a period of 5 years. The total amount comes to **Rs.25.00 crore** during the award period.

5.17.11 Development of Bus Stand and Parking Facility

Most of the ULBs do not have developed Bus Stand facilities for the people. Parking facilities are also not available for vehicles. The Commission recommends that a sum of Rs.50 lakh per ULB be given to 100 U.L.Bs excluding the three Corporations for construction/development of Bus Stand and parking facility. The total amount for the purpose stands at **Rs.50 crore**.

5.17.12 Construction of Kalyan Mandap

There is increased demand for Kalyan Mandaps in towns with all the facilities for marriage, reception and other social functions. To facilitate the creation of such facilities the State Finance Commission recommends that Rs.50 lakh may be given to each of the 100 U.L.Bs for construction of Kalyan Mandaps. A sum of **Rs. 50.00 crore may be devolved for the purpose during the award period.** The ULBs receiving funds for the purpose have to contribute 10% of the allocated amount, i.e. each of the ULBs has to contribute Rs.5.00 lakh.

5.17.13 Market yard

The Commission recommends that there should be a Market yard in each of the 100 U.L.Bs excluding the 3 Municipal Corporations. Accordingly, it recommends **Rs. 6.50 crore** for the said purpose during the award period at the rate of Rs. 6.50 lakh for each of the 100 ULBs.

5.17.14 (i) KIOSKS

The Commission favours construction of KIOSKS in 100 ULBs to provide common facilities to the citizens. It, therefore, recommends 3 Kiosks for each of the Municipalities @ Rs.3 lakh per Kiosk and 2 Kiosks for each the N.A.Cs @ Rs.2 lakh per Kiosk. during the award period. The total amount to be devolved for the purpose stands at **Rs.5.70 crore** during the award period.

(ii) Purchase of Hardware and its peripherals

In order to purchase hardware and accessories, Rs.50,000/- is required per KIOSK. Total amount of **Rs.1.17 crore** is recommended for the award period. The allotted amount will be routed through the U.L.Bs.

(iii) Remuneration

It is necessary to engage operators on contractual basis to run the Kiosks. They may be given remuneration @Rs.3000/- per month. The total requirement of **Rs.4.21 crore** is recommended for the award period. This may be devolved to the U.L.Bs for payment to the persons engaged in the KIOSKS.

A total of Rs. 11.08 crore may be devolved for KIOSKS and their development.

5.17.15 Development of Tribal Museums

Scheduled Tribes constitute 22.11 percent of state's population (2001-census). There are 62 scheduled tribes including 13 Primitive Tribal Groups (PTGs). They speak as many as 74 dialects. Koraput, Malkangiri, Nabarangpur, Raygada, Sundargarh, Mayurbhanj, Keonjhar, Kandhamal are tribal majority districts. There is also sizeable tribal population in Balasore (Nilagiri Sub-division), Sambalpur (Kuchinda Sub-division), Kalahandi (Langigarh) and Gajapati districts.

Traditional Tribal dress, ornaments, drums and musical instruments, weapons, bows and arrows and many other valuable things which vary from one tribal region to another are disappearing fast. They need to be preserved for the posterity.

The Commission is unanimous that grants should be made available to these districts for construction of Tribal Museums. It recommends 12 Tribal Museums to be located in District/Sub-Divisional headquarters of the districts which have been indicated. A sum of **Rs.6.60 crore** at the rate of Rs. 55.00 lakh per museum is recommended for this purpose. The amount may be used for construction of buildings and purchase of articles. The museum may be managed by the respective ULBs.

5.17.16 Drainage facilities for Balasore Municipality.

Balasore Municipality is one of the old Urban Local Bodies in Orissa. Because of its proximity to Kolkata, the town has become a destination for industries. Chandipur, the defence establishment is very close to it.

Population of the town is expanding fast. So also the municipal areas. Lack of drainage facilities in the town leads to accumulation of water flooding the entire township. Though this is a long felt necessity of the town, the Municipality does not have the funds to do it. As per the memorandum submitted by the Municipality, Rs. 10.21 crore is required for drainage works. The Commission recommends **Rs.10.21 crore** in favour of Balasore Municipality during the award period for improving drainage facilities.

5.17.17 Development of Forest Park at Kissan Kundaposhi, Ward No.-9, Kuchinda NAC.

Kuchinda NAC of Sambalpur district has submitted a proposal to the State Finance Commission requesting allocation of Rs.1.56 crore for the Development of Forest Park at Kissan Kundaposhi, in Ward No.9. The project is eco-friendly and environment friendly. The Commission recommends that **Rs. 1.56 crore** be devolved to the Kuchinda NAC for the purpose during the award period.

5.17.18 Construction of Under Ground Drainage System in Jeypore Municipality

Jeypore Municipality in Koraput district has submitted a memorandum to the State Finance Commission requesting to provide Rs.2.00 crore for construction of under-ground drainage system. Jeypore Municipality is fast expanding. It needs the drainage system. The State Finance Commission accepts the request of Jeypore Municipality and recommends devolution to the tune of **Rs. 2.00 crore** to the Jeypore Municipality during the award period. This amount shall be utilised as per the project report submitted to the Commission.

5.17.19 E-Governance

Housing & Urban Development Department has requested the State Finance Commission to allocate Rs.50 crore during the award period for E-Governance programme. But the State Finance Commission is not in a position to recommend the entire amount due to paucity of funds. Hence **Rs.8.30 crore** may be given as grants-in-aid to the ULBs during the award period for the said purpose. Rs.1.66 crore may be distributed annually by the Department keeping in view of the requirement of each ULB.

5.17.20 Contribution to Pension Fund.

As per contributory pension scheme introduced by the Govt. of Orissa, the employer shall have to provide the pension share in respect of its employees in addition to the share provided by the employee. The Commission therefore, recommends Rs.7.00 crore on this account per year. The total amount on this score during the award period comes to **Rs.35.00 crore.**

5.17.21 Total Revolution to the ULBs during the period from 2010-11 to 2014-15 comes Rs.1120.21 Crore, the abstract of which is given below.

Devolution of Resources to ULBs
Total Devolution Rs.1120.21 Crores

(Rs. In Crores)		
Sl.No.	Purpose	Amount
1	Improvement of Water Supply	300.00
2	Integrated Sewerage System	113.06
3	Maintenance of Roads and Bridges	177.95
4	Public Toilets with Water Facility @ Rs. 10 lakh per ULB	10.30
5	Housing to Urban poor to make cities slum free	150.00
6	Environment Improvement	1.20
7	Storm water drain	15.00
8	Maintenance and improvement in Street Lighting	90.00
9	(i) Const. of Children's Park @ of Rs. 500000/- per ULB for 103 ULB	5.15
	(ii) Remuneration to Gardeners for five years @ 2100 per month	1.30
10	(i) Construction of Auditorium -cum- Culture Center for 100 ULBs @ Rs. 50 lakh per ULB.	50.00
	ii) Provision of Chairs, Tables, Electrification, Fans, Audio System and Screens @ of Rs. 50 thousand per year for five years	25.00
11	Development of Bus Stand and Parking Facilities @ Rs. 50 lakh per ULB for 100 ULB excluding the Corporation	50.00
12	Construction of Kalyan Mandap in 100 ULBs excluding the Corporations @ Rs. 50 lakh per ULB (The ULBs receiving funds have to contribute 10% of the allotted amount i.e Rs.5.00 lakh	50.00
13	Market yard (for 100 ULBs) excluding the Corporations @ Rs. 6.50 lakh per ULBs	6.50
14	(i) KIOSKS for 100 ULBs Municipalities - 3 Kiosks each @ Rs. 3.00 lakh NACs - 2 Kiosks each @ 2 lakh	5.70
	(ii) Purchase of Hardware and peripheral @ Rs. 50 thousand per Kiosks	1.17
	(iii) Remuneration to operators (to be apportioned by ULBs)	4.21
15	Tribal Museum@ of Rs. 55 lakh per Museum	6.60
16	Drainage facilities for Balasore Municipality (Collector of the District should associated with the project to ensure quality & efficiency)	10.21
17	Development of Forest Park at Kuchinda NAC (Collector of the District should associated with the project to ensure quality & efficiency)	1.56
18	Underground Drainage Construction - Jeypore Municipality.	2.00
19	E Governance	8.30
20	Contribution to Pension Fund	35.00
	TOTAL	1120.21

CHAPTER-VI

GRANTS-IN-AID

6.1 The present Commission made a detailed study of devolution of funds from the state to Local Bodies. Based on the study, the Commission recommended for a total devolution of Rs.4480.85 crore to the Local Bodies for a period of 5 years from 2010-11 to 2014-15 vide recommendation of the present Commission vide paragraph 5.14(i) to 5.14 (v).

6.2 The Commission has recommended to the 13th Finance Commission for reimbursement to the State an amount of Rs.4480.85 crore so as to enable the State to transfer resources to the Local Bodies and enable them to discharge the functions assigned to them under the provisions of the Constitution, vide paragraph 5.14(vi).

6.3 The State Finance Commission has been asked to recommend principles which should govern the Grants-in-Aid to the Grama Panchayats, Panchayat Samities, Zilla Parishads or as the case may be, Municipalities from the Consolidated Fund of the State vide paragraph 4(1)(c) of the notification dated 10.9.2008.

6.4 Purposes for which grants-in-aid is released and the amount of release against each item has been indicated in Chapter-V. However, for the purpose of better appreciation, the grants-in-aid released during 2008-09 is mentioned below.

		(Rs.in crore).
A.	(i)Sairat,	1.00
	(ii)Kendu Leave grant,	10.00
	(iii) Land Cess,	15.00
	(iv)Grants under Minor Forest Produce	1.00
	(v)Grants towards Entertainment Tax.	0.15
B.	(i) Maintenance of Minor Irrigation Projects;	20.85
	(ii) Maintenance of non-residential buildings;	3.75
	(iii) Maintenance of Roads;	50.00
	(iv) Improvement of G.P road;	5.00
	(v)Celebration of Panchayati Raj Diwas;	0.40
	(vi) Building repair(qrs.and office);	2.50
	vii) Different development works; and	28.14
	(viii) Incentive to P.R.Is.	1.20
	A+B	= 138.99

In addition to grants-in-aid indicated at A+B, Government also released grants-in-aid for the following purposes as indicated against C.

C. (i) Honorarium to Sarapanches and Naib-Sarapanches-	Rs. 4.49 cr.
(ii) Grants to Grama Panchayats for staff subsidy-	Rs. 9.99 cr.
(iii) D.A and sitting fees to Sarapanches, Naib-Sarapanches and Ward Members-	Rs. 3.38 cr.
(iv) Honorarium and allowances to Panchayat Samiti Chairperson, Vice-Chairperson and non-official members -	Rs. 3.30 cr.
(v) Strengthening of Blocks-	Rs. 104.36 cr.
(vi) Salary of Zilla Parishad staff-	Rs. 11.03 cr.
(vii) Honorarium and allowance to Zilla Parishad President, Vice-President and non-officials-	Rs. 1.21 cr.
(viii) Fund to District establishment-	Rs. 9.02 cr.
Total	Rs.146.78 cr.

6.5 As revealed from the Action Taken Report on the recommendations of the 2nd State Finance Commission, the total Grants-in-Aid to Rural Local Bodies per annum based on the recommendations of the 2nd State Finance Commission, was initially fixed at Rs.122.197 crore. It may , however, be noted that the state released Rs.138.99 cr. in 2008-09 for the purposes indicated against A+B. In addition to that, the Government released grants-in-aid for the purposes as indicated against ‘C’ above amounting to Rs.146.78 cr. Total grants-in-aid (A+B+C) released by the state in favour of the PRIs for the year 2008-09 stood at Rs.285.77 cr., which is more than what was initially fixed in the Action Taken Report.

6.6 RECOMMENDATION OF GRANTS-IN-AID FOR THE PERIOD 2010-11 TO 2014-15.

6.6.1 The present Commission recommends continuance of grants-in-aid for the purposes mentioned below (same as indicated against “A”) with increase of Kendu Leaves grant from Rs.10 cr. to Rs.20 cr. :-

(i)Sairat,	1.00 cr.
(ii)Kendu Leave Grant,	20.00 cr.(As against Rs.10 cr.)
(iii) Land Cess,	15.00 cr.
(iv)Grants under Minor Forest Produce	1.00 cr.
(v)Grants towards Entertainment Tax.	0.15 cr.
Total	37.15 cr.
<u>Requirement for five years comes to Rs.185.75 cr.</u>	

6.6.2 The Commission would like to place its views relating to Minor Forest Produce including Kendu Leaves in the light of interactions of the Commission with the people dependant on Minor Forest Produce for their livelihood, elected representatives of P.R.Is, NGOs, officials of Forest & Environment Department including Principal Chief Conservator of Forests, Additional Principal Chief Conservator of Forests,(KL), Commissioner-cum-Secretary, Panchayati Raj Department and Director, Panchayati Raj.

6.6.3 Orissa is endowed with vast non-timber forest produce resource. However, non-timber forest produce has traditionally been viewed as an important source of forest revenue but not as an important source of livelihood of tribals and rural poor. Tribals are in possession of forest lands situated in the valley and on the slopes of the hills but they did not take interest to get the lands recorded in their favour. However, they earned their livelihood by collecting minor forest produce. This being the position, there is now demand among the tribals in many parts of Scheduled Areas for settling forest lands in their favour and ensuring them good income from minor forest produce. In the meantime, Government of India have enacted the Scheduled Tribes and other Traditional Forest Dwellers (Recognition of Forest Rights), Act, 2006 (FRA). The objective of the Act is to recognise and vest the forest rights and occupation in forest lands in forest dwelling Scheduled Tribes and other traditionally forest dwellers.

6.6.4 Some of the provisions are cited below.

(a) Forest Right means, the forest right referred to in Section 3 of the Act.

(b) Section 3(1)(c) of the Act secures individual or community right or ownership, access to collect, use and dispose of Minor Forest Produce which has been traditionally collected within or outside the village boundaries. Minor Forest Produce includes non-timber produce of land origin including bamboo, grass, tassar, cocoons, kendu leaves, medicinal plants and the like as defined under section 2 (i) .

(c) Section 3(1)(i) secures right of individual or community to protect, regenerate or conserve or manage any community forest resource which they have traditionally been protecting and conserving for sustainable lives.

(d) Section 6(1) of the aforesaid Act provides that the Grama Sabha shall be the authority to initiate the process of determining the nature and extent of the individual community forest right of the forest dwelling Scheduled Tribes and other traditional forest dwellers.

(e) Section 6 also provides constitution of Sub-Divisional Level Committee, District Level Committee and State Level Monitoring Committee to monitor the process of recognition and vesting of forest lands.

6.6.5 Before coming into force of the Scheduled Tribes and other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006, Government of Orissa had adopted Minor Forest Produce Policy in the year 2002. According to Minor Forest Produce Policy, 2002, 67 items were included in the list of Minor Forest Produce. Subsequently two more items were included in the list of Minor Forest Produce. At present bamboo, cane, brush wood, stumps, tassar and Kendu Leaves remain excluded from the list of Minor Forest Produce.

6.6.6 After adoption of Minor Forest Produce Policy, 2002, the Panchayati Raj Department enacted Orissa Grama Panchayats (Minor Forest Produce

Administration) Rules, 2002 which derives its force from Section 4(m)(ii) of the provisions of the Panchayats (Extension to Scheduled Areas) Act, 1996 and Minor Forest Produce Policy, 2002. The aforesaid rule was a significant step to operationalise the policy in terms of abolition of various restrictive mechanisms like monopoly trade, transit policy and royalty. During interactions with various sections of people and elected representatives, the following facts were brought to the notice of the Commission.

- (i) Minor Forest Produce constitutes the main source of living of tribal people in all the 118 Tribal Blocks of the State.
- (ii) Minor Forest Produce Rules have empowered Grama Panchayats to issue licence for procurement of MFPs. But it is not possible on the part of the Grama Panchayats to enforce the payment of fixed price to gatherers of MFPs. Unscrupulous traders purchase MFPs outside the market area paying less price.
- (iii) Grama Panchayats are not in a position to provide storage and value addition to MFPs.
- (iv) Marketing of MFPs is beyond the control of the Grama Panchayat.
- (v) The small amount of registration fee (Rs.100/- per item per annum) does not add to the resource base of the Grama Panchayat. The registration fee needs to be raised.
- (vi) Labourers engaged in K.L plucking get an average income of Rs.70/- per day. The Commission was surprised to see that labourers engaged in binding of K.L in a “phadi” in Dhama G.P of Maneswar Block under Sambalpur district work in very uncomfortable and unhealthy conditions. They reside in a portion of the ‘Phadi’ and that too in very unhygienic conditions. They do not get safe drinking water. About 50 labourers were engaged on the day of visit of the Commission. Women labourers brought to the notice of the Commission that they carried Kendu leaves in their sarees and had to collect drinking water from the nearby hill streams. . They expressed the grievance that they have to work under the scorching sun and no medicine was supplied to them if some one fell sick in the forest. Elected representatives of Kuchinda Sub-Division also expressed the same views during interaction on 11.09.2009. Minimum support in terms of umbrellas, chappal and medicines could have been made available to the Kendu Leaves pluckers.

6.6.7 During interactions with the NGOs who have field experience relating to Minor Forest Produce, the following were brought to the notice of the Commission :

- (a) Ownership of individual and community over Minor Forest Produce as envisaged in FRA should be clearly defined by a revised Minor Forest Produce Policy. Minor Forest Produce Rule needs to be amended consistent with the provisions of Scheduled Tribes and other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006.
- (b) There is no nodal agency for overall Non Timber Forest Produce (NTFP) development. In order to focus on the overall development of NTFP in the state with an objective of facilitating community based NTFP enterprises, a Non-Timber Forest Produce Development Board (NTFPDB) may be constituted. The Board may take up research and development, mapping of socio-economic dependency including enumeration of MFP collectors, GIS based inventorisation of MFPs, MFP certification and patenting, MFP market research and intelligence, promotion of MFP based enterprises, MFP conservation and propagation, alternative arrangement for food security of forest dwellers in MFP harvesting ban areas (like sanctuaries and National Parks), policy recommendations, establishment of MFP museum and library, annual stock taking of production, collection and trade of MFPs, submission of annual report to state legislature for annual review of the Board's activities and review activities of TDCC, OFDC and other similar public sector organizations involved in MFP trade.
- (c) Government should take steps to abolish control mechanisms over MFPs the ownership of which is now vested in the community under FRA.
- (d) MFP based but community owned and managed enterprises in the form of cooperatives, SHGs, Women Groups etc. may be encouraged. They may also be exempted from all kinds of taxes and duties.
- (e) MFPs have been an important source of income and livelihood for the tribals in Orissa who constitute 22% of its population. There has to be specific policy orientation for their sustainable development. The state may draft/frame the necessary policy - the Minor Forest Produce Development Policy in the pattern of Micro, Small and Medium Enterprise Policy.
- (f) The enlisted species have only vernacular names which may differ from place to place. Therefore, scientific names along with common local names in different parts of the State in respect of enlisted species should be mentioned.
- (g) Registration fee should be decided by the Grama Panchayat.

6.6.8 The Commission interacted with senior officers of Forest & Environment Department, Panchayati Raj Department and PA, I.T.D.A, Panposh. Following facts were brought to the notice of the Commission;

(a) Consequent upon coming into force of the provisions of the 73rd Amendment of the Constitution and Provisions of Panchayats (Extension to Scheduled Areas) Act, 1996, certain functions have been transferred to PRIs including Minor Forest Produce. In the true spirit of the Constitution, transfer of functions should be matched by transfer of functionaries and fund. PRIs cannot be treated as substitute of Forest & Environment Department. Functionaries of Forest & Environment Department should be placed at the disposal of PRIs. Panchayati Raj Department in association with Forest & Environment Department should implement the Minor Forest Produce Policy.

(b) The ownership of Minor Forest Produce is vested with the Grama Sabha but de-nationalisation of bamboo and Kendu Leaves may lead to exploitation of people earning livelihood from the above two sources.

(c) A new dimension has been added to Minor Forest Produce after coming into force of F.R.A. Generation of revenue is not enough. A sizeable part of profit derived from Kendu Leaves and bamboo trade should be earmarked for the welfare of the workers who are at the centre of these activities.

(d) The Orissa Forest Development Corporation (OFDC) Ltd. finances the entire operational cost of production and conducts the sale of KL as the sole selling agent of the State Government. As per the information available, Government earned a net revenue of Rs.75.00 crore as on 25.1.2008 from K.L trade. A reasonable estimate of net revenue per annum from K.L trade will be around Rs.300 crore, out of which, the total expenditure including salary cost would be around Rs.150 cr. The State will be getting net income of about Rs.150 crore.

6.6.9 In view of the facts mentioned above, the Commission recommends the following.

- (i) Left out items like cane, brush wood, stumps and tassar should be included in the list of Minor Forest Produce. Local names and scientific names of each item of MFP should also be mentioned in the list of MFP. A lot of apprehension has been expressed relating to the de-nationalisation of Bamboo

and Kendu Leaf. It would not only dismantle the existing administrative structure that tries TO address the problems of the people dependant on these two minor forest produce for their livelihood, it may create conditions and practices not in the best interests of the state and the community dependant on them. The Commission, therefore, recommends that the present policy of State control over K.L and bamboo may continue as a transitional measure.

- (ii) Following Acts and Rules should be amended consistent with FR Act and PESA Act.
 - a) The Orissa Forest Produce (Trade Control) Act, 1981 and Rules, 1983.
 - b) The Orissa Kendu Leaves (Control of Trade) Act, 1961 and Rules 1962.
 - c) The Orissa Forest Act, 1972 and Rules 1985.
 - d) The Orissa Timber and Other Forest Produce Transit Rules, 1980.
 - e) Bihar & Orissa Excise Act, 1915.
 - f) The Orissa Excise (Mohua Flower) Rules, 1979.
 - g) The Orissa Grama Panchayat (Administration of Minor Forest Produce) Rules, 2002.
- (iii) Ownership of Grama Panchayat and Grama Sabha over Minor Forest Produces should be clearly defined consistent with section 4(m)(iv) of PESA Act and section 6(1) of FR Act. The Chief Secretary of Orissa in his letter bearing No.6061/SSD/TD-II-51/08 dated 4.2.2009 has drawn attention of all concerned to ensure community rights as provided in the FRA. It is necessary to formulate policy to ensure community rights in the light of FRA at the level of Government so that it can be implemented in the field.
- (iv) Panchayati Raj Institutions should be strengthened with field level officers deputed from the Forest & Environment Department for successfully securing individual or community right over minor forest produce and for protecting, regenerating, conserving and managing forest resource for sustainable use.

- (v) The existing provision of collection of Rs.100/- per item per annum towards registration fees should be amended empowering Grama Panchayats to fix registration fees keeping in view availability of Minor Forest Produce and market rate and the minimum registration fees should be Rs.1000/- per item per annum. New provision should be added to prevent unauthorized trade in MFP and field officers of Forest & Environment Department and Panchayati Raj Department should be empowered to curb unauthorized trade.
- (vi) It is imperative to assess the availability of Minor Forest Produces in different areas and the extent of dependency of tribal people thereon. In order to ensure sustainable livelihood to people who depend upon Minor Forest Produces for their livelihood, a nodal body should be created. The Commission recommends the constitution of a Minor Forest Produce Board under the Chairmanship of Chief Secretary with Panchayati Raj Department as the nodal Dept. Secretary level officers of Forest & Environment Department/ Scheduled Tribes and Scheduled Caste Development Department/ Panchayati Raj Department/Industries Department, representatives from ORMAS, TDCC, OFDC, SMPB(State Medicinal Plant Board), professionals, individuals/NGOs working in the field of Minor Forest Produces may be included in the Board. The Board so constituted will be entrusted with the responsibility of recommending new policies/policy changes to the Government for approval and implementation.
- (vii) The Commission is aware of the monopoly of the Government over Kendu Leaves and bamboo. While Kendu Leaf and bamboo trade undertaken by the Govt. provides people dependant on the said trade with seasonal employment and income, they make use of bamboo for construction and maintenance of their houses and for preparation of bamboo crafts which help them with additional income for their livelihood. It is only fair that individuals and community traditionally dependant on them for their living should be given a share of profit from K.L trade and

bamboo trade, because their right over above two items is guaranteed under Scheduled Tribes and other Traditional Forest Dwellers (Recognition of Forest rights) Act, 2006. The present practice of releasing fixed amount of Rs.9-10 crore towards Kendu Leaves Grant to Panchayati Raj Institutions which spend the amount on infrastructure development/meeting recurring expenditure, does not conform to the provisions of PESA Act and Scheduled Tribes and other Traditional Forest Dwellers (Recognition of Forest rights) Act, 2006. The Commission recommends-

- (a) Enhancement in the K.L grant from Rs.10 crore to Rs.20 crore per annum. 50% of total K.L. grant should be paid to registered labourers engaged in K.L. trade by depositing the individual share in the accounts opened in their names either in the post offices or Banks. This will be not only consistent with the letter and spirit of RFA, but will also contribute significantly to their socio-economic upliftment. Out of the rest 50%, Rs. 1 crore should be utilised for the welfare of K.L. workers. Balance amount may be released to PRIs for protection and regeneration of MFP species, development of infrastructure which benefit the K.L. workers and MFP gatherers; and
- (b) The Commission also recommends that 10% of the net profit accruing from bamboo trade may be paid to individuals, who are engaged in bamboo trade operation of the Government in the manner as suggested in preceding sub-paragraph.

6.7 GRANTS-IN-AID IN THE FORM OF UNTIED FUND AND TOWARDS INCENTIVE TO PRIs AND CELEBRATION OF PANCHAYATI RAJ DIWAS.

Government had released grants-in-aid for the following purposes during 2008-09. (indicated at 'B' of paragraph 6.4).

(i) Maintenance of Minor Irrigation Projects;	20.85 crore
(ii) Maintenance of non-residential buildings;	3.75 crore
(iii) Maintenance of Roads;	50.00 crore
(iv) Improvement of G.P road;	5.00 crore
(v) Celebration of Panchayati Raj Diwas;	0.40 crore
(vi) Building repair(qrs.and office);	2.50 crore
(vii) Different development works; and	28.14 crore
(viii) Incentive to P.R.Is.	1.20 crore
Total-	111.84 Crore

6.7.1 From the information supplied by the Finance Department it is not clear if the amounts relating to Minor Irrigation Projects and Roads were released as per recommendation of the 12th Finance Commission or as grants-in-aid from State's consolidated fund. The present Commission has separately made recommendations for Minor Irrigation Projects, Roads and Buildings out of gross tax revenue of the State in chapter-V and the proposed award of the 13th Finance Commission in chapter-VIII. The Commission is inclined to redistribute the above mentioned amount with an increase from Rs.111.84 cr. to Rs.114.20 crore per annum. The details are mentioned below.

6.7.2 UNTIED FUND:- It is felt that a part of Grant-in-Aid of State Government should be released in the shape of untied fund to address the needs of a locality which can not be tackled with tied fund. Panchayat Samiti would be the appropriate level of PRI to take an overall view of special problems prevailing in specific areas and plan schemes to address the difficulties of people.

6.7.3 INCENTIVE:-

The Commission holds the view that the present practice of releasing small amount as the incentive to PRIs may not motivate PRIs to bring perceptible change in an area. The incentive should motivate the PRIs to develop infrastructure like roads to cement concrete/ black topped level, drainage system and solid waste management system which keeps village clean, toilet for every house, drinking water with house connection to almost all households and bio-gas facilities replacing fuel, wood etc.

The S.F.C, after due deliberations, recommends awards/ incentives for model Grama Panchayats/the best Grama Panchayat. Incentive money may be earmarked for the Best/Model Panchayats in the state and for Model Panchayat Samiti(s) and Zilla Parishad(s). One Model Grama Panchayat may be selected from each district. Since the state has 30 districts, 30 G.Ps may be selected as Model Grama Panchayats. Out of these 30 G.Ps, one G.P may be selected as the Best Grama Panchayat in the state. Selection of Model Grama Panchayats may be based on the following considerations:

- (i) Maintenance of own office building with infrastructure and regular attendance of officer and staff of the G.P..
- (ii) Conduct of monthly G.P and Palli Sabha/Grama Sabha meetings. Maintenance of proceedings of such meetings.
- (iii) Formation and functioning of Standing Committees.
- (iv) Utilisation of Government grant-in-aid for poverty alleviation and social welfare programmes.
- (v) Core services provided to public.
- (vi) Resource Mobilisation.
- (vii) Maintenance of Cash Books and Vouchers.
- (viii) Grievance Redressal and
- (ix) Gender mainstreaming. Participation of women members in the deliberation. Responsibilities assigned to women Ward Members.

Selection of Model G.P/ Best G.P in the state will be made by a Committee consisting of professionals and senior government officials.

Similar exercise may be done in respect of Model Panchayat Samiti/Zilla Parishad.

6.7.3 CELEBRATION OF PANCHAYATI RAJ DIWAS:-

Celebration of Panchayati Raj Diwas should continue to create awareness among people regarding role of Panchayati Raj Institutions in achieving economic development and social justice.

6.7.4 The Commission therefore recommends grants-in-aid in respect of untied fund, incentive award and celebration of Panchayati Raj Diwas as mentioned below.

i) Untied fund -(Each Panchayat Samiti will get an Rs. 109.90 cr. amount of Rs.35 lakh per annum.

ii) Celebration of Panchayati Raj Diwas Rs. 0.70 cr.
At present Rs.0.40 crore is released per annum.

iii) Incentive to PRIs(at present Rs.1.20 cr.is Rs. 3.60 cr. released annually.)

Total amount per annum Rs.114.20 cr.

Requirement for five years from 20010-11 to 2014-15 comes to Rs.571 cr.

6.8 GRANTS-IN-AID TOWARDS SALARY,HONORARIUM, SITTING FEES ETC.:-

6.8.1 The State Government in their Action Taken Report on the recommendations of the 2nd State Finance Commission had committed to provide salary for the block staff, Grama Panchayat Secretary, T.A, D.A, Sitting Fees and Honorarium of the elected representatives of PRIs. Present Commission recommends that State Government should continue to provide funds towards salary of regular staff appointed by the Government and working in Grama Panchayats, Panchayat Samitis and Zilla Parishads, T.A, D.A, Sitting Fees, Honorarium of elected representatives of PRIs and to meet recurring expenditure like motor vehicle, electricity charges and telephone bills as usual.

6.8.2 As indicated in paragraph 6.4.C Government released about Rs.146.78 cr. towards salary of regular staff, T.A, D.A, Sitting Fees and Honorarium of elected representatives. After revision of pay on the basis of recommendations of the 6th Pay Commission and enhancement of honorarium of elected representatives, allotment of funds by the state to meet these obligations may increase two fold from Rs.146.78 cr. to Rs.293.56 cr. The Commission, therefore, recommends that a sum of Rs.293.56 cr. per annum be provided by the state to finance these payments.

6.9 The total annual requirement of grants-in-aid to PRIs comes to Rs.444.45 cr., which is mentioned below.

(A)	Sairat,	1.00 cr.
	Kendu Leave grant,	20.00 cr.
	Land Cess,	15.00 cr.
	Grants under Minor Forest Produce	1.00 cr.
	Grants towards Entertainment Tax.	0.15 cr.
(B)	Celebration of Panchayati Raj Diwas	0.50 cr.
	Building repair(qrs.and office)	2.14 cr.
	Untied fund	109.90 cr.
	Incentive to PRIs	1.20 cr.
(C)	Salary of regular staff working in GP,PS and ZP, DA,TA, Sitting fees and honorarium of elected Representatives.	<u>293.56 cr.</u>
	Total =	444.45 cr.
	Total requirement for five years comes to Rs.2222.25 cr.	

6.10 GRANTS-IN-AID TO URBAN LOCAL BODIES

6.10.1 SALARY, PENSION, REMUNERATION ETC.:

Urban Local Bodies have to discharge functions cast upon them under the Orissa Municipal Act and the 74th Amendment of the Constitution. There is always demand from urban population to provide services at par with developed Urban Local Bodies in the country. Own resource base of Urban

Local Bodies being limited they depend upon grants-in-aid from the Government in addition to devolution of funds by the state.

We have discussed about release of grants-in-aid by the State Government in favour of Urban Local Bodies during previous years in chapter -V vide Table -13, 15 and 17. However, for better appreciation, grants-in-aid released in the year 2007-08 is mentioned below.

Municipal Corporations	Rs. 4.56 cr.
Municipalities.	Rs.18.01 cr.
Notified Area Councils	Rs.18.79 cr.
Total	Rs.41.36 cr.

6.10.2 During the visit of the Commission to different Urban Local Bodies it was brought to the notice of the Commission that there is persistent demand from employees to allow them revision of scale of pay according to the 6th Pay Commission recommendation. It is difficult on the part of Urban Local Bodies to delay revision of salary. There is also persistent demand for revision of pension of retired employees of Urban Local Bodies. The Commission therefore recommends that grants-in-aid may be increased by 100 % so that ULBs may be able to meet the expenditure towards salary and pension. In other words, total amount of grant-in-aid may be increased from Rs.41.36 cr. to Rs.82.72 cr. per annum.

6.10.3 INCENTIVE:-

It is also necessary to provide incentive to ULBs to motivate them for excellent performance. The Commission recommends that Rs.1 cr. may be given as incentive to the Best Municipality in the State. Similarly the best NAC may be given incentive amounting to Rs.50 lakh. Selection may be made at the State level on the basis of the following performance indicators:

(i) **Efficiency in Revenue Collection:** Urban Bodies in the state are under increasing pressure to enhance their expenditure targets due to demographic, infrastructure and environmental factors. They have to exploit the opportunities available to them to raise their resources. Each year the target for revenue collection is fixed by these bodies. Urban Bodies which collect a minimum of 70 per cent of revenue as targetted in their budget estimates from their own sources may be enlisted for the purpose. As against the collection of revenue, the cost incurred for the same may also be assessed. This will be an indication of the fiscal discipline of the Municipalities and the Notified Area Councils (NACs).

(ii) **Drainage Facilities :** Towns in Orissa have to develop efficient and sustainable drainage system to drain away the dirty and polluted surface water and treat them before they

are released into the streams/ water courses. Water accumulation in the towns due to water logging, blockages and absence of such infrastructure creates health hazards and environmental pollution. This will minimize city's /town's exposure to health hazards

(iii) **Solid Waste Management may be assessed in terms of-**

- (a) Collection of garbage covering the entire area/ percentage of area covered.
- (b) Transportation of garbage to the place earmarked for the purpose.
- (c) Treatment of garbage which will indicate Urban Local Bodies' efforts to keep the town clean and provide the citizens with a better environment.

(iv) **Development and Maintenance of Internal Roads. This may be viewed as against their requirement and availability of funds.**

(v) **Drinking water**

(vi) **Provision of street lights in all the main roads and by-lanes of the urban bodies. This may be looked into in terms of**

- (a) Requirement vis-à-vis installation,
- (b) Visibility on the roads (which may help safety and security) and
- (c) Use of technology to minimise energy consumption and cost to the urban body.

(vii) **Maintenance of Accounts.**

(viii) **Public Property Management-** The ULBs in Orissa have their own assets in terms of ponds, shopping units, multi-purpose Halls (like (Kalyan Mandaps) and Yatri Nivas. Income from these sources vis-à-vis the cost of their maintenance may be assessed.

Selection of the Best Municipality and N.A.C will be made by a Committee consisting of professionals and senior government officials.

6.10.4 The annual requirement comes to Rs.82.72 cr.+Rs.1.50 cr.= Rs.84.22 cr. Total requirement for five years for the ULBs comes to Rs.421.10 cr.

6.11. To summarise, the Commission recommends grants-in-aid of Rs.2222.25 cr. for PRIs and Rs.421.10 cr. for ULBs for the period from 2010-11 to 2014-15.

CHAPTER-VII

GENERAL OBSERVATIONS

7. This chapter is divided into four parts, viz- strengthening of fiscal position, strengthening of functionaries and compliance to the recommendations of the 2nd State Finance Commission and miscellaneous matters.

7.1 Strengthening of fiscal position-The Commission interacted with elected representatives of PRIs/ULBs, officials working in PRIs /Urban Local Bodies, Non-Government Organisations and public. There is a feeling among people in Backward Areas/ Scheduled Areas that the standard of living of people has not improved to the expected level. Improvement of infrastructure and other social indicators relating to education, health and livelihood requires huge investments. It is difficult to provide additional fund out of normal budgetary provision. However, the Commission after intensive study, is of the opinion that funds available to the Government from various sources for these activities can be transferred to PRIs/ULBs. If efficiency is maintained in the utilisation of fund and sincere, systematic and sustained efforts are made for collection of demand, there may be a substantial increase in the resource base of PRIs/ULBs. In this context, the Commission recommends transfer of fund from the following sources without additional burden on the State exchequer.

7.1.1 Transfer of funds collected under Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 to PRIs and ULBs.

I) The Government of India in the Ministry of Labour & Employment have enacted the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 with the objective of regulating the Employment and Conditions of Service of the Building and Other Construction Workers and to provide for their safety, health and welfare. The Government of Orissa with a view to enforcing the provisions of the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 have formulated rules namely the Orissa Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Rules, 2002 and this has been published in the Orissa Gazette vide Government Notification No.9174-LE dt.02.08.2002.

II) The aforesaid Acts and Rules provide for the levy and collection of Cess @ not less than 1% and not more than 2% on the cost of construction incurred by employers/builders under the Building and Other Construction Workers (RE&CS) Act, 1996 with a view to augmenting the resources of the Building and Other Construction Workers Welfare Board constituted under the Act. The cost of the construction shall exclude the cost of land and any

compensation paid or payable to worker or his/her kin under the Workmen Compensation Act, 1923.

III) In accordance with the provisions under section 3(1) of the Building and Other Construction Workers Welfare Cess Act, 1996, the State Government have been pleased to order for collection of Cess @ 1% of the cost of construction incurred by an employer/builder which shall exclude the cost of land and any other compensation paid or payable to a worker or his kin under the Workmen Compensation Act, 1923.

IV) The Building & Other Construction workers (RE&CS) Act, 1996 applies to every establishment which employs or had employed on any day of the preceding 12 months, 10 or more workers in any building or other construction work. Thus every establishment to whom this Act applies, appropriate Government in respect of such establishment or employer of such establishment shall have to collect and pay the cess amount to the Orissa Building and Other Construction Workers Welfare Board in the manner as laid down under the Building and Other Construction Workers (RE&CS) Act, 1996 and its rule there-under.

V) As per the provisions of the Building and Other Construction Workers Welfare Cess Act, 1996, the following persons are liable to pay the cess:-

(a) In respect of the Government Departments, public sector undertakings and other Government agencies, such as BDA, CDA etc. Railway authorities, Airport Authorities, Land Army, construction corporation etc. where work is carried on by them directly without any contractor, the head of the Department and if the work is carried on through a contractor, the Authority specified in this behalf or where no authority is specified, the Head of the Department.

(b) In respect of the Local Authority, where work is carried out directly or through a contractor, the Chief Executive Officer of that establishment.

(c) In respect of the individual residential house, the owner himself.

(d) In respect of group housing, big mahals, hospitals and apartments, the builders or the contractors as the case may be.

VI) The Commission had written a letter to Labour & Employment Department to intimate if Government proposes to provide funds to Panchayati Raj Institutions and Urban Local Bodies out of above mentioned source for taking up health and welfare measures of workers vide Commission's letter No. 54255/SFC dated 17.12.2008.

VII) In response to above mentioned letter of the Commission, the Labour and Employment Department informed that Government resolution has been issued vide L & E Department Memo No.12653/LE dt.15.12.2008 for collection of cess @1%. However, no cess has been collected so far and no

amount has been utilized for any welfare measures vide L & E Department letter No.13138/LE dated 31.12.2008.

VIII) Resolution dated 15.12.2008 of L & E Department provides that the Social Security benefits to be extended to the registered construction workers may cover any of the following to be decided by the Orissa Building and Other Construction Workers Welfare Board as per the availability of resources and approved guidelines for the scheme.

- (a) Accident Benefit.
- (b) Pension to the beneficiaries on completion of 60 years of age.
- (c) Family Pension.
- (d) Invalid Pension.
- (e) Death Relief/Funeral Assistance.
- (f) Loan and advances for construction of house.
- (g) Group Insurance.
- (h) Financial Assistance for the education of the children of the beneficiaries.
- (i) Medical expenses for treatment of major ailments of beneficiaries and the dependents.
- (j) Maternity benefit to the female beneficiaries.
- (k) Marriage benefits.
- (l) Tool advance.
- (m) Financial assistance for coaching in specialized subjects.
- (n) Grant of loan or subsidy to a local Authority in any scheme connected with the welfare of the Building/construction workers.

IX) The permissible item of expenditure includes accident benefit, financial assistance for education of children, medical expenses and lastly loan or advances for construction of houses. The Commission is greatly concerned with the housing and accommodation problem of workers who migrate from rural areas to urban areas in search of work. It may not be possible to provide dwelling houses to workers in urban areas where availability of government land is scarce. However, Urban Local Bodies provide housing facilities in limited manner. Panchayati Raj Institutions provide assistance for dwelling houses under various schemes like Indira Awas Yojana, Mo Kudia Yojana etc. Considering limited fund available at the disposal of ULBs and PRIs, it will be appropriate to dovetail fund collected under Building and other Construction Workers (Regulation of Employment and Conditions of Service)Act, 1996 with the fund available under various schemes executed by Urban Local Bodies and PRIs for construction of houses for workers engaged in construction works subject to condition that such workers are eligible for houses under different schemes.

The Commission recommends that 50% of Cess collected under Building and Other Construction Workers (Regulation of Employment and Conditions of Service)Act, 1996 should be transferred to Urban Local Bodies and Panchayati Raj Institutions for construction of houses for the workers. The Orissa Building and Other Construction Workers Welfare Board may

determine the amount to be placed with Urban Local Bodies and Panchayati Raj Institutions district-wise annually.

7.1.2 TRANSFER OF FUND COLLECTED UNDER NOTIFICATION DTD. 15.1.04 OF DEPARTMENT OF STEEL & MINES TO PRIs and ULBs.

(i) The Steel & Mines Department have issued a Gazette Notification vide S.R.O. No.37/2004 dtd.20.2.04 in which Government have expressed their concern to protect the interests of tribal land losers who are displaced due to establishment of industries and operation of mining lease etc. in schedule areas.

The aforesaid notification provides as follows :-

- (a) In order to protect the interests of tribal land looser, the mining industry and other commercial projects coming up in scheduled areas should agree to earmark up to 5 per cent of their equity towards preferential equity shares of the company for the displaced tribal persons based on the value of their land acquired for the project. The amount of preferential equity share thus issued should however be limited to the compensation received by the ousted subject to the amount being not less than the minimum tradable lot.
- (b) 5 per cent of the net annual profit that accrued to the project should be spent for the development of health, education, communication, irrigation and agriculture of the said scheduled area within a radius of 50 Kms. The amount should be spent through Societies/Trusts constituted at the District/Divisional level headed by respective Collectors/ R.D.Cs.

It is also not clear if societies/trusts are constituted by Collector/R.D.C for utilization of the fund collected as per above mentioned notification.

(ii) Extensive exploitation of minerals coupled with industrialization cause depletion of forests, pollution of river and other water bodies and pollution of air. Thus, traditional livelihood of tribal people i.e. collection of forest produce, cultivation of crops in hilly areas is greatly affected. They suffer from various diseases due to pollution of water and air. The hill streams get dried up. It is the responsibility of the State to provide sustained livelihood and create improved economic conditions for the tribal people affected by industrial project and exploitation of mineral resources.

(iii) In this context it will be appropriate to transfer the fund collected as per the notification of Steel & Mines Department to the Gram Panchayats where such mining activities are taken up and industries are established. The Commission recommends that the said fund collected from

mining areas may be transferred to the concerned Gram Panchayats where mining activities are taken up. The quantum of fund to each Gram Panchayat within a radius of 50 KMs of the project may be equal and may be released as untied fund. Gram Panchayats concerned should be given the option to utilize the fund for socio economic development in the manner as the Grama Sabha may decide.

7.1.3 TRANSFER OF VILLAGE MARKETS FROM REGULATED MARKET COMMITTEES TO GRAMA PANCHAYATS-

Regulated Market Committees and Village Markets:- The 2nd State Finance Commission recommended for transfer of markets from the control of Regulated Market Committees to Grama Panchayats vide recommendation in chapter-IV paragraph 6.43 and 6.84. The previous Commission referred to the provisions of the 73rd amendment of the Constitution which mandates Grama Panchayats to manage village markets and fairs. Section 58 of the Orissa Grama Panchayat Act has been amended. Sub-section (5)(b) provides that where land and building belonging to a Grama Panchayat has been transferred to a Market Committee under section 4 of the Orissa Agricultural Produce Markets Acts, 1956 prior to the appropriate date, such land and building or both, shall be transferred to the Grama Panchayat. In spite of such legal provisions, markets of the Grama Panchayats still continue under the management of Regulated Market Committee. Some fundamental issues are discussed below;

(i) WHAT IS A RURAL MARKET

- Rural markets are the oldest trading institutions in-existence, held on a specified day of the week in rural areas.
- Rural markets are the socio-cultural and economic nerve centres for villagers. They exist even today despite the emergence of permanent markets.
- Rural markets reflect the production and consumption pattern of the rural economy.
- Goods produced in villages such as vegetables, grain, handloom and handicrafts, locally processed foods, poultry and milk products are sold in rural markets.
- Rural markets also provide space for trading in manufactured toiletries, readymade clothes, kitchen items etc.
- Variety of services such as tailoring, hair cutting, ear cleaning and repairs of torches, lanterns, umbrellas, stoves, bicycle and locks are available for the benefit of rural households.

Such retail markets are generally held in public places in a village. Grama Panchayat is to demarcate such public place as market u/s.58 of O.G.P Act. Grama Panchayat and construct pendals, sheds for exposure of goods for sale in the market. In the Orissa Grama Panchayat Act, the term “goods” has been used vide sub-section 2(a) of Section 58 of O.G.P Act. As the goods brought for retail sale are limited in quantity, there is no need of

a storage godown. Goods remaining unsold do not constitute any sizeable quantity in need of storage facilities. The unsold goods are taken back by the sellers.

(ii) WHAT IS A REGULATED MARKET COMMITTEE

Regulated Market Committee is meant for whole sale marketing of agricultural produce. For this purpose a market yard is established as defined under rule 46 of the Orissa Agricultural Produce Markets Rules, 1958(OAPM Rules). Market yard has enclosers, godowns, warehouses for storage of agricultural produce. The importance of storage from the point of efficient marketing need not be emphasized. Storage facilities are required when goods cannot be sold or arrive in quantities larger than what the market can accommodate. Storage godown should also be necessary when the prices fall owing to various reasons. The goods so stored shall be weighed in the presence of the sellers. The market committee shall keep at least one set of weights and measures and weighing machines/ instruments as are standard weights and weighing instruments under the Orissa Weights & Measures Act. The Market Committee is also to erect weigh bridge and shall maintain it for use of sellers and buyers as samples of standard weights of agricultural produce sold at the market and shall renew the same as may be necessary from time to time. The OAPM Rules contains specific provisions relating to storage and weightment vide rule 71,73 to 81 and rule 82.

(iii) SALES AND TRADING IN REGULATED MARKET-

The price of agricultural produce brought into the market area for sale shall be settled by open auction or by open agreement vide rule 55.

Every purchaser of agricultural produce shall sign an agreement in prescribed form in favour of the seller before removing it from the market area vide rule 57.

No person shall make business as a trader of a general commission agent in agricultural produce in any market area except having a licence granted by the Market Committee.

No person shall do business in any market area as a broker, weighman, or surveyor except under a licence granted by the Market Committee.

(iv) SALES AND TRADING IN GRAMA PANCHAYAT MARKET-

In Grama Panchayat markets, sale price is not settled by auction/agreement. Buyer purchases goods for daily consumption at the rate fixed by the seller taking into consideration the cost of the production of the goods and marginal profit if it is agricultural produce.

(v) FEEES PRESCRIBED UNDER O.A.P.M ACTS AND RULES- (Levy and Collection)-

The Market Committee is competent to levy and collect market fees from a purchaser of notified agricultural produce marketed in the market area vide sub-rule 1 of rule 48.

Retail sale of agricultural produce by the producer shall be exempted from any fees vide sub-rule 4 of Rule 48.

Purchaser of any agricultural produce by a buyer for his domestic or household consumption shall be exempted from the payment of any fee vide sub-rule 5 of Rule 48.

Above mentioned provisions make it very clear that R.M.C is meant for wholesale trading of agricultural produce and fee is leviable on the buyer.

(vi) FEES LEVIABLE IN GRAMA PANCHAYAT MARKETS-

Grama Panchayat may levy fees-

- (a) for the use of, or for the right to expose goods for sale in such market;
- (b) for the use of shops, stalls and stands in such market;
- (c) on vehicles (including motor vehicles as defined in the Motor Vehicle Act, 1939) or animals bringing, or on persons carrying, any goods for sale in such market;
- (d) on animals brought for sale into or sold in such market; and
- (e) on brokers, commission agents, weighmen and measurers practising their calling in such market.

(vii) The Commission visited Regulated Market Committee, Balasore along with Sub-Collector, Balasore (who happens to be Chairman, RMC, Balasore). RMC Balasore was established in the year 1966. The area of operation of R.M.C Balasore extends to 7 Blocks, namely- Balasore Sadar, Remuna, Soro, Simulia, Basta, Bahanaga and Khaira. The area of operation also includes Balasore Municipality. R.M.C Balasore has two market yards and 3 Grama Panchayat hats (weekly markets). The name of the Market yards and G.P hats are mentioned below.

1. Bamapada Principal Market Yard.
2. Barikpur Sub-Market Yard.
3. Balikhand Bi-Weekly Market
4. Singla Weekly Market.
5. Anantapur Weekly Market.

Share paid to the G.Ps for the last 5 years is as follows:-

Year	Amount of share paid (Rs.)		
2003-04	8,433.00	2,651.00	2,542.00
2004-05	8,495.00	2,651.00	2,542.00
2005-06	8,975.00	2,651.00	2,542.00
2006-07	8,464.00	2,651.00	2,542.00
2007-08	8,528.00	2,837.00	-

(Source: R.M.C, Balasore.)

Perusal of cash book and money receipt books revealed that fees are collected from sellers who come to the market yard for sale of agricultural produce.

Bamapada Principal Market yard-There is a small godown, small tank, cattle shed, open platform, market yard and has got boundary wall. Water supply from bore well is available.

Barikpur market yard- A portion of the market yard has got platform. There is a small godown. This is told to be the biggest cattle market of the district. Boundary wall has been constructed.

Balikhanda weekly market is one of the biggest weekly markets in the district. There is no boundary wall. There are sheds for sale of vegetables. There is a shopping complex. Presently the shopping complex has been let out for opening retail outlet for grocery, medicines etc.

After visit to above mentioned market yards and weekly markets, a general impression is gathered that market yards can be developed at Bamapada and Barikpur and Balikhanda. Similar exercise can be made in respect of each market under the control of the R.M.Cs in the state.

(viii) The Commission is of the view that Regulated Market Committees and Grama Panchayat Markets have distinct and separate identities. It is possible to identify market yards and retail markets. Market yards should be controlled by Regulated Market Committees. Storage facilities along with other facilities as contemplated in the O.A.P.M Act should be provided so that interest of sellers of agricultural produce can be protected. Retail markets presently taken over by Regulated Market Committees should be identified. Present practice of collecting fees from sellers of agricultural produce by Regulated Market Committees being inconsistent with the provisions of O.A.P.M Act, retail- markets should be again transferred to the control of Grama Panchayats. This will help Grama Panchayats in generating internal income and providing services to public with the income so generated. The Commission, therefore, recommends that a committee may be constituted with an Economist as Chairman and non-official persons having experience of working with farmers, traders and villagers as members to identify the markets which should continue under the control of Regulated Market Committees and the rest which should be re-transferred to Grama Panchayats.

7.1.4 MANAGEMENT OF GRAMA PANCHAYAT PROPERTIES - It is seen from the Annual Administration Report on the working of Grama Panchayats for the years 1995-96 to 1998-99 published by Panchayati Raj (GP) Department that markets, tanks, orchards, grain gollas, waste lands, buildings and irrigation tanks have been transferred to Grama Panchayats. The district wise position is mentioned below.

Sl.No.	District	Markets	Tanks	Orchards	Grain gollas	Waste land in Ac.	Buildings	Irrigation In Ac.
1	Angul	52	1949	257	64	208.93	60	-
2	Balasore	63	2099	18	10	104.18	32	-
3	Bhadrak	55	2683	47	-	31.55	-	-
4	Baragarh	97	4661	79	48	551.5	234	3
5	Balangir	128	6673	55	124	413.15	240	6.00
6	Boudh	31	1624	47	-	-	-	-
7	Cuttack	63	1705	1264	-	-	-	13
8	Dhenkanal	42	1623	109	73	322.07	117	-
9	Deogarh	36	597	51	18	54.33	-	-
10	Gajapati	44	661	50	7	5.380	109	-
11	Ganjam	180	7276	16638	95	2.50	181	-
12	Jajpur	40	1788	128	11	11	22	-
13	Jagatsinghpur	20	2	71/212	-	1.126	-	-
14	Jharsuguda	45	1577	18/3425	2	1352.73	-	-
15	Kendrapara	32	1415	233	-	21.409	-	-
16	Kalahandi	119	4121	436	38	-	121	35
17	Keonjhar	112	3197	1398	53	2223	159	9
18	Khurda	24	1948	248	14	61.175	-	-
19	Koraput	77	1023	1640	-	1117	-	82
20	Malkangiri	47	580	697	-	55.00	131	-
21	Mayurbhanj	323	4681	394	63	242.81	192	-
22	Nuapada	33	1325	-	10	586.63	2	18
23	Nawarangpur	106	1331	1.164	8	153.17	99	2
24	Nayagarh	9	1249	1171	-	-	01	-
25	Puri	11	1112	218	-	-	-	-
26	Phulbani	28	388	10	-	2.00	133	-
27	Rayagada	47	583	2647	-	356.61	139	-
28	Sambalpur	73	2884	181	18	204.00	253	9
29	Sundargarh	152	1408	29/429	5	242.85	247	01
30	Sonepur	23	4638	51/673	59	-	22	-

(Source: Annual Administration Report on the working of Grama Panchayats for the years 1995-96 to 1998-99 published by Panchayati Raj (GP) Department)

There are 66,800 tanks of the G.Ps. If about 50% tanks say 30,000 tanks can be used for pisciculture in a scientific manner, each tank can generate an income of Rs.10,000/- per annum. The total income from pisciculture will be around Rs.30 crore. After interaction with elected representatives and officials, the Commission feels that the Grama Panchayat properties can generate an income of about Rs.50 crore per annum. The Commission recommends the following measures for management of G.P properties;

- i) The tanks, markets and waste lands should be mutated in favour of the G.Ps.
- ii) Sarpanches and Executive Officers may be personally held responsible for settlement of Grama Panchayat properties according to Orissa Grama Panchayat Act and Rules. They may be held responsible for decline in income derived from Grama Panchayat properties. Disciplinary action should be initiated against Sarpanch and Executive Officer wilfully neglecting maintenance of Grama Panchayat properties.
- iii) Sarpanches and Executive Officers may be given training about scientific management of Grama Panchayat properties.

7.1.5 RECOVERY OF DEPARTMENTAL CHARGES FROM WORK BILLS-

Various Departments place funds with the Panchayat Samiti for execution of works. Panchayat Samiti incurs expenditure for supervision of works and payment of bills relating to such works. Keeping these facts in view provision has been made in the Panchayat Samiti Accounting Rule, 2002 for recovery of 3% of estimated cost of the work towards department charges in respect of works for which funds have been received from departments other than Panchayati Raj Department. No departmental charges shall be recovered in respect of works for which other departments have provided funds in the Budget of the Panchayati Raj Department.

During the visits of the Commission to different districts, it was found that above mentioned 3% of estimated cost of the work is not recovered in respect of works for which funds have been received from other Departments. In many instances BDOs are not aware of such provision. In the process substantial amount remains un-recovered. The Commission recommends that the Panchayati Raj Department should ensure recovery of above mentioned 3% departmental charges so that the amount collected can be utilised for contingent expenditure of the Panchayat Samities.

7.1.6 RECOUPMENT OF FUND TO GRAMA PANCHAYATS BY REVENUE AND DISASTER MANAGEMENT DEPARTMENT.

Revenue and Disaster Management Department has amended paragraph 168 of Orissa Relief Code. Sub-para (a) of para 168 reads as follows-

“Food assistance on cards is sanctioned by Government for a longer duration depending on the intensity of a natural calamity on conditions as may be prescribed. It can also be sanctioned by Sarapanch up to 10 days, BDO up to 30 days, Sub-collector up to 45 days and collector up to 120 days, all cumulatively in cases of starvation and malnutrition. In respect of urban areas, the food assistance on cards can be sanctioned by Mayor in a Municipal Corporation, Chairperson in a Municipality/NAC for a period of 10 days, Sub-Collector up to 45 days and Collector up to 120 days, all cumulatively in cases of starvation and malnutrition.”

Grama Panchayats were asked through a questionnaire to give reply regarding expenditure incurred by them towards gratuitous relief and fund recouped to them by the Revenue & Disaster Management Department. Replies received by the Commission from Grama Panchayats like Mehendi Nagar G.P, Dumuka G.P, Antei G.P, Bartiira G.P of Marshaighai Block, Kansar G.P of Kendrapada Block indicate that Grama Fund has been utilised towards food assistance in case of starvation and malnutrition during national calamities but fund has not been recouped by Revenue & Disaster Management Department.

The Commission recommends that Revenue & Disaster Management Department may place Rs. one lakh at the disposal of each Grama Panchayat to meet the expenditure as intended under paragraph 168(a) of the Orissa Relief Fund. Utilisation of funds may be reviewed annually and further amount of Rs. 1 lakh may be placed when Rs. 1 lakh is fully utilised.

7.1.7 RELEASE OF FUNDS UNDER B.R.G.F SCHEME AND THE 12TH FINANCE COMMISSION AWARD TO PANCHAYATS-

During visit of the Commission to Grama Panchayats of different districts, the Sarapanches brought to the notice of the Commission that funds released by the 12th Finance Commission towards provision of drinking water have been placed with the Grama Panchayats but Grama Panchayats are not allowed to utilize the same directly. They have been directed to deposit the cost of spare parts with the Block Development Officer who purchases spare parts and supplies the same to the Grama Panchayats.

Secondly funds relating to B.R.G.F is required to be placed with the Grama Panchayats in the ratio as determined by the Central Government so that Grama Panchayats can plan the projects and implement the schemes. In fact, Article 243G of the Constitution specifically mentions that Panchayats at three levels are to prepare plan for economic development

and social justice and they are to implement schemes for economic development and social justice. The Central Government releases funds in favour of District Panchayats, Intermediate level Panchayats and Village Panchayats under various schemes including B.R.G.F.

The Commission was surprised to see that Grama Panchayats are not allowed to execute schemes under B.R.G.F. They are asked to deposit the amount relating to B.R.G.F with the B.D.O. Such practice violates the spirit of the Constitution.

It may be argued that Grama Panchayats have no man-power to implement the schemes. Government have done a commendable job by providing one Executive Officer to each Grama Panchayat of the State by way of promoting Grama Panchayat Secretaries. Executive Officer of the Grama Panchayat and Sarapanch of the Grama Panchayat should be trusted at par with the Block Development Officer and Chairman of the Panchayat Samiti respectively. Junior Engineers and Assistant Engineer available in the Block can be spared for execution of schemes of the Grama Panchayats.

The Commission recommends that funds intended for Grama Panchayats should not be withdrawn from Grama Panchayats and placed with the Block Development Officer. Grama Panchayat should be allowed to prepare plans and utilize funds as per the provisions of Orissa Grama Panchayat Rule.

7.1.8 DEDUCTION OF ROYALTY ON EARTH WORK-

During visit of the Commission to different Panchayats of the State it was brought to the notice of the Commission that substantial amount is deducted towards royalty on earth used on road projects and other projects. It may be mentioned that most of the projects under NREGA come under the category of earth work. In villages earth available by the side of the projects are generally used for construction of road projects and tank projects. Government in Steel & Mines Department have prescribed levy of royalty on earth @ 10 per cum. under Orissa Minor Mineral Concession Rules, 2004. During the case study of Remuna Grama Panchayat relating to the project “Improvement of Lalbag Chhak to Maszid Chhak road” it was found that out of the total amount of Rs.99,228/-, an amount of Rs.25,212/- has been paid towards royalty. Thus, 25% to 30% of the total estimated cost is deducted towards royalty on earth work. Since the ratio under NREGS Scheme of labour and material has been fixed at 60:40, deduction of such huge amount towards royalty adversely affect the quantum and quality of work. Moreover the objective of providing wages is defeated by deducting such high amount towards royalty from the total estimated cost.

7.1.9 ECONOMY IN EXPENDITURE RELATING TO PURCHASE OF STORES AND STATIONERIES-

Purchase of store and stationeries is required to be made observing the procedures as prescribed in rule 67, 68 and 86 of the Orissa Panchayati Samiti Accounting Rules, 2002.

(a) It was also found that Block Development Officers are misguided by some firms who obtain indent for small quantities of forms and stationeries but manipulate papers showing supply of large quantity of forms and stationeries. In many cases actual supply is not made but demand is made for quite huge amount. Government should black-list such firms. Block Development Officers and Executive Officers of Grama Panchayats should be properly sensitised to observe procedure prescribed in rule 68 of the Orissa Panchayat Samiti Accounting Rule. The Commission was surprised to see that huge amount is drained out by such fake purchases.

(b) During visit of the Commission to different Blocks, it was found that cement is purchased in bulk quantities. Cost of cement is first met from a particular scheme (say Indira Awas). Subsequently, cement is utilised for different schemes under BRGF, Finance Commission award and other departments grants. It is difficult to maintain separate account relating to recovery of cement cost utilised under different schemes and recoup the amount to the scheme from which cement was purchased . In the process substantial amount remains unrecovered. In order to solve such problem, opening of suspense account has been prescribed in the Orissa Panchayat Samiti Accounting Rules,2002 vide Rule 86. Unclassified amount available in the Panchayat Samiti cash may be utilised towards creation of suspense account. Government may also provide Rs.5 lakh per Block for creation of suspense account so that unintentional loss as described above can be stopped.

7.1.10 EMPOWERING GRAMA PANCHAYATS AND URBAN LOCAL BODIES TO IMPOSE TAXES-

The 2nd State Finance Commission recommended for resource mobilisation of the PRIs and ULBs after a great deal of deliberations. The Panchayati Raj Department and H &U.D Department did not take action on the recommendation of the 2nd State Finance Commission. It may be mentioned that Commissions are constituted to make in-depth study and make recommendations for examination and implementation at the level of Government. Government have accepted the recommendations of the 2nd State Finance Commission regarding revenue generation measures vide Paragraph 7(xii) of the Action Taken Report of Finance Department , August, 2006.The same is quoted below.

“Other recommendations and suggestions including revenue generation measures as recommended by the 2nd State Finance Commission have been accepted by Government. The respective Departments would examine the feasibility of implementation in detail and take follow up

action with the concurrence of the Finance Department and other concerned Departments with approval of the Chief Minister.”

The Panchayati Raj Department and H&U.D. Department did not initiate action on the recommendation of the 2nd State Finance Commission relating to imposition of tax and non-tax. . Present Commission reiterates empowering of G.Ps and ULBs to impose tax and non-tax. As already discussed, Panchayati Raj Institutions in Orissa are not self-sufficient even to support their core establishment expenses. Virtually, all of them depend upon state grant, as they do not have a wide base for revenue generation from their own internal sources. Hence, the Commission after a great deal of deliberations recommends the following fiscal measures for improving the revenue base of the Panchayati Raj Institutions.

7.1.10(i) RE-INTRODUCTION OF PANCHAYAT TAX:

Under the provisions of Sections 78 to 82 of the Orissa Grama Panchayat Act, 1964, the Gram Panchayats were empowered to impose and collect a property tax called “Panchayat Tax”. But these provisions were deleted through amendment under Orissa Act 16 of 1967. Since the Grama Panchayats have been functioning for more than 50 years and by now are required to shoulder a lot of responsibilities under the 11th Schedule of the Constitution, it is desirable that they are empowered once again to impose, assess and collect the Panchayat Tax/Property tax. The Commission during their visit to Kerala, Karnataka and West Bengal observed that property tax is one of the important sources of income. In Karnataka the process of evaluation of property tax is based on people’s participation. Property lists are published and made available for inspection. In West Bengal, some of the Grama Panchayats in North 24 Pragana district collect property tax to the extent of 70% of the targetted revenue. In Kerala, every village Panchayat is empowered to levy a property tax on all buildings and land appurtenant thereto situated within the Panchayat taking into consideration the site of the building, its use, type of construction and other determined factors. However exemptions are allowed in certain cases.

In order to meet the expenditure relating to maintenance cost and electricity charges for providing drinking water, Grama Panchayat will require substantial amount. Presently the cost is met from the 12th Finance Commission grant. When the grant for drinking water supply is withdrawn by the Central Finance Commission, Grama Panchayats will face serious financial problem. It is, therefore, advisable to empower Grama Panchayat to levy and collect property tax taking into consideration the site of the building, its use, type of construction and other determined factors. Considering the incidence of poverty in the State, exemption should be allowed in favour of people Below the Poverty Line and the households belonging to the disadvantage groups. Exemption may also be granted for buildings used for public purposes and charitable purposes. While framing the acts and rules for collection of property tax in Orissa assessment should be made on the basis of plinth area instead of rental value. Houses with plinth area of 600 sq.ft. and below should also be exempted. The rate of

such Tax should not exceed Rs.100/- per annum per household coming under assessment. Provisions of the O.G.P. Act, 1964 may be suitably amended and detailed rules & procedures regarding assessment and collection of such tax may be provided in the Orissa Grama Panchayat Rules, 1968.

7.1.10 (ii) ADVERTISEMENT TAX -

There has been a steady expansion in the size of the rural market with the entry of new national and multi-national companies with their brand goods and services, such as tea, pan masala, biscuits, cold drinks, toilet goods and TVs and FM radios. They spend a large amount of money for advertising these products in different ways namely newspapers, electronic media and posters and hoardings. Marketing of consumer goods has, in fact, been spreading in rural areas.

The Commission is of the view that Gram Panchayats should be empowered to impose and collect a tax from the person who erects, exhibits, fixes or retains upon or over any land, building, wall hoarding or structure, in a village Panchayat area any advertisement or who displays any advertisement to public view in any manner whatsoever in any place in such area whether public or private to be known as Advertisement Tax. The advertisement tax may be imposed at a flat rate per annum. They can fix the rates for such advertisements. The Commission requests the State Government to pass necessary laws enabling the local bodies to impose advertisement tax.

7.1.10(iii) PERMIT FEES FOR CONSTRUCTION, ESTABLISHMENT OR INSTALLATION OF FACTORIES, WORKSHOPS OR WORK PLACES WHERE ELECTRICITY IS USED:

With industrial development, industries-large, medium, small and micro are being established in rural areas. For large scale industries Government adopt specific policy for land acquisition and establishment of the plants. The Commission feels that it may be made mandatory for medium, small and micro industries to obtain permit from the concerned G.Ps for construction, establishment or installation of factories, workshops or work places where electricity is used. For this purpose G.Ps may levy permit fees annually.

Application forms for the purpose may be made available at the Gram Panchayat office to be acquired by the industrial units concerned on payment of a prescribed fee. Duly filled in application forms may be submitted to the GPs concerned along with the receipt relating to payment of permit fees as may be decided by the GPs for different categories of industrial units. Permit fees to be deposited with the GPs may be as follows:

- | | | | |
|----|-----------------|---|-------------|
| 1. | Medium Industry | - | Rs. 1000.00 |
| 2. | Small Industry | - | Rs. 800.00 |
| 3. | Others | - | Rs. 500.00 |

There may be annual payment of permit fees for renewal of permit. Grama Panchayats may revise the permit fee in every five years.

7.1.10(v) CESS ON CONVERSION OF AGRICULTURAL LAND FOR NON-AGRICULTURAL USES.

Commission's visit to the GPs in different districts has brought it to their knowledge that vast tracts of agricultural lands have been converted to non-agricultural uses for construction of residential buildings or commercial structures including shops. It is assumed that necessary permission is obtained from the Revenue authorities of the area to use such agricultural land for non-agricultural purpose. The Commission proposes sharing of such fees as collected by the government with the GPs concerned at the ratio of 60:40. At the end of each fiscal year the amount collected may be calculated and the share of the GPs may be transferred to GPs based on collection of cess in a Grama Panchayat. Funds thus transferred may be used by the GPs for the specific purpose of improvement of environment by planting indigenous samplings like neem, bela, tentuli and protecting them to grow.

7.1.10(v) SOCIAL DEVELOPMENT AND ECOLOGY PROTECTION FEES.

The Commission visited mining areas of the State, interacted with elected representatives and workers. The Commission is greatly concerned to see the environmental hazards, depletion of forests and its impact on livelihood of people living in mining areas. It is urgently necessary to provide funds for social development and ecological protection. The 2nd State Finance Commission had duly considered the matter and recommended for imposition of cess/fees for social development and ecological protection. Subsequently the Government of Orissa enacted an Act namely:- Orissa Rural Infrastructure and Socio-economic Development Act, 2004. It was provided in the Act that tax shall be levied on all mineral bearing land and the same shall be utilised for rural infrastructure and socio-economic development of rural areas including mining areas. It is learnt that the aforesaid Act has been declared void by the Hon'ble High Court of Orissa and the State Government have filed Appeal Petition against the order of the Hon'ble High Court in the Hon'ble Supreme Court. In the event of succeeding in the appeal, the State Government would collect tax. The Commission recommends that 50% of tax so collected should be transferred to Rural Local Bodies and Urban Local Bodies at the ratio of 80 : 20. If Government goes for enactment of a separate Act, provision should be made for transfer of 50% of cess/fees to Rural Local Bodies and Urban Local Bodies.

7.1.10(vi) LICENCE FEES FROM SHOPS:

The 2nd State Finance Commission elaborately analysed Section 58, 59, 60 and 61 of the Orissa Grama Panchayat Act, 1964 and recommended imposition of licence fees from shops. The same is repeated here. Section 58 empowers a Grama Panchayat to demarcate and provide places for use as

public markets and to levy different fees for use of any place in the market, to expose goods for sale, for use of shops, stalls etc. therein and for parking of vehicles, animals etc. in the market. Section 59 and 60 of the Act also empower a G.P. to issue licence for private market and for collection of licence fees. Section 61 provides that if any question arises as to whether any place is a market or not the decision of the State Government in the matter shall be final. Thus, there are provisions in the Act for collection of fees and licence fees located in markets. Market has been defined under section 2(k) of the Act to mean any place set apart for assembling of persons for sale or purchase of goods etc. specified therein. Though, the definition of market is very wide in the Act, the Commission has come across instances where different shops located in private houses are neither licensed nor any licence fees are being collected from them. The arguments advanced for such omission are that the provisions do not specifically empower the G.P. to issue licence or to collect licence fees from shops in private houses. Mobile shops which carry on trading of various goods without having any specific place of business also do not pay any licence fee to the G.P. concerned. The Commission, therefore, suggests that obtaining a licence for all shops or trading including mobile shops or wheeled shops should be made mandatory under the Orissa G.P. Act and the G.Ps be authorized to impose and collect an annual licence fee of an amount not less than 0.25% of the turnover as per OST Registration, wherever available. In case of unregistered dealers /shop keepers, such licence fee may be decided by the concerned local body, keeping in view the volume of transactions. On introduction of licence fees for shops, the present provisions regarding licence fees for private markets and licence fees for using shops etc. inside public markets may be suitably amended to avoid overlapping and contradiction.

7.1.10(vii) TRANSFER OF SAIRAT SOURCES AND MINOR MINERALS TO THE GRAMA PANCHAYATS:

The 2nd State Finance Commission analysed the issue of transfer of sairat sources and minor minerals to the Grama Panchayats. The analysis made by the 2nd State Finance Commission was very relevant. Government have already agreed in principle to transfer the sairat income to the Panchayati Raj Institutions. Discussions with the representatives of the PRIs at different places, however, reveals that for want of adequate watch and ward, there is leakage of revenue to a great extent. There is a feeling that if all the sairat and minor mineral sources now under management of the Tahasils are transferred to the Grama Panchayats, uninterrupted vigilance will be possible and the Grama Panchayats will be able to raise more than the present level of collection. The Commission, accordingly suggests that the existing rules regarding sairat sources and minor minerals may be amended and all such sources situated within the area of Grama Panchayats may be transferred to the control and management of the respective Grama Panchayats.

Secondly, whatever sairat sources or public properties have so far been transferred to the Grama Panchayats, they are still owned by the State

Government and only the management of the properties has been transferred. Virtually such properties are now under dual control. For example, while some orchards or topes have been transferred to the Grama Panchayats, the Revenue Inspectors or Tahasils give annual lease of the soil beneath the trees for cultivation to others. When any theft occurs, F.I.R. lodged by the Grama Panchayat goes unheeded for want of title paper over the land or trees and in case of charge sheeted cases the Grama Panchayats fail to produce any document of title in the courts of law. Such situations are not conducive to proper control, management and growth of public properties and revenue. The Grama Panchayats also feel hesitant to make any investment for improvement of such assets and are unable to prepare bankable schemes. No purpose is served through such halfhearted transfers. Hence, the Commission recommends that all sairat sources, waste lands, orchards, tanks etc. should be transferred through alienation proceedings to the concerned Grama Panchayats and they should be recorded in the record of rights in their favour through mutation proceedings. This will end the dual authority and will encourage the Grama Panchayats to take proper care of such properties. This Commission finds much relevance in the recommendation of the 2nd State Finance Commission and therefore, recommends to the state for its implementation.

7.1.10(viii) TOLL/USER FEES FOR USING VILLAGE, G.P. AND P.S. ROADS:

It is a common observation that motor vehicles of various makes use the roads constructed and maintained by the Panchayati Raj Institutions for commercial and business purpose. While they are welcome to make use of these road facilities, movement of trucks and heavy vehicles cause extensive damage to these roads, which in turn, impose a heavy financial burden on the PRIs to maintain them each year. It is in the fitness of things that vehicles which use these roads for transporting goods and services and earn their income from such uses of roads bear a part of the expenses spent for their maintenance. The Commission after due deliberations come to the conclusion that to help the PRIs for the maintenance and improvement of these roads, the GPs may be empowered to collect user charges from the commercial motor vehicles which use the roads, culverts and bridges built and maintained by the PRIs. The Commission suggests that such toll/user charges may be imposed and collected by the Grama Panchayat concerned at the first entry point to the P.S/ G.P. / village road from the National High Way/ State High Way /R & B Roads (M.D.R, O.D.R., C.V.R. etc) at the following rates. The G.P. imposing and collecting such service charges should deposit the amount so collected with the P.S. after deducting collection charges and incidental costs as decided by the Panchayat Samiti concerned and the amount so deposited should be distributed by the P.S. among all the G.Ps through which such roads pass on the basis of the length of the road passing through the concerned G.P.

Rates per day.

i) Per truck -	Rs.25.00
ii) Per tractor/ Mini-truck-	Rs.15.00
iii) Per trekker/ Jeep-	Rs.10.00
iv) Per taxi-	Rs.05.00

This type of cost sharing will provide some relief to the PRIs which have been spending increasing amount on the maintenance of roads every year.

RECOMMENDATIONS FOR RESOURCE MOBILISATION OF URBAN LOCAL BODIES-

7.1.11 The Commission have elaborately analysed the growth of Urban Local Bodies in Orissa and the responsibilities they have to discharge consequent upon the 74th amendment of the Constitution. The Urban Bodies are vested with a number of important functions. Their functions relate to public health like the supply of drinking water, maintenance of sewerage and drainage systems, collection and disposal of garbage, social welfare activities like education and children's parks and public works like roads and other infrastructure. They are also expected to perform certain regulatory activities in relations to markets, trade, industry and construction. Given the tasks and responsibilities, size and magnitude of municipal spending will rise enormously in the coming years. Urban Local Bodies which have a narrow resource base must be assisted to strengthen and widen their resource base for larger revenue mobilisation. The Commission, therefore, has tried on the one hand to identify the new areas of Municipal responsibilities, their deficit areas where they need to put in larger effort, and the ways to expand their tax base. The recommendations are given below.

7.1.11(i) PROPERTY TAX:Introduction of Unit Area Value Assessment.

Property tax has become the principal source of tax revenue for the urban local bodies. Revenue collection from this source in Orissa on an average stands below 60% of the targetted tax collection. Number of residential units in each of the municipal areas increases every year but many of these residential units are not assessed for years resulting in huge loss of revenue for the concerned municipalities. The Commission during interactions with the Chairman and Councillors of Rourkela Municipality came to know that revision of property tax has been held up. The Cuttack Municipal Corporation gave to understand that revision of property tax has not been taken up over a long period of time. This is virtually true of all the municipal areas in the State.

The existing provision of Orissa Municipal Act. provides - imposition of holding tax shall be made on their annual rental value. This system is obsolete and outdated. Many states have adopted Unit Area Value (UAV) for assessment of residential property. The Commission during their visit to Bruhat Bengaluru Mahanagar Palike observed that they have adopted Unit Area Value under a self assessment system of taxation with effect from 10.2.2009. Comprehensive revenue survey was undertaken to identify properties outside the tax net in the new areas of BBMP by resorting to GIS mapping. The collection of property tax has increased from 338.34 crore in 2006-07 to 748 crore in 2008-09.

The Commission recommends for introduction of Unit Area Value System for assessing property tax and for this purpose, sec. 131 of Orissa Municipal Act needs amendment. Residential plots should be surveyed through GIS in a scientific manner. Owners should be associated for self assessment of property tax.

7.1.11(ii) FINES ON UNAUTHORISED USE OF LAND UNDER THE MUNICIPAL JURISDICTION.

Large scale encroachments and unauthorized occupation of government land in municipal area is a matter of concern. The encroachers who occupy the land and enjoy the basic social services like roads, drains, street-lighting, water supply, scavenging, schools etc. do not pay any tax/fees for the use of such municipal services. And as they have no title over the lands they occupy, they are not assessed to any property tax for their houses or huts etc. as they do not come within the definition of 'holding' given under section 3(11) of the Orissa Municipal Act, 1950 which reads, "holding means land held under one title or agreement and surrounded by one set of boundaries". Sec 2 (46) of the Orissa Municipal Corporation Act, 2003 also defines 'holding' in the same manner. Such a definition does not permit assessment of any holding tax on occupiers having no title over the occupied land.

Urban Local Bodies which have been providing basic services to these households, illegally erected on government land incur heavy expenditure on this account. It affects their resource position, which as it is, in a bad shape. It may be mentioned in this context that in spite of amendments to the Orissa Government Land Settlement Act, 1962 under Orissa Act No.1 of 1991 and amendments to the Orissa Government Land Settlement Rules, 1983 under Notification No.53511 dt. 6.12.1993 providing enabling provisions and clear procedure for lease and settlement of occupied Khasmahal, Nazul, Gramakantha Parambok and Abadi lands, no substantial progress has been achieved particularly regarding such lands used as homestead in urban areas. It has been reported to the Commission that in many Municipalities including Baripada, Sambalpur, Rourkela and Cuttack a large number of slums are found existing in government land and railway land etc, with thousands of households. It has, therefore, become necessary that the provisions of section 131 of the Orissa Municipal Act, 1950 and Section 192 of the Orissa Municipal Corporation Act, 2003 be suitably amended by adding another clause to the existing clauses, enabling the urban local bodies to impose and collect fines from these households built on encroached land annually at a rate 25% higher than the holding / property tax notionally assessable on such type of unauthorized houses or possessions, had this been held under a title or agreement, for the period of such un-authorised occupation. While making provisions for assessment of 'possession tax', care may be taken to provide that neither such assessment nor payment of the tax shall confer any title nor right on the occupier to claim settlement of the land with him nor the land in question shall be deemed as settleable on this ground. The 2nd State Finance Commission had

recommended for imposition of taxes and the present Commission recommends imposition of penalty under the same situation.

7.1.11(iii) CESS ON CONVERSION OF AGRICULTURAL LAND FOR NON-AGRICULTURAL USES.

It was brought to the notice of the Commission during visits to different Urban Local Bodies that paddy fields, marshy lands, pond or water bodies are converted into gardens or building sites. The Commission is concerned about protection of natural streams, ponds, lakes and other water bodies. At the same time whenever agricultural lands and marshy lands are converted to gardens, parks and building sites, the Urban Local Bodies be empowered to levy and collect cess in such instances. The Commission urges Government to bring suitable amendments in the existing Acts and Rules so as to empower Urban Local Bodies to levy and collect cess on conversion of agricultural land, marshy land and water bodies for different construction purposes. Pending amendments to the existing acts, the cess/fees on conversion of agricultural land for non-agricultural uses, the government may share the revenue so collected with the Urban Local Bodies at the ratio of 60:40. Conversion of agricultural land to non-agricultural purposes adds to the responsibilities of the concerned Local Urban Bodies in terms of roads, sanitation, civic services and environmental protection. Revenue accruing to the local bodies from such conversions may be maintained in a separate account to be spent specifically for the development of those areas where from such cess on conversion of agricultural land to non-agricultural uses has been collected

7.1.11(iv) CAPITAL /PROPERTY TRANSACTIONS FEE:

Orissa's industrial growth will have its impact on towns and cities. Not only its capital Bhubaneswar and cities like Cuttack, Sambalpur and Berhampur, but also other towns like Jharsuguda, Jajpur Road, Angul etc. are growing fast and far beyond their size. Emergence of real estate business in a big way has added significantly to the expansion of these cities and towns. One can observe incessant city building. People have been migrating to these places for jobs in the services, manufacturing and industrial sectors. **With such rapid expansion of cities and in the size of their population, the size and scale of investment in managing cities' development problems will also rise significantly. For each house built, flats constructed and slums being set up in the cities, there is a corresponding rise in the financial burden of the Municipality/Corporation to provide the basic civic services to the people and take care of the wastes generated. All these boils down to more of responsibilities and more of financial burden for the ULBs.**

The Commission after visits to different Corporations, Municipalities and the NACs, deliberated the different aspects of the problems and, to augment the resources of the urban bodies, recommends the following.

The Corporation / the Municipality/ the NAC as the case may be must be kept informed of all real estate/property transactions taking place within its jurisdiction. To be specific, the concerned urban local bodies have a right to know and record any sale and purchase of housing property that are transferred in the Tehsil/Revenue office. To strengthen their resource position, the Commission proposes one time payment of fees by the buyers of real property at the following rates at the time of registration.

Residential Units	Upto Rs.20,00,000/-(Rs.20 lakh)	Rs.2,000.00
Residential Units	Upto Rs.40,00,000/-(Rs. 40 lakh)	Rs.4,000.00
Residential Units	Above Rs.40,00,000/-(Rs.40 lakh and above)	Rs.5,000.00

At the time of property registration, money thus collected in one month may be transferred to the Urban Body concerned in the first week of the following month. This can be expected to augment the funding position of the ULBs. Funds thus generated may be earmarked for spending in the development of slums in the city by the ULBs.

7.1.11(v) TRADE LICENCE FEES:

Section 290(1) of the Orissa Municipal Act, 1950 says that no place within the municipality as may be fixed by it shall be used without a licence granted for the purposes mentioned therein. Under section 192(1) of the Orissa Municipal Corporation Act, 2003 the Municipal Corporations are empowered to levy taxes for the purposes mentioned there-under. All these provisions do not specifically empower the urban local bodies concerned to issue licence or to collect licence fees from the commercial, business and trade units including private coaching centres/ tutorial institutions, consultant firms and nursing homes etc. in general. Only those units which carry on the transactions for purposes mentioned in the relevant sections or which are located within markets are liable to obtain licence from the concerned local body or pay some fees. 'Market' is defined under Section 3(17) of the Orissa Municipal Act, 1950 to include any place where persons daily or periodically assemble for the sale of different items. The Commission suggests that obtaining a licence for all commercial units within the jurisdiction of Municipal area should be made mandatory under the respective laws and the urban local bodies may be authorized to impose and collect an annual licence fee. The rate of licence fee may be decided by the concerned local body, keeping in view the volume of transactions.

7.2 PROVISION OF FUNCTIONARIES

7.2.1 The Commission had a very useful discussion with the Hon'ble Minister, H & U.D and Hon'ble Minister, Panchayati Raj in the presence of Commissioner-cum-Secretary, H &UD Department and Commissioner-cum-Secretary, P.R Department. It was very strongly urged before the Commission that the man-power support to Urban Local Bodies and Panchayati Raj Institutions should be strengthened. It was brought to the notice of the Commission that the Ministry of Panchayati Raj have

communicated guidelines on man-power for the Panchayati Raj Institutions. The Ministry of Panchayati Raj in their letter dated 12.10.2009 have reiterated the issue of strengthening of man-power support to Panchayati Raj Institutions in the light of 1st Round Table of Ministers in charge- of Panchayati Raj held at Kolkata on 24th-25th, 2004, the gist of which is mentioned below;

- a. Devolution of functionaries to the Panchayati Raj Institutions should be patterned on the mapping of activities related to the devolved functions.
- b. Where deputation of State Government officials is required to assist the PRIs in planning or implementing the devolved activity, the officials concerned must be primarily responsible to, and be under the disciplinary supervision and control of the elected authority.
- c. With a view to building a cadre of officials and technocrats specialized in the devolved functions of the PRIs, State/UTs may consider instituting a Panchayati Raj Administrative and Technical Service, with the State Government discontinuing further recruitment of staff to State service for such devolved functions.
- d. Reconceiving the role of District Rural Development Agencies (DRDAs) as an important instrument for PRIs development through the progressive merger of DRDAs with the District Panchayats. The technical expertise and other facilities of the DRDAs should become available to all tiers of the PRIs under the overall responsibility and disciplinary control of the elected authority.

The Ministry has again reiterated about recommendation of the 2nd Administrative Reforms Commission (ARC), the gist of which is mentioned below.

- i. Panchayats should have power to recruit personnel and to regulate their service conditions subjects to such laws and standards as laid down by the State Government. Evolution of this system should not be prolonged beyond three years. Until then, the Panchayats may draw upon, for defined periods, staff from departments/agencies of the State Government, on deputation.
- ii. In all States, a detailed review of the staffing pattern and systems, with a zero-based approach to PRI staffing pattern may be undertaken over the next one year in order to implement the policy of PRI ownership of staff. The Zilla Parishads, particularly should be associated with this exercise.

The Ministry is of the view that there may be reluctance and resistance from the existing employees to be absorbed as Panchayat Cadre employees. Therefore, the following transitional and permanent arrangement should be made.

- i. A quasi Grama Panchayat (GP) Cadre of field level functionaries, whose work is vital to the GP and whose work touches the lives of people at large, should be created. This would include: Panchayat Secretary, Accountant, Technical Assistant, Computer Operator, Teachers, ANMs, Anganwadi Workers, Agricultural Assistants, Livestock Assistant, Motor Pump Mechanic and Electricity department linemen etc.
- ii. If the area of operation of these functionaries is a GP, they should be fully answerable to GP though recruited by the District Panchayat. Eligibility, service conditions and recruitment procedure for this group could be specified by the State Government without diluting the authority of GPs.
- iii. The existing staff on these posts should be allowed to continue till they superannuate /retire or are promoted. The resultant vacancies should be filled up by GP cadre alone.
- iv. District Panchayat Cadre (DP Cadre) could comprise of officials that have jurisdiction over areas larger than a GP. Employees of DP cadre would supervise the work of the functionaries at the GP level. Examples of this would be: Extension Officers, Junior Engineers etc. Some employees listed above for GP cadre could also fall in this cadre. The DP Cadre could be constituted by a judicious mix of direct recruitments and promotion from G.P cadre. Only those found to be meeting expected standards measure in quantifiable terms should be considered for promotion. Perhaps entering the D.P cadre from GP cadre could get more than one promotion within DP Cadre, before he/she can move to the next level.
- v. State Cadre: Ideally, even Class I and II officers should belong to DP cadre. However, during the transition period, this cadre could be a State Cadre and people from this cadre should be posted on deputation to district/Intermediate Panchayats.

- vi. The possible promotion channel could be illustrated as follows:
 - (a) Panchayat Secretary (GP Cadre) → Village Development Officer (DP Cadre) → Extension Officer (Panchayat) (DP Cadre) → BDO(State Cadre) → Further promotions as per State policy.
 - (b) Anganwadi Worker (GP Cadre) → Mukhya Sevika (DP Cadre) → ACDPO(DP Cadre) → CDPO (State Cadre) → State Directorate/Commissionerate.
 - (c) Agriculture Assistant(GP Cadre) → Extension Officer (Agrl.) (DP Cadre) → Agriculture Officer (DP Cadre) → State Cadre.

The Ministry has further suggested that Grama Panchayats should have following staff.

- i. Core staff for its internal processes: Secretary, Accountant, Technical Assistant and Computer Operator. Given the ever increasing responsibilities and complexity of the task in the G.P, it would be desirable to create a post of Panchayat Development Officer with an MBA, Master in Social Work or similar degree;
- ii. Scheme specific staff: for example, NREGA provides (a) for GP- Grama Rozgar Sewak; (b) for Block Panchayats-one Programme Officer, a pool of few Technical Assistants to service GPs; Computer Assistants and Accountant, and (c) for District Panchayats Works Manager with Technical Assistant, IT Manager with Computer Assistant, Accounts Manager with Accounts Assistant, Coordinator for social audit and grievance redressal.
- iii. Functional staff: such as Teacher, ASHA, Anganwadi Workers.
- iv. Contractual skilled workers: such as Motor Mechanic, Hand Pump Mechanic, Electrician etc.

7.2.2 The Commission recommends that Government should examine creation of Grama Panchayat Level Cadre, District Level Cadre and a State Cadre in the light of recommendations of the Ministry of Panchayati Raj.

7.2.3 The Panchayati Raj Service Engineers' Association submitted a memorandum through Sri Panchanan Sahoo, President of the Association. The Association requests for finalization of Cadre Rule of Junior Engineers(P.R Cadre) for promotion to the post of Assistant Engineer. Their submission was that Junior Engineers recruited in Water Resources Department during 1983 have got promotion to the post of Assistant Engineer whereas Junior Engineers recruited in the year 1971 onwards in the Panchayati Raj Department have not been given promotion. Government may consider their demand for creation of a Cadre and promotion of Panchayati Raj Junior Engineers to the post of Assistant Engineers without further delay.

7.2.4 The Urban Development Department also urged strongly about the creation of a Cadre of Executive Officers. The 2nd State Finance Commission had recommended for creation of a Cadre of Executive officers. The Department has suggested that 2/3rd posts of Executive officers may be drawn from the O.A.S Cadre and the balance may be drawn from Departmental promotees. The Commission recommends that-

(a) H & U.D Department, Finance Department and Revenue & D.M Department should discuss the matter jointly for creation of a Cadre of Executive Officers for the Urban Local Bodies.

(b) A professional body may be entrusted with the task of formulating a plan relating to composition of man-power requirement of ULBs and phasing out of surplus staff keeping in view resource base of Urban Local Bodies.

7.2.5 It is necessary to establish a State Institute of Urban Development in the pattern of SIRD for developing training materials and for imparting training to the elected representatives with the objective of enhancing their capacity. Till it has its own campus, its activities can be located in the Gopabandhu Academy of Administration if the state so desires.

7.3 Compliance to recommendations of the 2nd State Finance Commission-

7.3.1 The Commission perused the Action Taken Report on the recommendations of the Second Orissa State Finance Commission prepared by the Finance Department during August, 2006. The Action Taken Report is extracted below;

- (i) As per the recommendation of the Second State Finance Commission Rs.735.43 crore is to be transferred to the Local Bodies (Rs.588.34 crore for RLBs + Rs.147.09 crore for ULBs) by the State Government from its own resources during the period from 2005-06 to 2009-10, the annual average being Rs.147.09 crore (Rs.117.60 crore for Rural Local Bodies + Rs.29.49 crore for Urban Local Bodies). Since the devolution by the State Government from its own resources as per the estimate by the

12th Finance Commission is more (Rs.1256.29 crore), the State Government have decided to transfer Rs.1256.29 crore to Local Bodies in place of Rs.735.43 crore recommended by the 2nd State Finance Commission.

- (ii) Against the present level of transfer for Rural Local Bodies ranging from Rs.126.46 crore in 2002-03 and Rs.129.45 crore in 2003-04 (including arrear Kendu Leaf Grant of Rs.13.11 crore and arrear Cess on Land Revenue for Rs.3.81 crore), as per the estimation of the 12th Finance Commission, the Rural Local Bodies would receive starting from Rs.156.63 crore in 2005-06 to Rs.250.90 crore in 2009-10, per annum on the average being Rs.201.00 crore. This amount would include the various items under which the Rural Local Bodies are receiving from State Government. Among others, this would include salary for the Block staff, Salary for G.P. Secretaries, T.A., D.A., Sitting Fees, Honorarium of the elected representatives of Rural Local Bodies, profit from Kendu Leaf trade, Cess on Land Revenue, Royalty on Minor Forest Produce, Sairats, Surcharge on Entertainment Tax etc. The Local Body Grant recommended by 12th Finance Commission shall not include the salary for Gram Panchayat Secretaries.
- (iii) The royalty from Kendu Leaf has reduced from Rs.75.00 crore in 2002-03 to Rs.31.68 crore in 2003-04 and Rs.24.25 crore in 2004-05. Hence, the profit from Kendu Leaf Trade has reduced drastically and therefore 50% of such drastically reduced profit would be around Rs.5.00 crore per annum, which may be reduced further. However, in order to protect the assured sources of revenue to the PRIs, a lump sum amount of Rs.10.00 crore per annum shall be earmarked towards share of the PRIs from the profit of Kendu Leaf Trade out of the total assignment of Rs.201.00 crore per annum on the average irrespective of the amount of profit from Kendu Leaf Trade. The existing pattern of distribution of Kendu Leaf Grant may continue (i.e. @ 72% to G.Ps, @ 10% to PSs, @ 8% to Z.Ps and @ 10% as Hard Cash Kendu Leaf Grant to be distributed by Government).
- (iv) There is a considerable time gap in ascertaining the actual collection from Cess on Land Revenue, surcharge on Stamp Duty, surcharge on Entertainment Tax, Sairat, Minor forest produce etc. In order to ensure a definite amount on this account on annual basis, a fixed amount as indicated below may be provided out of the compensation and assignment of Rs.201.00 crore per annum on the average for Rural Local Bodies:

Cess on Land Revenue	Rs. 15.00 crore
Sairat	Rs. 1.00 crore
Surcharge on Entertainment Tax	Rs. 0.15 crore
Royalty on Minor Forest Produce	Rs. 1.00 crore

- (v) Similarly, against the present level of transfer to Urban Local Bodies ranging from Rs.23.43 crore in 2002-03 to Rs.27.46 crore in 2003-04 (including arrear Surcharge on Stamp Duty for 4 years for Rs.4.23 crore), the Urban Local Bodies would receive Rs.39.17 crore in 2005-06 and Rs.62.73 crore in 2009-10, the annual average transfer of fund would be Rs.50.26 crore and this would include the following:
- Road Maintenance Grant @ not less than Rs.15.00 crore per annum
 - Surcharge on Stamp Duty for Development Authorities @ Rs.3.00 crore per annum
 - Surcharge on Entertainment Tax @ Rs.0.15 crore per annum.
 - Pensionary contribution by State Government for Non-LFS employees of the ULBs.
 - The State Government's share as per the agreed pattern for the non-teaching posts approved prior to 1.1.74 and for the teaching posts approved prior to 1.11.76. Since the teaching and non-teaching staff of the Schools hitherto managed by the Urban Local Bodies have been transferred to School & Mass Education Department as per Resolution No.4942/M-III-M/43/2003/HUD, dated 28.2.2004 and their salary requirement is to be met by providing out of the Entry Tax entitlement of the Urban Local Bodies, the Grant-in-aid towards State's contribution would be accordingly reduced.
- (vi) At present, the State Government is compensating the Urban Local Bodies out of the Entry Tax collection by giving 10% increase per annum, even though the growth rate of collection of Entry Tax is less than 10% per annum and it was as low as 2.1% in 2004-05. However, as recommended by the 2nd State Finance Commission, the State Government will provide 20% increase per annum towards compensation on Entry Tax to the Urban Local Bodies. But out of this 20% hike, 10% hike would be passed on to the Urban Local Bodies as untied resources and the balance 10% hike would be released by the State Government to the concerned Urban Local Bodies based on their performance in undertaking various reforms including augmentation of internal non-debt resources.
- (vii) For effective functioning of the Local Bodies, there should be simultaneous transfer of functions, functionaries and fund. Without transfer of functions and functionaries, mere transfer of fund will not make the Local Bodies effective and vibrant. The concerned Administrative Departments should take steps in these directions.
- (viii) After meeting the committed expenditure for the Local Bodies on different items under which they are receiving fund from the State Government under the recommendation of the 1st State

Finance Commission, the Panchayati Raj Department and Housing & Urban Development Department should indicate projects / programmes under which the remaining amount would be utilised by the Local Bodies for specific work and programmes towards non-salary component only.

- (ix) The Local Bodies should ensure appreciable growth in their own non-debt revenue from year to year to take care of the basic services supposed to be provided by the Local Bodies. Appropriate incentive schemes should be worked out by Panchayati Raj Department and H & U.D. Department to encourage the Local Bodies to increase their own revenue as recommended by the 2nd State Finance Commission as well as by the 12th Finance Commission. A part of the additional devolution may be earmarked for such performance linked incentives.
- (x) Other recommendations and suggestions including revenue generation measures as recommended by the 2nd State Finance Commission have been accepted by Government. The respective Departments would examine the feasibility and of implementation in detail and take follow up action with concurrence of Finance Department, other concerned Departments and with approval of the Chief Minister.

The Commission is inclined to believe that the commitment given by the Finance Department from paragraph (i) to (v) is followed by action.

7.3.2 Before finalising the report, the Commission requested Panchayati Raj Department and H & U.D Department to furnish specific reply regarding follow up action taken by them as per the recommendation of the 2nd State Finance Commission. The Panchayati Raj Department and H & U.D Department have furnished replies which do not serve the purpose.

The follow up action taken by Panchayati Raj Department has been given as follows:-

Chapter	Para No.	Recommendation of the 2nd SFC	Reply of Panchayati Raj Department	Views of Present Commission
VI	6.27 And 28	Property tax should be re-introduced.	The Grama Panchayats are exercising their powers in the matter of collection of taxes as per provisions of OGP Act. Amendment of OGP Act for re-introduction of Panchayat Tax does not arise.	It appears, reply has been given without proper application of mind.
VI	6.32	Capital/Property transaction	Action is being taken.	
VI	6.33	Population welfare cess.	No action taken.	
VI	6.34 and 6.35	Pisciculture cess	Action is yet to be taken.	
VI	6.37	Education, Environment and Health care cess	No reply has been given.	
VI	6.38	Education, Environment and Health Care Cess on mines.	No reply has been given.	
VI	6.39	Education, Environment and Health Care Cess on ports and jetties	No reply has been given.	
VI	6.40	Education, Environment and Health Care Cess on Power plants.	No reply has been given.	
VI	6.41	Parking Fees	This has not been introduced.	

Chapter	Para No.	Recommendation of the 2nd SFC	Reply of Panchayati Raj Department	Views of Present Commission
VI	6.42	Licence fees from shops.	Licence fees are being collected from the shops which have been transferred to GPs for management and control.	The 2 nd SFC mentioned that many shops are located in private houses and no licence fee is being collected because Grama Panchayat is authorized to levy different fees on shops situated within market. The Department should have examined the issue of levy of licence fees on shops situated in private houses and outside the markets.
VI	6.43	Transfer of markets under the Regulated Marketing Committees to the Grama Panchayats	As per amendment of G.P Act under Section 58 of O.G.P Act, 1994, the G.Ps are collecting licence fees from the markets which have been transferred to their control.	The Commission mentioned that the markets which have been transferred to R.M.C should be taken back by the Grama Panchayats. The Department has not examined this issue.
VI	6.46	Toll fees for using Village, G.P & P.S roads.	No reply has been given.	
VI	6.48	Local Body Health fee	No reply has been given.	
VI	6.49	Pilgrim fees	No reply has been given.	
VI	6.51	Fee for Birth and Death Certificate	No reply has been given.	
VI	6.52	Turnover tax on Minor Forest Produce.	Action is being taken.	
VI	6.56	G.P should contribute 5% of its net internal income to the Panchayat Samiti & another 5 % to the Zilla Parishad annually.	No action has been taken.	

The Panchayati Raj Department should have placed the matter before the Government for accepting the recommendations with modifications, if any, or not to accept a recommendation with reasons for the same. But the Department simply sat over the matter so that in due course of time the matter may be forgotten.

Follow up action taken by H & U.D Department on the recommendations of the 2nd State Finance Commission :-

Chapter	Para No.	Recommendation of the 2 nd SFC	Reply of H & U.D Department	Views of Present Commission
VI	6.68	Possession tax on encroached land	No specific reply has been given.	
VI	6.69	Amendment of Section 131 and 192 of the Orissa Municipal Corporation Act, 2003 to enable the ULBs to impose possession tax on encroachments.	No specific reply has been given.	
VI	6.70	Turnover Tax on annual sale value of Agricultural Produce exceeding Rs.1 lakh.	No such activities have been taken up.	The reply is not specific.
VI	6.71	Livestock registration and licence fee.	The Municipal Act is under amendment. The matter would be studied with inviting objection/suggestion from the councils and incorporated in the Modal Law under Government orders.	Conclusive reply has not been given.
VI	6.73	Capital/Property transactions fee	Stamp duties have been reduced from 8% to 5% including 2% town area surcharges by Revenue & Disaster Management Department Notification No.53267/RDM dated 5.8.2008.	The 2 nd SFC recommended to empower ULBs to levy and collect 1% of the sale or market price or notional market price on every sale or exchange of any capital/property including livestock. But the reply of the Department does not relate to above mentioned recommendation.

Chapter	Para No.	Recommendation of the 2 nd SFC	Reply of H & U.D Department	Views of Present Commission
VI	6.73	Population Welfare Cess	The matter would be decided after detailed study.	
VI	6.74	Pisciculture Cess	The matter would be decided after detailed study.	
VI	6.78, 6.79 and 6.80	Education, Environment and Health Care Cess on Industries/Mines/Ports and Jetties.	It would be studied.	
VI	6.82	Parking fees	Under the existing provision u/s.121 of OMC Act, 1950, the Municipal Councils are competent to levy licence fee and ground rent and accordingly they are collecting parking fee on motor vehicles.	The 2 nd SFC recommended imposition of parking fees on motor vehicles halting or parking on public roads and penalty of 25% of the parking fees from those violating the parking rules. But the reply of the Department is not specific.
VI	6.84	Licence fees from shops.	Urban Local Bodies have been imposing and collecting licence fees from the shops, commercial complexes, shopping malls and other private markets as per the existing provision.	The Commission was of the view that the ULBs are empowered to collect fees of the shops which are located within markets. The ULBs do not issue any licence to shops established in private premises. The reply of the Department does not cover the specific recommendation of the Commission.
VI	6.85	Transfer of markets under the Regulated Marketing Committees to the Urban Local Bodies.	No action has yet been taken for transfer of different markets run by other Departments to ULBs.	

Chapter	Para No.	Recommendation of the 2 nd SFC	Reply of H & U.D Department	Views of Present Commission
VI	6.88	Local Body Health Fee	Private Hospitals and Nursing Homes are being promoted by the Government for augmenting health care facilities as Govt. and municipal investment in this regard is very less. Collecting health fees from the private hospitals/Nursing homes would be reflected in heavier rate on the general public/ patients.	The reply does not indicate whether the Department has finally decided not to accept the recommendation.
VI	6.89	Pilgrim fee	The State Government are endeavoring reservation of pilgrim places/ heritage site/ monument and historical places on providing facilities for the pilgrim of boarding / lodging / travelling. The Government can levy pilgrim fees as per scale in different places.	The reply does not indicate if the Department has taken any final decision.

The Department should have taken order of the Government to accept the recommendations with modifications, if any, or not to accept the recommendations with reasons for the same. But it would be seen that in most of the cases action has not been initiated. The matter has been left unattended.

7.3.3 The present Commission recommends that release of fund from the State budget to the Panchayati Raj Department and H & U.D Department may be put under restriction till they comply with the recommendations of the 2nd State Finance Commission. This applies to the recommendations of the 3rd Finance Commission and the subsequent Finance Commissions.

7.4 Miscellaneous matters

7.4.1 Panchayati Raj Department has made good computer connectivity up to DRDA and Block level. It should be extended to the Grama Panchayat level. Similarly H & U.D Department should provide computer connectivity to all Urban Local Bodies. Attempt may be made to develop software so as to enable the technical staff to prepare design, plans and estimates dispensing with present manual work.

7.4.2 CAPACITY BUILDING- State Institute of Rural Development(SIRD) is the Nodal Body for training of elected representatives and officials working in Panchayati Raj Institutions. SIRD has developed excellent training materials covering Panchayat Laws, Accounting, Schemes and Transparency during 2009-10. Training may be provided to all elected representatives including Ward Members. Reference books may be provided to each Grama Panchayat. Training programmes may also be arranged for Block Development Officers and Executive Officers of Grama Panchayats.

7.4.3 Three Extension Centres located at Bhubaneswar, Bhawanipatana and Keonjhar may be strengthened with improvement in infrastructure and engagement of faculties having good knowledge of Panchayat matters.

7.4.4 Presently, Panchayat Laws and Municipal Laws are available in English language only. Panchayati Raj Department and H & U.D Department may take up the matter with Law Department to prepare Oriya translation of Panchayat Laws and Municipal Laws.

7.4.5 Correspondences to Panchayati Raj Institutions and Urban Local Bodies must be made in Oriya. Memo of correspondences addressed to Block Development Officers and Project Director-cum-Executive Officer of Zilla Parishad should be sent to Chairpersons of Zilla Parishads and Panchayat Samities. Similarly memo of correspondences addressed to Executive Officers of Urban Local Bodies should be sent to Chairpersons of Urban Local Bodies.

7.4.6 Status of President of Zilla Parishad and Mayor of Municipal Corporations should be upgraded to that of Minister of State within their respective jurisdictions. Upgradation of status will motivate them to work for the public in a dignified manner.

7.4.7 Project Director, DRDA should be declared as the Chief Executive Officer of Zilla Parishad instead of Collector. This arrangement will create conditions comfortable for the President of Zilla Parishad in discharging his duties. At the same time Collector will be relieved of additional burden.

CHAPTER -VIII

RECOMMENDATIONS TO THE 13th FINANCE COMMISSION

The State Finance Commission recommends a total amount of Rs.4480.85 crore to be devolved to the R.L.Bs and U.L.Bs during the period 2010-11 to 2014-15 out of which 75% (**Rs.3360.64 crore**) will be transferred to Rural Local Bodies and 25% (**Rs.1120.21 crore**) to the Urban Local Bodies for a period of five years from 2010-11 to 2014-15. We have indicated in Chapter-III regarding the severe financial crisis from which the state has emerged successfully. The state became a revenue surplus state for the first time in 2005-06 after a long gap of 22 years. The same trend also continued in subsequent years i.e. in 2006-07 and 2007-08. However, this favourable fiscal scenario may undergo a change due to the following reasons;

8.1 With the implementation of the recommendation of 6th Central Pay Commission there would be an extra burden on the State Exchequer to the tune of Rs 4200.00 crore including the payment of arrear salary of the employees. Added to this, payment of new UGC pay scales for the College and University Teachers and the new pay scales for the Judiciary would be an extra burden on the State.

8.2 Devolution of funds to the Local Bodies on the recommendation of the Third State Finance Commission may further corrode the financial strength of the State Government.

The State Finance Commission, therefore, requests the National Finance Commission to appreciate and honour the constitutional obligation of the State to transfer resources to the Local Bodies so as to enable them to discharge the functions assigned to them and in that context assess the financial position of the state vis-à-vis the large and growing number of functions the state has to perform from time to time. **The 13th Finance Commission is, therefore, requested to reimburse the State with Rs.896.17 crore X 5 = Rs.4480.85 crore to be devolved by the State to the Local Bodies as per the recommendations of the State Finance Commission in order to augment the Consolidated Fund of the State.**

8.3 The following recommendations are made in respect of Rural Local Bodies and Urban Local Bodies.

(a) **Rural Local Bodies**

8.3.1 Up-gradation of Rural Roads.

Panchayati Raj Department has submitted a Memorandum seeking Rs.3000 crore for up-gradation of rural roads. Due to paucity of funds we have recommended Rs.416.90 crore for the said purpose. **The 13th Finance Commission may provide the balance amount i.e. Rs.2583.10 crore for upgradation of rural roads in Orissa.**

8.3.2 Core Basic Services

Panchayati Raj Department has requested Rs. 3212.80 crore for the following Core Basic Services.

- (a) Water Supply
- (b) Solid Waste Management
- (c) Drainage & Sanitation
- (d) Street Lighting
- (e) Maintenance/Construction of Burial Structure

8.3.3 Water Supply

As regards Water Supply the Panchayati Raj Department has requested for Rs.1035.10 crore towards repair / re-juvenation of tube wells, electrical energy charges and other maintenance cost. It may be noted that State Finance Commission has recommended for Rs.478.40 crore for rural water supply programme. The balance amount i.e. $1035.10 - 478.40 = \text{Rs.}556.70$ crore may be provided for Rural Water Supply Schemes by the 13th Finance Commission.

8.3.4 Solid Waste Management

Panchayati Raj Department has requested the State Finance Commission to provide Rs.96.00 crore to dig up 48,000 compost pits @ of Rs.20, 000/- each which comes to Rs.96.00 crore for Solid Waste Management. The State Finance Commission has not recommended for Solid Waste Management for Rural Local Bodies. The entire amount i.e Rs.96.00 crore may be provided by the 13th Finance Commission.

8.3.4 Street Lighting

It has been pointed out by the Panchayati Raj Department in its memorandum to provide Rs. 311.70 crore for Street Lighting at G.P level. Considering the demand and keeping in view the resource of the State, the State Finance Commission has recommended Rs. 161.22 crore towards Street Lighting. **The balance amount i.e. $311.70 - 161.22 = \text{Rs. } 150.48$ crore may be provided by the 13th Finance Commission.**

8.3.6 Construction of burial structure

As regards the construction of burial structure it may be noted that the Department has requested for an allotment of Rs.195.00 crore for construction of 39000 thousand burial structures @ Rs.50000/- per burial structure. The State Finance Commission allots Rs. 94.25 crore for the purpose and the balance amount i.e Rs.100.75 crore may be provided by the 13th Finance Commission.

8.3.7 Drainage and Sanitation

Management of Drainage and Liquid Waste is an important component of public health. Panchayati Raj Department has suggested for construction of internal village road side drains in a phased manner for the said purpose during the period 2010-11 to 2014-15. Accordingly, the Department has requested for Rs.1575.00 crore. The State Finance Commission has not recommend for this specific purpose. The 13th Finance Commission may consider the request of the Panchayati Raj Department.

8.3.8 Development of Water Bodies

The Panchayati Raj Department has requested to provide Rs.240.00 crore. It may be noted that the State Finance Commission has recommended a devolution of Rs.74.54 crore for the said purpose. The balance amount i.e. $240.00 - 74.54 = \text{Rs.}165.46$ crore may be provided by 13th Finance Commission

8.3.9 Construction of Office Buildings/ Residential Quarters for the GPs and Zilla Parishad.

Panchayati Raj Department has asked for Rs.91.05 crore for construction of Office Buildings / Residential Quarters for the GPs and ZPs. It may be noted that we have separately recommended Rs.9.00 crore @ of Rs.30.00 Lakh to each of the ZPs to have their own buildings. Further, we have also recommended Rs.18.00 Lakh per Panchayat Samiti for the maintenance of their office buildings. This comes to Rs.56.52 crore. Thus, the total amount to be devolved as per the recommendation of the State Finance Commission is Rs.65.52 crore. We therefore, recommend that the balance amount i.e. $91.05 - 65.52 = \text{Rs.}25.53$ crore to be provided by the 13th Finance Commission for said purpose.

8.3.10 Multi Purpose Conference/Community Hall at Grama Panchayat Level.

Panchayati Raj Department has requested for Rs.411.30 crore for construction of Multi Purpose Conference / Community Hall at Grama Panchayat Level. The State Finance Commission has recommended Rs.46.64 crore for construction for Community Hall / Training Centres for

Self Help Groups with KIOSKS providing common service facilities in 2742 GPs having a population exceeding 5000 @ of Rs.10.00 lakh per centre. To make the centres operational, each of the 2742 GPs has been allotted Rs.2.00 lakh for purchase of table, chairs, fans, audio system etc. A sum of Rs.50.00 thousand has been provided to the each of the centres for computer hardware. Thus, the balance amount i.e. 411.30-46.64=Rs.364.66 crore may be supplemented by the 13th Finance Commission.

8.3.11 Maintenance / Conservation of Minor Irrigation Projects

We have recommended Rs.151.75 crores for the said purpose at the rate of Rs.2.5 lakh per Minor Irrigation Project per annum for a period of five years (for 1214 projects). At the same time we are also requesting the 13th Finance Commission to provide Rs.455.25 crores over and above Rs.151.75 crores recommended by us for the purpose.

8.3.12 Training for PRIs Representatives

Department has requested to provide Rs.50.00 crore on account of training for PRIs representatives. The State Finance Commission has recommended for construction of Training Centres and provision of funds to make these centres functional. To facilitate training and capacity building of the PRI representatives, the 13th Finance Commission may consider this request of the Panchayati Raj Department.

8.3.13 Creation of Storage Space

Demand for storage space has been increasing not only to provide space of storing minor forest produce but also to store food-grains etc. where the GPs have undertaken public distribution responsibilities. The Department has requested for Rs.623.40 crore for the purpose. This amount has not been recommended by the State Finance Commission in its report. The 13th Finance Commission may consider this request of the the Panchayati Raj Department.

8.3.14 Herbal Garden / Environment Upgradation

Rural areas have also been experiencing environmental hazards. Creation of Herbal Gardens at the initiative of the Panchayat Samities may create an awareness and love among the people for herbal plants which are also a source of medicine and healing for many common ailments. The State Finance Commission recommends Rs.62.80 crore for development and maintenance of 3140 herbal garden in 314 blocks. The Panchayati Raj Department has asked for Rs.607.00 crore for the development of environment and eco-friendly atmosphere in rural areas. The 13th Finance Commission may give grants-in-aid to the extent of Rs.540.24 crore for this specific purpose.

8.3.15 Strengthening of information system and accounting of Panchayat Samitis and Gram Panchayats.

The State Finance Commission requests the 13th Finance Commission to provide **Rs.150 crore** for strengthening of the accounting system and database of the Panchayat Samitis and G.Ps. It may be noted that 11th Finance Commission as well as the 12th Finance Commission provided funds for this purpose.

Special Problem for Funding

8.3.15 Consideration for Micro-Enterprise Promotion in PESA Areas

Provisions of Panchayats (Extension to Schedule Areas) Act, 1996 PESA Act, has got importance in view of high concentration of Scheduled Tribe Population (22%) in the state. Small business and trade opportunities have to be created in these areas to promote prospects of livelihood for the tribal people. **The Panchayati Raj Department has asked for Rs.600.00 crore to be made available in 120 tribal blocks. The State Finance Commission, in view of the region specific and target oriented opportunities through micro enterprises requests the 13th Finance Commission to consider this and accordingly may provide the funding.**

8.3.17 Rural connectivity in 1966 G.Ps located in Scheduled Areas

The State Finance Commission recommends to the 13th Finance Commission to provide Rs. 5.00 lakh to each of the GPs per annum for a period of five years amounting to **Rs.491.50 crore**. This will help mobility in tribal areas and to that extent, help the tribal people in availing of different services that may improve their living conditions.

Recommendations to the 13th Finance Commission by the State Finance Commission in respect of RLBs is summarized in the following Table:-

Table - 1

Sl. No	Purpose	Amount (Rs. in Crore)
(1)	(2)	(3)
1	Upgradation of Rural Roads	2583.10
2	Water Supply	556.70
3	Solid Waste Management	96.00
4	Street lighting	150.48
5	Construction of burial Structure	100.75
6	Drainage & Sanitation	1575.00
7	Development of Water Bodies	165.46
8	Construction of Office building / residential quarters for the GPs and ZPs	25.53
9	Multipurpose Conference / Community Hall at Gram Panchayat level	364.66
10	Maintenance / Conservation of Minor Irrigation Projects	455.25
11	Training for PRIs Representatives	50.00
12	Creation of Storage Space	623.40
13	Herbal Garden/Environment Upgradation	540.24
14	Strengthening of information system and accounting of Panchayat Samitis and Gram Panchayats	150.00
15	Special Problem Funding in Rural Areas i) Consideration of Micro Enterprises in PESA Areas - Rs.600.00 ii) Rural Connectivity in 1966 GPs located in Scheduled Areas - 491.50	1091.50
TOTAL		8528.07

8.4 Urban Local Bodies

8.4.1 Improvement of Water Supply in Cuttack, Sambalpur and Berhampur Cities.

These are the fast growing cities in the State. Supply of drinking water in Sambalpur (the largest city in Western Orissa) and Berhampur (the largest city in Southern Orissa) has reached a critical stage. Immediate action is required not only to maintained to water supply but also to cater to the increasing demand for drinking water by a growing population. A sum of Rs.737.11 crore may be provided for the purpose. That is to be distributed as follows;

- (a) Cuttack - Rs.324.00 crore
- (b) Sambalpur - Rs.109.66 crore
- (c) Berhampur - Rs.303.45 crore

This may be treated as a priority area.

It may be noted that the State Finance Commission has recommended for a devolution of Rs. 300.00 crore for improvement of water supply in 99 ULBs.

8.4.2 Solid Waste Management

Urban Orissa produces about 7,30 lakh tons of solid waste annually i.e. 2000 metric tons per day (TPD), out of which 70% is generated in 7 Class-I cities and this needs to be tackled on priority.

Urban waste management has assumed great importance as it affects the hygienic and sanitary conditions in Urban areas. Yet the job is enormous as technicalities are involved in setting up and managing systems for collection, transportation and disposal of waste in a scientific manner.

It is incumbent upon the ULBs to implement Solid Waste (Management & Handling) Rules, 2000 for management of municipal solid waste. The deadline for implementation of Rules was December 2003.

The State has taken the following steps in the matter.

1. Provision of tools and plants, vehicles and equipment to the ULBs to improve efficiency of collection and transportation process.
2. Identification and acquisition of land fill sites for treatment/disposal of solid waste.
3. Securing the land through construction of compound wall, approach road etc.
4. Providing institutional and advisory support through agencies like world Bank for implementation of SWM.

Considering the magnitude of the problem across the state in solid waste management, the State Finance Commission agrees with the H & U.D Department that a sum of Rs.1000 would be required for implementation of integrated solid waste management in 103 ULBs. **The State Finance Commission has not made any specific recommendation for devolution of funds for this purpose and requests the 13th Finance Commission to provide funding i.e Rs.500 crore for the said propose.**

8.4.3 Development of Sewerage System:

The two cities, Sambalpur, the largest city in Western Orissa and Berhampur, the largest city in Southern Orissa do not have any developed Sewerage System. Its absence affects the hygienic and sanitary conditions in the cities. Health of the people particularly that of women and children is affected. A sum of Rs.300.00 crore for Sambalpur and Rs.250.00 crore for Berhampur may be provided for the purpose.

The State Finance Commission has already recommended for devolution of Rs. 113.06 crore for 100 ULBs including Cuttack for the period 2010-11 to 2014-15.

8.4.4 Maintenance of Storm Water Drains

Flooding and Water Logging affect Urban Local Bodies due to lack of drain coverage and inadequate carrying capacity of existing drains. They create sanitation and health hazards which were felt in the recent flood in 2008 even in the Capital City of Bhubaneswar. The Housing & Urban Development Deptt. has requested the State Finance Commission to provide Rs.100 crore for the purpose. **The State Finance Commission, recommends Rs.15 crore only for the said purpose. The balance amount that is 100-15=Rs.85 crore may be provided by the 13th Finance Commission.**

8.4.5 Rain Water Harvesting Structure

Ground water level across the ULBs is declining at a faster rate. It is a matter of concern for the Urban Local Bodies. Rain water harvesting is required in order to recharge the ground water in Urban areas. The H&U.D. Deptt. has requested the State Finance Commission to provide Rs.50 crore for the said purpose. **The State Finance Commission has not made any specific recommendation regarding rain water harvesting structure. The 13th Finance Commission may consider the problem and may provide for Rs. 50 crore for the purpose.**

8.4.6 Conservation of Water Bodies

Pollution of water bodies is a major concern especially in larger cities like Cuttack, Bhubaneswar, Puri and Berhampur. It may be noted that water bodies in urban areas provide an alternative source of drinking water in emergency situations. The H&U.D. Department has asked for Rs.100 crore for the said purpose. **The State Finance Commission requests the 13th Finance Commission to appreciate this problem and provide the amount for this purpose.**

8.4.7 Maintenance of Street Lighting

The H&U.D. Deptt. has requested the State Finance Commission to provide Rs.178.89 crore for proper maintenance of energy efficient street lighting. **The State Finance Commission has recommended Rs.90.00 crore for the said purpose and requests the 13th Finance Commission to provide the balance amount i.e. 178.89-90=Rs.88.89 crore.**

8.4.8 Urban Plantation

Due to global climatic change, it is necessary to have plantation in urban areas to protect our environment and keep the atmosphere clean. The H&U.D. Deptt. has requested the State Finance Commission to provide Rs.100 crore for the purpose. **The State Finance Commission appreciates**

the urgency of the problem and endorses the view of the Housing and Urban Development Department and on its part provides for 1.20 crore for the purpose and requests the 13th Finance Commission to provide the rest of the amount i.e. Rs.98.80 crore for plantation not only in industrially advanced districts like Jajpur, Dhenkanl, Sambalpur, Angul, Jharsuguda, Sundargarah, Kalahandi, and Keonjhar which suffer from industrial pollution but also in urban areas particularly in the corporations and populous municipalities.

8.4.9.1 Maintenance of Non-residential buildings.

School buildings, hospital/dispensary buildings owned and maintained by the Municipalities and NACs including their own office buildings need regular repair and maintenance. Many of these buildings are old and need extensive repairing. A sum of Rs. 30.00 crore as projected by the H and U.D Department may be provided for the purpose by the 13th Finance Commission.

8.4.10 E-governance

A sum of Rs.41.70 crore may be provided to the ULBs for e-governance for the 5-year period 2010-11 to 2014-15 by the 13th Finance Commission. The State Finance Commission has recommended for devolution of Rs.8.30 crore of the purpose.

8.4.11 Basic services to urban poor (Slum population)

In order to provide security of tenure, improved housing, water supply, sanitation, education, health and social security to about 18 lakh slum dwellers in 103 ULBs, the H&U.D. Deptt. has requested the State Finance Commission to provide Rs.950 cores for the said purpose. It is not possible on the part of the State Finance Commission to recommend the entire amount due to paucity of resources. **The State Finance Commission, recommends Rs.150 crore for the aforesaid purpose and requests the 13th Finance Commission to provide the balance amount i.e. 950-150=Rs.800 crore to enable the Urban Bodies to extend basic services to the people living in slums.**

8.4.12 Maintenance of Roads and Bridges

The Housing & Urban Development Department has projected Rs.728.70 crore for maintenance roads and bridges in ULBs. The State Finance Commission on its part recommends Rs.177.95 Cr. for devolution for this purpose and requests the 13th Finance Commission to provide Rs.372.05 crore for the said purpose.

The recommendations to the 13th Finance Commission by the State Finance Commission in respect of the ULBs is summarized in the following Table: -

Table - 2

Sl. No	Purpose	Amount (Rs. in Crore)
(1)	(2)	(3)
1.	<i>Improvement of water supply in Cuttack, Sambalpur, and Berhampur Cities.</i>	737.11
2.	<i>Solid Waste Management</i>	500.00
3.	Development of Sewerage System in Sambalpur and Berhampur cities	550.00
4.	Maintenance of Storm Water Drains	85.00
5.	Rain Water Harvesting Structure	50.00
6.	Conservation of Water Bodies	100.00
7.	Maintenance of Street Lighting	88.89
8.	Urban Plantation	98.80
9.	Maintenance of Non-residential buildings.	30.00
10.	E-governance	41.70
11.	<i>Basic services to urban poor (slum population)</i>	800.00
12.	<i>Maintenance of Roads and Bridges</i>	372.05
	Total:	3453.55

8.4.13 The State Finance Commission considering the problems of Rural and Urban Local Bodies and the demands of the Panchayati Raj and Housing & Urban Development Departments recommends to the State Government to devolve Rs.4480.85 Crore to the Rural and Urban Local Bodies for the period 2010-11 to 2014-15 in the manner prescribed by the Commission.

8.4.14 The State Finance Commission is aware of the increased financial burden on the State on account of the implementation of the 6th Pay Commission Recommendations. It is also equally conscious of the additional burden that the State would bear after the implementation of new UGC pay scales and new pay scales for the Judiciary. State's Public Finances would come under great strains. It is in this context that this Commission requests the 13th Finance Commission to transfer a sum of **Rs.4480.85 crore** to Orissa to augment the Consolidated Fund of the State.

8.4.15 The 13th Finance Commission is also requested to appreciate the submissions made for different projects and services by the Panchayati Raj Department and Housing and Urban Development Department and provide grants-in-aid to the tune of **Rs.11981.62 crore** (Rs.8528.07 crore for PRIs

and 3453.55 crore for ULBs) for a period of five years from 20010-11 to 2014-15.

8.4.16 A total of **Rs.16462.47 crore** may be transferred to the State including state's devolution of Rs.4480.85 crore to the Rural and Urban Local Bodies as per the recommendation of State Finance Commission.

The State Finance Commission, in its meeting on 6th February, 09 resolves to accept and adopt the report for presentation to His Excellency, the Governor of Orissa.

CHAPTER-IX

SUMMARY OF RECOMMENDATIONS

9.1. Release of State share by Government of India.

Government of India should release the state share out of undisbursed amount of Fiscal Incentive Grants as per the recommendation of the Eleventh Finance Commission. (Paragraph- 3.67).

9.2. Revision of rate of Royalty.

Government of India should revise rates of Royalty on coal and other major minerals on ad valorem basis (Paragraph-3.68).

9.3. Implementation of orders of Devolution of Powers by 11 Departments-

State Government transferred 21 subjects of 11 Departments to the PRIs in the light of decisions of the Cabinet during 2003. The Chief Secretary in his letter bearing No.6888/PS dt.4.7.2003 addressed to 11 Departments communicated the decision of the Government for implementation of the same in letter and spirit. Now it is seen that various departments have not implemented the above mentioned decisions fully. Some Departments have issued instructions to field level functionaries contradictory to the decision of Government. The limited devolution of power based on the decisions of Government as communicated in the letter of the Chief Secretary should be implemented fully (Paragraph-4.12, 4.13 & 4.14).

9.4 Constitution of Panchayat Samiti Level Committee and Zilla Parishad Level Committee with President, Zilla Parishad and Chairman of the Panchayat Samiti as Chairperson.

President, Zilla Parishad and Chairman of the Panchayat Samiti are Executive Authority of Zilla Parishad and Panchayat Samiti respectively as per the Orissa Zilla Parishad Act and the Orissa Panchayat Samiti Act. Different Departments have issued guidelines for constitution of Block Level Committee and Zilla Parishad Level Committee where Chairman of Panchayat Samiti/ President of Zilla Parishad have been designated as members. M.L.As / Collectors have been designated as Chairman of such committees. The Commission requests the government to review the orders and give due weightage to the Chairpersons consistent with their official status. (paragraph 4.13).

9.5 Opening of Panchayat Sector in the budgets of 11 Departments.

For effective performance of functions devolved upon PRIs through Activity Mapping, the Panchayats would need the matching transfer of funds in respect of devolved functions. 11 Departments should open a Panchayat Sector in their respective Budget and transfer fund according to Activity Mapping (Paragraph-5.4).

9.6 Extent of State revenue to be devolved to the PRIs and ULBs.

The Commission has adopted gross tax revenue of the state as basis for devolution of fund in the absence of authenticated figures of net proceeds. Gross Tax Revenue of the state for the years 2005-06, 2006-07 and 2007-08, which were revenue surplus years has been taken into account for the purpose of devolution. Average Gross Tax Revenue of the state for these years has been calculated. This stands at Rs.5974.48 crore. The Commission, considering the growing functions and responsibilities of the state which it is called upon to discharge and the consequent demand on the state for greater funds recommends to transfer 15% of the average Gross Tax Revenue calculated at Rs.896.17 crore in favour of PRIs and ULBs. In other words, a sum of Rs.896.17 crore may be transferred to PRIs and ULBs per annum. **The allocation to be devolved to the local bodies would amount to $896.17 \times 5 = 4480.85$ crore for the period of five years i.e from 2010-11 to 2014-15.** (paragraph 5.14(ii).

In view of gradual increase in population in urban areas, the Commission has recommended transfer of above mentioned amount of Rs.4480.85 crore between PRIs and ULBs at the ratio of 75% : 25% vide paragraph 5.14(v). The share of PRIs comes to Rs.3360.64 crore and that of ULBs comes to Rs.1120.21 crore during the period from 2010-11 to 2014-15.

9.7 Devolution of Resources to PRIs.

The Commission has recommended transfer of fund for the following purposes.

(i) Livelihood-

As per the Census report, 2001 the number of main workers which in 1991 was 103.78 lakh declined to 95.89 lakh in 2001. This comprised of 34.35 lakh (35.8%) cultivators. 20.98 lakh (21.9%) agricultural labourers, 4.04 lakh (4.2%) workers in household industries and 36.52 lakh (38.1%) other workers. In addition to 95.89 lakh main workers, the state has (2001 census) 46.87 lakh marginal workers. Taken together, the state has 142.76 lakh workers. The marginal workers work in different areas of activities. 8.12 lakh of marginal workers work as cultivators, 29.01 lakh as agricultural labourers, 2.97 lakh in the household industries and 6.76 lakh are engaged in other activities. The Commission is of the view that Government should provide fund to PRIs for supporting livelihood of rural people in the following sectors;

(a) Rs.2.00 lakh to each Grama Panchayat per annum towards agriculture, animal husbandry, pisciculture and Minor Forest Produce related activities. Total requirement for five years comes to **Rs.623.40 crore** (Rs.124.68 cr.X5).

(b) **Rs.25.00 crore** may be placed(as suggested in paragraph 5.16.1 (e)(iv). at the disposal of Panchayati Raj Department @ Rs. 5.00 cr. per annum for strengthening sale outlets of Handloom and Handicrafts products.

(c) **Rs. 15 crore** may be placed at the disposal of Panchayati Raj Department to provide livelihood support to people dependant on handloom and sericulture @ **Rs.3 crore per annum as suggested in paragraph 5.16.1.(e)(i).** The amount may be utilised in consultation with the Handloom & Textile Department.

(d) A package of **Rs.1.00 cr.** (@ Rs.20 lakh per annum) may be provided towards upgrading weaving skill of Buddhist village artisans of Baramba Block as suggested in paragraph 5.16.1.(e)(iii). Buddhist minority community residing in Orissa may be given a preferential treatment for ensuring their livelihood.

(e) Rs. 75 lakh per annum may be provided for alternate livelihood support to people who have lost their traditional livelihood due to establishment of sanctuaries namely Sunabeda, Satakosia and Badarama @ Rs. 25 lakh per sanctuary as suggested in paragraph 5.16.1(f) . The requirement for five years comes to **Rs.3.75 crore.**

(f) **Rs. 2 crore** may be provided to Nuagaon Block of Sundargarh and Kuchinda Block of Sambalpur district @ Rs.0.50 crore per Block over a period of 2 years towards construction and maintenance of cold store. The position has been explained in paragraph 5.16.1(a).

(g) **Rs. 2.00 crore** is recommended for establishment of Cane and Bamboo Technology Centre. The position has been explained in paragraph 5.16.1(f).

(h) **Rs.0.94 crore** recommended for establishment of a Bamboo Park. The position has been explained in paragraph 5.16.1(f).

Thus, the total requirement which comes to **Rs. 673.42 crore** over a period of five years may be provided under livelihood sector.

(ii) **Education-**

The Commission, in view of the prevailing educational disparities among the different social groups in different regions and state's commitment to educational justice, recommends **Rs.308.76 cr.** for 186 nos. of educationally backward Blocks and Blocks situated in Scheduled Areas @

Rs.1.66cr. per Block) instead of Rs.117.60 cr. recommended in the first report.(an increase of Rs.191.16 cr.). (Paragraph 5.16.2)

(iii) Culverts and Bridges for Grama Panchayat and Panchayat Samities and Village Roads.

Construction of culverts and bridges is not taken up under NREGS and other labour intensive schemes because material component is very small in above mentioned schemes. It is necessary to make the roads all weather by constructing C.D works. The Commission recommends **Rs.314.00 crore** @ Rs.1.00 cr. per Block towards construction of culverts and bridges over a period of 5 years in the light of the mandate of the Constitution. (Paragraph 5.16.3)

(iv) Development of Water Bodies.

The Commission recommend a revised amount of **Rs.326.82** (in stead of Rs.74.54 cr.) over a period five years towards development of water bodies with provision of masonry works in appropriate cases in order to increase the storage capacity of water bodies. The amount available through this source may be dove-tailed with fund available from different labour intensive schemes. The Panchayati Raj Department will work out details of distribution of fund in respect of selected water bodies. (paragraph 5.16.4)

(v) Rural Water Supply including Tube Wells.

The Commission recommends **Rs.478.40 crore** for operation and maintenance of pipe water supply and tube wells during the award period. Each of the 6234 G.Ps may be allocated Rs.1,53,400/- per annum.(paragraph 5.16.5)

(vi) Upgradation of PS/GP/Village Roads having contiguity.

Rs.266.90 crore may be transferred to 314 Blocks @ Rs.85 lakh for a period five years for conversion of existing Metalled Roads to B.T Roads. A sum of Rs.150 crore @ Rs.15 lakh per K.M. may be transferred for converting 1000 K.M. of village roads to concrete roads. Populous villages which have not been covered under any scheme for having c.c. roads may be provided with the recommended money on a priority basis. A total sum of **Rs.416.90 crore** may be devolved to the G.Ps on this account. (paragraph 5.16.6)

(vii) Maintenance of Minor Irrigation Projects-A sum of Rs.151.75 crore is recommended for maintenance of 1214 MI projects transferred by Water Resources Department to Grama Panchayats. (paragraph 5.16.7)

(viii) Contribution to Minor Maintenance in respect of Cyclone Sector-There are 139 cyclone centres constructed by Orissa State Disaster Mitigation Authority. Rs.17.38 crore is recommended towards maintenance of cyclone centres.(paragraph 5.16.8)

(ix) Construction of Zilla Parishad Office and Maintenance of Panchayat Samiti Buildings-

Rs. 9 crore is recommended towards construction of Zilla Parishad building @ Rs.30 lakh per Zilla Parishad. Rs.56.52 crore is recommended towards maintenance of 314 Panchayat Samiti buildings @ Rs.18 lakh per Panchayat Samiti. (paragraph 5.16.9)

(x) Construction and provision of Sanitation Facility-

Rs.124.68 crore is recommended for construction of toilets in every G.P @ Rs.2 lakh per G.P. (paragraph 5.16.10)

(xi) Improvement in Street Lighting-

Rs.161.22 crore is recommended for providing street light against demand of Rs. 311.70 crore by the Panchayati Raj Department(paragraph 5.16.11)

(xii) Cremation/Burial Ground- The Commission recommends **Rs.94.25 crore** for the purpose. Rs.18.55 crore may be provided annually to selected G.Ps keeping in view availability of sites and ability of G.Ps. (paragraph 5.16.12)

(xiii) Construction of Community Hall/Training Centres of SHGs with Kiosks providing common services facilities-

It is necessary to provide a Community Hall or a Training Centre for the SHGs in the premises of the Grama Panchayats. There are 2742 Grama Panchayats with a population exceeding 5000. Rs.27.42 crore is recommended for construction building, Rs.5.48 crore is recommended towards purchase of equipment and Rs.13.74 crore is recommended for acquisition of computer hardware. Total requirement comes to Rs.46.64 crore. The Kiosks may be leased out to intending bidder. (paragraph 5.16.13)

(xiv) Herbal Garden/Improvement in Rural Environment- Rs.62.80 crore is recommended for establishment of 3140 herbal gardens (@ 10 garden per Block). Rs.39.60 crore is recommended towards remuneration of gardners. Total requirement comes to Rs.102.40 crore. (paragraph 5.16.14).

Abstract of Recommendations in favour of PRIs

(Rs. in Crore)		
Sl. No.	Purpose	Amount
1	Livelihood	673.42
2	Education -	308.76
3	Culverts and bridges	314.00
4.	Development of Water Bodies	326.82
5	Rural Water Supply including Tube Wells (Core service)	478.40
6.	Upgradation of PS / GP / Village Roads having contiguity (i) Rs. 85.00 lakh per Block for five years for conversion of existing metalled roads into BT roads. (ii) Construction of Concrete road @ Rs.15 lakh per K.M for 1000 K.Ms. Populous villages not having concrete roads in every GP will be given preference.	266.90 150.00
7.	Maintenance of Irrigation Projects for five years @ Rs.2.5 lakh per Minor Irrigation Project for 1214 MIPs	151.75
8.	Contribution to Minor Maintenance in respect of Cyclone Centres @ Rs.25000 per annum for 139 centres for five years	17.38
9.	(i) Construction of Zilla Parishad Office Buildings @ Rs.30.00 lakh for 30 ZPs. (one time grant) (ii) Maintenance of Panchayati Samiti Building @ Rs.18 lakh for 314 PSs.	9.00 56.52
10.	Construction of Sanitation facilities in all the Grama Panchayats Office premises with water supply @ Rs.2 lakh per G.P (Core Service)	124.68
11.	Improvement of Street Lighting (Core Service)	161.22
12	Cremation / Burial Ground (Core Service)	94.25
13.	(i) Construction of Community Hall/Training Centres for Self Help Groups with KIOSKS providing common services facilities in 2742 G.Ps having a population exceeding 5000 @Rs.10 lakh per centre. (ii) Provision of tables, chairs, electrical appliances, audio system @Rs.2 lakh per centre (iii) Provision of Computer Hardware to KIOSKS @Rs.50000 per KIOSKS in 2742 centres	27.42 5.48 13.74
14.	(i) Herbal Garden @Rs.2 lakh per garden for 3140 gardens @ 10 garden in each Block (location to be decided by consulting an expert in the field.) (ii) Remuneration to gardeners @ Rs.2100/- per month	62.80 39.60
	TOTAL	3360.64

9.8 Details of devolution of funds to ULBs.

After detailed discussion we make item-wise allocation of Rs.1120.21 crore as mentioned below.

(i) Improvement of Water Supply

The State Finance Commission recommends Rs.170.00 crore for 34 Municipalities for a period of 5 years from 2010-11 to 2014-15 @ Rs. 1.00 crore per annum per municipality. Rs.130.00 crore may be devolved to the NACs during the same period depending on their size and population. **Total amount recommended comes to Rs.300.00 crore** over the period of five years. (Paragraph 5.17.1)

(ii) Integrated Sewerage System

The State Finance Commission **recommends Rs.113.06 crore** to 100 ULBs excluding Sambalpur, Berhampur and Bhubaneswar for integrated Sewerage System. (Paragraph 5.17.2)

(iii) Maintenance of Roads & Bridges

H & U.D Department has requested for Rs.550.00 crore during the award period for Maintenance of Roads and Bridges. The **State Finance Commission recommends Rs.177.95 crore** for the said purpose. Annual allocation of Rs.35.59 crore may be distributed among the ULBs keeping in view the population, concentration of SC/ST and geographical situation of the ULBs. (Paragraph 5.17.3)

(iv) Public Toilet with Water Facility

People in urban areas face increasingly more and more inconveniences and discomforts because of the absence of Public Toilets with water facilities. The Commission recommends devolution at the rate of Rs. 10 lakh per ULB for Public Toilet amenities with running water facilities. A sum of **Rs. 10.30 crore is recommended** for the purpose. (Paragraph 5.17.4)

(v) Housing to Urban Poor

Providing services to the urban poor poses enormous challenges for the ULBs. The H & U.D. Department has suggested funds to the tune of Rs.950.00 crore in order to provide security of tenure, improved housing, water supply, sanitation, education, health and social security to about 18 lakh slum dwellers. The **State Finance Commission, recommends for Rs.150.00 crore for housing facility to the slum dwellers.** This may be linked to subsidised housing scheme promoted by the HUDCO and other funding agencies. (Paragraph 5.17.5)

(vi) Environment Improvement

Industries have been located in a big way in districts like Jajpur, Keonjhar, Sundargarh, Jharsuguda, Sambalpur, Anugul and Kalahandi. Level of pollution in these districts has increased. Plantation of trees may help / improve the environment and fight such external diseconomies. The Commission recommends Rs.1.2 crore for the purpose @ of Rs.15 lakh per district. This may be provided @ of Rs.3.00 lakh per annum to the urban local bodies in these districts. (Paragraph 5.17.6)

(vii) Storm Water Drain

In order to provide Storm Water Drains, the H & U.D. Department has asked for Rs.100.00 crore to improve drainage net work. The State Finance Commission recommends Rs.15.00 crore for the purpose of the award period. (Paragraph 5.17.7)

(viii) Maintenance/improvement of Street Lighting

As per the proposal submitted by the H & U.D Department to the State Finance Commission proper maintenance of Street Lighting would require Rs.178.89 crore for achieving energy efficiency and acceptable level of illumination. It is not possible on the part of the Commission to recommend the entire amount as proposed by the H & U.D Department which stands at Rs.178.89 crore. The Commission however, recommends that Rs.90.00 crore may be transferred to the ULBs for the said purpose during the award period. Priority may be given to ULBs situated in the scheduled areas. (Paragraph 5.17.8)

(ix) Construction of Children Park

With the growth in urban population, different facilities for children are to be created. The Commission recommends Rs.5.15 crore and Rs.1.30 crore towards establishment of parks and remuneration of gardeners respectively. (Paragraph 5.17.9)

(x) Construction of Auditorium-cum-Culture Centres

The Commission recommends Rs. 75 crore to be devolved to 100 ULBs for construction of auditoriums and purchase of furniture excluding the three corporations of Cuttack, Bhubaneswar and Berhampur during the award period. (Paragraph 5.17.10)

(xi) Development of Bus Stand and Parking Facility

Most of the ULBs do not have developed Bus Stand facilities for the people. Parking facilities are also not available for vehicles. The Commission recommends that a sum of Rs.50 lakh per ULB be given to 100 U.L.Bs excluding the three Corporations for construction/development of Bus

Stand and parking facility. The total amount for the purpose stands at **Rs.50 crore.** (Paragraph 5.17.11)

(xii) Construction of Kalyan Mandap

The State Finance Commission recommends that Rs.50 lakh may be given to each of the 100 U.L.Bs(excluding three Municipal Corporations) for construction of Kalyan Mandaps. A sum of **Rs. 50.00 crore may be devolved for the purpose during the award period.** The ULBs receiving funds for the purpose have to contribute 10% of the allocated amount, i.e. each of the ULBs has to contribute Rs.5.00 lakh. (Paragraph 5.17.12)

(xiii) Market yard

The Commission recommends that there should be a Market yard in each of the 100 U.L.Bs excluding the 3 Municipal Corporations. Accordingly, it recommends **Rs. 6.50 crore** for the said purpose during the award period at the rate of Rs. 6.50 lakh for each of the 100 ULBs. (Paragraph 5.17.13)

(xiv) KIOSKS, Purchase of Hardware and its peripherals and Remuneration

The Commission favours construction of KIOSKS in 100 ULBs to provide common facilities to the citizens. It, therefore, recommends 3 Kiosks for each of the Municipalities @ Rs.3 lakh per Kiosk and 2 Kiosks for each the N.A.Cs @ Rs.2 lakh per Kiosk during the award period. **A total of Rs. 11.08 crore may be devolved for KIOSKS and their development.** (Paragraph 5.17.14)

(xv) Development of Tribal Museums

Koraput, Malkangiri, Nabarangpur, Raygada, Sundargarh, Mayurbhanj, Keonjhar, Kandhamal are tribal majority districts. There is also sizeable tribal population in Balasore (Nilagiri Sub-division), Sambalpur (Kuchinda Sub-division), Kalahandi (Langigarh) and Gajapati districts.

Traditional Tribal dress, ornaments, drums and musical instruments, weapons, bows and arrows and many other valuable things which vary from one tribal region to another are disappearing fast.

The Commission recommends 12 Tribal Museums to be located in District/Sub-Divisional headquarters of the districts which have been indicated. A sum of **Rs.6.60 crore** at the rate of Rs. 55.00 lakh per museum is recommended for this purpose. (Paragraph 5.17.15)

(xvi) Drainage facilities for Balasore Municipality.

Lack of drainage facilities in the town leads to accumulation of water flooding the entire township. Though this is a long felt necessity of the town, the Municipality does not have the funds to do it. As per the

memorandum submitted by the Municipality, Rs. 10.21 crore is required for drainage works. The Commission recommends Rs.10.21 crore in favour of Balasore Municipality during the award period for improving drainage facilities. (Paragraph 5.17.16)

(xvii) Development of Forest Park at Kissan Kundaposhi, Ward No.-9, Kuchinda NAC.

Kuchinda NAC of Sambalpur district has submitted a proposal to the State Finance Commission requesting allocation of Rs.1.56 crore for the Development of Forest Park at Kissan Kundaposhi in Ward No.9. The project is eco-friendly and environment friendly. The Commission recommends that Rs. 1.56 crore be devolved to the Kuchinda NAC for the purpose during the award period. (Paragraph 5.17.17)

(xviii) Construction of Under Ground Drainage System in Jeypore Municipality

Jeypore Municipality in Koraput district has submitted a memorandum to the State Finance Commission requesting to provide Rs.2.00 crore for construction of under-ground drainage system. Jeypore Municipality needs the drainage system. The State Finance Commission accepts the request of Jeypore Municipality and recommends devolution to the tune of Rs. 2.00 crore to the Jeypore Municipality during the award period. This amount shall be utilised as per the project report submitted to the Commission. (Paragraph 5.17.18)

(xix) E-governnance

Housing & Urban Development Department has requested the State Finance Commission to allocate Rs.50 crore during the award period for E-Governance programme. The Commission recommends Rs.8.30 crore as grants-in-aid to the ULBs during the award period for the said purpose. (Paragraph 5.17.19)

(xx) Contribution to Pension Fund.

As per contributory pension scheme introduced by the Govt. of Orissa, the employer shall have to provide the pension share in respect of its employees in addition to the share provided by the employee. The Commission, therefore, recommends Rs.7.00 crore on this account per year. The total amount on this score during the award period comes to Rs.35.00 crore. (Paragraph 5.17.20)

Total Devolution to the ULBs during the period from 2010-11 to 2014-15 comes Rs.1120.21 Crore, the abstract of which is given below.

Devolution of Resources to ULBs

Total Devolution Rs.1120.21 Crores

(Rs. In Crores)

Sl.No.	Purpose	Amount
1	Improvement of Water Supply	300.00
2	Integrated Sewerage System	113.06
3	Maintenance of Roads and Bridges	177.95
4	Public Toilets with Water Facility @ Rs. 10 lakh per ULB	10.30
5	Housing to Urban poor to make cities slum free	150.00
6	Environment Improvement	1.20
7	Storm water drain	15.00
8	Maintenance and improvement in Street Lighting	90.00
9	(i) Const. of Children's Park @ of Rs. 500000/- per ULB for 103 ULB	5.15
	(ii) Remuneration to Gardeners for five years @ 2100 per month	1.30
10	(i) Construction of Auditorium -cum- Culture Center for 100 ULBs @ Rs. 50 lakh per ULB.	50.00
	ii) Provision of Chairs, Tables, Electrification, Fans, Audio System and Screens @ of Rs. 50 thousand per year for five years	25.00
11	Development of Bus Stand and Parking Facilities @ Rs. 50 lakh per ULB for 100 ULB excluding the Corporation	50.00
12	Construction of Kalyan Mandap in 100 ULBs excluding the Corporations @ Rs. 50 lakh per ULB (The ULBs receiving funds have to contribute 10% of the allotted amount i.e Rs.5.00 lakh	50.00
13	Market yard (for 100 ULBs) excluding the Corporations @ Rs. 6.50 lakh per ULBs	6.50
14	(i) KIOSKS for 100 ULBs Municipalities - 3 Kiosks each @ Rs. 3.00 lakh NACs - 2 Kiosks each @ 2 lakh	5.70
	(ii) Purchase of Hardware and peripheral @ Rs. 50 thousand per Kiosks	1.17
	(iii) Remuneration to operators (to be apportioned by ULBs)	4.21
15	Tribal Museum@ of Rs. 55 lakh per Museum	6.60
16	Drainage facilities for Balasore Municipality (Collector of the District should associated with the project to ensure quality & efficiency)	10.21
17	Development of Forest Park at Kuchinda NAC (Collector of the District should associated with the project to ensure quality & efficiency)	1.56
18	Underground Drainage Construction - Jeypore Municipality.	2.00
19	E Governance	8.30
20	Contribution to Pension Fund	35.00
	TOTAL	1120.21

9.9 Recommendation of Grants-in-aid in favour of PRIs.

9.9.1 The Commission recommends continuance of grants-in-aid in respect of following schemes/programmes with increase of Kendu Leaves grant from Rs.10 crore to Rs.20 crore.(paragraph 6.6.1)

(i)Sairat,	1.00 cr.
(ii)Kendu Leave Grant,	20.00 cr.(As against Rs.10 cr.)
(iii) Land Cess,	15.00 cr.
(iv)Grants under Minor Forest Produce	1.00 cr.
(v)Grants towards Entertainment Tax.	0.15 cr.
Total	37.15 cr.
<u>Requirement for five years comes to Rs.185.75 cr.</u>	

9.9.2 The Commission has analysed Minor Forest Produce in the light of the Scheduled Tribes and other Traditional Forest Dwellers (Recognition of Forest Rights), Act, 2006, Provisions of Panchayats (Extension to Scheduled Areas),Act, 1996 and the Orissa Grama Panchayat (Administration of Minor Forest Produce)Rules, 2002 and interacted with elected representatives, officials, NGOs and labourers engaged in K.L trade. The Commission recommends the following;

- (i) Left out items like cane, brush wood, stumps and tassar should be included in the list of Minor Forest Produce. Local names and scientific names of each item of MFP should also be mentioned in the list of MFP.

The present policy of State control over K.L and bamboo may continue as a transitional measure. (paragraph 6.6.9(i))

- (ii) Following Acts and Rules should be amended consistent with FR Act and PESA Act. (paragraph 6.6.9(ii)).
 - a) The Orissa Forest Produce (Trade Control) Act, 1981 and Rules, 1983.
 - b) The Orissa Kendu Leaves (Control of Trade) Act, 1961 and Rules 1962.
 - c) The Orissa Forest Act, 1972 and Rules 1985.
 - d) The Orissa Timber and Other Forest Produce Transit Rules, 1980.
 - e) Bihar & Orissa Excise Act, 1915.
 - f) The Orissa Excise (Mohua Flower) Rules, 1979.
 - g) The Orissa Grama Panchayat (Administration of Minor Forest Produce) Rules, 2002.

- (iii) Ownership of Grama Panchayat and Grama Sabha over Minor Forest Produces should be clearly defined consistent with section 4(m)(iv) of PESA Act and section 6(1) of FR Act. (paragraph 6.6.9(iii))
- (iv) Panchayati Raj Institutions should be strengthened with field level officers deputed from the Forest & Environment Department for successfully securing individual or community right over minor forest produce and for protecting, regenerating, conserving and managing forest resource for sustainable use. (paragraph 6.6.9(iv))
- (v) Present provision of prescribing Rs.100/- per item per annum may be amended and Grama Panchayats may be empowered to fix registration fees keeping in view availability of MFP and market rate. (paragraph 6.6.9(v))
- (vi) A Minor Forest Board may be constituted with the responsibility of recommending new policies/policy changes to the Government for approval and implementation. (paragraph 6.6.9(vi))
- (vii) Individuals and community traditionally dependant on MFP should be given a share of profit from K.L trade and bamboo trade, because their right over above two items is guaranteed under the F.R.A. (paragraph 6.6.9(vii))
- (viii) K.L grant may be enhanced from Rs.10 crore to Rs.20 crore per annum. 50% of total K.L. grant should be paid to registered labourers engaged in K.L. trade by depositing the individual share in the accounts opened in their names either in the post offices or Banks. Rs.1 crore should be utilised for the welfare of the K.L workers. . Balance amount may be released to PRIs for protection and regeneration of MFP species, development of infrastructure which benefit the K.L. workers and MFP gatherers. (paragraph 6.6.9(vii)(a))
- ix) 10% of the net profit accruing from bamboo trade may be paid to individuals, who are engaged in bamboo trade operation of the Government. (paragraph 6.6.9(vii)(b))

9.9.3 The Commission recommends grants-in-aid in respect of untied fund, incentive award and celebration of Panchayati Raj Diwas as mentioned below.(paragraph 6.7.4)

i)	Untied fund – (Each Panchayat Samiti will get an amount of Rs.35 lakh per annum)	Rs.109.90 Cr.
ii)	Celebration of Panchayati Raj Diwas At present Rs.0.40 cr. Is released per annum	Rs.0.70 Cr.
iii)	Incentive to PRIs (at present Rs.1.20 Cr. Is released annually)	Rs.3.60 Cr.
Total amount per annum :		Rs.114.20 Cr.

9.9.4 Government should continue to bear the salary component of officers and staff of PRIs recruited by Government, honorarium, sitting fees, T.A and D.A of elected representatives and other expenditure as usual. Total amount of Rs.293.56 crore is recommended for the purpose. (paragraph 6.8.2)

9.9.5 Grants-in-aid to Urban Local Bodies-

(a) Rs.82.72 crore per annum is recommended towards salary and pension against present grant of Rs.41.36 crore in view of demand for revision of salary and pension in the light of recommendation of the 6th Pay Commission. (paragraph 6.10.2)

(b) Incentive of Rs.1.50 crore is recommended for the best Municipality and the best N.A.C. (paragraph 6.10.3)

Total amount of grants-in-aid for ULBs per annum comes to Rs.84.22 cr. Total requirement for the award period comes to Rs.421.10 cr.(paragraph 6.10.4)

9.10 General Observations

The Commission recommends transfer of fund from the following sources without additional burden on the state exchequer.

9.10.1 Transfer of funds collected under Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 to PRIs and ULBs.

The Commission recommends that 50% of Cess collected under Building and Other Construction Workers (Regulation of Employment and Conditions of Service)Act, 1996 should be transferred to Urban Local Bodies and Panchayati Raj Institutions for construction of houses for the workers. The Orissa Building and Other Construction Workers Welfare Board may determine the amount to be placed with Urban Local Bodies and Panchayati Raj Institutions district-wise annually.(paragraph 7.1.1)

9.10.2 TRANSFER OF FUND COLLECTED UNDER NOTIFICATION DTD. 15.1.04 OF DEPARTMENT OF STEEL & MINES TO PRIs and ULBs.

The Commission recommends that fund collected as per Notification No.SRO. 37/2004 dated 20.2.2004 of Steel & Mines Department may be transferred to concerned Grama Panchayats where mining activities are taken up. (paragraph 7.1.2)

9.10.3 TRANSFER OF VILLAGE MARKETS FROM REGULATED MARKET COMMITTEES TO GRAMA PANCHAYATS-

The Commission has analysed provisions of the Orissa Grama Panchayat Act and the Orissa Agricultural Produce Market Acts and application of the provisions to village market and regulated market.

The Market Committee is competent to levy and collect market fees from a purchaser of notified agricultural produce marketed in the market area vide sub-rule 1 of rule 48.

Retail sale of agricultural produce by the producer shall be exempted from any fees vide sub-rule 4 of Rule 48.

Purchaser of any agricultural produce by a buyer for his domestic or household consumption shall be exempted from the payment of any fee vide sub-rule 5 of Rule 48.

Above mentioned provisions make it very clear that R.M.C is meant for wholesale trading of agricultural produce and fee is leviable on the buyer.

Grama Panchayat may levy fees-

- a) for the use of, or for the right to expose goods for sale in such market;
- b) for the use of shops, stalls and stands in such market;
- c) on vehicles (including motor vehicles as defined in the Motor Vehicle Act, 1939) or animals bringing, or on persons carrying, any goods for sale in such market;
- d) on animals brought for sale into or sold in such market; and
- e) on brokers, commission agents, weighmen and measurers practising their calling in such market.

The basic difference is that R.M.C is competent to levy and collect tax/fees from the buyer whereas Grama Panchayat is competent to levy and collect tax/fees from the seller. But in practice R.M.C collect/fees from the seller of commodities of daily consumption.

The Commission, therefore, recommends that a committee may be constituted with an Economist as Chairman and non-official persons having experience of working with farmers, traders and villagers as members to identify the markets which should continue under the control of Regulated Market Committees and the rest which should be re-transferred to Grama Panchayats.(paragraph 7.1.3)

9.10.4 MANAGEMENT OF GRAMA PANCHAYAT PROPERTIES .

The Commission feels that 66,800 tanks of the Grama Panchayats can fetch income about Rs.30 crore from pisciculture. Similar good amount can be generated from Grama Panchayat markets, orchards, waste lands, etc. For proper management of Grama Panchayat properties, the Commission recommends the following;(paragraph 7.1.4).

- i) The tanks, markets and waste lands should be mutated in favour of the G.Ps.
- ii) Sarapanches and Executive Officers may be personally held responsible for settlement of Grama Panchayat properties according to Orissa Grama Panchayat Act and Rules.
- iii) Sarapanches and Executive Officers may be given training about scientific management of Grama Panchayat properties.

9.10.5 The Commission recommends following measures for accrual of income and prevention of loss to PRIs.

- (i) Recovery of Departmental charges from Work Bills;
- (ii) Recoupment of fund to Grama Panchayats by Revenue & Disaster Management Department;
- (iii) Release of funds under B.R.G.F scheme and the 12th Finance Commission Award to Grama Panchayats.
- (iv) Exemption of royalty from earth work; and
- (v) Economy in expenditure relating to purchase of stores and stationeries.(paragraph 7.1.5, 7.1.6,7.1.7,7.1.8 and 7.1.9).

9.11 EMPOWERING GRAMA PANCHAYATS AND URBAN LOCAL BODIES TO IMPOSE TAXES- The Commission recommends empowering Grama Panchayats and Urban Local Bodies to augment their own income through levy of new taxes/fees in a reasonable manner. Grama Panchayat may be

empowered to levy and collect following taxes/fees. [paragraph 7.1.10(i) to 7.1.10(viii)]

9.11.1 Re-introduction of Panchayat Tax.

9.11.2 Advertisement Tax .

9.11.3 Permit fees for construction, establishment or installation of factories, workshops or work places where electricity is used.

9.11.4 Share in Cess on conversion of agricultural land for non-agricultural uses.

9.11.5 Social development and ecology protection fees.

9.11.6 Licence fees from shops:

9.11.7 Transfer of sairat sources and minor minerals to the Grama Panchayats:

9.11.8 TOLL/USER FEES FOR USING VILLAGE, G.P. AND P.S. ROADS.

9.12 RECOMMENDATIONS FOR RESOURCE MOBILISATION OF URBAN LOCAL BODIES.

Urban Local Bodies which have a narrow resource base must strengthen and widen their resource base for larger revenue mobilisation. The Commission recommends empowering of ULBs to levy following taxes/fees. [paragraph 7.1.11(i) to 7.1.11(v)]

9.12(i) PROPERTY TAX: Introduction of Unit Area Value Assessment.

9.12(ii) FINES ON UNAUTHORISED USE OF LAND UNDER THE MUNICIPAL JURISDICTION.

9.12(iii) SHARE IN CESS ON CONVERSION OF AGRICULTURAL LAND FOR NON-AGRICULTURAL USES.

9.12(iv) CAPITAL /PROPERTY TRANSACTIONS FEE.

9.12(v) TRADE LICENCE FEES.

9.13 PROVISION OF FUNCTIONARIES

The Commission recommends that Government should examine creation of Grama Panchayat Level Cadre, District Level Cadre and a State Cadre in the light of recommendations of the Ministry of Panchayati Raj. (paragraph 7.2.2)

9.14 Government may consider the demand of the Panchayati Raj Service Engineers' Association for creation of a Cadre and promotion of Panchayati Raj Junior Engineers to the post of Assistant Engineers without further delay. (paragraph 7.2.3)

9.15 (a) H & U.D Department, Finance Department and Revenue & D.M Department should discuss the matter jointly for creation of a Cadre of Executive Officers for the Urban Local Bodies. (paragraph 7.2.4)

(b) A professional body may be entrusted with the task of formulating a plan relating to composition of man-power requirement of ULBs and phasing out of surplus staff keeping in view resource base of Urban Local Bodies. (paragraph 7.2.4)

(c) It is necessary to establish a State Institute of Urban Development in the pattern of SIRD for developing training materials and for imparting training to the elected representatives with the objective of enhancing their capacity. Till it has its own campus, its activities can be located in the Gopabandhu Academy of Administration if the state so desires. (paragraph 7.2.5)

9.16 Compliance to recommendations of the 2nd State Finance Commission-

The Commission recommends that release of fund from the State budget to the Panchayati Raj Department and H & U.D Department may be put under restriction till they comply with the recommendations of the 2nd State Finance Commission. This applies to the recommendations of the 3rd Finance Commission and the subsequent Finance Commissions. (paragraph 7.3.3)

9.17 Miscellaneous matters. The Commission requests Government to take steps for-

(a) Computerisation of Grama Panchayat;

(b) Capacity building of all elected representatives including Ward Members and councillors.

(c) Strengthening of three Extension Centres of Panchayati Raj Department located at Bhubaneswar, Bhawanipatana and Keonjhar;

(d) Oriya translation of Panchayat Laws and Municipal Laws with the vetting of Law Department.

(e) Correspondences to Panchayati Raj Institutions and Urban Local Bodies in Oriya. Copy of correspondences to Chairpersons;

f) Determination of Status of President of Zilla Parishad and Mayor of Municipal Corporations; and

g) Designating Project Director, DRDA as the Chief Executive Officer of Zilla Parishad instead of Collector. (paragraph 7.4.1 to 7.4.7)

9.18 Recommendation to the 13th Finance Commission- In the absence of data regarding net tax receipts, the Commission has taken average Gross Tax Revenue for the year 2005-06, 2006-07 and 2007-08 as the basis for determination of devolution of fund. 15% of the average Gross Tax Revenue (which comes to Rs.896.17 crore) has been recommended for devolution in favour of PRIs and ULBs per annum. Total sum of Rs.896.17 cr. X 5 = Rs.4480.85 cr. needs to be devolved for the period from 2010-11 to 2014-2015(paragraph 5.14(ii). The Commission requests the 13th Finance Commission to reimburse the state with Rs.4480.85 cr. during the award period in order to augment the consolidated fund of the state. (paragraph 5.14)

9.19 The Commission recommends the 13th Finance Commission to provide Rs.8528.07 cr. to Panchayati Raj Institutions during the award period during 2010-11 to 2014-15 for the following purposes.(paragraph 8.3)

Sl. No	Purpose	Amount (Rs. in Crore)
(1)	(2)	(3)
1	Upgradation of Rural Roads	2583.10
2	Water Supply	556.70
3	Solid Waste Management	96.00
4	Street lighting	150.48
5	Construction of burial Structure	100.75
6	Drainage & Sanitation	1575.00
7	Development of Water Bodies	165.46
8	Construction of Office building / residential quarters for the GPs and ZPs	25.53
9	Multipurpose Conference / Community Hall at Gram Panchayat level	364.66
10	Maintenance / Conservation of Minor Irrigation Projects	455.25
11	Training for PRIs Representatives	50.00
12	Creation of Storage Space	623.40
13	Herbal Garden/Environment Upgradation	540.24
14	Strengthening of information system and accounting of Panchayat Samitis and Gram Panchayats	150.00
15	Special Problem Funding in Rural Areas i) Consideration of Micro Enterprises in PESA Areas - Rs.600.00 ii) Rural Connectivity in 1966 GPs located in Scheduled Areas - 491.50	1091.50
TOTAL		8528.07

9.20 The Commission recommends the 13th Finance Commission to provide Rs.3453.55 cr. to Urban Local Bodies during the award period during 2010-11 to 2014-15 for the following purposes.(paragraph 8.4)

Sl. No	Purpose	Amount (Rs. in Crore)
(1)	(2)	(3)
1.	Improvement of water supply in Cuttack, Sambalpur and Berhampur cities	737.11
2.	Solid Waste Management	500.00
3.	Development of Sewerage System in Sambalpur & Berhampur cities	550.00
4.	Maintenance of Storm Water Drains	85.00
5.	Rain Water Harvesting Structure	50.00
6.	Conservation of Water Bodies	100.00
7.	Maintenance of Street Lighting	88.89
8.	Urban Plantation	98.80
9.	Maintenance of Non-residential buildings.	30.00
10.	E-governance	41.70
11.	Basic Services to Urban Poor (slum population)	800.00
12.	Maintenance of Roads and Bridges	372.05
	Total:	3453.55

The State Finance Commission in its meeting on the 14th January, 2010 resolves to adopt this Final Report for presentation to His Excellency, the Governor of Orissa.

(Sudhakar Panda)
CHAIRMAN

(Swapneswar Baya)
MEMBER

(Bijay Kumar Mohanty)
MEMBER

(Rabi Ranjan Mallick)
MEMBER

(Sailendra Narayan Sarangi)
MEMBER SECRETARY

