

## CHAPTER – VII

# DEVOLUTION OF RESOURCES

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### DEVOLUTION OF RESOURCES TO LOCAL BODIES.

#### INTRODUCTION:

7.1 The 73<sup>rd</sup> and 74<sup>th</sup> amendments of the Constitution incorporating the 11<sup>th</sup> and 12<sup>th</sup> Schedule cast certain obligatory functions on Panchayati Raj and Urban Local Bodies respectively. The 11<sup>th</sup> Schedule contains 29 functions to be discharged by P.R. Institutions whereas the Urban Local Bodies have to discharge 18 functions as per the 12<sup>th</sup> Schedule of the Constitution. The lists are fairly exhaustive.

7.2 To discharge the functions as enshrined in the 11<sup>th</sup> and 12<sup>th</sup> Schedules, the Local Bodies both in Rural and Urban areas require substantial resources either by way of generating revenue from the areas empowered under the G.P. Act 1964, the Orissa Municipal Act, 1950, the Orissa Municipal Corporation Act, 2003 or through devolution of funds from State resources on certain agreed proportion and principles. The revenue base of the above Local Bodies, as per the statutes, is not so wide as to meet these obligations.

7.3 In terms of the 73<sup>rd</sup> amendment and the 11<sup>th</sup> schedule, the Government of Orissa in Panchayati Raj Department have issued a Circular No.1-PS-2/2003/6886/PS., dated 4.7.2003 under the signature of the Chief Secretary, in which they have devolved some specific functions and provided functionaries to PRIs for implementation of development activities in (i) Agriculture Department (ii) Co-operation Department (iii) School and Mass Education Department (iv) Food Supplies and Consumer Welfare Department (v) S.T. and S.C. Development Department (vi) Health and Family Welfare Department (vii) Women and Child Development Department (viii) Fisheries and Animal Resources Development Department (ix) Rural Development Department (x) Panchayati Raj Department and (xi) Water Resources Department (Minor Irrigation up to ayacut of 100 acres.) (See Annexure-41, Volume-II)

7.4 In all these areas the district level functionaries and lower level functionaries have been made accountable to the Zilla Parishad, Panchayat Samiti and Gram Panchayats for the development of certain activities in these departments. Job Assessment Reports of these officials submitted to the higher government functionaries by the President, Zilla Parishad and Chairpersons of the Panchayat Samiti are required to be given due weightage. They are also authorized to write to the higher authorities about indiscipline, irregular attendance and other shortcomings of these officials. It is thus an attempt to provide the PRIs with both developmental functions and administrative powers over government officials working at the District, Sub-division, Block and Panchayat levels. The contents of this Circular have been discussed in detail earlier.

7.5 In case of Urban Local Bodies no such transfers have been made. As usual, the Urban Local Bodies enjoy the powers that they were enjoying previously.

7.6 The Commission in their Letter No.30968/SFC., dated 22.7.2004 requested the Secretaries of the concerned departments to intimate what further action had been taken by them on assignment of definite functions and functionaries to the Panchayati Raj Institutions as per the directions issued in the Circular of the Chief Secretary dt 4.7.2003. Out of 9 Departments, the Commission could get reply only from four departments. From the replies received it is appreciated that Women & Child Development Department in their Letter No.14743/WCd., dated 31.7.2004 have instructed the Collectors and the DSWOs to implement the instructions of the Chief Secretary. Similarly, Health and Family Welfare Department in their Letter No.2173/H., dated 15.7.2003 and No.14780/H., dated 10.6.2004 have issued instructions to all the Heads of Department under them and all the Chief District Medical Officers to strictly follow and implement the instructions. The Commissioner-cum-Secretary to Government, Co-operation Department, in his Letter No.10495/Co-op., dated 11.8.2004 has, however, informed the Commission that as per statutory provision under the O.C.S. Act there is no scope for involvement of the Panchayati Raj Institutions in the work of the Co-operative organizations. The powers for supervision, suggestion etc. for credit plan and its implementation by PRIs may create problems in the smooth functioning of the co-operative organisations. Besides, there are no statutory provisions under the existing O.C.S. Act for involvement of PRIs through their

President, Chairman or Sarpanch as the case may be. However, the field functionaries of the department have been instructed to closely involve themselves with the Panchayati Raj Institutions at different levels so far as their developmental and other prescribed activities are concerned. The Joint Secretary to Government Food, Supplies of Consumer Welfare Department in his Letter No.17114., dated 29.7.2004 has intimated that the department has decided to entrust retailer ship and storage agencies to the PRIs, where found suitable and that the field functionaries of the department would remain accountable to the PRIs so far as PDS work is concerned. It is indicated in the letter that the department has decided to re-examine the question of transfer of functionaries to PRIs on above lines. Thus the response from the Departments is discouraging, both in measure and content and quite away from the spirit of devolution enunciated in the 11<sup>th</sup> and 12<sup>th</sup> Schedule of the Constitutions. The Commission urge upon the Government to look into this seriously and take steps to make the Chief Secretary's Circular operational.

7.7 It is an admitted fact that tax base of urban local bodies is very narrow and they largely depend on the property (holding) tax, which is supplemented by other minor tax and non-tax revenue; but resource mobilization efforts have obviously been inadequate. The State Govt. retain most of the elastic and buoyant sources of revenue like sales tax, excise duties and motor vehicle tax, while they assign sources of revenue that are stagnant and inelastic to local bodies. There is also general reluctance on the part of the local bodies being close to the taxpayers, to levy and collect taxes. This limits the scope for delegation of further taxation powers to local bodies.

7.8 It is useful to look at the existing system of transfers to local bodies in Orissa. Of late from 1<sup>st</sup> December, 1999 the octroi tax, which was most elastic and buoyant tax of the ULBs, was taken over by the State Government. Of course, the State Government has been regularly compensating the loss of octroi with 10% increase for every year to respective ULBs. The base year collection figure has been chosen as in 1998-99. Funds can be spent for different functions of ULBs as mainly enunciated in section 117 of Orissa Municipal Act, 1950. All said and done the total revenue of the ULBs is inadequate to meet their basic needs.

7.9 The following table indicates the Collection of Entry Tax and amounts released in favour of ULBs.

Table No. – 7 A

(Rs. in Crore)

Year	Entry Tax (Amount actually collected)	Amount released in favour of ULBs.	
1999-2000 (01.12.99 to 31.03.00)	39.77	31.87	(Released in favour of H & U.D. Department through budgetary provisions for financial assistance to ULBs in terms of Rule 36 of OET Rules)
2000-2001	207.80	85.00	
2001-2002	249.23	95.00	
2002-2003	311.64	105.00	
2003-2004 (R.E)	300.00	115.50 (R.E)	
2004-2005 (B.E.)	327.00	118.05 (B.E.)	

Source:

1. Finance Accounts, 1999-2000
2. Finance Department, Government of Orissa.

Note: As per the recommendation of State Finance Commission vide paras 10.12.5 required amount of compensation is being released through budgetary provision in the annual budget of H & U.D. Department with usual increase of 10% per annum. In the initial year (2000-01), the quantum of compensation was settled basing on the audited figure of annual Octroi collection during preceding years. In order to avoid delay in release of compensation amount through processing of files, the amount is provided in the budget of H & U.D. Department to be released by them in favour of ULBs with regular intervals without reference to Finance Department.

7.10 State Government is garnering a good amount from Entry Tax which in the meantime has crossed Rs.300.00 crore per annum. All the ULBs visited by the Commission have urged that the percentage of increase should be substantially increased. The Commission after good deal of deliberations recommend that the annual increase of 10% prevailing at present, should be raised to

20% per annum with effect from 2005-06 i.e. the first year of the award period of Second State Finance Commission till 2009-10. This has, however, nothing to do with the general devolution and grants-in-aid recommended by the Commission. Entry Tax is, after all, ULB's own resource.

7.11 Para-4 of Finance Department notification No.23896 dt.5.6.03 indicates the terms of reference on which the Commission is required to make recommendations on determination of principles for distribution between State, PRIs and ULBs of net proceeds of taxes, duties, tolls and fees levied by State Government which would be divided among the State and PRIs and ULBs for their respective shares of such proceeds.

7.12 The Commission attempted to collect information on the position of net proceeds of above subjects both from Government (Finance Department) and Accountant General, Orissa. The Finance Department do not have these figures. Even A.G., vide his Letter Dated 08.09.2003, has informed that his office has not worked out the net proceeds under various taxation etc., after computing expenditure on various heads for preceding five years i.e. from 1998-99 to 2002-03. So none of the above agencies are in a position to furnish the "net proceeds" position. Article 279(1) of the Constitution of India defines "net proceeds" in any relation to any tax or duty as the proceeds thereof, reduced by the cost of collections. The article also provides that for the purposes of these provisions, the net proceeds of any tax or duty, or of any part of any tax or duty, in or attributable to any area, shall be ascertained and certified by the Comptroller and Auditor General of India, whose certificate shall be final.

7.13 The above definition pertains to Chapter-I-Finance under Part - XII and is meant substantially for the Central Finance Commission constituted under Article 280 to be used. No explanatory note however is provided on "net proceeds" mentioned in Part-IX, The Panchayat and Part-IX A, The Municipality. The Commission made an attempt to work out the net proceeds of taxes, tolls and fees deducting expenses of the administrative machinery engaged for the purpose for each of the preceding five years i.e. from 1998-99 to 2002-03. However, these can not be treated as dependable actuals. The position is indicated as per Table below.

Table No. - 7 B  
Gross and Net Tax Revenue

(Rs. in Crores)

Sl.	ITEM	1998-99 Actual		1999-00 Actual		2000-01 Actual		2001-02 Actual		2002-03 Actual	
		Gross Receipt	Net Receipt	Gross Receipt	Net Receipt	Gross Receipt	Net Receipt	Gross Receipt	Net Receipt	Gross Receipt	Net Receipt
1.	Land Revenue	58.58	-49.65	50.46	-57.08	53.26	-63.49	84.48	-21.02	82.16	-26.36
2.	Stamps & Registration	87.59	75.32	102.00	87.59	108.52	96.36	109.76	98.06	135.86	123.62
3.	State Excise	109.67	97.96	114.82	103.63	135.31	123.48	197.46	185.41	246.06	233.44
4.	Sales Tax	971.09	949.57	1107.55	1086.85	1342.12	1319.26	1402.33	1380.62	1605.22	1584.32
5.	Tax on Goods & Passenger (Entry Tax)	-	-	34.18	34.18	194.04	194.04	252.04	252.04	313.07	313.07
6.	Other Tax and Duties										
(i)	Entertainment Tax	6.89	6.89	12.33	12.33	14.60	14.60	27.62	27.62	13.34	13.34
(ii)	Luxury Tax	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	-
7.	Professional Tax	-	-	-	-	11.30	11.30	39.86	39.86	46.61	46.61
8.	Tax on Vehicle	143.18	137.66	155.53	149.40	178.17	172.09	216.37	210.37	257.35	248.62
9.	Electricity Duty	110.13	108.03	127.21	125.71	146.71	145.56	136.96	135.83	172.17	170.99
	TOTAL	1487.13	1325.78	1704.08	1542.61	2184.03	2013.20	2466.88	2308.79	2871.84	2707.65
	Total Net Receipt (Excluding Land Revenue)	-	1375.43	-	1599.69	-	2076.69	-	2329.81	-	2734.01
	Toll - Collection	0.66	0.66	0.36	0.36	0.18	0.18	0.60	0.60	0.59	0.59

Source - Finance Accounts of Respective Years

7.14 As such exercises of the Commission in deriving the net proceeds of taxes, tolls, fees etc. do not provide authentic conclusion owing to non-confirmation of the same by Finance Department and Accountant General, despite specific mention in terms of reference about devolution of the net proceeds of taxes between State Government and P.R.s and ULBs, the Commission is compelled to shift to the other alternative, basing on the informations provided by respective agencies on gross tax revenue. To make it more clear and logical, the Commission is thus basing its report on the gross revenue of the State, gross own revenue and gross tax revenue, covering each of the years of the period 1998-99 to 2004-05 (B.E) as reflected in the following tables.

Table No.- 7 C  
Gross Revenue of the State

(Rupees in Crore)

Items		1998-99 Actuals	1999-00 Actuals	2000-01 Actuals	2001-02 Actuals	2002-03 Actuals	2003-04 R.E.	2004-05 B.E.
i.	<u>Tax Receipts</u>							
	1 Tax Revenue	1487.13	1704.08	2184.03	2466.88	2871.84	3168.00	3476.47
	2 Non-Tax Revenue	557.49	716.48	685.47	691.75	961.17	917.14	978.20
	3 State's share in Central Taxes	1694.52	1748.45	2603.97	2648.72	2805.58	3225.14	4441.64
	4 Grant-in-aid from Centre	815.26	1715.63	1428.55	1240.63	1800.18	2369.89	2568.80
	Total Revenue	4554.40	5884.64	6902.02	7047.98	8438.77	9680.17	11465.11

Source: Finance Accounts for respective year.

Table No. – 7 D  
Gross Own Revenue of the State

(Rs. in Crore)

Items		1998-99 Actual	1999-00 Actual	2000-01 Actual	2001-02 Actual	2002-03 Actual	2003-04 R.E.	2004-05 B.E.
i.	<u>Tax Receipts</u>							
	1 Tax Revenue	1487.13	1704.08	2184.03	2466.88	2871.84	3168.00	3476.47
	2 Own Non-Tax Revenue	557.49	716.48	685.47	691.75	961.17	917.14	978.20
	Total Own Revenue	2044.62	2420.56	2869.50	3158.63	3833.01	4085.14	4454.67

Source: Finance Accounts for respective years and Budget at a Glance 2004-05.

Table No.- 7 E  
Gross Own Tax revenue of the State

(Rs. in Crore)

Items		1998-99 Actual	1999-00 Actual	2000-01 Actual	2001-02 Actual	2002-03 Actual	2003-04 R.E.	2004-05 B.E.
i.	<u>Tax Receipts</u>							
	1 Sales Tax	971.09	1107.55	1342.12	1402.33	1605.22	1766.50	1958.00
	2 Land Revenue	58.58	50.46	53.26	84.48	82.16	80.00	86.00
	3 Stamps & Registration	87.59	102.00	108.52	109.76	135.86	159.50	171.87
	4 State Excise	109.67	114.82	135.31	197.46	246.06	300.00	324.75
	5 M.V. Tax	143.18	155.53	178.17	216.37	257.35	280.61	304.39
	6 Entertainment Tax	6.89	12.33	14.60	27.62	13.33	11.60	10.75
	7 Electricity Duty	110.13	127.21	146.71	136.96	172.17	200.00	216.80
	8 Professional Tax	0.00	0.00	11.30	39.86	46.62	50.00	53.75
	9 Luxury Tax	0.00	0.00	0.00	0.00	0.00	19.79	17.62
	10 Entry Tax	0.00	34.18	194.04	252.04	313.07	300.00	327.00
	11 Forest Development Tax	0.00	0.00	0.00	0.00	0.00	0.00	5.54
	Total Tax Revenue	1487.13	1704.08	2184.03	2466.88	2871.84	3168.00	3476.47

Source: Finance Accounts for respective years and Budget at a Glance 2004-05.

Award to P.R.Is and ULBs by 10<sup>th</sup>, 11<sup>th</sup> National Finance Commissions and 1<sup>st</sup> State Finance Commission.

7.15 The recommendations of 1<sup>st</sup> State Finance Commission and 11<sup>th</sup> Finance Commission coincide the period commencing from the year 2000-2001. On the 10<sup>th</sup> Finance Commission awards, State Government have provided matching share to the extent of Rs.181.41 crore to both Urban Local Bodies and PRIs (Rs.13.91 Crore to ULBs + Rs.167.50 Crore to PRIs). T.F.C. had recommended and released Rs.200.99 crore in favour of PRIs and Rs.19.11 crore in favour of ULBs. Out of the share of the State Government for Rs.200.99 crore and Rs.19.11 crore, the State had released between 1995-96 and 1999-2000 Rs.167.50 crore and Rs.13.91 crore respectively leaving an outstanding due of Rs.33.49 crore for PRIs and Rs.5.20 crore for ULBs.

7.16 Similarly E.F.C had recommended a grant of Rs.345.59 crore for five years from 2000-01 to 2004-05 @ Rs.69.12 crore per annum. They have so far released (up to 4.9.2003) Rs.207.35 crore. State's share (at 25% of E.F.C. grant) for the award period was Rs.86.40 crore @ Rs.17.28 crore per annum. The State Government have provided the entire amount in the Budget.

7.17 E.F.C. had recommended Rs.39.96 crore in favour of ULBs of Orissa @ Rs.7.99 crore per annum and have released Rs.15.89 crore (2000-01 – Rs.7.99 crore and 2001-02 Rs.7.90 crore). Orissa Government's share (50%) is Rs.19.98 crore. They have provided the entire amount in the Budget.

7.18 The position towards matching share for 11<sup>th</sup> Finance Commission grant and devolution under 1<sup>st</sup> State Finance Commission and 10<sup>th</sup> and 11<sup>th</sup> Finance Commissions is indicated in the following Table.

Table No. - 7 F  
Current Transfer of Funds as % of State's Revenue

		<b>(Rs. in Crore)</b>						
		1998-99	1999-00	2000-01	2001-02	2002-03	2003-04 (R.E.)	2004-05 (B.E.)
A.	Devolution Proposed by 1st SFC and action taken thereon on actual release.							
I.	P.R. Department							
a.	Kendu Leaf Grant							
i.	Recommended by 1st SFC	22.91	22.91	22.91	22.91	22.91	22.91	22.91
ii.	Actual release	10.50	10.02	22.91	22.91	22.91	22.91	15.90
b.	Land Cess							
i.	Recommended by 1st SFC	9.14	9.14	9.14	9.14	9.14	9.14	9.14
ii.	Actual release	3.15	3.59	9.14	7.64	9.14	10.64	9.14
c.	Minor Forest Produce							
i.	Recommended by 1st SFC	2.00	2.00	2.00	2.00	2.00	2.00	2.00
ii.	Actual release	0.00	0.00	2.00	0.00	0.00	0.00	0.00
d.	Sairat							
i.	Recommended by 1st SFC	1.00	1.00	1.00	1.00	1.00	1.00	1.00
ii.	Actual release	0.00	0.00	1.00	1.00	1.00	1.00	1.00
e.	Entertainment Tax							
i.	Recommended by 1st SFC	0.13	0.13	0.13	0.13	0.13	0.13	0.13
ii.	Actual release	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total P.R. Deptt	13.65	13.61	35.05	31.55	33.05	34.55	26.04
II.	H & U.D. Department							
a.	Entertainment Tax							
i.	Recommended by 1st SFC	0.45	0.45	0.45	0.45	0.45	0.45	0.45
ii.	Actual release	1.18	0.00	0.14	0.00	0.63	0.13	0.13
b.	Stamp Duty							
i.	Recommended by 1st SFC	2.01	2.01	2.01	2.01	2.01	2.01	2.01
ii.	Actual release	3.00	2.76	0.00	0.00	7.80	3.68	1.50
c.	Entry Tax							
i.	Recommended by 1st SFC	*	*	*	*	*	*	*
ii.	Actual release	0.00	31.87	84.93	94.83	105.00	115.50	118.05
d.	Motor Vehicle Tax							

			1998-99	1999-00	2000-01	2001-02	2002-03	2003-04 (R.E.)	2004-05 (B.E.)
	i.	Recommended by 1st SFC	12.82	12.82	12.82	12.82	12.82	12.82	12.82
	ii.	Actual release	6.31	11.05	14.75	14.86	14.98	15.00	15.00
Total - H & U.D. Department			10.49	45.61	99.82	109.69	128.41	134.31	134.68
Total – A			24.14	59.29	134.87	141.24	161.46	168.86	160.72
B	I	Utilisation of Grants of T.F.C.							
	i	P.R. Department							
	a	Grants recommended by TFC	***50.25	50.24					
	b	Actual release	125.62						
	c	State Matching Share (100% of Central Share)	50.25	50.24					
	d	Actual release	50.00	117.50					
	ii	H & U.D Department							
	a	Grants recommended by TFC	****4.78	4.77					
	b	Actual release	7.17	4.77					
	c	State Matching Share (100% of Central Share)	4.78	4.77					
	d	Actual release	9.19	4.72					
	II	Utilisation of Grants of E.F.C.							
	i	P.R. Department							
	a	Grants recommended by EFC			69.12	69.12	69.12	69.12	69.12
	b	Actual release			34.56	103.68	34.56	34.56	N.A.
	c	State Matching Share (25% of Central Share)			17.28	17.28	17.28	17.28	17.28
	d	Actual release				8.50	27.15	22.30	17.28
	ii	H & U.D Department							
	a	Grants recommended by EFC			7.99	7.99	7.99	7.99	7.99
	b	Actual release			7.99	7.90			
	c	State Matching Share (50% of Central Share)			3.99	3.99	3.99	3.99	3.99
	d	Actual release					2.46		
Total – B			59.19	122.22	0.00	8.50	27.15	24.76	17.28
Total A + B			83.33	181.51	134.87	149.74	188.61	193.62	178.00
E.	Total Revenue of the State		4554.40	5884.64	6902.02	7047.98	8438.77	9680.18	11463.11
F.	Own Revenue of the State		2044.62	2420.56	2869.50	3158.63	3833.02	4085.14	4452.67
G.	Own Tax Revenue of the State		1487.13	1704.08	2184.03	2466.88	2871.84	3168.00	3476.47
H.	"A" as % of States Total Revenue		0.53	1.01	1.95	2.00	1.91	1.74	1.40
I.	"A" as % of States Own Revenue		1.18	2.45	4.70	4.47	4.21	4.13	3.61
J.	"A" as % of Own Tax Revenue		1.62	3.48	6.18	5.73	5.62	5.33	4.62
K.	"A+B" as % of States Total Revenue		1.83	3.08	1.95	2.12	2.37	1.74	1.40
L.	"A+B" as % of States Own Revenue		4.08	7.50	4.70	4.74	5.21	4.13	3.61
M.	"A+B" as % of Own Tax Revenue		5.60	10.65	6.18	6.07	6.96	5.33	4.62

\*On imposition of entry tax in lieu of octroi the 1st SFC has recommended at the collection level of 1997-98 with 10% increase every year. 1st SFC has also recommended to release the amount during 1st week of each month

\*\* Low figures during 1999-2000 were owing to fact that entry tax was collected from 1st November 1999.

\*\*\* TFC have recommended an amount of Rs.200.99 cr. for the period 1996-97 to 1999-2000 and the amount has been released.

\*\*\*\* TFC have recommended Rs.19.11 cr. as grant to ULB for 1996-97 to 1999-2000 @ of Rs.4.78 per year.

7.19 Prior to the assignment of functions to P.R.Is and ULBs as per 11<sup>th</sup> & 12<sup>th</sup> Schedules of the Constitution, the State Government have been providing funds to P.R.Is & ULBs in shape of grant-in-aid etc to discharge the functions such as (i) Poverty alleviation, (ii) Construction of roads, culverts, bridges, ferries etc., (iii) Primary Education, Adult Education and Non-formal Education, (iv) Social Welfare including Welfare of the Handicapped and mentally retarded persons, (v) Public Distribution System and (vi) Maintenance of Community assets. The P.R.Is and ULBs are having a vast net work

of administrative machinery right from the Zilla Parishad at the district level to Grama Panchayat at the grass root level in the three tier system and in case of ULBs, it starts at the Corporation level through the middle order towns having Municipalities to the semi-urban areas or transitional areas having NACs. A sizeable amount is being given to the above local bodies towards their salary/remuneration and other requirements from the State's resource, as the income derived by Grama Panchayats and ULBs which are only authorised to levy taxes on certain items as per law, are not able to generate adequate revenues to maintain their administrative machineries and provide necessary civic amenities. The scenario of current transfer of funds for various purposes to P.R.Is and ULBs is indicated as per the following Table.

Table No. - 7 G  
Grants released to Gram Panchayats under the Schemes like Honorarium / Subsidy etc.  
(Rs. in crores)

Sl.	Description	1999-00 Actual	2000-01 Actual	2001-02 Actual	2002-03 Actual	2003-04 R.E.	2004-05 B.E.
1	Honorarium to Sarpanches and Naib Sarpanches	3.77	3.76	3.78	4.49	4.49	4.48
2	Grants to Gram Panchayats for Staff Subsidy	12.89	6.31	19.00	16.34	15.00	14.82
3	D.A. and Sitting Fee to Sarpanches & Naib Sarpanches and Ward Members for attending G.P. Meeting	3.26	3.13	3.88	3.60	3.38	3.38
Total		19.92	13.20	26.66	24.43	22.87	22.68

Source: Budget Documents, Finance Department, Govt. of Orissa, Bhubaneswar

7.20 Like Grama Panchayats, the Panchayat Samities also receive grant-in-aid towards payment of honorarium and allowances to Chairman, Vice-Chairman and Non-Official Members. The following table depicts the picture of sanction of grant-in-aid towards payment of honorarium and allowances to Panchayat Samities during the period 1998-99 to 2002-03.

Table No. - 7 H  
Release of Grants towards payment of Honorarium and Allowances in respect of Panchayat Samities  
(Rs. in crores)

Sl.	Description	1999-00 Actual	2000-01 Actual	2001-02 Actual	2002-03 Actual	2003-04 R.E.	2004-05 B.E.
1	Grants to Panchayat Samities for Maintenance & Repair of Block Office Building	0.30	0.17	0.17	0.17	0.17	0.17
2	Grants to Panchayat Samities for Maintenance & Repair of Block Staff Quarters	0.24	0.24	0.24	0.24	0.24	0.24
3	Honorarium and Allowances of Panchayat Samities Chairman & Vice-Chairman & Non-Official Members	2.92	2.92	2.23	2.92	3.04	3.04
Total		3.46	3.33	2.64	3.33	3.45	3.45

Source: Budget Documents, Finance Department, Govt. of Orissa, Bhubaneswar

7.21 For all practical purposes, the erstwhile employees of C.D. Blocks are performing all the functions of Panchayat Samities after the 73<sup>rd</sup> amendment of the Constitution. The nomenclature of the old budget heads 2515 and 2501 should therefore be revised by the Government, in consultation with the Accountant General to bring them under the P.R. Department.

7.22 As per available information from Panchayati Raj Department, the funding position of Zilla Parishad Establishment towards salaries and other items is furnished in the following table.



Table No. - 7 I

Release of Grants towards payment of Honorarium and Allowances in respect of Zilla Parishad  
(Rs. in crores)

Sl.	Description	1999-00 Actual	2000-01 Actual	2001-02 Actual	2002-03 Actual	2003-04 R.E.	2004-05 B.E.
1	Grants to Zilla Parishad	1.01	1.14	1.35	1.68	1.45	1.21
2	Honorarium and Allowances of Zilla Parishad President, Vice-President and Non-Officials	1.26	1.29	1.33	1.21	1.21	1.45
Total		2.27	2.43	2.68	2.89	2.66	2.66

Source: Budget Documents, Finance Department, Govt. of Orissa, Bhubaneswar

7.23 Devolution is also made by Panchayati Raj Department and School & Mass Education Department to RLBs. The following table gives the picture of present devolution through P.R. Department and School & Mass Education Department.

Table No. - 7 J

Current Transfer Through Panchayati Raj Department & School & Mass Education Department  
(Rs. in crore)

Items	1998-99 Actual	1999-00 Actual	2000-01 Actual	2001-02 Actual	2002-03 Actual	2003-04 R.E.	2004-05 B.E.
<b>I. Panchayati Raj Department</b>							
1. Non Plan	23.44	25.66	8.95	32.09	30.65	28.97	28.80
2. State Plan	16.14	108.55	219.06	239.86	212.81	184.79	225.23
Total - I	39.58	134.21	228.01	271.95	243.46	213.76	254.03
<b>II. School &amp; Mass Education Department (Primary Education)</b>							
1. Non Plan (Primary School Teachers' Salary)	538.60	781.38	693.55	705.11	751.65	777.44	767.40
2. State Plan (Sarbasikshya Abhijana)	-	-	-	-	5.29	13.00	23.00
Total- II	538.60	781.38	693.55	705.11	756.94	790.44	790.40
GRAND TOTAL (I +II)	578.18	915.59	921.56	977.06	1000.40	1004.20	1044.43

Source - Budget Document Finance Department, Government of Orissa

Note (1): Current transfer made through Non-Plan sector of Panchayati Raj Department includes (a) Grants to G.P. for Staff subsidy, (b) Honorarium to Sarpanch and Naib Sarpanch, (c) Honorarium and Allowances of P.S., Chairman, V.C. and Non-Officials Members, (d) Honorarium and Allowances to Z.P. President, Vice-President and Non-official Members, (e) Sitting fee and D.A. of Sarpanch, Naib Sarpanch, P.S. Members and Ward Members attending G.P. Meetings, (f) Grants to Zilla Parishad, (g) Grants to P.S. for M/R of Office building and (h) Grants to P.S. for M/R of Block Staff Quarters.

Note (2) Similarly, the State Plan sector includes (a) Grants-in-aid to District Rural Development Agency under Swarna Jayanti Gram Swarajgar Yojana, (b) Grants to DRDA (Integrated Rural Development Programme), (c) Swarna Jayanti Gram Swarajgar yojana (Tribal Area Sub Plan), (d) Other expenditure, (e) Jawahar Gram Samridhi Yojana / Jawahar Rozagar Yojana, (f) Construction of Primary School building, (g) Construction of Primary School Building (TASP), (h) Employment Assurance Scheme, (i) Food for work, (j) Sampurna Gramin Rojgar Yojana, (k) Indira Awas Yojana - Normal, (l) Special component Plan, (m) Credit-cum-Subsidy, (n) Pradhanmantri Gramodaya Yojana (Gramin Awas) - Normal - Special Component Plan, (o) Primary Education and Others, (p) Jawahar Gram Samridhi Yojana /JRY(TASP), (q) Employment Assurance Scheme (TASP), (r) Indira Awas Yojana (TASP), (s) Sampurna Gramina Rojgar Yojana (TASP) (State share), (t) Pradhan Mantri Gramodaya Yojana (TASP), (u) Grants to PRI for Labour Intensive work (v) COL on Education Elementary Education Construction of Primary School Building Grant-in-aid, (w) Construction of Primary School building (x) Grant-in-aid (TASP) and (y) Grants to PRIs for Labour Intensive work for Drought mitigation.

7.24 Transfers are indirectly made in favour of other Departments like Rural Development Department for supply of drinking water in rural areas, School and Mass Education Department for

Adult Education & Non-formal Education in rural areas, Health & Family Welfare Department for Primary Health, W & C.D. Department for Old Age and Disabled Pension and Food & Consumer Welfare Department for Food Subsidy. The following Table depicts the picture of current provisions by these Departments for the benefit of rural people.

Table No. - 7 K  
Current Transfer through other Departments

Items	(Rs. in crore)						
	1998-99 Actual	1999-00 Actual	2000-01 Actual	2001-02 Actual	2002-03 Actual	2003-04 R.E.	2004-05 B.E.
<b>I. Rural Development Department (Drinking Water)</b>							
1. Non Plan	11.36	15.83	15.43	16.73	14.54	14.88	23.15
2. State Plan	9.95	20.50	12.03	13.68	19.49	6.97	20.93
Total	21.31	36.33	27.46	30.41	34.03	21.85	44.08
<b>II. School &amp; Mass Education Department</b>							
1. Adult Education	1.78	1.72	1.83	1.33	1.86	2.35	1.80
2. Non Formal Education	1.23	0.69	1.06	0.60	5.29	13.00	23.00
Total	3.01	2.41	2.89	1.93	7.15	15.35	24.80
<b>III. Health &amp; Family Welfare Department (Primary Health)</b>							
1. Non Plan	53.86	56.83	53.69	54.11	98.33	100.88	98.87
2. State Plan	8.84	6.40	6.96	9.17	2.64	2.65	5.97
Total	62.70	63.23	60.65	63.28	100.97	103.53	104.84
<b>IV. Women &amp; Child Development Department</b>							
1. Non Plan (Old age Pension & Disable Pension)	146.54	134.62	166.48	164.74	85.06	100.75	101.27
2. State Plan (Maintenance of Orphan and Destitute Children, National Family Benefit Scheme & National Old age Pension Destitute)	72.39	64.37	69.89	78.30	75.29	88.80	93.75
Total	218.93	198.99	236.37	243.04	160.35	189.55	195.02
<b>V. Food Supply &amp; Consumer Welfare Department (Food Subsidy)</b>							
1. Non-Plan	70.00	100.00	56.00	46.00	35.73	50.00	40.00
Total	70.00	100.00	56.00	46.00	35.73	50.00	40.00
GRAND TOTAL	375.95	400.96	383.37	384.66	338.23	380.28	408.74

Source - Budget Document Finance Department, Government of Orissa

7.25 Transfer is also made by H & U.D. Department in favour of ULBs for supply of drinking water in urban areas. The following table depicts the picture of current provision for the urban people through H & U.D. Department.

Table No.- 7 L  
CURRENT PROVISION THROUGH OTHER DEPARTMENTS

Sl.	Items	(Rs. in crores)						
		1998-99 Accounts	1999-00 Accounts	2000-01 Accounts	2001-02 Accounts	2002-03 Accounts	2003-04 R.E	2004-05 B.E
1.	Non-Plan H & U.D. Department							
	(Urban Water Supply Programme)	59.55	57.05	53.37	60.18	71.13	73.10	88.58
	Total	59.55	57.05	53.37	60.18	71.13	73.10	88.58

Source: - Budget Documents, Finance Department, Govt. of Orissa.

Table No.- 7 M  
PROVISION THROUGH H & U.D. DEPARTMENT

		(Rs. in crores)						
Sl.	Items	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
1.	H & U. D. Department							
	(a) Plan	7.81	1.51	8.90	10.13	9.00	8.45	0.15
	(b) Non-Plan	10.44	15.85	11.07	3.28	17.33	9.83	19.25
	Total	18.25	17.36	19.97	13.41	26.33	18.28	19.40

Source: - Budget Documents, Finance Department, Govt. of Orissa.

Note: Provision is also made through H & U.D. Department for ULBs under both Non-Plan and State Plan Sectors. The Non-Plan sector includes (a) Assistance to Local Bodies/Municipalities for Public Toilet/Community Latrine, (b) Grants to Municipalities for Festival occasion, (c) Differential Pay and D.A. of Non Teaching staff, (d) Differential Pay and D.A. of Teaching staff and (e) Grants to Rourkela Municipality for Salary of Teaching staff. On the other hand, the State Plan Sector includes (a) Assistance to Municipalities/Local Bodies or (i) Digging of Tube Wells in Primary Schools, (ii) Grants to Municipalities and NACs for Public Toilet/Community Latrine and (iii) Grants to municipalities and NACs for Tribal Area Sub Plan, (b) Grants to Urban Local Bodies, Improvement Trust and Special Planning Authority for (i) State share of expenditure in Centrally Sponsored Plan Scheme (IDSMT), (ii) Slum clearance, (iii) Grants for implementation of Swarna Jayanti Sahari Rojgar yojana (State Matching Share), (iv) Other grants, (v) Special Component Plan grants for S.J.S.R.Y. (State Matching Share), (vi) Grants for S.J.S.R.Y. under T.A.S.P. (State Matching Share), (vii) Etribal Area Sub-Plan Other Grants, (viii) Assistance to Local Bodies etc. – Cuttack Habiant and other project - O.D.A. Assisted, (ix) Urban Services – Improvement Project D.F.I.D. Assisted, (x) Modernisation of Solid Waste management at Bhubaneswar assisted by JBIC, Japan and (xi) Grants for strengthening Urban Infrastructure.

7.26 The terms of reference of the Commission specifically refer to apportionment of net proceeds of taxes, fees and tolls between the State, P.R.Is and ULBs. But the Commission is handicapped to consider devolution on that line because neither the Govt. nor the A.G., Orissa is in a position to indicate the "net proceeds". The Commission's effort to derive net proceeds by deducting the expenses incurred for the collection of such taxes, duties and tolls is not based on any scientific principle and therefore not authentic. The 1<sup>st</sup> State Finance Commission also could not base its recommendations on "net proceeds" of taxes, duties, tolls, etc. perhaps due to the above constraint. Other State Commissions have also recommended devolution of resources not on net proceeds but on gross own tax revenue of the States. The Constitution of India in Art 279 categorically provides that the net proceeds shall be ascertained and certified by the CAG and the successive National Finance Commissions have based their recommendations on the same. This Commission have switched over to the next best strategy of recommending principles of devolution based on the gross proceeds of own tax revenue of the State. The unsustainable position on the revenue account and also on fiscal imbalance is given in Table 7-N. The current outgo from the Consolidated Fund of the State due to 1<sup>st</sup> SFC, meeting the matching share on TFC and EFC awards as well as the total outgo to meet the expenditure incurred for the purpose of needs mentioned under the subjects of the 11<sup>th</sup> and 12<sup>th</sup> Schedules are furnished in Table No.7 O. The same table also depicts the percentage of out go on different accounts to the total revenue, own revenue and own tax revenue of the State. That reveals the reasonable efforts made by the State of Orissa, in spite of a precarious revenue position, in the interest of the targeted people-both rural and urban. Perhaps more could not have been done, so far as allocation of resources was concerned, for some of the important functions enshrined in the 11<sup>th</sup> and 12<sup>th</sup> Schedule of the Constitutions of India. What is more needed for performing any desirable function is that it should be discharged orderly and meticulously, consistently and continuously, intelligibly and transparently.

Table No. – 7 N  
Fiscal Position of the State

(Rs. in Crores)

Sl.	ITEMS	1999-00 Actual	2000-01 Actual	2001-02 Actual	2002-03 Actual	2003-04 R.E.	2004-05 B.E.
1	<u>Revenue Receipts</u>	5884.64	6902.03	7047.98	8438.77	10054.98	11463.11
2	Tax Revenue	3452.53	4788.00	5115.60	5677.42	6303.14	7918.11
	(Out of which State's share in Union Tax)	1748.45	2603.97	2648.72	2805.58	3225.14	4441.64
3	Non-Tax Revenue	2432.11	2114.03	1932.38	2761.35	3287.03	3545.00
	(Out of which Grant-in-aid from Centre)	1715.63	1428.55	1240.63	1800.17	2369.89	2568.80
4	<u>Capital Receipts</u>	6520.62	8824.94	9921.56	11659.61	14261.56	8409.37
5	Recoveries of Loans	102.81	76.58	131.66	177.19	128.93	464.18
6	Other Receipts (dis-investment)	0.00	0.00	0.00	0.00	0.00	0.00
7	Borrowings and other liabilities	6417.81	8748.36	9789.90	11482.42	14132.63	7610.19
	(Out of which W & M Adv. and overdraft from RBI)	3735.05	5965.92	6747.67	6722.53	7700.00	1500.00
8	Total - Receipts (1 + 4)	12405.26	15726.97	16969.54	20098.38	24316.54	19872.48
8	(a) Total Receipts without W&M Adv. & overdraft from RBI	8670.21	9761.05	10221.87	13375.85	16241.73	18372.48
9	Non-Plan Expenditure (10+12)	11372.22	13296.54	15803.98	17994.58	22188.26	16062.00
10	On Revenue Account (Out of which): -	6631.26	7009.69	8061.16	8444.02	10638.77	11661.26
11	Interest Payments	1237.70	2286.88	2834.96	2885.58	3285.59	3461.91
12	On Capital Account	4740.96	6286.85	7742.82	9550.56	11549.49	4400.74
	(Out of which Debt Repayment)	386.11	743.50	920.85	1834.61	2495.11	2602.59
	(Out of which W & M Adv. and overdraft to RBI)	3833.36	5159.77	6516.82	7517.18	7700.00	1500.00
13	Plan Expenditure (14 + 15)	2671.12	2910.60	2777.58	2789.19	3310.98	3637.91
14	On Revenue Account	1827.57	1824.30	1816.38	1570.66	2004.05	2422.64
15	On Capital Account	843.55	1086.30	961.20	1218.53	1306.93	1215.27
16	Total - Expenditure (9 + 13)	14043.34	16207.14	18581.56	20783.77	25499.24	19699.91
16.	a) Total Expr. without W&M Adv. and overdraft to RBI	10209.98	11047.37	12064.74	13266.61	17799.24	19699.91
17	Revenue Expenditure (10+14)	8458.83	8833.99	9877.54	10014.68	12642.82	14083.90
18	Capital Expenditure (12 + 15)	5584.51	7373.15	8704.02	10769.09	12856.42	5616.01
18	a) Capital Expr. without W&M Adv. and overdraft to RBI	1751.15	2213.38	2187.20	2213.38	2186.77	3251.93
19	Revenue Deficit (1 - 17)	-2574.19	-1931.96	-2829.56	-1575.91	-2587.84	-2620.79
20	Fiscal Deficit [(1 + 5 + 6) - 16]	-8055.89	-9228.53	-11405.68	-12167.81	-15690.14	-7437.62
20.	a) Fiscal deficit without W&M Adv. and overdraft to RBI	-4222.53	-4068.76	-4888.86	-4650.65	-7990.14	-5937.62
20.	b) Fiscal Deficit without Debt Repayment (20.a - DR)	-3836.42	-3325.26	-3968.01	-2816.04	-5495.03	-3335.03
21	Primary Deficit (20 -11)	-6818.19	-6941.72	-8570.72	-9282.23	-12404.55	-3975.71
21 a)	Primary deficit without W&M Adv. and overdraft to RBI	-3083.14	-1781.88	-2050.07	-1765.07	-4704.55	-2475.71
21 b)	Primary Deficit without Debt Repayment (21.a - DR)	-2697.03	-1038.38	-1133.05	69.54	-2209.44	126.88

Source: Finance Accounts of respective years and Budget at a Glance-2004-05

Note -1. Variations if any, in the figures shown in this document and those shown in other Budget documents are due to rounding.

D.R - Debt Repayment.

Table No. - 7 O  
Current Transfer of Funds as % of State's Revenue

(Rs. in crore)

		1998-99	1999-00	2000-01	2001-02	2002-03	2003-04 (R.E.)	2004-05 (B.E.)
A.	Devolution Proposed by 1st SFC and action taken thereon on actual release.							
I.	P.R. Department							
	a. Kendu Leaf Grant							
	i. Recommended by 1st SFC	22.91	22.91	22.91	22.91	22.91	22.91	22.91
	ii. Actual release	10.50	10.02	22.91	22.91	22.91	22.91	15.90
	b. Land Cess							
	i. Recommended by 1st SFC	9.14	9.14	9.14	9.14	9.14	9.14	9.14
	ii. Actual release	3.15	3.59	9.14	7.64	9.14	10.64	9.14
	c. Minor Forest Produce							
	i. Recommended by 1st SFC	2.00	2.00	2.00	2.00	2.00	2.00	2.00
	ii. Actual release	0.00	0.00	2.00	0.00	0.00	0.00	0.00
	d. Sairat							
	i. Recommended by 1st SFC	1.00	1.00	1.00	1.00	1.00	1.00	1.00
	ii. Actual release	0.00	0.00	1.00	1.00	1.00	1.00	1.00
	e. Entertainment Tax							
	i. Recommended by 1st SFC	0.13	0.13	0.13	0.13	0.13	0.13	0.13
	ii. Actual release	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total P.R. Deptt.	13.65	13.61	35.05	31.55	33.05	34.55	26.04
II.	H & U.D. Department							
	a. Entertainment Tax							
	i. Recommended by 1st SFC	0.45	0.45	0.45	0.45	0.45	0.45	0.45
	ii. Actual release	1.18	0.00	0.14	0.00	0.63	0.13	0.13
	b. Stamp Duty							
	i. Recommended by 1st SFC	2.01	2.01	2.01	2.01	2.01	2.01	2.01
	ii. Actual release	3.00	2.76	0.00	0.00	7.80	3.68	1.50
	c. Entry Tax							
	i. Recommended by 1st SFC	*	*	*	*	*	*	*
	ii. Actual release	0.00	31.87	84.93	94.83	105.00	115.50	118.05
	d. Motor Vehicle Tax							
	i. Recommended by 1st SFC	12.82	12.82	12.82	12.82	12.82	12.82	12.82
	ii. Actual release	6.31	11.05	14.75	14.86	14.98	15.00	15.00
	Total - H & U.D. Department	10.49	**45.68	99.82	109.69	128.41	134.31	134.68
	Total - A	24.14	59.29	134.87	141.24	161.46	168.86	160.72
B.	I. Utilisation of Grants of T.F.C.							
	i. P.R. Department							
	a. Grants recommended by TFC	***50.25	50.24					
	b. Actual release	125.62						
	c. State Matching Share (100% of Central Share)	50.25	50.24					
	d. Actual release	50.00	117.50					
	ii. H & U.D Department							
	a. Grants recommended by TFC	****4.78	4.77					
	b. Actual release	7.17	4.77					
	c. State Matching Share (100% of Central Share)	4.78	4.77					
	d. Actual release	9.19	4.72					
	II. Utilisation of Grants of E.F.C.							
	i. P.R. Department							
	a. Grants recommended by EFC			69.12	69.12	69.12	69.12	69.12
	b. Actual release			34.56	103.68	34.56	34.56	N.A.
	c. State Matching Share (25% of Central Share)			17.28	17.28	17.28	17.28	17.28

		1998-99	1999-00	2000-01	2001-02	2002-03	2003-04 (R.E.)	2004-05 (B.E.)
	d. Actual release				8.50	27.15	22.30	17.28
	ii. H & U.D Department							
	a. Grants recommended by EFC			7.99	7.99	7.99	7.99	7.99
	b. Actual release			7.99	7.90			
	c. State Matching Share (50% of Central Share)			3.99	3.99	3.99	3.99	3.99
	d. Actual release						2.46	
	Total - B	59.19	122.22	0.00	8.50	27.15	24.76	17.28
	Total A + B	83.33	181.51	134.87	149.74	188.61	193.62	178.00
C.	Transfer through P.R. Institution & U.L.Bs. for purpose of common targeted people of Local Bodies							
	i. P.R. Department							
	Non-Plan	23.44	25.66	18.95	32.09	30.65	28.97	28.80
	State Plan	159.04	138.46	229.95	253.60	212.81	184.79	225.23
	Total - P.R. Department	182.48	164.12	248.90	285.69	243.46	213.76	254.03
	ii. S & M.E. Department							
	Non-Plan	538.60	781.38	693.55	705.11	751.65	777.44	767.40
	State Plan	-	-	-	-	5.29	13.00	23.00
	Total - S & M.E. Department	538.60	781.38	693.55	705.11	*****756.94	790.44	790.40
	iii. H & U.D. Department							
	Non-Plan	7.81	1.51	8.90	10.13	9.00	8.45	0.15
	State Plan	10.44	15.85	11.07	3.28	17.33	9.83	19.25
	Total - H & U.D. Department	18.25	17.36	19.97	13.41	26.33	18.28	19.40
	Total - C	739.33	962.86	962.42	1004.21	1026.73	1022.48	1063.83
D.	Expenditure through other Departments for the purpose mentioned in the subjects under 11th & 12th Schedule.							
	RURAL							
	i. R.D. Department							
	Non-Plan	11.36	15.83	15.43	16.73	14.54	14.88	23.15
	State Plan	9.95	20.50	12.03	13.68	19.49	6.97	20.93
	Total - R.D. Department	21.31	36.33	27.46	30.41	34.03	21.85	44.08
	ii. S & M.E. Department (Adult & Non Formal Education)	4.00	1.39	3.49	0.40	7.15	15.35	24.80
	iii. H & F.W. Department (Primary Health)	53.86	56.83	53.69	54.11	98.33	100.88	98.87
	Non-Plan	8.84	6.40	7.13	9.17	2.64	2.65	5.97
	State Plan							
	Total -H & F.W. Department	62.70	63.23	60.82	63.28	100.97	103.53	104.84
	iv. W & C.D. Department (State Transfer)							
	Non-Plan (Old age and disable Pension)	72.39	64.37	69.89	78.30	75.36	88.80	93.75
	State Plan (National Old age Pension)	10.62	10.23	15.44	12.52	38.19	38.56	42.36
	Total -W & C.D. Department	83.01	74.60	85.33	90.82	113.55	127.36	136.11
	v. F.S. & C.W. Department							
	Non-Plan (BPL Rice)	70.00	100.00	56.00	46.97	35.73	50.00	40.00
	Total - Rural	241.02	275.55	233.10	231.88	291.43	318.09	349.83
	URBAN							
	i. H & U.D. Department (Piped Water)							
	Non-Plan	59.55	57.05	53.37	60.18	53.97	56.54	73.64
	Total - D	300.57	332.60	286.47	292.06	345.40	374.63	423.47
	Total - (A + B + C + D)	1123.23	1476.97	1383.76	1446.01	1560.74	1590.73	1665.30

		1998-99	1999-00	2000-01	2001-02	2002-03	2003-04 (R.E.)	2004-05 (B.E.)
E.	Total Revenue of the State	4554.40	5884.64	6902.02	7047.98	8438.77	9680.18	11463.11
F.	Own Revenue of the State	2044.62	2420.56	2869.50	3158.63	3833.02	4085.14	4452.67
G.	Own Tax Revenue of the State	1487.13	1704.08	2184.03	2466.88	2871.84	3168.00	3476.47
H.	"A" as % of States Total Revenue	0.53	1.01	1.95	2.00	1.91	1.74	1.40
I.	"A" as % of States Own Revenue	1.18	2.45	4.70	4.47	4.21	4.13	3.61
j.	"A" as % of Own Tax Revenue	1.62	3.48	6.18	5.73	5.62	5.33	4.62
K.	"A+B" as % of States Total Revenue	1.83	3.08	1.95	2.12	2.24	2.00	1.55
L.	"A+B" as % of States Own Revenue	4.08	7.50	4.70	4.74	4.92	4.74	4.00
M.	"A+B" as % of Own Tax Revenue	5.60	10.65	6.18	6.07	6.57	6.11	5.12
N.	"C" as % of States Total Revenue	16.23	16.36	13.94	14.25	12.17	10.56	9.28
O.	"C" as % of States Own Revenue	36.16	39.78	33.54	31.79	26.79	25.03	23.89
P.	"C" as % of Own Tax Revenue	49.72	56.50	44.07	40.71	35.75	32.28	30.60
Q.	"A+B+C" as % of States Total Revenue	18.06	19.45	15.90	16.37	14.40	12.56	10.83
R.	"A+B+C" as % of States Own Revenue	40.24	47.28	38.24	36.53	31.71	29.77	27.89
S.	"A+B+C" as % of Own Tax Revenue	55.32	67.15	50.24	46.78	42.32	38.39	35.72
T.	"D" as % of States Total Revenue	6.60	5.65	4.15	4.14	4.09	3.87	3.69
U.	"D" as % of States Own Revenue	14.70	13.74	9.98	9.25	9.01	9.17	9.51
V.	"D" as % of Own Tax Revenue	20.21	19.52	13.12	11.84	12.03	11.83	12.18
W.	"A+B+C+D" as % of States Total Revenue	24.66	25.10	20.05	20.52	18.49	16.43	14.53
X.	"A+B+C+D" as % of States Own Revenue	54.94	61.02	48.22	45.78	40.72	38.94	37.40
Y.	"A+B+C+D" as % of Own Tax Revenue	75.53	86.67	63.36	58.62	54.35	50.21	47.90

\* On imposition of entry tax in lieu of octroi the 1st SFC has recommended at the collection level of 1997-98 with 10% increase every year. 1st SFC has also recommended to release the amount during 1st week of each month.

\*\* Low figures during 1999-2000 were owing to fact that entry tax was collected from 1st November 1999.

\*\*\* TFC have recommended an amount of Rs.200.99 cr. for the period 1996-97 to 1999-2000 and the amount has been released.

\*\*\*\* TFC have recommended Rs.19.11 cr. as grant to ULB for 1996-97 to 1999-2000 @ of Rs.4.78 per year.

\*\*\*\*\* Primary Schools are under Education Department. But drawing and disbursing officers are B.D.Os. The statement is in respect of salary only.

Source: Budget Document, Finance Department, Government of Orissa

#### EXTENT OF STATE REVENUE TO BE DEVOLVED TO THE PRIS AND ULBS.

7.27 In view of the position discussed in the preceding paragraph, the Commission feel that a certain percentage of State's gross own revenue should be allocated to PRIs and ULBs. The Commission is of opinion that 10% of State's Own Revenue of 2002-03 – the latest year for which accounts figures are available – should be transferred to PRIs and ULBs together, every year, covering the award period of the Second State Finance Commission i.e. 2005-06 to 2009-10 (both years inclusive). Out of this fixed amount, 10% of the average of State's Gross Own Tax Revenue from 1999-2000 to 2001-2002 shall be devolved on PRIs and ULBs on the principle mentioned below. The rest amount shall be transferred as grants-in-aid to the Grama Panchayats, Panchayat Samities, Zilla Parishads and Municipalities (NACs, Municipalities and Municipal Corporations). In order to foster continuity, the Commission while taking the average has chosen one year account of pre-Finance Commission's award period (Both National Finance Commission & State Finance Commission) i.e. 1999-2000 and two years accounts of post – Finance Commission award period i.e. 2000-2001 and 2001-2002. In an ever fluctuating economy due to constant onslaught of killer calamities like, flood, drought and cyclone, more often than not. The economy – which is largely an agrarian economy, is adversely affected and as a result, the revenue base turns weaker and volatile. In the circumstances, the Commission decided to dwell upon the average figure, rather than on a single year's account. The Commission is of opinion that 10% of the average of State's Gross

Own Tax Revenue from 1999-2000 to 2001-2002, which comes to Rs.211.83 crore, should be devolved to RLBs and ULBs.

7.28 As per 2001 census, the State population is estimated at 36,706,920 out of which 31,210,602 i.e. 85% of State's total population live in rural areas and 5,496,318 i.e. 15% of State's population in urban areas respectively. Based on this, a devolution in the ratio of 80:20 in respect of RLBs and ULBs respectively appears to be logical. The Commission recommend that the aforementioned amount of Rs.211.83 crore be released to the Rural & Urban local bodies in the above ratio in three instalments during each financial year from 2005-06 to 2009-10, namely during the 2<sup>nd</sup> week of April, 1<sup>st</sup> week of August & 1<sup>st</sup> week of December every year. This recommendation is independent of the entry tax and other grants, which the Urban Local Bodies are presently enjoying. Similarly, transfers on account of Salaries, Allowances, T.A., Telephone, HRA, and Vehicles etc. for PRIs shall also flow to respective tier of PRIs independent of the devolution recommendations.

7.29 Successive national Finance Commissions have been working out the devolution of proceeds on forecast and assessment basis. The States' and Centre's forecasts are not nearer to the Finance Commission's forecasts and ultimately the assessment of Finance Commissions when compared to the actual figures of the State and Centre, both on receipts and expenditure, differ from each other. Sometimes, they take resort to normative approach, which also does not have anything to do with reality. Of course, the increase of revenue, small or big, every year, is beneficial to the State, so far as the amount is concerned. But compared to the assessment of the National Finance Commission in devolution of proceeds and the budget provision of the Central Government, the actual transfer by the Centre to the States, basing on actual collection, becomes much lowerer to the budgetary provisions and puts the States in a wrong foot in balancing their budgets. Therefore, it is safer and surer to declare a definite amount and to transfer the same amount positively and timely. The beneficiary institutions would plan the expenditure much in advance and spend the funds honestly and speedily, as the projects deserve. Hence, this Commission has adopted the above procedure of transfer of resources to both the local bodies (ULBs & PRIs).

7.30 The National Finance Commission is required to appreciate the grim picture of State Finance of Orissa and the high magnitude of the revenue deficit. The additional deficit calculated to be incurred after the award of the 2<sup>nd</sup> State Finance Commission should be met by the National Finance Commission in order to strengthen the Consolidated fund of the State of Orissa in the interest of equity and level playing field. The State Finance Commission feel that the National Finance Commission shall appreciate the constitutional obligation bestowed on them in the interest of sound finance. To be more precise the 12<sup>th</sup> Finance Commission is requested to reimburse Rs.211.83 Crore x 5 =Rs. 1059.15 Crore during their award period in order to augment the Consolidated Fund of the State to supplement the resources needed for the local bodies as a first charge.

## DEVOLUTION OF RESOURCES TO PANCHAYATI RAJ INSTITUTIONS

### KNOWLEDGE AND SKILL EMPOWERMENT AND CAPACITY IMPROVEMENT

Panchayatiraj institutions act as catchment areas for the discovery of new leaders. They act as catalysts in the process of moral development and social change. The performance of the Panchayat draws heavily upon the experience, outlook and attitudes of its members.

Naveen Patnaik  
Chief Minister, Orissa  
The week, Dec. 28, 2003  
Anniversary Special p- 30- 31.



7.31 Allocation of funds, devolution of functions and transfer of functionaries are no doubt necessary ingredients for effective functioning of PRIs and ULBs. But funds, functions and functionaries are the broader out-fits only. They are the arrangements for the working of the institutions at the lowest rung of the democratic structure.

7.32 But they in themselves alone, would make the whole process mechanical and lifeless. The noble purpose cherished by the Constitution makers and the statesmen of the nation to strengthen the grass roots of democracy would end in fiasco, if attempted to implement casually. In the absence of sincerity, consistency and sustained efforts to practise the laid down principles and operate the mechanisms for correcting defects and deficiencies in system; many lofty ideas and precepts of history have been lost in the mid stream. The real essence in the lower stage of governance lies in the proper and useful management of funds, functions and functionaries and in the development of economy, infrastructure, social and democratic culture. Harmonisation of services and beneficiaries is of immense importance in the process of functioning. Any mismatch or mal-adjustment between services and beneficiaries would do more harm to the objectives than rendering good. If the servants, be they public representatives or line functionaries render services half heartedly or even mechanically; if services rendered do not result in the accrual of benefits to the beneficiaries and if there is any ill feeling or animosity between the public servants and the beneficiaries, the failure of objectives is a must. In the process of management, continuous monitoring, in-built corrections wherever necessary, concurrent evaluation, stringent punishment for the wrong doers and reward for the performers are the key factors of success. Not only management of funds, management of people, development of participatory culture raising awareness among the people and helping them to grow as better tools of production and development are necessary conditions of success. Regular and continuous exercises at the grass root level are paths to achievement. Basis of devolution ought to be built upon the above guiding principles. Paper works showing funds transferred and spent have hitherto proved futile so far as desired results are concerned.

7.33 The current practice has benefited a few contractors and some dishonest government servants and politicians. It has neither helped develop human resources nor created infrastructure and development assets. Not only a departure in policy formulation is warranted but also a clear direction in the practice and implementation has become imperative. Not how much is to be spent, but what should be spent and where and why deserve frank and open discussion.

7.34 The lower rungs of governance who are close to people are required to identify the needs of the people and assess the amount of resources necessary to address their minimum needs. Much more than that, the imperative need today and hence after is to create productive and income generating assets and raise adequate resources to establish the fact that they are self-governing in themselves. People at the receiving end must also be educated to know their duties and responsibilities in unmistakable terms.

7.35 The PRIs and ULBs have been created in order to function as the dependable vehicles for development and establishment of equity. There will be genuine realization of the objectives when both the Government and the governed are fully aware of their respective areas of duties and responsibilities and work in unison with mutual trust to achieve the end. The end is disastrous if they act with mistrust and in conflict with each other. Continuous and regular exercises on broad guidelines would help in building up such mutual trust and harmony. With all the above ends in view, the Commission has decided to devolve resources in the following manners:

7.37 One lakh of rupees to each of 6234 Gram Panchyats, each year from 2005-06 to 2009-10: The Commission has adopted a uniform principle of granting Rs.1.25 lakhs to each of the GPs in Orissa. The Commission is aware of the socio-economic diversities that prevail in different Gram Panchayats. Since the purpose of funding is to create opportunities and processes conducive to unobstructed development of the people, efficient use of resources and smooth implementation of targeted social programmes, it would amount to a discriminatory approach if we condition the size of grants according to area, population of the GPs concerned. Public funding thus provided would be used to create opportunities for the people to participate in regular meetings at the village and Panchayat level and interact among themselves and with the officials concerned regarding the developmental requirements of their areas and utilization of funds for the purpose. The spending will virtually be directed to build up the productive and participative character of the people and impart to

them a development orientation. We identify the following areas of action where people, Panchayat functionaries, and Government officials can be involved to inter-act.

7.36 In each of the villages of the Gram Panchayat there must be a regular monthly interaction meeting. The objective of such regular exercises will be as follows:

- To impart information based knowledge;
- Develop participatory habits of the people in the community development work;
- Transfer knowledge from lab to the land;
- Present flow of skill and expertise from subject experts to the aspirant villagers;
- Make the villagers aware of the GP and village funds and projects regularly;
- To cross check the quality and quantity of work done during the last months if any;
- To inform the gathering about the status and interventions on health of the people, sanitation, family welfare, births and deaths during the previous months in the village;
- Discuss about the condition and development of cattle, poultry and other live stock animals;
- Take steps for pisciculture development;
- Discuss and decide about the development of agriculture-multiple crop, dry land farming, cash crop, scientific use of water, fertilizer and organic farming;
- Discuss and help to take decision about the market linkage of the agricultural produces, and appropriate price for the agricultural products for the agricultural producers.
- Ensure full attendance of students in the age group of 6-11 in schools;
- Discuss about the condition and development of artisans, village and cottage industries, and any other matter as warranted;
- Interact with co-operatives and Bankers about their capital investment, savings, priority area financing and other programmes of co-operatives and Banks, identify areas of problems and difficulties and decide about the proper functioning.
- Forest protection preservation and growth.
- Pani Panchayat and watershed Management and water harvesting structures.

7.38 Actions taken on the suggestions/ directions in the last monthly meeting with achievements thereof should also be informed and discussed. At the year end, a stock of the situation relating to measurable achievements in matters of education, sanitation, drinking water, reduction of infant mortality rate, removal of malnutrition among children and expectant mothers, other health service matters, economic and other infrastructure development, poverty alleviation programmes and such other constitutional and statutory/obligatory functions, may be taken and future annual programme be discussed and adopted. Such regular monthly meetings will not only be to raise awareness but also to assess achievements and sustain the development of local culture and maintain assets so attained and acquired. In order to maintain steady progress and help integrate different layers of Government functionaries, people's representatives and common people, such regular exercises are a necessary part of functioning. Line departments, instead of spending extra money on awareness programmes should integrate themselves with such regular monthly programmes. B.D.Os should draw up advance programmes and organize such get together and ensure maintenance of records and minutes of suggestions/ directions in such monthly meetings. Sub Collector should ensure follow up action and achievements on the suggestions/ directions of such meetings. Collector of the district should witness the conduct of such meetings at least once a month and supervise and review the activities undertaken and benefits accrued. His visiting note should act as encouragement for activities and future guidance for the village representatives and officials down below. One of the Ministers of the Government and Secretary to the Government of the State should be in charge of a district to look after the progress of activities and their achievements, problems and challenges. Secretary must attend at least three meetings in a month preferably in a single visit. Monthly village meetings may be attended by the local M.L.As and M.Ps whenever possible. (Police deployment wherever necessary should be arranged for the meeting.) One meeting may deal with education, the next on health services, the third with agriculture and allied sector development, the fourth on rural electrification and related matters and so on. The students and youth of the village must be organized to arrange the meetings and give a face-lift to the village on the day of the meeting. Only local food/ fruits should be served to the guests. Local flowers only to be used to welcome the dignitaries to the village. A sense

of belongingness, involvement, commitment and devotion for the purpose can be expected to develop over time. To develop civilized culture of not defecating in open air the use of sanitary latrines should be inculcated among the villagers and a time frame for wedding to such civilized habits should be decided. Similarly our old culture of community living, joint family system and taking care of old parents ought to be revived in such associations. Without continuous exercises, change for better would not be possible. Villagers should cooperate and contribute in kind for the meetings. If only cooperation is sought for and no coercion, objectives would be achieved with grand success.

7.39 Care should be taken to ensure that all women and men of the village who earn their livelihood by the sweat of their brows attend the monthly meetings and participate in the proceedings to the extent possible and express their problems/grievances for a possible solution. Approach should always be that there is a solution to every problem. Not only the traditional matters would constitute the subject matter of dialogue but also the modern information, (yet demand driven information) should be provided relevant to the day-to-day life and work of rural women and men. These deliberations shall involve symbiotic linkages between the providers of information and the users. There is also considerable traditional knowledge and wisdom concerning the sustainable management of natural resources, particularly water. Therefore, the technical experts should not only learn from traditional knowledge and experience, but also take steps to conserve for posterity dying wisdom and dying crops. This is an arrangement to help reach the unreached in terms of knowledge and skill empowerment.

7.40 Experts going to far off districts should remain in the district for at least a week to disseminate information and knowledge in several such meetings. However, the demands from the grassroots would decide the pattern of programmes. The State of Orissa, lagging behind other States in many respects, needs acceleration of such efforts for leapfrogging in areas of production, productivity, health, education and technology. This would help real empowerment of the people at the grassroots.

7.41 In the initial stage of the process, average villagers might develop general apathy owing mainly to general distrust of the system. Even most of those who gather in the meetings, may initially stand mute witness to the proceedings due to innocence and ignorance; illiteracy and poverty. But soon these obstacles would disappear and they would start taking interest in the deliberations and associate themselves as a part of it, if the programmes are organised continuously with zeal and enthusiasm. For some of the villagers, this day in their village may be treated as a grievance redressal day. Public discussion and participatory interaction is the cornerstone of democracy.

7.42 Such meetings are intended to develop awareness, involvement, commitment and participation of the people; to make evaluation of the performances; remove deficiencies and bring about corrections in the procedures and to help increase responsiveness of public servants; to transfer knowledge and skill to the rural people; to address grievances of rural targeted people, to help improve the quality of education and health services and to accelerate the pace of development and growth and over and above due to regular visits of high officers and dignitaries to each of the villages to render the system transparent, honest sincere, effective and efficient. Amounts recommended for the purpose would be used to organize such meetings and that would in the long run help in the empowerment of people and Panchayat functionaries and provide proper leadership training for the grass root representatives. This grant to each of the GPs is purpose fulfillment assistance. A desirable path to achieve the desired end. The framework and the broad based process that we have outlined can be better appreciated if we look at the following practices and the resultant ends thereof.

7.43 Defence personnel, Police and other Security forces carry on their regular nay daily drills, parades or marches in order to keep them fit, disciplined and alert. Hundreds of years of experience conform to the beneficial effects of such exercise.

7.44 A singer, a musician, and a dancer continues his/her regular habits of rehearsal even after one attains excellence in order to develop future finesse. For beginners practice is compulsory with a view to training and developing the latent talent.

7.45 An athlete or a sportsman or a player takes resort to rigours of regular and continuous physical training in order to enrich one's courage and confidence and develop spontaneity in techniques. Not only the regular meetings interactions and participation will deepen the roots of democracy in India, but they also will provide equal opportunity to poor people and make them aware

of their inalienable rights to educations, health, employment and self-employment and their rightful place in political and economic decision-making.

7.46 One lakh of rupees allocated per year should be utilized for organizing such meetings every month in every village of the Gram Panchayat and also for arranging health camps and exhibitions on related matters. Local NGOs should be associated at all levels of such meetings. If the whole amount of one lakh rupees is not spent, which would happen more often than not, the balance amount should be given as grant to the village chosen to be the best in the Gram Panchayat for a purpose to be decided by villagers with the labour contribution of villagers. In no case the expenditure for the purpose shall exceed one lakh of rupees for a GP per annum. Self Help Groups should be developed and assisted in each village by the Panchayati Raj Institutions. This will not only improve the conditions of women but also remove the fear of economic and social insecurity they have been suffering from generations.

7.47 Six hours stay and interaction of officials, non-officials and village residents would benefit the village and Panchayat administration in a big way. The meeting ending with a pala, daskathia or folklore or folk dance composed and exhibited by local artists would enrich their cultural heritage also.

7.48 The Government want to strengthen the grass roots of democracy. Government also want participatory democracy and want it to be fruitful. Further more, government want to make Panchayati Raj Institution transparent and honest (which the society also wants) and government seriously desire the PRIs to be effective vehicles of economic development and social justice. With that end in view these institution have to pass through stages of development exercise. The Second State Finance Commission after careful consideration has recommended the above procedures and practices, which are to be regularly and continuously followed. These practices would help develop knowledge and value based habits, which would be converted in time into a world model of democratic culture.

7.49 Such monthly exercises in each of the villages will provide opportunity for training learning, relief and confidence to the people – the ultimate beneficiaries. It shall carry confidence to the masses and create a better environment for development. It will also nurture fellow feelings and ensures participatory democracy.

7.50 Out of Rs.77.93 crore of devolved amount to G.Ps per year, Rs.62.34 crore is at the rate of Rs. 1.00 lakh per G.P. are meant for the above knowledge and skill empowerment programme, and rest Rs.15.59 crore at the rate of Rs.0.25 lakh per year per G.P. for emergent relief and gratuitous relief during natural calamity.

7.51 A post of "Data Bank" shall be created in each of Gram Panchayats with a consolidated salary of Rs.1500/- a month in the beginning. The qualification required for the post shall be graduate and the candidate must belong to the same Panchayat. Where a graduate is not available, the minimum qualification shall be matriculate (H.S.E. Certificate). He/She shall be given opportunity of five years in the case of a H.S.C. candidate to improve his educational qualification up to graduation. H.S.C. candidate shall be replaced where a suitable graduate in the Panchayat is available. The Collector would make interview and select Data Bank on merit. The selected candidate must have a good handwriting and shall have a basic knowledge of sociology, economics and health care and hygiene. The selected "Data Banks" will be required to undergo a short training programme in economics, sociology, psychology, health care from experts & specialists in the fields. Their job is to prepare socio economic profile of the community – village wise and family-wise. He or she would record with the help of concerned ward members the birth, death and marriage, the health and sanitation; education employment/un-employment productive assets and their utilizations, wage and deprivation and other aspects well being. Such data would help immensely the planners at the district and state level and the researchers for analysis and empirical studies. Annual up-to-date socio-economic profile of each of the Gram Panchayats/ would be published in the first week of April every year. Besides the employment of the "Data Bank" two thousand rupees shall be earmarked for paper/note books and necessary stationeries and five thousand rupees for publication of the Annual profile book. Thus out of one lakh of rupees recommended for the purpose of knowledge and skill empowerment and capacity improvement Rs.25, 000/- (i.e. Salary Rs.18, 000/- stationeries Rs.2, 000/- and for the annual profile publication Rs.5, 000/-) and the rest Rs.75, 000/- per year for the purpose of monthly meetings as mentioned under

para7.36 to 7.49 will be spent. The expenditure should be open both for government and social audit to maintain probity and transparency.

7.52 In order to make the programme successful funds should be made available to G.Ps well in advance. The Commission while appreciating the distressing condition of current State Finance, recommends that funds should be made available for this purpose to G.Ps in three instalments. : 1<sup>st</sup> instalment during 2nd week of April, 2<sup>nd</sup> during first week of August and 3<sup>rd</sup> instalment during first week of December of every year.

It shall not be out of place to cite a few invocations from Rik Veda, which are most appropriate for the grass root democracy.

**୧୦ମ ମଣ୍ଡଳ ୧୯୧ ସୂକ୍ତ**

**ସଙ୍ଗଳଧୁ ସ୍ୟ ବଦଧୁ ସ୍ୟ ବୋ ମନାସି ଜାନତାମ୍ ।**

୨. ସମସ୍ତେ ମିଳିମିଶି ଚାଲ, ମିଳିମିଶି ପ୍ରାତିପୂର୍ବକ ଆଲୋଚନା କର; ସମସ୍ତଙ୍କର ଚିତ୍ତ ସମାନ ଭାବରେ ଜ୍ଞାନ ପ୍ରାପ୍ତ ହେଉ । ॥୨॥

2. Meet together, speak together: let your minds be all of one accord.

**ସମାନୋ ମନୁଃ ସମିତିଃ ସମାନା ସମାନଂ ମନଃ ସଦ୍ ଚିତ୍ତମେଷାମ୍ ।**

**ସମାନଂ ମନୁମତ୍ତ ମନୁୟେ ବଃ ସମାନେନ ବୋ ହୃଦିଷା ହୃଦୋମି ॥୩॥**

୩. ସକଳ ବସ୍ତୁ ସମାନ ଭାବରେ ଦିଆହୋଇଛି; କିନ୍ତୁ ନିଜର ପୁରୁଷାର୍ଥ ଓ ଜ୍ଞାନ ଅନୁସାରେ ତୁଁ ସେଗୁଡ଼ିକୁ ପାଇବାକୁ ସମର୍ଥ ହୁଅ । ଜ୍ଞାନ ମଧ୍ୟ ସମାନ ହେବା ଉଚିତ ଏବଂ କାର୍ଯ୍ୟଶକ୍ତି ସମାନ ହେଉ ॥୩॥

3. The place is common, common the assembly, common the mind, so be their thought united. ମନୁଷ୍ୟ ମାନଙ୍କର ବିଚାର ସମାନ ହେଉ, ପରସ୍ପର ସଙ୍ଗତି ସମାନ ହେଉ, – ସମସ୍ତେ ମିଳିତ ଭାବରେ ଏକତ୍ରିତ ହୁଅନ୍ତୁ, ଅନୁଃକରଣ ସମାନ ହେଉ, ଚିତ୍ତ ପରସ୍ପରର ଅନୁକୂଳ ହେଉ । ତୁମ୍ଭମାନଙ୍କୁ ସମାନ ବିଚାର ମନୁଦାନ କରୁଅଛି । ତୁମ୍ଭମାନଙ୍କୁ ଏକ ପ୍ରକାର ଅନ୍ନାଦି ବସ୍ତୁର ସୁଯୋଗ ପ୍ରଦାନ କରୁଅଛି ॥୩॥

**ସମାନ ବ ଆକୃତିଃ ସମାନ ହୃଦୟାନି ବଃ**

**ସମାନ ମସୁ ବୋ ମନୋ ଯଥା ବଃ ସୁସହାସତି ॥୪॥**

୪. ସସସ୍ତେ ଏକମନ ଏକ ଅଭିପ୍ରାୟ ଏବଂ ଏକ ସକଳ୍ପ ହୋଇ ଜାମ କରନ୍ତୁ ଏହା ନିଜ ନିଜର ଭାଗକୁ ଜାମ ଅନୁସାରେ ପ୍ରାପ୍ତ ହୁଅନ୍ତୁ ।

4. One and the same be your resolve, be your minds of one accord. United be the thoughts of all that all may happily agree.

Common be your intention; Common be the wishes of your hearts, common be your thoughts.

ତୁମ୍ଭମାନଙ୍କର ସକଳ୍ପଶକ୍ତି ସମାନ ହେଉ, ତୁମ୍ଭମାନଙ୍କର ହୃଦୟ ସମାନ ହେଉ, ତୁମ୍ଭମାନଙ୍କର ମନ ସମାନ ହେଉ ଯଦ୍ଦ୍ୱାରା ତୁମ୍ଭମାନଙ୍କର ବଳ, ସାମର୍ଥ୍ୟ ଉତ୍ତମଭାବରେ ପ୍ରକାଶିତ ହୋଇ ପାରିବ ।

DISASTER RELIEF AND MANAGEMENT

7.53 When there is natural calamity, emergent relief can be extended to the affected and needy persons, more particularly children, old, disabled and expectant mothers by Gram Panchayats for forty-eight hours or till the Government relief reaches. Care should be taken to ensure that only the deserving persons receive such relief. The affected, the needy and deserving people should be taken care of. At the same time GP personnel should be cautious to see that not a single paisa of public fund is either wasted or misappropriated. Gram Sasan's primary responsibility is to ensure that no body in the GP dies of starvation- one of the important responsibilities shifted to the Gram Sasan. Dry food, candles and matchboxes should be kept at hand particularly during flood season for rendering emergency relief to the needy. A sum of twenty five thousand of rupees per annum has

been awarded for the purpose. The 12<sup>th</sup> Finance Commission should transfer some more funds to each of the Gram Panchayats for emergency relief and food for work during and immediately after natural calamity where such measures are really necessary.

7.54 Karnataka has statutorily provided two lakh of rupees every year to each of G.P. as Untied funds. (S.206 of Karnatak G.P. Act, 1993). Recently, Karnataka Government have decided to raise the untied grant to Rs.5.00 lakhs for each of their GPs.

7.55 Whatever funds are available to the Gram Panchayats must not be thinly distributed among the Ward members or Wards. By spending the precious scarce resources this way, neither any of the problems of the villages is addressed nor any durable or useful asset is created. Work programmes with rough cost estimate each of the programmes to be implemented in a year should be prepared and placed before the people for addition or alteration in the list. The priority list of the projects must be placed before the monthly meetings of the village for their information much before the budget presentation of the GP. Subject to the availability of funds, the projects from the priority list must be drawn and executed, after following due norms and procedures. No project should be left half way. Quality of work should not be compromised. Any deviation in the priority list or any new addition of projects to the annual work programme, should be openly debated before accepting and undertaking the execution of the projects. The Sub Collector in consultation with the Chairman, Panchayat Samity and local M.L.A should finalize any new addition or deviation from the project list. However, clumsy rules and norms and outdated schedule of rates hinder the progress of execution, lower the quality of work, and erode the work culture and breed corruption. Executing Engineer takes the risk unto himself by doing away with impeding norms and rules with the others collaborating when their hands are amply greased. Power should be vested in the Sub Collector of the Sub Division to take decision to deal with such obstructing and obsolete norms wherever he himself is fully satisfied. He must also inform to his superiors in line and PRIs about his decision and reasons thereof. Transparency saves time and speeds up progress and reinforces one's bonafide and credibility. Law should be made more stringent and sharp to quickly identify and punish the corrupt. Corruption and PRIs are anathema to each other. If they co-exist by design or negligence, noble purpose of PRIs is lost. The unholy alliance between work in-charge (Contractor), Block level engineers, BDO and the public representatives not only erodes the quality of work but also defeats the noble purpose of Panchayatiraj system. Such unholy and unhealthy practices should be bidden good-bye and should yield place to open and transparent systems. Efficiency and sincerity are the two wheels of progress in the system and Honesty is the driving engine of the Panchayati Raj Institutions.

THE WORLD IS NOT FOR COWARDS

Do not fly. Look, not for success or failure. Join yourself to the perfectly unselfish will and work on. Know that the mind which is born to succeed joins itself to determined will and perseveres. Live in the midst of the battle of life. Anyone can keep calm in a cave or when asleep. Stand in the whirl and madness of action and reach the center, you cannot be moved.

SWAMI VIVEKANANDA

7.56 Besides, the Commission have after a great deal of deliberations, identified four zones where the funds devolved by the State Finance Commission can be utilized by the Panchayati Raj Institutions. These functional areas are:

- 1) Primary and Secondary Education
- 2) Health Care
- 3) Drinking Water
- 4) Watershed Development and Management.

7.57 Not that other functional areas shall be dispensed with or are less important, but because of the constraint of resources as carefully assessed by the Commission to be available for transfer, the

Commission refrained from going into other areas of minimum needs right now. This is but a need based approach; address as it does to some of the basic & minimum needs of the society in general, the poor and the underprivileged in particular. The Commission feel that prioritization of these areas namely provision of primary and secondary education to the boys and girls in rural areas, creation of minimum and critical health care facilities for children, women and elderly persons, supply of clean drinking water to the households that would prevent occurrence of water borne diseases and availability of water for development of agriculture through watershed development and management, will not only improve the quality of life in the villages, but also create opportunities for increased agricultural activities and scope for additional income for the rural households. It is need-less to say that solution of these problems by the PRIs would not only enhance their credibility but would also justify the objectives of the 73<sup>rd</sup> Amendment of the Constitution. If these areas of activities as identified by the Commission are looked after properly by the different tiers of Panchayati Raj Institutions, the next Finance Commission would feel happy and encouraged to devolve further resources for other equally important areas. In fact the essence of success lies in proper utilization of funds and sincere execution of the projects. Commission believe that Panchayati Raj Institutions shall make all efforts to establish their efficiency and credibility in this direction.

#### STRENGTHENING FUNCTIONAL LITERACY THROUGH THE PRIMARY AND SECONDARY SCHOOL STRUCTURE.

7.58 The present rate of literacy in Orissa is 63.61% as per 2001 Census against the all India literacy rate of 65.3%. At micro level, on the basis of 1991 Census data, it is seen that 15 districts out of 30 (50%) have a literacy rate below 50%, 8 districts have female literacy rate below 20%. The S.T. literacy rate in the State varies from district to district within a range of 8.34% to 38.94%, the average for the State being 22.31%, male literacy being 34.44% and female literacy being 10.21%. In the absence of detailed figures of 2001 census, 1991 census data have been taken. This exposes the magnitude of the problem at micro level in Orissa, the problem being particularly endemic in scheduled districts and other tribal areas. The importance of providing universal primary education and secondary education later on can hardly be emphasized for human development and economic growth. Orissa's performance in this sector is far from satisfactory and could have been more satisfying had there been effective implementation of the programmes.

7.59 The rate of functional literacy is not yet assessed, but will be much lower. Functional literacy is defined as ability to read a newspaper, to read and understand simple instructions and to do small sums and calculations as needed in day-to-day life. From data available through pilot studies in a neighbouring State, the rate of functional literacy for Orissa can be derived to be about 30%. The rate of functional literacy among females would be even lower.

7.60 There is a need to improve functional literacy above 60%, in order to strengthen grass root level democracy. This will also help men and particularly women in their daily struggle for survival for income and employment. For doing so, a major role is required to be played by the Zilla Parisads, Panchayat Samities and Grama Panchayats through the medium of the existing net work of Primary and Secondary Schools.

7.61 Because of their proximity to the Primary Schools, Grama Panchayats should look after Primary education. There are 43,668 Primary Schools in the State including S.C. /S.T. and newly opened schools and 11510 Upper Primary Schools. Constitution of India has included Primary and Secondary education in the 11<sup>th</sup> Schedule vide Item No.17. Government of Orissa has issued a circular vide C.S. Circular No.6886/PS dated 4.7.2003 (File No.1-PS-2/2003- 6886/PS dated 4.7.2003) entrusting Sarapanch of the G.P to (a) grant casual leave to Headmaster (b) verify attendance register of teachers (c) report about absence of teachers for appropriate action. Also he/she can visit the Primary Schools and recommend transfer of teachers if necessary. The Panchayats have to concern themselves with the quality of Primary education, keeping in mind the rate of not merely literacy, but functional literacy and that too with emphasis on functional literacy among females. Deficiencies in maintenance of buildings and classrooms, equipment, library books and teaching aids are required to be met. There is fund flow for Primary education under a number of schemes sponsored by the State/ Central Government. It has come to the notice of the Commission that the guidelines and instructions that are attached to the release of funds from

the State and Central Government are hampering the Panchayats in chanelising the expenditure into ways as assessed and required by them. The Commission recommend that these grants should be more in the nature of untied grants, leaving the Panchayats free to spend them as per their need assessment on improving the quality of Primary Education with added emphasis on raising the level of functional literacy both among the male and female population.

7.62 There should be an Education Committee, where there is a primary (includes Upper Primary) school, of seven members other than the Ward Member/with one Ward Member on rotation, (in case of villages having more than one ward member) as Convener of the Committee. Seven Members staying in the village permanently shall constitute the Committee, out of them two mother representatives, one S.C., one S.T.(if ST people are not there, two SC or vice versa) and three other respectable members of the village. Other two educated members may be co-opted, who might be serving and engaged elsewhere but frequenting the village. The meeting must sit once a week and discuss about the attendance and quality of education and such other matters as they deem necessary and send their suggestions to the Sarapanch of the G.P. every week.

7.63 This suggestion of the Commission should not be treated as executive instruction. The respective D.I. of Schools in consultation with the Collector of the district may bring about needed improvements on the above suggestions for better quality of education and monitor and evaluate the same regularly.

7.64 According to available information, there are 4156 nos. of Government and Private Secondary Schools in the State. This number includes the Private Secondary Schools, which are receiving grant-in-aid from the Government. It has come to the notice of the Commission that these Schools are suffering from deficiencies in relation to maintenance of buildings and classrooms, library books, laboratory equipment and other teaching aids. There is a dearth of funds for meeting these deficiencies. As a result, the quality of education in the Secondary Schools is suffering. The Secondary Schools play an important role in meeting the need for functional literacy among the children of the higher school going age. Since a large number of children leave the Schools after the secondary stage and merge into the Civil Society, it is important to strengthen the level of education up to the secondary stage for strengthening the Civil Society and grass root level democracy in the decentralized structure. It has come to the notice of the Commission that in many areas of the State, there was a mushroom growth of these schools in the past, which resulted in having many schools with inadequate strength of students or showing extremely poor results or becoming redundant due to multiplication of schools in the proximity. Time has come for the Zilla Parishads to assess the requirements of Secondary Schools of the categories mentioned above for meeting the deficiencies in the maintenance of infrastructure, equipment, library books, laboratory facilities and teaching aids etc. after proper inspection of the present position and assessing future requirements, with an eye on the academic performance of these schools. Time has also come for the Zilla Parishads to identify the secondary schools that have become redundant or in-effective and to take steps to amalgamate them or close them, after absorbing the teaching and non teaching staff elsewhere.

7.65 To enable the Zilla Parishads to play such a role effectively, the Commission recommend that grant-in-aid for the Secondary Schools be released in favour of the Zilla Parishads. The total grant for Secondary Schools would be Rs.20.00 Crore for five years from 2005-06 to 2009-10 i.e. Rs.4.00 crore per annum. This amount would be divided among Zilla Parishads on the basis of number of Government Secondary Schools and other Secondary Schools receiving grant-in-aid from the Government.

7.66 The total grant to be devolved in favour of Gram Panchayats for the purpose of Primary (includes Upper Primary) Schools for five years from 2005-06 to 2009-10 would be Rs.27.00 crore i.e. Rs.5.4 crore per annum. The amount would be divided among the G.Ps on the basis of number of Primary Schools (including Upper Primary) under respective G.Ps.

## HEALTHCARE

7.67 Since the beginning of planned development, a major objective of the Government of Orissa has been to ensure health care facilities to the overwhelmingly large number of 'low income and no-income' people. Poor health, malnutrition and undernourishment along with poor health infrastructure



and services are prevalent all over the State. The problems, however, are more acute in rural areas. Women & children suffer the worst. Both short-term and long-term solutions are necessary and social development priorities are to be fixed accordingly. Health is an important dimension of human development. Improvement in health care facilities and health status of the people, particularly of the poor living in rural areas is a major responsibility of the State Government. Notwithstanding the health care infrastructure and manpower available at the village and district levels, poor and underprivileged sections of the society lack access to health and health care facilities. Public spending on health tends to benefit the non-poor rather than the poor suffering from malnutrition and ill health. This is reflected in the higher incidence of infant mortality, poor maternal health and mortality, malaria and other diseases among the poor in Orissa.

7.68 Since basic health and education are considered fundamental human rights to day (Universal Declaration of Human Rights), both the national and State Government and the international community have committed themselves to the provision of "health and well-being of the people". While the National Health Policy (2002) aims at achieving an "acceptable standard of good health amongst the general population of the country", (Economic Survey-2002-03), the Millennium Development Goals set out among other things to achieve (i) reduction in Child Mortality (ii) improvement in maternal health and (iii) reversal in the spread of HIV/Aids, malaria and other diseases" (WDR-2004-Overview). Both the policy declarations aim to achieve enduring success in the health sector.

7.69 It is in this context that the Commission examined certain aspects of health status in rural Orissa and deliberated on the formulation of a health strategy for the rural people. The important health sector issues the Commission examined are as follows:

7.70 Infant Mortality Rate: (a) Orissa suffers from the highest infant mortality rate in the country. It stood at 163 per thousand in 1981 and 125 in 1991 as against the national rate of 115 and 77 in 1981 and 1991 respectively. Infant Mortality Rate, though reduced to 97 in 1997-98 vis-à-vis the all India rate of 70 in that year, is still the highest in the country. (b) Infant mortality rate in rural Orissa was much higher at 171 in 1981 and 130 in 1991 as against 123 in 1981 and 84 in 1991 at the national level.

#### MATERNAL MORTALITY:

7.71 Orissa suffers from one of the highest maternal mortality rates (age group-15 to 49 years) in India. It stood at 367 (per one hundred thousand) in 1998 as against 159 in Assam, 28 in Gujarat, 198 in Kerala and 79 in Tamil Nadu. This highlights the vulnerability of expectant mothers at the time of childbirth. (National Human Development Report - 2001). A statewide campaign starting at the Panchayat level is necessary to create awareness in the society and in families regarding discrimination, violence, deprivation and feudal mindset against women. Local bodies can play a pivotal role in this area with the help of health and Anganwadi workers.

#### POPULATION PER BED:

7.72 Provision of admission of patients against available bed in the hospitals is really distressing. Population per bed in Orissa stood at 2,314 (as on 1.1.92) as against 1526 in Andhra Pradesh (1.1.94) 706 in Gujarat (1.1.93) and 1023 in Maharashtra (1.1.92). This naturally calls for considerable expansion of bed facilities in hospitals in Orissa (NHDR-2001). It is therefore necessary on the part of both the State and Central Governments to earmark higher allotments to the health sector for infrastructure development and for treatment of critical health problems like malaria, filaria and malnutrition that are common across the districts.

#### PUBLIC SPENDING ON HEALTH:

7.73 It is revealing to note that public spending on Health since 1980-81 has been declining in Orissa. It stood at 1.60 per cent of GSDP in 1980-81, declined to 1.37 in 1990-91 and further declined to 1.25 in 1998-99. (National Development Report-2001). It is thus clear that in terms of health indicators, i.e. IMR, Maternal Mortality and Population per Bed in Hospitals in rural areas, health

facilities in Orissa are in very poor shape. Although health sector plays a very important role in social and economic development, Government spending on health has been declining. The focus of the health sector policies and programmes has to begin from the primary health facilities and move towards specialized treatments. However, resources allocated to the health sector are inadequate and that too are declining over the years. This calls for allocation of larger resources for health development.

7.74 Health is a public responsibility today. The poor have to be given access to health services. The Commission are of the view that some policy changes and institutional reforms are necessary at the local level to extend the benefits of health care facilities to rural people so that they live a long and healthy life.

7.75 Consistent with the functions assigned to the PRIs – 11<sup>th</sup> Schedule – Article 243-G of the Constitution, Government of Orissa have made an attempt to transfer certain health functions and functionaries including the services of doctors to the domain of PRIs. (Vide Government Orissa, Panchayati Raj Department letter No.6886 dated 4.7.2003).

7.76 The Commission is of the view that Government efforts should be reinforced and PRIs be strengthened by vesting them with more control over health at the Panchayat, Panchayat Samiti and District Levels so that they discharge their functions effectively. At the same time there should be increased participation of rural people in the improved health care system.

7.77 The Commission therefore, propose that in consonance with the responsibilities given to the PRIs, resources be devolved to the Panchayat Samities to equip the hospitals at the Block level with Mobile Health Units which can reach the people in the villages and deliver health care, virtually at the doorsteps of the villagers. The Commission therefore proposes that a sum of Rs.30.40 crores be devolved to the Panchayat Samities over a period of 5 years beginning from April 2005. The estimates have been framed as follows.

Table No. – 7 P

Sl.	Year	No. of Samities to be covered	Amount in Rupees
1.	2005-2006	62	200,08,392
2.	2006-2007	126	400,70,570
3.	2007-2008	189	609,93,324
4.	2008-2009	251	810,01,716
5.	2009-2010	314	1013,32,824
Total			3034,06,826

7.78 In each district during the first year (i.e. 2005-06) of the operation period of Second State Finance Commission (2005-06 to 2009-10), twenty per cent of Panchayat Samities would be taken up for this mobile health camp operation. Each Panchayat Samiti will be provided a sum of Rs.26893/- per month in each year. Funds for the purpose will be released in the 4<sup>th</sup> week of April, 4<sup>th</sup> week of July, 4<sup>th</sup> week of October and 4<sup>th</sup> week of January each year. Subject to success report of such operation, in the second year another twenty per cent would be added to the programme. During 3<sup>rd</sup> year altogether 60% and in the 4<sup>th</sup> year 80% and in the 5<sup>th</sup> year all the Panchayat Samities of the district would adopt the programme. Chairperson and B.D.O. of the Panchayat Samiti would organize the operation; CDMO and Sub-Collector would closely monitor it. The mobile team consisting of a doctor, pharmacist, medicines and reagent for blood, urine and stool testing would go to a village, normally to a far off and inaccessible village and have the camp there and patients from five to seven nearby villages would come there for check-up and treatment.

7.79 A date for the village should be fixed and attempt should be sincerely made not to miss this date. The same date in each month should be fixed for the particular camp in the village. A day in a week for each PHC/Addl. PHC/Dispensary shall be fixed when the doctor and other staff shall make themselves available for mobile health camp. Thus there shall be at least 3 camps in each week in each P.S. The G.P. in which the PHC/Addl. PHC/dispensary is instituted and the adjacent Panchayat village should necessarily not be chosen for mobile camps. Sarapanch, Ward Members and nominees of Panchayat Samiti should be intimated & associated with such programme. This is a

broad direction only. This programme is expected to make drugs and qualified staff available to the poor on a regular basis and strengthen the health service in villages where poor people are concentrated. This will be in the nature of a direct intervention by the PRIs in the health sector to control spread of disease, provide service to women and children and protect poor people against health hazards. Beneficial modifications in the detailed programme should be welcome by the appropriate authority of the Government. This suggested approach and policy changes in the health sector aim at refocusing additional social spending on the poorer rural households.

### DRINKING WATER

7.80 Drinking water is another important minimum need of the people. Yet people have not been well served. Programmes targeted specifically at the poor fail to reach them. As per statistics available there are still 3000 inhabited villages having no source of safe drinking water. The Commission are of the opinion that the villages having no source of drinking water should be provided with at least one source, on priority basis so that this basic amenity is available to the people. The Commission propose to provide a total sum of Rs.10 crores in a period of five years i.e., at the rate of Rs.2 crore per annum to tackle this problem. Funds for this purpose should be placed with the Z.Ps on the basis of number of villages having no source of drinking water after proper enquiry. In a well-functioning democratic society, the minimum needs like water have to be met on a priority basis.

### WATERSHED DEVELOPMENT & MANAGEMENT

7.81 As regards water for irrigation, only 26.8% of the cultivated land in the State has irrigation facilities, as against the all India average of 38.2%. While agriculture is the main source of living for the people of the State, low irrigation coverage virtually does not permit a second crop and in most years, a large chunk of land faces drought. Drought is a regular feature in the State causing considerable loss to production. The Commission, therefore, think that micro-irrigation facilities should be augmented by developing watersheds to boost agricultural production. Large number of Mundas, Kattas, Bandhs and Sagars are available in the State mostly in derelict condition. If these are improved through renovation alongwith the existing and functioning sources of irrigation, a net work of irrigation facilities can be created and more irrigation can be provided at a comparatively low investment. In fact these can be integrated into the plans for watershed development in the area. It would be useful to prepare plans for conservation of run-off water and schemes for harnessing both flow and ground water as well as residual moisture in the soil. The concept of PANI PANCHAYATS can also be integrated into this approach, giving the beneficiaries a share in the operation and management of projects. The projects will also generate some revenue through user charges for the local PRIs, which can be ploughed back for development and maintenance of such assets. Other line departments are no doubt making their efforts to increase irrigation potential, but the Panchayati Raj Institutions, being in close proximity to the land and the people, know the patches of dry land thirsting for water, where line departments have neither reached nor shall reach in near future. They must be given opportunity to select such land. Constitution of India has also endowed the PRIs with such responsibility vide item No 3 of the Eleventh Schedule. The Commission are also of opinion that in view of several constraints, the devolution of state resources to Panchayati Raj Institutions cannot be demand-driven, hence allocations have been chosen for certain functional areas on the basis of common minimum need. The totality of the problem cannot be solved in one go, but if efforts are made to show success in their functioning and more areas are demanded to be brought under irrigation, such demands shall facilitate the future State Finance Commissions to bestow more and more responsibilities on the Panchayati Raj Institutions in this regard. To begin with, the Commission suggest a small grant but expect a bright future, depending upon the successful operation of the Panchayati Raj Institutions.

7.82 The Commission therefore recommend an allocation of Rs.30.00 Crore per annum for a period of five years from 2005-06 to 2009-10 to be placed with the Panchayat Samities. In this regard, the Commission further suggest that an annual shelf of projects shall be prepared much in advance and feasibility of the projects, approval of estimates and accord of administrative approval should

precede placement of funds. The concerned Panchayat Samitis and G.Ps shall monitor the execution of such projects. Evaluation of the projects shall be done after one year of execution and shall continue every year. The concerned G.P. shall be in charge of maintenance of the projects.

7.83 The literacy rate among S.T. women is atrociously low in many areas as shown below:

Table No. – 7 Q  
WOMEN LITERACY IN TRIBAL AREAS

Literacy rate	No.of Panchayat Samities	No.of districts to which they relate
0 to 1 %	4	4
1 to 2%	22	7
2 to 3%	25	11
Total:	51	22

7.84 This amounts to a criminal negligence of these people, who have been deprived of their fundamental right to primary education. No worthwhile efforts seem to have been made to raise the literacy level in these areas, particularly among women. A State committed to the welfare of the disadvantaged communities, like the tribal have to initiate appropriate measures to spread education particularly for tribal girls.

7.85 Out of the 51 Panchayat Samities mentioned above, 39 Panchayat Samities have substantial tribal population and are under "scheduled area" except the Golamunda P.S. in Kalahandi district. These 39 P.S. are:

Sl.	Name of the District	Name of Panchayat Samity
1.	Kalahandi	1.Golomunda (non - scheduled area)
		2. Thuamul-Rampur
2.	Koraput	3. Baipariguda
		4. Boriguma
		5. Dasamanthapur
		6. Koraput
		7. Kotpad
		8. Kundra
		9. Lamataput
		10. Laxmipur
		11. Nandapur
		12. Similiguda
		13. Bandhugaon
		14. Jeypore
		15. Narayanapatna
3.	Malkangiri	16.Pattangi
		17. Kalimela
		18. Korkunda
		19. Kudumuluguma
		20. Khairput
		21. Malkangiri
		22. Mathili
		23. Podia
4.	Nabarangapur	24. Chandahandi
		25. Dabugaon
		26. Jharigaon
		27. Kosagmunda
		28. Nadahandi
		29. Umerkote
		30. Nabarangpur

		31. Papadahandi
		32. Raighar
5.	Rayagada	33. Kolnara
		34. Bisamkataka
		35. Chandrapur
		36. Kasipur
		37. Rayagada
6.	Gajapati	38. Guma
7.	Kandhamal	39. Kotagarh

7.86 The Commission feel that urgent action is necessary to correct the imbalance in literacy that has affected the tribal population for centuries. There is need to improve literacy among the school going children and female children in particular, as that alone would usher in many other beneficial changes including gender development and gender equity in tribal societies.

7.87 The Commission recommend a grant assistance of Rs.9.75 Cr. @ of Rs.1.95 crore per annum to promote this objective; to be spent by the above 39 Panchayat Samities on schemes that shall ensure attendance of all school going children from every home, till the completion of primary stage of education, which has been included in the Constitution of India as Fundamental Right, with particular care being taken of the girl child. This can be expected to curb the incidence of illiteracy among the tribals in the State.

7.88 The Commission recommend that a beginning may be made with the 39 Panchayat Samities relating to the 7 districts mentioned above, which have S.T. female literacy rate of less than 3%. Each Panchayat Samiti shall be allocated a grant of Rs.25.00 lakhs for five years from 2005-06 to 2009-10 @ Rs.5.00 lakhs per annum out of the grant set apart above.

#### INFRASTRUCTURE FOR NEWLY OPENED GRAMA PANCHAYATS

7.89 After re-organization of the Grama Panchayats, the number has gone up to 6234 from 5254. The newly organized Gram Panchayats have no facility to run their offices even. Most of them have also no furniture and minimum office equipment. Transfer of assets and liabilities has not been taken up in many places and even when such division of assets is carried out that may not result in any substantial transfer of assets to the new Grama Panchayats. The Commission, therefore, recommend that a one time grant of Rs.1.20 lakhs be placed with each of the newly created 980 Grama Panchayats for construction of a small office building and for acquiring minimum office furniture and equipment. This involves an allocation of Rs.11.76 crores only in the first year of the 5-year period i.e. 2005-2006.

#### BOATS FOR RIVERINE GRAMA PANCHAYATS

7.90 Flood is a regular and damaging feature in the State. Not only the coastal districts but also the upper districts of the State face flood situations – some times more than once in a year. The State has a network of rivers and streams with large number of tributaries and branches. These not only cause flood but also prevent all weather communication facilities. Needless to say that the people of the riverine Grama Panchayats face a lot of communication problems during rainy seasons. It has been observed that in many years rainy season also lingers and virtually cuts off every possibility of vehicular traffic for considerable time. In such areas provision of boats for flood rescue operations and also for transport purposes is a long felt need. The local G.Ps have no facility to take up or organize emergent rescue operations during flood time or for providing transport in ferry-ghats. Hence, the Commission recommend that each of the riverine G.Ps should be provided with country boats for flood rescue operations as well as for using them in ferry ghats. Apart from saving human and cattle lives and properties such country boats can also generate some internal revenue for the G.Ps. Since the Commission are not posted with the number or list of riverine G.Ps, it suggest that the Government should identify such riverine G.Ps and allocate funds out of the

Second State Finance Commission award at the rate of Rs.10000/- per boat. The maintenance and management of the boats be vested with the concerned G.P. They have to look after the created assets from out of their own resources. To that effect such G.Ps should give an undertaking to the Collector of the district. A grant of Rs.3.00 crore is made available by the Commission for the year 2005-06 and it is a one-time grant.

#### PANCHAYAT SAMITI LIBRARY CUM READING ROOM

7.91 During the second award year of the Second State Finance Commission i.e. 2006-07 all the Panchayat Samities should develop a library-cum-reading room at the Panchayat Samiti headquarters. The Commission after careful deliberation recommend Rs.3, 87,261/- to each of the Panchayat Samities for the construction of library-cum-reading rooms, acquisition of furniture, other appliances and books and periodicals etc. For this purpose the total grant recommended for the 314 Panchayat Samities comes to Rs.12.16 crore. During each of the third, fourth and fifth years of the award period Rs.50, 000/- is recommended for purchase of books, journals and periodicals etc for each Panchayat Samiti and another Rs.50,000/- for deployment of a Diploma holder and computer knowing library science personnel to manage the library. (Rs.48, 000/- per annum at the rate of Rs.4000/- per month and another Rs.2000/- per annum for sundry expenses). For all these purposes Rs.3.14 Crore for each of the remaining last three years of the award period is recommended. The Commission have greatly appreciated the observation of the 11<sup>th</sup> Finance Commission in this regard *"Libraries have played an important role in the spread of knowledge and awareness among persons of all ages. Considering the growing literacy and general awareness among the people, particularly the youth in the urban as well as in the rural areas, it has become necessary to strengthen and upgrade the network of public libraries in the country"*. The State Finance Commission accept the approach of the 11<sup>th</sup> Finance Commission in this regard and believe that with the funds made available each of the Panchayat Samities shall make all endeavor to make their libraries show pieces of the cultural edifice.

7.92 Performing G.Ps should always be encouraged with rewards for their sincere efforts and visible achievements. Rs.4.00 lakh is recommended for each of the districts to select first, second and third G.Ps in each year from the third year of the award period. An amount of Rs.2.50 lakh, Rs.1.00 lakh and Rs.0.50 lakh should be provided to the first, second and third G.Ps respectively and such amounts should be spent in creating income generating assets. Such recognition of the Grama Panchayat with awards etc. may enthuse and inspire local bodies to perform their best and hope for State and National honour.

7.93 The rest amount available every year shall be devolved among Zilla Parishads, Panchayat Samities and G.Ps on the basis of 50:30:20, as un-tied grant. However, no salary and establishment expenses shall be met out of such untied grants and shall be spent for maintenance of drinking water schemes, sanitation, live stock improvement, electricity charges, maintenance and development of productive assets and for maintaining vital statistics as entrusted to them in the statute.

#### URBAN LOCAL BODIES

7.94 The history of Urban Local Bodies is more than 100 years old. Unlike PRIs, they are not a new institution. Financial need is no doubt enormous for the development of Urban Local Bodies but experience stands testimony to the fact that the Urban Local Bodies carry a lot of deficiencies and defects in their structure and functioning. An institutional reform for bringing about structural change is more warranted than the inflow of finance into the ULBs.

7.95 It seems as if everybody in the institution wants to enjoy the humble pie rather than render any service to the people. Council, be that of a Corporation or a Municipality or a N.A.C. is not a seat of power, it is a place for service. Lord Ripon's historic resolution still rings in the ears and arouses the sleeping man inside to go and serve; "train yourself to be worthy of democratic institutions, at the grassroot you learn to shoulder greater responsibilities in the future." The terminology – local self-government that has found a place in the amended Constitution of India today was the concept of that great man for India. Lord Ripon may be a foreigner and a Colonial Ruler, but

for Indians even today he is the father of local self-government. Much has to be discussed and suggested to bring about change in the attitude and functioning of both the representatives of the people and the employees in Urban Local Bodies to render useful services to the residents at their close proximity.

7.96 Role of Urban Local Bodies in providing civic amenities to the urban people and in improving their living standards need not be emphasized. Apart from providing such amenities to the urban residents, these bodies are also responsible to look after the amenities needed by the floating population. The temporary or slum dwellers add to the problems to a great extent. Safe drinking water, roads and footpaths, street lighting, drainage, sanitation, sewage and sewerages, protection of environment, protection and promotion of cultural heritage and common community facilities are some of the important responsibilities of the urban local bodies. In fact, the Twelfth Schedule of the Constitution has briefly enumerated most of the important functions of such bodies. Proper discharge of such functions can only justify the existence of local self-governments. As already stated, needs being much more compared to availability of resources, the Commission are of the view that the needs have to be prioritized and funds have to be provided for those needs on allocation basis, instead of on demand-driven or requirement basis.

7.97 As indicated earlier, 20% of the total funds earmarked for devolution to local bodies will be assigned for devolution to the urban local bodies in the State. This amounts to Rs.42.37 Crore. The Commission carefully examined the criteria that should be used for distribution of this amount among the Corporations, Municipalities and the Notified Area Councils excluding the amounts specifically earmarked for Public Toilets and town hall-cum-library as mentioned in para 4.98 and 4.102 to follow. The Commission felt that density of population, number of holdings and own revenue collection efficiency i.e. percentage of revenue collection to the total demand, should be taken into account in distributing the grant to the ULBs excluding the two Corporations. Regarding the weight age to be provided to each of these factors, the Commission feel that the following weight age should be provided.

Density of population	-	40%
No. of holdings	-	30%
Revenue collection efficiency	-	30%

$$\text{Collection Efficiency} = \frac{\text{Actual Collection of the previous year}}{\text{Demand Estimate of the previous year}}$$

7.98 The Commission are conscious of the fact that financial requirements of the U.L.Bs to meet the demands of urban basic services are enormous and funds of that order can only be raised by developing projects for funding, through financing institutions and developmental agencies. However, financial constraints apart, it is felt that the following services need priority attention in all U.L.Bs, with difference in spread and scale on account of population, area, level of development etc.

1.	Sanitation conservancies and solid waste management.
2.	Provision of potable water.
3.	Drainage and sewage disposal.
4.	Roads
5.	Public amenities (street lighting, parking lots, bus stops and public convenience).
6.	Promotion of cultural, educational and aesthetic aspects.
7.	Urban forestry and urban facilities like parks and gardens.

7.99 The Twelfth Schedule under Art 243-W of the Constitution also provides for these objectives and priorities. The urban local bodies shall prepare their developmental plans keeping in view the resources available to them from their own revenue, project funds and devolved funds from the Government. The Commission, however, suggest that they should take up the following schemes out of the devolved funds on a priority basis for ensuring a better quality of life to the urban inhabitants.

7.100 Provision of public toilet complex: In Orissa urbanization has not developed at par with the neighbouring States. Many of the urban centres give a rural look and are in a transition stage. Urban people are yet to change their habits and adopt modern ways of sanitation and living. It is really

painful to note that open-air defecation is still a habit with the people. This is mostly due to non-existence of sanitation and septic latrines in their own or rented dwellings. There is a need for modern community toilets with self-flushing arrangements in every urban sector to improve public health and wean away the people from unhealthy practices. The Commission, therefore, feel it imperative that the U.L.Bs, except the two Municipal Corporations should take up this scheme in proportion to their population in different sectors of urban habitations. Each complex should have a plinth area of 40'X20' to accommodate two rows (one for women and another for men) of ten latrines in a row, preferably within a plot size of 90'X60'. It should be possible to develop such a complex with its own water supply, lighting and greening arrangements within an amount of Rs.4.00 lakhs with another amount of Rs.50, 000/- towards daily manual maintenance, for each of the remaining four-year period. These investments in Municipal areas are badly needed to create the minimum public health facilities.

Such complexes may be taken up as per following table:

Table No. – 7 R

Sl..	Name of the Urban Local Bodies		Population as per 2001 Census	No. required
1.	Choudwar	M	42,597	02
2.	Rourkela	M	2,24,601	10
3.	Berhampur	M	2,89,724	12
4.	Sambalpur	M	1,54,164	07
5.	Burla	N.A.C.	39,188	01
6.	Hirakud	N.A.C.	26,397	01
7.	Puri	M	1,57,610	07
8.	Balasore	M	1,06,032	05
9.	Baripada	M	94,947	04
10.	Bhadrak	M	92,397	04
11.	Bolangir	M	85,203	03
12.	Brajaraj Nagar	M	76,941	03
13.	Jeypur	M	76,560	03
14.	Jharsuguda	M	75,570	03
15.	Paradeep	N.A.C.	73,633	03
16.	Baragarh	M	63,651	02
17.	Bhawanipatna	M	60,745	02
18.	Sunabeda	N.A.C.	58,647	02
19.	Jatni	M	54,550	02
20.	Rayagada	M	57,732	02
21.	Dhenkanal	M	57,651	02
22.	Barbil	M	52,586	02
23.	Keonjhar	M	51,832	02
24.	Rajgangpur	M	43,912	02
25.	Paralakhemundi	M	42,991	02
26.	Kendrapara	M	41,404	02
27.	Vyasanagar	M	37,609	02
28.	Koraput	N.A.C.	39,523	02
29.	Khurda	M	39,034	02
30.	Joda	M	38,671	02
31.	Sundargarh	M	38,402	02
32.	Angul	N.A.C.	38,022	02
33.	Anandapur	N.A.C.	35,043	02
34.	Talcher	M	34,984	02
35.	Phulbani	N.A.C.	33,887	02
36.	Belpahar	N.A.C.	32,807	02
37.	Pattamundai	N.A.C.	32,724	02
38.	Jajpur	M	32,209	02
39.	Jagatsinghpur	M	30,688	01



Sl..	Name of the Urban Local Bodies		Population as per 2001 Census	No. required
40.	Titilagarh	N.A.C.	27,756	01
41.	Basudevapur	N.A.C.	29,998	01
42.	Biramitrapur	M	29,434	01
43.	Nabarangpur	M	27,975	01
44.	Soro	N.A.C.	27,793	01
45.	Umarkote	N.A.C.	24,853	01
46.	Gunupur	N.A.C.	21,196	01
47.	Malkangiri	N.A.C.	23,110	01
48.	Rairangpur	N.A.C.	21,682	01
49.	Karanjia	N.A.C.	21,420	01
50.	Jaleswar	N.A.C.	21,382	01
51.	Hinjilicut	N.A.C.	21,344	01
52.	Aska	N.A.C.	20,718	01
53.	Chatrapur	N.A.C.	20,288	01
54.	Bhuban	N.A.C.	20,134	01
55.	Kantabanjhi	N.A.C.	20,090	01
56.	Deogarh	M	20,085	01
57.	Bhanjanagar	N.A.C.	19,699	01
58.	Polasara	N.A.C.	19,566	01
59.	Barapalli	N.A.C.	19,154	01
60.	Patnagarh	N.A.C.	18,685	01
61.	Boudhgarh	N.A.C.	17,996	01
62.	Sonepur	M	17,535	01
63.	Kesinga	N.A.C.	16,914	01
64.	Nimapara	N.A.C.	16,914	01
65.	Khariar Road	N.A.C.	16,627	01
66.	Banpur	N.A.C.	16,437	01
67.	Kabisuryanagar	N.A.C.	16,092	01
68.	Banki	N.A.C.	15,987	01
69.	Athagarh	N.A.C.	15,850	01
70.	Balugaon	N.A.C.	15,824	01
71.	Junagarh	N.A.C.	15,759	01
72.	Padmapur	N.A.C.	15,438	01
73.	Konark	N.A.C.	15,015	01
74.	Kamakhyanagar	N.A.C.	15,002	01
75.	Kotpad	N.A.C.	14,914	01
76.	Nilagiri	N.A.C.	14,745	01
77.	Sorada	N.A.C.	14,647	01
78.	Binika	N.A.C.	14,537	01
79.	Nayagarh	N.A.C.	14,311	01
80.	Pipili	N.A.C.	14,263	01
81.	Purosottampur	N.A.C.	14,249	01
82.	Redhakhol	N.A.C.	13,722	01
83.	Kuchinda	N.A.C.	13,584	01
84.	Khariar	N.A.C.	13,402	01
85.	Buguda	N.A.C.	13,253	01
86.	Kodala	N.A.C.	12,341	01
87.	Udala	N.A.C.	11,712	01
88.	Balimela	N.A.C.	11,500	01
89.	Athamallik	N.A.C.	11,383	01
90.	Ganjam	N.A.C.	11,312	01
91.	Khallikote	N.A.C.	10,959	01
92.	Digadpahandi	N.A.C.	10,888	01
93.	Chikiti	N.A.C.	10,801	01
94.	Rambha	N.A.C.	10,715	01
95.	G. Udayagiri	N.A.C.	10,206	01

Sl..	Name of the Urban Local Bodies		Population as per 2001 Census	No. required
96.	Belaguntha	N.A.C.	9,961	01
97.	Kashinagar	N.A.C.	9,782	01
98.	Khandapada	N.A.C.	8,754	01
99.	Tarabha	N.A.C.	7,993	01
100.	Gudari	N.A.C.	6,843	01
101.	Gopalpur	N.A.C.	6,660	01
102.	Remuna	N.A.C.	28,958	02
103.	Dhamnagar	N.A.C.	18,555	01
	Total			180

Source: Census of India, 2001

7.102 The complex should have an aesthetic look, should have good cover of grass and plants, good lighting and should have a high plinth and be free from engineering deficiencies. It should have double septic tanks and improved soak pit arrangements and at least two commodes for elderly persons, one for women and another for men. On the whole, the complex should be very aesthetic and presentable. There should be two attendants round the clock to look after manual cleaning and maintenance on a daily basis. An amount of Rs.7.20 crores is earmarked for the construction purpose during the year 2005-06. For subsequent years an amount of Rs.50, 000/- per complex per year with two attendants shall be provided up to 2009-10. For these last 4 years an amount of Rs.3.60 crores is recommended at the rate of Rs.0.90 Crore per year.

#### PROVISION OF TOWN HALL AND LIBRARY

7.103 A town hall is the gift of the U.L.B. to its residents where all thinking people get together, sit down and discuss matters of public interest and concern and voice their opinions and views on issues that might be agitating the public mind. It should be located in an aesthetic building symbolizing its purpose with the facility of a public library and reading room being provided in the first floor.

7.104 The management of the town hall shall be done by the respective ULB by deploying staff from their existing establishment and for library and reading room by training a person from their surplus staff (caused out of octroi abolition or otherwise) in Diploma/Certificate course in Library Science. Repair and maintenance and further development of the asset so created, is left to their own responsibility.

7.105 The Orissa Municipal Act 1950 inter alia provides u/s 117 for the consignment of municipal funds for the purpose of diffusion of mental culture and technical instruction and for the provision and maintenance of public libraries, reading rooms etc. The Eleventh Finance Commission have recommended grants for a state level public library, with a network of libraries in the urban and rural areas for dissemination of knowledge and awareness, particularly among the youth. The growth of literacy and public awareness in the urban area will find its utility and expression through this institution of town hall and public library, making it a vibrant wing of local self-government.

7.106 Orissa has 2 Municipal Corporations, 32 Municipalities and 71 Notified Area Councils i.e. 105 U.L.Bs altogether. The Commission could not get data as to how many of them have proper facility of Town Hall and Public Library for their residents. The Commission recommend that every U.L.B. should be enabled to have its own Town Hall and Public Library which should be built in a central location, covering a plinth area of about 2200 sqft, with the Town Hall and an adjoining long verandah in the ground floor and the public library and the reading room in the first floor. There shall be one decent toilet under the stairs in the ground floor and one toilet in a corner of the library-cum-reading room in the first floor. The cost of the facility is however estimated to be Rs.10.00 lakhs and based on this estimate, the Commission recommend a grant of Rs.10.30 crores (@ of Rs.10.00 lakhs for each ULB) for the 103 U.L.Bs excluding the two Corporations.

7.107 Where an U.L.B. already has proper facility, the amount will be spent by it for the purpose of heritage protection, and/or for preservation and development of culture, which has also been recommended by the 11<sup>th</sup> Finance Commission. The protection and preservation of

local heritage to prevent it from decay and degradation and arrangements for displaying it to interested public and visitors from outside have been emphasized for cultural development.

7.108 While the grant for Town Hall and Reading Room will be an one time grant during the first year, the Commission recommend an annual grant of Rs.1.00 lakh for each library for the purpose of purchase of library books and periodicals w.e.f. the second year. The annual grant for 103 libraries will thus be Rs.1.03 Crore and the grant for four years from 2006-07 to 2009-10 will be Rs.4.12 Crore. The construction of the Town Hall-cum-Library and Reading Room shall be taken up during the first year i.e. 2005-06.

7.109 The Commission have not recommended any grant for the two Corporations at Cuttack and Bhubaneswar in view of their existing facilities.

7.110 The Commission have earmarked an amount of Rs.42.37 Crore out of State's own gross tax revenue, for devolution to urban local bodies per year. The Commission have recommended Rs.7.20 Crore for the public toilet complex and Rs.10.00 Crore for Town Hall and Library as one time grants during the first year, and Rs.3.60 Crore and Rs.4.12 Crore as annual grants for remaining four years, for maintenance of Public Latrines and purchase of books and periodicals respectively. The Commission recommend that the balance amount available each year may be devolved to the U.L.Bs in following manner.

(i) Rs.1.00 Crore will be given to each of the two Corporations at Bhubaneswar and Cuttack for each year, to be spent by them for the priorities specified in paragraph 7.96 on Schemes/Projects to be finalised by them.

(ii) The balance amount available each year shall be devolved on the rest of the U.L.Bs on the basis of the three criteria and weight age determined earlier vide Para 7.97 namely: density of population, number of holdings and revenue collection efficiency, for expenditure on the priorities specified in paragraph 4.93.

7.111 Devolution Funds for the Panchayati Raj Institutions and Urban Local Bodies for the Award period is given in tabular form in the following two tables.

Table No. – 7 S  
For Panchayati Raj Institutions

(Rs. in crores)

Sl.	Items	Devolution of Funds					Total for the Award Period
		2005-06	2006-07	2007-08	2008-09	2009-10	
1	Knowledge and skill empowerment including Data Bank (Para 7.51)	62.340	62.340	62.340	62.340	62.340	311.700
2	Emergent and gratuitous relief during natural calamities (Para 7.53)	15.590	15.590	15.590	15.580	15.580	77.930
3	Strengthening functional literacy through primary and secondary school structure. (Para 7.58)	9.400	9.400	9.400	9.400	9.400	47.000
4	Healthcare through mobile units (Para 7.77)	2.000	4.010	6.100	8.100	10.130	30.340
5	Potable Water (Para 7.80)	2.000	2.000	2.000	2.000	2.000	10.000
6	Watershed Development and Management in tribal areas (Para 7.81)	30.000	30.000	30.000	30.000	30.000	150.000
7	Women literacy in tribal areas (Para 7.83)	1.950	1.950	1.950	1.950	1.950	9.750
8	Infrastructure for newly opened G.Ps (Para 7.89)	11.760					11.760
9	Boats for riverine G.Ps (Para 7.90)	3.000					3.000
10	Library-cum-reading room at P.S. headquarters (Para 7.91)						
	a. Building construction		12.160				12.160
	b. for Books, Journals periodicals, etc.			1.570	1.570	1.570	4.710
	c. For personnel and sundry expenses			1.570	1.570	1.570	4.710
11	Incentive for performing G.Ps (Para 7.92)			1.200	1.200	1.200	3.600
12	Untied Fund (Para 7.93)						

Sl.	Items	Devolution of Funds					Total for the Award Period
		2005-06	2006-07	2007-08	2008-09	2009-10	
a.	Zilla Parishad	15.712	16.007	18.872	17.877	16.862	85.330
b.	Panchayat Samitis	9.427	9.604	11.323	10.726	10.117	51.197
c.	Grama Panchayats	6.285	6.403	7.549	7.151	6.745	34.133
Total		169.464	169.464	169.464	169.464	169.464	847.320

Table No. – 7 T  
For Urban Local Bodies

(Rs. in crores)

Sl.	Items	Devolution of Funds					Total for the Award Period
		2005-06	2006-07	2007-08	2008-09	2009-10	
1	Public toilet complexes (Para 7.102)	7.200	0.900	0.900	0.900	0.900	10.800
2	Town Halls and Library (Para 7.106)	10.300	1.030	1.030	1.030	1.030	14.420
3	For expenditure of U.L.Bs, other than the two Municipal Corporation, on priority items (Para 7.110)	22.866	38.436	38.436	38.436	38.436	176.610
4	For the two Municipal Corporations (Para-7.110 (I))	2.000	2.000	2.000	2.000	2.000	10.000
Total		42.366	42.366	42.366	42.366	42.366	211.830

7.112 In toto, the Commission after careful consideration has recommended that 10% of State's own revenue of 2002-03 (Acc) shall be transferred to all local bodies towards devolution as well as grants-in-aid out of which 10% of the average of 1999-2000, 2000-01 and 2001-02 (Accounts) of State's gross own tax revenue shall be devolved among the PRIs and ULBs under the principles here before provided. This devolved amount shall not form a part of the Consolidated Fund of the State, while the rest amount of 10% of State's own gross revenue of 2002-03 (Acc) shall form part of the Consolidated Fund of the State and shall be transferred to Local Bodies as grants-in-aid as per the terms of reference in the principles and for the purposes as mentioned in Chapter-VIII. This is no doubt a meaningful beginning.

7.113 The Commission have recommended to the 12<sup>th</sup> Finance Commission for a total amount of Rs.1181.08 crores, out of which Rs.1059.15 crores as devolution of resources on Local Bodies. If they recommend the entire amount for the purposes mentioned by S.F.C., that amount and the projects should be deducted from the current recommendations, intending thereby to avoid duplication / overlapping of projects and expenditure. Be that as it may, all the need-based projects recommended by the Commission should be taken up in right earnest either from State resources or from Twelfth Finance Commission's recommendations or from both.

Table No. – 7 U

(Rupees in Crores)

(A)	State's Gross Own Revenue – 2002-03(Accounts)	383301.01
(B)	State's Gross Own Tax Revenue	
	1999-2000 (Accounts)	1704.08
	2000-2001 (Accounts)	2184.03
	2001-2002 (Accounts)	2466.88
	Total	6354.99
(C)	Average of above three years 1999-00 to 2001-02	2118.33
(D)	10% of above average (FOR DEVOLUTION OF TAXES ETC.)	211.83
(E)	10% of State's Own Revenue 2002-03 (Accounts)	383.30
(F)	383.30 – 211.83 (E – D) (For Grants-in-aid)	171.47

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