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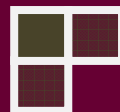
Independent Verification of the Information provided by the State of Karnataka to Rank the States on a Devolution Index (DI)

SUBMITTED TO

**INDIAN INSTITUTE OF PUBLIC ADMINISTRATION (IIPA)
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SUBMITTED BY

**CENTRE FOR RURAL MANAGEMENT (CRM)
KOTTAYAM, KERALA**



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

Abstract	5
Introduction	7
Approach & Methodology	8
History of Panchayati Raj in Karnataka	11
Current Status of Devolution	11
Gram Sabha	16
District Planning Committee	19
Capacity Building Framework	21
Infrastructure and other facilities	25
Staff Structure of Panchayat	27
Functions of the Panchayats	27
Transparency and Anti-Corruption	28
Social Audit	30
Parallel Bodies	33
Autonomy of Panchayats	34
Centrally Sponsored Schemes and State Schemes	35
National Finance Commission	35
State Finance Commission	36
Panchayat Finance	38
Conclusion	60

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

TABLE OF CONTENT

Table No: 1 Total amount received by one each sample Panchayat (Gram Panchayat , Taluk Panchayat and Zilla Panchayat) from National Finance Commission Award	36
Table No:2 Total amount received by one each sample Panchayat (Gram Panchayat , Taluk Panchayat and Zilla Panchayat) from the State Finance Commission (SFC) Award	38
Table No. 3: Fund Availability with Panchayat s in the State (Rs. in Lakhs)	44
Table No.4 Tax collection details of Mutaga GP in last six years	47
Table No. 5: Details on Available Fund from different sources of Halengady (Sample)Gram Panchayat	50
Table No. 6: Details of Expenditure of Halengady(Sample) Gram Panchayat	52
Table No. 7: Available Fund from different sources of Shikkaripura (Sample) Taluk Panchayat	54
Table No. 8: Details of Expenditure of Shikkaripura (Sample)Taluk Panchayat	55
Table No. 9: Available Fund from Different Sources of Udupi (Sample) Zilla Panchayat	57
Table No. 10: Expenditure of Udupi (Sample) Zilla Panchayat	58
Table No. 11: Tax Collection Details of Gummagol Gram Panchayat	59
Table No.12: Fund Available and Expenditure of Sample Gram Panchayats in the year 2010-11	59
Table No.13: Fund Available and Expenditure of Sample Gram Panchayats in the year 2011-12	60
Appendix No 1.i: Details of NFC (Gram Panchayat)	63
Appendix No.1.ii : Details of NFC (Taluk Panchayat)	65
Appendix No.1.iii :Details of NFC (Zilla Panchayat)	66

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

DIAGRAM OF CONTENT

Diagram No. 1 :Participation of the Training program by the Panchayat Functionaries of Gram Panchayat	23
Diagram No. 2: Participation of the Training program by the Panchayat h Functionaries of Taluk Panchayat	23
Diagram No.3: Participation of the Training program by the Panchayat h Functionaries of Zilla Panchayat	24
Diagram No.4: Item Wise Comparison of Available Fund with Gram Panchayat in 2010-11	39
Diagram No.5: Item Wise Comparison of Available Fund with Taluk Panchayat in 2010-11	40
Diagram No.6: Item Wise Comparison of Available Fund with Zilla Panchayat in 2010-11	41
Diagram No.7: Item Wise Comparison of Available Fund with Gram Panchayat in 2011-12	42
Diagram No.8:Item Wise Comparison of Available Fund with Taluk Panchayat in 2011-12	43
Diagram No.9: Item Wise Comparison of Available Fund with Zilla Panchayat in 2011-12	44
Diagram No.10: Fund Availability with Panchayat s in the State for two Consecutive Financial Years (Rs. in Lakhs)	46
Diagram No.11: Tax Collection trend of Mutuga Gram Panchayat in the last six years (2006-2007to 2011-2012)	48
Diagram No. 12: Average Fund Availability of Halengady(Sample) Gram Panchayat	49
Diagram No. 13: Comparison of Fund Availability of Halengady(Sample) Gram Panchayat in 2010-11 and 2011-12 (Rs.in lakhs)	50
Diagram No. 14: Average Expenditure of Halengady (Sample)Gram Panchayat	51
Diagram No. 15: Comparison of Expenditure of Halengady(Sample) Gram Panchayat in 2010-11 and 2011-12(Rs in lakhs)	51
Diagram No. 16: Average Expenditure of Shikkaripura (Sample) Taluk Panchayat	53
Diagram No. 17: Comparison of Fund Availability of Shikkaripura(Sample) Taluk Panchayat in 2010-11 and 2011-12 (Rs. in lakhs)	53
Diagram No. 18: Average Expenditure of Shikkaripura(Sample) Taluk Panchayat	54
Diagram No. 19: Comparison of Expenditure of Shikkaripura Taluk Panchayat in 2010-11 and 2011-12(Rs. in lakhs)	55
Diagram No. 20: Average Fund Availability of Udupi Zilla Panchayat	56
Diagram No. 21: Comparison of Fund Availability of Udupi(Sample) Zilla Panchayat in 2010-11 and 2011-12 (Rs. in lakhs)	56
Diagram No. 22: Average Expenditure of Udupi (Sample) Zilla Panchayat	57
Diagram No. 23: Comparison of Expenditure of Udupi (Sample) Zilla Panchayat in 2010-11 and 2011-12 (Rs. in lakhs)	58

Abstract

Karnataka is recognized as the State which has professionalized the decentralization process and is regarded as a progressive State as far as the decentralization process is considered. The State is also having the credit of incorporating all the major provisions of the Central Act while making the State legislation on Karnataka Panchayati Raj Act, 1993.

After achieving the first generation framework criteria, the state has started moving towards addressing the second generation framework criteria related issues. The higher rate of citizen participation in Gram Sabhas is really a testimony of political efficacy towards Local Governance .In rural Karnataka there is a public sphere in favour of Gram Panchayats .The State has very vibrant and functional District Planning Committees (DPCs) with the Chairman of the Zilla Panchayat as the Chairperson. As a result, all the districts have prepared District Development Plans. Karnataka had succeeded to introduce satellite based decentralized capacity building exercise. The major achievement in the area of personnel management is the new appointment of Panchayat Development Offices (PDOs) in every Panchayat who are professionally qualified. All the Panchayats have modern infrastructure and e -facilities. A social audit locally known as *Jamabandhi* is effective with *Jamabandhi* team in every Taluk Panchayat .Very recently, 165 services in 11 Departments including Rural Development and Panchayati Raj has been introduced under the Guarantee of Services to Citizens Act. (The Karnataka *Sakala* Services, Act)

Karnataka is the first State in the country where DRDA had been merged with the Zilla Panchayat way back in 1987. In Karnataka, synchronization of law and of institutional mechanism with the Zilla Panchayat based on the principle of concomitance as envisaged in the Constitution is being successfully applied and operationalized as in the case of parallel bodies and Panchayats. As far as the autonomy of Panchayats are concerned Karnataka stands top. The funds are timely released based on the recommendations from

the Third State Finance Commission. The devolution of finance could be widely seen. The NFC and SFC fund flow is almost constant, stable and speedy. The degree of synergy and co production at local level gives the real testimony of trust, efficacy, net working and social capital among the people towards the Panchayats. Some forms of local resource mobilization and effective local resource management are visible in many Gram Panchayats in the State particularly in the southern parts of the State. The cases of Mutaga and Gummugol Gram Panchayats are really inspiring in local resource mobilization. Though Karnataka is ahead of other states in India in terms of devolution there are certain domains which need urgent attention. The State has not constituted the Fourth Finance Commission which is in due. However, to oversee the recommendations of the Third State Finance Commission, the same commission has been re-constituted and is in operation. There is a permanent SFC cell in the State as it is envisaged by the 13 Finance Commission. The District in-charge Minister is seems to be a non comfortable domain for the District Panchayat in the State.

Even though there is a strong platform developed for creating a climate conducive for devolution there are few problems within the devolutionary system. However, the shortfalls do not come in the way to belittle the commendable achievements of devolution in the State. The adaptive capacity of the Panchayati Raj Institutions is so strong and is able to adjust to the enormous and varying changes and by and large the State is moving towards in making a higher achievement of devolution index.

The assignment is to be successfully winded up by arguing that as per the observations from the field verifications, Karnataka has reached much beyond the perceptions and claims of the respective Government in terms of effective devolution. The verification procedures conclude that the information provided is authentic with necessary clarity.

Status Paper on Devolution in Karnataka

Introduction

There is considerable variation across the states in India which could be traced out in connection with the devolution of authority to Local Government Institutions. The reasons for the variation with the regard to the performance of the Panchayati Raj Institutions are to be carved out and explained in the context of each State. A critical evaluation and verification along with the historical perspectives will throw light on those set of factors which has impacted in either way on the performance of the Local Government Institutions.

In Karnataka as in other parts of the country, the 73rd Amendment has provided constitutional space to construct institutions of Local Self Government at the sub -State level. Karnataka is frequently cited as a successful example of devolution. Karnataka is the one State which has not only pioneered the process of devolution even at the pre amendment phase but also motivated policy makers to frame the provisions of the very 73rd Constitution Amendment Act. The State made impressive strides in the late seventies and eighties and in some areas anticipated the constitutional amendment which materialized in 1993. It could be well stated that Karnataka's impressive performance is attributable to its social and political bonds. It could be well argued as it is evident from history that the 1983 Act marked the remarkable shift of rural local bodies from mere "agencies" to "departments of governance".

The State also has the credit of incorporating all the major provisions of the central Act while making the State legislation on Karnataka Panchayati Raj Act. It is noticed that further amendments, rules, orders, and directions have strengthened the process of devolution through the mechanisms of transparency and accountability. The State has

very vibrant and functional institutions with in the framework criteria. After achieving the first generation framework criteria the state has started moving towards addressing the second generation framework criteria related issues.

In this positively changing context it is quite relevant to understand the process and varying dynamics of the status of devolution in the State and which should be conceived along with the context of Panchayat Empowerment and Accountability Incentive Scheme (PEAIS) and the Devolution Index. The very purpose of the assignment is to verify the credentials of the State to be participated in the ranking exercise based on the Panchayat strengthening programmes in the State.

Approach & Methodology

The sample size of the assignment has been worked out in consultation with the Indian Institute of Public Administration and as such, the State of Karnataka was selected for the proposed assignment. It was decided to gather relevant information from the direct stakeholders at the State headquarters and verify it from the ground level by covering a minimum sample size of 11 Gram Panchayats, five Taluk Panchayat and two Zilla Panchayats. While selecting the Panchayats for the verification of information 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 'Panchayats with moderate level of performance' were identified. Therefore, it can be assured that though the sample size is very small it is almost 'representative in nature' of the actual devolution status of the State.

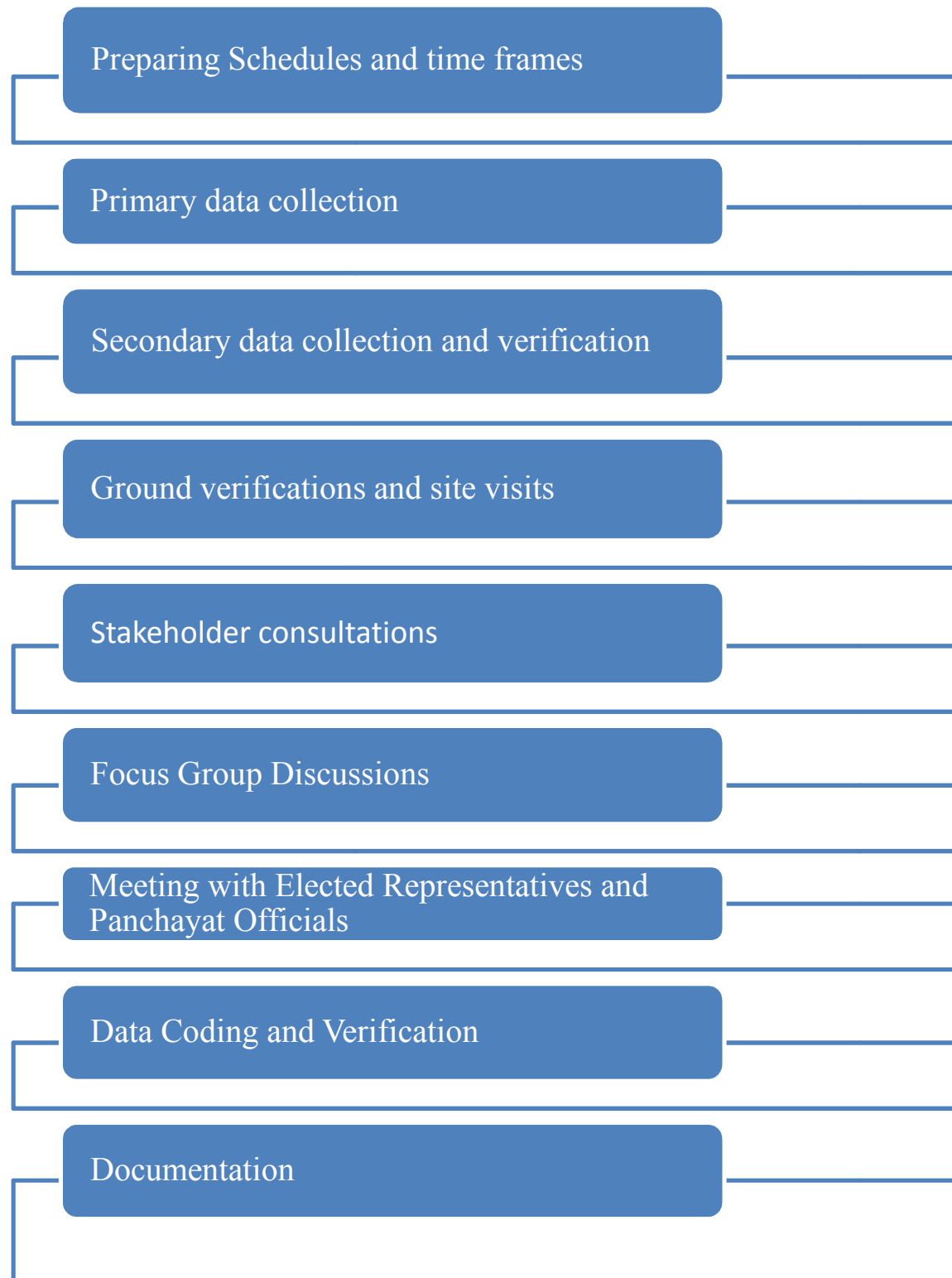
However, as the purpose of the assignment is to verify the information provided by the State some degree of weightage is guaranteed to the relatively better performing Panchayats. The performance of the Panchayats is evaluated and assessed based on the framework criteria, its implications, accountability, 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 State level, District level, AG office, Local Fund officials and the like were consulted in the process. Field works were carried out for intensive case studies that the Panchayats had to offer. And in many cases local citizens' response and the level of efficacy towards the local Panchayats were collected and recorded. Existing reports, information available from existing literature, and websites were referred for drafting the report. Panchayat offices were contacted for information and focus group discussions were conducted. Discussions were held with various committees and stakeholders.

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

SI No	District Panchayats	Panchayat Unions	Gram Panchayats
1	Uduppi		
2	Dakshina Kannada		
3		Karkala	
1		Puthur	
2		Buntwal	
3		Mysore	
4		Shikkaripura	
1			Thumbay
2			Sirur
3			Halengady
4			Bilikeri
5			Bettampady
6			Maravanthe
7			Mutaga
8			Gummagola
9			Sanoor
10			Yelwala
11			Melinabesige

Methodology Flow Chart



History of Panchayati Raj in Karnataka

A three-tier system of Union Panchayats, Taluk Boards and District Boards were established under Mysore Local Board Act, 1902, in the princely State of Mysore. All the three bodies where different types of members representing different constituencies such as a minimum number of elected members with a large share of representation through nomination and appointment. Immediately after the reorganization of the State, the old Act was replaced by the Mysore Village Panchayats and Local Boards Act, 1959, in which a new Local Self Government structure was introduced. In 1985, the State brought out a path-breaking legislation for devolution of powers to the Panchayati Raj. Certain of features brought out by the 73rd constitutional amendment could be appeared much earlier in the State of Karnataka under the legislation of 1983 (*The Karnataka Zilla Parishads, Taluk Panchayat Samitis, Mandal Panchayats and Nyaya Panchayat Act, 1983*). In conformity with the 73rd Amendment of the Constitution, new Panchayati Raj Act came in to force in 1993 (*The Karnataka Panchayati Raj Act, 1993*). As a result, the devolution efforts and policies initiated by the State in the 80s had continued with out any major break. The same three tier structure of PRIs was adopted with minor changes with the *Gram Panchayat* (GP) at the village level, the *Taluk Panchayat* at the intermediate level and the *Zilla Panchayat* at the District level.

Current Status of Devolution

There are at present, 5653 GPs, 176 TPs and 30 ZPs in the State. In, 2002, a high power committee had been constituted to study the status of devolution and suggest reforms for strengthening the devolution process in the State (*Report of the Working Group on Decentralization*, Government of Karnataka, 2002). A recent amendment has stipulated that a minimum of two Gram Sabhas should be held at Panchayat level, in addition to *Ward Sabhas*, two meetings at ward level (constituency of an elected member). The amendment also incorporated the holding of a Gram Sabha exclusively for children

.However, it is revealed that Gram Sabha meetings are not held very regularly and it is not held for the purpose for which it is constituted. The general observation is that “the periodicity and utility of Gram Sabha has not been very positive”.

The reservation pattern prescribed by the 73rd Amendment Act has been very well incorporated in the provisions of the Karnataka Act. In addition to the constitutional requirements, there are provisions of reservation for backward class (one –third of the total seats), 50 percent seats are reserved for women and the reservation pattern adopted for seats (membership) is also applied to authority positions including vice president post.

In Karnataka as part of administrative devolution, adequate personnel are deployed in the Panchayats. The Gram Panchayats have the power to appoint temporary staff on *ad hoc* basis. Except the Panchayat Development Officer (PDO) and Panchayat Secretary, all other staff are being appointed by Panchayat and paid from the Gram Panchayat fund. As per order, the personnel of various line departments at taluk and district level are brought under the purview of the respective Taluk Panchayat and Zilla Panchayat . In a way, the large contingency of personnel serving in PRIs in general and Zilla Panchayats in particular may be considered as a reflection of the administrative devolution in Karnataka. Due to the existence, of dual control of bureaucracy one can not assume that the staff is under the direct control of Panchyats. The syndrome of dual control is a serious administrative counterfeit which needs to be addressed with in the Indian administrative structure rather than the Karnataka Panchayat system. The staff are recruited and controlled by the State government even though they are expected to function under the Panchayat. Another factor is that the major size of the personnel serving the Panchayats is on deputation from various line departments. These personnel in general owe allegiance to the heads of their parent departments rather than to the Panchayats. It is observed that during the post - 73rd Amendment phase, Zilla Parishad was headed by a senior IAS officer in the district, who was called the Chief Secretary. The President of Zilla Parishad was given the power to write an annual Confidential Report (CR) on the Chief Secretary (CS). In the pre- 73rd Amendment phase the situation

has been watered down, the designation of Chief Secretary has been changed to Chief Executive Officer(CEO) and the position in terms of seniority also has been downgraded with non -IAS category in majority cases

It is argued that by and large, while making the division and distribution of functions from State to PRIs and between the three tiers of PRIs the principle of subsidiarity was followed. There are certain functions/ activities /schemes / subjects having village orientation and that have been vested with GPs .Inter- village orientation is the criteria to entrust functions to Taluk Panchayats whereas inter- taluk or district orientation of functions to that of Zilla Panchayat. Accordingly, as per records, large number of functions has been assigned to Panchayats by the State. The State Act clearly demarcates the functions of the PRIs in to different Schedules/Lists. The Schedule -I is assigned to Gram Panchayats with 30 functions .The other two tiers, the Taluk and the Zilla Panchayats are assigned with Schedule-II by covering 29 functions and with schedule – III by covering 30 function, respectively. As a result, in the State all the major domain of subjects listed under article 243(G) of the Eleventh Schedule of the Constitution have been assigned to PRIs .This is one of the significant features of the functional devolution in Karnataka. Rajasckhar *et al.*(2011) have estimated that a total of 665 (including small and invisible) plan and non plan schemes of both centre and state sponsored schemes under 29 sectors are vested with PRIs in the State. Since the long list of schemes has posed problems related planning, integrating and allocating resources ,the State has under took a ‘rationalization of schemes’ and it is resulted in cutting down the schemes in to 434 (314 plan and 120 non plan schemes), reshuffling of schemes between tiers and making autonomy for PRIs to formulate plans based on local needs . It is reported that even after the ‘rationalization of schemes’, still there are problems of overlap, ambiguities and lack of clarity. “The 30 –odd schemes transferred to the Gram Panchayats in the mid 2000 are either on paper or are under the control of line department” (Rajasckhar *et al*,2011) . Moreover, the PRIs have only limited power and in

majority cases decisions are coming from the top (State) and it makes difficulties in decentralized planning.

In Karnataka, taxation power is vested only with the Gram Panchayats and according to the section 199 of Karnataka Panchayati raj Act, 1993 the tax base is also very wide. However, a large proportion of Gram Panchayats depended on grants from higher levels of Government to undertake the functions assigned to them. The proportion of own revenue by the Gram Panchayats to the total expenditure was about 15 per cent. It is also observed that the contribution of own revenue to total expenditure, varies across districts in Karnataka. Own tax mobilization is relatively high in the Panchayats from the southern parts of the districts rather than the northern parts. The Zilla Panchayat and Taluk Panchayat depend entirely on grants from the Centre and State. Though the overall impression is that State Government has been transferring large share of its budget provision (plan and non plan grants) to the PRIs, in percentage terms a decreasing trend is observed from 2002- 2003 onwards (Babu, 2012). Karnataka has been in the forefront in constituting State Finance Commission (SFC) once in every five years. So far three SFCs have been constituted and they all submitted detailed reports to the government. The fourth one is in due as per the adherence of time. However, to oversee the recommendations of the third state finance Commission a committee has been constituted. The first finance commission is known for its '*pragmatic normative approach*' whereas the second one is for '*balanced financial allocation*'. Though the second and third SFCs have been recommended a higher share to PRIs from the State revenue, the successive Governments have failed to act on these recommendations. As a result, PRIs have lost their legitimate share from State resources. This can be statistically proved by analyzing time series data on financial devolution in Karnataka. It shows that devolution to PRIs from the State's own revenues prior to 73rd amendment was 36.10 per cent of the state's total revenue, in the post 73rd amendment period it was reduced to 30.85 per cent (Babu, 2012). However, very recently, as per the recommendations of the SFC, a positive trend has been taken by the State Government towards Panchayats in the

area of financial devolution. They are as follows ;(i) the Statutory Grants to Gram Panchayats has been enhanced from 6.00 lakhs to 8.00 lakhs and 8.00lakhs to 10.00. Gram Panchayats which are having less than 8000 population are getting Rs.8 .00 lakhs whereas those having more than 8000 population getting 10.00lakhs. (ii) Rs.100.00 lakhs Untied Grants to each Taluk Panchayat. And (iii) Rs.200.00 lakhs Untied Grant to each Zilla Panchayats.

Karnataka is the one State who has not only pioneered the process of devolution even before 73rd amendment but motivated policy makers to frame the provisions of the very 73rd Constitution Amendment Act .The State is also having the credit of incorporating all the major provisions of the central Act while making the State legislation on Karnataka Panchayati Raj Act .It is noticed that further amendments, rules ,orders, directions have strengthened the process of devolution through the mechanisms of transparency and accountability . Though the Karnataka is ahead of other states in India in terms of devolution there are certain domains which need urgent attention. By and large the State is moving towards in making a higher devolution index. PEAIS may be an additional catalyst for further devolution in the state.

Water and sanitation committee set up by the Gram Panchayats are successfully running many water supply schemes in Karnataka. Many of these committees are functioning at district and village level. The State of Karnataka has adopted a decentralized planning model. In an open meeting the Gram Sabha prepares and promotes the felt needs of the community. There is a provision to list and document all the ‘wishing list’ of the villages in the Gram Sabha. Based on the demands, a draft sub plan is being prepared and submitted to the Panchayat for consideration. After the preparation and approval of the plan by the Gram Panchayat, it is submitted to the Taluka Panchayat (TP) and it will consider and incorporate it into the Taluk Panchayat plan and again sends it to the Zilla Panchayat for similar action. Finally, all the plan documents will be integrated at the district level by the District Planning Committee (DPC). A planning calendar is also available in Karnataka by indicating the dates within which each tier has to prepare its

assignment. It is observed that generally all the tiers of the Panchayats do adhere the planning calendar. The accounts of the Gram Panchayats are maintained in double entry cash book showing income and expenditure for each year. The Secretary prepares and presents accounts to the Panchayat. The accounts of the Taluk Panchayat and Zilla Panchayats are being maintained by the Accounts Officer and Chief Accounts Officer respectively. Composite devolution index developed by Eleventh Finance Commission, Karnataka scores 5.9 as against 4.1 by neighboring state of Kerala.

Gram Sabha

According to the Karnataka Panchayat Raj Act, the Gram Sabha shall meet at least once in six months, provided that a Special meetings of the Gram Sabha shall be convened if a request is made by not less than ten percent of the members of the Gram Sabha with items of agenda specified in such request and there shall be a minimum of three months period between two special meetings of the Gram Sabha. The quorum for the Gram Sabha meeting shall not be less than one tenth of the total number of members or hundred members whichever is less. At least ten members from each Ward Sabha within the Panchayat area shall attend the meeting and not less than thirty percent of the members attending the Gram Sabha shall be women. The persons belonging to the Scheduled Caste and Scheduled Tribes shall be represented in proportion to their population in Gram Sabha. The Gram Sabha will discuss the budgetary provisions, the details of plan outlay and the subject wise allocation of funds and also the details of the estimate and cost of materials of the works executed or proposed to be executed in the Panchayat area. The annual statement of accounts of the preceding financial year, the last audit note and replies and the Panchayat *Jamabandhi* report and action taken report shall be placed for the consideration of the Gram Sabha. The views, recommendations or suggestions of the Gram Sabha shall be communicated to the Gram Panchayat and the Gram Panchayat shall give due consideration to the views, recommendations and suggestions of the Gram Sabha.

Every meeting of the Gram Sabha shall be presided over by the *Adhyaksha* of the concerned Gram Panchayat and in his absence by the *Upadhyaksha* and in the absence of both *Adhyaksha* and *Upadhyaksha*, by any member of the Gram Panchayat nominated by it. The officers of the Gram Panchayat shall attend the meetings of the Gram Sabha as required by the *Adhyaksha* and an officer specifically nominated by the Gram Panchayat as convener of the Gram Sabha meeting shall assist in convening and conducting its meetings and recordings its decisions in a minute book and also in taking follow up action there on. The Gram Sabha may constitute sub committees consisting of not less than ten members of whom not less than half shall be women, for in depth discussion on issues and programmes for effective implementation of the decisions of the Gram Sabha. All the resolutions in respect of any issue in the meetings of the Gram Sabha shall be passed by the majority of the members present and voting. Special Gram Sabha meetings conducted in the year 2011-12 in the State is 22508. Two general Gram Sabhas have been conducted in all the 10 sample Gram Panchayats except two Gram Panchayats in which number of general Gram Sabha is one. One special Gram Sabha has been conducted in six sample Gram Panchayats and two special Gram Sabhas have been conducted in five sample Gram Panchayats. Average number of participants in the general Gram Sabha is 105 and participants in special Gram Sabha is 124 in the sample Gram Panchayats. All the Gram Panchayat in the State has sufficient funds to convene the Gram Sabha meeting. In the sample Panchayats it is reported that the amount needed to conduct Gram Sabha in one year ranges from Rs. 1,000 to Rs. 10,000 with an average of Rs. 5,100 per Panchayat. In the case of non convening of Gram Sabha disciplinary actions will be initiated against the officials by the State. As per the KPR Act, 1993 Section 3, every Gram Panchayat has to conduct Ward Sabha in every ward/ constituency. A special Gram Sabha related women issues known as *Mahila Sabha* is being conducted in the month of August since two years. An order is issued to make it mandatory for all Panchayats within the State to provide children a platform for putting their concerns in front of the elected representatives at special children's Gram Sabha known as *Makkala Gram Sabha*. Children's Gram Sabha will meet in every year in the month of November. Gram Sabha

conducts the activities in the area of planning, budget preparation, and passing of accounts, social audit, preparation of BPL list, preparation of beneficiary list (MGNREGA, IAY and AAY) and preparation of labour budget under MGNREGA. It is observed that all of the sample Gram Panchayats is doing these assigned roles. Recent initiatives undertaken to strengthen the Gram Sabha are (i) well publicity, (ii) encouraging public participation, (iii) participatory planning, (iv) photography & videography, (v) transparency in identifying works and beneficiaries, (vi) well documentation of the proceedings keeps transparency and accountability and (vii) priority to Gram Sabha recommendations. The State has recommended for '*Gaurav Gram Sabha*' in 2011-12.

As per the Constitutional requirement, Karnataka State has a three tier structure of Panchayat Raj with 5627 Gram Panchayats, 176 Taluk Panchayat and 30 Zilla Panchayats at the villages, block and district level respectively. Altogether there are total 9537 elected representatives under the Panchayat Raj System in the State. Though the percentage of reservation for women is 50 percent only 43.62 percent of the elected representatives are women. Out of the elected representatives 18.60 percent are from Scheduled Castes and 10.8 percent are from Scheduled Tribes. It is noticed that percentage wise there is not wide difference among the three tiers of the Panchayats . Accordingly, there is 16963 Gram Panchayat members, 674 Taluk Panchayat members and 186 Zilla Panchayat members are from the Scheduled Castes. Total there are 9842 Gram Panchayat members 347 Taluk Panchayat members and 86 Zilla Panchayat members from the Scheduled Tribes. According to the Karnataka Panchayat Raj Act, 1993 section 213 a minimum of 25 percent of the budget to be spent for the welfare of SC and ST. And under the KPR Act, 1993 section 5 for the election of member of Gram Panchayat constituency reserved for SC if person belonging to SC is not available that seat shall also be filled by the persons belonging to ST and visa-versa. There is a special provision in the Karnataka Panchayat Raj Act to protect the interest of the Scheduled Caste and Scheduled Tribes .As per the Section 213, 219 and 227 of the Act a minimum

of 20 per cent funds meant for welfare activities in the budget of the each Panchayat set a part for the welfare of Scheduled Caste and Scheduled Tribes. In addition to this there is a special mention in the section 5 of the Act, which says “*If no person belonging to the Scheduled Castes is available the seats reserved for that category shall be filled by the persons belonging to Scheduled Tribes and vice-versa*”. Moreover, while making provision for the reservation of seats for SCs /STs in the Taluk Panchayat it is mentioned that at least one seat each shall be reserved in a Taluk Panchayat for the persons belonging to the Scheduled Castes and the Scheduled Tribes (Section 123 of the Act) There is a similar provision in the case of Zilla Panchayat (Section 162 of the Act).

District Planning Committee

Section 310 of the Panchayat Raj Act deals with the District Planning Committee (DPC). The DPCs are functional, holding meetings for planning purposes (for integrating rural and urban plans to district plans), and State has issued guidelines for the preparation of district plan. The *Adhyaksha* of the Zilla Panchayat is the Chairman of the District Planning Committee and the mayor or President of the Municipal Corporation or the Municipal Council respectively having jurisdiction over the head quarters of the district is the Vice – Chairman. The chief Executive Officer is the member secretary of the Committee and the DPCs do not have a separate secretariat /support structure. It depends on the Zilla Panchayat staff. . DPC has the following functions as per the State Act. (i) Prepare and update at least one in five years, a perspective plan for the development of the district. It is also mentioned that perspective plans may be prepared with taluk as a unit for the rural and town as a unit for the urban areas.(ii) Guide the local bodies to ensure that the widest possible consultations and discussions precede the preparation of the annual and five year plans of the local bodies. (iii) Commission studies and organize seminars, workshops etc on matters like enrollment and drop-out rates in primary schools, extent and quality of road length, availability of safe drinking water, health indicators like infant mortality rate ,maternal mortality rate ,incidence of AIDS, malaria etc.(iv) Evaluation of progress in various sectors and schemes from time to time. (v)

Physical integration of the plan of rural and urban local bodies with the elements of the State plan that are physically implemented within the geographical confines of the district. Based on government notification and information, the DPC has certain provision to avail the institutional and human capacities. They are as follows (i) utilize the service of individual experts, academic, institutions, and research organizations in the preparation of perspective plans, conducting sectoral studies and in carrying out evaluation of plan programmes, (ii) technical support group may be constituted in each district to assist the DPC in preparing the vision document, and the DPC may find innovative development programme formulated by various departments or NGOs on the pilot basis. It is evident from the above provisions that in Karnataka it is the sole responsibility of the DPC to prepare the district plan. The development plan has to be based on the perspective plan prepared by it. To carry out their functions effectively, the DPCs have been given financial power by providing them with a DPC fund. This fund consists of annual contributions of fixed amount from various local bodies in the district. The elaborate provisions dealing with functions and responsibilities of the DPCs have been resulted in preparing district plan, vision document, comprehensive development plan and human development reports for the districts of the State. All the documents have been prepared by the respective District Planning Committees of the two sample districts of Karnataka. One of the sample districts, the Udupi Zilla Panchayat received UNDP award, the *Manav Vikas - Human Development Award* during 2012 for their excellent achievement on preparing the Human Development Index (HDI) and Gender Development Index (GDI) for the district. The district also prepared a Gender Sub plan and developed Natural Resources Data Management System (NRMS). It is well recognized that these are the contributions of the District Planning Committee of the Udupi Zilla Panchayat. Similar degree of achievements is noticed from the other sample district also. The careful examination of the documents gives an impression that the overall achievements of the two DPCs in the State are commendable and the performance in the planning exercise may be a trend setter in district planning not only in the State but in the country as a whole. It is reported that all the 29 DPCs have been

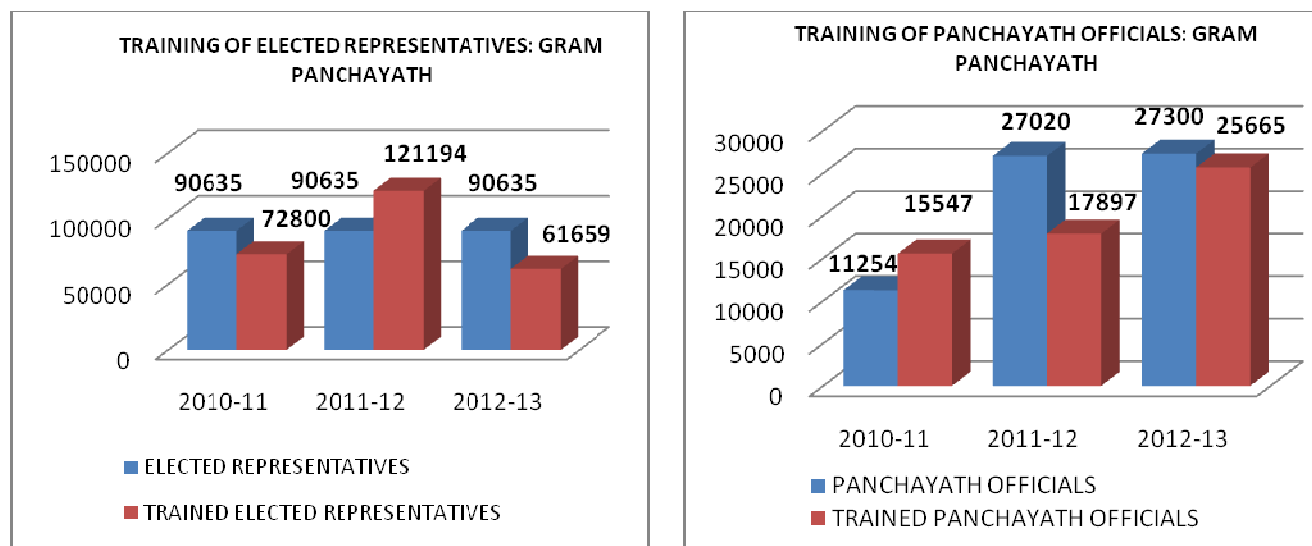
submitted district plans to State Government. As Metropolitan Committee to be constituted by Urban Development Department, Bangalore urban district does not have DPC. The Gram Panchayats are also involved in planning at the local level and the plan of DPCs is being properly integrated in the State plan.

Capacity Building Framework

The Karnataka State is known for the innovative training pedagogy for the Panchayat functionaries (with its contents and methods and tools). Karnataka is perhaps the first State in the country to develop and use satellite based training for both elected representative and officials of the Panchayats. In 2011-2012, there are total 175 block resource centres in the State and all are being effectively used for training purposes. The State has its own capacity building framework to train the elected representatives and officials of the Panchayats. In addition to the Abdul Nazir Sab State Institute for Rural Development, there are recently established regional SIRDs, Panchayat Resource Centres and five SATCOM Sub Studios at five centres for conducting training. The institutional support for training is available throughout the year and usually it takes one year to complete the training of all the functionaries. The Abdul Nazir Sab Institute for Rural Development has empanelled 350 trainers for conducting training to the functionaries of the Panchayats (both elected representatives and officials). In addition to this, 20 partner training institutions are involved in training. The training needs assessment (TNA) has been conducted and training programmes have been organized for Panchayats under different topics such as (a) concept of decentralization, 73rd Amendment of the Indian Constitution, (b) roles and responsibilities of the different stake holders of the PRIs, (c) duties, responsibilities and powers of the three tier PRIs, (d) Karnataka Panchayati Raj Act, 1993, (e) various account systems adopted in the PRIs, (f) public disclosure systems adopted in the PRIs, (g) soft skills, (h) computer. Training materials are also provided in local languages and the materials provided include written materials, training films, film shows and CDs. The various methods adopted for training include face to face training, computer based training, satellite based training, field visits, peer learning and distant

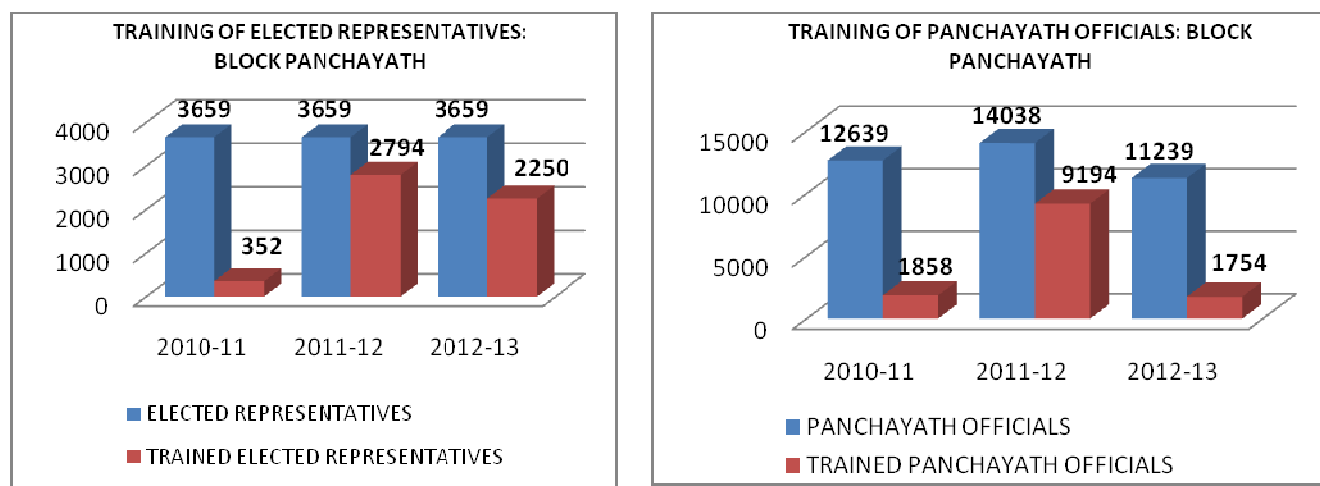
learning. It is identified that 175 block resource centres are in the state. Out of the total elected representatives of Gram Panchayat the representatives participated in training is 80.32 percent in 2010-11 and 68.03 percent in 2012-13 till date. In 2011-12 all of the elected representatives participated in training and less than half of them participated more than once in the capacity building process. Out of the total Panchayat officials of Gram Panchayat in the state 66.24 percent of them participated in training in 2011-12 and 94.01 percent in 2012-13 till the date. In 2010-11 all of officials participated in training, some of them participated in training more than once and some other officials who have no direct connection with the Gram Panchayat also participated in training. Participation of capacity building process by elected representatives and Panchayat officials of Taluk Panchayat are very low in 2010-11 and it is 9.62 percent, 14.70 percent respectively. But in 76.39 percent of the elected representatives and 65.49 percent of the Panchayat officials participated in the training. In 2012-13 till the date 61.43 percent of the elected representatives and 15.61 percent of the Panchayat officials participated in the training. In the case of Zilla Panchayat 29.62 percent of the elected representatives participated in training in 2010-11, 82.53 percent in 2011-12 and 25.86 percent in 2012-13 till the date. The participation in the capacity building process by the Panchayat officials of the Zilla Panchayat is very less, i.e 3.81 percent in 2010-11, 11.58 percent in 2011-12 and 6.51 percent in 2012-13 till the date. So we can say that majority of Panchayat functionaries in three tiers of PRIs participated in the training process except the Panchayat officials of Zilla Panchayat. (*Refer Diagram No. 3*). Out of the total Panchayat functionaries participated in training 52 percent are women. Out of the total members attended the training programme 21 percent are from Scheduled Castes and 11 percent are from Scheduled Tribes. There is a mechanism to assess the impact of the training programme and it consists of an internal evaluation at the end of each training programme and every programme is evaluated by an independent evaluation agency.

Diagram No. 1: Participation of the Training program by the Panchayat Functionaries of Gram Panchayat



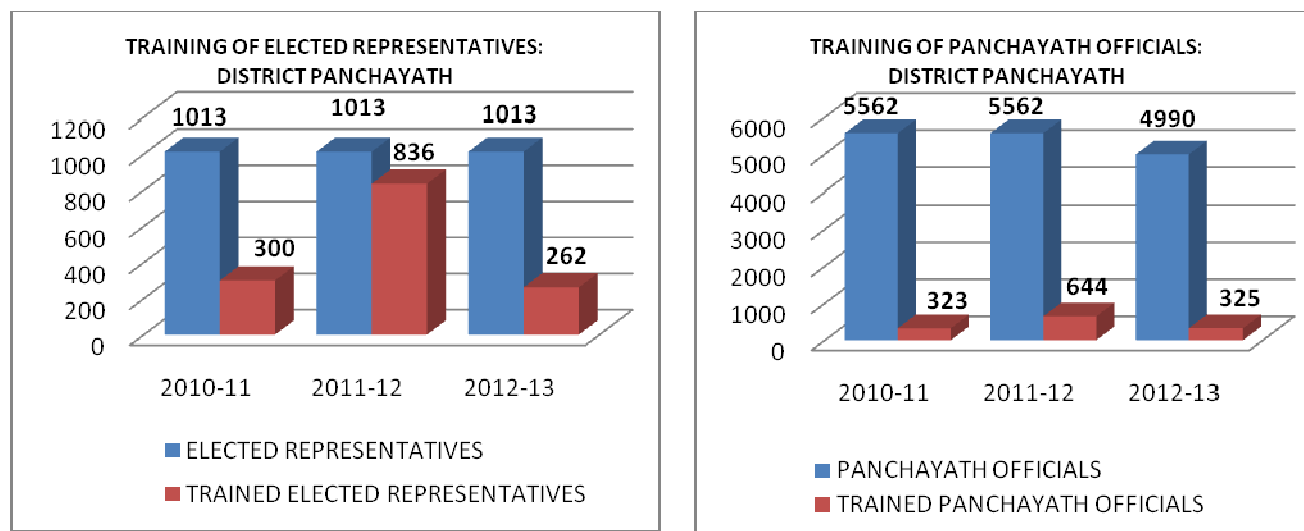
Source: Data collected from the State Officials, Karnataka

Diagram No. 2: Participation of the Training program by the Panchayat h Functionaries of Taluk Panchayat



Source: Data collected from the State Officials, Karnataka

Diagram No.3: Participation of the Training program by the Panchayat h Functionaries of Zilla Panchayat



Source: Data collected from the State Officials, Karnataka

More than 80 percent of the elected representatives and officials of the 11 selected Gram Panchayat has participated in the training. Training materials are provided in all the selected Gram Panchayats include written materials, training films, film shows and CDs. The various methods adopted for training include satellite based training and manual training. More than 75 percent of the elected representatives and more than 80 percent of the officials from the five selected Taluk Panchayat has participated in training. More than 83 percent of the elected representatives and more than 72 percent of the officials from the two selected Zilla Panchayat has participated in the capacity building exercise.

Out of the total Panchayats in the State, only 1.71 percent have conducted performance audit during the last financial year of 2011-2012. Performance audit has not been conducted by the entire sample Gram Panchayats, Taluk Panchayats and Zilla Panchayats. It is reported that 6.04 percent of Gram Panchayats, 15.91 percent of Taluk Panchayats and 13.33 percent of Zilla Panchayats have submitted information for the PEAIS in 2011-12. It is reported that a three level structure had been constituted under PEAIS at State, District and Block for assessing the performance of the Panchayats. First, the Gram Panchayats may be asked to submit the relevant information in a structured

format to the block level committee. The committee prepares the merit list and then verifies the records of the top five Gram Panchayats from the list and recommends one to the district level committee. The district level committee after its verification recommends one best Gram Panchayat to the State committee. In addition to this, the Taluk Panchayat also may be asked to submit the format to the district level committee. And the District level committee has to verify the list, prepare the rank and submit to the State level committee. The State level committee prepares the merit list of the Taluk Panchayat and Zilla Panchayat and verifies the records of top three Zilla Panchayat, six Taluk Panchayat and one Gram Panchayat from each district. And finally the State level committee recommends one Zilla Panchayat, two Taluk Panchayats and four Gram Panchayats to the Govt of India for Award. It is revealed that Rs. 30 lakhs has been earmarked for the PRI institutions who secure the second place in the national level PEAIS competition. The state has not instituted any prize for the best performing elected representatives. The support mechanism for the poor performing Panchayats include regular monitoring and supervision, deputation of nodal officers and conducting of special workshops to give guidance and more information about the different schemes for its smooth implementation

Infrastructure & Other Facilities

A closer look in to the matter gives an impression that all the Panchayat Raj Institutions in the State are having proper and spacious building facilities. Since some of them are functioning in the rented building the state level data regarding the present status on 'Panchayat Ghar' does not reflect the real picture. As far as the physical infrastructure is concerned near cent percent of the Gram Panchayats, cent percent of Taluk Panchayats and cent percent of Zilla Panchayats have own building facilities. All facilities of e-connectivity are available in all the three tiers of Panchayats. They are equipped with all types of e- connectivity (computers, scanners, telephones, internets, wireless connectivity and e-mail address). It is revealed that all Gram Panchayats and Zilla Panchayats are regular in uploading their data online and all the Gram Panchayats use Information

Communication Technology (ICT) for delivering services. Eleven services are delivered by applying ICT in the Panchayats. . In respect of these 11 services 159989 applications have been received from 1 April 2012 to 10 January 2013 and 92.65 percent of the applications have been disposed. Though there is no specific data regarding how many Panchayat officials have been trained in computer application it is revealed that majority of them are highly capable to handle the computers. *Plan Plus* software is in use in the State and the State also has developed its own software for the functioning of the Panchayats. They are *Panchatantra*, *Panchamitra*, and Work soft, Tank soft, *Janmitra* and *Lokmitra*. The *Panchatantra* gives excellent information on district wise performance of Gram Panchayats, completed balance sheet, collected property tax, conducted general body meetings etc in terms of percentage and ranking. Accordingly, the first four ranks went in favour of coastal Districts. The *Panchamitra* provides more pictorial data on Panchayat s. It is observed that the Panchayat officials are competent to handle both the software developed by the Centre and State. It is reported that in 2011-12 the State has been nominated for the e- Panchayat Award (National Gold Award).

During the field visit it is identified that all the sample Gram Panchayats Taluk Panchayats and Zilla Panchayast have proper and spacious building (*ghar*). Panchayat officials have been trained in computer applications in all the selected Panchayats (Gram Panchayats, Taluk Panchayats and Zilla Panchayats). The entire sample Panchayats have computers, scanners, telephones, internets, and e-mail address. It is noticed that computers and other software facilities have become internalized as part of the usual office administrative tools. Discussions with the elected representatives revealed that they are quite comfortable in the new dispensation with the computer based administrative support structure and they have a feeling that the overall efficiency has been increased by the introduction of the computer and e- connectivity in their Panchayats. What is seen in these Panchayats is a proper harmony which is built between elected representatives and officials through the application of the computer based new tools. Among the selected Panchayats, nowhere computers are found either kept idle or placed as power symbol. It

is interested to note that some new software and some additions to the existing one have been introduced by the local initiatives. In one of the sample Gram Panchayats (Haleangady in DK District), it is found that computer based bio metric punching machine is being used by its own initiative.

Staff Structure of Panchayat

The total number of the sanctioned staff in 5627 Gram Panchayat of the state is 47516 and actual number of staff is 59783 and out of the actual staff majority of them are working under contract basis. In order to strengthen the administration of Gram Panchayat 5627 posts of Panchayat Development Officers (PDO) have been created with the pay scale of Rs.20,000/- and 2500 posts of Accounts Assistants with the pay scale of Rs. 11600/- (G.O. dated 31-03-2008) . These two appointments of the posts in the Gram Panchayats really strengthened the administrative structure and the service delivery. The total number of staff sanctioned in the 176 Taluk Panchayat is 3872 and actual number is 3353 leaving 519 post as vacant. Number of staff sanctioned in the 30 Zilla Panchayat of the State is 1879 and the actual number of staff is 1308 with 571 posts as vacant. In the sample Gram Panchayats average number of staffs is five. Out of the sample Gram Panchayats, five are having both the Panchayat Development Officers and Secretaries. Three are having only Panchayat Development Officers whereas two having only Secretaries. The average number of staff in selected Taluk Panchayat is 15 and in Zilla Panchayat it is 41.

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 58 of the State Act a long elaborated list of activities are assigned to the Gram

Panchayats. Section 145 deals with the functions assigned to Taluk Panchayat whereas functions are assigned to Zilla Panchayat by the Section 184 of the State. Three tiers of Panchayats involved in all functions including the core functions, welfare functions, agriculture and allied functions and industrial functions. Majority of the functions are assigned to Panchayats with the support of legislation and activity mapping only. Some functions are assigned to Panchayats with the support of activity mapping and executive order only. They are prohibition of manual scavenging, prevention of child marriages, survey of socio-economic census, finalization and distribution of ration cards and public premises eviction.

Transparency and Anti- Corruption

Under RTI Act, Panchayats provide information to the public and at each level there are designated information officers, the secretary is in charge of the Gram Panchayat , Manager is in charge of the Taluk Panchayat whereas the Deputy Secretary holds the post in Zilla Panchayat . The first appellate authority of the Gram Panchayat , Taluk Panchayat , Zilla Panchayat are the Panchayat Development Officer, Executive Officer and Chief Executive Officer respectively . In all the cases the second appellate authority is the State Information Commissioner. 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 all the levels in the State and the Charter have the list of services, procedure for obtaining the service, time required for proving the service and grievance redressal of citizens. The intuition undertakes the complaints of Panchayats include Ombudsman, Lokayukta and Govt. agency. It is revealed that 1115 cases are reported for action in the last financial year and out of that nine complaints are against elected representatives and 27 are against Panchayat officials. No cases are reported in the 11 sample Gram Panchayat s. However, cases are reported from the sample Taluk and Zilla Panchayat s, 41 cases are reported in

Puthur Taluk Panchayat , 45 cases in Karkala Taluk Panchayat , 120 cases in Udupi Zilla Panchayat and all these cases are completed. Out of the 72 cases reported in Dakshin Kannda Zilla Panchayat 59 cases are completed.

Karnataka Guarantee of Service to Citizens Act, 2011, is a land mark in the recent development local governance and devolution. There are total 11 departments including Rural Development and Panchayat Raj have been selected under the guarantee of service to citizens (GSC). Under the Department of Rural Development and Panchayat Raj, 13 essential services which have a direct impact in shaping the quality of public goods and in turn and wellbeing and entitlement rural citizens' .are listed under the Act. The 'competent officer' is empowered to impose cost on the public servant (and in many case the designated officer) defaulting or delaying the delivery of service in accordance with the Act .The appellate authority is an officer who is assigned with the power to hear appeal against the orders passed any competent officer .

According to the provisions in the Act, the Panchayat Development Officer (PDO) is assigned as the designed officer whereas the executive officer of the Taluk Panchayat and the Deputy Secretary (in charge of Gram Panchayat matters) of the Zilla Panchayat are the 'competent officer' and 'appellate authority' respectively. The 'stipulated time' for the delivery of services is varies as per the nature of issues involved in the subject matter and the urgency of the service. The stipulated time allotted for the services related to maintenance of drinking water and street lights is only three days whereas it is 60 days for issuing building licence . The prescribed time limit for the disposal by competent officer and the appellate authority is 30 days each.

The Karnataka Guarantee of Service to Citizens Act, 2011, is a land mark in the recent developments in local governance and devolution. The Karnataka Guarantee of Services to Citizens Act, 2011 is known as '*Sakala*' which has been implemented by the Department of Personnel and Administrative Reform (DPAR) with the support of National Informatics Centre (NIC). The Karnataka *Sakala* Services Act, a leading light to

other States in the country, is now effectively being implemented in 30 departments /organizations providing 265 services to the citizens of Karnataka. Information is available at www.sakala.kar.nic.in and citizens could easily access the same. The latest estimate shows that 1.74 crore citizens have availed various services under the Sakala portal. In rural areas it is widely seen that poor people are coming to the Panchayat Office seeking information from *Sakala* through the *Rajiv Gandhi Seva Kendra*. *Sakala* becomes a pet name and so close to the rural poor citizen in Karnataka.

Social Audit

Karnataka Panchayati Raj (conducting of Panchayat *Jamabandhi*) Rules 2004 has been enacted for conducting the social audit of all the developmental programmes at the GP level and social audit has been conducted for the MGNREGS at the GP level. The Executive Officer of the Taluk Panchayat is entrusted with the responsibility for conducting the Panchayat *Jamabandhi* in between 16th August and 15th September of every year. He has to form the *Jamabandhi* groups. The group consists of one taluk level officer as head and two officials for assistance for smooth conducting of the Panchayat *Jamabandhi*. One taluk level social auditor has been posted (on outsource basis) for conducting the MGNREGS social audit in the GPs through out the year and he has to submit report to the Programme Officer and District Programme Officer and also present the same before Gram Sabha. There are 5627 *Jamabandhi* teams will be formed every year at the time of Panchayat *Jamabandhi* and 176 taluk level social auditors have been posted for MGNREGS. The Panchayat *Jamabandhi* is conducted once in a year and MGNREGS social audit throughout the year. All the Gram Panchayats have put the social audit report in the public domain and action taken reports of social audit has been discussed in the Gram Sabha meeting. The State institutions imparted trainings to conduct social audit and the training is imparted for Panchayat officials, elected representatives and citizens. During the field visit all the 11 sample Gram Panchayats have reported that they had conducted social audit and it is mainly conducted for MGNREGA.

As it is already mentioned above Karnataka is ahead of other States in India in terms of a new institution for social auditing, called *Jamabandhi* and now is moving towards another new institution for transparency and accountability through the process, *Sakala* of Services. When one views the State legislations on the right to Public Services, a common framework is visible. There should be a designated official probably from the department /agency where the services are supposed to be delivered .The stipulated time frame should be indicated for granting of the right to public services. With the support of a separate Gazette notification, the public services which are to be granted as a right under the legislation may be notified. First, common public services which have maximum potential coverage and utility may be included as public services which may be provided within the fixed time frame as a right under the Act. As such it is better to cover certain services at the very first stage itself and these services may be related to caste certificate, birth certificate ,marriage certificate ,domicile certificate ,connection for electricity gas and drinking water supply ,voters cards ,ration cards ,passport and copies of land records. There may be a provision for first appellate authority to entertain the aggrieved person. An aggrieved person is one who failed to provide the service by the ‘designed officer’ within the given time or rejected to provide the service. There is also provision for a ‘Second Appellate Authority’ who is having the power to hear appeal against the order passed by the ‘First Appellate Authority’. And there is the power to impose penalty on the designated officer for deficiency of service without any reasonable cause. The penalty can range from a minimum to a maximum amount or in some case there may be an amount per day of delay subject to a maximum amount .The appellate authorities have been granted certain powers of a civil court while trying a suit under code of civil procedure .All the above mentioned framework criteria are properly synchronized in the Karnataka Guarantee of Service to Citizens Act, 2011.

There are total 151 services in 11 Departments including Rural Development and Panchayat Raj which had been selected under the Guarantee of Service to Citizens (GSC). Among the *Sakala Schemes* the poor people have to avail more from the

Department of Rural Development and Panchayat i Raj. Under the Department of Rural Development and Panchayat Raj, 13 essential services which have a direct impact in shaping the quality of public goods and in turn on the wellbeing and entitlement of rural citizens' .are listed under the Act. The services are (i)maintenances of drinking water,(ii)maintenances of street lights,(iii) maintenances of sanitation,(iv) issues of records related to population census ,(v)issues of records related to crop census, (vi)issues related to cattle census, (vii) issues of records to below poverty line (viii) providing employment to unskilled labours, (MGNREGA) (ix) NOC to Escoms (Electricity Supply Companies) , (x) e- payment for the work executed under developmental schemes, (xi) alternation to assessment list, (xii) building license and (xiii)general licence (trade licence) . Three officials are listed as (i) 'designated officer', (ii) 'competent officer' and (iii) 'appellate authority' for discharging the services. As per the Act, the 'designated officer' is defined as an officer at the delivery point who is expected to provide the related service to the citizen. The 'competent officer' is empowered to impose cost on the public servant (and in many case the designated officer) defaulting or delaying the delivery of service in accordance with the Act .The appellate authority is an officer who is assigned with the power to hear appeal against the orders passed on any competent officer .

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Parallel Bodies

Parallel bodies are altogether a different administrative structure directed by the State or Central Governments to plan and execute development projects in areas which are in the functional domain of local Governments .“ They are called parallel because they have a separate system of decision making on prioritization of projects and resource allocation to them which is independent of and removed from the Panchayat i Raj set up”. Here, it may be interested to look the impact of parallel bodies on the question of devolution .An inverse relationship has been already well established between the parallel bodies and devolution because of certain inbuilt characterizes of the parallel bodies which impediments the functioning of Panchayats and in turn the process of devolution .

The Report of the Committee on Restructuring of DRDA has brought these factors as;

- (i). Parallel bodies compete for political space and appropriate the legitimate territory of Panchayats,
- (ii) They contest the very rational of Panchayats and the conceptionalization of Panchayats as ‘institutions of local government’. They reduce the Panchayats to the status of ‘yet another organization’;
- (iii) They challenge the idea of functional domain of Panchayats ;
- (iv) They dwarf at the Panchayats through superior resource endowments and visible patronage system;
- (v) They are bureaucratically controlled and propelled.

This is why when the issues of parallel bodies are discussed the status of DRDA vivsa Panchayat becomes more imperative. Karnataka is the first State in the country where DRDA had been merged with the Zilla Panchayat way back in 1987. In Karnataka, DRDA functions as a cell of Zilla Panchayat . Since Karnataka could succeed for creating a model without any negative effect on the flow of funds from the Government of India,

many States followed the example of Karnataka. District Agriculture Corporation is also merged with the Zilla Panchayat. The District unit of Water and Sanitation Mission made a unit of Zilla Panchayat. The elected representatives of the Zilla Panchayat has representation in the board of the District unit of SSA Mission. During the field work in the two selected districts (Udupi and Dakshin Kannada,) the presence of any parallel bodies at the district level which comes on the way to the functioning of the Zilla Panchayat has not been reported. In short, synchronization of law and of institutional mechanism with the Zilla Panchayat based on the principle of concomitance as envisaged in the Constitution is being successfully applied and operationalized as in the case of parallel bodies and 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 Karnataka Panchayati Raj Act does not provide any provision for suspension of Panchayats or representatives. However, section 43,136 and 175 respectively provides for removal of Gram Panchayat , Taluk Panchayat and Zilla Panchayat members. It is reported that these provisions have never been put in to force. As per the principle of ‘peer group responsibility’, the authority that has the power to dismiss/supersede/dissolve/quash the rural local institutions of Zilla Panchayat, Taluk Panchayat and Gram Panchayat is the State Government, Zilla Panchayat , Taluk Panchayat respectively. There is no provision of charge sheet by State Government to Zilla Panchayat, Taluk Panchayat and Gram Panchayat . Among the sample Panchayats there is not even a single case to be subjected to such undemocratic practices from any where.

Centrally sponsored Schemes and State Schemes

Actual involvement of the Panchayats in the implementation of flagship programmes has been examined. Three tiers of Panchayats are actually involving in all the centrally and state sponsored schemes. But when it comes to actual implementation it is the responsibility of the Gram Panchayat to implement it.

National Finance Commission

In connection with the National Finance commission (NFC), for a period of four years (2009-2010 to 2012-2013) nine installments were received from the Government of India. The total amount works out as Rs 157317.00 lakhs and the full amount is transferred to the Panchayats. While releasing the amount to Gram Panchayats, Taluk Panchayats and Zilla Panchayats, a formula of 70: 20: 10 is followed, respectively. The fund is released through electronic transfer including to the Gram Panchayats and it will be released in less than one week. In 2009-2010 and 2010-2011 two installments had been received by the State whereas in 2011-2012 the number of installment was three and in 2012-13 number of installment is one still at the time of the field visit (January 2013). According to filed survey the average amount per Gram Panchayat from 2009-2010 to 2012-2013 works out as Rs.11.68 lakhs whereas an average Taluk Panchayat has received Rs 134.20 lakhs in the same period (Ref.Appendix No.1.i&1.ii). The average figure for a Zilla Panchayat is Rs. 228.37 lakhs for a period of four years (Ref.Appensix No.1.iii) The total amount received by one Gram Panchayat (Bettampady in Mysore District), one Taluk Panchayat (Shikkaripura in Shimoga District) and one Zilla Panchayat (Dakshin Kannada District) from the sample size is given to understand the fund (NFC Award) flow from the State to the PRIs. (*Refer Table No.1*) The Bettampady Gram Panchayat has received Rs.10.23 lakhs whereas Shikaripura Taluk Panchayat received Rs.187.13 lakhs . Dakshin Kannda Zilla Panchayat has received an amount of Rs.265.68 lakhs .(Ref.Table No.1)

Table No: 1 Total amount received by one each Sample Panchayat (Gram Panchayat , Taluk Panchayat and Zilla Panchayat) from National Finance Commission Award

Tier	Name of the Panchayat s	Year	Date	Amount (Rs.)
Gram Panchayat	Bettampady	2009-2010	08-09-2009	65,900
		2009-2010	10-03-2010	66,400
		2010-2011	11-05-2010	65,900
		2010-2012	18-08-2010	1,55,600
		2010-2011	07-02-2011	1,55,600
		2011-2012	28-10-2011	1,91,134
		2011-2012	05-03-2012	66,503
		2011-2012	27-03-2012	1,99,004
		2012-2013	09-04-2012	57,028
	Total			10,23,069
Taluk Panchayat	Shikaripura	2009-2010	15-01-2010	10,06,000
		2009-2010	27-03-2010	10,06,000
		2010-2011	05-08-2010	23,75,000
		2010-2011	03-02-2011	23,75,000
		2011-2012	21-10-2011	29,18,000
		2011-2012	24-03-2012	30,38,000
		2012-2013	07-04-2012	32,20,000
		2012-2013	04-08-2012	27,75,000
	Total			1,87,13,000
Zilla Panchayat	Dakshin Kannda	2009-2010	07-01-2009	16,76,500
		2009-2010	01-04-2010	16,76,500
		2010-2011	03-08-2010	39,61,000
		2010-2011	03-02-2011	39,61,000
		2011-2012	21-10-2011	48,63,000
		2011-2012	24-03-2012	50,64,000
		2012-2013	02-08-2012	53,66,000
	Total			2,65,68,000

Source: Data collected from Bettampady Gram Panchayat , Shikaripura Taluk Panchayat & Dakshin Kannada Zilla Panchayat

State Finance Commission

Three commissions have been constituted in Karnataka state. The first SFC was formed in 10 June, 1994 and submitted its report on August 1996. On due date, the second SFC was formed (October 2000), submitted its report on December 2002. On August 2006,

the third SFC) was constituted and submitted the report on December 2008. At present a committee has been constituted to oversee the recommendations of the 3rd Finance Commission. The important recommendations of the last SFC are (1) the statutory grants to Gram Panchayats has been enhanced from six lakhs to eight lakhs and ten lakhs (GPs having more than 8000 population are getting Rs. 10 lakhs), (2) Rs. 100 lakhs united grants to each Taluk Panchayats and (3) Rs.200 lakhs united grants to each Zilla Panchayats. The amount recommended in the year to the Gram Panchayat is Rs. 9, 12 and 15 lakhs to each GP, the sanctioned amount is Rs. 8 lakhs per GP and the amount released to each GP is Rs.6-8 lakhs in 2011-12 and Rs. 8-10 lakhs in 2012-13. The recommended amount for each Taluk Panchayat and Zilla Panchayat is Rs. 100 lakhs and Rs. 200 lakhs respectively and the same has been released in the year 2011-12 and 2012-13. The State has released the grants to the Panchayats within 7 days. The statutory grants to Gram Panchayats for the year 2012-13 is Rs. 46,716 lakhs and united grants to Taluk Panchayats is Rs. 17,600 lakhs and the same amount is released. United grants to Zilla Panchayat for the year 2012-13 are Rs. 6,000 lakhs and so far Rs. 4,500 lakhs has been released.

According to field survey the average amount per Gram Panchayat from 2009-2010 to 2012-2013 works out as Rs. 11.16 lakhs, average amount per Taluk Panchayat is Rs. 95.62 lakhs for a period of three years and average amount per Zilla Panchayat works out to be Rs. 300.00 lakhs for a period of two years. The total amount received by one Gram Panchayat (Mutaga in Belgum District), one Taluk Panchayat (Mysore in Mysore District) and one Zilla Panchayat (Uduppi District) from the sample size is given to understand the fund (SFC Award) flow from State to the PRIs. (*Refer Table No. 2.*)

Table No:2 Total amount received by one each Sample Panchayat (Gram Panchayat , Taluk Panchayat and Zilla Panchayat) from the State Finance Commission (SFC) Award

Tier	Name of the Panchayat s	Year	Date	Amount (Rs.)
Gram Panchayat	Mutaga	2009-2010	06-06-2009	1,08,499
		2009-2010	25-8-2009,8-12-2009, 4-3-2010	3,33,721
		2010-2011	05-08-2010	60,540
		2010-2011	02-12-2010	75,073
		2011-2012	08-12-2011	80,000
		2011-2012	21-02-2012	2,00,000
		2012-2013	10-09-2012	1,41,943
		2012-2013	15-11-2012	1,15,780
	Total			11,15,556
Taluk Panchayat	Mysore	2010-2011	05-08-2010	13,84,000
		2010-2011	03-02-2010	13,84,000
		2011-2012	21-10-2011 & 24-03-2012	34,68,000
		2011-2012	05-07-2012	14,51,000
		2012-2013	04-08-2012	18,75,000
	Total			95,62,000
Zilla Panchayat	Uduppi	2011-2012	Not Available	1,00,00,000
		2012-2013		2,00,00,000
	Total			3,00,00,000

Source: Data collected from Mutaga Gram Panchayat , Mysore Taluk Panchayat &Uduppi Zilla Panchayat

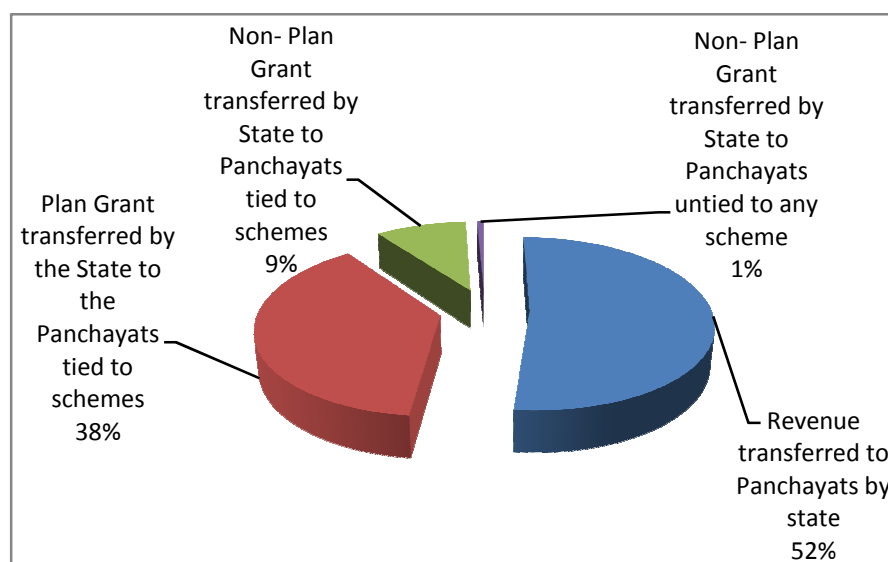
Panchayat Finance

Section 212 of the Act provides that there shall be for each Gram Panchayat a fund called the Gram Panchayat Fund. Different types of amounts are included in this fund and they are ; (a) The amount which may be granted or passed on to the Gram Panchayat by the Government or the Zilla Panchayat or Taluk Panchayat under the provisions of this Act or any other Act, or on any other account, (b) Proceeds of any tax, rate and fee imposed by the Gram Panchayat , (c) All sums received by the Gram Panchayat by way of loans or contribution from the Government or any other authority or person by way of gift, (d) The rent or other income from, or sale proceeds of any immovable or movable

property owned by or vesting in the Gram Panchayat and (e) All other sums received from any source whatsoever. As in the case of Gram Panchayat fund, according to Section 218 of the Act there is a provision for Taluk Panchayat fund and different sources of fund is allowed to poll under the head. Section 225 of the Act provides that there shall be for each Zilla Panchayat a fund called the Zilla Panchayat Fund. It gives a list of polled resources under the fund.

1. In the State ,the total available fund with the Gram Panchayats in the year 2010-2011 was calculated as Rs.6,36,981.49 lakhs and out of which Rs.3,29,728.82 lakhs (51.76 %) was from '*Revenue transferred to Panchayats by state.*' , Rs 2,42,953.05 lakhs (38.14 %) was under the head of '*Plan Grant transferred by the State to the Panchayats tied to schemes*', Rs 60,105.82 lakhs (9.44 %) was mentioned as '*Non-Plan Grant transferred by State to Panchayats tied to schemes*' and Rs. 4,193.80 lakhs (0.66 %) was from '*Non- Plan Grant transferred by State to Panchayats untied to any scheme*'.(Ref. Table No.3 &Diagram No.4)

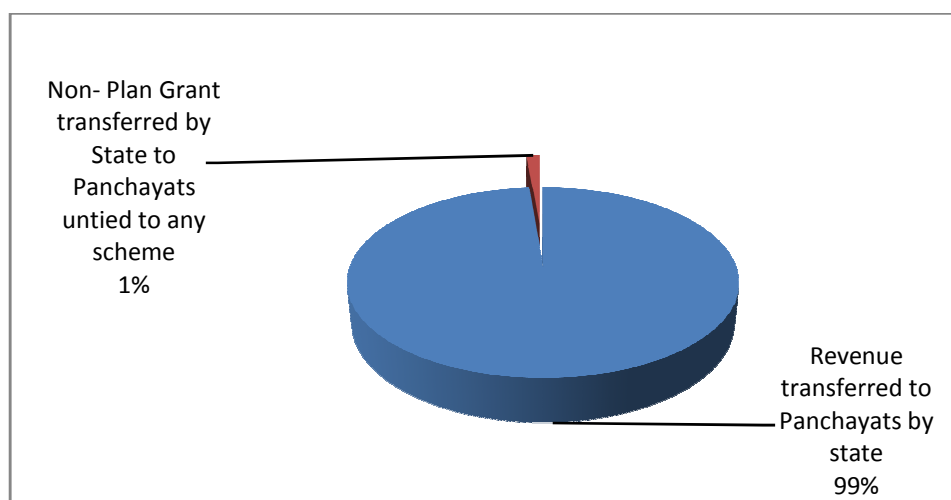
Diagram No.4: Item Wise Comparison of Available Fund with Gram Panchayat in 2010-11



Source: Table No.3

2. In the State ,The total available fund with the Taluk Panchayats in the year 2010-2011 was calculated as Rs.6,42,270.03 lakhs and out of which Rs.6,33,882.43 lakhs (98.69 %) was from ‘*Revenue transferred to Panchayats by state*’ and Rs. 8,387.60 lakhs (1.31 %) was from ‘*Non- Plan Grant transferred by State to Panchayats untied to any scheme*’.(Ref.Table No.3& Diagram No.5)

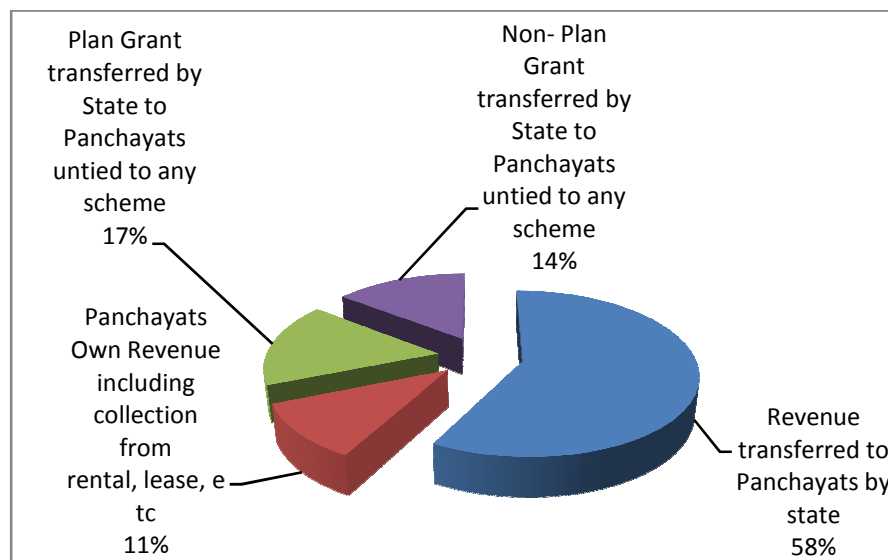
Diagram No.5: Item Wise Comparison of Available Fund with Taluk Panchayat in 2010-11



Source: Table No.3

3. In the State ,The total available fund with the Zilla Panchayats in the year 2010-2011 was calculated as Rs.2,02,434.06 lakhs and out of which Rs.1,17,252.00 lakhs (57.92 %) was from ‘*Revenue transferred to Panchayats by state.*’, Rs. 22,057.46 lakhs (10.90 %) was from *Panchayats Own Revenue including collection from rental, lease, etc*’, Rs 33,768.00 lakhs (16.68 %)was under the head of ‘*Plan Grant transferred by the State to the Panchayats untied to any scheme*’, and Rs. 29,356.60 lakhs (14.50 %) was from ‘*Non- Plan Grant transferred by State to Panchayats untied to any scheme*’.(Ref. Table No. 3&Diagram No. 6)

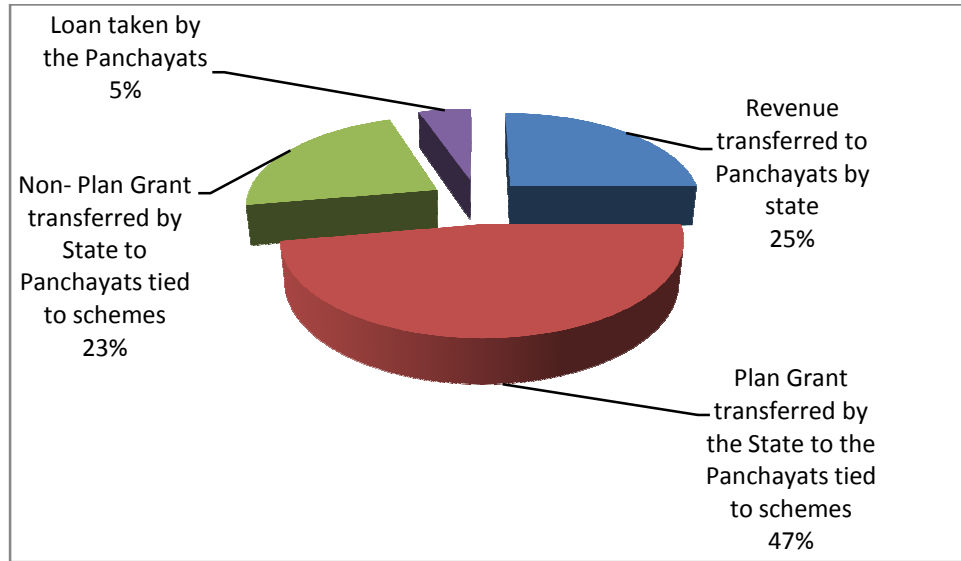
**Diagram No.6: Item Wise Comparison of Available Fund with Zilla Panchayat
in 2010-11**



Source: Table No.3

4. In the State ,the total available fund with the Gram Panchayats in the year 2011-2012 was calculated as Rs.2,98,404.12 lakhs and out of which Rs. 1,41,183.12 lakhs (47.31 %) was from '*Plan Grant transferred by the State to the Panchayats tied to schemes*', Rs 74,484 .00 lakhs (24.96 %)was under the head of '*Revenue transferred to Panchayats by state*' , Rs 67,151.00 lakhs (22.50 %) was mentioned as '*Non- Plan Grant transferred by State to Panchayats tied to schemes*' and Rs. 15,586.00 lakhs (5.22 %) was mentioned as '*Loan taken by the Panchay s*'.(Ref. Table No.3&Diagram No.7)

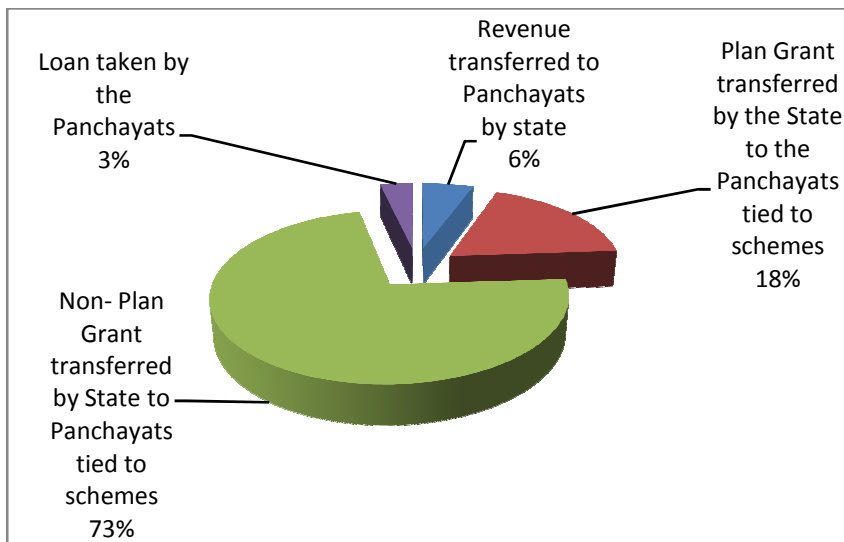
**Diagram No.7: Item Wise Comparison of Available Fund with Gram Panchayat
in 2011-12**



Source: Table No.3

5. In the State, The total available fund with the Taluk Panchayats in the year 2011-2012 was calculated as Rs. 10,46,969.59 lakhs and out of which Rs. 7,59,736.20 lakhs (72.57 %) was from 'Non- Plan Grant transferred by State to Panchayats tied to schemes', Rs. 1,92,436.61 lakhs (18.38 %) was from 'Plan Grant transferred by the State to the Panchayats tied to schemes', Rs. 58,024.78 lakhs (5.54 %) was under 'Revenue transferred to Panchayats by state' and Rs. 36772.00 lakhs (3.51 %) was mentioned as 'Loan taken by the Panchayat s'.(Ref. Table No.3 &Diagram No. 8)

**Diagram No.8: Item Wise Comparison of Available Fund with Taluk Panchayat
in 2011-12**

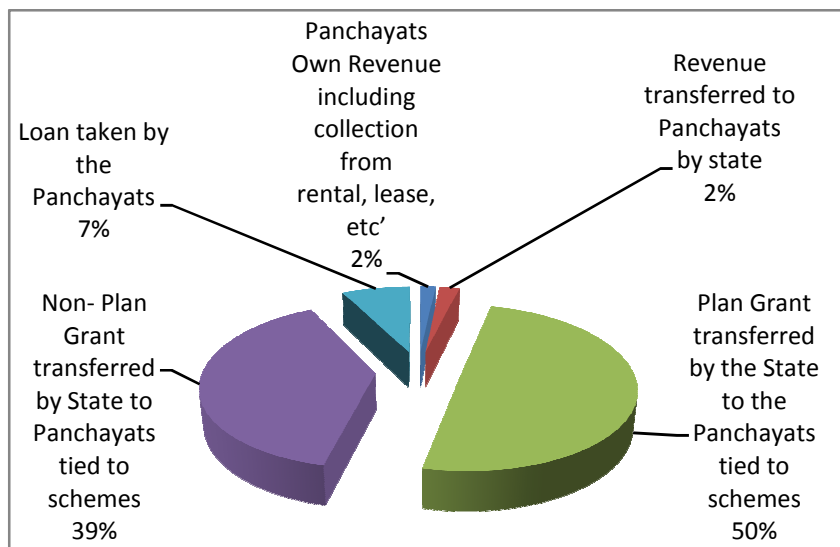


Source: Table No.3

6. In the State ,the total available fund with the Zilla Panchayats in the year 2011-2012 was calculated as Rs. 8,98,269.67 lakhs and out of which Rs. 4,47,273.27 lakhs (49.79 %) was from '*Plan Grant transferred by the State to the Panchayats tied to schemes*', Rs. 3,49,829.80 lakhs (38.94 %) was from '*Non- Plan Grant transferred by State to Panchayats tied to schemes*', Rs. 67,101.00 lakhs (7.47 %) was mentioned as '*Loan taken by the Panchayat s*' , Rs 19,211.60 lakhs (2.14 %)was under the head of '*Revenue transferred to Panchayats by state.*' and Rs. 14,854.00 lakhs (1.65 %) was from *Panchayats Own Revenue including collection from rental, lease, etc*'.(Ref. Table No.3&Diagram No.9)
7. In the State, the total available fund with the Panchayats in the year 2010-2011was Rs. 1481685.58 lakhs and it has reached in to Rs. 2243643.38 lakhs over a period of one year. An increase of 51.40 per cent was registered .But this increase was not in uniform pattern .The item under '*Revenue transferred to Panchayats by State*' was

reduced at a high level whereas another two items, (*‘Non-Plan Grant transferred by State to Panchayats tied to schemes’* and *‘Plan Grant transferred by the State to the Panchayats tied to schemes’*) were increased over a period of two years. It is also important to note that on the one side the fund availability of the Gram Panchayats was reduced and on the other side the availability with other tiers were increased. (Ref. Table No.3&Diagram No.10)

Diagram No.9: Item Wise Comparison of Available Fund with Zilla Panchayat in 2011-12



Source: Table No.3

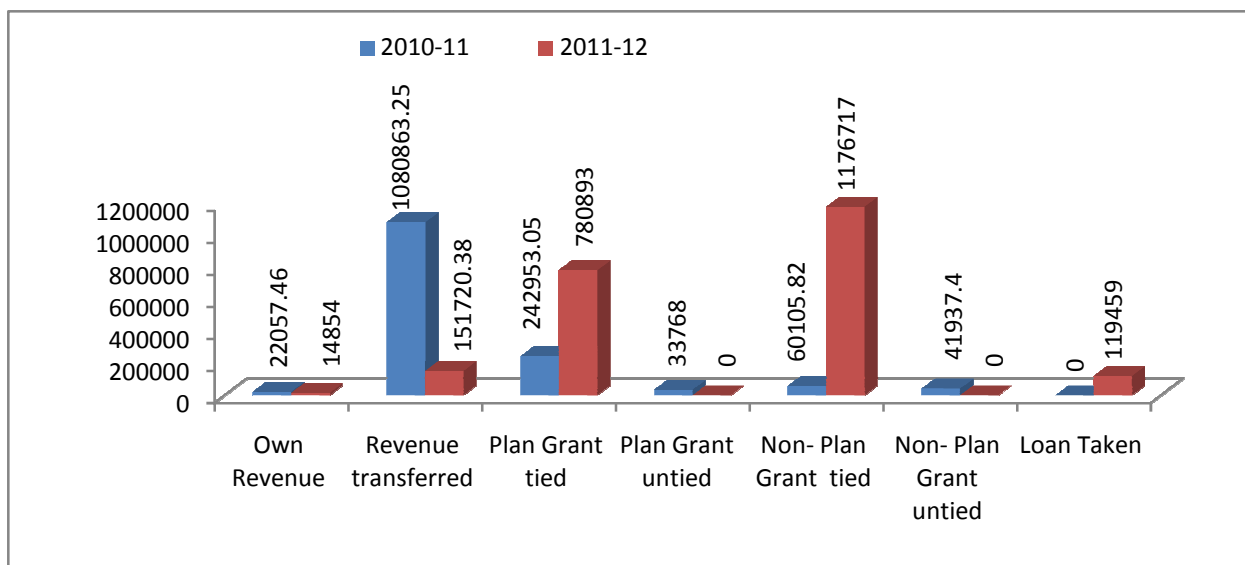
Table No. 3: Fund Availability with Panchayats in the State (Rs. in Lakhs)

Sl. No	Break Up of Revenue	Gram Panchayat	Taluk Panchayat	Zilla Panchayat	Total
Financial Year 2010-11					
1	Revenue transferred to Panchayats by state	329728.82	633882.43	117252.00	1080863.25
2	Panchayats Own Revenue including collection from rental, lease, etc			22057.46	22057.46
3	Plan Grant transferred by the State to the Panchayats untied to schemes			33768.00	33768.00

4	Plan Grant transferred by State to Panchayats tied to any scheme	242953.05			242953.05
5	Non- Plan Grant transferred by State to Panchayats untied to schemes	4193.80	8387.60	29356.60	41937.40
6	Non- Plan Grant transferred by State to Panchayats tied to any scheme	60105.82			60105.82
7	Loan Taken by the Panchayats				
8	Any Others				
	Total	6,36,981.49	6,42,270.03	2,02,434.06	14,81,685.58
	Financial Year 2011-12				
1	Revenue transferred to Panchayats by state	74484.00	58024.78	19211.60	151720.38
2	Panchayats Own Revenue including collection from rental, lease, etc			14854.00	14854.00
3	Plan Grant transferred by the State to the Panchayats untied to schemes				
4	Plan Grant transferred by State to Panchayats tied to any scheme	141183.12	192436.61	447273.27	780893.00
5	Non- Plan Grant transferred by State to Panchayats untied to schemes				
6	Non- Plan Grant transferred by State to Panchayats tied to any scheme	67151.00	759736.20	349829.80	1176717.00
7	Loan Taken by the Panchayats	15586.00	36772.00	67101.00	119459.00
8	Any Others				
	Total	2,98,404.12	10,46,969.59	8,98,268.87	22,43,643.38

Source: Data Furnished from Karnataka State

Diagram No.10: Fund Availability with Panchayats in the State for two Consecutive Financial Years (Rs. in Lakhs)



Source: Table No. 3

8. Total resource mobilization (internal revenue) through taxes by the 11 sample Gram Panchayats is Rs.131.25 lakhs in 2010-2011 and it has been increased to Rs 142.44 lakhs in 2011-2012.(Refer Table No.12 and 13) The average internal revenue per sample Gram Panchayat in the year 2010-11 is Rs.11.93 lakhs and it is increased to 12.91 lakhs in 2011-12. During one year period there is an increase of 8.52 percent in the internal revenue per sample Gram Panchayat. Again, in 2010-2011 the highest amount of resource mobilization (internal revenue) was Rs. 41.79 lakhs and it is from the Yelwala Gram Panchayat whereas the lowest is from Sirur Gram Panchayat and the corresponding figure is Rs. 2.02 lakhs . In 2011-2012, the highest amount (Rs.42.63 lakhs) is generated from the same Panchayat (Yelwala) and lowest amount (Rs. 1.50 lakhs) is generated also from same unit (Sirur Gram Panchayat).

9. To understand the detailed process and dynamics of resource mobilization a case study from one sample Gram Panchayat (Mutaga in Belgum District) is given in Box No1.(Ref.table No.4)

Table No.4 Tax collection details of Mutaga GP in last six years

Year	House Tax(Rs. in lakhs)	Land Tax(Rs. in lakhs)	Water Tax(Rs. in lakhs)	Electricity Tax(Rs. in lakhs)	Cess on Health (Rs. in lakhs)	Cess on Education(Rs. in lakhs)	Library Tax(Rs. in lakhs)	Cess on housing	Others (Rs. in lakhs)	Total (Rs. in lakhs)
2006-	3.49	0.00	2.53	0.55	0.21	0.18	0.16	0.00	0.18	7.29
2007-	3.21	0.06	0.67	1.00	0.40	0.26	0.16	0.00	0.16	5.93
2008-	1.89	0.00	3.26	0.40	0.28	0.19	1.13	0.00	0.07	6.20
2009-	4.08	0.00	3.78	0.63	0.85	0.56	0.34	0.00	0.14	10.38
2010-	3.61	2.49	0.28	0.40	0.70	0.46	0.28	0.05	0.95	9.24
2011-	9.03	2.10	0.35	0.60	0.65	0.61	0.33	0.17	1.17	15.00

Source: Data collected from Mutaga Gram Panchayat

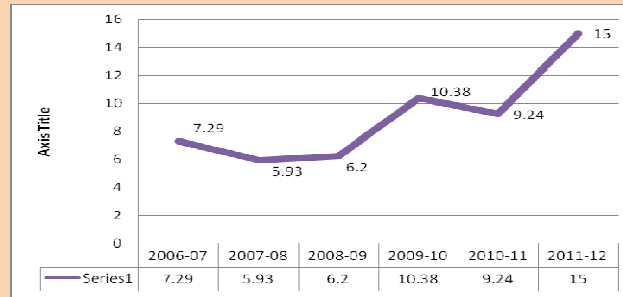
Box No.1: Case Study of Mutaga Gram Panchayat

The Mutaga Gram Panchayat started a special campaign to improve the tax collection of the Panchayat . The campaign is started on 2009 onwards. It is reported that before 2009 the tax collection was only 40 percent and now it is increased up to 95 percent in year. For the improvement of tax collection in the Panchayat , as per the decision of the committee, following awareness programme among the households and owners of the shops in Gram Panchayat area was undertaken.

1. Distribution of bit notice which says the importance of paying local tax and its impact on the local economy and other development sectors.
- 2 Used public sound system to make announcement on the payment of taxes in different places of the Panchayat area.
2. Door to door visit by the GP members to educate the local citizens on the payment of tax to the Panchayat

The above programme was started on 2009 onwards and it is being continued in every financial year, probably in the months of January and February. As a result, the tax mobilization in the GP has been increased. The Diagram No.11 shows the improvement in tax collection of the GP for the last six years.

Diagram No.11: Tax Collection trend of Mutuga Gram Panchayat in the last six years (2006-2007 to 2011-2012)



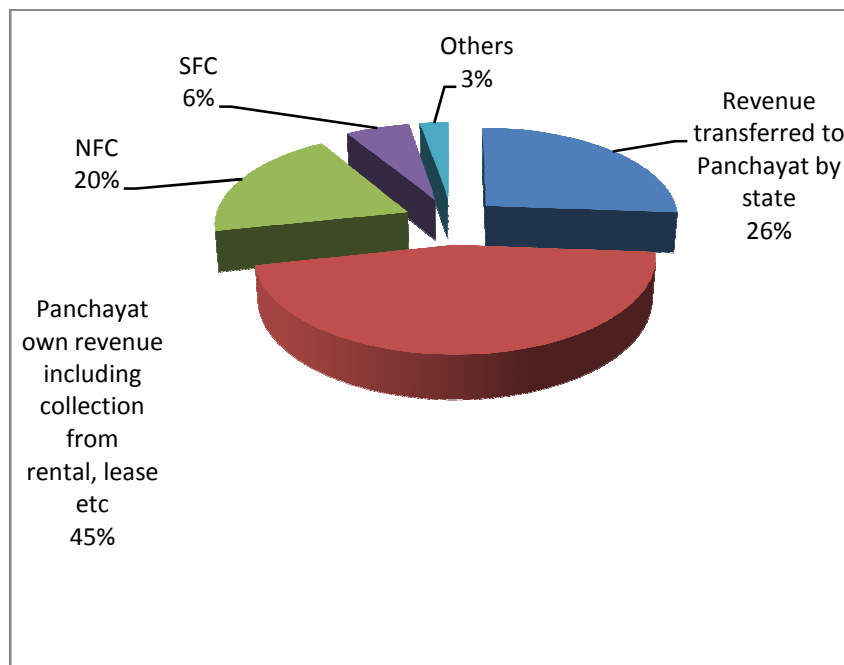
Source: Data collected and computed from Mutuga Gram Panchayat Office.

From the Graph No.1 it is very clear that after starting the awareness campaign in 2009 onwards there was an increase in the tax collection of the Gram Panchayat . It is noticed that during the 2008-09 the tax collection was Rs. 6.20 lakhs only and it is increased Rs.10.38 lakhs in 2009-10, which was the starting year of the awareness campaign for tax collection, during 2010-11 a slight decrease was noticed and it had come down into Rs. 9.24 lakhs and again it is incased to Rs. 15.00 lakhs on 2011-12. The decrease in the tax collection for the year 2010-2011 is self critically conceived and explained by the Panchayat in terms of complacency and laxity from the part of the committee itself. The overall result of the financial achievement may be a manifestation of team work of the ‘tax mobilization campaign’ of the Gram Panchayat .More over, the case of the Mutuga Gram Panchayat may be used as source of empirical evidence to argue that local leadership has the capability to motivate the local citizens to pay tax .And it also may reject one of the existing perceptions which states that proximity between the tax payer (local citizen) and tax collector (Panchayat) is the major impediment for the local tax mobilization.

10. To get the picture more vividly, the availability of funds and the expenditure pattern of one Panchayat , from each tier from the sample size is analyzed more closely.
- 10.1. In Halengady Gram Panchayat of Dakshin Kannada District the availability of fund per year from different sources is given in Diagram No.12 and out of the total

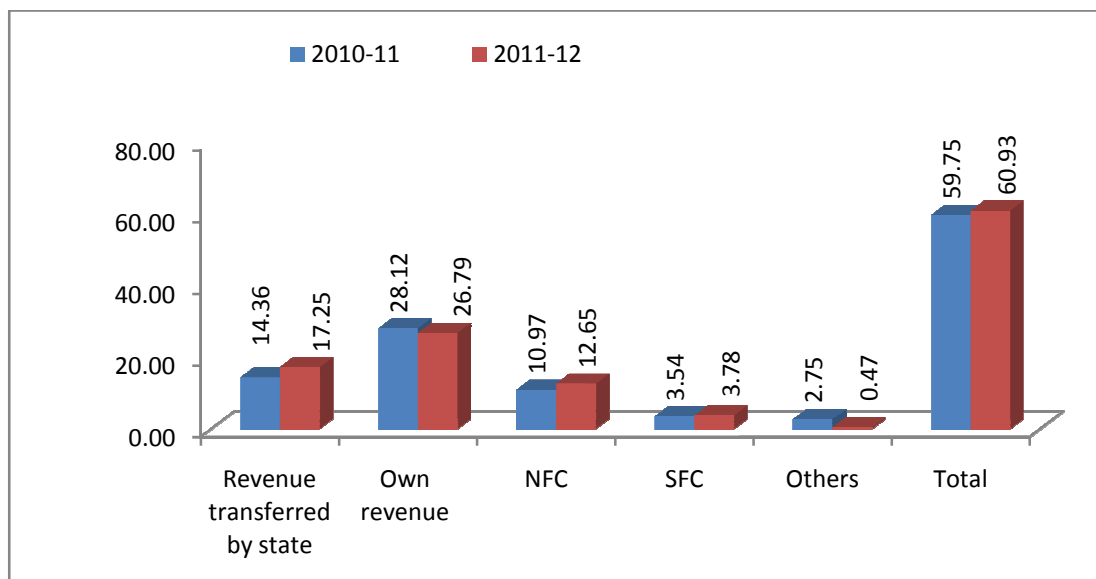
fund available the major portion(45 %) is from Panchayat own revenue including collection from rental, lease etc. More than one fourth of the available fund (26 %) is from revenue transferred to Panchayat by State, 20 percent is from NFC, six percent is from SFC and three percent from others. The Panchayat own revenue including collection from rental, lease etc and other income in the year 2011-12 is lesser than corresponding amount in the year 2010-11. Diagram No.13 shows the availability of fund in the two years 2010-11 and 2011-12.

Diagram No. 12: Average Fund Availability of Halengady (Sample) Gram Panchayat



Source: Table No.5

Diagram No. 13: Comparison of Fund Availability of Halengady(Sample) Gram Panchayat in 2010-11 and 2011-12 (Rs.in lakhs)



Source: Table No.5

Table No. 5: Details on Available Fund from different sources of Halengady (Sample)Gram Panchayat

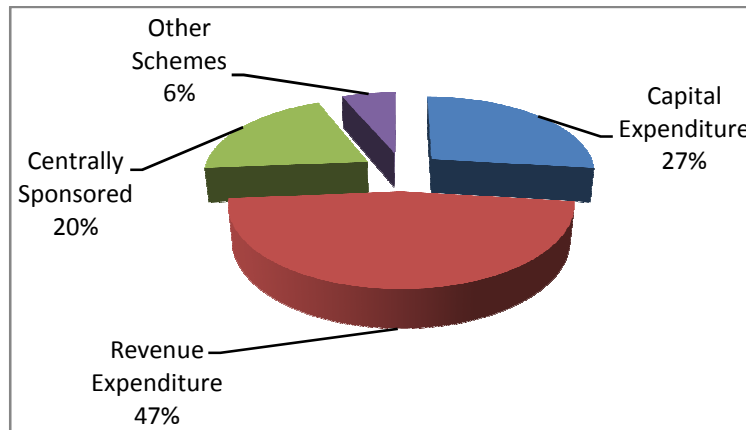
Year	Fund Available (Rs)					
	Revenue transferred to Panchayat by state	Panchayat own revenue including collection from rental, lease etc	NFC	SFC	Others	Total
2010-11	1436227	2811842	1097200	354200	275101	59,74,570
2011-12	1724660	2678855	1265057	378000	46613	60,93,185
Average per year	1580444	2745349	1181129	366100	160857	60,33,878

Source: Data collected from the Halengady Gram Panchayat

10.2. Average expenditure under different head of Halengady Gram Panchayat is given in Diagram No. 14 and less than half of the expenditure (47 %) is under the head of 'Revenue expenditure', more than one third (27 %) is under 'capital expenditure', 20 percent is under the expenditure of centrally sponsored schemes and six percent is expenditure under 'other schemes'. When comparing the

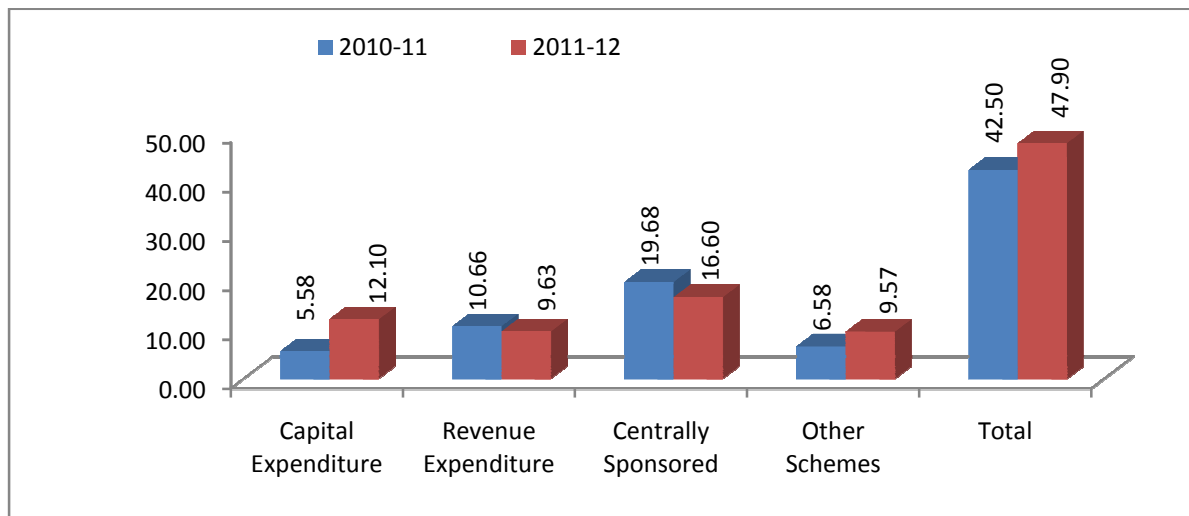
expenditure for two years (2010-11 to 2011-12) the expenditure on revenue and expenditure on centrally sponsored schemes are decreased in the year 2011-12 and it is shown in Diagram No. 15.

Diagram No. 14: Average Expenditure of Halengady (Sample) Gram Panchayat



Source: Table No.6

Diagram No. 15: Comparison of Expenditure of Halengady(Sample) Gram Panchayat in 2010-11 and 2011-12(Rs in lakhs)



Source: Table No.6

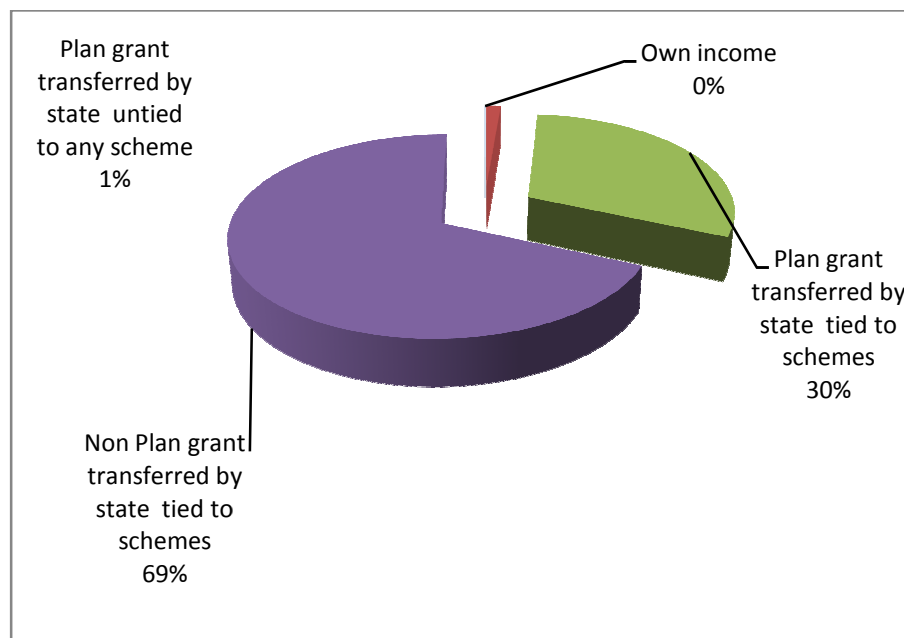
Table No. 6: Details of Expenditure of Halengady(Sample) Gram Panchayat

Year	Expenditure				
	Capital Expenditure	Revenue Expenditure	Centrally Sponsored	Other Schemes	Total
2010-2011	557989	1065869	1968072	657979	4249909
2011-2012	1210240	963239	1660167	956718	4790364
Average per	884114.5	1014554	1814120	807348.5	4520137

Source: Data collected from the Halengady Gram Panchayat

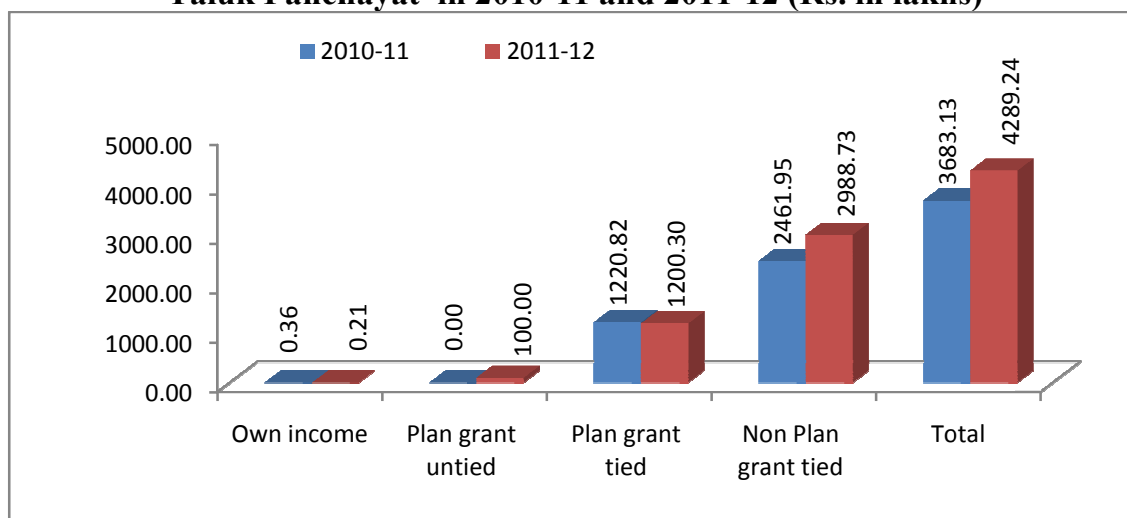
- 10.3. In Shikkaripura Taluk Panchayat of Shimoga District the availability of fund per year from different sources is given in Diagram No.16 and major portion (69 %) of the fund is from '*Non Plan grant transferred by State to Panchayat tied to schemes*' and 30 percent is from '*Non Plan grant transferred by State to Panchayat tied to schemes*'. '*Panchayat own revenue including collection from rental, lease etc* and '*Plan grant transferred by State to Panchayat tied to schemes*' are decreased in the year 2011-12 when compared to the same in 2010-11. Diagram No.17 shows the availability of fund in the two years 2010-11 and 2011-12.

Diagram No. 16: Average Expenditure of Shikkaripura (Sample) Taluk Panchayat



Source: Table No.7

Diagram No. 17: Comparison of Fund Availability of Shikkaripura(Sample) Taluk Panchayat in 2010-11 and 2011-12 (Rs. in lakhs)



Source: Table No.7

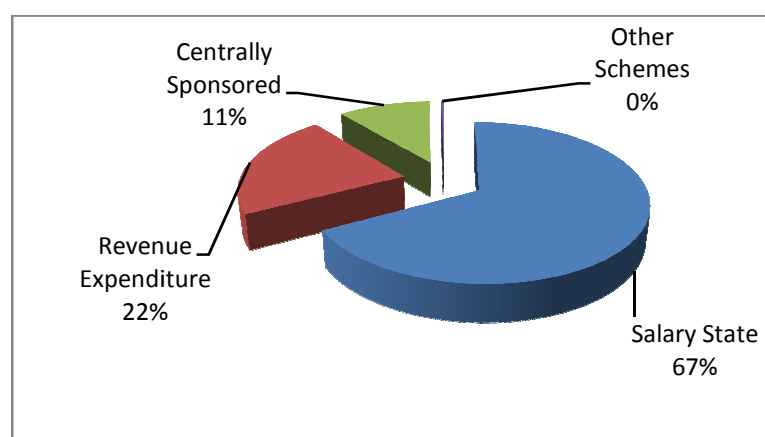
Table No. 7: Available Fund from different sources of Shikkaripura(Sample) Taluk Panchayat

Year	Fund Available (Rs)				
	Own income	Plan grant transferred by state to Panchayat untied to any scheme	Plan grant transferred by state to Panchayat tied to schemes	Non Plan grant transferred by state to Panchayat tied to schemes	Total
2010-11	36491	0	122081619	246194639	36,83,12,749
2011-12	20841	10000000	120030441	298873111	42,89,24,393
Average per	28666	5000000	121056030	272533875	398618571

Source: Data collected from Shikkaripura Taluk Panchayat

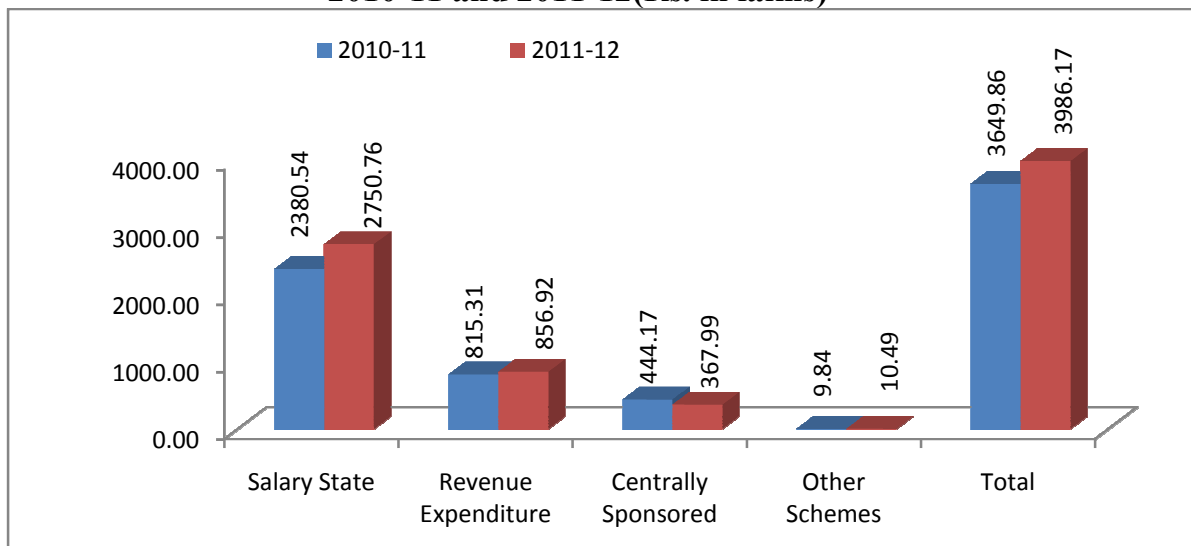
10.4. Average expenditure of Shikkaripura Taluk Panchayat is given in Diagram No. 18 and major portion of the expenditure (67 %) is under the head of salary state, more than one fifth (22.5) is under revenue expenditure and 11 percent is under the expenditure of centrally sponsored schemes. The expenditure on centrally sponsored schemes is decreased in the year 2011-12 when compared to that in 2010-11 and it is shown in Diagram No 19.

Diagram No. 18: Average Expenditure of Shikkaripura(Sample) Taluk Panchayat



Source: Table No.8

Diagram No. 19: Comparison of Expenditure of Shikkaripura Taluk Panchayat in 2010-11 and 2011-12(Rs. in lakhs)



Source: Table No.8

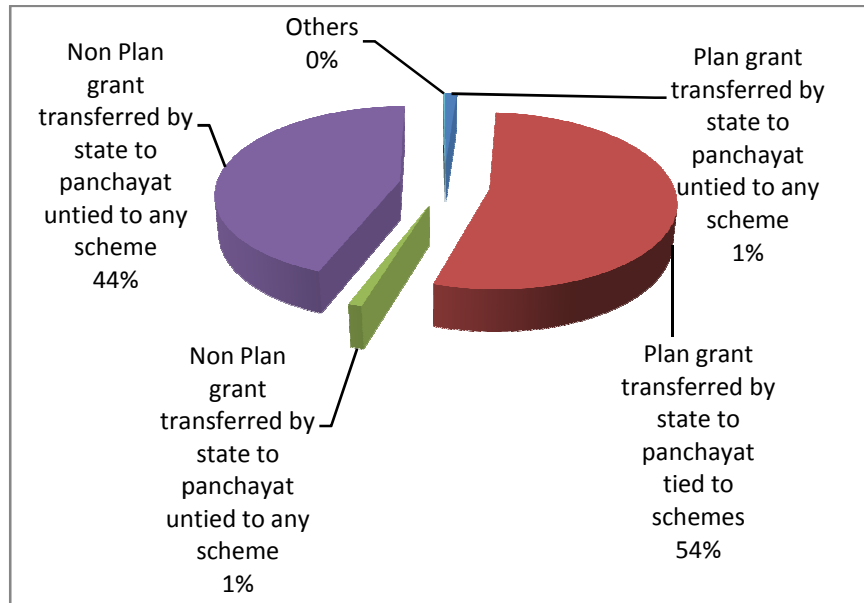
Table No. 8: Details of Expenditure of Shikkaripura (Sample) Taluk Panchayat

Year	Expenditure				
	Salary State	Revenue Expenditure	Centrally Sponsored	Other Schemes	Total
2010-2011	238054305	81530838	44417186	984010	364986339
2011-2012	275075910	85692081	36799305	1049340	398616636
Average per year	256565108	83611460	40608246	1016675	381801488

Source: Data collected from Shikaripura Taluk Panchayat

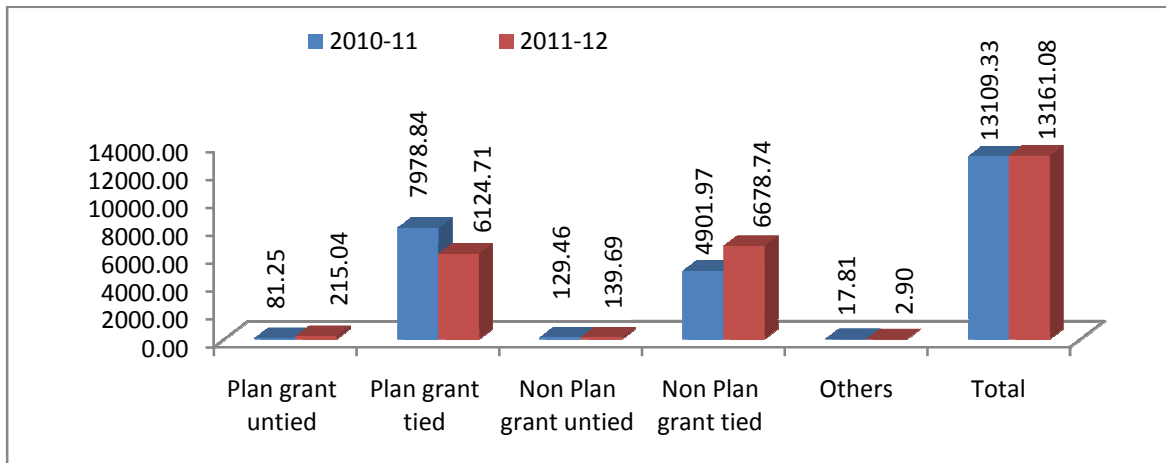
10.5. In Udupi Zilla Panchayat average fund availability is given in Diagram No. 20 and more than half (54 %) is from ‘Plan grant transferred by state to Panchayat tied to schemes’ and 44 percent is from ‘Non Plan grant transferred by state to Panchayat untied to any scheme’. Only the expenditure on other scheme is decreased in the 2011-12 when compared to that in 2010-11 and it is shown in Diagram No 21

Diagram No. 20: Average Fund Availability of Udupi Zilla Panchayat



Source: Table No.9

Diagram No. 21: Comparison of Fund Availability of Udupi(Sample) Zilla Panchayat in 2010-11 and 2011-12 (Rs. in lakhs)



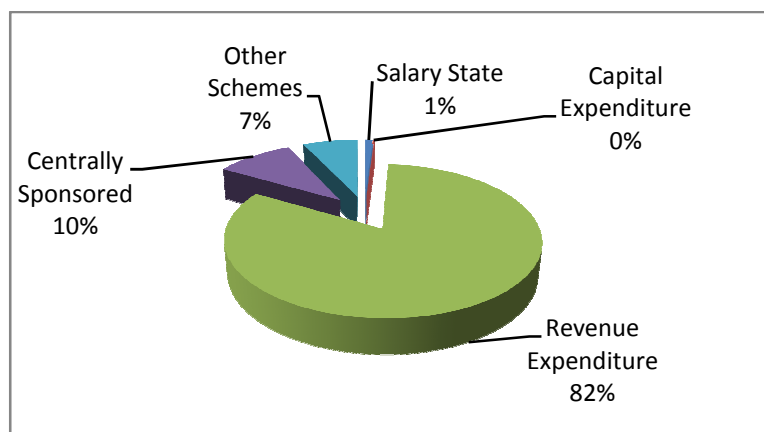
Source: Table No.9

Table No. 9: Available Fund from Different Sources of Udupi(Sample) Zilla Panchayat

Year	Fund Available (Rs)					
	Plan grant transferred by state to Panchayat untied to any scheme	Plan grant transferred by state to Panchayat tied to schemes	Non Plan grant transferred by state to Panchayat untied to any scheme	Non Plan grant transferred by state to Panchayat tied to schemes	Others	Total
2010-11	8125000	797883585	12946000	490197384	1781291	1,31,09,33,260
2011-12	21504000	612470974	13969000	667873790	290261	1,31,61,08,025
Average per year	14814500	705177280	13457500	579035587	1035776	1313520643

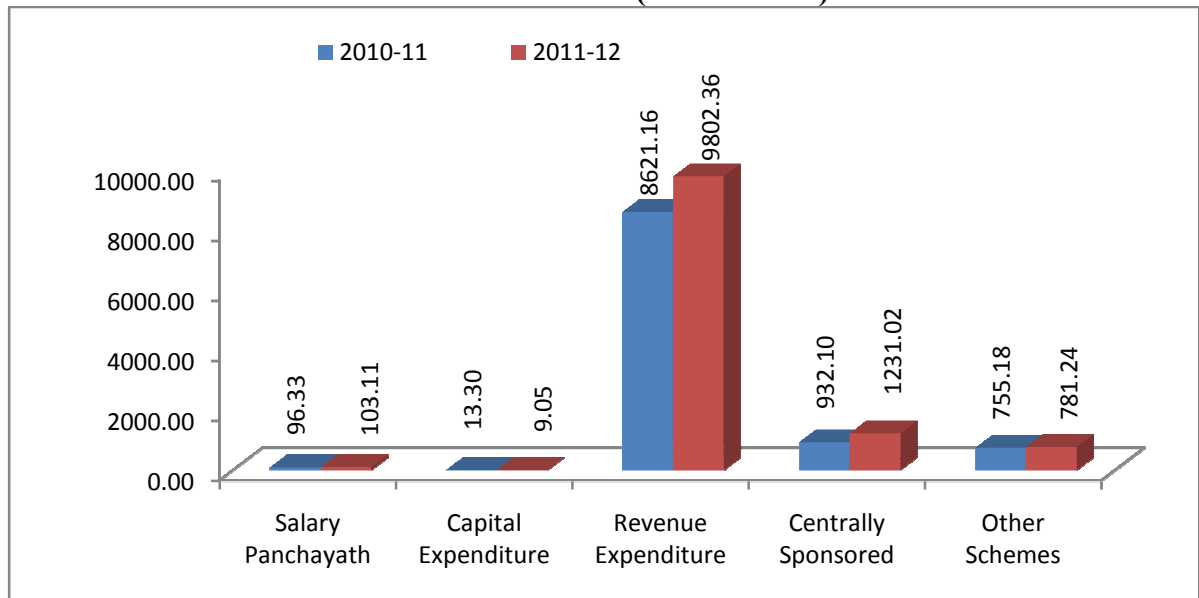
Source: Data collected from the Udupi Zilla Panchayat

- 10.6. Average expenditure of Udupi Zilla Panchayat is shown in Diagram No 22 and more than four fifth (82 %) is under the head of revenue expenditure, 10 percent is from expenditure on centrally sponsored schemes and seven percent is under expenditure on other schemes. When comparing the expenditure on two years (2010-11 and 2011-12) only the capital expenditure is decreased in the year 2011-12 and it is shown in Diagram No.23.

Diagram No. 22: Average Expenditure of Udupi (Sample) Zilla Panchayat

Source: Table No.10

Diagram No. 23: Comparison of Expenditure of Udupi (Sample) Zilla Panchayat in 2010-11 and 2011-12 (Rs. in lakhs)



Source: Table No.10

Table No. 10: Expenditure of Udupi (Sample) Zilla Panchayat

Year	Expenditure					
	Salary Panchayat	Capital Expenditure	Revenue Expenditure	Centrally Sponsored	Other Schemes	Total
2010-	9633251	1330000	862115863	93209846	75517665	1041806625
2011-	10310560	904970	980236096	123101644	78124282	1192677552
Average	9971906	1117485	921175980	108155745	76820974	1117242090

Source: Data collected from the Udupi Zilla Panchayat

11. Again, to get the picture of internal revenue mobilization more vividly the case of a Gram Panchayat from the Dharwada District is presented here. The internal revenue (own income) from different taxes of Gummagol Gram Panchayat is given in table No. 11. From this we can identify that the actually collected amount (realization) is more than that of demand and this is because of the increase in the collection amount of water rate and it is a commendable achievement.

Table No. 11: Tax Collection Details of Gummagol Gram Panchayat

Sl No	Name of Revenues	Collection Amount (in Rs)		
		Demand	Actually Collected	Percentage
1.	House or property Tax	91702	66947	73.00
2.	Surcharge on additional stamp duty	2700	2700	100.00
3.	Education Cess	9630	7091	73.67
4.	Lighting Rate	62507	53033	84.84
5.	Water Rate	274200	325156	118.58
6.	Any other	75802	73102	96.44
7.	Health Cess	14443	10126	70.11
8.	Library Cess	5503	4494	81.66
9.	Beggar Cess	2758	2232	80.93
Total		539245	544881	101.05

Source: Data collected from the Gummagol Gram Panchayat

Table No.12: Fund Available and Expenditure of Sample Gram Panchayats in the year 2010-11

Name of the GP	Revenue transferred by state	Fund Available (Rs)								Expenditure
		Own income	NFC	SFC	Plan grant tied	Plan grant untied	Non plan grant untied	Others	Total	
Thumbay		1177434	1740800	225701					3143935	21,77,166
Sirur		202110	499400	332333	624232		332333		1990408	1,20,286
Halengady	1436227	2811842	1097200	354200				275101	5974570	59,74,570
Bilikeri	670900	1006620	3392400	1114300	735000		580119	2585600	10084939	66,44,966
Bettampady		325085	311200	551678	221956			1791304	3201223	13,01,301
Maravanthe	450000	486994	166500	340200		13200	200000	2926304	4583198	17,22,322
Mutaga		1037882		135613		245228			1418723	11,53,138
Melinabesiga		302572	383000	0		450000		6137840	7273412	81,35,224
Gummagola		603582	507800	293579		449246	293579		2147786	11,70,903
Sanoor	670953	991796		340200	450000			330498	2783447	11,69,955
Yelwala	164090	4179444	163601	164880		456300			5128315	50,23,415
Total	3392170	13125361	8261901	3852684	2031188	1613974	1406031	14046647	47729956	3,45,93,246

Source: Data collected from the respective Gram Panchayats

Table No.13: Fund Available and Expenditure of Sample Gram Panchayats in the year 2011-12

Name of the GP		Fund Available (Rs)									Expenditure
	Revenue transferred by state	Own income	NFC	SFC	Plan grant tied	Plan grant untied	Non plan grant untied	Non plan grant from state tied to schemes	Others	Total	
Thumbay		1473513	1346281	460968				69000		3280762	2350877
Sirur		150360	823817	73362	855613		293362			2196514	141091
Halengady	1724660	2678855	1265057	378000					46613	6093185	6093186
Bilikeri	673373	1553196	860510	379300	463181				3710510	7640070	5034398
Bettampady		335255	456641	1514623	605934				1141342	4053795	1413602
Maravanthe	718606	420592	316976				36200		1604554	3096928	1660253
Mutaga		1399649	266803	227382	413012	280000			7291876	9878722	8029000
Melinabesiga		370000	269000			798000			3500000	4937000	5298198
Gummagola		553173	745108	244596	293338		244596			2080811	747861
Sanoor	808000	1046292	499033	499033	800000			1049218	21000	4722576	1949829
Yelwala		4263032	698241	217320					1000000	6178593	9066493
Total	3924639	14243917	7547467	3994584	3431078	1078000	574158	1118218	18315895	54158956	33755788

Source: Data collected from the respective Gram Panchayats

Conclusion

Karnataka is the one State which has not only pioneered the process of devolution even before 73rd amendment but also motivated policy makers to frame the provisions of the very 73rd Constitution Amendment Act .The State is also having the credit of incorporating all the major provisions of the central Act while making the State legislation on Karnataka Panchayati Raj Act .It is noticed that further amendments, rules ,orders, directions have strengthened the process of devolution through the mechanisms of transparency and accountability. After achieving the first generation framework criteria the state has started moving towards addressing the second generation framework criteria related issues. The State has very vibrant and functional District Planning Committee (DPC) with the Chairman of the Zilla Panchayat as the Chairperson. As a result, all the districts have prepared District Development Plans and some of the district

had gone ahead by constructing Human Development Report, District Vision Document and Natural Resource Data Management System (NRMS). One of the sample districts, the Udupi has received the *Manav Vikas – Human Development Award* during 2012 for the excellent achievement on preparing the Human Development Report. Karnataka had succeeded to introduce satellite based decentralized capacity building exercise. The major achievement in the area of personnel management is the newly appointment of Panchayat Development Offices (PDOs) in every Panchayat who are professionally qualified. All the Panchayat having infrastructure facilities with computers, e-mail and other web based systems. Again ,Udupi District has established an excellent vedio conference facility by connecting all the 146 Gram Panhayats , three Taluk Panchayats and one Zilla Pamchayat. The software package of the State such as *Panchathanthra* and *Panchamitra* needs appreciation. Both elected members and officials are quite comfortable with the software package. A social audit locally known as *Jamabandhi* is effective with *Jamabandhi* team in every taluka Panchayat *Jamabandhi* is conducted once in a year. Very recently 165 services in 11 departments including Rural Development and Panchayati Raj have been introduced under the Guarantee of Services to Citizens Act, 2011. (The Karnataka *Sakala* Services Act) Under the Department of Rural Development and Panchayati Raj 13 essential services which have a direct impact in shaping the quality of public goods and in turn on the well being and entitlement of rural citizens are listed under the Act. The Panchayat Development Officer is the designated officer as per the Act. Karnataka is the first State in the country was DRDA had been merged with the Zilla Panchayat way back in 1987. In Karnataka synchronization of law and of institutional mechanism with the Zilla Panchayat based on the principle of concomitance as envisaged in the Constitution is being successfully applied and operationalized as in the case of parallel bodies and Panchayats. The autonomy of Panchayat is concerned Karnataka stands top. The Karnataka Panchayat Raj Act does not provide any direct provision for suspension of Panchayat or representatives. However, some references in this direction in the Act are reported that it has never put in to force.

The funds are timely released based on the recommendations from the Third State Finance Commission. The devolution of finance could be widely seen. The NFC and SFC fund flow to the Panchayats is almost constant, stable and speedy. The participation in the Gram Sabhas gives the real testimony of trust, efficacy and social capital among the citizens 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 particularly in the southern parts of the State. The cases of Mutaga and Gummagola Gram Panchayats are really inspiring.

Though the Karnataka is ahead of other states in India in terms of devolution there are certain domains which need urgent attention. The State has not constituted the fourth Finance Commission which is in due. However, to oversee the recommendations of the Third State Finance Commission, the same commission has been re-constituted and is in operation. There is a permanent SFC cell in the State as it is envisaged by the 13 Finance Commission. The District in-charge Minister is seems to be a non comfortable domain for the District Panchayat in the State. However, the shortfalls do not come in the way to belittle the commendable achievements of devolution in the State. By and large the State is moving towards in making a higher achievement of devolution index. The verification procedure concludes and declares that the information provided is right, authentic and with necessary clarity.

Appendix No 1.i: Details of NFC (Gram Panchayat)

Sl No	Name of the GP	Year	Date	Amount (Rs.)
1	Thumbbay	2009-2010		1,54,200
		2009-2010		1,54,600
		2010-2011		2,58,900
		2010-2011		1,81,900
		2011-2012		2,23,408
		2011-2012		3,10,373
	Total			12,83,381
2	Sirur	2010-2011	18-08-2010	2,49,700
		2010-2011	07-02-2011	2,49,700
		2011-2012	20-05-2011	3,06,653
		2011-2012	26-03-2011	3,19,321
		2011-2012	09-04-2012	1,97,843
		2012-2013	12-06-2012	92,748
		2012-2013	02-08-2012	3,38,420
	Total			17,54,385
3	Halengady	2009-2010		78,900
		2009-2010		1,85,800
		2010-2011		39,300
		2010-2011		92,800
		2011-2012		1,52,475
		2011-2012		1,58,320
		2012-2013		34,389
		2012-2013		1,25,756
	Total			8,67,740
4	Bilikeri	2009-2010		1,25,100
		2010-2011		4,17,400
		2010-2011		2,93,200
		2011-2012		3,60,148
		2011-2012		5,00,362
		2012-2013		1,64,302
		2012-2013		4,48,743
	Total			23,09,255
5	Bettampady	2009-2010	08-09-2009	65,900
		2009-2010	10-03-2010	66,400
		2010-2011	11-05-2010	65,900
		2010-2012	18-08-2010	1,55,600

		2010-2011	07-02-2011	1,55,600
		2011-2012	28-10-2011	1,91,134
		2011-2012	05-03-2012	66,503
		2011-2012	27-03-2012	1,99,004
		2012-2013	09-04-2012	57,028
	Total			10,23,069
6	Maravanthe	2009-2010	13-03-2010	41,900
		2010-2011	24-09-2010	83,200
		2010-2011	13-12-2010	83,300
		2011-2012	09-02-2011	1,96,400
		2011-2012	18-11-2011	1,20,576
		2012-2013	27-03-2011	1,25,551
		2012-2013	10-07-2012	1,98,180
	Total			8,49,107
7	Mutaga	2009-2010	13-03-2010	1,15,500
		2010-2011	17-08-2010	90,700
		2010-2011	05-02-2011	90,700
		2011-2012	28-10-2011	1,11,400
		2011-2012	26-03-2012	1,15,982
		2012-2013	12-06-2012	34,777
		2012-2013	02-08-2012	1,22,925
	Total			6,81,984
8	Gummagola	2010-11	28/08/2010	2,53,900
		2010-11	7/2/2011	2,53,900
		2011-12	25/10/2011	3,11,853
		2011-12	28/02/2012	1,08,519
		2011-12	26/03/2012	3,24,736
		2012-13	9/4/2012	92,678
		2012-13	12/6/2012	18,404
		2012-13	12/6/2012	31,550
		2012-13	12/6/2012	44,367
		2012-13	2/8/2012	3,44,159
	Total			17,84,066
9	Sanoor	2011-12	29.10.2011, 05.03.2012, 27.03.2012	4,99,033
	Total			4,99,033

10	Yelwala	2010-11	8/8/2010	1,63,601
		2010-11	9/2/2011	1,63,100
		2011-12	24/10/2011,	2,00,274
		2011-12	5/3/2012	69,688
		2011-12	27/03/2012	2,08,526
		2012-13	10/04/2012,	59,617
		2012-13	22/06/2012,	20,209
		2012-13	26/06/2012	11,789
		2012-13	30/06/2012	28,630
		2012-13	16/08/2012	2,21,022
		Total		
11	Melinabesige	2010-11	4/6/2010	1,14,000
		2010-11	26/08/2010	2,69,000
		2011-12	9/2/2011	2,69,000
	Total			6,52,000

Appendix No.1.ii : Details of NFC (Taluk Panchayat)

Sl No	Name of the TP	Year	Date	Amount (Rs.)
1	Shikaripura	2009-2010	15-01-2010	10,06,000
		2009-2010	27-03-2010	10,06,000
		2010-2011	05-08-2010	23,75,000
		2010-2011	03-02-2011	23,75,000
		2011-2012	21-10-2011	29,18,000
		2011-2012	24-03-2012	30,38,000
		2012-2013	07-04-2012	32,20,000
		2012-2013	04-08-2012	27,75,000
				1,87,13,000
2	Karkala	2009-2010	23-06-2009	5,97,000
		2009-2010	15-01-2010	5,97,000
		2009-2010	29-03-2010	5,97,000
		2010-2011	28-05-2010	1,41,000
		2010-2011	03-02-2011	1,41,000
		2011-2012	21-10-2011	17,32,000
		2011-2012	01-03-2012	6,02,000
		2011-2012	24-03-2012	1,803,000
		2012-2013	07-04-2012	5,20,000
		2012-2013	16-06-2012	5,30,000

		2012-2013	04-08-2012	19,11,000
				91,71,000
3	Puthur	2010-2011	05-08-2010	14,97,000
		2010-2011	03-02-2011	14,97,000
		2011-2012	21-10-2011	18,38,000
		2011-2012	01-03-2012	6,40,000
		2011-2013	24-03-2012	19,14,000
				73,86,000
4	Bantwal	2010-2011	05-08-2010/ 03-02-2011	36,72,000
		2011-2012	01-03-2012/ 24-03-2012/ 04-08-2012	56,22,000
		2012-2013	07-04-2012/ 16-06-2012	12,50,000
				1,05,44,000

✓ Data on NFC details is not available in Mysore Taluk Panchayat

Appendix No.1.iii :Details of NFC (Zilla Panchayat)

Sl No	Name of the ZP	Year	Date	Amount (Rs.)
1	Dakshin Kannda	2009-2010	07-01-2009	16,76,500
		2009-2010	01-04-2010	16,76,500
		2010-2011	03-08-2010	39,61,000
		2010-2011	03-02-2011	39,61,000
		2011-2012	21-10-2011	48,63,000
		2011-2012	24-03-2012	50,64,000
		2012-2013	02-08-2012	53,66,000
	Total			2,65,68,000
2	Udupi	2009-2010	07-01-2010	10,27,000
		2009-2010	01-04-2010	10,27,000
		2010-2011	03-08-2010	24,28,000
		2010-2011	03-02-2011	24,28,000
		2011-2012	21-10-2011	29,79,000
		2011-2012	01-03-2012	10,37,000
		2011-2012	24-03-2012	31,02,000
		2011-2012	07-04-2012	9,00,000
		2011-2012	13-06-2012	8,90,000
		2012-2013	02-08-2012	32,88,000
	Total			7,22,42,000

Source: Data collected from the respective Panchayats