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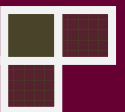
# **Independent Verification of the Information provided by the State of Tamil Nadu to Rank the States on a Devolution Index (DI)**

*SUBMITTED TO*

**INDIAN INSTITUTE OF PUBLIC ADMINISTRATION (IIPA)  
NEW DELHI**

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# Independent Verification of the Information provided by the State of Tamil Nadu to Rank the States on a Devolution Index (DI)

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## **Independent Verification of the Information provided by the State of Tamil Nadu to Rank the States on a Devolution Index (DI)**

### *Abstract*

The study brings out the extent of devolution carried out by the State of Tamil Nadu. It brings out the current pattern in devolution of power, finances, functions and functionaries in the existing three tier system of Panchayati Raj in the context of Tamil Nadu. The Panchayats of Tamil Nadu have taken considerable efforts in deepening the local democracy and addressing the issues of social justice and local economic development. The Framework Criteria had been fulfilled as it is evident from the results of the assignment. Some of the major achievements include the formation of Tamil Nadu Election Commission, State Finance Commission and The District Planning Commission, appointment of the District Panchayat President as the Chairman of the DPC etc. The funds are released timely based on the recommendations from the State Finance Commission. The devolution of powers and functions could be widely seen. The NFC and SFC fund flow is almost constant and stable. The accountability and transparency aspects and social audits remain satisfactory in the case of the State. The higher participation in the Gram Sabhas gives the positively changed mindset of the general public towards the Panchayats. Many forms of effective local resource management are visible in many village Panchayats in the State. The instinct of innovation and incentivization among the elected representative substantiates genuine devolution.

Despite all these positives certain points of concern could also be seen. Decentralized planning for socio economic development and social justice has not completely evolved. District Planning Committees (DPCs) are not seen properly functioned in many places. The District Panchayat is generally weak among the three tier structure of the Panchayat system and is considered a mere sanctioning agency. The Chapter on 'control and supervision' in the State Act may pose a serious challenge to the autonomy of the Panchayats at any time. Synchronization of law and mechanism with Panchayats based on principal of concomitance as envisaged in the Constitution is seen missing in the case of parallel bodies and Panchayats. Its time to address the existing gaps. The verification procedure has tested the authenticity of the documents provided and it has declared the information provided to be authentic and clear.

# Status Paper on Devolution in Tamil Nadu

## Introduction

Conscious structuring and clarity creation are the essential elements that could go together to strengthening the existing Panchayati Raj system. The Panchayati Raj Institutions need to be vibrant and responsive to the needs of the local citizens and should benefit the marginalized communities. The Panchayats are devolved with greater powers and responsibilities to combine Social Justice with effective Local Governance in Tamil Nadu as in any other State in India. The 73rd amendment added a new dimension to the existence of local self-governance and provided scope for Gram Sabha , and constitution of three tier system of Panchayats. The 1994 Act brought in a number of changes in the Tamil Nadu Panchayat Raj structure.

Strengthening and effective functioning of Panchayats is not only a democratic urge but also a developmental prerequisite. The creation of a set of parameters is a necessity in assessing the existing structure and finding the associated gaps, the fulfillment of which can result in a sound Panchayati Raj System. The Panchayats are the grass root democratic institutions and need to be further empowered through effective devolution of functions, finances and functionaries. This should also be read in the context of the Panchayat Empowerment and Accountability Incentive Scheme (PEAIS) and the devolution index. It is in this background that the paper will attempt to present the overall processes and dimensions of the local governance which in turn will provide certain indicators to assess the status of devolution in Tamil Nadu.

## **Approach & Methodology**

In consultation with the Indian Institute of Public Administration the sample size has been worked out. As such, the State of Tamil Nadu was selected for the proposed assignment. It was decided to collect relevant information from the direct stakeholders at the State headquarters and verify it from the ground level by covering a minimum sample of 10 Gram Panchayats, five Panchayat Unions and three District Panchayats. While selecting the Panchayats for the verification of information from the ground the opinion of the officials at the higher levels were taken in to consideration. When the Officials were requested to locate and suggest the potential Panchayats for the field work it was observed that in may cases ‘Panchayats with moderate level of performance’ were identified . As a result, the sample Panchayats are by and larger the ‘representative in nature’. Therefore, it can be assured that though the sample size is very small it is almost near to representative in nature. However, as the purpose of the sample verification is to assess performance of the Panchayats a slight edge is given in favor of the relatively better performed Panchayats.

The performance of the Panchayats is evaluated and assessed based on the framework criteria, its implications, accountability, transparency and issues related to functions, finances and functionaries. For this purpose ground verification was undertaken wherein a structured questionnaire was used and all the major stakeholders were considered. The officials consulted include those from State level, District level, AG office, Local Fund office etc. Field works were carried out to inspect the case studies that the Panchayats had to offer. And in some cases local citizens response and the level of efficacy towards the local Panchayats were collected.

The list of Panchayati Raj Institutions taken for Survey is produced below:

Table No. 1: List of Panchayati Raj Institutions Considered for Survey

SI No	District Panchayats	Panchayat Unions	Gram Panchayats
1	<b>Thiruvannamalai</b>		
2	<b>Dindigul</b>		
3	<b>Thiruchirappally</b>		
1		<b>Cheyar</b>	
2		<b>Annakarur</b>	
3		<b>Chinamannur</b>	
4		<b>Edapadi</b>	
5		<b>Annagramam</b>	
1			<b>Navallur Kutta Pattu</b>
2			<b>G.Kallupatti</b>
3			<b>Nedunkunam</b>
4			<b>Easanatham</b>
5			<b>Madur</b>
6			<b>Papparampakkam</b>
7			<b>Nattaramangalam</b>
8			<b>Thindamangalam</b>
9			<b>Gramam</b>
10			<b>Pethareddi Patti</b>

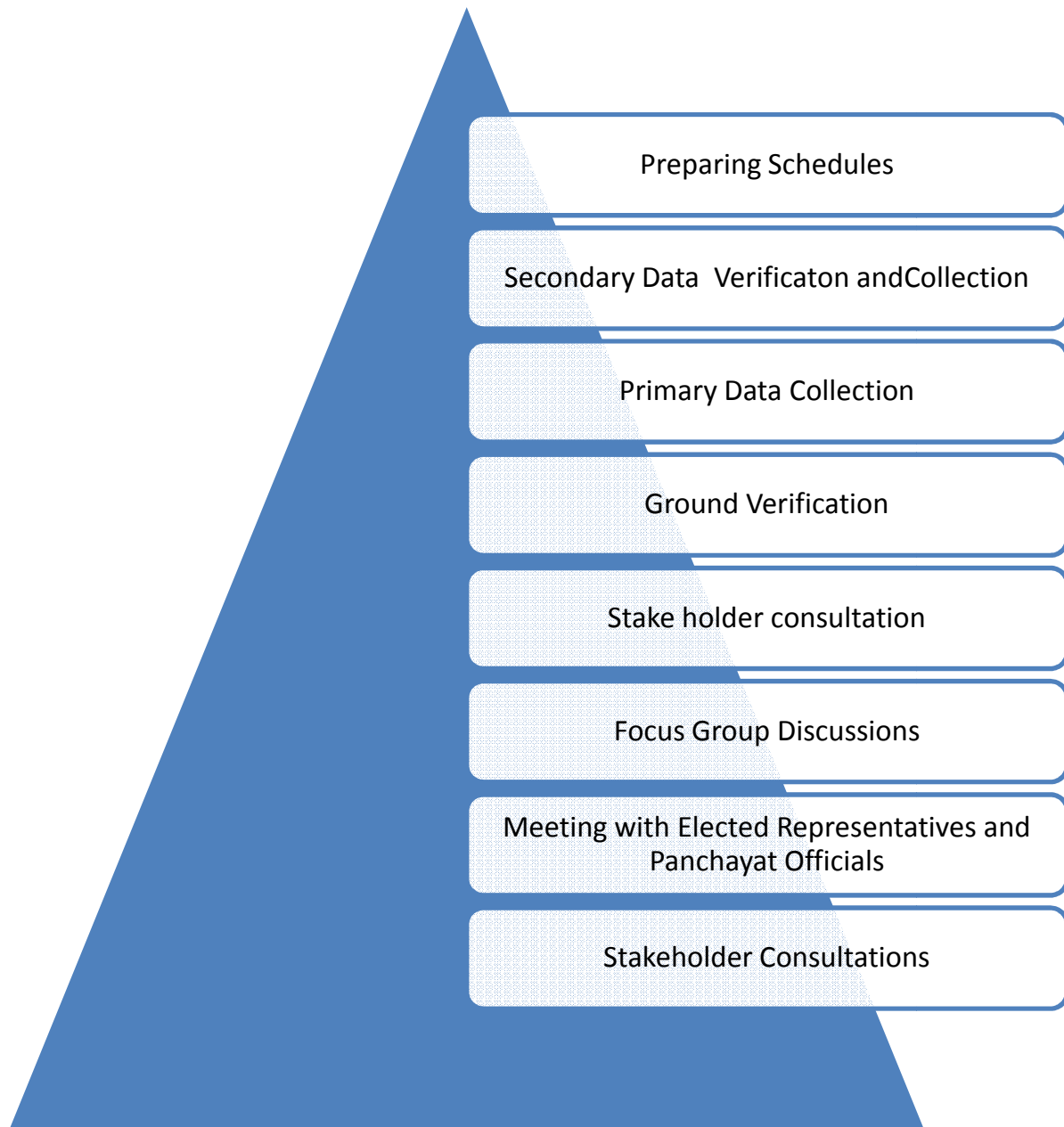
Technical reports, information available from existing literature, and websites were referred for drafting the report. Panchayat offices were contacted for informations and



focus group discussions were conducted. Discussions were held with various committees and stakeholders.

## Methodology Flow Chart

Diagram No.1: Methodology Flow Chart



## **Panchayathi Raj System in Tamil Nadu**

The history of the local self-governance in Tamil Nadu can be traced back to the Chola Imperial period from places like Kancheepuram which bear the evidence to well established local self governance during the period. It was evident from the inscriptions that the villages had perfect electoral systems and a written constitution prescribing the mode of election.

With the advent of the British rule, the system of local self-governance slowly disintegrated which eventually rattled the basic structure of the local self- governance. However, the British presented a modified concept of local self governance to suit the British colonial rule. The Government exercised absolute control over the Local bodies through Inspector of Municipalities and Local Boards. In the post-independence era, the Government enacted Madras Village Panchayat Act 1950 for devolving greater powers to Panchayats. A model Panchayat Union comprising few Village Panchayats was set up in Madurai in 1951. The Government of India launched Community Development and National Extension Service Scheme in 1952 for Area Development through “Development Blocks”. The Government of Madras in disagreement to the recommendations of Balwantrai Committee enacted Madras Panchayaths Act, 1958 and Madras District Development Council Act, 1958.

The major features of the enactments were:

1. Creation of Panchayat Unions co-terminus with Development Blocks
2. Abolition of District Boards
3. Creation of District Development Council to play an advisory role
4. Entrustment of development and social welfare functions to Village Panchayats and Panchayat Unions. However, the enactments deleted certain powers of Village Panchayats like judicial powers.

Though Balwantrai Mehta Committee had recommended the setting up of three tier Panchayats with Zilla Parishad at District level, the Madras Government had set up District Development Council at District level, which ultimately led to two tier system with Village Panchayat and Panchayat Union. The District Boards were abolished and the Panchayat Unions were the successor body to the District Boards. The District Collectors chaired the District Development Councils (DDC) with representatives from rural and urban local bodies, MLAs, MPs and others as members and thus, the Panchayat Unions started playing a pivotal role in the developmental process.

The 73rd Constitutional Amendment Act was passed and it came into effect from April 1993. The 73rd amendment added a new dimension to the existence of local self-governance and provided scope for Gram Sabha in villages, constitution of three tier system of Panchayats, direct elections of members to the Panchayats, reservation of seats to SCs/STs in proportion to their population, reservation of 1/3rd seats for women, devolution of powers and responsibilities to the Panchayats by the State Legislature, setting up of the State Finance Commission once in five years, establishment of State Election Commission, etc. In pursuant to the 73rd Amendment to the Constitution of India the Tamil Nadu Panchayats Act, 1994 was enacted and it came into force with effect from 22.04.1994. The District Panchayats in Tamil Nadu have only an advisory and planning role as per the Tamil Nadu Panchayats Act, 1994. The core functions of actual implementation and execution of schemes are done by the Panchayat Unions and Village Panchayats. Therefore, the reports of the District Panchayats placed on the Table of the Tamil Nadu Legislative Assembly were partial pertaining only to one of the three tiers of Panchayat Raj Institutions. It was therefore decided that a comprehensive Annual Report on the State of the Panchayats in Tamil Nadu as a whole shall be placed on the Table of the Legislative Assembly, instead of laying individual reports of each District Panchayat. Accordingly, an amendment was brought to the Tamil Nadu Panchayats Act, 1994, in Act No.34 of 2008, thereby, dispensing the laying of the Annual Report of

District Panchayats and instead laying an Annual Report on the functioning of the Panchayats in the State on the table of the Legislative Assembly.

The 1994 Act brought in a number of changes in the Tamil Nadu Panchayati Raj structure, some of which are given below:

1. Three tier system came into existence
2. Members of three tiers of rural Local Bodies and Village Panchayat Presidents were directly elected whereas the Chairpersons of Panchayat Union Councils and District Panchayats were elected from among the elected ward members.
3. All three tiers of Panchayats are independent of each other.
4. Reservation of seats and offices for SCs/STs in proportion to their population has been made and 1/3rd of the total number of seats and offices is reserved for women.
5. Tamil Nadu State Election Commission was constituted
6. State Finance Commission is being constituted quinquennially.
7. District Planning Committee has been constituted to consolidate the development plans of panchayats and municipalities in the districts.

The above indicators may be given an impression that the framework criteria has been well accommodated in the Panchayati Raj system in the State. The Panchayati Raj System in Tamil Nadu is a well-knit three tiered structure of Panchayats (Village as well Unions and District Panchayat) , at the Village , Block and District levels respectively.

After the elections, 12,619 village Panchayats, 384 Panchayat Unions and 28 District Panchayats were constituted. At present there are 12,524 Panchayats at the Village Panchayat level, 385 at the Panchayat Union level and 31 at the District Panchayat level. The total elected representatives at the Village Panchayat and Panchayat Union Level accounts to 111857 and 6856 respectively. There are another 686 representatives at the

District Panchayats. The percentage of reservation for women is 34 per cent of Village Panchayat, 36 per cent of Panchayat Union and 35 per cent of District Panchayat. The percentage of reservation for Scheduled Castes (SC's) at the above mentioned order is 23 per cent each and for Scheduled Tribes (ST's) is 01 per cent each.

## **Devolution of Powers**

In 1996, soon after the first ordinary elections to the three tiers of Panchayats, the Government constituted the First High Level Committee under the Chairmanship of L.C.Jain, the then full-time Member of the State Planning Commission to give recommendations on the entrustment of powers and functions to the three tiers of Panchayats. Subsequently, second and third high level committees were constituted to devolve more power and functions to the local bodies. Most of the recommendations of the first two High Level Committees were acted upon and orders delivered by the Government and orders issued thereupon

Some of the recommendations of the Third High Level Committee which are already acted upon by the Government are listed below:

1. Gram Sabha to act as a forum of Social Audit for all the schemes implemented by various Departments.
2. Approval of the list of all individual beneficiary schemes to be done by Gram Sabha.
3. Giving Panchayati Raj Institutions greater operational independence by enhancing administrative sanction powers of Village Panchayats, Panchayat Unions and District Panchayats for works taken out of their general Funds.
4. Rationalisation of Village Panchayat Accounts
5. Revival of the State Sponsored Scheme known as *Namakku Naame Thittam*.
6. Designating Village Panchayats as 'Village Level Committee' for selecting the beneficiaries and implementing the schemes of various departments at Village level.

## **State Election Commission**

The Tamil Nadu State Election Commission was set up as an independent and autonomous constitutional authority in 1994 in order to strengthen the process of decentralization and democracy. The Superintendence, Direction and Control of the preparation of electoral rolls and the Conduct of all elections to the Village Panchayats, Panchayat Union Councils and District Panchayats are vested with the Tamil Nadu State Election Commission, consisting of a Tamil Nadu State Election Commissioner. The Tamil Nadu State Election Commissioner and other administrative staff are appointed as per the sub-section (3) of Section 239 of the Tamil Nadu Panchayats Act, 1994 and the State Election Commissioner shall hold office for a term of two years and shall be eligible for re-appointment for two successive terms provided no person shall hold the office of Tamil Nadu State Election Commissioner for more than six years in aggregate (Rural Development And Panchayat Raj Department Policy Note 2011-2012).

The responsibility for conducting the elections vests with the Tamil Nadu State Election Commission, consisting of a Tamil Nadu State Election Commissioner appointed by the Governor under Article 243 K of the constitution. The State Election Commission also conducts the casual elections at a periodical interval of six months. The Indirect elections to fill up the casual vacancies arising from time to time are conducted every month.

## **Dissolutions and Bye Elections**

This session indicates some of the noticeable points on dissolutions and bye elections since April 2009 in the three tiers of Panchayats. No Panchayats were dissolved before the completion of five year term since April 2009 during the financial years 2009-2010, 2010-2011 and 2011-12 at the Gram Panchayat, Panchayat Union and District Panchayat levels. None of the heads of Panchayat were suspended and none of the heads were reported to be removed. The Village Panchayat President is directly elected whereas the

Panchayat Union Chairman and District Panchayat Chairman are indirectly elected.  
Elections

### **District Planning Committee**

The District Planning Committee is constituted for every district under section 241 of the Tamil Nadu Panchayats Act, 1994. District Collector was the Chairman and District Panchayat Chairperson is the Vice Chairman of the committee. But due to pressure from various quarters chairpersons of District Panchayats have been authorized to head the DPCs and the Collector was given the charge of Vice Chairman of the Committee. This may be one of the success stories in the history Panchayat Raj in India where officially the authority of the District Collector has been removed from the DPC and it is replaced by the Chairperson of the District Panchayat. This is achieved through the collective action and continues assertion from below .

The major functions of the District Planning committee include:

1. Identification of priority needs, determination of policies and priorities for development of the district, consolidating the plans of rural local bodies and urban local bodies for the development of the district.
2. Monitoring and evaluation of various developmental programs in the district.
3. Encouraging the participation of voluntary organizations in the developmental process.
4. Advising the State Government with regard to the implementation of State Schemes.
5. Any other function which is entrusted by the State Government.
6. Consolidating the plans of rural local bodies and urban local bodies for the preparation of district plan etc.

The District Planning Committee shall consist of the following:

<b>Chairman of the Committee (Chairman of the District Panchayat)</b>
<b>Vice Chairman of the Committee (District Collector)</b>
<b>Mayor of the City / Municipal Corporation in the District</b>
<b>MPs, MLAs, representatives of local bodies are appointed as members subject to the norms and ceiling prescribed.</b>

There are district planning officers which take care of the proposals of Town and Country Planning, District Statistical Office, District Industry etc. The notification/order for DPC is issued by the State Government. The DPC's are functional and they hold regular meetings for grass root planning purposes. There are prescribed guidelines and rules to make the DPC's functional and for the preparation of district plans. The plans brought forward by the DPC do not form part of the State Plan. The Gram Panchayats are involved in planning at the local level. It is found that the planning expertise and capabilities of the both the elected representative sand official and are very negligible. However, all the three sample District Panchayats have not prepared any district plan document for their respective districts. The Secretary of the District Panchayat is also working as the Secretary of the DPC. There is no separate office for the DPC and it factions at the office of the District Panchayat .

### **Gram sabha**

Gram Sabha consists of all the registered voters of a village and is provided with specific powers and functions. According to the Tamil Nadu Panchayathi Raj Act, it is mandatory to convene Gram Sabha for a minimum number of four times every year. Besides, the Gram Sabha can be convened as and when the necessity arises. The major functions of the Gram Sabha are given as under:

- Approving the development plan



- Approving the Village Panchayat Budget
- Approval of the annual audit report
- Reviewing the progress of scheme implementation
- Approving the list of beneficiaries who are to be benefitted under various government schemes.
- Promoting harmony and togetherness among various sections of the society.

The Gram Sabha in Tamil Nadu is the grass root level democratic institution in each Village Panchayat which focuses on the effective functioning of Village Panchayats, accountability in administration, enhancing public participation and paves way for social audit. The Government of Tamil Nadu has ordered the conduct of Gram Sabha meetings a minimum of four times a year i.e. on 26 January, 1 May, 15 August and 2 October. Suitable amendments were brought out for streamlining the procedure. It was decided that the Gram Sabha shall meet in each of the Village Panchayat wards on a rotation basis.

There is a mandated quorum for Gram Sabha meetings. There exists a system in the State to monitor and ensure the mandated quorum of Gram Sabha meetings in each Panchayat. The prescribed quorum for Gram Sabhas in the State is provided as under.

Table No.2 : Prescribed quorum for Gram Sabhas in the State

SL.NO	POPULATION OF A VILLAGE PANCHAYATH	QUORUM FOR THE MEETINGS
1	Up to 500	50
3	501-3000	100
3	3001-10000	200
4	Above 10000	300

Source: Source: Data furnished by the State Officials

About 1/3 of the quorum is women and the number of SC/ST will bear the same proportion to the quorum as the population of SC's/STs bear to the total population of the Village Panchayat.

The Tamil Nadu State Government requires that there shall be a Gram Sabha for every Village Panchayat and that every meeting of the Gram Sabha shall be convened by the President of the Village Panchayat. It was also made part by the Tamil Nadu Panchayat Act, Section 3 that the Village Panchayat shall give due consideration to the recommendations and suggestions of the Gram Sabha. The Gram Sabhas are held at public places within the jurisdiction of the Village Panchayat and no meeting is held on any public holiday unless specifically noticed. The attendance of the members of the Gram Sabha meetings is recorded in a register maintained by the Presiding Officer of the meeting. It was also made mandatory that in the absence of number of members specified no subject shall be taken up for deliberation.

It could be noted from the State level data that special Gram Sabha meetings were conducted in the year 2011-12 as and when required. It was also reported that the Gram Sabha have sufficient funds to convene the meetings and to meet the expenses of such meetings. The State Government has issued orders for incurring expenditure up to Rs.1, 000 to conduct each meeting. It was also noted that each Panchayat has 20 to 30 women SHGs which had federated in to the Panchayat Level Federation (PLF).

Each Gram Sabha has a Nodal Officer from the office of the Block Development Office and the Nodal Officer makes all arrangements, witnesses the Gram Sabha and gives a detailed report along with the photographs to the BDO which are later consolidated and forwarded to the District Administration. The Gram Sabhas in Tamil Nadu prepares the list of beneficiaries for schemes like MGNREGA, IAY and AAY. The Gram Sabhas prepares labour budgets under MGNREGA. The State has recommended for "Gaurav

Gram Sabha” in 2011-12. Gram Sabha level campaigns are being conducted and awareness has been created through IEC activities in most of the Village Panchayats.

From the field observations from the sample Panchayats it could be noted that the Gram Sabhas are conducted regularly, four on an average every year. In most of the cases full quorum is ensured. System to monitor and ensure the mandated quorum of the Gram Sabha meetings could only be ensured in 50 per cent of the cases. Special Gram Sabha meetings in sufficient numbers were conducted during the financial year 2011-2012. An amount of Rs. 1,000 in almost all the cases is being spent to convene Gram Sabha meetings and for meeting the expenditure incurred in videography/photography of such meeting. Most of the Panchayats feel that this fund is insufficient for meeting the expenses and almost all of them feel that an amount ranging between Rs. 2,000-3,000 would be sufficient. In about 60 per cent of the cases the Panchayats takes measures to promote peoples assemblies at ward level below the Gram Sabha. Such measures include motivation, advertisements etc. All the Panchayats surveyed have taken measures to ensure that the mandatory number of meetings is held and the minutes are prepared. The Gram Sabha in the sample Panchayats is involved in the planning, conducting social audits, preparation of BPL list and preparation of beneficiary list for schemes like MGNREGA and IAY etc. All the selected Gram Panchayats have prepared labor budgets. Only 20 per cent of the Panchayats surveyed were recommended for the *Gaurav Gram Sabha Awards*. Most of the Panchayats have taken measures to strengthen Gram Sabhas and the initiatives included motivating the community leaders, ward members, awareness creation among the public etc.

## **Staff Structure**

The Staff structure of the various tiers of Panchayat depends on the prominences of the powers and administrative functions they are assigned with. The staff structure, the nature of appointment, recruiting authority etc varies for Gram Panchayat, Panchayat Union and

District Panchayat in Tamil Nadu. The sanctioned and actual staff position of Panchayats own office for the entire State for the three tiers is given below (Ref. Table Nos 31, 4 & 5). The Staff Structure for few selected PRI's (one Village Panchayat, One Panchayat Union and one District Panchayat) as noted from the field observations are given as under. (Ref Table. Nss 6, 7 &8)

**Table No. 3: The Staff Structure at the Village Panchayat in the State.**

<b>Sl No</b>	<b>Designation</b>	<b>Nature of Appointment</b>	<b>Designation of Recruiting Authority</b>	<b>Sanctioned Strength</b>	<b>Actual Number</b>
1	Panchayat Secretary	Regular	Village Panchayat President	12524	12524
2	OHT Operator	Regular	Village Panchayat President	43389	42467
3	Sanitary Workers	Contractual	Village Panchayat President	12917	12680
4	Village Librarian	Contractual	District Collector	12524	12524
	<b>TOTAL</b>			<b>81354</b>	<b>80195</b>

Source: Data furnished by the State Officials

**Table No. 4: Staff Structure of the Panchayat Union in the State .**

<b>SI No</b>	<b>Designation</b>	<b>Nature of Appointment</b>	<b>Designation of Recruiting Authority</b>	<b>Sanctioned Strength</b>	<b>Actual Number</b>
1	BDO (VP)	Regular	State Govt.	385	385
2	BDO (BP)	Regular	State Govt.	385	385
3	Dy BDOs	Regular	State Govt.	3465	3465
4	Asst.Engineers	Regular	State Govt.	770	770
5	Overseers	Regular	State Govt.	2087	2087
6	Assistants	Regular	State Govt.	1540	1540
7	Jr.Asst	Regular	State Govt.	1155	1155
8	Office Asst.	Regular	State Govt.	1140	1140
9	Road Inspector	Regular	State Govt.	1155	1155
10	Driver	Regular	State Govt.	1138	1138
11	Medical Officer	Regular	State Govt.	54	54
12	RMPs	Regular	State Govt.	29	29
	<b>Total Employees</b>			<b>13303</b>	<b>13303</b>

Source: Data furnished by the State Officials

**Table No.5: Staff Structure of the District Panchayat in the State.**

<b>Sl No</b>	<b>Designation</b>	<b>Nature of Appointment</b>	<b>Designation of Recruiting Authority</b>	<b>Sanctioned Strength</b>	<b>Actual Number</b>
1	District Panchayat Secretary	Regular	State Govt.	31	31
2	Sec., Staff to DP	Regular	State Govt.	124	124
3	DPC Staff	Regular	State Govt.	93	93
4	Office Staff	Regular	State Govt.	155	155
	<b>Total Employees</b>			<b>403</b>	<b>403</b>

Source: Data furnished by the State Officials

**Table No. 6: Staff Structure of Madur Village Panchayat (Sample Panchayat)**

<b>Sl No</b>	<b>Designation</b>	<b>Nature of Appointment</b>	<b>Designation of Recruiting Authority</b>	<b>Total Number</b>
1	Panchayat Secretary	Regular	Village Panchayat President	1
2	OHT Operator	Regular	Village Panchayat President	4
3	Sanitary Workers	Contractual	Village Panchayat President	2
4	Village Librarian	Contractual	District Collector	1
	<b>TOTAL</b>			<b>8</b>

Source: data collected from the Village Panchayat ,Madur

**Table No.7: Staff Structure of Annagramam Panchayat Union**

SI No	Designation	Nature of Appointment	Designation of Recruiting Authority	Total Number
1	BDO	Regular	State Govt.	2
2	Engineer	Regular	State Govt.	3
3	Dy BDO	Regular	State Govt.	4
4	Overseer	Regular	State Govt.	8
5	Asst. Engineer	Regular	State Govt.	8
6	Junior Asst.	Regular	State Govt.	2
7	Typist	Regular	State Govt.	1
8	O.A	Regular	State Govt.	4
9	Driver	Regular	State Govt.	2
	<b>Total Employees</b>			<b>34</b>

Source: Data collected from the Panchayat Union, Annagramam

**Table No. 8: Staff Structure of Dindigul District Panchayat**

SI No	Designation	Nature of Appointment	Designation of Recruiting Authority	Actual Number
1	District Panchayat Secretary	Regular	State Govt.	1
2	Accountant	Regular	State Govt.	1
3	Jr. Assistant	Regular	State Govt.	1
4	Typist	Regular	State Govt.	1
5	Office Assistant	Regular	State Govt.	2
6	Driver	Contractual	DP	1
	<b>Total Employees</b>			<b>7</b>

Source: Data Collected from the District Panchayat ,Dindigul

## Capacity Building Framework

The State has its own capacity building framework to train the elected representatives and officials of the Panchayats. The Rural Development and Panchayat Raj Department of the State Government imparts training to the elected representatives of all the tiers of Panchayats on a regular basis. The Panchayat officials at various levels are also given training. The State Institute of Rural Development (SIRD) and the Regional Institutes of Rural Development (RIDD) are the training institutions.

In RIRD, faculty members in the Grade of Assistant Directors are posted from RD & PR Department and other sectoral departments, farm Supervisors, workshop supervisors, ministerial staff forms the establishment wing of these institutes. The training programmes are conducted throughout the year. Ten types of regular training programmes and five types of computer training are conducted regularly in RIRD. Whenever new schemes are announced by Government of India and Government of Tamil Nadu, special training programmes are conducted in RIRD. The Government has sanctioned 13 posts of Faculty Members for SIRD which have been filled up on deputation from the Rural Development & PR Department, Local Fund Audit, and Agriculture on direct recruitment. In addition, the Government has sanctioned 24 posts of Administrative Staff to SIRD. Further, Ministry of Rural Development, Government of India has permitted SIRD to engage five core faculties on contract basis as resource persons. The State Institute of Rural Development conducts residential training programmes in its campus and Off-campus programmes at District, Block and Village Panchayat levels and through RIRD in the case of RGSY. Regular institutional arrangements with board and lodging facilities are available at the SRID and RIRDs.

The SIRD engages Resource Persons from the eminent organizations across the country to ensure coverage of large number of participations and to ensure the quality of training programs. Training is conducted for PRI representatives and other functionaries on various subjects by the SIRD on areas like Panchayat Raj administration, accounts and

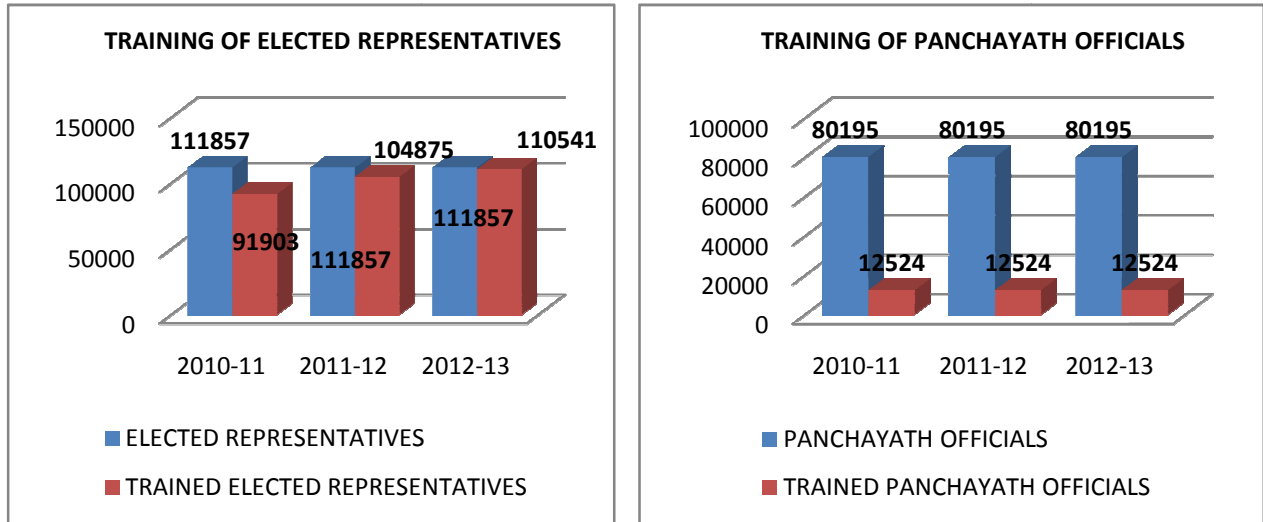


audit, establishment matters, application of computers, implementation of Centrally Sponsored Schemes, State funded schemes, disaster management programmes, right to information Act, decentralized planning etc.

The regional institutes of rural development provided regular training programmes for Extensions Officer's, Deputy Block Development Officers, Assistants, Rural Welfare Officers Junior Assistants, Typists, Cashiers, Panchayat Assistants, Road Inspectors and Overseers and computer training for the Deputy Block Development Officers, Extension Officers, Assistants, Junior Assistants, Rural Welfare Officers, Typists and Cashiers etc. Refresher courses for Deputy Block Development Officers, Engineers & Overseers are also held. Simultaneously, RGSY Training Programmes are conducted to elected representatives of Panchayat Raj Institutions. The elected representatives include Chairpersons of District Panchayats, District Panchayat Ward members, Chairperson of Panchayat Unions, Panchayat Union Ward Members, Village Panchayat Presidents etc. The State Government allocates necessary funds for the salary and non salary expenditure to the Regional Institutes of Rural Development. Each Regional Institute of Rural Development receives Rs. 10, 00, 000 from the Central Government as Recurring Grant for meetings the training related expenditures. The Government has also sanctioned an amount for creation of infrastructural facilities. Training Corpus Fund was also provided. Exposure visits are also conducted for the elected representatives of rural local bodies.

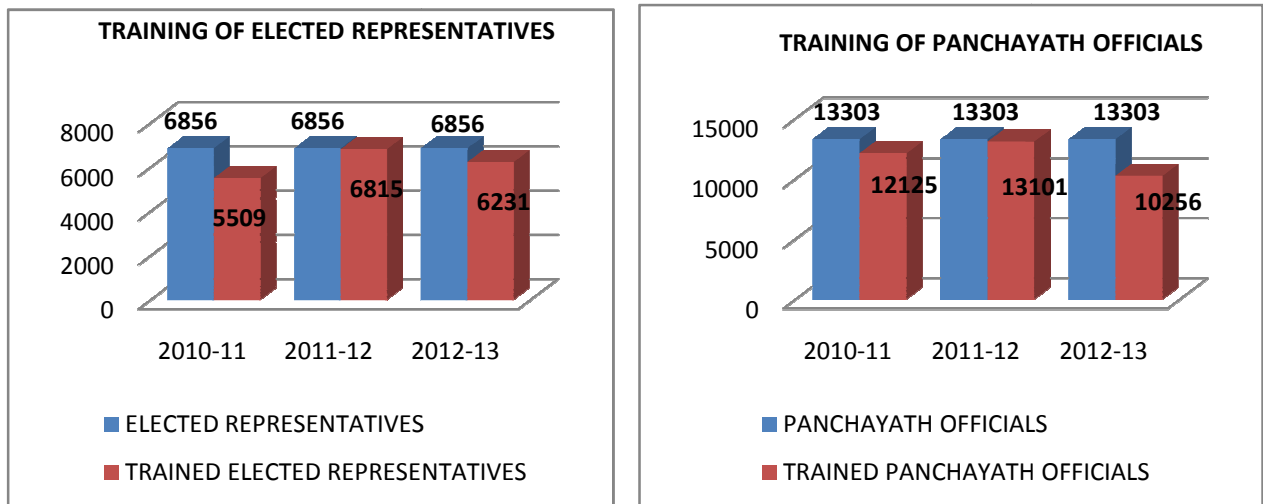
The details on training of elected representatives and officials as retrieved from the official records are provided herewith. The data is for three consecutive financial years i.e 2010-11, 2011-12 and 2012-13 till date for Gram Panchayat, Panchayat Union and District Panchayat. The diagrams given below give details of the same (Refer Diagrams Nos. 2, 3 & 4).

Diagram No.2: Participation in Training programs by the Functionaries: Gram Panchayat



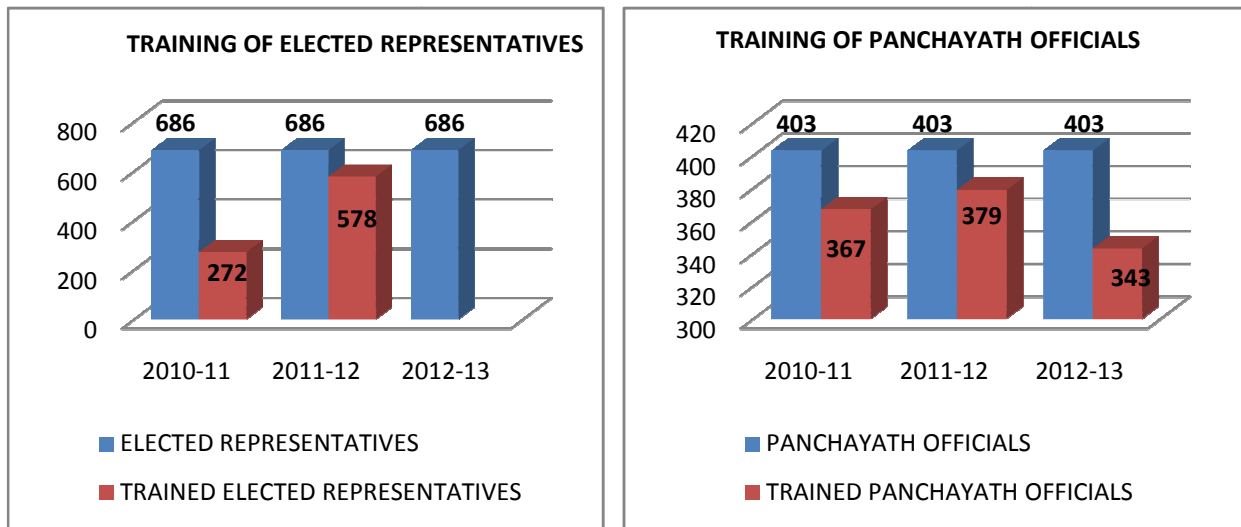
Source: Based on the data furnished by the State Officials

Diagram No. 3: Participation in Training programs by the Functionaries: Panchayat Union



Source: Based on the data furnished by the State Officials

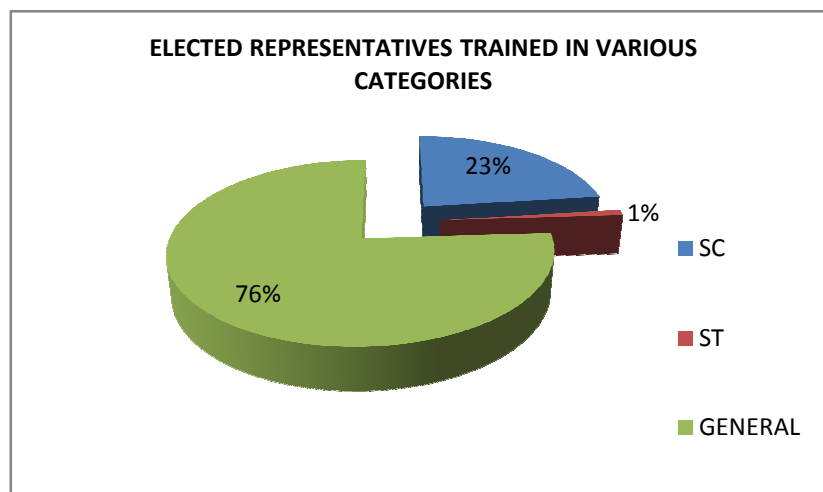
Diagram No. 4: Participation in Training programs by the Functionaries: District Panchayat



Source: Based on the data furnished by the State Officials

The achievement level of the training is relatively better in almost all the cases except for the case of the training of Gram Panchayat officials for all the years. The reasons for the lower attendance are to be probed further. The percentage of elected representatives trained in various categories in the year 2011-2012 is analyzed in the diagram No 5 as given below.

Diagram No.5: Percentage of Elected Representatives Trained.



Source: Based on the data furnished by the State Officials

There is no mechanism to assess the impact of the training provided. None of the Panchayats have its own capacity building framework to train the elected representatives

and officials but a provision exists that this could be arranged with the permission of the District Collector. The RIRD imparts training for the members and officials of the Panchayats wherein one specialized trainer is assigned with the task. About 90 per cent of the Panchayats has received yearly trainings and yearly block level trainings. Training Needs Assessment for Panchayats is conducted in the State. The training material is provided in the local language. The different types of training materials provided include written material, training films, film shows, CDs, brochures and pamphlets. The training was imparted through making power point presentations, class room lectures, group discussions, sharing of experiences, presentation of case studies, exposure visits, special sessions, posters, charts, printed materials and handouts. Distance learning through satellite based training is yet to be launched in the State. The SIRD, RIRD and BRGF impart training to the Panchayat Unions. In about 80 percent of the cases with regard to the Panchayats more than 80 per cent of the elected representatives and Panchayat officials attended training programs. Almost all the elected representatives and Panchayat officials in the selected Panchayat Unions have attended training programs.

## **Panchayat Assessment and Incentives**

It is reported that out of the total Panchayats in the State, about 98 per cent have conducted performance audit during the financial year 2011-2012. A total number of six Gram Panchayats , two Panchayat Unions and one District Panchayat have submitted the information for PEAIS in the year 2011-2012. It is reported that the State has instituted incentives for the best performing Panchayats and the best performing elected representatives in the form of award and certificates. From the field visits it could be assessed that about 60 per cent Panchayats have conducted performance audit whereas only about 25 per cent of the Panchayat Unions have conducted the same during the financial year 2011-12. About 44 per cent of the Panchayats surveyed have submitted information for the PEAIS in the financial year 2011-12. About 20 per cent of the Panchayats surveyed had received Nirmal Gram Puraskar . One of the Panchayats has

received a State level award called *untouchability eradication award* and one has received *award for best implementation of MGNREGA*.

### **Infrastructure & Other Facilities**

As far as the physical infrastructure is concerned, the achievement with regard to possession of proper buildings (*ghar* or pucca building) in the Gram Panchayats, Panchayat Unions and District Panchayats is 100 per cent. All the three tiers of Panchayats have facilities like computers, printers, scanners and telephone. Only 75 per cent of the Gram Panchayat have internet facilities whereas all the Panchayat Unions and District Panchayats have the facility. It is revealed that all the Panchayat Unions and District Panchayats are regular in uploading their data online. All the Panchayat Unions and District Panchayats are connected to each other through LAN or WAN all these Panchayats use wireless connectivity. The Panchayats Unions and District Panchayats have their email addresses. Only about 42 per cent of the Gram Panchayats have their email addresses. About 12524 Village Panchayat Secretaries, 3828 Village Panchayat Presidents and 97 Chairpersons of Panchayat Unions had been trained in computer application which is a major achievement. The Panchayats have support in technical, hardware and connectivity supports. *PlanPlus* software is in application in the State. The State is developing its own software for the functioning of the Panchayats. It is reported that in 2012 the State has been nominated for the e- Panchayat award. From the field observations it was noted that almost all the Panchayats surveyed have “*Ghar*” (pucca building), sufficient furniture and facilities like computers, printers, scanners, telephone and internet. Only about 25 per cent of the Panchayats have email address. All the surveyed Panchayats Unions and District Panchayats have these facilities. The officials of all the Village Panchayats, Panchayat Unions and District Panchayats are trained in computer applications. The Gram Panchayat, Panchayat Unions and the District Panchayats surveyed receive technical support, hardware and connectivity support. About 90 per cent of the local bodies surveyed use *Pria Soft*. One of the Panchayats has developed a Panchayat administrative system software.

## **Transparency and Anti Corruption**

Under RTI Act, Panchayats provide information to the public and at each level there are designated Information Officers, the Deputy BDO is in charge of the Gram Panchayat, Deputy Block Development Panchayat Officer (Admn) is in charge of the Panchayat Union whereas the Superintendent, District Panchayat Officer holds the post in District Panchayat. The first appellate authority of the Gram Panchayat, Panchayat Union, District Panchayat are the Block Development Officer (VP) , Block Development Officer (BP) and Secretary, District Panchayat respectively. The State Information Commission is the second Appellate Authority under RTI Act for Gram Panchayats, Panchayat Unions and District Panchayats. In 2011-2012, all the PRIs in the State have submitted annual reports to their respect authorities. The State has made policy package for the disclosure of information by the Panchayats to the public and they are the display boards and website. The provision of Citizen's Charter is visible in the State. Ombudsman and Government Agency undertakes the complaints of Panchayats. From the Panchayats surveyed it was noted that about 60per cent of the Panchayats have not provided information to the public under the RTI Act. About 90per cent of the Panchayat Unions have provided information under the RTI Act. The case is almost the same with the District Panchayats. All the Gram Panchayats, Panchayat Unions and District Panchayats have submitted the annual report to the respective authorities in the financial year 2011-12. In almost all the cases the three tiers of Panchayats have made policy for disclosure of information. They use newspaper advertisements, notice board displays etc for disclosure of information. None of the Panchayats have provisions for Citizen's Charter. From the survey it could also be noted that no complaints were received against the elected representatives and Panchayat officials. Many of the Panchayats are now coming out with efforts to tackle the issue of corruption and to enable more transparency. In majority of the cases the BDO or the District Collector undertakes the complaints of the Panchayat.

## **Social Audit**

Social Audits are conducted in the State. The Gram Sabhas conduct the Social Audits. Social audit is conducted for schemes like NREGA, IAY, SSA, ICDS, AAY, Mathi, and PVT. The social audits are conducted once in a year for NREGA and once in six months for IAY. Social audits for ICDS, AAY, Mathi and PVTs are conducted as and when needed by the Gram Panchayat. The reports of social audit are put in public domain. Action Taken Reports (ATR) is prepared on the report of Social Audit and is discussed in the Gram Sabha meetings. SASTA, the State Institution imparts training for Social Audits. It was noted from the field observations that social audit is conducted in all the Village Panchayats which were surveyed. In all the cases it is the Gram Sabha which conducts the social audit. There exists a social audit team in these Panchayats which consists mostly of women ranging from 5-7 members. The social audit is conducted for NREGA scheme in all the Panchayats surveyed. From the verification it could be observed that the social audit was conducted twice a year in 50 per cent of the total Panchayats surveyed, four times a year in 30 per cent of the Panchayats and it was conducted only once in the rest of the Panchayats. The reports of the social audit are put in the public domain in 80 per cent of the Panchayats surveyed. These reports in such cases are put in the Gram Sabhas. Action Taken Report (ATR) is prepared on the report of Social Audit only in 30 per cent of the Panchayats surveyed. The members concerned have attended the training to conduct social audit in about 75 per cent of the Panchayats surveyed. In such cases it was certain NGOs who imparted the training to the Panchayat officials.

## **Parallel Bodies**

Parallel bodies such as Village Education Committee, Village Health and Sanitation Committee, Joint Forest Management Committee and Watershed Development Committee exist at the village level and are accountable to Gram Panchayat. The parallel

bodies are chaired by the Chairperson. The parallel bodies at the district level have also been analyzed. The parallel bodies that exist at the district level include DRDA, District Unit of Water and Sanitary Mission, District unit of NRHM, District Agriculture Cor. and District unit of SSA Mission. The District Collector is still the Chairperson of DRDA and it has no functional relationship with the District Panchayat what so ever. The functions of these parallel bodies are limited to Fund/ Accounts Management. The bodies are chaired by Elected Representatives of the Panchayat. The elected representatives of Panchayats are represented in board of the parallel body. The parallel bodies remain separate, but are under the control of the Panchayat. From the field visits to the Panchayats a number of other parallel bodies could also be observed some which are Women and Children Protection Committee, Village Poverty Reduction Committee, Farmers Club, Women and Children Watch Committee, ICAR, School Management Committee, NAVPRA, IRCDS (Integrated Rural Center for Development Societies) etc. Some Trusts and other Project Committee could be observed in one of the Panchayat Unions surveyed. Parallel bodies like DRDA, District Unit of NRHM, District Agriculture Corporation, District unit of SSA Mission and certain other committees like Vigilance and Monitoring Committee could be noted from the survey of District Panchayats.

### **Autonomy of the Panchayats**

Autonomy of the PRIs is another issue which needs separate analysis. The autonomy of the Panchayats is measured in terms of certain proxy variables such as the existence and application of the provisions for the suspension of representatives/Panchayats, resend for reconsideration of resolutions and dismiss/supersede/dissolve/quash. The autonomy of the Panchayats and the existence of the above provisions and its application are inversely proportionate. In other words, higher the autonomy of the Panchayats less the provisions of suspension, resent, dismiss, supersede, dissolve, and quash. The recent data on the number of the members of the Panchayats who has been suspended is not available.



The State Government is the authority who has the power to suspend the representatives, Panchayat bodies and Resolutions of District Panchayat and Panchayat Union whereas the 'Inspector of Panchayats' is the authority to suspend the representatives, Panchayat Bodies and Resolutions of the Gram Panchayat. The case is almost the same with Dismissal/Supersede, Dissolvement and Quash.

There is a chapter on 'Control and Supervision' in the State Act of the Panchayat Raj which deals with the above mentioned provisions. The following sections in the State Act may create impediment in the autonomy of Panchayats:

1. As per the section 20 of the Act, the Director of Panchayat under certain conditions can remove any Sarpanch or Panch;
2. Section 113 deals with the suspension and removal of members of the Panchayat Unions by the State Government ;
3. Section 29 says the dissolution of Gram Panchayas by the State Government ;
4. Section 114 says the dissolution of Panchayat Unions by the State Government ;
5. Section 178 says the dissolution of District Panchayats by the State Government ;
6. Section 199 says the power to cancel or suspend resolutions of the Gram Panchayats by the Director of Rural Development and Panchayats ;
7. Section 199 says the power to cancel or suspend resolutions of Panchayat Unions by the Director of Rural Development and Panchayats ;and
8. Section 199 says the power to cancel or suspend resolution of District Panchayats by the director of Rural Development and Panchayats.

In the case of the Panchayats in Tamil Nadu it is the 'Inspector of Panchayats' who has the right to suspend, dismiss, supersede, dissolve and quash the representatives of the Panchayat. In the case of the Panchayat Union it is the District Collector who is the authority.

## **Functions of the Panchayats**

The functions are assigned to Panchayats mainly by three ways and they are (a) delegated by legislative process ;( b) activity mapping; and (c) executive order. Under Section 21 of the State Act a long elaborated list of activities are assigned to the Gram Panchayats. Subjected to the provisions of this Act and the Rules made there under, it shall be the duty of Panchayat, within the limits of its funds, to make reasonable provision for carrying out the requirements of the Village Panchayat in respect of a number of functions under the head Core Functions, Welfare Functions, Agriculture and Allied Functions, Industries and Others. The ACT has also specified the duties of the Panchayat Unions and District Panchayats subjected to the provision of the Act and Rules. The State Act has very clearly separated the activities of different subject /function and it is assigned to each tier.

The major functions allocated to three tiers of Panchayats as noted from the field are produced below.

### **Functions assigned to Nattarmangalam Village Panchayat (Sample) and Actual Involvement of Panchayat**

The Gram Panchayat is actually undertaking role in

- Roads
- Culverts
- Bridges
- Ferries
- Waterways
- Building Control
- Landuse and Building Regulation
- Street Lights, parking lots and bus stops
- Public Conveniences

- Parks, gardens, play grounds
- Sanitation and Solid Waste Management
- Cremation and burial
- Public Safety
- Welfare Functions
- Water Supply and Agriculture
- Watershed Development

### **Functions assigned to Cheyyar Panchayat Union (Sample) and Actual Involvement of Panchayat**

The Panchayat Union is actually undertaking role in

- Roads
- Culverts
- Bridges
- Drinking water, water supply for domestic purpose
- New Building Construction Permission
- Building Control
- Maintenance of Community Assets
- Public Conveniences
- PHC/CHC
- Sanitation and Solid Waste Management
- Cremation and Burial structures
- Public Safety
- Welfare Functions
- Agriculture and Allied Functions
- Water Conservation
- Permissions for Industries

## **Functions assigned to Thiruvannamalai District Panchayat (Sample) and Actual Involvement of Panchayat**

The District Panchayat is actually undertaking role in

- Drinking water, water supply for domestic purpose ( through executive orders)
- Roads
- Culverts
- Bridges
- Fund allocation for Street light provision
- Fund allocation for public conveniences
- Fund allocation for park, gardens, play grounds
- Fund allocation for PHC's and CHCs
- Fund allocation for Sanitation and Solid Waste Management
- Fund allocation for burial
- Fund allocation for Public Safety
- BRGF Housing Grant Provision
- Building grant for Public Distribution System
- Fund allocation for Habitation Improvement
- Fund allocation for Non Conventional Energy Sources
- Fund allocation for check dam constructions
- Fund allocation for building for educational institutions
- Fund allocation for buildings for markets and fairs

### **Centrally sponsored Schemes and State Schemes**

Actual involvement of the Panchayats in the implementation of flagship programs has been examined. There are schemes of watershed development programs, MGNREGA, IAY ,SGSY/NRLM, ICDS, NSAP, and other State sponsored schemes in which

Panchayats are actually involving .There are certain other schemes where Panchayats have no role in implementation and these schemes are National Horticulture Mission, Macro Management of Agriculture Scheme, Micro Irrigation, SSA, NRHM, PMGSY and National Food Security Mission.

### **National Finance Commission**

In connection with the National Finance Commission (NFC), for a period of four years (2009-2010 to 2012-2013), two installments each were received for each financial year from the Government of India. The total amount works out at Rs. 1, 20,280.00 lakhs and the full amount was transferred to the Panchayats. This is as per the data furnished by the State Level Officers. Electronic transfer system of funds is yet to be introduced in the State. While doing field work it is noticed that all the selected Gram Panchayats in the State except Gramam had received Grant from the National Finance Commission. The average amount received for the selected Panchayats include Rs. 2,35,682.00 for the year 2009-10, Rs. 2,95,924.00 for the year 2010-11, Rs. 2,79,017.00 for the year 2011-12 and Rs.1,92,876.00 for the year 2012-13 till date. This is calculated based on the data as gathered from the field verifications from the Gram panchayats. Please refer table no. 9 for the same.

Table No. 9: NFC Receipts by the selected Gram Panchayats

<b>SL NO</b>	<b>NAME OF THE PANCHAYATH</b>	<b>YEAR</b>	<b>NFC GRANT AMOUNT (Rs.)</b>
<b>1</b>	<b>Pethareddi Patti</b>	2009-10	59128
		2010-11	96560
		2011-12	56579
		2012-13	81504
<b>2</b>	<b>Navallur Kutta Pattu</b>	2009-10	2 38 840
		2010-11	Not Received
		2011-12	4 86 511
		2012-13	10161
<b>3</b>	<b>G.Kallupatti</b>	2009-10	2 94 920
		2010-11	4 86 451

		2011-12	3 05 801
		2012-13	4 06 521
<b>4</b>	<b>Nedunkunam</b>	2009-10	3 31 310
		2010-11	2 89 756
		2011-12	3 50 314
		2012-13	Not Received
<b>5</b>	<b>Easanatham</b>	2009-10	2 15 140
		2010-11	3 54 982
		2011-12	2 23 929
		2012-13	2 96 557
<b>6</b>	<b>Madur</b>	2009-10	3 28 892
		2010-11	1 64 446
		2011-12	1 90 736
		2012-13	Not Received
<b>7</b>	<b>Papparampakkam</b>	2009-10	62 002
		2010-11	1 02 304
		2011-12	1 36 554
		2012-13	1 39 784
<b>8</b>	<b>Nattaramangalam</b>	2009-10	1 02 012
		2010-11	2 02 276
		2011-12	2 09 545
		2012-13	89 366
<b>9</b>	<b>Thindamangalam</b>	2009-10	4 88 884
		2010-11	6 70 621
		2011-12	5 51 670
		2012-13	3 24 237
<b>10</b>	<b>Gramam</b>	2009-10	
		2010-11	Did Not Receive the
		2011-12	Grant
		2012-13	

Source: Data Furnished by the Gram Panchayat Officials

From the field observations it is noted that out of the five Panchayat Unions only three have received NFC Grant. They are Annagramam, Edapadi and Annakarur. The list is given below (Refer table no. 10).

Table No. 10: NFC Receipts by the selected Panchayat Unions

SL NO	NAME OF THE PANCHAYATH UNION	YEAR	NFC GRANT AMOUNT (Rs)
1	Annagramam	2009-10	9 00 000
		2010-11	19 09 700
		2011-12	4 71 000
		2012-13	28 23 800
2	Edappadi	2009-10	16 38 442
		2010-11	27 03 430
		2011-12	67 34 136
		2012-13	45 16 987
3	Annakarur	2009-10	10 79 000
		2010-11	Rest treated as not received
		2011-12	received
		2012-13	
4	Chinnamannur	2009-10	Did Not Receive the Grant
		2010-11	
		2011-12	
		2012-13	
5	Cheyyar	2009-10	Did Not Receive the Grant
		2010-11	
		2011-12	
		2012-13	

Source: Data Furnished by the Panchayat Union Officials

In order to get a crisp and clear picture of the NFC grant receipt patterns, the number of installments and their corresponding dates receipts samples from each tier is produced here with. Refer table no. 11 for the same.

**Table No. 11: Total amount received by one each sample PRI from the NFC**

<b>Tier</b>	<b>Name of the Panchayats</b>	<b>Year</b>	<b>Date</b>	<b>Amount (Rs.)</b>
<b>Gram Panchayat</b>	Esanatham	2009-2010	20/07/2009	1,07,570.00
		2009-2010	12/11/2009	1,07,570.00
		2010-2011	24/12/2010	1,77,491.00
		2010-2011	28/01/2011	1,77,491.00
		2011-2012	22/11/2011	2,23,929.00
		2012-2013		2,96,557.00
<b>Total</b>				<b>10,90,608.00</b>
<b>Panchayat Union</b>	Edapadi	2009-2010	10/11/2009	16,38,442.00
		2010-2011	21/02/2011	27,03,430.00
		2011-2012	08/08/2011	31,35,640.00
		2011-2012	17/11/2011	1,84,749.00
		2011-2012	25/11/2012	34,10,747.00
		2012-2013	06/07/2012	45,16,987.00
<b>Total</b>				<b>1,55,89,995.00</b>
<b>Disriect Panchayat</b>	No Fund Allocation	No Fund Allocations	No Fund Allocation	

Source: Data Furnished by the Gram Panchayat, Panchayat Union and District Panchayat Officials

### **State Finance Commission**

Article 243(I) and 243(Y) of the Constitution of India provides for the constitution of a State Finance Commission intended to examine and recommend measures to augment the resources of the Local Bodies and financial devolution to the Local Bodies by the State Government. Four State Finance Commissions have been constituted so far in Tamil Nadu. The Fourth State Finance Commission was constituted on 01.12.2009, for the award period of 2012 to 2017. The qualifications and manner of selection of members of SFC are prescribed in the Act /Rules. There is a permanent State Finance Commission Cell. ATR was laid before the legislatures on 04/1997, 05/2002 and 05/2009. There was no gap found between the constitutions of two SFC's



and there was no substantial delay in submission of report by the SFC, or delay in laying of the same in the legislature.

The State is in the forefront in constituting State Finance Commissions (SFCs) in every five year. So far four commissions have been constituted. The first SFC (1997-2002) was formed in April, 1994 and submitted its report on November 1996. The action taken report (ATR) has laid before the legislature on April 1997. On the due date, the second SFC was formed (December 1999), submitted its report on May 2001 and laid ATR before the legislature on May 2002. On December 2004, the third SFC (2007-2012) was constituted, submitted the report on October and tabled before the legislature on May 2009. The present SFC (fourth one, 2012-2017) was formed on December 2009 and the report was submitted on October 2011 and ATR has not yet been tabled before the legislature.

There was no gap found in the SFC recommendations and the amount released. The amount recommended in the year 2009-2010 was Rs. 1, 92, 657.00 lakhs which was sanctioned and released. The amount recommended in the year 2010-2011 was Rs. 2, 67, 413.00 lakhs and the amount sanctioned and released was the same. The amount recommended in the year 2011-12 was Rs. 3, 33, 247.00 lakhs and the amount sanctioned and released was the same. The amount recommended, sanctioned and released were Rs. 40, 06, 809.00 lakhs for each head in 2012 till date. This is as per the data furnished by the State Level officials. Please refer table no. 12 for the same.

Table No. 12: Money Transfers to Panchayats on account of the SFC recommendations

YEAR	AMOUNT RECOMMENDED (In Lakhs)	AMOUNT BUDGETED (In Lakhs)	AMOUNT SANCTIONED (In Lakhs)	AMOUNT RELEASED (In Lakhs)
<b>2009-10</b>	1 92 657	1 92 657	1 92 657	1 92 657
<b>2010-11</b>	2 67 413	2 67 413	2 67 413	2 67 413
<b>2011-12</b>	3 33 247	3 33 247	3 33 247	3 33 247
<b>2012-13</b>	4 06 809	4 06 809	4 06 809	4 06 809

Source: Data furnished by the State Level Officials

While doing field work it is noticed that all the selected PRIs in the State had received grant from the State Finance Commission. The average amount received for the selected Panchayats include Rs. 6,00,973.00 for the year 2009-10, Rs. 19,70,057.00 for the year 2010-11, Rs.

32,66,092.00 for the year 2011-12 and Rs.23,78,629.00 for the year 2012-13 till date. The average amount received for the selected Panchayat Unions include Rs. 1,34,65,419.00 for the year 2009-10, Rs. 58,29,898.00 for the year 2010-11, Rs. 1,35,92,423.00 for the year 2011-12 and Rs.86,42,471.00 for the year 2012-13 till date. Electronic transfer system of funds is yet to be introduced in the State. The average amount received for the selected District Panchayats include Rs. 3,24,02,670.00 for the year 2009-10, Rs. 3,10,88.183.00 for the year 2010-11, Rs. 8,85,85,464.00 for the year 2011-12 and Rs.6,99,09,734.00 for the year 2012-13 till date. This is calculated based on the data as gathered from the field verifications from the Gram panchayats. Please refer table no. 13 for the same.

Table No. 13: SFC Receipts by the selected Gram Panchayats

SL NO	NAME OF THE PANCHAYATH	YEAR	SFC GRANT AMOUNT (Rs)
1	Pethareddi Patti	2009-10	2 97 752
		2010-11	4 64 777
		2011-12	4 24 100
		2012-13	3 83 077
2	Navallur Kutta Pattu	2009-10	Not available
		2010-11	
		2011-12	
		2012-13	
3	G.Kallupatti	2009-10	13 54 606
		2010-11	14 40 957
		2011-12	22 08 605
		2012-13	19 21 667
4	Nedunkunam	2009-10	-
		2010-11	96 56 186
		2011-12	1 65 99 057
		2012-13	No yet received
5	Easanatham	2009-10	889215
		2010-11	11 35 386
		2011-12	20 10 782
		2012-13	1 81 934 Till Date
6	Madur	2009-10	Not available
		2010-11	
		2011-12	
		2012-13	
7	Papparampakkam	2009-10	3 83 152

		2010-11	3 62 117
		2011-12	5 06 310
		2012-13	5 09 395
<b>8</b>	<b>Nattaramangalam</b>	2009-10	3 09 320
		2010-11	3 78 684
		2011-12	7 32 997
		2012-13	8 90406
<b>9</b>	<b>Thindamangalam</b>	2009-10	3 60 323
		2010-11	9 42 308
		2011-12	12 57 529
		2012-13	10 385 297
<b>10</b>	<b>Gramam</b>	2009-10	6 60 879
		2010-11	6 12 590
		2011-12	10 05 639
		2012-13	Not received yet

Source: Data Furnished by the Gram Panchayat Officials

From the field observations it is noted that out of the five Panchayat Unions only four were reported to have received SFC Grant the details of which are produced below (Refer table no. 14 for the same).

Table No. 14: SFC Receipts by the selected Panchayat Unions

<b>SL NO</b>	<b>NAME OF THE PANCHAYATH UNION</b>	<b>YEAR</b>	<b>SFC GRANT AMOUNT (Rs)</b>
<b>1</b>	<b>Annagramam</b>	2009-10	Not available
		2010-11	
		2011-12	
		2012-13	
<b>2</b>	<b>Edappadi</b>	2009-10	70 08 442
		2010-11	19 55 125
		2011-12	1 60 65 371
		2012-13	1 11 32 697
<b>3</b>	<b>Annakarur</b>	2009-10	76 79 122
		2010-11	63 33 712
		2011-12	1 79 16 407
		2012-13	Not yet received
<b>4</b>	<b>Chinnamannur</b>	2009-10	

		2010-11	
		2011-12	Not available
		2012-13	
<b>5</b>	<b>Cheyyar</b>	2009-10	81 35 499
		2010-11	1 07 27 082
		2011-12	2 02 66 811
		2012-13	1 37 65 446

Source: Data Furnished by the Panchayat Union Officials

From the field observations it could be noted that all the three District Panchayats have received SFC Grants the details of which are given below. (Please refer table no. 15 for the same).

Table No. 15: SFC Receipts by the selected District Panchayats

<b>SL NO</b>	<b>NAME OF THE DISTRICT PANCHAYAT</b>	<b>YEAR</b>	<b>SFC GRANT AMOUNT (Rs)</b>
<b>1</b>	<b>Thiruvannamalai</b>	2009-10	3 78 02 028
		2010-11	3 69 99 972
		2011-12	11 72 29 734
		2012-13	6 76 75 996
<b>2</b>	<b>Dindigul</b>	2009-10	2 70 03 313
		2010-11	2 71 76 394
		2011-12	5 99 41 195
		2012-13	7 21 43 472
<b>3</b>	<b>Thiruchirappally</b>	2009-10	3 34 35 883
		2010-11	3 06 43 777
		2011-12	6 20 70 042
		2012-13	7 36 27 543

Source: Data Furnished by the District Panchayat Officials

To get a crisp and clear picture of the SFC grant receipt patterns, the number of installments and their corresponding date's receipts, samples from each tier is produced here with. Refer table no. 16 for the same

**Table No. 16: Total amount received by one each sample PRI from the SFC**

Tier	Name of the Panchayats	Year	Date	Amount (Rs.)
<b>Gram Panchayat</b>	Thindamangalam	2009-2010	In 8 Installments	3,60,323.00
		2010-2011	In 10 Installments	9,42,308.00
		2011-2012	In 6 Installments	12,57,529.00
		2012-2013	In 6 Installments	1,03,85,297.00
<b>Total</b>				<b>1,29,45,457.00</b>
<b>Panchayat Union</b>	Edappadi Panchayat Union	2009-2010	In 6 Installments	70,08,442.00
		2010-2011	In 6 Installments	19,55,125.00
		2011-2012	In 4 Installments	1,60,65,371.00
		2012-2013	In 5 Installments	1,11,32,697.00
<b>Total</b>				<b>3,61,61,635.00</b>
<b>District Panchayat</b>	Thiruvannamalai	2009-2010	In 8 Installments	3,78,02,028.00
		2010-2011	In 10 Installments	3,49,99,972.00
		2011-2012	In 5 Installments	11,72,29,734.00
		2012-2013	In 5 Installments	6,76,75,996.00
<b>Total</b>				<b>25,77,07,730.00</b>

Source: Data Furnished by the PRI Officials

### **Panchayat Finance**

For each Gram Panchayat there is to be a Gram Panchayat Fund bearing the name of the Gram Panchayat. Different types of amounts are included in this fund and they are ;( a) All grants and transfers from the government and other local authorities, (b) Proceeds of all funds collected for common secular purposes of the villages in the Gram Sabha, (c) All donations, all taxes, duties, cess ,tolls ,and fees imposed are realized under the Act. The Village Panchayat is the only body empowered to levy taxes including fees and charges among the three tiers of Panchayat Raj Institutions. The Village Panchayat levies the following taxes under two heads viz. Tax Revenue and Non-Tax Revenue. Avenues for mobilizing more revenue by collection of fees such as mobile towers erected in Panchayat land, optical fiber cables laid along Panchayat roads, road cutting fees, etc. The Panchayat is also eligible for a portion of pooled assigned revenues of surcharge on stamp duty and entertainment tax. As far as the State is concerned the entire Central Finance Commission allocation is given to the Village Panchayats for maintenance of

drinking water and sanitation. The Panchayats are eligible for State Finance Commission Grant which is released on a monthly basis. The Panchayat Union Council however cannot levy taxes. The revenue of Panchayat Union consists of non tax revenues, fines and penalties and Government Grants such as SFC Grant, Grant for Maternity Center, Grant for Dispensaries, Local irrigation Grant etc. About 32 per cent of the 58per cent of the share given to Rural Local Bodies out of the earmarked 10 per cent of the total State revenue is due to the Panchayat Unions, which is released on a monthly basis. The District Panchayat has no taxation powers. The SFC Grant 8per cent of the 58per cent of the share given to the Rural Local Bodies out of the earmarked 10 per cent of the total State Revenue is due to the District Panchayats, which is released on a monthly basis.

The data which depicts the fund availability with the three tiers of panchayats for the two consecutive financial years 2010-11 and 2011-12 is produced below. Please refer table no. 17 and 18 for the same.

Table No.17: Funds Available with the Panchayats (Three tiers) for the year 2010-11

SL NO	BREAK UP REVENUE	TOTAL( In Lakhs)
1	Revenue transferred to Panchayats by State	289366.30
2	Panchayats own revenue including collection from rental, lease etc	32210.13
3	Plan Grant transferred by State to Panchayats untied to any scheme	164821.28
4	Plan Grant transferred by State to Panchayats tied to schemes	187491.86
5	Non Plan Grant transferred by State to Panchayats untied to any scheme	298574.32
6	Non Plan Grant transferred by State to Panchayats tied to schemes	65294.13

Source: Data furnished by the State level officials

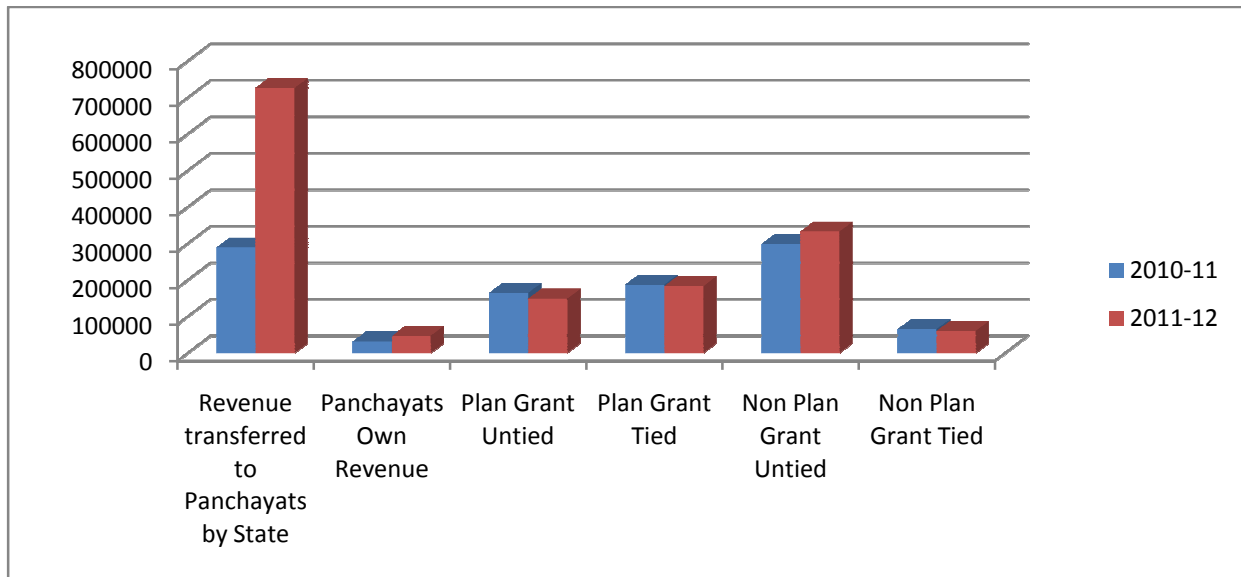
Table No.18: Funds Available with the Panchayats (Three tiers) for the year 2011-12

SL NO	BREAK UP REVENUE	TOTAL ( In Lakhs)
1	Revenue transferred to Panchayats by State	726623
2	Panchayats own revenue including collection from rental, lease etc	47208
3	Plan Grant transferred by State to Panchayats untied to any scheme	149433.22
4	Plan Grant transferred by State to Panchayats tied to schemes	183567.48
5	Non Plan Grant transferred by State to Panchayats untied to any scheme	333246.71
6	Non Plan Grant transferred by State to Panchayats tied to schemes	60388.07

Source: Data furnished by the State level officials

The diagram (No.6) given below represents the fund availability with all the three tiers of panchayats taken together for two consecutive financial years viz. 2010-11 and 2011-12.

Diagram No. 6: Fund available with the PRI's for the year 2010-11 and 2011-12



Source: Table No. 17 & 18.

From the diagram it could be noted that there was more than 60% or 2.5 times increase in the revenue transferred to the panchayats by the State in the financial year 2010-11 over the previous financial year. The panchayats own revenue has also increased. The plan grants untied and tied are almost stable when the two consecutive years are compared. There is a slight increase in the non plan grant untied in the year 2011-12 over the previous year. The case of opening balance should also be considered in this regard.

It was noted from the field observations that the sample Panchayats selected is actually collecting taxes. This varies from property tax, surcharges, taxes on trades, pond lease, water rate etc. The average amount collected per Gram Panchayat accounts to about Rs. 5, 07, 938.00 The fund available with the Panchayat is split into few heads viz. Revenue transferred to Panchayat by State, Panchayat's own revenue, Plan Grant, Non Plan Grant, loan etc. It is observed from the field that the average revenue thus calculated accounts to about Rs. 76, 49,296.00 per Panchayat. This may vary accounting to the possible increase in the State Plan Grant as well the revenue collection. It was calculated that the average fund available with the Panchayat Unions accounts to about Rs. 4 50 00 000. It was observed from the field verification of District Panchayats that the average fund available with the Panchayat accounts to about Rs. 4, 70, 04,958.00. The major share observed is from the Plan Grant transferred by the State.

Few selected cases are produced below to give a clear picture of the financial dynamics and various heads of the Gram Panchayat, Panchayat Union and District Panchayat. For this purpose the financial aspects from Kallupetti Gram Panchayat, Cheyyar Panchayat Union and Dindigul District are cited. Please refer table nos. 19, 20 & 21.



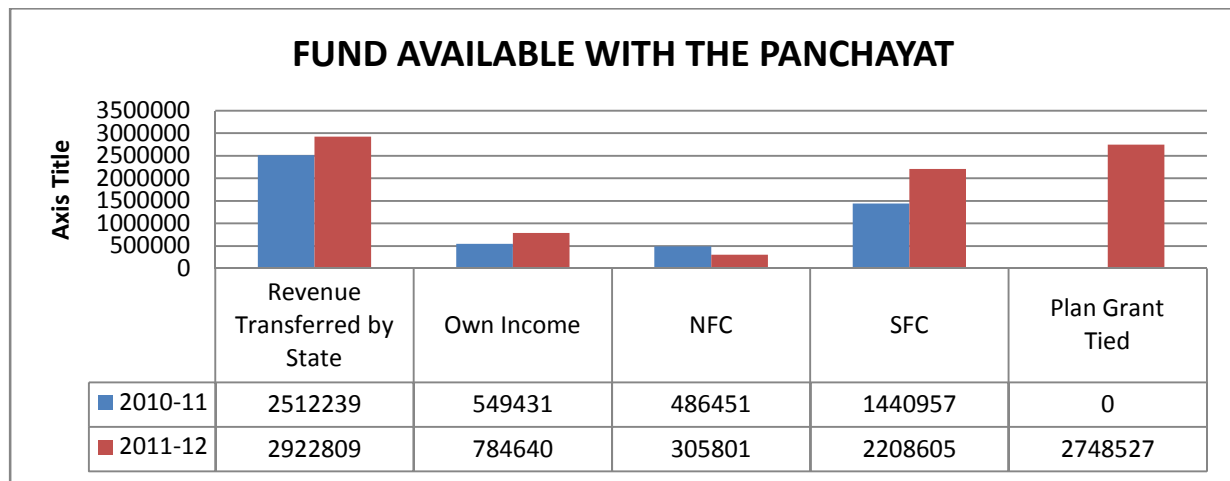
## Fund Dynamics of Kallupetti Gram Panchayat: A sample case

**Table No.19: Fund Dynamics of Kallupetti Gram Panchayat (Sample Case).**

Year	Fund Available (Rs)					Total	Expenditure
	Revenue transferred by state	Own income	NFC	SFC	Plan grant tied		
2010-11	2512239	549431	486451	1440957	-	4989078	5755497
2011-12	2922809	784640	305801	2208605	2748527	8970382	7076586
<b>Total</b>	<b>5435048</b>	<b>1334071</b>	<b>792252</b>	<b>3649562</b>	<b>2748527</b>	<b>13959460</b>	<b>12832083</b>

Source: Data provided by the Gram Panchayat officials

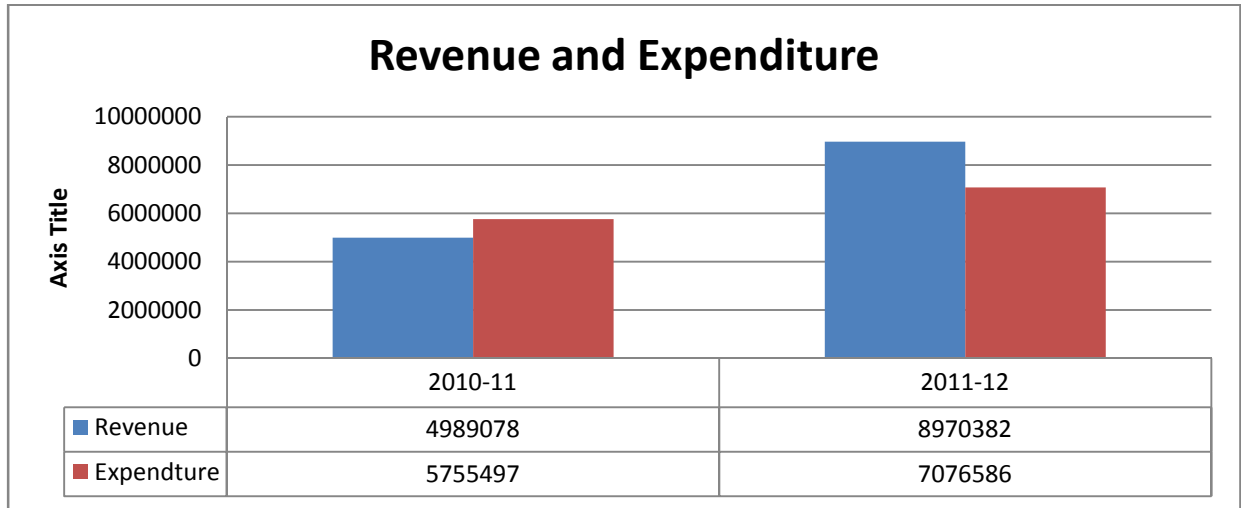
Diagram No.7: Fund Available with the Panchayat



Source: Table No. 19.

The major chunk of the revenue is from the revenue transferred by the State. From the graph it could be visualized that there is an increase in the same over the previous financial year. The case is same with the own income generated. But there has been a slight decline in the NFC grant, but although could be compensated by means of the SFC grant provided.

Diagram No. 8: Revenue and Expenditure of the Panchayat.



Source: Table No. 19

The tables and graphs given above gives the dynamic of revenue and the expenditure incurred for two consecutive financial years. In the year 2010-11 the expenditure incurred was higher than the fund available which indicated that there was 100% utilization of the total funds available, but the case is a bit different in 2011-2012. This could also be attributed to the increase in revenue transferred, SFC grant and a noticeable increase in the own revenue mobilization aspect.

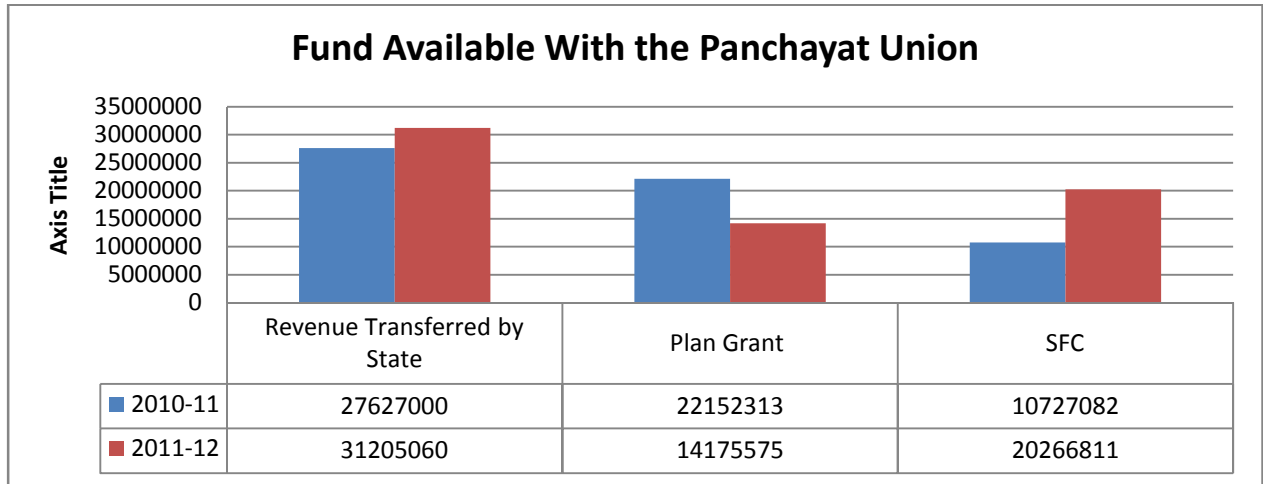
### Fund Dynamics of Cheyyar Panchayat Union: A sample case

Table No.20: Fund Dynamics of Cheyyar Panchayat Union (Sample Case).

Year	Fund Available (Rs)					Expenditure
	Revenue transferred by state	Plan Grant	NFC	SFC	Total	
2010-11	27627000	22152313	-	10727082	60506395	51580935
2011-12	31205060	14175575	-	20266811	65647446	38103959
<b>Total</b>	<b>58832060</b>	<b>36327888</b>	<b>-</b>	<b>30993893</b>	<b>126153841</b>	<b>89684894</b>

Source: Data Provided by the Panchayat Union

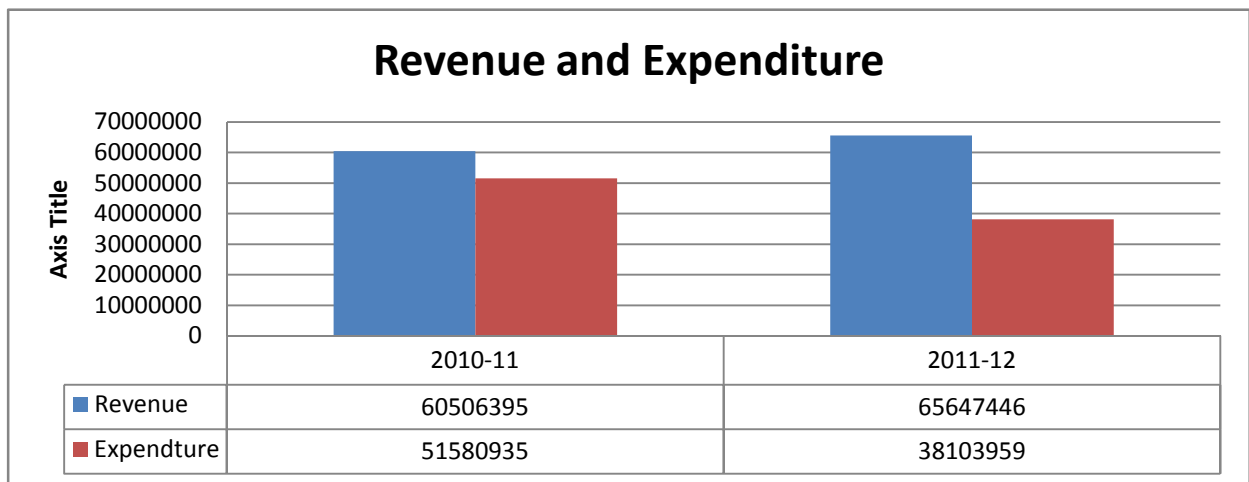
Diagram No.9: Fund Available with the Panchayat Union



Source: Table No. 20

It is evident from the diagram no.9 that there is a slight increase in the revenue transferred by the State to the Panchayat Union for the year 2011-12 when compared to the previous year, but a noticeable decline is visible in the case of plan grant. A remarkable increase in the State Finance Commission Grant could be observed in the year 2011-12.

Diagram No. 10: Fund Dynamics of the Panchayat Union



Source: Table No. 20

Diagram no 10 reveals that about 85per cent of the total fund available had been utilized in the year 2010-11 where only 58 per cent of the total funds available were utilized in the year 2011-12.

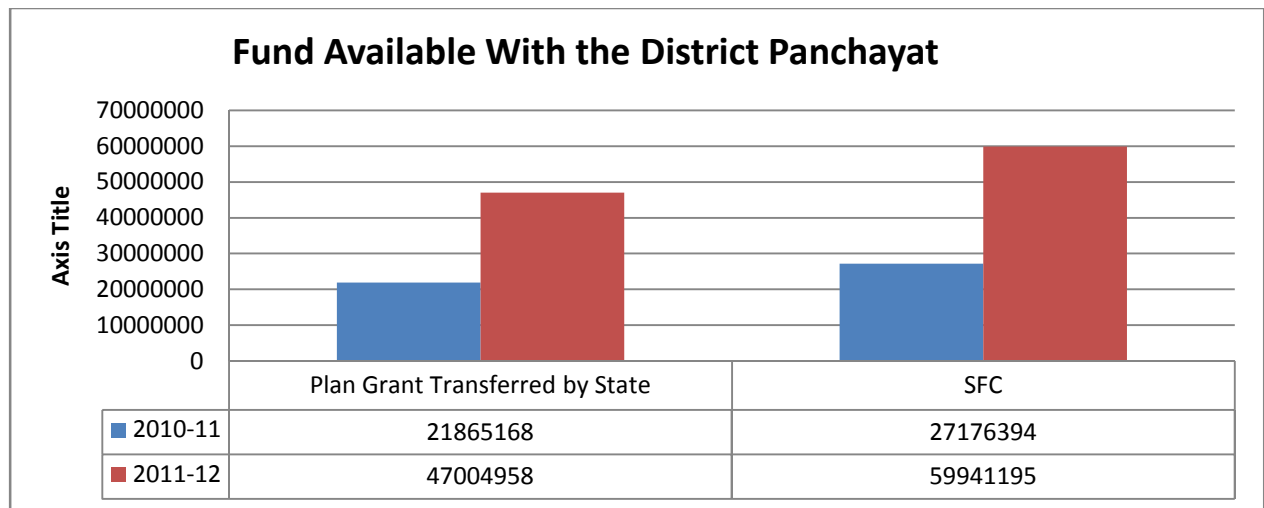
### Fund Dynamics of Dindigul District: A sample case

**Table No. 21: Fund Dynamics of Dindigul District (Sample Case)**

Year	Fund Available (Rs)					Expenditure
	Plan Grant Transferred by State	Own income	NFC	SFC	Total	
2010-11	21865168	Nil	Nil	27176394	49041562	24963821
2011-12	47004958	Nil	Nil	59941195	106946153	36510320
<b>Total</b>	<b>68870126</b>	Nil	Nil	<b>87117589</b>	<b>155987715</b>	<b>61474141</b>

Source: Data Provided by the District Panchayat Officials

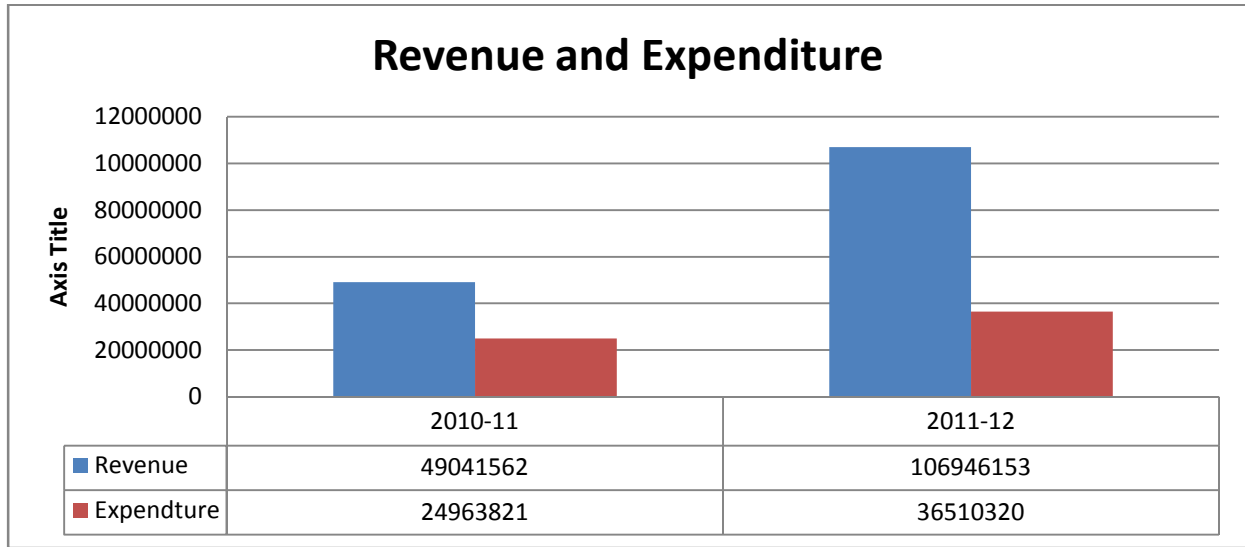
Diagram No. 11: Fund available with Dindigul District Panchayat (Sample Case)



Source: Table No. 21

The only two major sources through which the District Panchayat mobilizes finance are through the Plan Grant Transferred by the State and the SFC Grant. It could be noted from the above diagram (diagram no.11) that there was a considerable increase in the both these cases for the year 2011-12.

Diagram No.12: Fund Dynamics of the District Panchayat



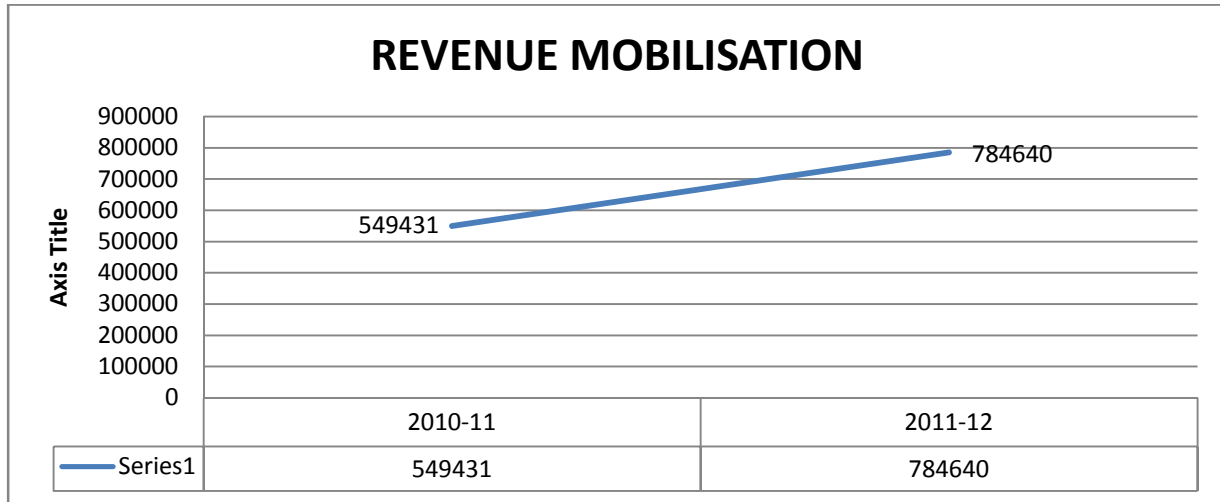
Source: Table No. 21

The above diagram (diagram no. 12) that corresponds to the revenue and expenditure part of the District Panchayat reveal that in the year 2010-11 only about 51 per cent of the total fund available had been utilized whereas in the year 2011-12 it was only about 34 per cent, but it should also be noted that there was a double increase in the total fund available over the years.

### Own Revenue Mobilization (Case Studies)

The major sources for own revenue mobilization for the Panchayat also includes collections from rental, lease etc. The Gram Panchayats in Tamil Nadu are taking considerable efforts for timely and accurate collection of the revenue that is due for them. There are instances from the study area where increase in the own revenue mobilization when compared to the previous financial year could be noticed and there is one instance where the own revenue mobilization was stable. Two such samples from the field are produced below.

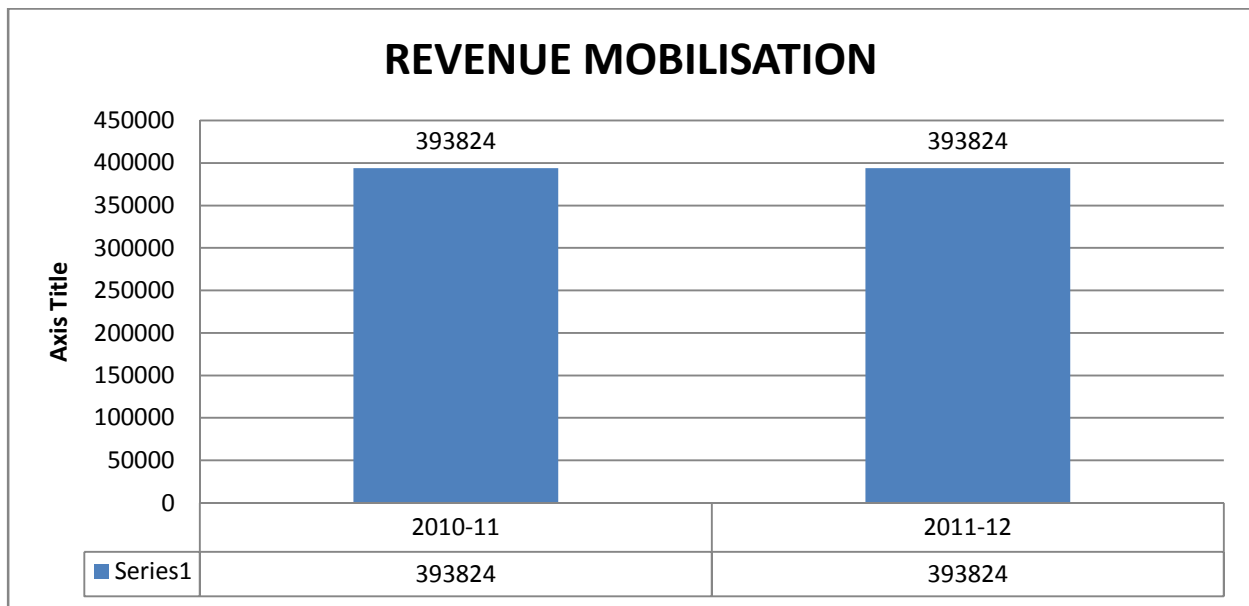
**Diagram No. 13: Increase in Revenue Mobilization; a Case from Kallupetty Gram Panchayat**



Source/: Data furnished by the Panchayat officials

A steady increase is visible in Own revenue mobilization aspect of Kallupetti Gram Panchayat while considering the data for two consecutive financial years.

**Diagram No.14: Revenue Mobilization; a Case from Esanatham Gram Panchayat**



Source/: Data furnished by the Panchayat officials

In the case of Esanatham Gram Panchayat the own revenue mobilization aspect is stable and remains the same for the two consecutive financial years.

## **Conclusion**

The study brings out the extent of devolution carried out by the State of Tamil Nadu. It brings out the current pattern in devolution of power, finances, functions and functionaries in the existing three tier system of Panchayati Raj in the context of Tamil Nadu. Lack of capacity, management and poor accountability and transparency in Panchayats, difficulty to negotiate and convince local body representatives on local resource mobilization are proved out to be just myths as is evident from the study. The Panchayats of Tamil Nadu have taken considerable efforts in deepening the local democracy and addressing the issues of social justice and local economic development. As it is evident from the study the Framework Criteria had been fulfilled. Some of the major achievements include the formation of Tamil Nadu Election Commission, State Finance Commission and The District Planning Commission. The Chairman of the DPC was earlier the District Collector, but out of constant pressure from various corners decisions were taken to entrust the charge with the President of the District Panchayat which could be considered a positive trend. The funds are timely released based on the recommendations from the State Finance Commission. The devolution of powers and functions could be widely seen. The NFC and SFC fund flow is almost constant and stable. The accountability and transparency aspects and social audits remain satisfactory in the case of the State. The participation in the Gram Sabhas gives the real testimony of trust, efficacy and social capital among the people towards the Panchayats. Some forms of local resource mobilization with certain degree of prudent local resource management are visible in many village Panchayats in the State. The instinct of innovation and incentivization among the elected representative is a real entitlement which may work as critical mass for genuine devolution in the State of Tamil Nadu.

Despite all these positives certain points of concern could also be seen. Decentralized planning for socio economic development and social justice has not completely evolved. District Planning Committees (DPCs) are not seen properly functioned in many places. The District Panchayat is generally weak among the three tier structure of the Panchayat system and is considered a mere sanctioning agency or having the status of ‘yet another agency’ instead of recognizing its importance in the district governance and planning. The Chapter on ‘control and supervision’ in the State Act may pose a serious challenge to the autonomy of the Panchayats at any time. Synchronization of law and mechanism with Panchayats based on principal of concomitance as envisaged in the Constitution is seen missing in the case of parallel bodies and Panchayats. Even though there are a number of positive aspects the negative sides should not be left unturned. It is time to address the existing gaps and make decentralized planning and move forward keeping intact the principles of local self governance and devolution. The sole purpose of the assignment however was to verify the information provided by the State of Tamil Nadu to rank the State on a Devolution Index which had proved to be on a positive note. The steps undertaken in this regard and the verification procedure have proved the information to be authentic and right.