

February 2013

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

*SUBMITTED TO*

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NEW DELHI**

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

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## Abstract

The verification brings out the extent of devolution carried out by the State of Punjab in the recent years. It shows the current dynamics in devolution of power, finances, functions and functionaries in the existing three tier system of Panchayati Raj in the State. The process of decentralization in Punjab has not kept pace with many other States and that devolution in Punjab is thriving to build successful models.

The primary objective that is the framework Criteria had been fulfilled. Some of the major achievements include the formation of Election Commission, State Finance Commission and The District Planning Committee. The rate of participation in the Gram Sabhas is good. Since it is an agrarian society the two Gram Sabha meetings are related to the agriculture seasonality of the State. However it is to be noted that no finance is being provided by the State to convene Gram Sabhas. Even though the DPCs are constituted none of them have submitted the district plans. The State has its own capacity building framework to train the elected representatives and officials of the Panchayats which in turn had positive results. The field verification shows that majority of the functionaries (both elected representatives and officials) from the selected Panchayats had undergone training on different subjects during last two years.

As far as the physical infrastructure the State have to move a long way. Only 48.12 per cent of the Gram Panchayats are having proper building (*ghar*). All facilities of e-connectivity are totally absent in the Gram Panchayats. The absence of an institutional mechanism to undertake the complaints of Panchayats other than government agency is a major lacuna in the area of transparency and anti-corruption in the State. The institutions of Panchayat Ombudsman and Lokayukta are yet to be introduced in the State. Social audit is also in a rudimentary stage in the State and is conducted only in the domain of MGNREGA at the Gram Sabha meetings under the supervision of Panchayat Samitis. The parallel bodies exist both at the village and the district level in the State. Many sections in the State Act may create impediments in the autonomy of Panchayats.

The funds are timely released based on the recommendations from the National Finance Commission (NFC) and the fund flow to the Panchayats is stable. The PRI's are not receiving any SFC grant owing legal issues. Electronic transfer system of funds has yet to be introduced in the State.

It is to be stated that decentralized planning for socio economic development and social justice in its complete sense has not fully evolved in the State of Punjab. The decentralization and devolution process is still in its initial stages. It is high time to clear all the backlogs and address the existing gaps. A new approach is to be formulated in this regard which would help in taking forward the decentralization process and will help in evolving a new dynamics in local self governance. It could, however, be concluded by stating that the information provided by the State is clear, legible and authentic.

# STATUS PAPER ON DEVOLUTION IN PUNJAB

## Introduction

The local self governments are the best instruments for democratic decentralization in India. The Panchayati Raj system has occupied an important role in the democratic system of India. The 73rd amendment of the Constitution marks a major change in the history of democratic decentralization in India. It was after the 73<sup>rd</sup> amendment that the institutions of Panchayati Raj became systematic and devolution of power could be seen penetrating to the lower rungs of administration. Such type of democratic decentralization creates better administration and developmental perspectives resulting in quick rural development through effective local participation.

The Panchayat System in Punjab dates back to the 1912 which was substantially expanded there after. With the 73rd Constitutional Amendment Act, 1992, the state government enacted, the Punjab Panchayati Raj Act, which replaced the Gram Panchayat Act in Punjab. The Act has endowed Panchayats with powers and authority necessary to enable them to function as institutions of self-government. The PRIs in Punjab comprised of three institutions namely gram Panchayats, Panchayat samitis and zilla parishads. After the 73rd Constitutional amendment, State Governments are devolving functions, functionaries and funds to PRIs in order to enable them to function as an effective self-government. The Government of Punjab, in January 2004, through a notification transferred six departments to local self-government. The distribution of functions among the three tiers of PRIs also varies from state to state.

It is observed that devolution and decentralization process is still in its initial stages in Punjab and it is noticed that the line department functionaries still continue to exercise power and authority. An overlap in the functions of three different tiers of PRIs i.e. could be noticed. The Punjab Panchayati Raj Act, 1994, envisaged that the Panchayat secretaries should act under the control of Panchayats. The Panchayat secretaries,

however, are posted at the Panchayat samiti headquarters and do not consider themselves as employees of the Panchayats. One Panchayat secretary has to deal with four to five villages.

The Panchayats are the grass root democratic institutions and need to be further empowered through effective devolution of functions, finances and functionaries. This asks for an evaluation of the current devolution status and the existing gaps, the fulfillment of which will result in a sound Panchayati Raj System. This should also be read in the context of the Panchayat Empowerment and Accountability Incentive Scheme (PEAIS) and the devolution index.

Hence, for assessing the existing devolution pattern and for finding the inherent gaps, creation of a set of parameters and indicators becomes necessary. This would result in a Panchayat strengthening index. It is in the above context that a verification procedure is envisaged and the assignment will attempt to analyze the overall processes and dimensions of the local self governance and decentralization. The verification assignment is intended to support the Panchayat strengthening index and to certify the status of development in Punjab.

### **Approach & Methodology**

The Indian Institute of Public Administration (IIPA) was consulted for working out the sample size and as such the State of Punjab was selected for the proposed assignment. A minimum sample of 10 Gram Panchayats, five Panchayat Samitis and two Zilla Parishads were covered for the assignment. Steps were taken to collect relevant information from the officials at the State headquarters. The opinion of the officials at the higher levels was taken and their suggestions were considered in the selection of Panchayats for the verification.

Panchayats which stood in a moderate range in terms of its performance were selected as suggested by the Officials. The sample Panchayats considered were by and large 'representative in nature' despite the smaller sample size. However, as the purpose of the sample verification is to assess performance of the Panchayats a slight edge was given in favor of the relatively better performed Panchayats.

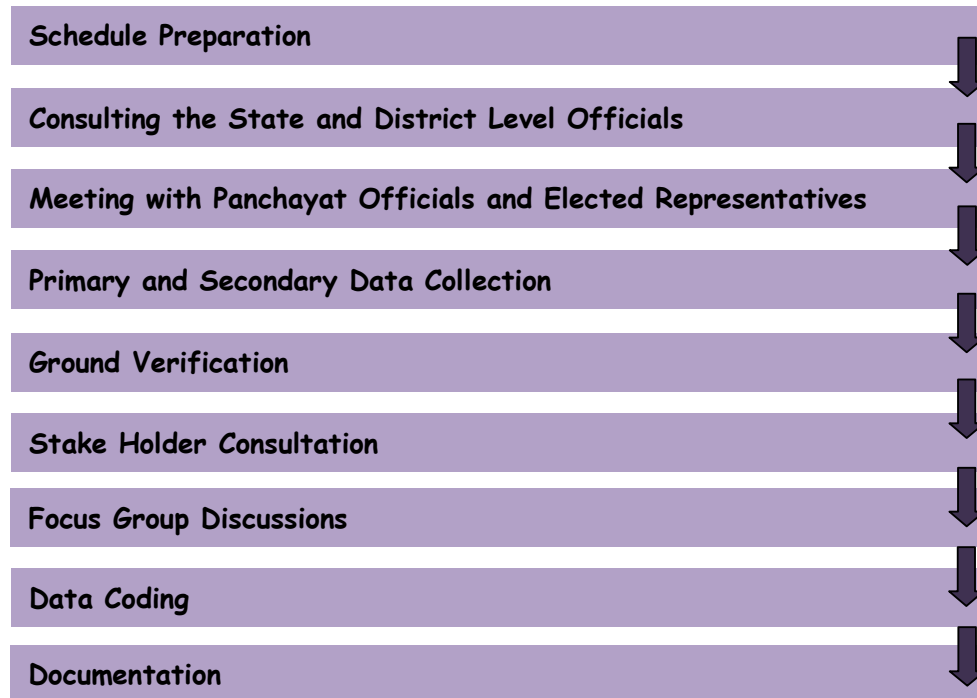
The performance of the Panchayats is evaluated and assessed based on certain indicators like the framework criteria, its implications, accountability, transparency and aspects related to functions, finances and functionaries. To support this purpose ground verification was undertaken for which a structured questionnaire was used and all the major stakeholders were considered. State level officials, District level officials, officers at the AG office, at the Local Fund office etc were consulted during the exercise. Field works were carried out to verify the case studies provided by the Panchayats. In some cases local citizens' response and the level of efficacy towards the local Panchayats were collected.

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

Sl No	Zilla Parishads	Panchayat Samithis	Gram Panchayats
1	<b>Mansa</b>		
2	<b>Ludhiyana</b>		
1		<b>Sardur Garh</b>	
2		<b>Sudhar</b>	
3		<b>Budhlada</b>	
4		<b>Dorha</b>	
5		<b>Mansa</b>	
1			<b>Tugal</b>
2			<b>Guman</b>
3			<b>Heerkak</b>
4			<b>Hissowal</b>
5			<b>Kalloho</b>
6			<b>Kherakalan</b>
7			<b>Bagowal</b>
8			<b>Jhanda Khurd</b>
9			<b>Aspal</b>
10			<b>Katana</b>

First hand information, existing reports, 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.

### Methodology Flow Chart



### Devolution in Punjab

As in the case of any other state, the historical evolution of Panchayati Raj in Punjab can also be classified in three phases and they are the phase during British rule, the phase after independence and the phase of post 73<sup>rd</sup> constitutional amendment period. After independence, the Gram Panchayat Act, 1952 was enacted by the Government of Punjab, which replaced the Village Panchayat Act 1939. In 1961, a three tier structure of the Panchayati Raj system (with Gram Panchayat at the village level, Panchayat Samiti at the block level and Zilla Parishad at the district level) was introduced by abolishing the earlier existing of districts boards. In the functional history of Gram Panchayats there was no discontinuity. In the Constitutional Amendment Act, 1992, the earlier Gram Panchayat Act, 1952 was replaced by the Punjab Panchayati

Raj Act, 1994. It is observed that, though all the major features of the Act are in conformity with central legislation, the functional domb.

In this context one may raise a question, why there is wide difference in the functional domain of Panchayats across the states, when the features of the Panchayati Raj Acts of the Indian states are more or less same with little variation. In order to probe the question and to improve the working of the Panchayati Raj system, the Government of Punjab had appointed several committees (Rajinder Singh Committee, Badal Committee, Harcharan Singh Committee and Departmental Officers Committee) The Badal Committee may be one who could understand the reasons of the deficiencies and the poor performance of the Panchayati Raj system in Punjab and it may be worthwhile to refer. *“Panchayati raj was introduced in this state more as a result of the National Policy of the Central Government rather than as an act of faith and as a means to bring about effective decentralization. Although comprehensive legislation was brought about through Panchayati Raj Acts, yet these institutions suffered from lacks of funds and genuine transfer of power and responsibly”* The devolution process had started only in 2004, after a decade of passing the Punjab Panchayati Raj Act 1994 , by transferring six departments to the Panchayats by the Government of Punjab. The activity mapping has been conducted and as per the role is fixed. The departments are; social security women and child development, welfare of Scheduled castes and backward classes, public health , rural department & Panchayati raj ,health & family welfare ,and school education . As per the activity mapping, the Gram Panchayats have been given the power to select beneficiaries and implementation of certain development programmes, Panchayat Samitis to provide technical support to the Gram Panchayats for the implementation of the programmes whereas Zilla Parishads have to allocate and monitor different schemes. However, it is observed that the real autonomy in discharging the activities of the transferred subjects is not vested with the Panchyats and Panchayats are having only consultative role. It is observed that the concerned department of the state decides the final selection of beneficiaries though legally it is assigned to the Gram Panchayats. In any developmental issue it is argued that the final decision is vested with officials rather than the elected representatives and in real judgment, the Panchayats are only

permitted to assist the departments of the Government. Since the process of decentralization has been started very late in Punjab, the level and passion of devolution is also very slow as compared to other states of India

As per the Constitutional requirement, in the State there is an Election place for conducting elections to the Panchayats and who is appointed by the Governor of the State for a period of five years. The emoluments service conditions and provisions for removal are at par with a Judge of the High Court. In the State all elections are conducted in regular intervals of five years and the last elections were conducted in 2008 and the next elections are due in 2013. In all the case of vacancy of seats due to death, resignation and suspension and removal of the elected representatives, by elections were held with in the time limit except in the case of special circumstances state election, preparation of electoral rolls and census survey. Since the State Government did not provide any support to purchase electronic voting machines (EVM), Panchayats had not been used it for elections .So far no attempt is made to introduce EVM for Panchayat elections

The Panchayatt Raj system consists of a three tier structure with the Gram Panchayat at village level, Panchayat Samiti at the block level and Zilla Parishad at the district level. There are altogether 12775 Gram Panchayats ,143 Panchayat Samitis and 22 Zilla Parishads (including newly formed districts of Fazilla and Pathankot). A Gram Panchayat consists of a Sarpanch and five to 13 members. Under the Panchayat Raj Act, it is envisaged a Gram Panchayat will discharge duties and responsibilities relating to the subject mentioned in the 11<sup>th</sup> Schedule of the Constitution. Among the powers, preparation of annual development plans and budget are the major assigned activities of the Gram Panchayats. There is a provision for constituting three standing committees in Gram Panchayats and they are :( a) Production Committee, (b) Social Justice Committee, and (c) Amenities Committee. The production committee is for performing functions relating to agriculture, animal husbandry, rural industries and poverty alleviation programmes. Promotion of education, protection of the interest of Scheduled Castes, Backward Classes and other weaker sections and welfare of women and children are the major assigned function of the Social Justice Committee.

Amenities Committee is proposed to perform functions in respect of education, public health, public works and other functions of the Gram Panchayats. Each committee consists of members between three to five including the Sarpanch who is the ex-officio chairman of all the three committees. Provisions are made to accommodate at least one member who is a woman and another member who is either a Scheduled Caste or Backward Classes. According to the sub section of the Act, each standing committee is empowered to co-opt members of farmers club, mahila mandals, yuvak mandals and other similar bodies recognized by the State Government. It is surprise to note that any of the standing committees are not even constituted in any of the 10 selected Gram Panchayats in the State. So far, no attempt has been made for the constitution and functioning of the standing committees. The Secretary is in charge of the office of the Gram Panchayat who has to perform the duties and exercise the powers. As per the provision in the Act, the Secretary has to work in all matters under the control of the Sarpanch and through he /she is responsible to the Gram Panchayat. The secretaries are appointed on regular basis and the post is subjected to both recruitment and service rules. The Panchayat Director is the recruiting authority of the post subjected to post is regular. During the time of field work not even single occurrence has been noticed as it is mentioned above. On the contrary, what it is noticed in the selected Gram Panchayats, is the overall supervision and control of the Secretary rather than the 'Secretary is being controlled by the Sarpanch'. In the State, the total sanctioned strength for the post of Panchayat Secretary is 2242 as against the total number of 12776 Gram Panchayats. Again the actual strength is only 1741 by keeping around more than 501 posts are being vacant. It shows that as per the sanctioned strength more than five Gram Panchayats have to share the service of one Secretary. But in practice, as per the actual strength, the service of one secretary has to share among more than seven Gram Panchayats on an average. This has been clearly reflected in the selected Gram Panchayats. In the sample Gram Panchayats on an average, the service of one secretary has to share among eight Gram Panchayats. It is reported that there are cases in which one secretary has to cover 12 Gram Panchayats. Though it is be justified by arguing the very small size of the Gram Panchayats in Punjab, the ratio between number of Gram Panchayats and the number of the

Secretary is crossed the natural wisdom of administrative dynamics and thereby making impediments in the efficiency of the system. This may be one of the reasons for the poor performance of the Gram Panchayats in the State .Though there is another category of staff in the Gram Panchayat known as Gram Sewak , the official data on their strength at the State level is not available. Among the selected Gram Panchayats only a few of them are having the service of Gram Sewak . As in the case of Secretaries in the Gram Panchayats, the staff in the Panchayat Samitis is also regular with recruitment and service rules .And their designation of recruiting authority is the State Government. There may be 15 to 25 members in the Panchayat Samiti whereas the number of the Zilla Parishad is between 10 and 25. It is noticed that 26 functions are assigned to Panchayat Samiti. In each Panchayat Samiti, there is one Block Development and Panchayat Officer , one Social Education and Panchayat Officer ,one Panchayat Officer (samiti side) , one Accountant , one Superintendent, four clerks (including two for samiti side) and one Mukh Sawika . In the case of Zilla Parishad, the Act assigns 22 function. In every Zilla Parishad there is one Chief Executive Officer (CEO), one Deputy Chief Executive Officer, one Superintendent, one Accountant, four to five ministerial staff and other sub staff. The recruiting authority of the staff under Zilla Parishad is the State Government and they are under regular appointment subjected to recruitment and service rules. There is a provision in the Act to constitute standing committees in all three levels of Panchayats. There are three standing committees for every Gram Panchayat and Panchayat Samiti. At the Zilla Parishad level there are five standing committees .Though the functions of the standing committees are envisaged in the Act, in practice it is surprise to note that these committees are not functional in any of the Panchayats in the state. Though the District Planning Committees are in operational there are certain impediments for the democratic functioning of the institution. The chairperson of the DPC is not an elected representative of Panchayat or Municipality .It is observed that in 2010-2011 not even a single DPC had prepared and submitted an integrated district plan to the state government. And the record if DPCs in 2011-2012 is also poor, only two of them had submitted the district plan. The autonomy of the Panchayats may be explained by examining the 'control mechanism exerted by either the department or the

government. The autonomy of the Panchayats is challenged by certain provisions in the State Act .1) The representatives of the Panchayat Samitis and Gram Panchayats can be suspended by the State Government and Director of Panchayat respectively. 2).The state Government is vested with the power of suspending the Panchayat committee. 3). A state level officier (the director of rural development & Panchayatas) the power to resent the resolutions of the Panchayats . The real status of the Panchayats in the state has been reflected in the devolution index prepared by the Eleventh Finance Commission and as per the index Punjab scores only 2. 0, as against the score value of 9.6, 9.1, and 5.9 by Madhya Pradesh, Maharastra, and Karnataka, respectively.

While exploring the answer of a major question related to devolution (Why Government Devolve), Mitra and Verma have tried to work out possible determinants of devolution. Two determinants of the authors may be applied to explain the status of devolution in Punjab. First is the attitudes and perception of the governing elite at the state level and it is known as willingness to devolve (WTD). WTD tries to measure the attitudes and perceptions of the ruling elite. These may be the possible factors worked behind the policy decision of the government on the degree of devolution. It is hypothesized that poor the WTD, more negative the attitude of the ruling elite towards the devolution of power to local bodies and poor the extent of devolution. The degree of the willingness of the governing elite at the state level to share power and patronage to the local governments shows the reflection of the poor status of devolution in Punjab. Ethno-linguistic fractionalization (EFI) is the second determinant of devolution in a given state. EFI shows the probability that any two persons selected by random sample from within a group belong to different ethno-linguistic fractions (Mauro, 1995). It is hypothesized that the lower the EFI, the lower the extent of ethnic diversity in the concerned state. An index is worked out, which is known as diversity index (DI) by considering the diversity of the population (number of caste/community /linguistic groups within a state). Low level of diversity among the Punjabi population estimates fairly low DI. While measuring the quality and level of devolution in the state of Punjab, the fairly low value of the two major determinants (WTD and DI)

works against. The combination of two factors along with others factors may be a possible explanation of the poor record of decentralization in the state of Punjab.

## **Gram Sabha**

According to the Punjab Panchayat Raj Act, there are two mandatory meetings per year, one is in the month of December (*Sawni Meeting*) and other is in the month of June (*Hari Meeting*). The quorum of the Gram Sabha is one –fifth of the total number of its voters . Since it is an agrarian society the two Gram Sabha meetings are related to the agriculture seasonality of the State. The *Sawni Meeting* takes place after the harvest of the sawni crop and *Hari Meeting* after the harvest of hari crop. The dates of the Gram Sabha meetings can be fixed by the *Sarpanch* .The Sarpanch presides over the meeting of the Gram Sabha and in the absence any Panch to be elected for presiding the meeting .The secretary and the Gram Sewak attend every general the meetings of the Gram Sabha . It is also mentioned that in the absence of two consecutive general meeting of the Gram Sabha, the *Sarpanch* ceases to hold the office. There is a provision for special Gram Sabha and it is known as ‘extraordinary general meeting of the Gram Sabha’. However, no special Gram Sabha meetings had been reported in the State during 2011-2012. No financial support was provided from the State to convene the meetings. Out of the ten selected Gram Panchayats five of them had reported that an average of Rs 600 had been utilized to convene the meetings. The eight functions are assigned to the Gram Sabha and they are; (a) to approve annual budget and plan of development programmes and review annual statement of accounts and progress report ; (b) to render assistance in the implementation of development schemes pertaining to the village ;(c)to identify beneficiaries for the implementation of development schemes pertaining to the village ; (d)to mobilize voluntary labour and contribution in kind or cash or both for the community welfare programmes ;(e) to promote programme of adult education and family welfare within the village (f) to promote unity and harmony among all the sections of the society in the village;(g)to seek clarifications from the Sarpanch and Panchas of the Gram Panchayats about any particular activity, scheme, income and

expenditure; and to perform such other functions as may be prescribed . In accordance with the above provisions in the Panchayat Raj Act, the 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 and preparation of labour budget. It is observed that among the selected Gram Panchayats, majority of them are doing the assigned roles. Development plans are discussed in the Gran Sabha, generally budget and accounts are passed in the month of April and beneficiaries lists are finalized in the Gram Sabha). In addition to this, there is a recent initiative to conduct four meetings in a year and the dates are fixed as, 26<sup>th</sup> January, 1<sup>st</sup> May, 15<sup>th</sup> August and 2<sup>nd</sup> October. Annexure 1 gives an impression that more than the mandatory number of Gram Sabha meetings was held during 2011-2012 in all the selected 10 Gram Panchayats. A system has been developed in the State to monitor and ensure the two general meetings of the Gram Sabha .The Panchayats are asked to display the dates of the Gram Sabha on the notice board at common places in the Panchayat area. The Extension Officers of the Block are deputed to monitor the Gram Sabha meetings. Very little measures are taken by the State to promote peoples' participation through associational life such as Ward Sabha ,Mahila Sabha and others below Gram Sabha . It is reported by the State officials that *Mahila Sabhas* are formed at Gram Sabha level but there are no evidence from the selected Gram Panchayats to substantiate the presence of them. In 2011-2012, the State has not recommended any Gram Panchayat for *Gaurav Gram Sabha* .

As per the Constitutional requirement, the State of Punjab has a three tier structure of Panchayat Raj with 12776 Gram Panchayats, 145 Panchayat Samiti and 22 Zilla Parishads at the villages, block and district level respectively. Altogether there are total 84138 elected representatives under the Panchayat Raj System in the State. Out of this one third are women representatives and nearly 30 of the seats are reserved for the Scheduled Castes. With in the reserved seats for women and Scheduled Caste, some seats are again reserved for women belong to the Scheduled Castes . As per the Act, one seat is reserved for Backward Classes in a Gram Panchayat where the population of Backward Classes in the area is more than 20 per cent of the total population of that area. However, there is no reservation in the offices of Sarpanches

for Backward Classes. There is no scheduled tribe population in the State. Apart from the reservation of seats, there is no State specific support for Scheduled Caste population.

### **District Planning Committee**

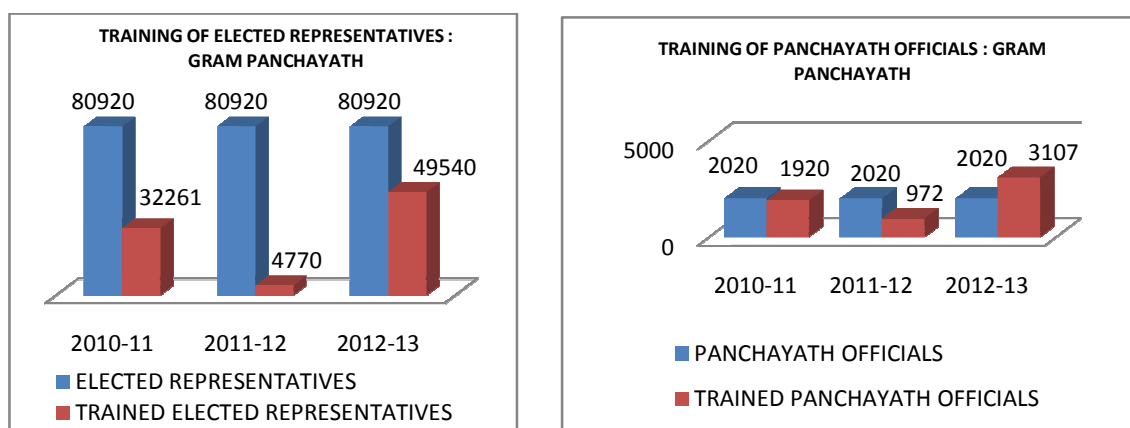
Section 214 of the Panchayat Raj Act deals with the District Planning Committee (DPC). This is really a verbatim of the provisions of the Article 234 ZD of the Constitution. Though it is reported that DPCs are functional, holding meetings for planning purposes (for integrating rural and urban plans to district plans) and issued guidelines for the preparation of district, so far no DPC had been submitted district plans to State Government. And hence, the Plans of the DPCs have nothing to do with the State plan.

### **Capacity Building Framework**

The State has its own capacity building framework to train the elected representatives and officials of the Panchayats. The institutional support for training is available throughout the year and usually it takes six to nine months to complete the training of all the functionaries. The State Institute of Rural Development (SIRD) has empanelled 195 trainers for conducting training to the functionaries of the Panchayats (both elected representatives and officials). The academic profile of the trainers gives an impression that they are highly qualified young professionals with post graduation in social sciences, education, medicine, law, agriculture, and engineering. There are some senior retired officials from different line departments and retired faculty of different training and academic institutions among the trainers. In addition to this, the support of 45 trainers from CRRID is also availed for the training purposes. Though no training needs assessment (TNA) has been conducted in the last three years, some recent training programmes has been organized for Panchayats under different subjects such as BRGF, NRHM, RGSY, PEAIS, SGSY Gran Sabha, financial management of PRIs, Women development, Consumer Protection Act, Right to Information Act, village development Plan, drinking water and sanitation etc.

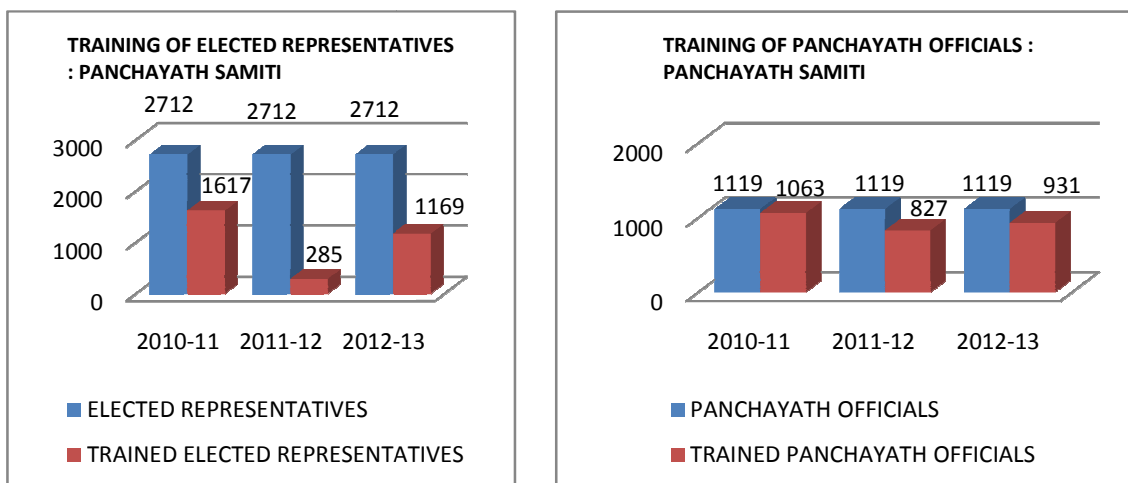
different methods of tools (lecture, group discussions, field work and other participatory exercises) are applied for conducting training. It is revealed that 20 Panchayat Resource Centres are proposed to launch in 2013-2015. Distance learning through satellite based training has yet to launch in the State. The official data on the participation of Panchayat functionaries on different training programme is poor during the last few years and the data on sex wise breakup is not available in the State. It is reported that only 28 per cent of members from Scheduled Castes have attended the training programme. Apart from the feedback from the participants at the end of the programme, there is no mechanism to assess the impact of the training programme. The reasons for low level attendance of the training programmes is to be probed further and a scientific training needs assessment study may be suggested. However during the field work it was noticed that the situation was entirely different. The primary data shows that all the functionaries (both elected representatives and officials) from the selected Panchayats had undergone training on different subjects during last two years. The Diagram No.1,2 &3 clearly indicate the status of capacity building exercise among the elected representatives and officials for a period of three years (2010-11,2011-12 & 2012-13)

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



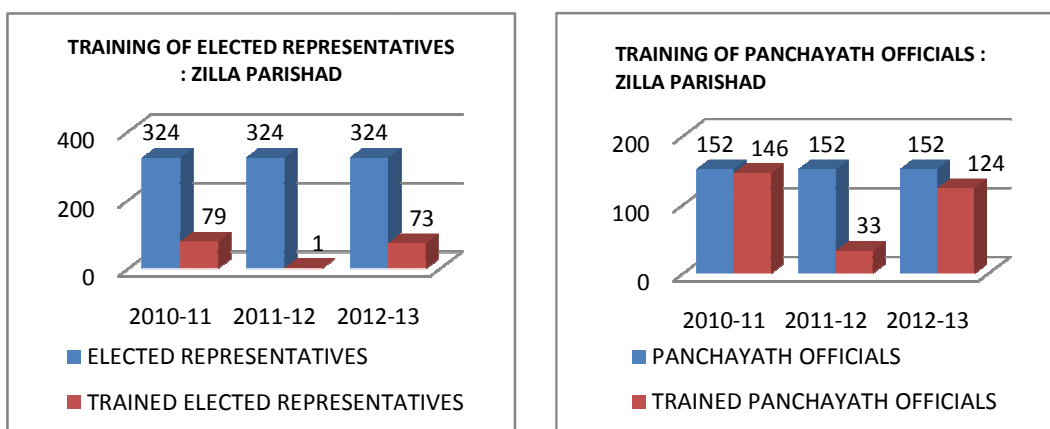
Source: Based on the data furnished by the State Officials

**Diagram No.2: Participation of the Training program by the Panchayath Functionaries of Panchayat Samithi**



Source: Based on the data furnished by the State Officials

**Diagram No.3: Participation of the Training program by the Panchayath Functionaries of Zilla Parishad**



Source: Based on the data furnished by the State Officials

Out of the total Panchayats in the State, only 40.03 percent have conducted performance audit during the last financial year of 2011-2012. There was a good response for furnishing information for PEAIS in 2011-2012 and it is reported that 39.94 per cent of Gram Panchayats, 44.14 per cent of Panchayat Samitis and 63.64 per cent of Zilla Parishads have participated the scheme. 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 Panchayat Samities 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 Panchayat Samities and Zilla Parishad and verifies the records of top three Zilla Pariahads , six Panchayat Samitis and one Gram Panchayat from each district. And finally the State level committee recommends two Zilla Parashads, three Panchayat Samities and eight Gram Panchayats to the Govt. of India for Award. So far, the State has not instituted any other incentive for either the best performing Panchayats or the best performing elected representatives. There is also no support mechanism for the poor performing Panchayats.

### **Infrastructure& Other Facilities**

As far as the physical infrastructure is concerned only 48.12 per cent of the Gram Panchayats are having proper building (*ghar*). All facilities of e- connectivity are totally absent in the Gram Panchayats whereas it is available in all the Panchayat Samities and Zilla Parishads. They are equipped with all types of e- connectivity (computers, scanners, telephones, LAN/WAN, internets, wireless connectivity and e-mail address.(Refer Annexure No.15 & 16) It is revealed that all Panchayat Samities and Zilla Parashad are regular in uploading their data online and use Information Communication Technology (ICT) for delivering services. However, at the State level there is no specific data to show how many of the services are delivered by applying ICT. In computer application, 819 officials have been trained in 2011-2012.Two major software (*Plan Plus* and *PRIA*) are in use in the State and the State also has

developed its own software for the functioning of the Panchayats. It is reported that in 2011 the State has been nominated for the e- Panchayat award .

### **Transparency and Anti- Corruption**

In the area of transparency and anti –corruption very little developments has been noticed in the State. 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. Block Development Panchayat Officer (BDPO) is in charge of the Panchayat Samities whereas the Deputy Chief Executive Officer (DYCEO) holds the post in Zilla Parishad. The first appellate authority of the Gram Panchayat ,Panchayat Samitis Zilla Parishad are the Block Development Panchayat Officer ,District development Panchayat Officer and Additional Deputy Commissioner 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. However, at any level the provision of Citizen’s Charter is not visible in the State. The absence of institutional mechanism to undertake the complaints of Panchayats other than government agency is another lacuna in the area of transparency and anti-corruption in the State. The institutions of Panchayat Ombudsman and Lokayukta are yet to be introduced in the State.

### **Social Audit**

Social audit is also in a rudimentary stage in the State. Once in a year, it is conducted only in the domain of MGNREGA at the Gram Sabha meetings under the supervision of Panchayat Samitis. No report of the social audit is put in public sphere. No action taken report (ATR) is discussed in the Gram Sabha. There is no social audit team in the State. However, efforts are made to create awareness among the members of the Gram Sabha for their active participation in the social audit process. As part of this, the SIRD has conducted training programme on social audit for the elected

representatives and officials of the PRIs and civil society activists. In the sample Gram Panchayats only MGNREGA related social audits are conducted.

## **Parallel Bodies**

The parallel bodies exist both at the village and the district level in the State. The village education committee, village health and sanitation committee watershed development committee joint forest management committee and sports club are the major parallel bodies at the village level and no one has merged with Gram Panchayat. The functional relationship between the Gram Panchayat and the Parallel bodies varies among organizations. The meeting of village education committee is chaired by the Sarpanch, the health and sanitation committee and watershed development committee are accountable to Gram Panchayat. The joint forest management committee and sports club are totally separated from the Gram Panchayat. The parallel bodies at the district level also have been analyzed. The DRDA exists separate, not yet merged with the Zilla Parishad. However the chairman of Zilla Parishad is made the chairman of the DRDA and it is said that all Panchayats have access to the expertise of the DRDA. The District unit of Water and Sanitation Mission remains separate. Though the DRDA is not under the control of the Zilla Parishad, it is presided by the chairman of the Parishad. The district unit of NRHM maintains separate identity without the administrative control of the Zilla Parishad. The elected representatives of the Parishad have representation in the board of the NRHM. As in the case of SSA, it has no functional linkage with Zilla Parishad and it remains separate.

## **Autonomy of the Panchayats**

Autonomy of the PRIs is another issue which needs separate analysis. The autonomy of the Panchayats is measured in terms of certain proxy variables such as the existence and application of the provisions for the suspension of representatives/Panchayats resend for reconsideration of resolutions and dismiss/supersede/dissolve/quash. The autonomy of the Panchayats and the existence of the above provisions and its application are inversely proportionate. In other words, higher the autonomy of the

Panchayats less the provisions of suspension, resent, dismiss, supersede, dissolve, and quash. The recent data on the number of the members of the Panchayats who has been suspended is not available. No member from the Zilla Parishad is subjected to suspension or removal during 2006-2011. Only two members from the Panchayat Samitis were suspended during the period. However, 1434 Sarpanch /Panch were suspended during the period. Again, during the same period 660 Sarpanch /Panch were removed as per the provisions in the Act. In the case of suspension of Sarpanch as an alternative provision, the administrator may be appointed whereas in the case of removal by election is suggested. It is reported that no PRIs has been dissolved during the period. There is a chapter on 'Control and Supervision' in the State Act of the Panchayat Raj which deals with the above mentioned provisions. The following sections in the State Act may create impediments in the autonomy of Panchayats:

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

## National Finance Commission

In connection with the National Finance commission (NFC), for a period of four years (2009-2010 to 2012-2013) five installments were received from the Government of India. The total amount works out as Rs 184.58 crore and the full amount is transferred to the Panchayats. The record shows that Panchayats in the State have received Rs.185.08 crore with interest. In 2009-2010, 2011-2012 and 2012-2013 only one installment had been received by the State whereas in 2010-2011 the number of installment was two. As per the data furnished by the State, only in one case within a week the amount had been transferred to Panchayats and in all other cases it took more than 100 days. In two cases it is reported that the “bill has not been passed in the treasury”. Electronic transfer system of funds has yet to be introduced in the State. While doing field work it is noticed that all the selected PRIs in the State except Ludhiyana Zilla Parashad had received the award from the National Finance Commission. The average amount per Gram Panchayat works out as Rs. 220898.50 whereas an average Panchayat Samiti has received Rs 5818216.80 The corresponding figure for a Zilla Parishad (Mansa) is Rs. 76981000. The total amount received by one Gram Panchayat (Heerkek in Mansa District), one Panchayat Samiti (Dorha in Ludhiyana District) and one Zilla Parishad (Mansa District) from the sample size is given to understand the fund (NFC award) flow from state to the PRIs. (Refer Table No. 1) *(The total amount received by each selected Panchayats is given in the Annexure No. 2,3 &4)*

**Table No. 1: Total amount received by one each sample Panchayats (Gram Panchayat, Panchayat Samithi and Zilla Parishad) from National Finance Commission Award**

Tier	Name of the Panchayats	Year	Date	Amount (Rs.)
Gram Panchayat	Heerkek	2009-2010	01-10-2009	76179
		2009-2010	11-03-2010	47606
		2010-2011	08-11-2010	200000
		2011-2012	08-11-2011	38352
		2012-2013	10-10-2012	72771
Total				434908
Panchayat Samiti	Dorha	2009-2010	19-06-2009	2180851
		2009-2010	17-09-2009	1019977
		2011-2012	09-05-2011	703542
		2012-2013	30-08-2012	3033000
Total				6937370
Zilla Parishad	Mansa	2009-2010	04-05-2009	21271000
		2009-2010	07-12-2009	11243000
		2010-2011	30-09-2010	10925000
		2010-2011	02-02-2011	14258000
		2012-2013	09-08-2012	17107000
		2012-2013	10-10-2012	2177000
Total				76981000

Source: Data collected from Heerkek Gram Panchayat, Dorha Panchayat Samiti & Mansa Zilla Parishad

## State Finance Commission

The State of Punjab is in the forefront in constituting State Finance Commissions (SFCs) in every five year .So far four commissions have been constituted. The first SFC (1996-2001) was formed in April, 1994 and submitted its report on December 1995.The action taken report (ATR) has laid before the legislature on 31 December 1995. On due date ,the second SFC was formed (September 2000),submitted its report on February 2002and laid ATR before the legislature on 15 February 2002.On September 2004 ,the third SFC(2006-2011) was constituted ,submitted the report on December 2006 and tabled before the legislature on 28 December 2006 .The present SFC (fourth one ,2011-2016)was formed on November 2008 and ATR has not yet been tabled before the legislature. The fourth SFC has critically commented the State

Government's approach to Panchayats, which are starving for funds in Punjab .The Commission has pointed out wide gap in the funds recommended by the third SFC and those actually released by the State Government as share of State taxes to the Panchayats during 2006-2007 to 2010-2011, which in turn had resulted in distortion of Panchayats' budgets. Again, presenting on the poor financial conditions of the Panchayats, the report says how there was a wide gap in the release of funds to the Panchayats against the recommendations of the first and second SFCs, particularly in the share of State taxes. As per the recommendations of the SRC reports Rs .305.48 lakhs had been budgeted in 2009-2010 but the sanctioned amount was only 32.90 lakhs (10 %). In 2010-2011 the budgeted amount was Rs. 369 lakhs and out of which only 50 per cent of the amount had been sanctioned. In both the cases no amount has been released to the Panchayats and it due to court case as reported. During the field work selected Panchayats have reported that they have not received any award amount from the SFC in the State.

### **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 30 of the State Act a long elaborated list of activities are assigned to the Gram Panchayats .Section 119 deals with the functions assigned to Panchayat Samitis whereas functions are assigned to Zilla Parishad by the Section180 of the State. The State Act has very clearly separated the activities of different subject /function and it is assigned to each tier. For example take the case of Drinking Water and Water Supply for Domestic Purpose, and it is noticed that each tier has certain activity under the subject /function. As per the Section 30, construction, repair, and maintenance of wells, water pumps, springs, ponds, and tanks for the supply of water for drinking, washing and bathing are assigned to Gram Panchayat. Again under the same subject /function as per the Section 119, establishment, repair and maintenance of rural water supply schemes are allotted to Panchayat Samitis. According to Section 180 some activities of drinking water and water supply (maintenance and control of tank, ghat,

well and channel) are assigned to Zilla Parishad. As in the case of drinking water and water supply the activities of different subjects are assigned to different tiers based on the principle of subsidiarity. The activities related to water supply for agriculture purpose, minor irrigation and water management, watershed management development are assigned to Panchayat Samitis and Zilla Parishad. Certain functions are assigned to Panchayats with the support of legislation, activity mapping and executive order. Examples are drinking water & water supply for domestic purpose, maintenance of community assets, streetlight, parking lots, bus stops, public conveniences, parks gardens, playground, primary health centre/community health centre sanitation and solid watershed management cremation and burial, animal husbandry, poverty alleviation programme, social welfare, welfare of handicapped and mentally retarded, and elementary education., libraries and rural housing.

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

Actual involvement of the Panchayats in the implementation of flagship programmes has been examined. There are schemes of watershed development programmes, MGNREGA, IAY, SGSY/NRLM, ICDS, NSAP, and other state sponsored schemes in which Panchayats are actually involving. There are certain other schemes where Panchayats have no role in implementation and these schemes are National Horticulture Mission, Macro Management of Agriculture Scheme, Micro Irrigation, SSA, NRHM, PMGSY and National Food Security Mission.

### **Panchayat Finance**

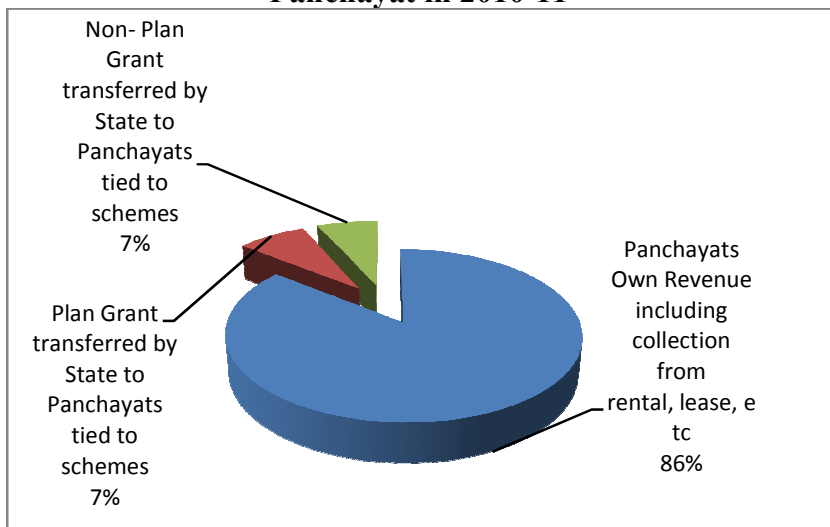
Section 86 of the Act provides that for each Gram Panchayat there is to be a Gram Panchayat Fund bearing the name of the Gram Panchayat. Different types of amounts are included in this fund and they are ;( a) All grants and transfers from the government and other local authorities, (b) Proceeds of all funds collected for common secular purposes of the villages in the Gram Sabha, (c) All donations. All taxes, duties. cesses, tolls, and fees imposed and realized under the Act, (d) Sales

proceeds of dust, dung or refuse collected by the servants of the Gram Panchayat and dead bodies of animals trees and other produce, (e) Income from fishers , (f) Income from common land , (g) Any other amount. As per the Section 88 only with the authorization of the State and an order to this effect, the Gram Panchayats can impose any tax. Under Section 89, every Gram Panchayat shall on the recommendation of the State Finance Commission be entitled to receive grant in aid from the consolidated fund of the state. The taxation Power of the Gram Panchayat is envisaged in the Section 88 and it shall impose (a) tax on land and building (b) tax on profession , trade , calling and employment, (c) additional stamp duty on all payments for admission to any entertainment, (d) fees on registration of vehicle, (e) fees on sanitary arrangement, (f) water rate, (g) light rate and (h) conservancy rate. As in the case of Gram Panchayat fund, according to Section 138 of the Act there is a provision for Panchayat Samiti fund and different sources of fund is allowed to pool under the head. The taxes of Panchayat Samiti are envisaged as per the Section 149. The taxes are (a) toll on persons, vehicles or animals or any loss of them at any toll-bar (b) toll of any ferry (c) fees on registration of vehicle other than motor vehicle Act, 1988 (d) fees on providing sanitary arrangements (e) fees on license for market (f) fees on any other license (g) water rate (h) lighting rate. Section 188 of the Act provides provision for constituting a Zilla Parishad fund bearing the name of the Zilla Parishad. It gives a list of polled resources under the fund. There is a Section (189) which deals the taxation measure by the Zilla Parishad. It says, “the State Government on the recommendation of the State Finance Commission under Article 243-1 of the Constitution India or otherwise allow a Zilla Parishad to levy any tax, duty, fee, toll and cess”.

1. According to the data furnished by the State, internal revenue mobilization (IRM) by Grama Panchayats is Rs 613.69 crore in 2010-2011. The corresponding figure during 1999-2000 was Rs 74 .91 crore, as per the report of the Second State Finance Commission. The growth has been registered to increase by a factor of 8.2 within a period of 10 years and the field observation gives an impression that it is mainly due to the contribution of income from common land.
2. In the State ,the total available fund with the Gram Panchayats was calculated as Rs.71543.00 lakhs and out of which Rs.61369.00 lakhs (85.78%) was from

*‘Panchayats Own Revenue including collection from rental, lease etc.’* , Rs 5426.00 lakhs (7.58%) was under the head of *‘Plan Grant transferred by the State to the Panchayats tied to any scheme’* and Rs .4748.00 lakhs (6.64%) was mentioned as *‘Non- Plan Grant transferred by State to Panchayats tied to schemes’* (Ref. Table No.2 & Diagram No.4)

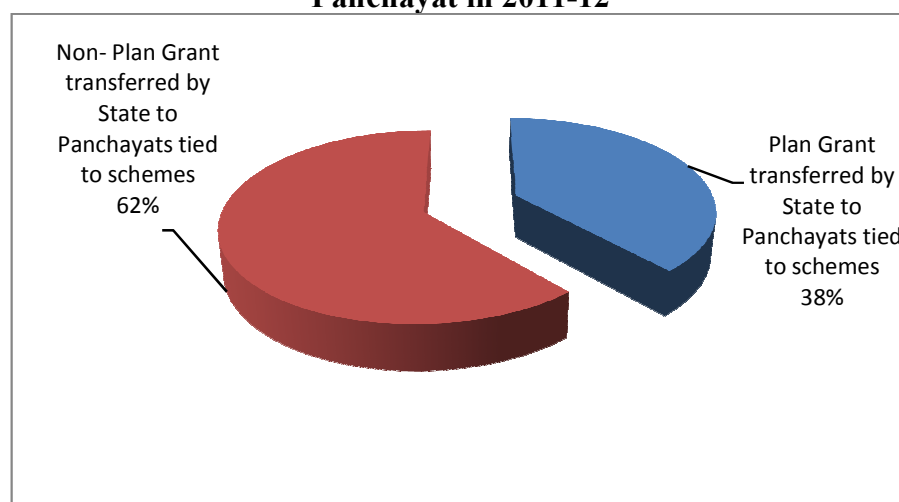
**Diagram No.4: Item Wise Comparison of Available Fund with Gram Panchayat in 2010-11**



Source: Table No.2

3. In the Gram Panchayats, the amount under head of *‘Panchayats Own Revenue including collection from rental, lease, etc’* was not available for the period of 2011-2012 at the State level. (During the field work, Panchayats own revenue collection could gather from the 10 selected Gram Panchayats). Only the other items on *‘Plan grant transferred by the State to Panchayats tied to any scheme’* and *‘Non- Plan Grant transferred by the state to Panchayats tied to schemes’* was Rs 3100.00 lakhs and Rs.4966.00 lakhs respectively in 2011-2012. (Ref. Table No.2 & Diagram No.5)

**Diagram No.5: Item Wise Comparison of Available Fund with Gram Panchayat in 2011-12**



Source: Table No.2

4. In the State an amount of Rs. 8700 lakhs was made available to Panchayat Samitis in 2010-2011 under the head of '*Revenue transferred to Panchayats by State.*' In 2011-2012, there was a quantum jump in the corresponding figure and it became Rs. 12000 lakhs. (Ref. Table No.2)
5. As per the data furnished by the State, only an amount of Rs. 352 lakhs was made available to the Zilla Parishad under the head of '*Plan Grant transferred by the State to Panchayats tied to any scheme in 2011-2012*'. (Ref. Table No.2)

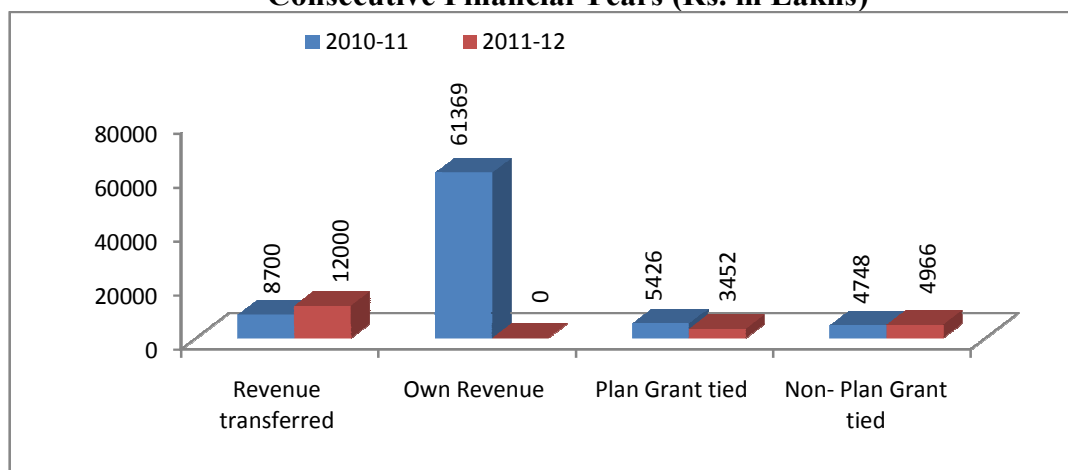
**Table No. 2: Fund Availability with Panchayats in the State (Rs. in Lakhs)**

Sl. No	Break Up of Revenue	Gram Panchayat	Panchayat Samithi	Zilla Parishad	Total
<b>Financial Year 2010-11</b>					
1	Revenue transferred to Panchayats by state		8700		8700
2	Panchayats Own Revenue including collection from rental, lease, etc	61369			61369
3	Plan Grant transferred by the State to the Panchayats untied to any scheme				
4	Plan Grant transferred by State to Panchayats tied to schemes	5426			5426
5	Non- Plan Grant transferred by State to Panchayats untied to any scheme				

6	Non- Plan Grant transferred by State to Panchayats tied to schemes	4748		4748	
7	Loan Taken by the Panchayats				
8	Any Others				
	<b>Total</b>	<b>71543</b>	<b>8700</b>	<b>80243</b>	
<b>Financial Year 2011-12</b>					
1	Revenue transferred to Panchayats by state		12000	12000	
2	Panchayats Own Revenue including collection from rental, lease, etc				
3	Plan Grant transferred by the State to the Panchayats untied to any scheme				
4	Plan Grant transferred by State to Panchayats tied to schemes	3100	352	3452	
5	Non- Plan Grant transferred by State to Panchayats untied to any scheme				
6	Non- Plan Grant transferred by State to Panchayats tied to schemes	4966		4966	
7	Loan Taken by the Panchayats				
8	Any Others				
	<b>Total</b>	<b>8066</b>	<b>12000</b>	<b>352</b>	<b>20418</b>

Source: Data Furnished from Punjab State

**Diagram No.6: Fund Availability with Panchayats in the State for two Consecutive Financial Years (Rs. in Lakhs)**



Source: Table No.2

6. The data on resource mobilization (internal revenue) through taxes by the 10 selected Gram Panchayats is Rs.378967.90 in 2010-2011 and it has come down to

Rs 352582.50 in 2011-2012. Again, in 2010-2011 the highest amount was Rs. 1013329.00 and it is from the Aspal Gram Panchayat whereas the lowest is from Bagowal Gram Panchayat and the corresponding figure is Rs. 15000. In 2011-2012, the highest amount (Rs.869000) is generated from Jhunda Khurd Gram Panchayat and no amount is mobilized from Katana Gram Panchayat. (However, as it is mentioned earlier, at the State level the data is not available for the period of 2011-2012.) (Refer Annexure No. 5 & 6)

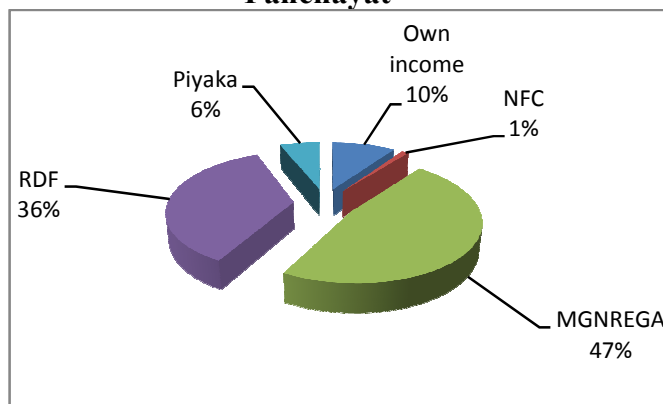
7. In 2010-2011, only three Gram Panchayats had received the amount from National Finance Commission (NFC) whereas in 2011-2012 all of them had received the same. Per year (2011-2012) the average amount per Gram Panchayat is estimated as Rs. 40000. The amount varies from Rs.71331 (Tugal Gram Panchayat in 2011-2012) to Rs.4445 (Katana Gram Panchayat in 2011-2012). (Refer Annexure No. 2)
8. MGNREGA is another source of available fund in the Gram Panchayats in the State. Since it is a demand driven project, the flow of fund is based on local situations .It was available only in three Gram Panchayats in 2010-2011 and the number has increased in to five in the next year. The highest flow of fund is seen in the Heerkad Gram Panchayat and it was Rs.3942000. (Refer Annexure No. 5)
9. IAY is another centrally sponsored scheme administered through the Gram Panchayats. The source of fund is limited in a few and it is seen in only two Gram Panchayats. Under the scheme in 2010-2011 Heerkad Gram Panchayat had received an amount of Rs.8190000 and another Gram Panchayat received Rs. 126000 in 2011-2-12 under the same head. (Refer Annexure No. 5)
10. Rural Development Fund (RDF) is another major source which is available in the Gram Panchayats. Under the scheme in 2010-2011, fund was available only in three Gram Panchayats and in the next year the number had increased in to nine. The amount of the fund varies among the Gram Panchayats between Rs. 14.31 lakhs (Kherakalan Gram Panchayat) and Rs. 2.5 lakhs (Kalloho Gram Panchayat ). The slanted nature of fund flow is very visible under the scheme. (Refer Annexure No. 5)

11. One Gram Panchayat (Kherakalan) under the scheme for the development of sports among youth (*PIYAKA*) had received an amount of Rs 3.00 lakhs in 2010-2011. (Refer Annexure No. 5)
12. Though the item wise data on the expenditure was not available, the general trend is observed that the fund under the own source and RDF has been spent on rural construction (culverts and roads) as reported by the functionaries of the selected Gram Panchayats in the State. In 2010-2011, the total expenditure was Rs 16792557 whereas the total available fund was Rs.17521256 and thereby a balance of Rs. 728699. The available fund for the year 2011-2012 was Rs.19106419 and the total expenditure was 18821241 by keeping a closing balance was Rs. 285178. (Since it was not available, the opening balance has not been considered while calculating the available fund for the two years). (Refer Annexure No. 5 & 6)
13. Actually in the real sense there is no provision for mobilizing own resources by the Panchayat Samiti as per the Act. However, it is the duty of the Gram Panchayats to hand over 20 per cent their resource mobilization to the respective Panchayat Samiti. All the selected five Panchayat Samitis had received the same from the respective Gram Panchayats. Under the head, in 2010-2011, a total of Rs.65.89lakhs was available in the selected Panchayat Samitis. Average amount per Panchayat samiti is worked as Rs.13.18 lakhss. In 2011-2012, the amount has been increased in to Rs. 125.00 lakhs. A growth rate of 52.62 per cent has been registered. It is observed that during the last two years large areas of encroached common land had been took position of by the Gram Panchayats and the land has given for lease and in turn it added the size of the resource envelop. And finally it is reflected the internal resource mobilization (IRM) of the Panchayat Samitis through Gram Panchayats. (Refer Annexure No. 7 & 8)
14. The major source of fund flow to Zilla Parishad are own source, pooled and shared of liquor tax, untied fund, RDO, revenue, rural development fund and MGNREGA.
15. Among the two Zilla Parishads it is found that wide variations in the flow of available fund. During the period of two years (2010-2012) the fund flow to Ludhiyana Zilla Parishad was only from two sources. (own source and tax liquor

sales) whereas the situation is different in Mansa Zilla Parishad .The data source indicates that in Mansa Zilla Parishad there was fund flow from other sources also and in turn it is reflected in the total amount .The total available fund in 2010-2011 in Mansa Zilla Parishad was Rs.26.77 crore and increased to Rs .34.17crore over a period of one year. As in the case of Ludhiyana Zilla Parishad the corresponding figure was Rs. 2.49 crore and Rs.2.12crore in 2010-2011 and 2011-2012 respectively. (Refer Annexure No. 11 & 12)

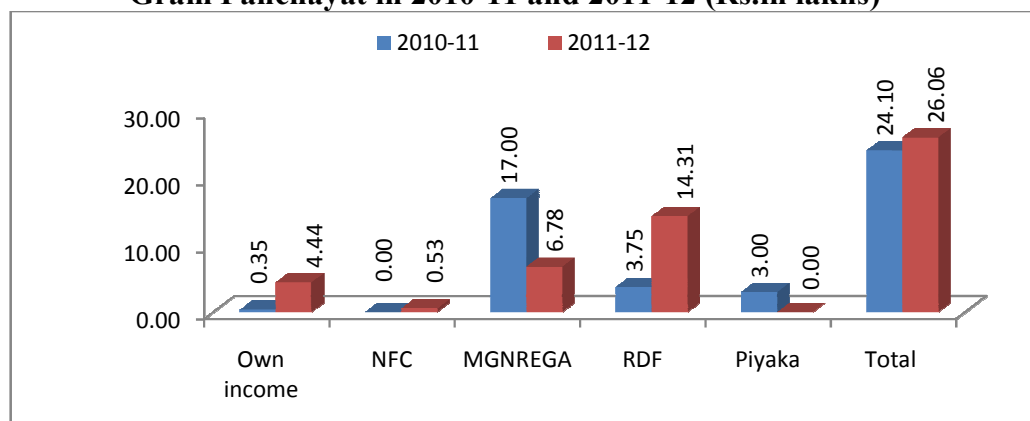
16. In Kherakalan Gram Panchayat of Mansa District the availability of fund per year from different sources is given in Diagram No.7 and less than half of the fund (47 %) is from MGNREGA and 36 percent is from RDF. Fund from MGNREGA and Piyaka is decreased in the year 2011-12 compared to the same in 2010-11 and is shown in diagram No. 8. (Refer Table No. 3)

**Diagram No. 7: Average Fund Availability of Kherakalan(Sample ) Gram Panchayat**



Source: Table No.3

**Diagram No. 8: Comparison of Fund Availability of Kherakalan (Sample ) Gram Panchayat in 2010-11 and 2011-12 (Rs.in lakhs)**



Source: Table No.3

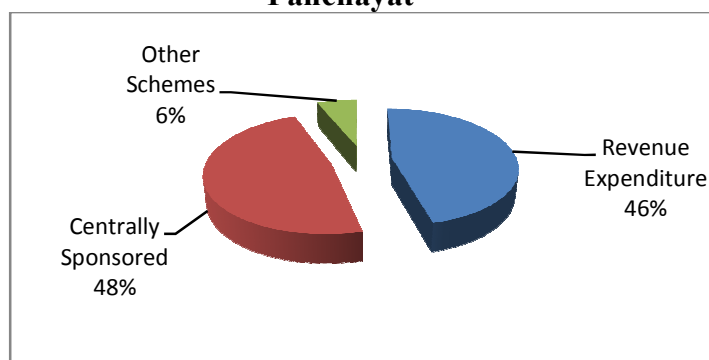
**Table No. 3: Available Fund of Kherakalan (Sample) Gram Panchayat**

Year	Fund Available (Rs. In Lakhs)					
	Own income	NFC	MGNREGA	RDF	Piyaka	Total
2010-11	0.35	0	17	3.75	3	24.1
2011-12	4.444	0.52872	6.78	14.31	0	26.06272
Average per year	2.397	0.26436	11.89	9.03	1.5	25.08136

Source: Data collected from Kherakalan Gram Panchayat

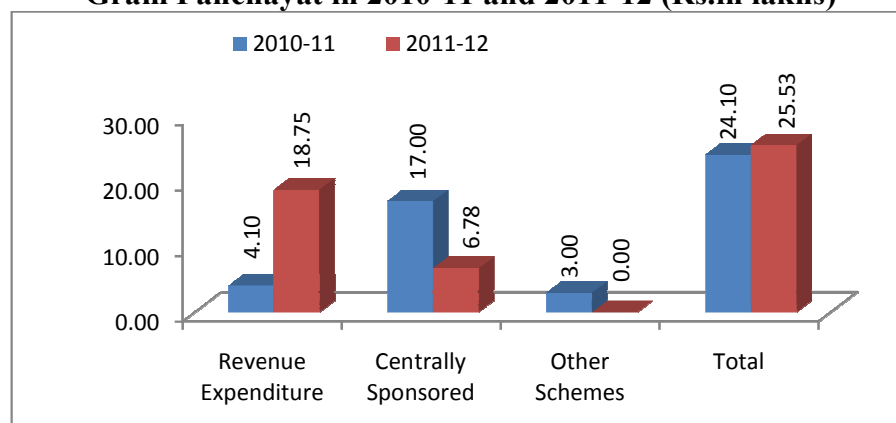
17. Average expenditure of Kherakalan Gram Panchayat is depicted in Diagram no. 9 and just less than half (48 %) of the expenditure is from centrally sponsored schemes and 46 percent is under revenue expenditure. Comparing the two years expenditure (2010-11 & 2011-12) the expenditure on centrally sponsored schemes and other schemes are decreased in the year 2011-12 and is shown in Diagram no. 10. (Refer Table No. 4)

**Diagram No. 9: Average Expenditure of Kherakalan(Sample ) Gram Panchayat**



Source: Table No.4

**Diagram No. 10: Comparison of Expenditure of Kherakalan (Sample) Gram Panchayat in 2010-11 and 2011-12 (Rs.in lakhs)**



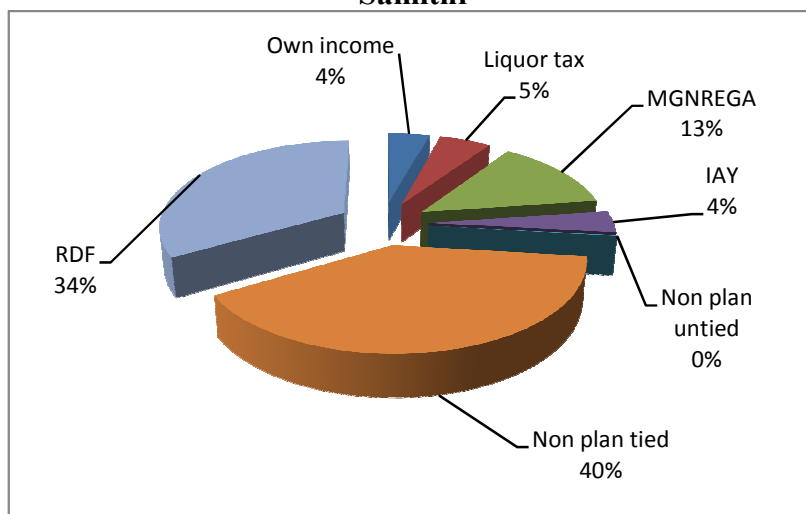
Source: Table No.4

**Table No. 4: Expenditure Details of Kherakalan (Sample) Gram Panchayat**

Year	Expenditure (Rs. In Lakhs)			
	Revenue Expenditure	Centrally Sponsored	Other Schemes	Total
2010-2011	4.1	17	3	24.1
2011-2012	18.754	6.78	0	25.534
Average per Year	11.427	11.89	1.5	24.817

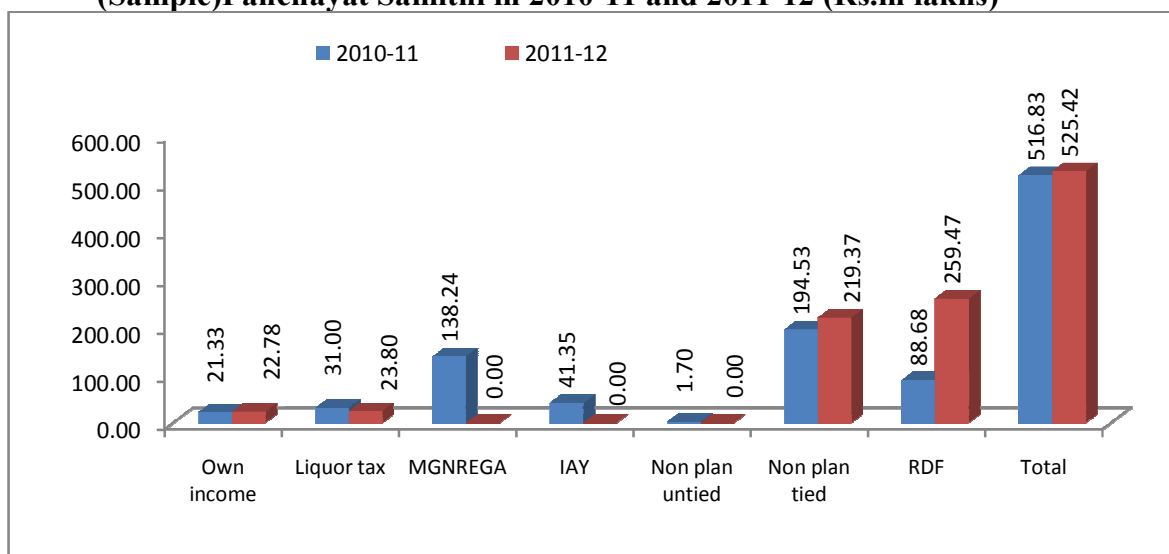
Source: Data collected from Kherakalan Gram Panchayat

18. In Mansa Panchayat Samithi the availability of fund per year from different sources is given in Diagram No.11 and two fifth of the fund is from Non- Plan Grant transferred by State to Panchayats tied to any scheme, 34 percent is from RDF and 13 percent is from MGNREGA. Only fund from RDF, own income and Non- Plan Grant transferred by State to Panchayats tied to any scheme are increased in the year 2011-12 on comparing to the same in 2010-11 and it is given in Diagram No. 12. (Refer Table No. 5)

**Diagram No. 11: Average Fund Available of Mansa (Sample) Panchayat Samithi**

Source: Table No.5

**Diagram No. 12: Comparison of Fund Available of Mansa (Sample)Panchayat Samithi in 2010-11 and 2011-12 (Rs.in lakhs)**



Source: Table No.5

**Table No.5: Available Fund of Mansa (Sample)Panchayat Samithi**

Year	Fund available (Rs. In Lakhs)							
	Own income	Liquor tax	MGNREGA	IAY	Non plan untied	Non plan tied	RDF	Total
<b>2010-2011</b>	21.33	31	138.24	41.35	1.7	194.53	88.68	516.83
<b>2011-2012</b>	22.78	23.8	0	0	0	219.374	259.47	525.424
<b>Average Per Year</b>	22.055	27.4	69.12	20.675	0.85	206.952	174.075	521.127

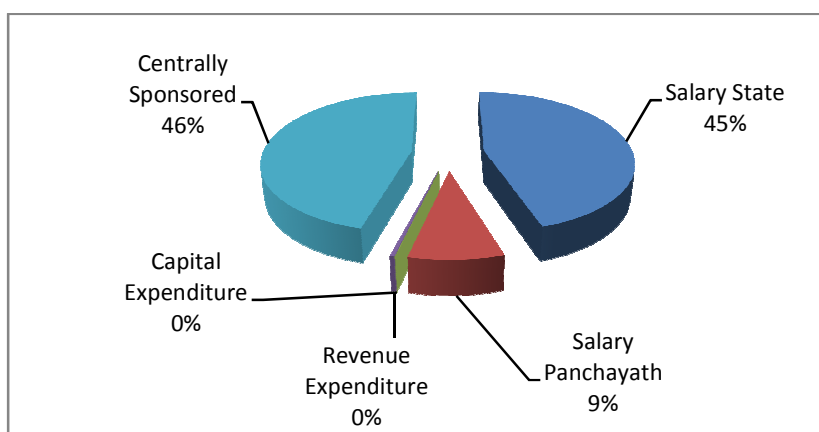
Source: Data collected from Mansa Panchayat Samithi

19. Average expenditure of Mansa Panchayat Samiti is depicted in the Diagram No.

13 and less than half (46 %) of the expenditure is from centrally sponsored schemes and 45 percent is from salary state. Comparing two years (2010-11 & 2011-12 ) expenditures only revenue expenditure and capital expenditure are decreased in the year 2011-12 and it is shown in Diagram No.14. (Refer Table No.

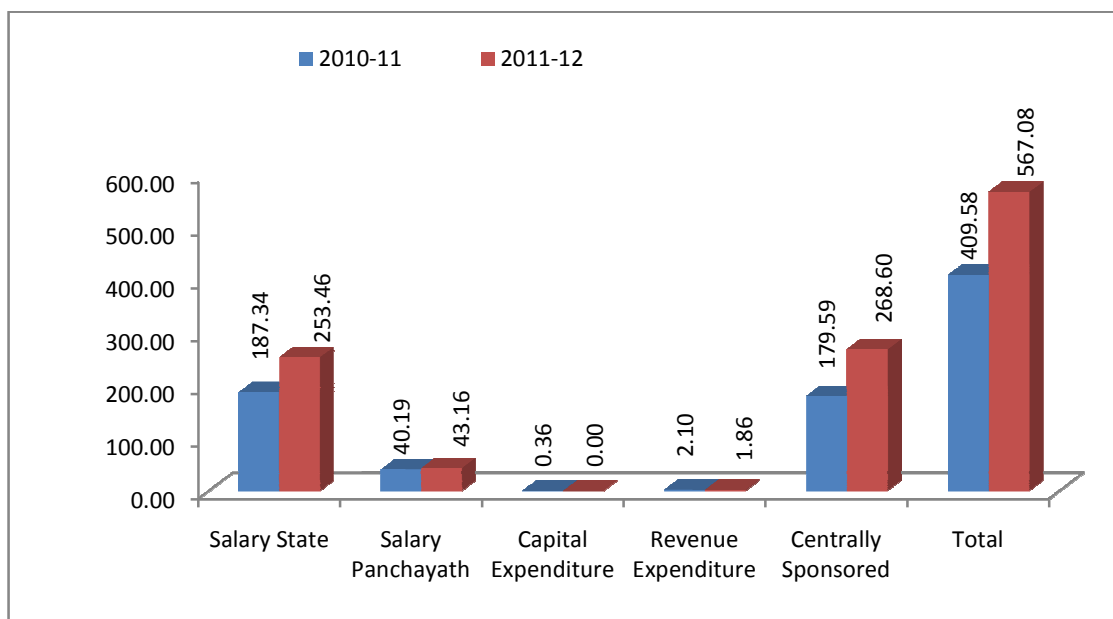
6)

**Diagram No. 13: Average Expenditure of Mansa (Sample)Panchayat Samithi**



Source: Table No.6

**Diagram No. 14: Comparison of Expenditure of Mansa (Sample)Panchayat Samithi in 2010-11 and 2011-12 (Rs.in lakhs)**



Source: Table No.6

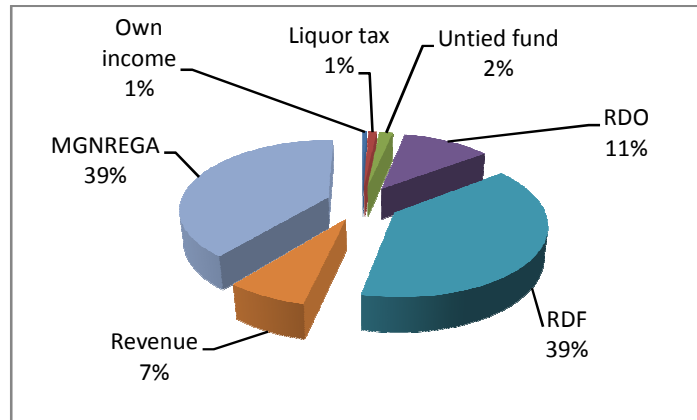
**Table No.6: Expenditure Details of Mansa (Sample)Panchayat Samithi**

Year	Expenditure (Rs. In Lakhs)					
	Salary State	Salary Panchayath	Capital Expenditure	Revenue Expenditure	Centrally Sponsored	Total
<b>2010-2011</b>	187.34387	40.18989	0.355	2.10416	179.59	409.5829
<b>2011-2012</b>	253.46193	43.15625	0	1.86129	268.5964	567.0759
<b>Average Per Year</b>	220.4029	41.67307	0.1775	1.982725	224.0932	488.3294

Source: Data collected from Mansa Panchayat Samithi

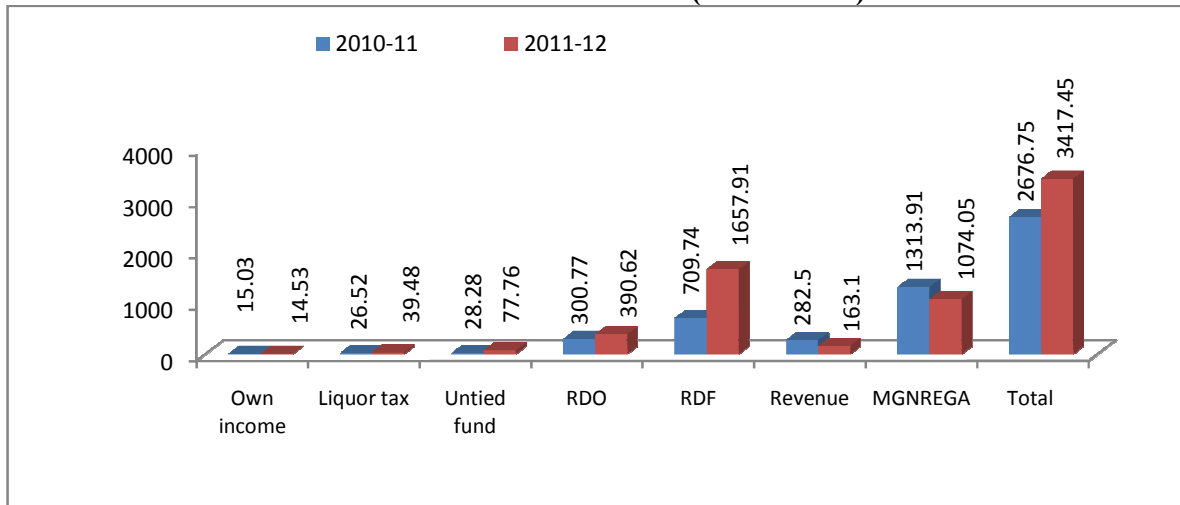
20. In Mansa Zilla Parishad the availability of fund per year from different sources is given in Diagram No. 15 and 39 percent of the fund is from two sources such as RDF and MGNREGA and 11 percent is from RDO. Own income, revenue and income from MGNREGA are decreased in the year 2011-12 compared to the same in 2010-11 and is shown in the Diagram No.16. (Refer Table No. 7)

**Diagram No. 15: Average Fund Available of Mansa (Sample) Zilla Parishad**



Source: Table No.7

**Diagram No. 16: Comparison of Fund Available of Mansa (Sample) Zilla Parishad in 2010-11 and 2011-12 (Rs.in lakhs)**



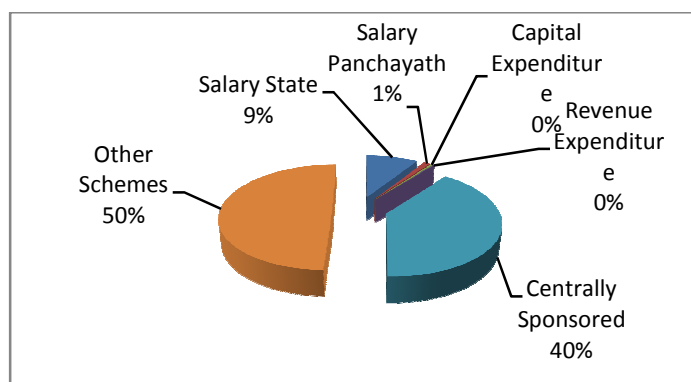
Source: Table No.7

**Table No.7: Fund Available of Mansa (Sample)Zilla Parishad**

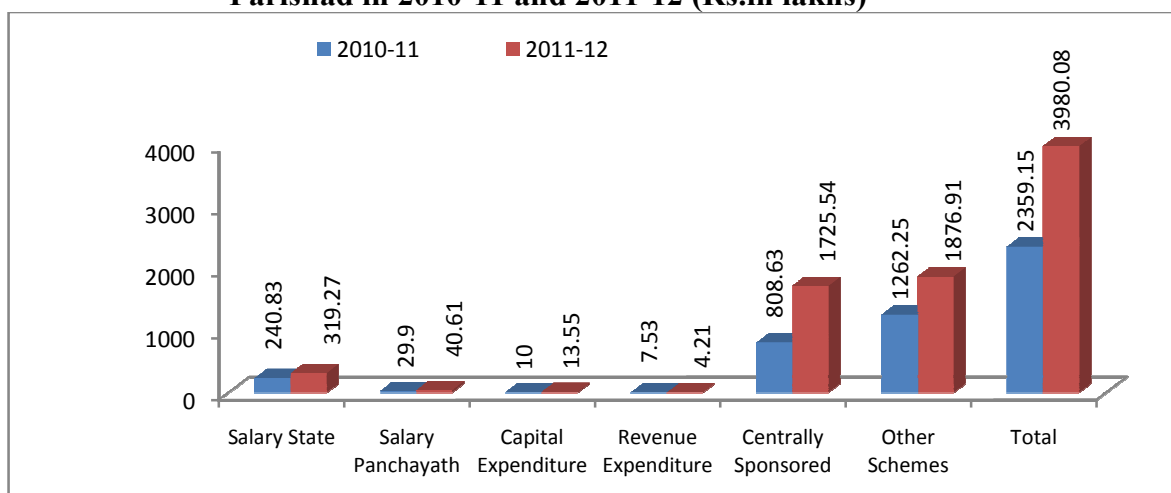
Year	Fund Available (Rs. In Lakhs)							
	Own income	Liquor tax	Untied fund	RDO (Nutrition)	RDF	Revenue	MGNREGA	Total
2010-2011	15.03	26.52	28.28	300.77	709.74	282.50	1313.91	2676.75
2011-2012	14.53	39.48	77.76	390.62	1657.91	163.10	1074.05	3417.45
<b>Average Per Year</b>	14.78	33.00	53.02	345.70	1183.83	222.80	1193.98	3047.10

Source: Data collected from Mansa Zilla Parishad

21. Average expenditure of Mansa Zilla Parishad is given Diagram No. 17 and half (50 %) of the expenditure is from other schemes and 40 percent is from centrally sponsored schemes. Only revenue expenditure is decreased in the year 2011-12 compared to the same in 2010-11 and is given in Diagram No. 18. (Refer Table No. 8)

**Diagram No. 17: Average Expenditure of Mansa (Sample)Zilla Parishad**

Source: Table No.8

**Diagram No. 18: Comparison of Expenditure of Mansa (Sample) Zilla Parishad in 2010-11 and 2011-12 (Rs.in lakhs)**

Source: Table No.8

**Table No.8: Expenditure Details of Mansa (Sample)Zilla Parishad**

Year	Expenditure (Rs. In Lakhs)						
	Salary State	Salary Panchayath	Capital Expenditure	Revenue Expenditure	Centrally Sponsored	Other Schemes	Total
<b>2010-2011</b>	240.83	29.90	10.00	7.53	808.63	1262.25	2359.15
<b>2011-2012</b>	319.27	40.61	13.55	4.21	1725.54	1876.91	3980.08
<b>Average Per Year</b>	280.05	35.26	11.77	5.87	1267.09	1569.58	3169.62

Source: Data collected from Mansa Zilla Parishad

## Conclusion

The verification brings out the extent of devolution carried out by the State of Punjab in the recent years. It throws light on the current dynamics in devolution of power, finances, functions and functionaries in the existing three tier system of Panchayati Raj in the State. The process of decentralization in Punjab has not kept pace with many other States in the country despite all its efforts in this regard. It could be argued that devolution in Punjab is thriving to build successful models. The efforts of many Panchayats in local resource mobilization, addressing the issues of social justice and local economic development should not be left unnoticed.

As it is clear from the study the primary objective that is the Framework Criteria had been fulfilled. Some of the major achievements include the formation of Election Commission, State Finance Commission and The District Planning Committee. The rate of participation in the Gram Sabhas is good and gives the real testimony of the trust, efficacy and social capital among the people towards the Panchayats. Since it is an agrarian society the two Gram Sabha meetings are related to the agriculture seasonality of the State. However it is to be noted that no finance is being provided by the State to convene grama sabhas. Even though the DPCs are constituted none of them have submitted the district plans. The State has its own capacity building framework to train the elected representatives and officials of the Panchayats. The field verification shows that majority of the functionaries (both elected representatives and officials) from the selected Panchayats had undergone training on different subjects during last two years.

As far as the physical infrastructure the State have to move a long way. Only 48.12 per cent of the Gram Panchayats are having proper building (*ghar*). All facilities of e-connectivity are totally absent in the Gram Panchayats whereas it is available in all the Panchayat Samities and Zilla Parishads. The absence of an institutional mechanism to undertake the complaints of Panchayats other than government agency is a major lacuna in the area of transparency and anti-corruption in the State. The institutions of Panchayat Ombudsman and Lokayukta are yet to be introduced in the State. Social audit is also in a rudimentary stage in the State. Once in a year, it is conducted only in the domain of MGNREGA at the Gram Sabha meetings under the supervision of Panchayat Samitis. No report of the social audit is put in public sphere. The parallel bodies exist both at the village and the district level in the State. Many sections in the State Act may create impediments in the autonomy of Panchayats.

The State of Punjab is in the forefront in constituting State Finance Commissions (SFCs) in every five year. However, the PRI's are not receiving any SFC grant owing to issues of legalities. The funds are timely released based on the recommendations from the National Finance Commission (NFC) and the fund flow from NFC is stable. Electronic transfer system of funds has yet to be introduced in the State.

It is to be stated that decentralized planning for socio economic development and social justice in its complete sense has not fully evolved. The decentralization and devolution process is still in its initial stages. It is high time to clear all the backlogs and address the existing gaps. A new approach is to be formulated in this regard which would help in taking forward the decentralization process and will help in evolving a new dynamics in local self governance. It could, however, be concluded by stating that the information provided by the State is clear, legible and authentic.

## Annexures

### Annexure 1: Details of Gram Sabha of the Selected Gram Panchayats

SI No	Name of the Gram Panchayat	Date of Gram Sabha Meetings	No of Participants
1	Tugal	04/07/2011 22/12/2011 12/03/2012	172 126 119
2	Ghuman	23/06/2011 27/12/2011 05/03/2012	32 41 58
3	Heerkek	05/07/2011 06/07/2011 06/12/2011 10/01/2012	93 100 161 63
4	Hissowal	24/12/2011 22/06/2012	184 172
5	Kalloho	04/07/2011 08/12/2011	98 69
6	Kherakalan	02/07/2011 03/07/2011 13/12/2011 15/12/2011	172 123 144 151
7	Bagowal	02/06/2011 15/12/2011 06/03/2012	450 281 219
8	Jhanda Khural	04/01/2012 03/10/2012 16/12/2012	97 61 62
9	Katana	29/06/2011 31/12/2011 03/03/2012	251 210 95
10	Aspal	03/06/2011 18/12/2011 05/03/2012	102 98 111

Source: Data collected from the Panchayats

Annexure No. 2 : Details of NFC of the Selected Gram Panchayat

Sl No	Name of the GP	Year	Date	Amount (Rs.)
1	Tugal	2009-2010	10-10-2009	50154
		2011-2012	25-04-2011	30331
		2011-2012	06-05-2011	11000
		2011-2012	04-07-2011	30000
	<b>Total</b>			<b>121485</b>
2	Ghuman	2009-2010	18-06-2009	32367
		2010-2011	05-06-2010	25903
		2011-2012	26-05-2011	33000
		2011-2012	28-07-2011	25000
		2012-2013	30-08-2012	38245
	<b>Total</b>			<b>154515</b>
3	Heerkek	2009-2010	1-10-2009	76179
		2009-2010	11-03-2010	47606
		2010-2011	08-11-2010	200000
		2011-2012	08-11-2011	38352
		2012-2013	10-10-2012	72771
	<b>Total</b>			<b>434908</b>
4	Hissowal	2009-2010	31-10-2009	68971
		2010-2011	08-06-2010	41710
		2011-2012	28-04-2011	19000
		2011-2012	04-08-2011	35000
		2012-2013	28-09-2012	63000
	<b>Total</b>			<b>227681</b>
5	Kalloho	2009-2010	01-09-2009	63751
		2009-2010	16-01-2010	39393
		2010-2011	27-12-2010	24650
		2011-2012	21-07-2011	32214
				<b>160008</b>
6	Kherakalan	2009-2010	03-10-2009	101740
		2009-2010	25-02-2010	57382
		2011-2012	24-11-2011	52872
		2012-2013	11-10-2012	95104
	<b>Total</b>			<b>307098</b>
7	Bagowal	2009-2010	19-06-2009	105826
		2009-2010	15-03-2010	63981
		2010-2011	18-01-2011	18964
		2011-2012	09-05-2011	23252
		2012-2013	08-08-2012	44737

	<b>Total</b>			<b>256760</b>
8	Jhanda Khurd	2009-2010	07-10-2009	101606
		2009-2010	08-03-2010	163419
		2011-2012	08-11-2011	51601
		2012-2013	11-10-2012	94978
				<b>411604</b>
9	Katana	2009-2010	10-09-2009	20116
		2009-2010	15-10-2009	12162
		2010-2011	18-01-2011	15403
		2011-2012	09-06-2011	4445
		2012-2013	08-08-2012	19029
	<b>Total</b>			<b>71155</b>
10	Aspal	2009-2010	08-09-2009	25460
		2010-2011	02-05-2010	15466
		2010-2011	15-12-2010	9910
		2011-2012	01-08-2011	12935
	<b>Total</b>			<b>63771</b>

Source: Data collected from the Panchayats

#### Annexure No.3: Details of NFC of the Selected Panchayat Samithi

Sl No	Name of the Panchayat Samithi	Year	Date	Amount (Rs.)
1	Sardur Garh	2010-2011	19-09-2010	2717700
		2011-2012	08-11-2011	2544000
	<b>Total</b>			<b>5261700</b>
2	Sudhar	2009-2010	18-06-2009	2410534
		2009-2010	09-03-2010	1459749
		2010-2011	12-01-2011	1399815
		2011-2012	22-12-2011	2206000
	<b>Total</b>			<b>7476098</b>
3	Budhlada	2009-2010	Information is Not Available	6486000
		2009-2010	Information is Not Available	3872000
		2010-2011	Information is Not Available	3480000
		2011-2012	Information is Not Available	4425000
		2012-2013	Information is Not Available	5891000
		2012-2013	Information is Not Available	750000
	<b>Total</b>			<b>24904000</b>
4	Dorha	2009-2010	19-06-2009	2180851
		2009-2010	17-09-2009	1019977
		2011-2012	09-05-2011	703542

		2012-2013	30-08-2012	3033000
	<b>Total</b>			<b>6937370</b>
5	Mansa	2009-2010	02-06-2009	5820000
		2009-2010	07-07-2009	4141000
		2012-2013	13-09-2012	3231000
		2012-2013	10-10-2012	411000
	<b>Total</b>			<b>13603000</b>

Source: Data collected from the Panchayats

#### Annexure No.4: Details of NFC of the Selected Zilla Parishad

SI No	Name of the Zilla Parishad	Year	Date	Amount (Rs.)
1	Mansa	2009-2010	04-05-2009	21271000
		2009-2010	07-12-2009	11243000
		2010-2011	30-09-2010	10925000
		2010-2011	02-02-2011	14258000
		2012-2013	09-08-2012	17107000
		2012-2013	10-10-2012	2177000
	<b>Total</b>			<b>76981000</b>

Source: Data collected from the Panchayats

#### Annexure No. 5: Details on Available Fund from different sources and expenditure of the selected 10 Gram Panchayats in Punjab for the year 2010-11

SI No	Name of the GP	Fund Available (Rs)							Expenditure
		Own income	NFC	MGNREGA	IAY	RDF	Piyka	Total	
1	Tugal	606500						606500	143530
2	Guman	337500	25903					363403	809361
3	Heerkak	150000		1150000	8190000	630000		10120000	10120000
4	Hissowal	446250	41710					487960	841571
5	Kalloho	291100				400000		691100	617516
6	Kherakalan	35000		1700000		375000	300000	2410000	2410000
7	Bagowal	15000	18964					33964	15000
8	Jhanda Khurd	847000		900000				1747000	1747000
9	Aspal	1013329						1013329	44579
10	Katana	48000						48000	44000
	<b>Total</b>	<b>3789679</b>	<b>86577</b>	<b>3750000</b>	<b>8190000</b>	<b>1405000</b>	<b>300000</b>	<b>17521256</b>	<b>16792557</b>

Source: Data collected from the Panchayats

Annexure No. 6: Details on Available Fund from different sources and expenditure of the selected 10 Gram Panchayats in Punjab for the year 2011-12

Sl No	Name of the GP	Fund Available (Rs)					Total	Expenditure (Rs)
		Own income	NFC	MGNREGA	IAY	RDF		
1	Tugal	640000	71331				711331	968917
2	Guman	384825	58000			550000	992825	946125
3	Heerkak	269600	38352	3942000		630000	4879952	4879952
4	Hissowal	573300	54000			780000	1407300	858682
5	Kalloho	302000	32214	460000		250000	1044214	1023348
6	Kherakalan	444400	52872	678000		1431000	2606272	2553400
7	Bagowal	20000	23252			500000	543252	500000
8	Jhanda Khurd	869000	51601	3195399	126000	1110000	5352000	5352000
9	Aspal	1112108*	12935			253685	1378728	1122817
10	Katana		4445			675000	679445	616000
	Total	4615233	399002	8275399	126000	19058685	19595319	18821241

\* It includes amount received from railway for leasing the land

Annexure No. 7: Details on Available Fund from different sources of the selected Panchayat Samiti in Punjab for the year 2010-11

Sl No	Name of the PS	Fund available (in Rs)							Total
		Own income	Liquor tax	MGNREGA	IAY	Non plan untied	Non plan tied	RDF	
1	Budhalada	2574000	16500000	18857145	20733000	36491000	249960		95405105
2	Mansa	2133000	3100000	13824000	4135000	170000	19453000	8868000	51683000
3	Sardar Garh	680870	3800000	15343000	15570000				35393870
4	Sudhar	722168	1718490	1155554	678658				4274870
5	Dorha	478772	17496000						17974772
	Total	6588810	42614490	49179699	41116658	36661000	19702960	8868000	204731617

Source: Data collected from the Panchayats

Annexure No. 8: Details on Available Fund from different sources of the selected Panchayat Samiti in Punjab for the year 2011-12

Sl No	Name of the PS	Fund available (in Rs)							
		Own income	Liquor tax	MGNREGA	IAY	Non plan untied	Non plan tied	RDF	Total
1	Budhlada	2860000	12080000	1335000	16279820	75765000	321550	1000000	109641370
2	Mansa	2278000	2380000				21937400	25947000	52642400
3	Sardur Garh	5380000		12248000	22155000	1775650	37400000	9935000	88893650
4	Sudhar	856344	2389132	1018999	737895				5002370
5	Dorha	1145748				28750000			29895748
	Total	12520092	16849132	14601999	39172715	106290650	59658950	36882000	285975538

Source: Data collected from the Panchayats

Annexure No. 9: Details on Expenditure from different sources of the selected Panchayat Samiti in Punjab for the year 2010-11

Sl No	Name of the PS	Expenditure 2010-2011(in Rs)						
		Salary by State	Salary by Panchayath	Capital Expenditure	Revenue Expenditure	Centrally Sponsored	Other Schemes	Total
1	Budhlada	17825375	-	1925000	-	14223743		33974118
2	Mansa	18734387	4018989	35500	210416	17959000		40958292
3	Sardur Garh	4820000	-	-	-	30573870		3539870
4	Sudhar	1834212	-		204101	694213	1496747	4229273
5	Dorha	3725521			915595			4641116
	<b>Total</b>	<b>46939495</b>	<b>4018989</b>	<b>1960500</b>	<b>1330112</b>	<b>63450826</b>	<b>1496747</b>	<b>87342669</b>

Source: Data collected from the Panchayats

Annexure No. 10: Details on Expenditure from different sources of the selected Panchayat Samiti in Punjab for the year 2011-12

Sl No	Name of the PS	Expenditure 2011-2012 (in Rs)						
		Salary State	Salary Panchayath	Capital Expenditure	Revenue Expenditure	Centrally Sponsored	Other Schemes	Total
1	Budhlada	13795960		2500000		35221324		51517284
2	Mansa	25346193	4315625		186129	26859638		56707585
3	Sardur Garh	4602243		1775650			37400000	
4	Sudhar	2189132			815556		1388649	4393337
5	Dorha	6649079			515444			7164523
	<b>Total</b>	<b>52582607</b>	<b>4315625</b>	<b>4275650</b>	<b>1517129</b>	<b>62080962</b>	<b>38788649</b>	<b>119782729</b>

Source: Data collected from the Panchayats

Annexure No. 11: Details on Available Fund from different sources of the selected two Zilla Parishad in Punjab for the year 2010-11

Sl No	Name of the ZP	Fund Available (Rs)							
		Own income	Liquor tax	Untied fund	RDO	RDF	Revenue	MGNREG A	Total (Rs)
1	Mansa	1503230	2652016	2828000	30077000	70974000	28250000	131390500	267674746
2	Ludhiyana	12857875	12012568						24870443
	<b>Total</b>	<b>14361105</b>	<b>14664584</b>	<b>2828000</b>	<b>30077000</b>	<b>70974000</b>	<b>28250000</b>	<b>131390500</b>	<b>292545189</b>

Source: Data collected from the Panchayats

Annexure No. 12: Details on Available Fund from different sources of the selected two Zilla Parishad in Punjab for the year 2011-12

Sl No	Name of the ZP	Fund Available (in Rs)							Total (Rs)
		Own income	Liquor tax	Untied fund	RDO	RDF	Revenue	MGNREGA	
1	Mansa	1453366	3948000	7776000	39062000	165791000	16310000	107405000	341745366
2	Ludhiyana	7812719	13400000						21212719
	<b>Total</b>	<b>9266085</b>	<b>17348000</b>	<b>7776000</b>	<b>39062000</b>	<b>165791000</b>	<b>16310000</b>	<b>107405000</b>	<b>362958085</b>

Source: Data collected from the Panchayats

Annexure No. 13: Details on expenditure of the selected two Zilla Parishad in Punjab for the year 2010-11

Sl No	Name of the ZP	Expenditure 2010-2011(in Rs)						
		Salary by State	Salary by Panchayat	Capital Expenditure	Revenue Expenditure	Centrally Sponsored	Other Schemes	Total
1	Mansa	24083000	2990233	1000032	753157	80863000	126225305	235914727
2	Ludhiyana	20792422	-	-	1411763	-	-	22204185
	<b>Total</b>	<b>44875422</b>	<b>2990233</b>	<b>1000032</b>	<b>2164920</b>	<b>80863000</b>	<b>126225305</b>	<b>258118912</b>

Source: Data collected from the Panchayats

Annexure No. 14: Details on expenditure of the selected two Zilla Parishad in Punjab for the year 2011-12

Sl No	Name of the ZP	Expenditure 2010-2011						
		Salary State	Salary Panchayath	Capital Expenditure	Revenue Expenditure	Centrally Sponsored	Other Schems	Total
1	Mansa	31927000	4060828	1354511	420943	172554000	187691000	398008282
2	Ludhiyana	25955987	-	-	-	-	-	25955987
	<b>Total</b>	<b>57882987</b>	<b>4060828</b>	<b>1354511</b>	<b>420943</b>	<b>172554000</b>	<b>187691000</b>	<b>423964269</b>

Source: Data collected from the Panchayats

Annexure No. 15: Infrastructure Facilities

Sl No	Name of the GP	Pucca Building	Furniture	Computer Printer	Scanner	Phone	Interest
1	Tugal	No	20 Chair 2 Table	No	No	Yes (1)	No
2	Guman	Yes	15 Chair Table	No	No	Yes (1)	No
3	Heerkak	Yes	Chair – 40 Table-2 Stool -20 Cupboard -2	No	No	No	No
4	Hissowal	Yes	10 Chair 1 Table	No	No	Yes (1)	No
5	Kalloho	Yes	12 Chair 1 Table 1Cupboard	No	No	Yes (1)	No
6	Kherakalan	Yes	Chair-8 Cupboard-1 Tabe-1	No	No	Yes (1)	No
7	Bagowal	Yes	Chair -15 Table-	No	No	Yes (1)	No

			1 Cupboard				
8	Jhandakhurd	Yes	20 Chair, 2 Table, 1 cupboard	No	No	Yes (1)	No
9	Aspal	Yes	1 Table 23 Chair 1 cupboard	No	No	No	No
10	Katana	Yes	6 Chair 1 Table	No	No	Yes	No

Source: Data collected from the Panchayats

#### Annexure No. 16: Physical Infrastructure Panchayat Samithi(Punjab)

Sl No	Name of the PS	Pacca Building	Computer&Printer	Scanner	Telephone	Internet
1	Budhlada	Yes	2Computer&2Printer	1 Nos	1 Nos	1 Nos
2	Mansa	Yes	2Computer&2Printer	1 Nos	1 Nos	1 Nos
3	Sardur Garh	Yes	3Computer&3Printer	1 Nos	1 Nos	1 Nos
4	Sudhar	Yes	5Computer&5Printer	1 Nos	1 Nos	1 Nos
5	Dorha	Yes	2Computer&2Printer	1 Nos	2Nos	1 Nos

Source: Data collected from the Panchayats