

PATTERN OF GROWTH AND STRUCTURAL CHANGES OF OWN RESOURCES OF PANCHAYATS OF WEST BENGAL VIS-À-VIS OTHER STATES OF INDIA: AN ANALYSIS

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Realization is growing that Panchayats have an important role to play in deepening democracy by mainstreaming the poor into development. It is also being felt that panchayats can help mobilize resources by introducing local solutions and meet people's basic requirements. However, the degree of success of Panchayati Raj as an institution of self-government essentially depends on the extent of administrative and financial devolution, coupled with the autonomy within the constitutional framework. In many states, panchayats are, to some extent, burdened with a historical legacy of subservience. At the state level, under the existing budgetary procedures, significant control and discretion for making financial allocations to panchayats rests with the state government. Similar powers are vested with district-level officials. The funds are parked for a considerable period sequentially in the state treasury and then in the district treasury. This practice prevents panchayats from receiving their share of funds in amounts as well as on time as a consequence; the quality of expenditure is adversely affected. Over time, a dependency syndrome is created.

The concept of fiscal autonomy could be a remedial technique to eradicate that type of syndrome. By fiscal autonomy we mean the ratio of total own source revenue to total expenditure of the panchayats. It indicates whether the economy is self sufficient or not in terms of their own revenue. The large value of fiscal autonomy exhibits the financial autonomy of panchayats and vice versa. The focus of this paper is to review the real status of fiscal autonomy of panchayats of West Bengal vis-a-vis other states in India. The analysis is based on the secondary sources of information. We have taken fourteen major states of India. It reveals that the panchayats have very little fiscal autonomy across the states.

INTRODUCTION

Panchayats constitute an integral part of rural life in India and have played an important role in the socio-economic development. In 73rd Constitutional Amendment Act of India, panchayats have been introduced as a distinct third tier of government in the rural areas and they have been given the constitutional responsibility of planning for economic development and social justice and enjoined to mobilize their own resources. The other justifications for emphasis on ORM are— (i) Improvement of panchayat's revenue and fiscal autonomy which are largely determined by panchayat's own resources, (ii) Smoothing out large fluctuations over years in states' devolution of development funds to panchayats, (iii) Enlisting people's participation in planning and ensuring their contributions to implementation of development projects, and (iv) Improvement of the value of measure of self-governance.

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Panchayat's own resources largely determine their fiscal autonomy (Subramaniam 2003). On the revenue side, a measure of autonomy captures the extent to which local bodies could raise their revenue independently, that is, on their own account with freedom to spend according to their own priority. Own income of local bodies is one component of fiscal decentralization and consists of revenue raised by way of tax as well as non-tax receipts. On the expenditure side, a measure of autonomy reflects the extent of the right and the capacity of PRIs to allocate their resources.

Own revenue of panchayats comes from tax and non-tax resources including voluntary contributions. Panchayat's tax receipt as well as voluntary contributions depend on rural people's willingness and capacity to pay, which, in turn, depends on people's saving and investment.

The performance of panchayats of most of the states of India in respect of own resource mobilization has not been encouraging. Many government studies, e.g. Government of India (2001), Reports of the Eleventh, Twelfth and Thirteenth Finance Commissions, reports of the State Finance Commissions, Status Reports prepared by Rural Development Department reveal that the performance of most of the states in India regarding own resources mobilization is not encouraging, i.e. poor. What is the pattern of growth of own resources during the recent years? Is there any structural changes and significant variation of own resource mobilization? What is the actual scenario of revenue and fiscal autonomy of panchayats of West Bengal vis-a-vis other states in India? The present study, covering the period 1990-91 to 2007-08, seeks to address these and allied questions.

OBJECTIVES

The objectives of the study are as follows:

- (I) to examine the pattern of growth and structural changes of own revenue of panchayats in India across states, and
- (II) to examine the revenue and fiscal autonomy of panchayats across the states in India.

DATABASE AND METHODOLOGY

Reports of the 11th 12th and 13th Finance Commissions and Census of India provide necessary database for our study. Fourteen major states of India come under our study. We have taken all tiers of panchayats, namely gram (village) panchayats, panchayat samitis (block or intermediate panchayats) and zilla parishads (district panchayats) together for our study. The secondary data available for the period from 1990-91 to 2007-08 have been analysed by using simple statistical tools like ratio, percentage, coefficient of variation, correlation and regression. Compound annual growth rate of panchayats revenue (all tiers) has been estimated for 14 states of India. It is estimated by taking anti-log of the coefficient of time variable less one.

Per Capita Receipt of Panchayats in t -th period is estimated by using the following formula:

$$PCX = \frac{X}{P}$$

where PCX is the per capita receipt of X -head of a particular year, and P is the estimated population of that year.

Regression analysis is used to estimate the compound annual growth rate (CAGR) of different heads of receipt and expenditure at the state level and village level. The CAGR has been calculated for the relevant variables with the help of log linear equation as follows:

$$\ln Y = \alpha + \beta t$$

where α and β are the regression coefficients.

The slope coefficient β of the above growth model gives the instantaneous (at a point of time) rate of growth and not the compound (over a period of time) rate of growth. But the latter can be easily found by taking the antilog of β , subtracting 1 from it and multiplying the difference by 100. This growth rate is slightly higher than the instantaneous growth rate.

The plan of the paper is as follows. Section 2 discusses total own source revenue of panchayats across states of India and Section 3 considers per capita own source revenue of the panchayats. Section 4 discusses pattern of growth of own source revenue of the panchayats in the states of India during the period from 1990–91 to 2007–08 and Section 5 analyses structural changes in own revenue of the panchayats. Section 6 discusses variations of own revenue across the states and over years for particular states. Section 7 analyses the revenue and fiscal autonomy across the states. Section 8 makes concluding observations.

Total Own Source Revenue of Panchayats across States of India

In 1990–91, out of 14 states, Andhra Pradesh panchayats (all tiers together) had the highest own source revenue (OSR) collected (Rs. 62.69 crores accounting for 16.93 per cent of total OSR of panchayats of rural India) followed by Maharashtra (Rs. 34.21 crores accounting for 9.24 per cent) and Kerala (Rs. 28.35 crores accounting for 8.45 per cent). In 2000–01, Maharashtra panchayats (Rs. 327.08 crores accounting for 23.06 per cent of all-India OSR of panchayats) led other states, followed by Kerala (Rs. 219.66 crores accounting for 15.49 per cent), Madhya Pradesh (Rs. 142.09 crores accounting for 10.20 per cent) and Andhra Pradesh (Rs. 151.65 crores accounting for 10.69 per cent). In 2002–03 also, the panchayats of Maharashtra (Rs. 470.07 crores accounting for 28.60 per cent of all-India OSR of panchayats) led other states followed by Madhya Pradesh (Rs. 174.8 crores accounting for 10.63 per cent) and Kerala (Rs. 226.01 crores accounting for 13.75 per cent) and Andhra Pradesh (Rs. 70.84 crores accounting for 10.39 per cent). Panchayats (all tiers) of West Bengal mobilized Rs. 24 crores of OSR accounting for 3.84 per cent of OSR of panchayats of rural India in 1990–91; in 2007–08 the relative contribution of the state to total OSR of panchayats of rural India came down to 0.86 per cent; it is noteworthy that shares of most of all states to all-India OSR of panchayats decreased substantially during this period, 1990–91 to 2007–08 (Table 1).

Frequency distribution of 14 major states of India of the amount of OSR collected by panchayats (all-tiers) reveal that in 1990–91 two states, namely Assam and Orissa, belonged to the OSR group of below Rs. 10 crores. These two states continued to remain so throughout the period (i.e. 1990–91 to 2002–03). Seven states, namely Madhya Pradesh, Karnataka, Punjab, Rajasthan, Tamil Nadu, Uttar Pradesh and West Bengal, belonged to the OSR group of Rs. 10 crores to Rs. 24.99 crores. All these states except West Bengal got elevated to the next higher group, i.e., Rs. 25.00 crores to Rs. 49.99 crores group in 1995–96. Of these states, Madhya Pradesh soared to the OSR group of Rs. 100 crores to Rs. 149.99 crores in 2000–01 and continued to remain so in 2001–02 while other states got elevated to the next higher group of Rs. 50 crores to Rs. 99.99 crores in 2000–01 and continued to remain so in 2001–02 and 2002–03. In 1990–91, Maharashtra, Haryana and Kerala belonged to the Rs. 25 crores to Rs. 49.99 crores group, but in 1995–96 Maharashtra and Kerala got elevated to the next higher group, i.e., Rs. 50 crores to Rs. 99.99 crores. In 2000–01, both the states got promoted to the highest group of Rs. 150.00 crores and above and continued to remain so in 2001–02 and 2002–03. In 1990–91, Andhra Pradesh belonged to the OSR group of Rs. 50 crores to Rs. 99.99 crores and got promoted to the next OSR group of Rs. 100 crores to Rs. 149.00 in 1995–96 and got lifted to the highest OSR group of Rs. 150 crores and above in 2000–01 and continued to remain so in 2001–02 and 2002–03 and in the year of 2006–07 no state was in the group of below 10 crores and six states had more than 150 crores and above group, these are Andhra Pradesh, Madhya Pradesh, Kerala, Tamil Nadu, Haryana and Punjab (Table 2).

Table 1: Own Source Revenue of 14 Major States of India (all Tiers)

States	Amount (in Rs. Crores)										Percentage	
	1990-91	1995-96	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	1990-91	2007-08
Andhra Pradesh	62.7	105.5	151.7	160.9	170.8	285.3	331.1	363.7	386.82	495.7	16.9	19.4
Assam	3.01	3.3	7.32	7.46	7.62	8.86	9.13	9.37	13.06	16.74	0.81	0.86
Gujarat	27.5	35.57	75.92	71.71	69.86	69.14	68.43	124.4	85.98	106.5	7.39	2.02
Haryana	29.4	38.53	70.14	76.25	78.36	110.5	109.7	200.5	260.22	280.6	7.93	29.3
Madhya Pradesh	11.9	29.7	142.09	142.5	174.8	53.11	57.26	65.96	47.45	55.84	3.22	2.8
Maharashtra	34.2	76.47	327.1	384.3	470.1	708.2	606	535	577	635	9.24	8.8
Karnataka	17.3	27.29	66.83	52.36	59.46	66	116	84.22	125.81	161.5	4.68	1.49
Kerala	31.3	77.93	219.7	193.7	226	222.7	253.2	299.1	313.85	265	8.45	4.86
Orissa	6	7.19	9.06	8.81	5.51	9.53	9.69	9.85	10.12	10.43	1.62	0.58
Punjab	21.6	49.93	80.66	65.03	98.78	113.3	152.9	152.2	178.78	46.71	5.82	20.2
Rajasthan	24.3	26.36	36.9	37.14	37.68	14.44	15.19	14.92	16.24	14.49	6.56	4.43
Tamil Nadu	24	32.12	57.2	62.37	65.44	191.3	228.2	242.9	272.95	259.6	6.48	6.05
Uttar Pradesh	22.8	37.37	63.7	64.16	69.27	68.52	73.68	87.22	80.47	96.23	6.14	3.72
West Bengal	14.2	14.85	32.53	33.61	31.26	51.92	68.27	73.69	100.27	NA	3.84	NA
All-India	370	541.7	1418	1433	1644	2099	2299	2431	2664.6	2736	100	100

Sources: 12th and 13th F.C. Reports of India.

Table 2: Frequency Distribution of 14 Major States of India by Amount of Own Source Revenue (All Tiers)

Class (Rs. Crores)	All Tiers						
	1990-91	1995-96	2000-01	2001-02	2002-03	2004-05	2006-07
0.00 to 9.99	2 (A and O)	2 (A and O)	2 (A and O)	2 (A and O)	2 (A and O)	2 (A and O)	0 0
10.00 to 24.99	7 (Kar, M, RRR, TN, UP and WB)	1 (WB)	—	—	—	1 (R)	3 (A, O, R)
25.00 to 49.99	4 (G, H, Ker and M)	8 (G, H, Kar and UP)	2 (R and WB)	2 (R and WB)	2 (R and WB)	0	1 (Kar)
50.00 to 99.99	1 (AP)	2 (K, M)	6 (G, H, Kar, UP)	6 (G, H, Kar, UP)	6 (G, H, Kar, UP)	4 (G, Kar, UP, WB)	2 (G, UP)
100 to 149.99	—	1 (AP)	1 (MP)	1 (MP)	—	2 (H, M)	2 (WB, M)
150 and above	—	—	3 (A, R, M and Ker)	3 (A, R, M and Ker)	4 (AP, M, MP and Ker)	5 (AP, TN, Ker MP, P)	6 (AP, MP, TN, P, Ker, H)
Total	14	14	14	14	14	14	14

Notes: AP = Andhra Pradesh, A = Assam, G = Gujarat, H = Haryana, Kar = Karnataka, Ker = Kerala, O = Orissa, M = Maharashtra, MP = Madhya Pradesh, P = Punjab, R = Rajasthan, UP = Uttar Pradesh, WB = West Bengal.

Tax Revenue and Non-tax Revenue

In 1990-91, of the panchayats in 14 states, Andhra Pradesh panchayats (all tiers together) led other states in tax revenue collection (Rs. 45.74 crores) followed by Kerala (Rs. 28.35 crores), Maharashtra (Rs. 24.26 crores) and Gujarat (Rs. 17.61 crores). In 2000-01, Maharashtra panchayats (Rs. 446.00 crores) led other states, followed by Kerala (Rs. 116.01 crores), Andhra Pradesh (Rs. 74.59 crores) and Karnataka (Rs. 66.83 crores) in collection of own tax revenue. In 2007-08 also, the panchayats of Maharashtra (Rs. 346.69 crores) led other states followed by Karnataka (Rs. 306.72 crores), Andhra Pradesh (Rs. 184.45 crores), Kerala (Rs. 148.00 crores), and Tamil Nadu (Rs. 118.14 crores). Assam panchayats had the lowest amount of tax collection (Rs. 0.81 crore) followed by Orissa (Rs. 1.41 crores).

Frequency distribution of 14 major states by amount of own tax revenue collected by panchayats (all-tiers) reveals that in 1990-91 seven states, namely Assam, Haryana, Orissa, Punjab, Rajasthan, Uttar Pradesh and West Bengal belonged to the own tax revenue group of below Rs. 10 crores. These seven states continued to belong to the same category in 1995-96 also. But in 2000-01 Uttar Pradesh elevated to the next higher class of Rs. 10.00 crores to Rs. 19.99 crores tax revenue and continued to remain in 2002-03 through 2001-02. In 1990-91, Gujarat, Karnataka and Tamil Nadu belonged to the own tax revenue group of Rs. 10 crores to Rs. 19.99 crores. All these three states elevated to the higher group, i.e., Rs. 20.00 crores to Rs. 49.99 crores group in 1995-96 and of these three states Gujarat and Karnataka again got elevated to the next higher group of Rs. 50 crores to Rs. 99.99 crores in 2000-01 and continued to remain so in 2001-02 and 2002-03. In 1990-91, Maharashtra, Andhra Pradesh and Kerala belonged to the Rs. 20 crores to Rs. 49.99 crores group, but in 1995-96 Andhra Pradesh and Kerala got elevated to the next higher group, i.e., Rs. 50 crores to Rs. 99.99 crores. In 2000-01, Kerala as well as Maharashtra got promoted to the highest group of Rs. 100.00 crores and above and continued to remain so in 2004-05 and 2006-07 (Table 3).

Table 3: Frequency Distribution of 14 Major States by Amount of Own Tax Revenue (All Tiers)

Class (Rs. Crores)	1990-91	1995-96	2000-01	2001-02	2002-03	2004-05	2006-07
0.00 to 9.99	7 (A, H, O, P, R, UP and WB)	7 (A, H, O, P, R, UP and WB)	6 (A, H, O, P R and WB)	6 (A, H, O, P R and WB)	6 (A, H, O, P R and WB)	4 (A, H, O, R)	4 (A, H, O, R)
10.00 to 19.99	3 (G, Ka and TN)	1 (MP)	1 (U, R)	1 (U, R)	1 (U, R)	3 (P, UP, WB)	3 (P, UP, MP)
20.00 to 49.99	4 (A, R, Ke, M, MP)	4 (A, R, Ke, TN)	1 TN	—	—	2 (G, MP)	2 (G, WB)
50.00 to 99.99	—	2 (A, P and K, G)	3 (A, P, G and Kar)	4 (A, P, G, Kar and TN)	4 (A, R, G, Kar and TN)	2 (Kar, TN)	0
100 and above	—	—	3 (Ke, M, MP)	3 (Ke, M, MP)	3 (Ke, H, MP)	3 (AP, Ker, M)	5 (AP, Ker, Kar, M, TN)
Total	14	14	14	14	14	14	14

Note: As in Table 2.

In 1990-91, Haryana state panchayats (all tiers together) had the highest non-tax revenue collected (Rs. 28.41 crores) followed by Rajasthan (Rs. 24.28 crores), Punjab (Rs. 20.91 crores) and Andhra Pradesh (Rs. 16.95 crores). In both 2000-01 and 2002-03, Maharashtra panchayats (Rs. 123.51 crores and Rs. 123.58, respectively) led other states, followed by Kerala (Rs. 103.65 crore and Rs. 102.83 crores, respectively), Punjab (Rs. 79.50 crores and Rs. 97.91 crores, respectively) and Andhra Pradesh (Rs. 77.06 crores and Rs. 93.24 crores, respectively) in collection of own nontax revenue. But in 2006-07 Haryana (Rs. 274.02 crores) led other states, followed by Andhra Pradesh

(Rs. 217.69 crores), Maharashtra (Rs. 172.00 crores), Tamil Nadu (Rs. 170.30 crores) and Punjab (Rs. 159.48 crores) in collection of own non tax revenue.

Frequency distribution of 14 major states by amount of own non-tax revenue collected by panchayats reveals that in 1990–91 eight states, namely Assam, Gujarat, Karnataka, Kerala, Maharashtra, Orissa, Tamil Nadu and West Bengal belonged to the own non-tax revenue group of below Rs. 10 crores. All these states except Maharashtra continued to belong to the same category in 1995–96 while Maharashtra got upgraded to the group of Rs. 50 crores to Rs. 99.99 crores and still further to the highest group of Rs. 100 crores and above in 2000–01 and continued to remain so in later years. In 2000–01, Assam, Gujarat, Karnataka and Orissa continued to remain in the group of below Rs. 10.00 crores, while Tamil Nadu got elevated to the next higher group of Rs. 10.00 crores to Rs. 19.99 crores and West Bengal soared to the group of Rs. 20.00 crores to Rs. 49.99 crores and Kerala rose to the highest group of Rs. 100 crores and above. In 1990–91, Andhra Pradesh and Uttar Pradesh belonged to the own non-tax revenue group of Rs. 10 crores to Rs. 19.99 crores. These two states got elevated to the next higher group, i.e., Rs. 20.00 crores to Rs. 49.99 crores group in 1995–96 and still to the next higher group of Rs. 50 crores to Rs. 99.99 crores in 2000–01 and continued to remain so in 2004–05 and 2006–07. In 1990–91, Haryana, Punjab and Rajasthan belonged to the Rs. 20 crores to Rs. 49.99 crores group; in 1995–96 these states remained in the same group, and Rajasthan in later years also continued to remain in the same group, while Haryana and Punjab got elevated to the next higher group of Rs. 50.00 crores to Rs. 99.99 crores in 2000–01 to 2002–03 and jumped in to 100 and above group and continued to remain in the same group in later years (Table 4).

Table 4: Frequency Distribution of 14 Major States of India by Amount of Own Non-tax Revenue (All Tiers)

Class (Rs. Crores)	1990–91	1995–96	2000–01	2001–02	2002–03	2004–05	2006–07
0.00 to 9.99	9 (G, Kar, Ker, M, MP, P, O, TN and WB)	7 (A, G, Kar, Ker, O, TN and WB)	4 (A, G, Kar, O)	4 (A, G, Kar, O)	4 (A, G, Kar, O)	3 (A, Kar, O)	2 (Kar, O)
10.00 to 19.99	2 (AP and UP)	1 (MP)	2 (TN, MP)	2 (TN, MP)	2 (TN, MP)	1 (R)	2 (A, R)
20.00 to 19.99	3 (H, P and R)	5 (AP, HP, R and UP)	2 (R and WB)	2 (R and WB)	2 (R and WB)	1 (MP)	1 (MP)
50.00 to 99.99		KM	4 (A, R, H P and UP)	5 (A, P, H, Ker, P and UP)	4 (A, P, H, P and UP)	3 (UP, WB, G)	3 (UP, WB, G)
100 and above	—	—	2 (Ker, M)	1 (M)	2 (Ker, M)	6 (AP, Ker, M P, H, TN)	6 (AP, Ker, M, P H, TN)
Total	14	14	14	14	14	14	14

Source: as in Table 1.

Per Capita Own Source Revenue of Panchayats

Per capita own source revenue of panchayats (PCOSRP) varies widely across the 14 states of India under our study. In 1990–91, Haryana had the highest PCOSRP (all tiers together) (Rs. 23.68) to be followed by Uttar Pradesh (Rs. 20.50), Kerala (Rs. 17.40) and Punjab (Rs. 15.08). In 2000–01, Maharashtra (PCOSRP Rs. 50.88) led other states, closely followed by Punjab (Rs. 50.41), Haryana (Rs. 46.76) and Madhya Pradesh (Rs. 23.32) and in 2002–03 also Maharashtra (Rs. 82.43) led other states, followed by Punjab (Rs. 60.21), Haryana (Rs. 49.49) and Kerala (Rs. 45.21); but in 2007–08 Kerala (Rs. 190.69) led other states followed by Haryana (Rs. 110.90) (Table 5).

Table 5: Per Capita Own Source Revenue of 14 Major States of India (in Rs.)

States	1990 -91	1995 -96	2000 -01	2001 -02	2002 -03	2003 -04	2004 -05	2005 -06	2006 -07	2007 -08	Mean	CV
Andhra Pradesh	1.28	2.03	2.75	2.88	3.02	33.7	39.1	43	45.7	58.6	23.21	98.27
Assam	1.51	1.53	3.14	3.15	3.16	2.85	2.94	3.01	4.2	5.38	3.09	36.63
Gujarat	10.1	12.7	21.2	25.5	19.6	11.5	11.4	20.6	14.3	17.7	16.44	31.64
Haryana	23.6	28.3	46.8	49.5	49.6	43.7	43.4	79.3	103	111	57.78	51.64
Karnataka	5.57	8.29	19.2	14.9	16.7	8.69	9.37	10.8	7.77	9.14	11.04	39.77
Kerala	14.8	35	93.1	80.4	91.8	213	182	161	173	191	123.4	56.13
Maharashtra	6.93	14.6	58.9	68.1	82.3	5.88	10.3	7.5	11.2	14.4	28.01	105.3
Madhya Pradesh	2.35	472	23.3	23	28	30.7	34.9	41.3	43.3	36.6	73.53	191.1
Orissa	2.19	2.45	2.9	2.79	1.72	2.27	2.31	2.35	2.42	2.49	2.39	13.55
Punjab	15.1	33.1	50.4	40.1	60.2	40.9	55.2	55	64.5	16.9	43.13	40.01
Rajasthan	7.16	6.88	8.52	8.38	8.29	2.1	2.21	2.17	2.37	2.11	5.02	60.21
Tamil Nadu	6.52	8.97	16.4	18	19	26.5	31.6	33.7	37.9	36	23.46	48.04
Uttar Pradesh	20.5	17.5	15.6	13.8	13.1	3.43	3.69	4.37	4.03	4.82	9.68	71.6
West Bengal	2.88	2.78	5.63	5.73	5.25	5.69	7.48	8.07	11	0	5.45	56.48
All-India	5.95	8.63	22.4	22.6	22.9	17.3	19	20.1	22	22.6	18.35	33.45
Raiasthan	7.16	6.88	8.52	8.38	8.29	2.1	2.21	2.17	2.37	2.11	5.02	60.21
Tamil Nadu	6.52	8.97	16.4	18	19	26.5	31.6	33.7	37.9	36	23.46	48.04
Uttar Pradesh	20.5	17.5	15.6	13.8	13.1	3.43	3.69	4.37	4.03	4.82	9.68	71.6
West Bengal	2.88	2.78	5.63	5.73	5.25	5.69	7.48	8.07	11	0	5.45	56.48
All-India	5.95	8.63	22.4	22.6	22.9	17.3	19	20.1	22	22.6	18.35	33.45

As in Table 1.

Frequency distribution of 14 major states by amount of PCOSRP (all-tiers) reveals that in 1990–91 six states, namely Andhra Pradesh, Assam, Madhya Pradesh, Orissa, Tamil Nadu and West Bengal belonged to the PCOSRP group of below Rs. 5. Of these states, Madhya Pradesh and Tamil Nadu got upgraded to the PCOSRP group of Rs. 5 to Rs. 9.99 and in 1995–96 and Madhya Pradesh rose still further to the highest group of Rs. 20 and above in 2000–01 and continued to remain so in later years. In 1990–91 Karnataka, Maharashtra and Rajasthan belonged to the PCOSRP group of Rs. 5 to Rs. 9.99 and in 1995–96 Maharashtra got elevated to the next higher PCOSRP group of Rs. 10 to Rs. 19.99 and still further to the highest PCOSRP group of Rs. 20.00 and above in 2000–01 and continued to remain so in later years. In 1990–91, Gujarat, Kerala and Punjab belonged to the PCOSRP group of Rs. 10 to Rs. 19.99. Of these three states, Kerala and Punjab got elevated to the highest PCOSRP group, i.e., Rs. 20.00 and above, in 1995–96 and continued to remain so in later years. In 1990–91, Haryana and Uttar Pradesh belonged to the highest PCOSRP group of Rs. 20 and above and of these two states Haryana continued to remain in the same group in later years while Uttar Pradesh got degraded to the lower PCOSRP group of Rs. 10.00 to Rs. 19.99 and in later years also continued to remain in the same group. West Bengal continued to remain in the PCOSRP group of Rs. 5 to Rs. 9.99 during 2000–01 to 2002–03 but in the year of 2004–05 and 2006–07 six states were in the highest group, namely Andhra Pradesh, Madhya Pradesh, Tamil Nadu, Punjab, Kerala and Haryana (Table 6), Per capita own tax revenue of panchayats (PCOTRP) varies widely across the 14 states of India. In 1990–91, Kerala had the highest PCOTRP (all tiers together) (Rs. 13.37) to be followed by Gujarat (Rs. 6.46) and Uttar Pradesh (Rs. 5.60). In 2000–01, Kerala (PCOTRP Rs. 49.16) continued to lead other states followed by Maharashtra (PCOTRP Rs. 36.71) and Madhya Pradesh (Rs. 20.69) and in 2002–03 Maharashtra (PCOTRP Rs. 60.72) led

other states, followed by Kerala (Rs. 50.05) and Madhya Pradesh (Rs. 25.09). Andhra Pradesh and Orissa continued to remain in the lowest PCOTRP group of below Rs. 5.00 during 1990–91 to 2006–07.

Table 6: Frequency Distribution of States of India by Per Capita Own Source Revenue of Panchayats (All Tiers)

Ranges (Rs.)	1990–91	1995–96	2000–01	2001–02	2002–03	2004–05	2006–07
0.00 to 4.99	6 (A, RA, M, R, O, TN, WB)	4 (A, RA, O, WB)	3 (A, RA, O)	3 (AP, A, O)	3 (A, RA, O)	4 (A, RA, O, UP)	4 (A, RA, O, UP)
5.00 to 9.99	3 (Kar, M and R)	4 (Kar, M, R, TN)	2 (R, WB)	2 (R, WB)	2 (R, WB)	2 (Kar, WB)	1 (Kar)
10.00 to 19.9	3 (G, Ker, P)	3 (M, G, and UP)	3 (Kar, TN and UP)	3 (Kar, TN and UP)	3 (Kar, TN and UP)	2 (G, M)	2 (G, M, WB)
20 and above	2 (H, UP)	3 (H, Ker, P)	6 (G, H, Ker M, RM and P)	6 (G, H, Ker M, RM and P)	6 (G, H, Ker M, RM and P)	6 (AP, H, Ker, P, TN, MP)	6 (AP, H, Ker, P, TN, MP)
Total	14	14	14	14	14	14	14

Note: As in Table 1.

Frequency distribution of 14 major states by amount of PCOTRP (all-tiers) reveals that in 1990–91 eight states, namely Andhra Pradesh, Assam, Haryana, Madhya Pradesh, Orissa, Punjab, Rajasthan and West Bengal belonged to the PCOTRP group below Rs. 2.00. Of these states Madhya Pradesh got upgraded to the highest PCOTRP group of Rs. 15 and above in 2000–01 and continued to remain so in later years. In 1990–91, Karnataka, Maharashtra and Tamil Nadu belonged to the PCOTRP group of Rs. 2.00 to Rs. 4.99, of which Karnataka and Tamil Nadu got elevated to the next higher PCOTRP group of Rs. 5.00 to Rs. 9.99 in 1995–96 of which again Tamil Nadu got elevated to the next higher PCOTRP group of Rs. 10.00 to Rs. 14.99 in 2000–01 and continued to remain so in later years. In 1990–91, Kerala belonged to the PCOTRP group of Rs. 10.00 to Rs. 14.99 and got elevated in 1995–96 to the highest PCOTRP group, i.e., Rs. 15.00 and above and continued to remain so in later years. West Bengal continued to remain in the lowest PCOTRP group below Rs. 2 during 1990–01 to 2004–05 and the states Andhra Pradesh, Orissa and Rajasthan continued to remain in the lowest PCOTRP group below Rs. 2 during 1990–01 to 2004–05 (Table 7).

Table 7: Frequency Distribution of 14 Major States of India by Amount of Per Capita Own Tax Revenue (All Tiers)

Ranges (Rs.)	1990–91	1995–96	2000–01	2001–02	2002–03	2004–05	2006–07
0.00 to 1.99	8 (AP, A, H, MP, O, RR, WB)	8 (A, RA, H, MR, O, P, R, WB)	5 (A, R, O, P, R and WB)	5 (AP, O, R, P, R and WB)	5 (AP, O, P, R and WB)	5 (A, O, R, UP, WB)	5 (A, O, R, UP, MP)
2.00 to 4.99	3 (Kar, M, TN)	1 (UP)	3 (A, H and UP)	3 (A, H and UP)	2 (A and UP)	2 (H, MP)	2 (H, WB)
5.00 to 9.99	2 (G and U, R)	3 (G, Kar and TN)	—	—	1 (H)	2 (G, P)	2 (G, P)
10.00 to 14.99	1 (K)	1 (M)	1 (TN)	2 (Kar and TN)	1 (TN)	2 (TN, Kar)	1 (TN)
15 and above	0	1 (K)	5 (G, Kar, Ker, M, MP)	4 (G, Ker, M, and MP)	5 (G, Kar, Ker, M, MP)	3 (Ker, M, AP)	4 (Ker, M, AP, Kar)
Total	14	14	14	14	14	14	14

Per capita own non-tax revenue of panchayats (PCONTRP) varies widely across the 14 states of India. In 1990–91, Haryana (all tiers together) had the highest PCONTRP (Rs. 22.89) to be followed by Uttar Pradesh (Rs. 14.89) and Punjab (Rs. 14.62). In 2000–01, Punjab (PCONTRP Rs. 49.69) led other states followed by Kerala (Rs. 43.92) and Haryana (Rs. 41.85) and in 2002–03 also Punjab (PCONTRP Rs. 59.68) led other states, followed by Haryana (Rs. 44.12) and Kerala (Rs. 41.78). Frequency distribution of 14 major states by amount of PCONTRP (all-tiers) reveals that in 1990–91 seven states, namely Andhra Pradesh, Assam, Karnataka, Kerala, Orissa and West Bengal belonged to the PCONTRP group below Rs. 2.00. Of these states, Kerala and Madhya Pradesh got upgraded to the next higher PCONTRP group of Rs. 2.00 to Rs. 4.99 in 1995–96 and Madhya Pradesh continued to remain so in later years. In 1990–91, Gujarat, Maharashtra and Tamil Nadu belonged to the PCONTRP group of Rs. 20.00 to Rs. 4.99, of which Maharashtra got elevated to the highest PCONTRP group of Rs. 15.00 and above and continued to remain so in later years. In 1990–91, Punjab and Uttar Pradesh belonged to the PCONTRP group of Rs. 10 to Rs. 19.99 of which Punjab got elevated in 2000–01 to the highest PCONTRP group, i.e., Rs. 15.00 and above and continued to remain so in later years. West Bengal got elevated to the PCONTRP group of Rs. 2.00 to Rs. 4.99 during 2000–01 and Rs. 5 to Rs. 9.99 during 2004–05 to 2006–07 (Table 8).

Table 8: Percentage Share of Own Tax Revenue to Total Own Revenue of Panchayat (All Tiers) in States of India, 1990–91 to 2007–08

States	1990–91	1995–96	2000–01	2001–02	2002–03	2003–04	2007–08
Andhra Pradesh	72.95	54.65	49.19	47.3	45.42	43.11	37.21
Assam	99	97.9	99.04	99.06	98.95	6.01	4.81
Gujarat	63.79	72.84	87.66	88.1	87.58	32.9	76.36
Haryana	3.33	0.47	10.51	9.86	10.97	1.4	2.07
Kerala	90.52	89.43	90.37	76.46	85.82	16.02	23.39
Maharashtra	70.91	76.11	62.34	71.34	73.75	892.85	276.18
Madhya Pradesh	24.62	35.93	88.69	87.66	88.8	11.64	4.8
Orissa	61.86	65.37	5.3	5.45	3.81	13.64	13.52
Punjab	3.01	1.34	1.44	1.77	0.88	3.08	28.2
Rajasthan	9.1	11.23	12.88	12.9	12.85	11.08	14.08
Tamil Nadu	94.15	97.17	79.93	82.07	74.34	39.61	45.5
Uttar Pradesh	27.34	21.38	19.65	18.32	17.24	23	15.19
West Bengal	38.44	39.87	27.67	28.47	31.56	30.07	NA
All-India	64.39	55.75	53.14	56.59	56.51	53.75	49.93

Pattern of Growth of Own Source Revenue of Panchayats

States of India registered differential growth rate of PCOSRP during 1990–91 to 2007–08 (for West Bengal 1990–91 to 2006–07 due to unavailability of data). Uttar Pradesh and Rajasthan witnessed statistically significant negative compound annual growth rate (CAGR) of per capita own source revenue (PCOSR). Four states, namely Orissa, Punjab, Gujarat and Karnataka recorded statistically significant CAGR varying between 0 per cent and 3 per cent during this period while Maharashtra registered significant CAGR varying between 4 per cent and 6 per cent. Assam, Haryana and West Bengal witnessed 7 per cent CAGR while Andhra Pradesh, Kerala, Tamil Nadu and Madhya Pradesh recorded CAGR above 10 per cent.

Structural Changes in Own Source Revenue of Panchayats (All Tiers)

Structure of own source revenue of panchayats in India as a whole changed in favour of non-tax revenue, or in other words against tax revenue. The percentage share of tax revenue to total own source revenue of panchayats in the country decreased from 64.39 to 49.93 per cent during 1990–91 to 2007–08; while the share decreased in 5 states, namely Andhra Pradesh, Assam, Madhya Pradesh, Uttar Pradesh and West Bengal, this percentage share increased in 5 states, namely Gujarat, Haryana, Punjab, Tamil Nadu, Karnataka (Table 8).

Andhra Pradesh 98.27, Assam 36.63, Gujarat 31.64, Haryana 51.64, Karnataka 39.77, Kerala 56.13, Maharashtra 105.29, Madhya Pradesh 191.07, Orissa 13.55, Punjab 40.01, Rajasthan 60.21, Tamil Nadu 48.04, Uttar Pradesh 71.60, West Bengal 56.48, All-India 33.45.

Revenue Autonomy and Fiscal Autonomy of Panchayats in West Bengal vis-à-vis Other States

This section examines the extent of revenue autonomy and fiscal autonomy of panchayats in West Bengal as well as other selected states of India during the period from 1990–91 to 2006–07. Revenue autonomy is defined as percentage share of own source revenue in total receipt. It measures what proportion of total receipt of panchayats comes from their own source revenue. Fiscal autonomy is measured as a proportion of own source revenue in total expenditure of panchayats. A value of one means complete autonomy and a value of zero means complete dependency on central and state governments. Table 9 shows the trend of revenue autonomy and fiscal autonomy of panchayats (all tiers) in West Bengal and India as a whole.

Table 9: Frequency Distribution of Revenue Autonomy of Panchayats in West Bengal vis-à-vis India as a Whole

Revenue Autonomy (%)							
State	1991–92	1997–98	2000–01	2004–05	2006–07	Average	C.V. (%)
West Bengal	7.15	4.02	7.3	5.88	4.82	5.834	24.545
All India	4.66	3.48	6.36	6.5	5.04	5.208	24.118
Fiscal Autonomy (%)							
West Bengal	4.51	3.53	6.36	4.66	4.01	4.61	23.24
All India	4.23	3.23	5.96	6.66	5.2	5.06	26.95

During 1991–92 West Bengal's panchayats had revenue autonomy only to the extent of 7.15 per cent compared to 4.66 per cent in panchayats of India as a whole. The respective values declined to 4.02 per cent and 3.48 per cent during 1997–98. During 2001–02 it increased substantially to 7.30 per cent and 6.36 per cent, respectively and again it decreased substantially to 4.82 per cent and 5.04 per cent, respectively during the year 2006–07. The revenue autonomy for the entire period was 5.83 per cent in panchayats of West Bengal while it was 5.20 per cent in panchayats of India as a whole.

Fiscal autonomy of panchayats was low in almost all the selected states and it varied substantially across the selected states. It was 4.51 per cent in West Bengal's panchayats during 1991–92, which decreased to 4.01 per cent during 2001–02 with average of 4.61 per cent during the entire period. In contrast, it was 4.23 per cent in panchayats of India as a whole during 1991–92, which increased to 5.20 per cent with average of 5.06 per cent during the entire period.

In comparing revenue autonomy of panchayats across the selected states of India it is revealed that it varied widely across the selected states. During 1991–92, it varied between 1.66 per cent (Karnataka) and 66.80 per cent (Haryana). Three states, namely Kerala, Maharashtra and Haryana had the revenue autonomy above 20 per cent while four other states, namely Gujarat, Punjab, Rajasthan, and Karnataka belonged to class of revenue autonomy below 5 per cent with the national average of 4.73 per cent during 1991–92. But during 2001–02, revenue autonomy increased in 8 selected states. It varied between 1.20 per cent (Karnataka) and 59.10 per cent (Maharashtra). Four states, namely Haryana, Kerala, Orissa and Maharashtra belonged to the class of revenue autonomy above 20 per cent while states like Andhra Pradesh, Gujarat, Karnataka and Rajasthan had the revenue autonomy class below 5 per cent with national average of 6.38 per cent. The revenue autonomy for the entire period was higher in states like Gujarat, Kerala, Punjab and Maharashtra than that of other states. During the year of 2006–07 only one state was in the group of 31 and above, that is Haryana, but nine states (Gujarat, Karnataka, Madhya Pradesh, Rajasthan, Uttar Pradesh, Orissa, West Bengal, Assam, Maharashtra) belonged to the group which is below five.

Fiscal autonomy of panchayats was low in almost all the selected states and it varied substantially across the selected states. It was 4.51 per cent in West Bengals panchayats during 1991–92, which decreased to 4.01 per cent during 2001–02 with average of 4.61 per cent during the entire period. In contrast, it was 4.23 per cent in panchayats of India as a whole during 1991–92, which increased to 5.20 per cent with average of 5.06 per cent during the entire period. During 1991–92 fiscal autonomy of panchayats was highest in Haryana (49.20 per cent), followed by Kerala (35.27 per cent), Maharashtra (21.42 per cent) and Tamil Nadu (9.66 per cent). Only 3 states, namely Kerala, Haryana and Maharashtra belonged to the class of fiscal autonomy above 20 per cent while 6 other states belonged to fiscal autonomy class below 5 per cent with national average of 4.24 per cent. During 2001–02 fiscal autonomy of panchayats declined in panchayats of 7 sample states. It varied between 0.60 per cent (Karnataka) and 29.55 per cent (Maharashtra) with coefficient of variation 82 per cent. It was below 5 per cent in 4 sample states while it was above 10 per cent in 5 states with national average of 5 per cent. The average fiscal autonomy for the entire period was higher in states like Gujarat, Punjab and Kerala than that of other states.

Thus, both revenue autonomy and fiscal autonomy of panchayats were very low in almost all the selected states of India and it varied substantially across the states and also over years. These two indices were relatively high in states like Punjab, Gujarat, Maharashtra and Kerala compared to other states. West Bengal was among the low revenue autonomy and fiscal autonomy group.

CONCLUSION

The present study exhibits that the percentage share of non-tax revenue is greater than percentage share of tax revenue to the total revenue. It proves that the share of tax revenue declines over the years; on the contrary, the non tax revenue plays a significant role to boost up the economy. There is a significant change (significant at 1% and 5% level of significance of 't' test) in own sources revenue of West Bengal during 2002–03 to 2008–09. The growth rate of all districts is statistically significant but not encouraging and remarkable. The change in pattern of tax and non tax revenue is sigma divergent which is not expected. Adequate emphasis should be put on mobilization of own financial resources, particularly non tax revenue, on regular basis and decentralized planning ought to be emphasized for development of locally productive resources so that own revenues are adequately mobilized and which leads to rural development.

Both revenue autonomy and fiscal autonomy of panchayats were very low in almost all the selected states of India and it varied substantially across the states and also over years. These two indices were relatively high in states like Punjab, Gujarat, Maharashtra and Kerala compared

to other states. West Bengal was among the low revenue autonomy and fiscal autonomy group. During the year of 2006–07 only one state was in the group of 31 and above, that is Haryana; but eight states (Gujarat, Assam, Karnataka, Rajasthan, Orissa, Uttar Pradesh, Madhya Pradesh, West Bengal) belonged to the group which is below five.

Own source revenue of panchayats in West Bengal was much more dependent on own source non-tax revenue while the reverse is true for the panchayats of India as a whole and the structure of own source revenue of panchayats in West Bengal and all-India changed in favour of own source non-tax revenue.

Per capita own source revenue (PCOR) of panchayats in West Bengal was low compared to panchayats of India as a whole throughout the period of analysis. States like Maharashtra, Haryana, Punjab, and Kerala recorded high PCOR relative to other sample states and the variation in PCOR across the selected states was very high. Per capita total receipts (PCTR) of panchayats also varied widely across the states and also over years. States like Andhra Pradesh, Karnataka, and Maharashtra received higher PCOR and PCTR than the others.

The variations in per capita own source revenue and per capita own source tax revenue of panchayats across selected states is attributable to the level of development. Rural literacy rate, per capita state domestic product and human development index are individually significant to explain the variation in per capita own source revenue and per capita own tax revenue of panchayats across the selected states. Both revenue autonomy and fiscal autonomy of panchayats in West Bengal were low relative to that of many other states. These two indices were higher in states like Haryana, Maharashtra and Kerala than that of other states. But panchayats in all the selected states were unable to increase their autonomy even after the 73rd Constitutional Amendment Act.

Without any proper planning it is very difficult to remove the anomalies and the impediments. Another challenge of any developing economy as well as panchayat is high rate of population growth which leads to disguised unemployment and low rate of per capita income which may pull the economy towards under development or backwardness. The process of utilization of land can play a vital role to improve own revenue structure vis-à-vis economic condition of gram panchayats.

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