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**REPORT
OF
THE FOURTH STATE FINANCE COMMISSION
WEST BENGAL**

PART – I

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Preface

The Fourth State Finance Commission of West Bengal was set up towards the end of April 2013. However, it was not until October that it got an office space and some minimal support staff to become functional. The five months lying between April and October was spent on informal discussions with academicians and government officials to gather some initial information and form preliminary ideas which helped the Commission in its later deliberations. The Commission had initially started with two members; subsequently the member secretary was appointed in June, 2013 and another member in July, 2014.

Apart from commenting on the overall working of local governments in West Bengal and the condition of state finance, the Commission had to undertake three broad exercises. First, the total sum of money to be devolved to the rural and urban bodies that the Commission were to recommend had to be arrived at. Second, given the total recommended sum going to the rural bodies, the Commission had to determine the sharing rule of this sum across the three tiers of Panchayati Raj Institutions, namely the Zilla Parishad, the Panchayat Samiti and the Gram Panchayat. Third, the distribution of devolution within each tier and within the urban bodies had to be decided upon.

The Commission's recommended devolutions to the rural and urban bodies were founded on three basic considerations: (a) the actual amounts devolved in the past as a percentage of the state's own tax revenue, especially the pattern of devolution made in the recent past; (b) the magnitude and pattern of devolution by the Fourteenth Finance Commission to the local bodies of the state; and (c) the actual requirement of the local bodies for their smooth functioning. The principle adopted by the Commission is to ensure the required fund flow to the rural and urban bodies as far as possible subject to the availability of funds from the centre and from the state. In particular, while making its recommendations, the Commission has kept in mind the financial stringencies of the present government due to an inherited debt overhang. All these considerations have led the Commission to recommend a devolution that is both desirable and practicable.

The distribution across the different tiers of rural bodies was primarily guided by the fact that the Fourteenth Finance Commission has devolved a large amount of funds to the Gram Panchayats, but absolutely nothing to the higher two tiers. Consequently, devolution to the lowest tier was kept to a minimum, distributing the rest between the two higher tiers. Horizontal allocation within any specific tier, on the other hand, was arrived at on the basis of a formula

which gave weights to population, area, backwardness and the degree of urbanization of the local bodies. The last criterion was chosen to take into account the special needs of Panchayat areas which are still officially classified as rural but exhibit urban characteristics.

It was observed by the Commission that often assets acquired by local bodies are fast

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existing assets and to meet liabilities arising out of user charges like electricity tariffs.

The Commission has recommended some additional devolution, for both urban and rural bodies, as performance grant. Eligibility for performance grants entails timely use of central funds as well as maintenance of updated and audited accounts. The Commission decided not to set satisfactory own fund generation as a criterion of eligibility partly because the capacity or ability of tax and non-tax revenue generation widely varies across local bodies and partly because the upper two tiers of Panchayat do not have the power to tax its residents.

The members of the Commission would like to thank a large number of individuals. A complete list of these wonderful people and institutions is delegated to a separate page of this report. Here we mention some who have been particularly helpful and encouraging.

First and foremost, the Commission would like to thank the honourable Chief Minister of West Bengal Smt. Mamata Bandyopadhyay and the honourable Finance Minister of West Bengal Dr. Amit Mitra for giving its members the opportunity to work for the Finance Commission and enhance their understanding of the West Bengal Economy in general and rural West Bengal in particular.

Shri Utpal Chakraborty, WBCS (Exe), Research Officer of the Commission, with an inexorable energy and dedication, prepared the first draft of a major portion of this report. Indeed, without his incessant hard work and persuasion this report could never have been completed. No amount of thanks would be adequate to acknowledge his contribution.

Thanks must go to Professor Achin Chakraborty and Dr. Subrata Mukherjee of the Institute of Development Studies Kolkata (IDSK) and Dr. Chiranjib Neogi of the Indian Statistical Institute (ISI) who played very important roles in preparing the entitlement tables.

The members of the Commission would like to thank Professor Sugata Marjit, Vice Chancellor of Calcutta University and Professor of Economics at the Centre for Studies in Social Sciences, Calcutta (CSSSC) along with his team members Dr. Tushar Nandi also of CSSSC and Dr. Jayanta Dwivedi of BKC College for helping the Commission with their penetrating analysis of the current state of West Bengal Finance. The Commission owes thanks to Dr. Sandip Mitra of the ISI and his team members for their insightful account of the problems of auditing and monitoring of local governments in West Bengal and to Dr. Chiranjib Neogi and Professor Amita Majumdar of the ISI for their excellent report on Municipalities of West Bengal. The Commission

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The Commission would like to thank the P&RD and MA Departments of the state government for facilitating, through their satellite channels and conference facilities, the Commission's interactions with the rural and urban local bodies. These Departments are also to be thanked for assisting the Commission in collecting the data from the local bodies. In a similar vein, thanks would go to the Department of Science and Technology of the Government of West Bengal for providing the Commission satellite data on areas of local bodies.

Last but not the least, the members record their appreciation for the support staff of the Commission whose excellent services made the work environment conducive and gracious.



Abhirup Sarkar
Chairman

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4. Janab Firhad Hakim, Minister-in-Charge, Municipal Affairs and Urban Development, West Bengal
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9. District Administration of all Districts
10. All Block Development Officers
11. Finance Department, Panchayat & Rural Development Department, Municipal Affairs Department, Urban Development Department, Development & Planning Department, Science & Technology Department, Public Health Engineering Department
12. State Institute of Panchayats & Rural Development, W.B., State Urban Development Agency, W.B., Director of Local Bodies, W.B., Institute of Local Government and Urban Studies, W.B., W.B. Valuation Board, Bureau of Applied Economics and Statistics, Kolkata
13. Indian Statistical Institute, Kolkata, Centre for Studies in Social Sciences, Kolkata, Institute of Development Studies, Kolkata, Institute of Social Science, Kolkata
14. Examiner of Local Accounts, Kolkata
15. Principal Accountant General, W.B.
16. Principal Director and Faculty Members of Regional Training Institute, Indian Audit and Accounts Department at Kolkata
17. Bureau of Applied Economics and Statistics, West Bengal
18. Census Directorate, West Bengal

TABLE OF CONTENTS

	<u>Page No.</u>
Part – I	
Chapter-I	
Introduction.....	1
Chapter-II	
Why Local Govt. matters: A listening to the voices from the field.....	10
Chapter-III	
Issues and approach.....	23
Chapter-IV	
Contributions of previous State Finance Commissions in West Bengal: A review.....	41
Chapter-V	
Fiscal position of the State Government: A review.....	59
Chapter-VI	
Decentralised Rural Governance and devolution.....	75
Chapter-VII	
Decentralised Urban Governance and devolution.....	104
Chapter-VIII	
Fiscal devolution and financial domain of the PRIs.....	153
Chapter-IX	
Fiscal Devolution and financial domain of ULBs.....	187
Chapter-X	
Planning in Local Government.....	211
Chapter-XI	
Monitoring and Evaluation.....	232
Chapter-XII	
Recording of best Practices.....	243
Chapter-XIII	
Assessment of Gap in Resources.....	269
Chapter-XIV	
Devolution Recommended.....	283
Chapter-XV	
Summary of Recommendations.....	305

Chapter –XVI
General Observation and Concluding Remarks..... 330

Part – IV (in compact disk)

ANNEXURES

Annexure-I

- (i) Receipt of ULBs from tax revenue
- (ii) Receipt of ULBs from non-tax revenue
- (iii) Receipt of ULBs from Central and State Government against development scheme
- (iv) Receipt of ULBs from Central and State Government against fixed grant
- (v) Receipt of ULBs from Central and State Government against other grant
- (vi) Receipt of ULBs from Central and State Government against other untied grant
- (vii) Receipt of ULBs from Central and State Government against salary and pension
- (viii) Expenditure of ULBs on Civic services
- (ix) Other Expenditure of ULBs including Salary and Wages

Annexure-II

- (i) Receipt of GPs from Tax revenue
- (ii) Receipt of GPs from non Tax Revenue
- (iii) Receipt of GPs from Central and State Government
- (iv) Expenditure of GPs on Civic services
- (v) Other Expenditure of GPs including Salary and Wages

Annexure-III

- (i) Receipt of PSs from own sources
- (ii) Receipt of PSs from Central and State Government
- (iii) Expenditure of PSs on Civic services
- (iv) Other Expenditure of PSs including Salary and Wages

Annexure-IV

- (i) Receipt of ZPs from own sources
- (ii) Receipt of ZPs from Central and State Government
- (iii) Expenditure of ZPs on Civic services
- (iv) Other Expenditure of ZPs including Salary and Wages

Annexure-V

- (i) Water supply projects run by PHE Department
- (ii) Water supply projects run by KMDA
- (iii) Water supply projects run by KMWSA
- (iv) Valuation of properties within ULB area by the WBVB
- (v) Status of Bills receivable by CESC Ltd. from ULBs
- (vi) Status of Bills receivable by WBSEDCL from ULBs

Annexure-VI

- (i) Questionnaire for RLBs
- (ii) Questionnaire for ULBs
- (iii) Replies to Questionnaire for RLBs
- (iv) Replies to Questionnaire for ULBs
- (v) Civic Service data for ULBs

LIST OF ABBREVIATIONS

APA	=	Annual Performance Assessment
AWW	=	Angan Wadi Worker
BDO	=	Block Development Officer
BPHC	=	Block Primary Health Centre
BPC	=	Block Plan Committee
BRGF	=	Backward Region Grant Fund
CAA	=	Constitutional Amendment Act
CBO	=	Community Based Organisation
CHCMI	=	Community Health Care Management Initiative
CPR	=	Centre for Policy Research/ Common Property Resources
CSSS/CSS	=	Centre for Studies in Social Sciences/Centrally Sponsored Scheme
DDC	=	District Development Council
DPC	=	District Planning Committee
DPCC	=	District Plan Co-ordination Committee
DPO	=	District Planning Officer
DPU	=	District Planning Unit
ELA	=	Examiner of Local Accounts
ESMF	=	Environment and Social Management Framework
ETC	=	Extension Training Centre
FC	=	Finance Commission
FFC	=	Federal Finance Commission/ Fourteenth Finance Commission
FRBM	=	Fiscal Responsibility and Budget Management
GDP	=	Gross Domestic Product
GP	=	Gram Panchayat

GPMS	=	Gram Panchayat Management System
GR	=	Gratuitous Relief
GSDP	=	Gross State Domestic Product
GUS	=	Gram Unnayan Samiti
HDI	=	Human Development Index
HIT	=	Howrah Improvement Trust
ICDS	=	Integrated Child Development Scheme
ICT	=	Information Communication Technology
IDSK	=	Institute of Development Studies Kolkata
ILGUS	=	Institute of Local Government and Urban Studies
ISI	=	Indian Statistical Institute
ISGP	=	Institutional Strengthening of Gram Panchayats
JNNURM	=	Jawaharlal Nehru Urban Renewal Mission
KIT	=	Kolkata Improvement Trust
KMA	=	Kolkata Metropolitan Area
KMDA	=	Kolkata Metropolitan Development Agency
KMPC	=	Kolkata Metropolitan Planning Committee
KMWSA	=	Kolkata Metropolitan Water and Sanitation Agency
KUSP	=	Kolkata Urban Sub Plan
MGNREGA	=	Mahatma Gandhi National Rural Employment Guarantee Act
MMC	=	Minimum Mandatory Condition
MOPR	=	Ministry of Panchayati Raj
MORD	=	Ministry of Rural Development
MSK	=	Madhyamik Siksha Kendra
NIC	=	National Informatics Centre
NIRD	=	National Institute of Rural Development
NTR	=	Non Tax Revenue
ONTR	=	Other Non Tax Revenue
OSR	=	Own Source Revenue
OTR	=	Own Tax Revenue
PRI	=	Panchayati Raj Institution
PS	=	Panchayat Samiti
PUP	=	Programme for Urban Poor
RD	=	Revenue Deficit

RE	=	Revenue Expenditure/ Revised Estimate
RLB	=	Rural Local Bodies
RNTCP	=	Revised National Tuberculosis Control Programme
RR	=	Revenue Receipt
SAHAI	=	State Action against Hunger and Inequality
SAM	=	Severe Acute Mal-nutrition
SHG	=	Self Help Group
SFC	=	State Finance Commission
SIPRD	=	State Institute of Panchayats and Rural Development
SRD	=	Strengthening Rural Decentralisation
SSK	=	Sishu Siksha Kendra
SUDA	=	State Urban Development Agency
TOR	=	Terms of Reference
ULB	=	Urban Local Bodies
VGDI	=	Vulnerable Group Development Index
ZP	=	Zilla Parishad

LIST OF TABLES

Table No.	Content	Page No.
Table 3.37.1	Fiscal Indicators: Future Projections	34
Table 4.2.1	Status of Constitution of previous State Finance Commissions	41
Table 4.6.1	Rural Devolution Index of First SFC	43
Table 4.7.1	Urban Devolution Index of First SFC	44
Table 4.8.1	First SFC's Principles of Distribution between GP and PS	44
Table 4.10.1	Principles of Allocation of untied fund recommended by 2 nd SFC	45
Table 4.14.1	Principles of Allocation of untied fund recommended by Third SFC	49
Table 4.18.1	Status of Departmental Release to ZPs against First SFC's Recommendation	54
Table 4.19.1	Budget provision and actual release of Second SFC Fund	55
Table 4.21.1	Actual release vis-a-vis recommendation of Third SFC	55
Table 4.23.1	Status of Release of fund on account of Entertainment Tax	57
Table 4.24.1	Sharing of Profession Tax and Motor Vehicles Tax	57
Table 5.1	Revenue and Primary Revenue deficit in WB and India	61
Table 5.2	Sources of Revenue in WB and general category States	67
Table 5.3	SFC devolution as percentage of own Tax Revenue in WB	73
Table 6.1.1	District wise distribution of PRIs in West Bengal	76
Table 6.31.1	Suggested components of Core Services	92
Table 6.38.1	Status of Gram Panchayat Employees	95
Table 6.39.1	Status of Panchayat Samiti Employees	96
Table 6.40.1	Posts of Zilla Parishads filled up by Officials from State Government Services	96
Table 6.40.2	Other Employees of Zilla Parishad	97
Table 6.47.1	Elected Representatives & other Functionaries of Panchayats Trained	101

Table 7.2.1	District wise and Classification wise distribution of Urban Local Bodies in West Bengal	104
Table 7.3.1	District wise and Category wise distribution of Urban Local Bodies in West Bengal	105
Table 7.8.1	Percentage distribution of urban and rural population in West Bengal (1901-2011)	108
Table 7.9.1	District-wise growth of Urbanization in West Bengal between 2001 and 2011	109
Table 7.10.1	Population of Eight Largest Indian Metropolitan Cities	110
Table 7.11.1	Growth of Towns in West Bengal between 1901 and 2011	111
Table 7.14.1	Service Level Benchmark	113
Table 7.15.1	Service Level Benchmark of Municipalities in WB	135
Table 7.18.1	Service Level of Water Supply of ULBs in West Bengal	114
Table 7.19.1	Status of Municipal Water Supply in Non-KMD Part of West Bengal i Provider PHE	138
Table 7.19.2	Status of O&M of Drinking Water Projects run by KMDA	141
Table 7.19.3	Status of Water Supply Projects under JNNURM and Non-JNNURM	142
Table 7.23.1	Status on access to select Urban Services	117
Table 7.25.1	Service Level of Solid Waste Management of ULBs	118
Table 7.41.1	ULB wise Roads/ Street Lights/ Parks	144
Table 7.49.1	Service delivery gap in Core Services in City & Slums in West Bengal	123
Table 7.55.1	Position of overdue bills payable to WBSEDCL by ULBs	148
Table 7.56.1	Outstanding Electricity Bill of CESC	125
Table 7.67.1	Development Authorities Constituted under T&CP Act	130
Table 7.69.1	Distribution of Efficient Municipalities over Time	151
Table 8.3.1	OSR of PRIs and its percentage to total income	155
Table 8.4.1	Own Source Revenue of Gram Panchayats	156
Table 8.4.2	Own Source Revenue of Panchayat Samiti and Zilla Parishad	156

Table 8.5.1	Comparative status of OSR of Village Panchayats	156
Table 8.5.2	Comparative status of collection of User charges by Intermediate Panchayats	157
Table 8.5.3	Comparative status of collection of User charges by District Panchayats	157
Table 8.5.4	Average per capita own Revenue of selected states	158
Table 8.6.1	Trend of Collection of Tax of GPs vis-a-vis Demand	159
Table 8.12.1	Fund flow to Zilla Parishad from Panchayats & Rural Development Department	163
Table 8.12.2	Fund flow to Panchayat Samities from Panchayats & Rural Development Department	164
Table 8.12.3	Fund flow to Gram Panchayats from Panchayats & Rural Development Department	165
Table 8.12.4	Receipts of PRIs together from the Central and State Government under Panchayats & Rural Development Department	166
Table 8.13.1	Estimated total Receipts of PRIs	167
Table 8.14.1	Tier wise per capita receipt against total fund	168
Table 8.15.1	Tier wise per capita receipt from Central & State Government towards Development Programme	168
Table 8.15.2	Tier wise per capita receipt against untied fund	169
Table 8.15.3	Flow Chart of Tier wise per capita receipt against Tied and Untied Programme Fund	169
Table 8.16.1	Tier wise per capita receipt from State Government Fund	169
Table 8.17.1	Expenditure of Panchayats & Rural Development Department's fund by the PRIs	170
Table 8.18.1	Estimated overall expenditure of PRIs	171
Table 8.20.1	Tier wise and unit wise estimated expenditure of the PRIs	172
Table 8.21.1	Tier wise estimated per capita Expenditure	172
Table 8.22.1	Comparison of Per Capita average Expenditure by PRIs	173
Table 8.23.1	Expenditure of GP on civic services	174

Table 8.23.2	Expenditure of PS on civic services	175
Table 8.23.3	Expenditure of ZP on Civic Services	176
Table 8.25.1	Fund Flow To Gram Panchayats under 14 th Finance Commission	177
Table 8.35.1	Flow of untied Grants to ISGP Project GPs	184
Table 8.36.1	Average receipt and expenditure for each of 1000 ISGP Project GPs	185
Table 9.5.1	Receipts and Expenditure of ULBs	188
Table 9.6.1	OSR and Unrealised Tax+Service Charge and Administrative Expenditures of ULBs	190
Table 9.7.1	ULB-Own Source Revenue/ Unrealised Revenue/ Deficit in OSR compared to salary etc.	190
Table 9.8.1	ULB-OSR/ Deficit in OSR compared to Administrative Expenditure and Expenditure on Civic Services	192
Table 9.11.1	Frequency of Valuation of Property - (ULB-Wise)	204
Table 9.15.1	Usage of funds of ULBs	196
Table 9.16.1	Administrative cost of ULBs	197
Table 9.19.1	Per capita spending of ULBs	207
Table 9.20.1	Changed position of GoI programmes (ULB assigned) with reference to Central Budget	201
Table 10.29.1	Present Status of Functioning of DPCs in West Bengal	222
Table 11.11.1	Status of Self Evaluation of PRIs	237
Table 11.15.1	A district wise break-up of exposure visit	241
Table 12.6.1	OSR investment of Chandipur GP towards local development	245
Table 12.7.1	Demand wise collection of Tax of Chandipur GP	245
Table 12.8.1	Increase of Assesseees of Chandipur GP	246
Table 12.16.1	Number of Tax Payers of Ahmedpur GP	248
Table 12.17.1	Classification of Tax Payers in Different Tax Groups of Ahmedpur GP	249
Table 12.20.1	Demand for and Collection of Tax of Ahmedpur GP	250
Table 12.23.1	Composition of Own Source Revenue of Ahmedpur GP	251

Table 12.24.1	Expenditure of Own Fund of Ahmedpur GP	252
Table 12.30.1	Sex and Age group wise distribution of SAHAI Beneficiaries of Mallarpur GP	256
Table 12.30.2	Why SAHAI Beneficiary	257
Table 12.49.1	Property Tax Collection of Bidhannagar Municipality from 2007-08 to 2012-13	267
Table 14.2.1	Tax Revenue and Devolution to Local Bodies	284
Table 14.2.2	Summary Statistics of Devolution as % of Own Tax Revenue	285
Table 14.6.1	Estimated Costs of Civic Service delivery by the ULBs	287
Table 14.8.1	Recommended Mentoring Cost of RLBs for 2015-16	288
Table 14.15.1	Proposed Devolution against each category of Local Body from 2015-16 to 2019-20	291
Table 14.16.1	Tier wise comparative share of SFC Grant	292
Table 14.18.1	Comparison of Untied fund recommended and released during 3 rd SFC and 13 th FC vis-a-vis recommendation of 4 th SFC and 14 th FC	293
Table 14.19.1	Devolution of untied fund in per capita term over 5 years period 2015-16 to 2019-20	294
Table 14.28.1	Composite Index of RLBs	298
Table 14.33.1	Composite Index of ULBs	300

LIST OF BOXES

Box No.	Content	Page No.
Box 6.22.1		

Chapter – I

Introduction

CONSTITUTION OF THE COMMISSION

1.1 (A) Under Article 243-I of the Constitution of India, the Governor of a state, at the expiration of every fifth year from the commencement of the Constitution (Seventy-third Amendment Act, 1992), is to constitute a Finance Commission to review the financial position of the Panchayats and to make recommendations to the Governor as to i

- (a) The principles which should govern-
 - (i) the distribution between the state and the Panchayats of the net proceeds of the taxes, duties, tolls and fees leviable by the State, which may be divided between them under this Part and the allocation between the Panchayats at all levels of their respective shares of such proceeds;
 - (ii) the determination of the taxes, duties, tolls and fees which may be assigned to, or appropriated by, the Panchayats;
 - (iii) the grants-in aid to the Panchayats from the Consolidated Fund of the State;
- (b) the measure needed to improve the financial position of the Panchayats;
- (c) any other matter referred to the Finance Commission by the Governor in the interest of sound finance of the Panchayats.

(B) Article 243-Y of the Constitution directs upon the State Finance Commission to review the financial position of the Municipalities and recommend to the Governor on the similar points as prescribed for the Panchayats under Article 243-I.

1.2 Section 206 of the West Bengal Panchayat Act provides the procedure of Constitution of the SFC. The Government of West Bengal has further adopted a separate legislation known as West Bengal Finance Commission (Miscellaneous Provisions) Act, 2011 which details the requirements for the Chairman and the Members of the Commission. These are placed in **Appendix – III**.

1.3 The Government of West Bengal vide its Notification No.121-FB dated 30.04.2013 has constituted the Fourth State Finance Commission (hereinafter referred to as the Fourth SFC or the Commission) with terms of reference and the following members :

- | | | |
|---|---|------------------|
| 1. Professor Abhirup Sarkar | : | Chairman |
| Indian Statistical Institute, Kolkata | | |
| 2. Shri Dilip Ghosh, IAS (Retd) | : | Member |
| Formerly Secretary, Health & F.W. Deptt., Govt. of W.B. | | |
| 3. Smt Ruma Mukherjee | : | Member |
| | | |
| 4. Sri Swapan Kr. Paul, WBCS (Exe.) (Retd.) | : | Member-Secretary |
| Formerly Special Secretary, Finance Deptt., Govt. of W.B. | | |

Copies of the Government Notifications are placed in **Appendix-IV**

TERMS OF REFERENCE

1.4 Terms of reference of the Commission as contained in **Appendix-IV** are same as specified in clause (a) and (b) of Article 243-I and Article 243-Y of the Constitution of India. This means, as required in the Articles 243I and 243Y of the Constitution of India, this Commission is to spell out the principles which should govern the distribution of resources between the State, the Panchayats and Municipalities and also to suggest means through which own resources of the Local Self-governing bodies may be augmented.

POWERS, AUTHORITY AND RESPONSIBILITIES OF PANCHAYATS AND MUNICIPALITIES

1.5 Article 243-G of the Constitution of India provides:

Subject to the provisions of this Constitution, the Legislature of a State may, by law endow the Panchayats with such powers and authority as may be necessary to enable them to function as institutions of Self Government and such law may contain provisions for the devolution of powers and responsibilities upon Panchayats at the appropriate level, subject to such conditions as may be specified therein, with respect to-

- (a) the preparation of plans for economic development and social justice;

(b) the implementation of schemes for economic development and social justice as may be entrusted to them including those in relation to the matters listed in the Eleventh Schedule.

1.6 Article **243W** of the Constitution of India provides:

Subject to the provisions of this Constitution, the Legislature of a State may, by law, endow-

(a) the Municipalities with such powers and authority as may be necessary to enable them to function as institutions of Self-Government and such law may contain provisions for the devolution of powers and responsibilities upon Municipalities, subject to such conditions as may be specified therein, with respect to-

(i) the preparation of plans for economic development and social justice;

(ii) the performance of functions and the implementation of schemes as may be entrusted to them including those in relation to the matters listed in the Twelfth Schedule;

(b) the Committees with such powers and authority as may be necessary to enable them to carry out the responsibilities conferred upon them including those in relation to the matters listed in the Twelfth Schedule. The relevant Provisions are placed in **Appendix – II**.

1.7 During the tenure of Third SFC there were 3354 Gram Panchayats, 333 Panchayat Samities, 17 Zilla Parishads and 1 Mahakuma Parishad including Darjeeling and excluding Kolkata. Similarly there were 121 Municipalities and 6 Municipal Corporations. Subsequently, however, 7 Gram Panchayats disappeared due to creation of Municipalities in the concerned areas. These Gram Panchayats are Mrigala, Manoharpur and Dankuni in Hooghly District, Joka-I and Joka-II in South 24-Parganas District and Haringhata-I and Haringhata-II in Nadia District. On the other hand Haringhata Municipality was a new creation which was not in existence during the tenure of the Third SFC. Again, Alipurduar district vis-a-vis Alipurduar Zilla Parishad was created after bifurcation of Jalpaiguri District. The Fourth SFC, therefore, had to take care of 3347 Gram Panchayats, 333 Panchayat Samities, 18 Zilla Parishads, 1 Mahakuma Parishad and 128 Urban Local Bodies in their recommendation.

DARJEELING HILL AREAS

1.8 It has been stated in Article 243M (3) of the Constitution of India that :
Nothing in this part-

- (a) Relating to Panchayats at the district level shall apply to hill areas of the District of Darjeeling in the State of West Bengal for which Darjeeling Gorkha Hill Council exists under any law for the time being in force,
- (b) Shall be construed to effect the functions and powers of the Darjeeling Gorkha Hill Council constituted under such law.

1.9 The Commission noted that the PRIs in Darjeeling excepting the GP offices have not been in existence as separate entities for a long period. The election to Gram Panchayats, however, has not been held for a pretty long time.

1.10 Meanwhile, the Government of West Bengal has adopted further a legislation known as The Gorkhaland Territorial Administration Act, 2011 (herein after referred to as the Act). Sec. 34 and 35 of the Act state that the GTA will have the authority to inspect or cause to be inspected the activities of Zilla Parishad, Panchayat Samities and Gram Panchayats constituted under the W.B. Panchayat Act, 1973. Sec. 34 of the Act also states that until ZP is constituted, GTA will exercise all the powers of the ZP under the W.B.P.Act, 1973.

1.11 We have, therefore, normatively indicated the share of entitlement for the RLBs of Darjeeling Hill areas. State Government, however, may decide as to whether and how these grants would be released.

WORKING OF THE COMMISSION

1.12 The 4th State Finance Commission, West Bengal, constituted in April, 2013, has actually started working from the end of October 2013, though the Chairman Prof. Abhirup Sarkar and one of the part-time Members Shri Dilip Ghosh were appointed in April, 2013 and joined in May, 2013. The Member-Secretary Sri Swapan Kumar Paul was appointed and joined in June, 2013. Another Member Smt. Ruma Mukherjee was appointed and joined in the month of July, 2014. Some time was lost due to delay in deployment of other Officers, staff and setting up of the office. Unfortunately, this Commission lost another three months owing to embargo imposed by the Election Commission of India during the last parliamentary election and could not hold consultation with Government functionaries and Local bodies while the Model Code of Conduct was in force. The Commission actually started its full fledged field visit from the end of June, 2014. Some loss of subsequent time was also caused due to non availability of disaggregated data on population, area etc. up to GP level from the

Panchayats and Rural Development Department which could not be made available by the Census Directorate. As a consequence the Commission has utilized alternative source as has been detailed in subsequent Chapters.

1.13 The Commission held its first meeting on 10th June, 2013 when the Chairman and another member assumed charge. Formal notification as to the constitution of the Commission and its terms of reference was given by the Finance Department, Government of West Bengal for general information of the public and other organisations.

1.14 Structured questionnaires were developed by the Commission separately for PRIs and ULBs and were despatched to respective local bodies excepting RLBs under Darjeeling Hill Rural Areas (GP-3235, PS-333, ZP-18, ULB-127). The Questionnaires are reproduced in **Appendix-V**. Urban Local Bodies were asked to send their reply through e-mail directly to the Commission while the Rural Local Bodies were advised to post the data in the website of Panchayat & Rural Development Department. The Institute of Development Studies, Kolkata, one of the leading Research Institutes funded by the Government of West Bengal, was entrusted with the task of cleaning and processing the data uploaded/mailed by the respective local bodies.

1.15 After repeated attempts the Commission was able to collect information from 2870 Nos. of GPs, 288 Nos. of PSs, 17. Nos. of ZPs and 127 Nos. of ULBs and the present report is developed on the basis of this data, duly cleaned by the Commission as far as practicable, apart from information given by the respective departments of the State Government.

STUDIES AND CONSULTATIONS

1.16 The Commission, in order to be more specific in submitting report/ recommendations to the Government entrusted three renowned Research Institute viz., (a) Indian Statistical Institute, Kolkata (ISI), (b) Institute of Development Studies, Kolkata (IDSK) and (c) Centre for Studies in Social Sciences, Kolkata (CSSS) to conduct field level studies on various aspects relating to the functioning of Rural Local Bodies (RLBs) and Urban Local Bodies (ULBs) and also to review the Financial Position of the Government of West Bengal.

1.17 The ISI, Kolkata was entrusted with the study on (1) ñEfficient Allocation of Funds and Performance Evaluation of Urban Local Bodies in West Bengalò and (2) ñAccountability

of Local Governments i A Pilot study on Gram Panchayatsò. The IDSK was entrusted with the study on ñInvestment Requirements for provision of Core Services and Own Resource Generation by the Panchayats in West Bengalò. The CSSS, Kolkata was entrusted with study on ñEvaluation of State Financesò. Summary of these studies are appended to **Appendix-IX**.

FIELD VISITS OF THE COMMISSION

1.18 The Commission, in course of its functioning, visited a few selected GPs, PSs, ULBs, Development Authorities and all the Zilla Parishads in all the districts of West Bengal which were in existence at the time of notification of the Commission. The Commission did not visit Alipurduar ZP, the newly created district of West Bengal which came into existence much after the formal notification of the Commission. The Commission had, however, invited the DM, Sabhadhipati and other functionaries of the newly constituted ZP at a joint meeting held at Jalpaiguri Zilla Parishad and requested for their views on the share of entitlement for the new Zilla Parishad. A detailed list of visits by the Commission is appended to **Appendix-I**. The Commission expresses its gratitude to all the elected representatives and other Government and non-Government Officials for rendering their best co-operation during the visit of the Commission and ensuring fruitful discussion as to their functioning. A summary of discussions is also appended at **Appendix-X**.

SEMINARS AND WORKSHOPS

1.19 The Commission organised two State level Seminar-cum-workshops on 12th July, 2013 and 31st July, 2014 at the Indian Statistical Institute, Kolkata on the Terms of Reference of the Commission and review of Consultative studies entrusted by the Commission, respectively. Eminent scholars and academicians of the Country and abroad apart from the Members of the Commission had participated in the deliberations. The list of participants deliberated in these seminars include Prof. Bimal Roy, Director, ISI, Prof. Abhirup Sarkar, Chairman, 4th SFC, Shri Dilip Ghosh, Member, 4th SFC, Prof. Dilip Mukherjee of Boston University, Prof. Nirmala Banerjee, formerly of Centre for Studies in Social Sciences, Dr. Arijita Dutta and Prof. Ratan Khasnabis of Calcutta University, Shri Buddhadeb Ghosh of ISI, Kolkata, Prof. Saibal Kar of Centre for Studies in Social Science, Kolkata, Prof. Maitreesh Ghatak of London School of Economics, Prof. Achin Chakraborty, Director, IDSK, Prof. Vivekananda Mukherjee of Jadavpur University and Prof. Sugata Marjit of Centre for Studies in Social Science, Kolkata. The deliberations of the participants in these seminars contributed

valuable insights and the Commission was immensely benefited. The Commission conveys its gratitude to all. A summary of outcome of these workshops is appended at **Appendix-X**.

OTHER MEETINGS AND VIDEO CONFERENCES

1.20 Apart from the in house meetings, the Commission also conducted some other meetings and video conferences to ascertain the facts, which are detailed below:

(i) On 13th November, 2013 two meetings were held at the Commission's Office with Officials of Panchayats & Rural Development Department, Govt. of W.B. and Municipal Affairs Department, Govt. of W.B. to finalise the Questionnaire and other allied issues.

(ii) On 19th November, 2013 a meeting was held at the Commission's Office with Officials of Finance Department, Government of West Bengal to review the actual release of fund to PRIs and ULBs during previous years.

(iv) On 23rd December, 2013 a meeting was held at the Commission's Office with the representatives of ISI, Kolkata, IDSK and CSSS, Kolkata to discuss the academic needs of the Commission and design some explorative studies at the field level on several issues.

(v) On 15th January, 2014, two meetings were held at the Commission's Office with Officials of Panchayats & Rural Development Department, Government of West Bengal and Municipal Affairs Department, Govt. of West Bengal to review the head wise fund flow to different tiers of PRIs and ULBs.

(vi) On 21st, 22nd January, 2014 and 26th February, 2014 interactive meetings were held at the Commission's Office with the Government Officials of the Panchayats and Rural Development Department, Government of West Bengal on scheme wise fund flow to PR bodies from the Panchayat & R.D. Department.

(vii) On 2nd, 9th, 16th and 23rd June, 2014 interactive Video Conferences were held in phased manner with elected and official functionaries of Zilla Parishads, Siliguri Mahakuma Parishad, Panchayat Samities and Gram Panchayats of all Districts of West Bengal from Roop Kala Kendra, Salt Lake, an organ of the Government of West Bengal.

(viii) On 27th June, 2014 an interactive meeting was held at Regional Training Institute, CGO Complex, Salt Lake with the Officers of the Principal Accountant General, West Bengal on the status of Accounts and Audit of PRIs and ULBs.

(ix) On 11th, 18th and 25th August, 2014 meetings were held with the representatives of non-KMA ULBs and on 18th and 19th September, 2014 meetings were held with the representatives of KMA ULBs to review the present bottlenecks of the concerned ULBs at the Office of SUDA, Salt Lake, Kolkata.

(x) On 16th December, 2014 structural presentation on fund flow to ULBs along with other aspects was made by the officials of Municipal Affairs Department at the office of SUDA, Salt Lake, Kolkata.

List of Participants are appended to **Appendix-I** of this report. The Commission was immensely benefitted with the discussions held in these meetings and conferences and conveys its gratitude to all the participants. A summary of discussions is also appended to **Appendix-X**.

OFFICIALS OF THE COMMISSION

1.21 Apart from the Chairman and the Members as detailed above the Commission was provided with one Research Officer, one Assistant Secretary (subsequently promoted to Deputy Secretary), one Sr. Personal Secretary, two Section Officers (one subsequently promoted to OSD), one Personal Assistant, two U.D. Assistants and three Gr.- D employees which is detailed in **Appendix-XI**.

COMMISSION'S WEBSITE

1.22 Fourth State Finance Commission has already constituted a website (www.fincomwb.nic.in) for use of the Commission and the other stakeholders. The site contains legal provisions of the SFC, details of its constitution, ToR, creation of posts for the SFC, meetings of the Commission with different stakeholders, proceedings of the sittings of Commission, etc. **After submission of the Commission's report, the website may be maintained by the Finance Department by updating the site with reports of earlier SFCs and Action Taken Reports and G.Os. Issued by various Departments relating to Local Bodies and other database till the constitution of next State Finance Commission. The website can be further updated by the next SFC.**

STRUCTURE OF THE REPORT

1.23 While structuring this report, due regard has been paid to the template provided by the 13th FC for the SFCs as far as practicable. So, considering its size and keeping in view the users' accessibility, this report is distributed in four parts. **Part – I** contains Chapter ĩ I to Chapter ĩ XVI. **Part – II** contains Chapter ĩ XVII. **Part – III** consists of Appendices. **Part – IV**, in a compact disc, contains all Annexures.

1.24 Part ĩ I, apart from this introducing chapter, is divided into fifteen chapters. Chapter ĩ II is a narration of issues highlighted by various stakeholders during their interactions with the Commission. Chapter ĩ III discusses the issues, approach and methodology adopted by the Commission to structure its report. Chapter ĩ IV reviews the contributions of the earlier State Finance Commissions vis-a-vis action taken by the State Government on these recommendations. Chapter ĩ V reviews the fiscal position of the State Government. Chapter ĩ VI and Chapter ĩ VII revisit the status of decentralised Governance and devolution in respect of both Rural and Urban Local Bodies. Chapter ĩ VIII and Chapter ĩ IX review the financial position of Rural and Urban Local Bodies respectively with reference to their own source of revenue, direct transfer by the State Government and the status of their fund management. Chapter ĩ X reviews the decentralised planning process of RLBs and ULBs. Chapter ĩ XI looks into the status of Monitoring and Evaluation System of Rural and Urban Local Bodies with special focus on the services provided by them in comparison to the minimum standards notified. Chapter ĩ XII records some Best Practices of both Rural and Urban Local Bodies. An assessment of the gap in Financial Resources has been made in Chapter ĩ XIII and recommended devolution has been detailed in Chapter ĩ XIV. Chapter ĩ XV summarises Recommendations. General Observations have been made in Chapter ĩ XVI.

1.25 In Part ĩ II, Chapter ĩ XVII details the Index Values, Entitlement of RLBs & ULBs, division-wise and district-wise summary & Apportionment Tables for RLBs and ULBs.

1.26 In Part ĩ III, all Appendices as mentioned in this introducing chapter and other chapters have been incorporated.

1.27 Part ĩ IV, as detailed in para 1.23, consists of the collection of annexures which include RLB and ULB wise receipt and expenditure, data on civic services by ULBs and information given by West Bengal Valuation Board, CESC, WBSEDCL, KMWSA, KMDA and PHE Department and replies to Questionnaires by RLBs and ULBs.

Chapter – II

Why Local Government Matters: A listening to the voices from the field

What matters in the setting

2.1 Scholars, Researchers and Policy planners working with the State, Government and popular politics across the globe are advocating for sometimes that the State should be brought closer to the people. In popular term this has been fashioned as Decentralisation of State Power and creation or revitalization of Local Governments, both at Rural and Urban levels. Ideal decentralisation, as is argued, further calls for devolution of functions, fund and functionaries. One may ask why ? Will this arrangement ensure better Governance or better Service Delivery? Scholars and Policy Planners are still in search of a befitting reply. It may be noted that decentralisation by itself may not solve all problems related to development. As the Human Development Report, 2002 pointed out, ñé far from strengthening local democracy, decentralisation can actually reinforce the power and influence of local elite é . Survey of 12 countries found that only in half was there any evidence ï some quite limited ï that decentralisation empowers more people, reduces poverty, enhances social progress or mitigates special inequalityò.¹

2.2 Local government refers to specific institutions or entities created by national constitutions. Local governance is a broader concept and is defined as the formulation and execution of collective action at the local level. Thus, it encompasses the direct and indirect roles of formal institutions of local government and government hierarchies, as well as the roles of informal norms, networks, community organizations and neighbourhood associations in pursuing collective action by defining the framework for citizen-citizen and citizen-state interactions, collective decision making and delivery of local public services. Local governance, therefore, includes the diverse objectives of vibrant, living, working, and environmentally preserved self-governing communities.

¹ Human Development Report, 2002; Oxford University Press; New York (2002) (P-67)

2.3 As far as the Indian scenario is concerned, local government institutions are fairly old. However, our Constitutional requirements have conferred on them, not long ago, a new lease of life as well as responsibilities. These Institutions are within the periphery of the State Governments, but the Constitutional requirements are binding upon the State Governments as to the scope and pattern of their functioning which is the periphery of State Legislation. But how are these Governments functioning in reality? Are they within the limit of the design of the Constitution or the State Legislation? Or are the designs in proper setting?

2.4 Good local governance, the commission felt, is not just about providing a range of local services but also about preserving the life and liberty of residents, creating space for democratic participation and civic dialogue, supporting market-led and environmentally sustainable local development and facilitating outcomes that enrich the quality of life of residents. Since there is a lot of overlap in the manner power is distributed between different tiers of government in India, the Commission tried to ascertain what exactly the local bodies are responsible for (including items they should be responsible for).

2.5 The Commission has held a series of consultation with a large cross section of interested persons, ranging from distinguished academicians to functionaries in remote Gram Panchyats for gaining a proper perspective on the issues that need to be taken into account for coming up with a set of recommendations on the mandated ToR which would be close to the ground reality. So before opening the desk of literature for our review and thereby setting our design an attempt has been made in this chapter to summarise the advises and the concerns that participants from various levels had shared with the Commission, whose actual voices have been captured in **Appendix –X**.

2.6 The major questions that the Commission was exploring in its consultation with stakeholders at all levels were: (a) How far is it possible to go with decentralization under the present state of affairs? (b) Should the SFC give guidance to the local bodies on how to spend the untied fund especially with respect to its division between maintenance and new projects or should the local bodies be allowed a perfect freedom? (c) Should the allocation be demand driven or need based? (d) How to handle problems of corruption? (e) Given the way centrally sponsored programmes are mandated to deliver services which theoretically falls within the purview of the local self government, how much of the ‘local’ and ‘self’ have been left for the local bodies to work on? In other words what they should be doing on their own

apart from implementing various government schemes as 'agents' of the government? (f) How should own source resource generation by the local government bodies be optimised and rationalised?

Decentralization is not mechanism designing as in standard economic theory under ideally designed system where information trickles up and resources flow down and things are optimally designed, setting a technocratic view of things... Market has a good way to react to purchasing power; politics has a good way to react to grievances and sort of voices being raised. In this case when all that is not there, our collective energies should really be directed to achieve these things.-*One Academic in the Workshop of the Commission*

What matters in local government functioning

2.7 What should matter in Local Governments functioning? The Commission raised this question before a workshop organised for the purpose of capturing the views of Researchers, Scholars and Academics. All the academicians were unanimous on the issue of autonomy. They felt that in a federal system, government at every level must have defined autonomy or freedom of action over specified areas and specified subjects. Each government should have a separate existence and independence from the control of other governments. No government should exist as an appendage of another government, but should exist as an autonomous entity in the sense of being able to exercise its own will in the conduct of its affairs. However there was some difference on the details of the functions to be exclusively performed by the local bodies. For example some of the Academics were in favour of expanding the functions assigned to local bodies by including agricultural marketing, non agricultural business development, land revenue and taxation in the list, while some others opined that the first thing that the Commission should try to ensure is that the Local bodies have enough funds to ensure delivery of basic services such as drinking water, sanitation and drainage and roads. There was also difference of opinion as to whether a portion of the entitlement should be exclusively earmarked for maintenance. Some considered it to be an unnecessary restriction while others felt that given the state of maintenance the local bodies should have some kind of commitments for maintaining the assets created by them instead of going for new ones every time they get some fund.

2.8 Are the Local Governments conscious of their functioning? A response came that the PRIs cannot determine their tasks in the absence of a clear list of functions for which they are

responsible. The Academicians broadly agreed that the RLBs largely end up doing what the state government asks them to do from time to time. Over the years they have been performing what may be called 'agency tasks' - tasks that have to be performed by them as agents of the state or central government in implementing their schemes or programmes. Funds handled by them constitute largely those with strict conditionality and aimed at implementation of some schemes/ programme of the higher level government. The statutory provisions defining the functions of Panchayats of West Bengal (Sections 19, 20 and 21 of the West Bengal Panchayat Act) are no guide to action. Everything that the state government usually does in the developmental field is listed as functions of Panchayats. The 11th schedule states that even 'Land reforms' and 'poverty alleviation' are the tasks of Panchayats. While there are slight, but not substantial, differences between the functions of Gram Panchayat and the other two tiers, there is absolutely no difference between the functions of PS and those of ZP, as Sections 109 and 153 of the Panchayat Act would reveal. There is no exclusive list of functions earmarked for particular tiers of panchayat. In other words, the scheme of the Panchayat Act is that there will not be any separate list of functions for the panchayats. They will be merely permitted to function along with the state government within a concurrent list of functions. Since the panchayats do not have adequate resources in terms of funds and functionaries, most of the functions earmarked for panchayats in the Act remain unattended by them. In fact, in determining its action programme, no GP or PS or ZP refers to the list of functions assigned to them in the statute. Section 207B empowers the state government to transfer such 'powers, functions and duties as are exercised, performed or discharged' by the state government in respect of certain matters enumerated in the Act. But till today no clear order under this section has been issued.

2.9 The absence of clear statutory mandate was reflected in the responses of the Functionaries of the RLBs. The ZPs and the PSs were not quite sure which of their activities should constitute Core services for their tier. They agreed that most of the basic services are being provided by the Gram Panchayats, but then there are components of these services which the GPs do not have the techno-managerial competence to handle. Maintenance of roads being created under programmes such as PMGSY was a major challenge. Upgraded roads are leading to increased economic activities which in turn bring in vehicles heavier than the ones the roads were actually designed to carry. Consequently the roads are damaged faster than initially expected and the contractors are reluctant to undertake the maintenance as per guarantee clause of the work order, which results in a major maintenance issue. Increase in a

number of small businesses and trades on the flank of these roads affects the normal drainage flow of the area and contributes to faster damage of the roads. There are also district specific functions that need to be tackled by the higher tiers of local bodies. Hooghly ZP for example has to incur an annual recurring expenditure of Rs. 2.5 crore during every Boro season for setting up temporary 'Boro-Bundhs'. Irrigation Department cannot spend this amount as this requires diversion of irrigation channel. Nadia, Murshidabad and Malda ZP raised the issue of tackling emergent situation caused by river erosion. The concept of 'subsidiarity' was not being followed anywhere. Activities and schemes of small size were being taken up by the higher tiers also, at the cost of efficiency and economy. The Concept of subsidiarity was also not understood by any participants, though they felt that there ought to be some restrictions and limits on the type of work that can be taken up by any tier of local bodies.

A member of South 24 Parganas Zilla Parishad felt that the identity of the ZP needs to be determined properly. Given the size of the districts and their complexity the Zilla Parishads should be considered as a unit of the State Government rather than as a top tier of the local bodies. It does not really deliver any civic service on its own and plays more of a supervisory and monitoring role.

2.10 A view enlarged in the Workshop suggests that Panchayats cannot determine their tasks in the absence of clear lists of functions for which PRIs would remain responsible. Their functions, therefore, cannot be deduced from the statute. It is also futile to look at the 11th schedule of the Constitution, because it is nothing more than an illustrative list of functions that may be devolved to the local bodies and even as an illustrative list it is misleading. In the circumstances, functions of panchayats have to be constructed/ restructured in line with the Central Eleventh Finance Commission's (CEFC) concept of 'core services'. These are :

- ❖ Primary education
- ❖ Primary health
- ❖ Roads including street lighting
- ❖ Drinking water supply
- ❖ Sanitation including drainage and waste disposal
- ❖ Creation and maintenance of crematorium and burial ground
- ❖ Public conveniences

What Matters in Local Government Funding

2.11 Is Local Government funding sufficient? The participants suggest in the negative. Panchyats currently find it very difficult to raise local tax resources mainly because they have little to show as their achievements to the local people. Experiences of other states like Kerala and Karnatak have shown that those local governments that respond to immediate needs of local people can do better in this respect. Although Public Finance theory argues that the state has sovereign powers in matters of taxation, it is the experience world over that better performing states can demand and collect higher tax revenues.

2.12 On mobilisation of OSR the Zilla Parishads expressed concern that some of the major sources of revenues are drying up. For example ‘Development fees’ charged for sanction and approval of building beyond a certain height in KMDA area is diminishing as areas gets converted into municipalities; similarly, the income from leasing of ferry Ghats is progressively going down due to construction of new bridges. Sale of tender forms was another source of income that would end with the introduction of e-tendering. One predicament they face is relating to base prices of ferry ghat & tanks, which if increased by 10% every year following convention, discourages bidders from participating. In general, there did not seem to be much of an urge to generate more own resources in absence of hard budget constraints. One major source of income for the Zilla Parishads happens to be the vetting charges realised from other departments for technical clearance of various departmental schemes. There appeared to be some confusion over realisation of this charge for government schemes – various Zilla Parishad took different views as to whether such charges are realisable. Some of the Panchayat functionaries suggested revision of the OSR norms. The battery run auto rickshaws are being used by commuters in many areas but these are not taxed by any authority. On a similar vein, tax paid by brick fields need to be reviewed.

The revenue potential and tax mobilization of the local bodies have been observed to be very poor. There are general formulas for tax and expenditure assignments to local bodies which depend on inter-jurisdictional externalities. Tax on immobile subjects should be assigned to the Panchayat level. The land revenue, land being immobile, is still collected by the state government, which need to be bestowed upon the local bodies, after a much needed land valuation.

-One Participant in the Workshop

2.13 Representatives of Urban Local Bodies, on the other hand suggests that despite their best efforts to augment revenues on their own, the closed and sick industries proved to be major stumbling blocks, Central and State Government properties also do not pay taxes regularly despite repeated reminders. This has frustrated the potentiality of revenue mobilisation.

- ❖ We have a lot of industry none of which pay any tax to the municipality. But we are required to provide electricity everywhere. We have huge overdue from government of India on service charges. Have a number of closed industries contributing to huge arrear demand, which is unrealisable. ĩ North Barrackpore Municipality
- ❖ No Government offices and institutions willingly pay any Tax to the Municipality. This includes large institutions such as Universities, Medical Colleges, and Engineering Colleges. If the Municipality could collect 50% of the arrear tax, it would not require any subsidy from the state. ĩ Kalyani Municipality

2.14 A question was raised as to whether the SFC grants should flow to the local government institutions (LGI) in fully untied form or whether some directions on how to spend the same on certain categories of services should be given by the SFC/ Government? The Scholars argued that the grant should be given in fully untied form with the only stipulation that the same should be spent for delivering services, the responsibility for which has been given to the LGIs. The justification for making fund transfers to panchayats and municipal bodies fully unconditional lies in the fact that conditional grants do not make them accountable for the outcome. In the matter of service delivery, citizens are concerned with outcomes, not anything else. The Academicians expected that Fourth SFC would make a frontal attack on the concept of partial decentralization, which has not been found helpful in the past in making local bodies more responsible in respect of providing services to the satisfaction of local citizens. Partial decentralisation is defined as a situation under which local governments are not accountable for budgetary allocations (among various sectors) and their outcome.

- ❖ Almost all funds are tied one way or other. The funds should be really untied. 13th Finance Commission is tied to maintenance. Secondly, more funds should be allotted to

GPs who cannot mobilise their own resources sufficiently despite their willingness due to different constraints. Land valuation of an area, and economic activity in the area should be taken into account in working out allotments. Central Valuation Board need to be set up for taxes in Panchayat areas. Form No. 5A and Form No. 4 are defective and do not provide details of the land. ĩ Petbindhi GP, Gopiballavpur ĩ II Block

2.15 It was further estimated by this Commission that untied funds constituted ten percent of total GP allocation (higher than the national level). Two things came up :

- (1) 70% of the untied fund was received by the GPs, and
 - (2) The 12th Finance Commission sanctioned funds had a better flow than that of the SFC.
- But what is striking is that the SFC fund release was delayed by six months on average. Uncertainty for this delay in the actual receipt also has a spill over effect on the decision making leading to failure in logistics.

❖ We should be clearly informed from the beginning about the fund flow and its predictability. We do not get untied funds regularly; allocation should be raised so that we are at par with ISGP GPs. Maintenance funds need to be earmarked. Need at least untied funds Rs. 400 per capita, for new work. Minimum 10 to 15 lakhs is required per year for maintenance. For tax determination there should be provision for cross verification. - Dhubulia ĩ II GP, Krishnanagar-II Block

2.16 Untied grants to local bodies, as one participant observed, should also be based on the need for maintaining assets for providing services such as drinking water, sanitary latrines, all-weather roads etc. This part of the grant should be based on the need for maintenance and may be calculated using criteria followed by centrally sponsored schemes (such as so many tube-wells for so many people, roads per area etc.).

2.17 There was a difference of opinion among the Academicians on whether a portion of the entitlement should be exclusively earmarked for maintenance. Some considered it to be an unnecessary restriction and would tantamount to interfering with the local government's autonomy. Others felt that given the state of maintenance the local bodies should have some kind of commitments for maintaining the assets created by them. This would be a deterrent against neglecting existing assets and setting up new ones every time they get some fund. The Commission, however, discovered subsequently that even though both the central and

state finance commission funds are meant to be untied, the state government in the Panchayats & Rural Development Department had issued an order specifying that the fund allocated as central finance Commission grants should be used strictly for the purpose of maintenance. The functionaries of the rural local bodies were broadly of the view that if the total fund is left untied the local bodies will try to utilise the whole of it for new projects, as new projects are expected to yield better political dividends compared with routine maintenance of existing infrastructure. Even elected representatives welcomed the suggestion for earmarking funds for maintenance. They felt that this would enable them to take recourse to this restrictive clause to withstand pressures for new projects.

Purulia ZP for example said that they have around 1800km road as of now. Another 500 km will be added during the current year. DM and EO ZP felt that a huge amount would have to be committed for maintenance of these roads. Road maintenance should not be the core function of the representatives. The Zilla parishad should be back to participatory planning and related functions. PRI can never earn enough on its own to manage this kind of load. Either the full resource base should be handed over to PRI or maintenance should be handed over to the departments concerned. The untied funds of various departments and programmes available with DM would be around 100 cr for infrastructure related activities and another Rs. 30 cr or so related to irrigation. DM Purulia therefore suggested that the SFC fund should be freed for doing new works only.

2.18 During their interaction with the Commission most of the functionaries from all three tiers of the rural local bodies had suggested that the commission should reserve a portion of the allocation specifically for maintenance purposes, but none of them could specifically quantify the needs in concrete terms. The inability to quantify the requirement stemmed from the fact that not a single rural local body, the Commission had interacted with, has a complete list of the assets that require maintenance. The 24 Parganas (North) Zilla Parishad has started making some effort in preparing an asset register. It has obtained from each BL&LRO a list of landed properties block-wise but is not sure if these cover all the assets. This ZP has till now identified that they own a total of 2356 Acres of land. None of the others however could come up with a figure of land owned by the Institutions. There also seemed to be some reluctance in getting valuation of the assets as one EO mentioned that once the values of the assets are certified, auditors would insist on a specific quantum of returns against these assets. The Panchayat Samiti generates their own revenue from rent of their buildings, community

hall, market complex and fees from trade license for running dangerous and offensive trade. But their unpredictable income includes mela license, vetting charge, sale of tender papers etc.

In their submission before the Commission some of the GPs stated that it has not always been possible to adhere to the guidelines of the Panchayats & Rural Development Department for using the Central Finance Commission fund only for maintenance. They had interpreted the order 'creatively' at times to find a way around it. The general requirement for untied fund based on the approximate estimate by the functionaries of Gram Panchayats was around Rs. 500 per capita, (this is remarkably close to the estimate by the 14th Finance Commission).

2.19 It was observed that current proportion of untied SFC grants in West Bengal (5% of State's Tax Revenue, plus incentive fund of 2%) was too low by standards of other states like Kerala or Karnataka. The actual amount dispersed is even lower than that. Kerala transfers 40% of all capital grants to the local governments automatically. So past experience of devolution of untied grants in West Bengal (actual proportion devolved, time delays, nature of incentive-based component) is required to be reviewed to arrive at a new formulae.

Functionaries of all three tiers raised the issue of non-predictability of flow of untied funds of all categories. Irregularity in flow of fund adversely affected all planned activities and institutionalises 'ad-hocism' as a working culture.

2.20 The Workshop participants suggested that formulation of required budgets of local bodies are to be completed by time bound procedure, at least two months in advance of new fiscal year. De-facto approval is to be allowed in case of delays in approval by higher level bodies. Information to local governments, publication of allocated fund amounts on internet, local media, at least one month in advance of new fiscal year are the components of transparency. Funds are to be transferred automatically to bank account of the concerned local government by due date to avoid unnecessary delay. Local government should have the authority to spend approved amount, in case of any delays in the above.

2.21 Inadequacy of arrangement for internal audit, many functionaries believe, leads to mismanagement of fund. Even when the officers are in position, they are kept busy with assignments unrelated to internal audit. Record keeping, according to them, is still very

primitive. Digitisation and modernisation of the process is necessary. As regards IFMS, scheme details are not available in the software. Scheme specific activities are not available in the package. Provision for scheme details may be incorporated in the software.

2.22 As regards account keeping, functionaries associated with the task think the Receipt and Payment account of SARAL gives only a partial picture of the fund actually received and payments actually made. Loan sanctioned and paid as refund of the said loan is shown in the receipt and payment account as receipt of Funds & payment from the said fund. But receipt for refund of loan and payment of loan is neither a receipt nor a payment for the Panchayat body. Amounts in the Fund Transfer Accounts are entered twice in the Form 27. Scheme details are not available in the software. Scheme specific activities are not available in the package either. Provision for scheme details may be beamed in the software.

It is observed that for the last few years, a considerable fund is being devolved to the ULBs but proper utilization of such fund has become a major concern. Besides, due to limited man-power capacity of the Examiner of Local Accounts (ELA), regular audit in ULBs could not be held. It may be considered whether an alternate source of auditing like engagement of the Institute of Chartered Accountants or the Institute of Cost Accountants may be recommended by 4th State Finance Commission so as to ensure effective internal audit mechanism.-Municipal Affairs Department, GOWB

What matters on Local Government Functionaries

2.23 Are the functionaries of Local Governments in proper setting? There is a perception amongst the Researchers and Policy Planners that with the devolution of function to the Local Governments, State level functionaries of the State Government Departments should also be transferred to the Local Governments. Academicians further observed that there is a lack of coordination between closely related departments. Departments have their individual vertical hierarchy and they function according to that. But there is no scope for horizontal integration between closely related departments. So, information about problems at local level is not properly disseminated. A horizontal integration should be there. They also observe that though people emphasize the priority of decentralization, state government officials avoid consulting with Pradhans and Upa-pradhans due to the strong political agenda of Pradhans and Up-pradhans. Incorporation of the role of PRIs in the policy papers but avoiding them in reality is sending a contradictory message to the field level.

2.24 Elected Representatives, however, stated that huge vacancies exist in both the RLBs and ULBs. As a consequence they immensely suffer in managing their own affairs. On the other hand these vacancies adversely affect the monitoring mechanism of these Local Governments. As regards RLBs, worst sufferers appear to be ZPs having responsibilities of monitoring over other two tiers of RLBs which include technical vetting of schemes.

- ❖ The present strength of human resources in ZP is inadequate and the ZP feels the need for more Gr. C and technical staff to cope with the work load. The technical wing of the ZP feels the strains as they are often required to vet technical projects of other departments also. - Howrah ZP
- ❖ Lack of skill in handling computers was identified as a major skill gap. Of the 89 sanctioned staff in the Zilla Parishad 45 posts were vacant. The largest number of vacancies was in the category of Gr. D (14/25), followed by LDA (7/10) and Assistant Engineer (8/13) and SAE (4/9). - Hooghly ZP
- ❖ There is a shortage of Engineers. The ZP should also have its own electrical Engineering wing with at least one AE in Each ZP, and one SAE for a cluster of GP. The ZP suggested increasing the number of Sub Assistant Engineers, abolishing the posts of typists and replacing the post with data entry operators, Creating a common cadre of the posts of stenographers, reserving 20% of the posts in the cadre of LDA for filling up by promotion from Gr.-D and introducing a Transfer policy. They also requested for creation of a post of Law Officer. Internal Audit is irregular for want of Audit Officers. - North 24 Parganas ZP.
- ❖ There should be at least one AE electrical at ZP level. The vetting power of the engineers should also be enhanced. There is a DIA but given the increasing emphasis on digitisation a System Analyst may be posted. ZP also needs a server of its own. The GPMS system is supported by only one data entry operator. The Core IT wing of the Parishad consists of a DIA and a Computer Assistant. Contractual Staff are engaged under different projects to keep the system running. The Engineering Department has no data entry operator.-Nadia ZP
- ❖ Posts of Work assistants, store-keepers etc. can be abolished and technical posts created in lieu to cope with the current pattern of work. Posts like UDA, LDA etc. also can be renamed. Group-Ds work is not defined. The posts need to be redefined. Outsourcing the whole business will come of help. Law set up is necessary. DMs office now has a law officer. ZP also needs such a post. i Purulia ZP

2.25 Elected Representatives of the Urban Local Bodies on the one hand and the Line Department of the State Government on the other feel that over dependence on Casual Workers for want of Regular employees leaves a negative imprint on the performance of ULBs. With the increased fund flow there should be a sanctioned and filled in set up of regular employees.

2.26 Excessive dependence on Casual Workers, the elected representatives feel, cause an additional burden on their own revenue as the wages of these employees have to be borne out of their own fund which could be avoided and spent for local development if the regular employees were in position.

- Shortage of regular staff making management difficult. The contractual employees do not perform at the desired level. 190/208 sanctioned positions are in place. In addition to these there are 150 casual staff including conservancy staff. - Tamluk Municipality
- Over dependence on casual staff-Hooghly - Chinsurah Municipality
- The municipality is not adequately staffed. There is no approved staffing pattern after the additional area was brought in 1995. Matter is pending with Government for a long time. Hence, the Municipality is functioning with a large number of contractual staff. - Old Malda Municipality

Where the setting matters

2.27 On the basis of what we have been told by various stakeholders, the Commission feels that both rural and urban local bodies are required to be subjected to a thorough review. The quality of devolution, the operative and enabling provisions of the related statutes, and the specific responsibility of each tier of local body needs sharper delineation. One may raise some further questions. Is the setting really functional? Or in other words, are the Local Governments on the way to the desired destination? Are its accessories in proper design or desired level of motivation? These are the common questions one may derive from the scenario depicted above. But before going into further arguments on the basis of what we have heard or the evidences produced before us from the field, we will unfold the desk of literature first and thereafter set our design to arrive at our conclusion in the subsequent chapters.

Chapter – III

Issues and approach

3.1 The major issue before the Commission is to discharge the mandates laid down in Articles 243 I and 243 Y of the Constitution of India read with the terms of reference (TOR) contained in the Governor's order constituting the Commission. The basic intention of the Indian Constitution as contained in Article 243 G and 243 W is to ensure institutions of self-government at the grass root level entrusted with the responsibility of planning and implementation of economic development and social justice. Thus delivery of public services with social justice has been the focal point of decentralisation agenda of the Government declared through the 73rd and 74th amendment of the Constitution.

3.2 Terms of Reference (TOR) for the Fourth State Finance Commission can be viewed as setting the Commission five different types of tasks. The first or 'core' task of the Commission is to recommend distribution, between the State Government and the local bodies, of the net proceeds of taxes to be divided between them. Second, the Commission has also to recommend the allocation amongst these local bodies of such proceeds. Third is the determination of the taxes, duties, tolls and fees which may be assigned to, or appropriated by, the Panchayats and the Municipalities. Fourth, determination of principles to govern the grants-in aid to the Panchayats/ ULBs from the Consolidated Fund of the State, and finally to recommend on the measures needed to improve the financial position of the Panchayats and the Municipalities.

3.3 While undertaking its core task a Commission is, therefore, required by its Terms of Reference to keep specific policy considerations in mind. Thus, the Fourth State Finance Commission has to take account of : (i) The status of Revenue and Capital Receipts and Expenditure of the RLBs and ULBs. (ii) The status of fiscal situation of the State. (iii) The status of Taxation efforts of the State Government (iv) The status of fiscal devolution by the State Government (v) Overall fiscal situation of the RLBs and ULBs (vi) The taxation efforts of the RLBs and ULBs and the potential for additional resource mobilisation to improve the status of Service delivery.

3.4 The Commission took the views of the concerned Departments and other Agencies of the State Governments associated with the ToR. Commission has also obtained information from the RLBs and ULBs in the form of filled in questionnaire. That apart, the Commission in course of its visit to RLBs and ULBs took note of the opinions and suggestions of the elected representatives.

3.5 The logic adopted by the commission in framing the questionnaire was centred around civic services delivered by the RLBs and the ULBs vis-a-vis their roles and responsibilities defined in the statute and the critical gaps in the resources thereof. The Commission did not, therefore, focus on all the subjects listed in the 11th or 12th Schedule of the Constitution.

3.6 The Commission has also considered the existing fiscal and macro-economic situation of the State of West Bengal particularly in terms of its revenue deficit and debt burden. It is a fact that the State's Revenue deficit in terms of its GSDP has somewhat improved during the period 2010-13 (Average 2.9%) in comparison to 2008-10 (4.9%) but still West Bengal continued to have the highest debt-GSDP ratio followed by Punjab, Uttar Pradesh and Kerala as it appears from the study of Budgets of 2013-14.

3.7 We principally agree with the 13th Finance Commission that it is a fact that recent decentralisation initiatives and the increasing pace of urbanisation have considerably increased the fiscal obligations of the third stratum of government, but the extent of devolution of human and financial resources have not kept pace with these developments. This has increasingly become an important dimension of the work of both the Federal and State Finance Commissions.

3.8 It is also accepted that the data base for many important economic variables is less than perfect and may require approximations and normative corrections. We, accordingly, despite our data constraints paid due regard to make the fiscal awards better targeted to ensure the different objectives enjoined on the Commission to identify and use reliable and widely acceptable data which are easily available and easily understood. Thus, besides the filled in questionnaires received from the ULBs and RLBs, the Commission also used the data base provided by the different Departments of the State Government along with the information provided by the State Government to the Fourteenth Finance Commission.

3.9 As already mentioned in Chapter-I, we commissioned several external studies to strengthen our ideas and in developing our approach. These studies, as well as our consultations with the professional and policy community, have greatly contributed to our endeavour to present evidence and research based arguments in support of our recommendations. The Commission in course of its field visits and deliberations gathered an unfortunate impression that excepting very few researchers and a quite limited practioners none of the elected Representatives are aware of the report of the earlier Finance Commissions. Consequently, they were generally unaware of their entitlement in a particular financial year.

3.10 The overall approach of the Commission has been to foster the basic idea of principles of subsidiarity and elimination of overlapping areas amongst the different tiers of the RLBs with a view to defining and standardising the core civic services. The vision of the Commission's recommendations is, therefore, to gently nudge the Government in redesigning the decentralisation policy of the State Government within the overall framework of the Indian Constitution.

Decentralising Governance

3.11 The long term goals of decentralization in India described by the Government of India Select Committee report headed by Mani Shankar Aiyar in 2006 are as follows.

- Enhance trickle down of growth to bottom 70%.
- Bring about significant improvements in human development (health, sanitation, education).
- Institutionalize bottom-up planning with active civil society participation.
- Promote development of agriculture and small enterprises.

3.12 However, in reality the picture of local government institutions appear to be far from the desired level of aspirations. Panchayati Raj Institutions (PRI) have been generally implementing Centrally Sponsored Schemes (CSS). Bewildering patchworks of CSSs are very poorly coordinated and there is very little sense about the overall impact of all these schemes at the local level. PRIs have almost no say in range, scale or scope of these schemes. They are subject to limited oversight from below (Gram Sansad, Gram Sabha, civil society) or from above (audits). PRIs have very little say in running local schools, healthcare clinics.

They have virtually no role in local agricultural or business development. There is hardly any scope for community involvement or grassroot development planning.

3.13 The extent of financial devolution is extremely limited. Inter-jurisdictional allocation of programmes and funds are subject to discretion of state government. Formula-bound transfers recommended by previous State Finance Commissions have not been widely publicized; inter jurisdictional local governments do not know what they are entitled to.

3.14 ULBs governed by separate constitutional amendment have been running on a separate, parallel track. They historically have a stronger focus on delivery of civic services, but the planning for the economic development and social justice as introduced through 74th Constitutional Amendment is relatively a new concept. Therefore, issues like activity mapping, metropolitan planning committees and functioning of ward shabha etc. are the new areas of intervention.

3.15 The discourse on decentralisation has so far identified vertical decentralization below the State level with complete devolution as the ideal form of decentralization. In this form, full responsibility is bestowed upon the local Governments without referring back to the State Government. Such bodies should be empowered with financial power as well as the authority i.e. functional responsibility with adequate functionaries to design and execute local development schemes and programmes.

3.16 Conceptual clarity is an essential prerequisite for the way forward on devolution. The diversity of views has created a lot of confusion in the operational process to obtain the desired outcome. In fact, such plural, diverse and erratic understanding of devolution at different levels of stakeholders derails a functioning process, as it happened in our country. Devolution is organically connected with devolution of functions only, which includes functional autonomy in respect of defined subjects for decision taking, financial autonomy on resource raising and implementation of autonomy on schemes designed by them. The catchy phrase '3Fs' i.e., Fund, Function and Functionary, which tends to cover devolution of functions along with devolution of fund and devolution of functionaries as well, has complicated the entire conceptual scenario on devolution.

3.17 Listing out of functional items is the crux of the whole issue on devolution. Based on the State Government's vision and the infrastructural strength of the local government bodies

of the day, it has to decide what parts of functional items have to be devolved. Before taking decision on it, generic nature of functional items of the Eleventh and the Twelve Schedule needs to be broken up, clearly and unambiguously, in functional components and language. The clarity on functional items and its pragmatic dis-aggregation determines the quality of devolution. It also shapes the functional and institutional image of the local bodies. It may be kept in mind that devolution of functional responsibilities may not take place in one instalment; it can as well be effected by phases depending on the maturity of the concerned tier of Panchayat to absorb the intended load, perform its given responsibility and ensure its delivery of outcome. There is no bar if any state government decides to devolve such functional responsibility in more than one phase. The Constitution of India in Article 243G has not set any time limit nor it has mentioned that it has to take place at one go. However, it is desirable that based upon the spirit of the amendments of the Constitution, devolution of functional items need to be good enough to build up an institutional character at the first instance.

3.18 For effecting devolution among the tiers of Panchayats it would be necessary to have detailed functional break-up for the components of functional items to be devolved to the Panchayats as a whole and then map its components as Village-specific, Block-specific or District-specific. The relevance of functional areas, its possible correlations and the availability of infrastructural support etc. are to be kept in mind for decision on devolution. The Second Administrative Reforms Commission's observations at para 3.2.3 of its report is worth mentioning :

“The principle of subsidiarity stipulates : functions shall be carried out closest to citizens at the smallest unit of governance possible and delegated upwards only when the local unit cannot perform the task.”

Simultaneously with giving due importance to the principle of subsidiarity, ground realities have also to be given its appropriate weightage e.g., the load-bearing capacity of the first tier of local governance and its institutional limitation. Besides, other tiers of Panchayats are also required to perform Constitution mandated role as institutions of local self-governments.

The same process needs to be carried on for the Municipalities as well.

3.19 While undertaking functional mapping of components of development functions, it is to be guarded against the somewhat confusing concept of ‘activity mapping’. Activity mapping and functional mapping are two different concepts. While functional mapping is a kind of listing of possible functions relevant for decision on devolution, ‘Activity mapping’ is an exercise to catalogue activities related broadly to implementation of schemes. Functional mapping is an essential requisite for effective devolution while activity mapping is an exercise for quality assurance of any work. This is evident from the provisions of the Constitution of India as enshrined in Article 243G or 243W which speaks of devolution of functions and not devolution of activities.

3.20 Working out the functional maps would involve identifying for different tiers of local bodies subject areas of any development functional items. For example, drinking water items do have different layers of functional components – for the Nodal department of the State Government, for different tiers of the Panchayats and also for the Municipalities. Unless the functional components of programme partners on Drinking water are mapped out, it would not be possible to work out confusion-free realistic devolution in between the line departments of the Government and the units of local governments in the Panchayats or the Municipalities.

3.21 Further, there are common items in the Eleventh and the Twelfth Schedule on education, health and sanitation, drinking water, roads, energy, poverty alleviation, and welfare of the weaker sections. All these items are also administered by the departments of the State Government under its Constitutional obligations. All Constitutional partners – the line departments of the State Government, the tiers of Panchayats and the Municipalities – need to have clearly demarcated functional items, as per their relevant Schedule, which will be the basis for its planning, implementation and monitoring.

3.22 The very idea of relaying the baton of performance of one activity of one tier on to the next tier is anything but practical. The dependence on time sequenced performance of an activity of another tier brings in its turn dependence syndrome, uncertainty and tension in the area of programme implementation. Besides, when such activity is linked with a number of units of one tier (i.e., Gram Panchayats) to another tier (say, Panchayat Samiti), the chance of performance of complementary activity by the next tier becomes all the more uncertain in a time-line. Budgeting for activities of a part of a function across the tiers of Panchayat is

hardly implementable. Output of a scheme is a wholesome concept and depends on performance of all activities. Moreover, it is impossible for the District Planning Committee (DPC) to consolidate plans prepared by 3-tiers of Panchayats based on activity planning.

3.23 Assigned schemes are those entrusted to any tier of the Panchayats or to the Municipalities by the departments of the State Government under the respective State Act through a notification under defined terms and conditions. Since the State Panchayat Act/Municipal Act does not keep any provision for any role of the Ministry of the Central Government, the latter cannot assign any scheme directly to any tier of the Panchayats or to the Municipalities. Assignment of schemes can only be effected by the State Government. Unlike devolved responsibilities, it is, however, not a kind of institutional empowerment by the Legislature of a State. It is scheme specific assignment only and valid for the term of assignment. In other words, while devolution leads to empowerment through state legislation, assignment is a task concept of implementation of schemes by the departments of the state government. There does not exist any scope for devolution of any scheme, what so ever. It is for the same reason, assigned schemes are not qualified to pass for proxy indicator of devolution. The compliance of necessary conditions by itself is not good enough for putting in place devolution. Unless the sufficient conditions are met, it will not be possible to ensure devolution to take place firmly. The non-compliance of the sufficient conditions explains why the country is still to institutionalize constitution ordained devolution.

3.24 Another confusing area on devolution is with reference to Centrally Sponsored Schemes (CSS). Generally CSS fall in the jurisdiction of Concurrent list and are funded by the Union Government and the State Government on a shared basis (i.e., 90%-10%, 80%-20%, 75%-25%, 50%-50% etc.). The functional domain of CSS is outside the domain of devolution. The current practice of launching of CSS by the Union Government under Article 282 and earmarking particular role of the tiers of Panchayat has added confusion on the devolution scenario. The assignment of such CSS to local self governments, if considered necessary, has to be in keeping with the structure of devolution as enacted by the concerned State Government. Interestingly, such CSS are seldom formally assigned by the State Government. Since such CSS fall in the jurisdiction of Concurrent list, the assignment of any scheme to the tier of Panchayats or the Municipalities has to take the route of the concerned State Government only by way of notification. Further, it is desirable that CSS need to be assigned, as far as possible, to any given tier of Panchayat and not all the tiers at the same

time to ensure focused outcome. Finally, it is reiterated once again that assignment of CSS to the tiers of Panchayats or Municipalities can never be equated as proxy indicator of devolution.

3.25 The concept of devolution does not permit concurrent jurisdiction. The tiers of Panchayat (Gram Panchayat, Intermediate Panchayat or Block Panchayat and Zilla Panchayat) are units of local self government. Such local self governments are sovereign within their own functional areas and are not subordinate to another tier of Panchayat. Article 243G clearly mentions for devolution of powers and responsibilities upon Panchayats at the appropriate level. This means that there has to devolve distinct powers and responsibilities in favour of Gram Panchayat, Block Panchayat and Zilla Panchayat. In order that the devolution of powers and responsibilities is made tier specific, the sufficient action requires to ensure that there does not exist any concurrent jurisdiction on devolved items of function among the tiers of Panchayat.

3.26 The devolution of powers and responsibilities need also to be looked from other administrative and procedural angles. The State Government publishes notification of Rules of Business for the departments of the State Government under Article 166(3) of the Constitution indicating therein the kind of business that would be performed by the respective line departments in the State as per the List II i State List of the Seventh Schedule. This is the most crucial area for effecting devolution. Unless the devolved items meant for either of the Panchayats or the municipalities are excluded from the purview of Rules of Business of the line departments, the devolution will not have any functional meaning. There is no scope for concurrent jurisdiction of the departments of the State Government over such devolved items.

3.27 The Commission had the opportunity to listen to the representatives of the local bodies in different districts. The emergent picture falls far short of what was envisaged in the constitutional amendments and even the concerned statutes or Roadmaps of the State. The State Government has often been not prompt enough to implement the recommendations of the state finance commissions with the required regularity. In many instances, after the recommendations are received, decisions have been kept pending. Even grants recommended and earmarked for the local bodies by the earlier finance commissions have not been passed on to the local bodies both in time and in eligible quantum. On the other hand the Local Bodies have also failed to augment adequate revenue on their own. For want of clear vision,

adequate fund and required functionaries the Institution of Local Government has not developed. This has frustrated the very objective of decentralisation.

3.28 Our approach towards decentralised Governance is guided by the principles of strengthening Institution building followed by better Service delivery by both RLBs and ULBs. For want of clear idea as to the level of service delivery particularly in rural areas, the Commission has tried to assess the spending pattern of the Local Bodies and on the basis of such spending pattern tried to arrive at their requirement in the days to come.

Considerations for the design of Fiscal Transfer

3.29 The Commission's approach has been to recommend a scheme of transfers that could fulfil the objective of an efficient and effective service delivery by both the RLBs and ULBs keeping in view the predictability and stability of fiscal transfers. The Commission has assessed on the basis of certain norms the expenditure requirements of the RLBs and ULBs. Having estimated these requirements, the vertical and the horizontal devolution of resources has been determined.

3.30 The Commission has observed that despite the financial constraints of the State Government and despite inadequate revenue sharing between the Central Government and State Government, there is still more resource concentration with the State Government in comparison to the assignment of duties and responsibilities of RLBs and ULBs in the statute and the Roadmaps prepared by the State Government for devolution of functions to these local bodies. This has caused a vertical disparity. On the other hand, some of the Districts in West Bengal are not only large, but they differ in different respects like area, population, income from own revenue and availability of other resources. Besides, the Districts in general and Local bodies in particular vary in respect of their capacity to augment own revenue. Again it has also been observed that despite assignment of several responsibilities upon the Local Bodies both in the statute and the Roadmaps for devolution, the State Government failed to devolve the recommended fund of earlier SFCs. The Commission has reviewed the constraints of the Local Bodies for such reduced allocation.

3.31 It has also been observed that whatever allocations these local bodies are to receive from the State Government are not received in a predictable time. For example, first quarter

of 2011-12 allocation was actually transferred at the end of 2012-13. This has affected implementation of plans in time.

3.32 The overall approach of the Commission has, therefore, taken into consideration the following issues in the design of the fiscal transfers :

- i) Despite regional or local variation, all people of Rural or urban areas are likely to expect a certain standard of public service from their respective Local Bodies. That is to say that certain norms for an ideal per capita expenditure need to be assessed.
- ii) Like Central and the State Governments, Local Bodies are also accountable to the people of their jurisdiction. Thus these bodies need to be certain as to availability of resources at their disposal at a particular point of time to ensure timely formulation of their plans. This principle of predictability needs to be honoured.
- iii) The Resource gap of the Local Bodies that still persist need to be overcome both by optimistic assessment and enthusiastic collection of arrear Local Revenues.
- iv) Like earlier Commissions we have also sought to incentivise the Local Bodies for augmenting more revenues.

Issues and approach for Vertical Devolution

3.33 Vertical devolution indicates the total transfers from the State Government to the Local Bodies. Like other States, resources in West Bengal are shared between the State Government and Local Bodies in different ways. These include, the statutory transfers consisting of sharing of State's Tax Revenue and the grants recommended by the State Finance Commission. That apart, the Local Bodies also receive fund for implementation of Centrally sponsored programmes with matching share from State Government along with some State sponsored programmes. It is therefore relevant for a State Finance Commission to take a note for overall volume of Transfers.

3.34 The First SFC recommended that 16% of the net proceeds of all taxes collected by the State be transferred as 'Untied' funds to the local bodies. The State Government accepted this and stated that this will be implemented on clear listing of the works under the State Plan

Sector and the District Plan Sector and district wise disaggregation of departmental maintenance budget. This has, however not been implemented and the listing of works was not done. The Second SFC recommended a total entitlement of Rs. 700 crore being 16% of State's own net tax revenue. There was, however, a substantial shortfall during the period from 2002-03 to 2006-07 both in the Budget provision and actual release. The Recommendation of 3rd SFC being Rs.800 crore in 2008-09 i.e., 5% of State's net Tax Revenue was comparatively better attended despite its belated implementation. We have reviewed in detail in Chapter-IV the status of actual transfers as per earlier SFC's recommendations. In considering the matter, we have taken into account both the long term trends of such transfers as well as their pattern in recent times.

3.35 The 3rd SFC raised a question whether the untied fund would be treated as plan or non-plan nature as they are not scheme specific and moreover as per Planning Commission's criteria they should fall under non-plan expenditure. They came to the conclusion that Untied Fund is similar to Block Grants provided by the Central Government to the State Governments. As the State Governments utilize them both for plan and non-plan schemes, similarly the LSGs utilize them for the same purpose. Our experience in the field prompts us to realise that whereas both the RLBs and ULBs utilise SFC grants mostly for construction purpose and CFC fund for maintenance purpose, but the local bodies particularly RLBs are not in a position to manage the maintenance cost out of limited resource of CFC. This has been more crucial for Gram Panchayats as several funding agencies are investing for construction purpose as one time investment through them, but their maintenance will not be supported by the agencies concerned. Entire responsibility of maintenance, therefore, falls upon the Gram Panchayat. The Commission has taken the matter into consideration.

3.36 The dismal state of government finance of West Bengal is frequently being highlighted in the last few years. As shown in Reserve Bank of India reports on state finance, West Bengal has fared poorly in terms of usual parameters when its finances are compared with those of the other states. Its performance in this area is even worse than that of the so-called backward states. West Bengal is at present in a dire state of fiscal and financial stringency manifested in high revenue and fiscal deficit which we will discuss in detail in Chapter V.

3.37 A separate study on the State's Finance conducted by the Centre for Studies in Social Sciences, Kolkata on behalf of the Commission is of view that the State is expected to perform well in 2017-18 provided its endeavour to augment revenue is not halted. A projection of different components of Revenue Receipt and Revenue Expenditure for the next five years is presented in Table 3.37.1. In case of Own Tax Revenue we have considered three alternative scenarios. **Scenario 1** can be viewed as the **most likely scenario** where State's Own Tax Revenue Receipt has been assumed to grow at last ten years average annual growth rate (16.9%). **Scenario 2** can be termed as **optimistic scenario** where the projected growth rate is the average of top five performing years of the last decade. We have calculated the growth rates of OTR for the last ten years and the average growth rate of top five years comes at 23.2%. **Scenario 3** is the most pessimistic one and can be termed as **conservative scenario** where the projected growth rate is the average of bottom five performing years of the last decade. In our case this pessimistic growth rate comes at 10.5%. Other components of Revenue Receipt (Own Non Tax Revenue, Central Tax Share and Grant in Aid from the Centre), Revenue Expenditure and GSDP of the state have been assumed to grow at last ten years annual average growth rates. While calculating the vertical devolution, the Commission has considered this scenario. The Commission has also considered the status of projected revenue submitted to the Commission by the State Government.

Table 3.37.1

Fiscal Indicators : Future Projections						(Rs. in crores)				
	Actual					Projections				
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
OTR (Scenario 1)	14419	16900	21129	24938	32809	38347	44819	52383	61224	71558
OTR (Scenario 2)						40437	49839	61426	75708	93310
OTR (Scenario 3)						36256	40065	44274	48926	54066
ONTR	4966	2438	2381	1340	1918	2083	2262	2457	2668	2897
Share of Union Taxes	11322	11648	15955	18588	21226	24834	29056	33996	39775	46537
Grant in aid	6197	5935	7800	13889	12343	15602	19720	24927	31507	39825
RR (Scenario 1)	36904	36922	47264	58755	68296	80865	95857	113762	135175	160817
RR (Scenario 2)						82956	100877	122805	149658	182569
RR (Scenario 3)						78775	91104	105653	122876	143325
RE	51613	58500	64538	73326	82111	93376	106187	120755	137323	156163
RD (Scenario 1)	-14709	-21578	-17274	-14571	-13815	-12511	-10330	-6993	-2148	4655
RD (Scenario 2)						-10420	-5310	2050	12335	26406
RD (Scenario 3)						-14601	-15083	-15102	-14446	-12837

GSDP	341942	398880	460959	528316	612701	697707	794506	904735	1030258	1173195
RD/GSDP (Scenario 1)	-4.3%	-5.4%	-3.7%	-2.8%	-2.3%	-1.8%	-1.3%	-0.8%	-0.2%	0.4%
RD/GSDP (Scenario 2)						-1.5%	-0.7%	0.2%	1.2%	2.3%
RD/GSDP (Scenario 3)						-2.1%	-1.9%	-1.7%	-1.4%	-1.1%

Source: Study by the CSSS

Issues and approach for Horizontal Devolution

3.38 The Horizontal aspect of devolution refers to *inter se* distribution among the RLBs and the ULBs. As the RLBs and ULBs are not similar in the question of fiscal capability and the cost conditions, the question of equal per capita transfer does not arise. It is an accepted view that the disabilities of cost comes from the factors lying beyond the control of the Local Bodies coupled with the natural hindrances like population, area, remoteness etc.

3.39 These considerations invite both conceptual and practical issues. All the earlier SFCs adopted certain model for allocation and apportionment of fund to LSGs. This model conceptually disaggregates total allocable resources into separate funds which in turn were apportioned on the basis of the share of the specific character of backwardness. The Third SFC, however, assessed the four units of LSGs viz., ULBs, ZPs, PSs & GPs with evolving specific functions and responsibilities on a state wide basis of some common indicators and some specific indicators, choice of which were influenced by the availability, reliability and transparency of the database. Each of these indicators had been assigned a definite weight, which indicated its role and importance in the combined index recommended for that particular trait.

3.40 In paying due regard to the reports of earlier Commissions followed by our exposure to the available performance reports of LSGs and other Literature we were of the view that the fiscal requirement of the LSGs is not well reflected in the available District or Sub-District Level Development indicators.

3.41 A parallel approach would have been to assess the fiscal capacity. If all the LSGs had the equal capacity to augment resources our approach could be much easier. As it was not historically possible and acceptable considering the different tax base of different LSGs, estimation of fiscal capacity did not reflect actual fiscal needs.

3.42 There are also differences amongst the LSGs as to the costs of providing similar level of public services that arises due to geographical or geopolitical variation. Adequate attention deserves to be paid for such areas.

3.43 Like earlier SFCs we have also considered the need for rewarding the efficiency in public management, fiscal effort and outcome assessment. Proper discharge of the Constitutional and Legal responsibility towards an efficient and effective delivery of public services coupled with expenditure management and revenue effort need to be enthused separately.

3.44 We commissioned one study by the Institute of Development Studies, Kolkata and two studies by the Indian Statistical Institute, Kolkata on (1) Investment Requirements for provision of Core Services and Own Resource Generation by the Panchayats in West Bengal. (2) Efficient Allocation of Funds and Performance Evaluation of Urban Local Bodies in West Bengal and (3) Accountability of Local Governments-A Pilot study on Gram Panchayats. The outcome of these studies, inter-alia, suggest that :

- i) Both the RLBs and ULBs in West Bengal have failed to mobilise their own revenue up to the desired level and thereby failed to be identified as local government in true sense.
- ii) Both categories of Local Bodies are still in the process of Agency functioning.
- iii) A noteworthy portion of untied fund is spent towards maintenance of assets generated out different centrally sponsored programmes which frustrates the very objective of untied fund.
- iv) Basic services particularly in rural areas instead of its approach in generality need to be addressed as minimum essential, context specific, composition specific and area potential specific.
- v) Almost all the ULBs are far away from the bench mark targeted by the Government of West Bengal in providing basic services.

Design for Grant

3.45 The Commission's approach as to the design of the grant has been to ensure delivery of minimum basic services by the local bodies particularly the Rural Local Bodies for which no service level benchmark has yet been developed unlike Urban Local Bodies for which benchmark notified in respect of core services. The Commission, in course of its deliberations

with the elected representatives and official functionaries came to realise that the untied fund constitutes a major contribution for both the local bodies in delivering basic services. The Commission has also observed with due care, the gradual disappearance of some of the centrally sponsored programmes which has significant contribution in delivering basic services by the Local Bodies.

3.46 The Commission has observed with special attention, the functioning of 1000 ISGP funded Gram Panchayats and efficient delivery of services in their respective jurisdiction with additional support of Block Grant. The Commission is of the view that the initiative should be rolled out in all Gram Panchayats of the State.

3.47 The Fourteenth Central Finance Commission did not recommend any allocation of Central fund to Panchayat Samities and Zilla Parishads. The Commission took that into consideration in designing the grants to these Rural Local Bodies keeping in view their roles and responsibilities in delivering public services along with the Gram Panchayats.

3.48 As regards horizontal distribution, the Commission's approach has been to consider broadly the Population, Area, backwardness and Urbanization in rural areas.

3.49 For sharing between RLBs and ULBs the Commission's approach has been to assess the gap of RLBs and ULBs in terms of requirement for delivery of basic services, considering the grant available from 14th FC.

Sharing of Taxes

3.50 The First SFC recommended inter-alia that the taxes on entertainments then collected by the State Government should be handed over to RLBs and ULBs. The Government, however, long after this recommendation decided in the year 2000 that 90 % of the net yield of the State Entertainment Tax as collected under (i) The Bengal Amusement Tax Act, 1922, (ii) The West Bengal Entertainments and Luxuries (Hotels and Restaurants) Tax Act, 1972 and (iii) The West Bengal Entertainment-cum-Amusement Tax Act, 1982 shall be passed on to the Local Bodies in the ratio of 80 : 20 for Municipalities and Paanchayats after retaining 10 percent by the State Government for covering Administrative, Legal and other costs associated with collection of the aforesaid tax.

3.51 Similarly, the State Government is supposed to pass on certain share of Profession Tax to Local Bodies and Taxes on Vehicles to the Urban Local Bodies, though the principles of sharing of these two taxes are not stated. Earlier Commissions were silent in this matter.

3.52 The Commission has observed that in case of all such taxes the Government has failed to devolve even the prescribed share to local bodies despite reasonable collection. While we have detailed the actual outgo in terms of collection by the State Government in Chapter ĩ IV, our approach is that like Entertainment Tax there shall be a percentage sharing between ULB and RLB in respect of Profession Tax and Vehicles Tax as have been detailed in Chapter ĩ XIV.

Fourteenth FC (FFC) and its implications for local bodies

3.53 The recommendations of the Fourteenth Finance Commission (FFC) were published while this Commission was still finalising its recommendations, and our initial impressions were quite encouraging. The FFC has increased the share of the local governments' allocation in the country from the divisible pool of taxes from Rs. 86161 crore to Rs. 287436 crore, an increase of 234% over the grants recommended by the 13th FC. In respect of West Bengal the actual amount recommended has gone up from Rs3793 crore recommended by the Thirteenth Finance Commission during 2010-11 to 2014-15 to Rs20831 crore (Basic and Performance grant) during 2015-16 to 2019-20, an increase of 449%.

3.54 It is not very clear how the Fourteenth FC has estimated the quantum of local government grants. It says, 'we have worked out the total size of the grant to be Rs. 2,87,436 crores, for the period 2015-20, constituting an assistance of Rs. 488 per capita per annum.' The FFC had commissioned studies for assessment of the costing of core services and the amount recommended by the FFC is somewhat near the amount estimated by the studies concerned, with some unexplained variations of course.

3.55 While this proves to be quite a bonanza for the Gram Panchayats, a closer reading of the FFC's recommendation reveals quite a few problematic areas:

First, even though all three tiers of the RLBs have been set up under the constitutional mandate, FFC has allotted the funds to the GPs alone and has thereby refused to acknowledge the extant State level variations in the roles played by the local bodies at different tiers.

Second, the use of the funds allotted has been severely restricted to delivery of five 'core' functions; water supply, sanitation, rural roads, community assets and streetlights functions only, without taking into consideration the fact that components of these services may not be within the jurisdiction of the Gram Panchayats throughout the country and some components of these activities could be under the domain of the higher tiers of local bodies or other organisations in some states.

Third, FFC has not allowed the state Governments or the local bodies any flexibility in utilising these funds by mandating that they cannot impose any further condition apart from those imposed by FFC itself. This means in effect that even if the technical and managerial responsibility of any of the services (for example piped water supply) is with the upper tiers, these funds cannot be utilised by the higher tiers for those purposes.

3.56 The Union Budget following acceptance of the recommendation of the 14th Finance Commission has also introduced several major changes in the patterns of public finance in the country. The first major theme in the budget was the change in the nature of Union government expenditures. The 14th FC's recommendation of increasing states' share in divisible taxes from 32 per cent to 42 per cent and consequently, 62 per cent of total tax revenues collected by the country (Centre and states combined) will now accrue to states (up from 55 per cent in 2014-15). This means a substantial increase in the pool of untied fund available with states to focus on state-specific priorities. The states now have a greater share of the pie to spend as they like. On the flip side, Central assistance provided by the Union government through a number of schemes including Centrally Sponsored Schemes (CSS) would reduce. Eight schemes will no longer be funded by the Centre, including the Backward Regions Grant Fund (BRGF), Rajiv Gandhi Panchayat Sashaktikaran Abhiyaan (RGPSA) and the National E-governance Plan (the states may, however, continue to implement them if they so desire). In respect of 24 schemes, the onus will be on states to shoulder a greater share of the resource burden such as the National Health Mission (NHM) and Swachh Bharat Mission (SBM). Thirty-one schemes (either legally mandated or having national priority), including the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), the Mid Day Meal Scheme (MDM), the Sarva

Shiksha Abhiyan (SSA) and scholarship schemes will remain fully funded by the Central government. Both BRGF and RGPSA supported the rural local bodies and discontinuation of these two programmes is likely to affect their functioning. It is not understood whether the change in funding patterns of programmes like NHM and ICDS would also confer greater flexibility on the states to redesign the various components of these programmes according to state specific needs. However, since quite a few of the subjects catered to by these restructured programmes feature in the 11th Schedules and the list of subjects in the West Bengal Panchayat Act, the modified pattern of central support may be kept in mind while redesigning the statutes defining the functions of the Rural local bodies.

Issues in Data constraints

3.57 For effective statistical monitoring, availability of reliable official statistics with regular periodicity is extremely important. The difficulties faced, while statistically tracking the information, are mainly related to

Non-availability of data at Sub-Block level relating to population of Gram Panchayats on the basis of Census 2011. This prevented us from utilising Census-2011 data for all levels as there are overlapping areas of revenue villages in many Gram Panchayats in West Bengal. Besides Census, therefore, data from Socio Economic Caste Census, 2011 had also to be considered in respect of population of Gram Panchayats. Again, population of peri-urban areas falling within the jurisdiction of Gram Panchayats had to be taken from the Census-2011 and thereafter added with the population data of Gram Panchayats taken from Socio Economic Caste Census, 2011 in the concerned Gram Panchayats for providing due weightage to the rapid urbanization in rural West Bengal.

Non-availability of data updates annually : With the gradual decrease in the number of Gram Panchayats, either full or part, due to their merger with the ULBs following urbanization, demographic data like area of Panchayats and ULBs are required to be updated but this is not done either at the State level or at the District or Sub-District level. This was a major constraint before the Commission, compelling it to update these data from diverse sources like the Panchayats, District and Block administration and from State Government Departments such as Panchayat and Rural Development, Science and Technology etc.

Chapter – IV

Contributions of previous State Finance Commissions in West Bengal : A review

4.1 A proper understanding of the state of devolution in West Bengal calls for revisiting the recommendations of the earlier commissions and taking stock of the actions taken by the state on such recommendations.

4.2 West Bengal was amongst few other States which was very responsive in constituting State Finance Commissions even though the State has apparently not been very faithful in accepting and implementing the recommendations. A synoptic view of the status of constitution of different State Finance Commissions, their submission of report and publication of ATR by the Government can be seen from Table: 4.2.1

Table: 4.2.1
Status of Constitution of previous State Finance Commissions

Sl. No.	SFC No	Notification No. of constitution	Report submitted to the Government	ATR published by the State Government
1	First	1023-FB dt.30.05.1994	27.11.1995	22.07.1996
2	Second	1770-FB dt.14.07.2000	06.02.2002	15.07.2005
3	Third	4000-FB dt.22.02.2006	31.12.2008	16.07.2009

Source : Reports of different State Finance Commissions

First State Finance Commission

4.3 Following the 73rd Constitutional amendments introduced in 1993, the first SFC was set up in 1994 under the chairmanship of Satyabrata Sen which submitted its report in the year 1995. This happened to be the first SFC report of the country itself. The constitution of this commission is almost coterminous with the journey of the third generation of Panchayats in West Bengal with major policy prescriptions of the State Government following the 73rd amendment of the Constitution. The major observation of the Commission was that the LSG

institutions will not be able to discharge their responsibilities without adequate funds and staff. Considering the scenario of the time they will have to depend heavily on grants-in-aid and sharing of taxes with the State Government and on the continuation of grants from the Union Government through poverty alleviation and other schemes. The Commission therefore suggested ways to give the local bodies more powers.

4.4 The approach taken by the First SFC in estimating the financial entitlement of the local bodies merits a relook. Interestingly this Commission did not believe in the standard three step process in which first, a set of expenditure responsibilities for specified services are assigned to the local bodies, followed by an assessment of the cost of delivering the minimum level of such services and finally considering the affordability of these services, the working out financial entitlements of the local bodies on this logic. The Commission had taken more of an 'evolutionary' view of the expenditure assignment question and hoped that the local bodies will eventually sort out the functions that they should perform.²

4.5 Thus, the main recommendation of the First SFC was, in lieu of sharing individual taxes, 16 % of the net proceeds of all tax collected by the State in a year should be transferred to local bodies as untied fund. The First SFC had estimated this entitlement on the presumption that a) with the initiation of decentralised planning, plan expenditure in the district plan sector had reached a level higher than 50 percent in 1994-95, (as mentioned by the Finance Minister in the assembly while placing the budget for the year 1994-95). The level of plan expenditure in 1995 was taken to be Rs. 1750 Cr of which 50% (Rs. 875 Cr) was taken to be the flow into district plan sector, b) Given that the estimate of state revenue during

² "The Commission from the very beginning eschewed the path of the so called need based approach in determining the untied allocation for the LSGs. Besides the problem of dearth of data for any rational estimate for the needs of a particular estimate of the needs of a particular community (urban or rural), it was felt that such an approach would militate against the basic purpose; promotion of greater autonomy to local bodies. It is our feeling that the LSGs should be allowed to devise their own ways of managing their budgets. Consideration of feasibility of rendering the service both in quantity as well as quality terms within budgetary constraints should essentially lie with them. Given the will, rational budget exercises would be possible only with the prior knowledge and assurance about the availability of resources. (own and transferred). The state's contribution (entitlement) to each unit should be based more on broad principles of equity rather than on assumed cost of services to be rendered. Allocation on the basis of historically existing level of services cannot avoid a built-in bias towards the more advanced and relatively more affluent units. In our view, at the present stage, untied allotment should form the basis of minimum need satisfaction of a community in accordance with their own perception. It is hoped; however, in future location and population-specific programmes would grow naturally with emerging differences in fund mobilisation capabilities, technical competence and preferences of different units of LSGs." (Para 6.13; Recommendation of the First State Finance Commission west Bengal 1995)

that year was Rs. 3600 Cr, it was presumed that a flow of about 25% of this amount would protect the current level of decentralisation, c) the Commission further suggested that (i) The entertainment tax should be handed over to local bodies, (ii) Urban land Tax and multi storied building tax should be transferred to Municipal Corporations, (iii) the responsibility of collection of irrigation rates and supplying water and routine maintenance should be handed over to Zilla Parishads (iv) after these tax transfers, 16% (amounting to Rs. 598 Cr according to budget estimate of 1995-96) of the total net proceeds of the taxes, would be transferred to districts (Local bodies) as entitlements; and (v) the resultant gap between total of entitlements and the total plan fund meant for the districts (which was estimated to be about Rs. 875 Cr) was recommended to be filled by grants to local bodies from the state ñ to protect the current level of decentralisation.³

4.6 The recommended 16 percent of the tax revenue was to be initially distributed amongst the districts on the basis of an index as detailed in Table 4.6.1 below:

Table 4.6.1
Inter District Devolution Index of First SFC

Inter District Allocation	Indicators	Weight
	a) Population	50%
	b) Backwardness Index composed as follows	
	i) Illiteracy level of the district	10%
	ii) Sum of SC, ST, Minorities	10%
	iii) Area of the District	10%
	iv) Rural population of the district	10%
	v) Inverse of per capita Bank Deposit (including working capital of Primary Agricultural Co-operatives)	10%

Source : Report of the 1st SFC, WB

4.7 Two percent of total entitlement of each district was to be retained as incentive fund. Within a district, 98% of its allocation should be divided between rural local bodies as a whole, urban local bodies as a whole and Special Areas as a whole on the basis of respective total populations of those segments in order to determine District Panchayat Fund, District Municipal Fund and District Special Areas Fund respectively. The distribution between urban local bodies within the district against the respective District Municipal Fund was to be based on the parameters detailed in Table 4.7.1:

³ (Chapter 5 ; Recommendation of the 1st State Finance Commission West Bengal 1995)

Table: 4.7.1

Inter ULB Devolution Index of First SFC

Inter ULB allocation within the district	Indicators	Weight
	Population	50%
	Lack of Literacy in the municipality	16.67%
	SC/ST population of the Municipality	16.67%
	Population Density of the Municipality	16.66%

Source : Report of the 1st SFC, WB

4.8 Of the total entitlement of the Rural Local Bodies within the district against the District Panchayat Fund, the proportion recommended was ZP 30%, PS 20% and GP 50%. Thereafter, the distribution between the GPs and PSs within each district was proposed on the principles detailed in 4.8.1:

Table : 4.8.1

First SFC's Inter GP and Inter PS Principles of Distribution against District Panchayat Fund

Inter PS allocation against share of PSs within the district	Indicators	Weight
	Percentage of population	50%
	Proportion of Non- literate	25%
	Percentage of SC/ST	25%
Inter GP allocation against share of GPs within the district	Percentage of population	50%
	Proportion of Non- literate	25%
	Percentage of SC/ST	25%

Source : Report of the 1st SFC, WB

4.9 Other major recommendations of the First SFC included:

- i) Distribution of surcharge on Sales Tax, as introduced, amongst the Municipalities in the same manner as was done in respect of Entry Tax and discontinuation of State Grants on parts of collection of Professional Tax and Motor Vehicle Tax to ULBs.
- ii) Liability of DA and other various benefits to the approved Municipal employees introduced at the instance of the State Government to cover with grants.
- iii) Matching state share of centrally sponsored Programmes will not be a part of untied entitlement.
- iv) Resource generated in Regulated Markets should be brought within the purview of DPCs.
- v) Strengthening and periodical review of Central Valuation Board.
- vi) Efforts of PRIs to raise taxes and non tax revenue to be stepped up

- vii) State to move the Union Government for timely payment of service charges to ULBs in respect of Central Government properties.
- viii) ULBs to increase trade licence fee at higher rate, impose tolls on heavy vehicles, levy imposts on tourists, impose water tax and conservancy charge on commercial units.
- ix) DPCs, as Constitutional Bodies, to function in close collaboration with the GPs at the bottom level and the State Planning Board at the state level.
- x) Works under the State Plan sector and District plan sector should be clearly listed by the State Government.
- xi) Departmental maintenance budget to be disaggregated district wise and communicated to the Districts. DPCs to be involved in supervising maintenance works.
- xii) Financial discipline to be strictly adhered to and the penal measure to be imposed for diversion of development fund to meet the revenue expenditure.

Second State Finance Commission

4.10 The Second SFC was constituted in the year 2000 under the Chairmanship of Prof. Deb Kumar Basu. The Commission submitted its report in the year 2002. The Commission endorsed the basic framework of the First SFC allocation structure and indicators used including the recommendation of 16 percent of State taxes as Untied Fund, of which 0.32 per cent was to be earmarked as incentive fund to be reserved at the state level while another 0.04 percent was to be earmarked for the hill areas. The Second Commission did not deem it necessary to reassess the requirements of the local bodies and generally endorsed the views of the 1st SFC on the share of State revenue to be transferred to local bodies as entitlements. The Commission recommended sub-allocation of District Panchayat Fund as 60, 20 and 20 per cent respectively for GPs, PSs and ZPs. The commission however modified the indicators for allotment and suggested a minimum allotment of Rs. 700 Crore to the local bodies. The Commission apparently subscribed to the same logic of protecting the current level of decentralisation advocated by the first commission. The criteria for allotment are summarised in the Table i 4.10.1 below:

Table: 4.10.1

Principles of Allocation of untied fund recommended by 2nd SFC

Tier / Item	Indicator	Weight	Remarks
Percentage of state	16% of the state Taxes less [0.32%		Minimum

revenue to be allocated as untied fund to the local bodies	(incentive) + 0.04% (hill areas)] = 15.64%		amount of Rs. 700 Crore to be allotted
Incentive Fund	a) 2% of Total Untied Fund of State (i.e., 0.32% of State Taxes) b) 0.04% of State Taxes additionally earmarked for Hill areas		
Inter District Allocation	a) Population	50%	
	b) Relative distance of population density among the districts	7%	
	c) Rural population	7%	
	d) ST population	8%	
	e) SC+ Minority Population	7%	
	f) Non-literates	7%	
	g) Degree of incidence of infant mortality	7%	
	h) Relative distance of per capita Net State Domestic Product among the districts	7%	
Intra District allocation between RLBs and ULBs	District Fund to be allocated according to Proportion of population of the Rural Local bodies and Urban Local Bodies		
Intra district allocation between three tiers of RLBs	ZP:PS:GP against total of RLBs allocation in the district	20:20:60	
Inter ULB allocation within the district against total ULBs allocation in the district	Population	50%	
	Density of population	12.5%	
	Non Literates	12.5%	
	Length of Kutcha drain in Municipality	12.5%	
	SC+ST Population	12.5%	
ZP	Share of ZP against total of RLBs allocation in the district concerned	20%	
Inter PS allocation within the district against total PSs allocation in the district	Population	50%	
	SC/ST Population	12.5%	
	Non-Literates	12.5%	
	Villages without Power	12.5%	
	Villages without pucca approach road	12.5%	

Inter GP allocation within the district against total GPs allocation in the district	Population	50%	
	Non-literates	50%	

Source : Report of the 2nd SFC, WB

4.11 Other major recommendations of this Commission were as follows:

- i) ZPs and PSs to apportion a part of untied fund for villages suffering from calamities and problems of inaccessibility.
- ii) In modification of First SFC's recommendation, arrangement for sharing of entertainment tax might continue to be made.
- iii) Legislation enabling the ULBs to collect taxes on urban land and multi-storied buildings to be made.
- iv) Powers to collect land revenue and cesses to be devolved to the LSGs with suitable strengthening of revenue collection machinery of the LSGs.
- v) Responsibility of collection of irrigation charges with devolution of revenue to be given to the PRIs.
- vi) The State Government to ensure implementation of recommendations of Central Valuation Board by all the ULBs.
- vii) Rates and fees levied by the ULBs to be revised
- viii) User Charges and Service Charges to be levied by all ULBs.
- ix) The State Government to pursue with GOI the 11th FC recommendations on imposition of service charges on Central Government properties.
- x) As regards State Government properties, the State Government to consider making consolidated payments directly to the ULBs through Municipal Affairs Department.
- xi) LSGs to exploit potential resources lying untapped for generating income and employment.
- xii) The State Government to redefine the functional responsibilities and review the areas of own resource mobilisation between the three tiers of PRIs.
- xiii) The State Government to consider reconciliation of overlapping responsibilities for planning and allocation of fund between DPC and regional development boards in rural and urban areas.

Third State Finance Commission

4.12 The third State Finance Commission was constituted in the year 2006 under the chairmanship of Dr. Sukhbilas Barma in the year 2006. The commission submitted its report in the year 2008. The emphasis of the Commission was on effective devolution in conformity with the Constitutional provisions to ensure grass root level planning for economic development. The Commission recommended for an untied fund allocation to the tune of Rs. 800 crore constituting around 5% of the State's own net tax revenue for 2008-09 with an annual increase of 12% for subsequent financial years. In absence of any specific expenditure assignment or any assessment of cost of delivery of services of a minimum specified standard, the entitlements were worked out more on the basis of what the state can spare rather than what the local bodies need. The Commission had recommended an untied grant of Rs. 800 Cr in 2008-09 which corresponded to 5 percent of the states own revenue for that year (as projected by the commission at the time of drafting the report) to be enhanced annually by 12 percent every year till 2012-13 (i.e., the period covered by the commission's recommendation). In determining the entitlement of the Local bodies however this commission relied more, like its predecessors, on estimating what the State can spare based on the trends of allocation in the earlier years and projected income and expenditure.⁴

4.13 20% of this fund to be utilised by the LSGs for maintenance of Assets. Inter-tier allocation within ZP, PS and GP was recommended as 12:18:70 and distribution between PRIs and ULBs was recommended as 76:24. The commission favoured the idea of continuing 2% of untied fund as incentive fund.

4.14 The approach of this Commission in working out the entitlements of the local bodies marked a departure from the two preceding Commissions in the way that they recommended initial splitting of the recommended allocation into ULB and RLB segments rather than work out the district entitlements first. The principles of allocation adopted by this commission is summarised in the Table 4.14.1 below:

⁴ Chapter 5; Report of the third State Finance Commission West Bengal (October 2008)

Table: 4.14.1

Principles of Allocation of untied fund recommended by Third SFC

Tier /Item	Indicator	Weight	Remarks
Percentage of state revenue to be allocated as untied fund to the local bodies	5% of the states net tax revenue for 2008-09 to be enhanced annually by 12%		
Incentive Fund	2% of Total Untied fund of the state		To be distributed on the basis of a) Improvement in own resource mobilisation and b) improvement in respect of the levels of participatory governance
ULBs	24% of total untied funds of the state to be allocated to Urban Local Bodies		
RLBs	76% of the of Total Untied fund of the State to be allocated to PRIs with intra tier proportion of ZP:PS:GP as 12:18:70		
Inter ULB Allocation	<i>1a) Undifferentiated Population</i>	<i>0.500</i>	
	<i>1b) Backward Population Segment</i>	<i>0.038</i>	
	1) Weighted Population Segment	0.538	Sum of the above two rows
	2) Female Non-literate	0.120	
	3) Incidence of poverty	0.120	Based on Urban Household Survey Data collected by SUDA
	4) proportion of Un-surfaced Roads	0.040	
	5) Weakness in Service provisions	0.040	Based on number of households without access to Drinking water, sanitary latrines and electric connections respectively (Source not mentioned)
	6) Sparseness in Population (Inverse of Population Density)	0.040	
	7) Incentive Support for ULBs	0.102	Based on ratio of own revenue to total revenue
Inter ZP Allocation	<i>1a) Undifferentiated Population</i>	<i>0.500</i>	

	<i>1b) Backward population segments</i>	<i>0.137</i>	
	1) Weighted population	0.637	Sum of the above two rows
	2) Female Non Literates	0.070	
	3) Food Insecurity	0.070	
	4) Marginal Workers	0.070	
	5) Total Population without drinking water or paved approach or power supply	0.035	
	6) Sparseness of population (inverse of population density)	0.035	
	7) Backwardness selected by HDI	0.083	
Inter PS allocation	<i>1a) Undifferentiated population</i>	<i>0.500</i>	
	<i>1b) Backward population Segment</i>	<i>0.137</i>	
	1) Weighted Population	0.637	Sum of the above two rows
	2) Female non-literates	0.090	
	3) Food Insecurity	0.090	
	4) Marginal Workers	0.090	
	5) Total population without drinking water or paved approach or power supply	0.0465	
	6) Sparseness of population (Inverse of population density)	0.0465	
Inter GP allocation	<i>1a) Undifferentiated population</i>	<i>0.500</i>	
	<i>1b) Backward population Segment</i>	<i>0.098</i>	
	1) Weighted Population	0.598	Sum of the above two rows
	2) Female non-literates	0.100	
	3) Food Insecurity	0.100	
	4) Marginal Workers	0.100	
	5) Total population without drinking water or paved approach or power supply	0.051	
	6) Sparseness of population (Inverse of population density)	0.051	

Note : Backwardness defined by (a) SC population 25%, (b) ST population 50%, (c) Minority population 25%, (d) rural population 10% and with specific calculation for Backward Population Segment Index arrived at by 3rd SFC

Source : Report of the 3rd SFC, WB

4.15 The other major recommendations of the Commission were as follows:

- i) If the State Government finds it difficult to devolve all the functions mentioned in Schedule XI and Schedule XII of the Constitution to the LSGs at a time, immediate devolution of function to be made in respect of certain basic and core services. For PRIs these will be (i) Elementary Education, adult and non-formal education, rural libraries; (ii) Primary health care & family welfare (iii) Drinking water and sanitation (iv) Civic services, rural roads and rural infrastructure (v) Public Distribution System (vi) Rural housing (vii) Poverty alleviation and employment generation schemes (viii) Women and Child development (ix) Welfare of weaker sections of people - SC/ ST, Minorities (x) Cultural activities-particularly folk and tribal culture (xi) Agriculture(Extension) (xii) Minor irrigation. For ULBs these will be (i) Water Supply (ii) Employment schemes (iii) health and family welfare (iv) Primary education, adult education, social education and non-formal education (v) Food and Supply including rationing and distribution (vi) Sports and youth services (vii) Welfare of SC/ST(viii) Social forestry and plantation.
- ii) The Commission felt the need for the improvement of own resource mobilisation by the PRIs for their autonomy and decentralisation. Building up of a proper database and designing a clear structure of the taxes at the GP level are prime requirement for which GPs and other PRI bodies to be provided with specialized tax collection staff.
- iii) There is considerable scope for augmenting resources by better management of assets owned or transferred to PR bodies.
- iv) The need for untied fund entitlement to be limited to filling up of critical gaps and resources for implementation of local programmes not covered by schemes and projects designed and transferred from above.
- v) An allocation of 0.726% of the total untied fund of the state will be the entitlement to Hill Area PRIs and to be allocated as soon as the Panchayats in the existing DGHC areas are made functional.
- vi) A special Annexure indicating the funds allocated for Urban and Rural LSGs to be appended to the Annual Budget of the State.
- vii) From the financial year 2010-11, Entertainment tax, Profession Tax, Land Revenue, Royalties on minor minerals and Collection of Irrigation rates to be transferred to the PRIs and first two of these taxes should also be assigned to the ULBs.

- viii) Properly motivated and trained functionaries particularly technical and accounts knowing personnel to be placed at the disposal of PRIs and for capacity building there should be District level Training Institute for all associated with the LSGs and continuous upgrading.
- ix) Existing Panchayat Act and other relevant Acts to be amended to incorporate the clear idea of devolution of powers and functions of PRIs at different tiers.
- x) District Planning Committee to be rejuvenated in conformity with 74th amendment of the Constitution.
- xi) The Commission recommended for speeding up of the double entry system of book-keeping, accounting and also auditing for strengthening the grass root level accountability.
- xii) Growing role of Social Audit accompanied by the Right to Information of the citizenry of the concerned unit to be honoured.
- xiii) More concerted efforts to be given by the ULBs to collect arrear property tax. A periodic physical verification of properties and taxes levied to be carried out by a separate wing of the ULBs.
- xiv) ULBs to be empowered to issue Trade licence to Shops and Establishments in the shopping mall at ceiling free higher rate.
- xv) Rules to be framed empowering the ULBs to collect Non Tax revenue on all items mentioned in the Act.
- xvi) ULBs to be allowed to impose tolls at a higher rate for heavy trucks on Municipal Roads and levy imposts on tourists/ pilgrims.
- xvii) Ferries within the purview of Sec.132 of the W.B.Municipal Act, 1993 to be returned to the concerned Municipality.
- xviii) Water rates to be introduced on consumption basis in all ULBs.
- xix) ULBs to be allowed to impose annual fee from the service providers like Power utilities, Telephone companies, cable operators etc., using municipal properties.
- xx) Municipal Act to incorporate provision to collect service charge from occupiers of unauthorised constructions.
- xxi) Arrear property tax due from the State Government Department and State Public Sector Undertakings to be deducted from the budgetary provisions and placed with the Municipal Affairs Department for passing on the same to the concerned ULB.

- xxii) Legal opinion to be obtained on the ruling of the Hon'ble Supreme Court as to collection of Service Charge from Central Government properties and if the opinion is favourable the ULBs to be advised accordingly and GOI to be moved on urgent basis.
- xxiii) All ULBs to be advised to collect door to door garbage against certain fees.
- xxiv) ULBs to be given a share of the proceeds of sale/ lease of the properties of Parastatal agencies of Central/ State Government.
- xxv) Impact fees to be introduced on shopping mall, multicomplex-cum-shopping complex and to start with the KMC.
- xxvi) State Government to take full responsibility of payment of pension and other retirement benefits of ULB employees like those of the PRIs. If not possible the arrear property tax and service charges on State and Central Government properties may be utilised for the purpose.

4.16 The Fourth SFC noted that there is a disparity between the commitment in the ATRs placed before the State Legislature and those actually implemented in the field. The Commission also felt that suitable legislative steps have not been taken for transfer of functions, funds and functionaries as desired by the earlier SFCs as yet.

4.17 This Commission further observed that though the State Government had broadly accepted the report of the first SFC and stated that this will be implemented on clear listing of the works under the State Plan Sector and District Plan Sector and district wise disaggregation of departmental maintenance budget, this has, however, not been implemented. This has also been endorsed by the Third SFC.

4.18 This Commission had specifically mentioned at para 3.50 that instead of transferring, the State Government decided to share 90% of the collected amount to the Municipalities and the Panchayats in the ratio 80:20. The actual releases, however, were much below the entitlements of both rural and Urban Local Bodies. In fact, the actual releases during the periods from 1996-97 to 1998-99 were nil and for 1999-2000, 2000-01 and 2001-02 funds were released by the Departments to the Zilla Parishads. The reasons for this course of action, as mentioned in Finance Department's reply to the Questionnaire to the 12th Finance Commission, was because, *“...transfer of a share of the proceeds from state taxes was to be made to the local bodies for the purpose of implementation of plan schemes and maintenance of assets, the State Government thought that it would be more useful to provide grants to local*

bodies out of the budget heads of different departmentsé ô This apparently served no purpose of the PRIs. The Third SFC observed that Zilla Parishads did not have clear idea as to how to spend the funds or sub-allot the same to the Panchayat Samitis and / or Gram Panchayats. The Third SFC further noted that a close examination of the nature of the schemes implemented with amounts shown as release to the Panchayati Raj reflects that the ZPs implemented mainly the departmental schemes out of those funds. As such, actual amount of Rs.335,12.54 lakh, Rs.85,085.03 lakh and Rs.45,519.04 lakh released in 1999-2000, 2000-2001 and 2001-02(Table : 4.18.1) respectively to the Zilla Parishads in the name of devolution of funds to the Panchayats have, in fact, been released for the implementation of departmental schemes and not as untied fund.

Table : 4.18.1

Status of Departmental Release to ZPs against First SFC's Recommendation (Rs. in crore)

1999-2000		2000-2001		2001-02	
Budget	Actual	Budget	Actual	Budget	Actual
619.23	335.12	1376.21	850.85	1547.20	455.19

Source: Third SFC Report

4.19 So far as Second Finance Commission recommendations are concerned, the State Government has actually not accepted the major recommendations of the Commission. The report was submitted in February, 2002. The Action Taken Report on the recommendations were submitted by the state Government on 15.07.2005 i.e., after more than three years and stated that the Government will try to maintain the devolution at least at 50% level of the minimum amount of Rs. 700 crore recommended for the first year can hardly be termed as acceptance of the recommendations. The third state Finance Commission observed that the State Government took such a stand and actual steps only in 2005, i.e., after three years of submission of the Report. The recommendation was thus implemented only half-heartedly from 2005-06, when the budget provisions totalling Rs.349.87 crore (Table : 4.19.1) were made in the departmental budget of Panchayats & Rural Development Department and Municipal Affairs Department i Rs. 278.29 crore for rural bodies and Rs. 71.58 crore for urban bodies. The same budget provision was repeated for the years 2006-07, 2007-08 and 2008-09 also. Incidentally, the actual release of Rs. 341.46 crore (against the budget of Rs. 349.87 crore) in 2005-06 was only 3.28% of the State's own tax of Rs. 10,388 crore. The position worsened in 2006-07, when the actual release was Rs. 197.97 crore (against the budget of Rs. 349.87 crore) which was only 1.69% of the State's own tax of Rs. 11,695 crore.

It is worth mentioning that while accepting the basic recommendation of providing an entitlement fund for the Rural and Urban Local Bodies, the State Government stated in the ATR, “*Instead of linking the quantum of the entitlement fund with the State’s own tax revenue the Government has decided to allocate the maximum amount possible out of its resources ...*” The Third SFC observed that it appears to be contradictory to Constitutional provisions. The Actual flow of funds during the period covered by Second Finance Commission is as follows.

Table: 4.19.1
Budget provision and actual release of Second SFC Fund (Rs. in crore)

Financial Year	Budget	Actual Release
2002-03	686	0.66
2003-04	N.A.	1.75
2004-05	N.A.	0.00 ⁵
2005-06	349.87	341.46
2006-07	349.87	197.97

Source : Third SFC Report

4.20 As already discussed, the 3rd SFC recommended for an untied fund allocation to the tune of Rs. 800 crore constituting around 5% of the State’s own net tax revenue for 2008-09 with an annual increase of 12% for subsequent financial years; 20% of this fund to be utilised by the LSGs for maintenance of Assets. Inter-tier allocation within ZP, PS and GP was recommended as 12:18:70 and distribution between PRIs and ULBs was recommended as 76:24. The commission favoured the idea of continuing 2% of untied fund as incentive fund.

4.21 Although the reference period of the 3rd SFC was from 2008-09 to 2012-13, the fund actually started to be devolved from 2010-11. Here again the State Government failed to fulfil its commitment, though the principle was accepted in the ATR (Table : 4.21.1). It has also been observed during field visit of the 4th SFC that whatever allocations these local bodies are

⁵ Figure for 2004-05 is shown as zero in the Annual Administrative Report of P&RD Department for the year 2005-06 and also in the CAG Report for ULBs, 2005-06.

to receive from the State Government were not received in a predictable time. For example the first quarter of 2011-12 allocation was actually transferred at the end of 2012-13.

Table : 4.21.1

Actual release vis-a-vis recommendation of Third SFC (Rs in Crore)

PRI				ULB		
Year	Proposed total release by 3SFC	Actual release	% of release in terms of Recommendation	Proposed total release by 3SFC	Actual release	% of release in terms of Recommendation
2010-11	608	301.8	49.5	192	137.24	71.35
2011-12	680.96	252.46	37.05	215.04	117.34	54.41
2012-13	762.67	568.34	74.54	240.84	172.86	71.66
2013-14	854.19	493.72	57.72	269.74	137.59	50.92
2014-15	956.69	481.61	50.31	302.11	143.01	47.35

Note: i) 12% enhancement to be made for every successive year

ii) 76% for PRIs and 24 % for ULBs calculated on Rs. 800 crore during 2008-09

iii) Release for 2014-15 available up to October, 2014

Source : *Departments of Panchayats & Rural Development and Municipal Affairs, GoWB*

4.22 All the earlier Commissions had urged on the local Governments to be more self reliant by enhancing collection of own source revenues. They had also advised the State Government to explore new areas for revenue generation and also to strengthen the existing avenues of resource mobilisation of both the PRIs and ULBs. The situation, however, has not changed radically over the time which we will discuss in subsequent chapters. A synoptic view of recommendations vis-a-vis ATRs and their status of actual implementation have been presented in **Appendix-VII**.

Sharing of Taxes

4.23 As we have already discussed in Chapter-III, the Government of West Bengal, in the year 2000, agreed to share 90% of the Entertainment Tax including Luxury Tax collected by the State Government between the Municipalities (Municipal Fund) and Panchayats

(Panchayat Fund) in the ratio of 80:20, after retaining 10% as Administrative Cost. Relevant Government order is placed in **Appendix – VIII**. The entitlement of the Local Bodies in terms of agreed share and actual outgo is depicted in Table: 4.23.1. It is seen that release of fund in many cases is more than the actual entitlement. Finance Department in reply to our query stated that generally share of a particular year is determined on the basis of collection of the previous year. Despite this justification there is apparently a mismatch between collection and release during the Financial Years from 2007-08 to 2010-11 but in 2011-12 and 2012-13 both the Local Bodies were released share of Entertainment Tax much less than that of their entitlement.

Table: 4.23.1

Status of Release of fund on account of Entertainment Tax including Amusement Tax
(Rs. in crore)

Year	State's Collection	Municipalities		Panchayats	
		Entitlement	Release	Entitlement	Release
2007-08	67.71	48.75	69.24	12.18	14.87
2008-09	62.42	44.94	70.21	11.23	11.84
2009-10	62.83	45.23	52.80	11.30	0.00
2010-11	75.26	48.16	59.44	12.04	0.00
2011-12	105.90	76.24	64.19	19.06	11.23
2012-13	120.76	86.94	73.28	21.73	5.00

Source : Budget documents of Government of West Bengal

Note : Release more than entertainment indicates arrears of previous year.

4.24 As regards Profession Tax and Motor Vehicles Tax, though no principle of sharing is stated, the State Government is supposed to share a certain percentage with the Local Bodies. The actual figure of sharing against collection shows that only a little portion of collection of these Taxes were actually shared with the Local Bodies and again RLBs were the worst sufferer in respect of both these taxes (Table 4.24.1).

Table 4.24.1

Sharing of Profession Tax and Motor Vehicles Tax (Rs. In crore)

Year	State Collection of		Sharing of Profession Tax with (%)		Sharing of Motor Vehicles Tax with (%)
	Profession Tax	Motor Vehicles Tax	ULB	RLB	ULB

2007-08	295	532	11.02(3.72)	0.12(.0004)	24.26(4.51)
2008-09	321	608	10.04(3.11)	0.13(.0004)	22.92(3.61)
2009-10	362	774	12.28(3.31)	0.21(.0005)	24.47(3.10)
2010-11	388	936	11.72(2.83)	0.14(.0003)	26.35(2.77)
2011-12	426	1007	12.95(2.81)	0.00(0.00)	29.44(2.87)
2012-13	448	1158	14.16(3.12)	0.00(0.00)	31.64(2.67)

Note : Figures in brackets shows percentage

Source : *Budgets of different years of GOWB*

4.25 What this review finally reveals is that though the State Government had principally accepted most of the recommendations of the earlier State Finance Commissions, the recommendations were implemented only partially in practice. Is it really associated with their inability to devolve due to fund crunch? We will take a relook in the following chapter.

Chapter – V

Fiscal position of the State Government: A Review

5.1 Indebtedness features as the single most important trait of public finance in West Bengal at present. Going by the debt/ GSDP ratio, in March, 2013, West Bengal stands out to be the most indebted state among the *non-special category* (NSC) states of India. At that point in time, while the debt/ GSDP ratio of West Bengal was 37.5%, that of all NSC states, taken together, was 24.4%.⁶ Moreover, at that point in time, the situation of West Bengal in terms of indebtedness was much worse compared with even the second highest indebted state Uttar Pradesh which had a debt/ GSDP ratio of 33.7%.

5.2 This feature of extreme indebtedness is not new for West Bengal, nor is it the creation of any recent policy of the state government. Indeed, it is at least as old as the present century. A couple of important features emerge when one looks at the time series of debt/ GSDP ratio of West Bengal and compares it with that of the other states. First, till 1999-2000, West Bengal was not among the most indebted states of India. In 1990, West Bengal's debt/ GSDP ratio was about the same as the average debt/ GSDP ratio of all the states taken together. From 1990 to 2000, West Bengal's debt/ GSDP ratio was consistently above the all India level, but not significantly so. During the period 1995-96 to 1999-2000, among fifteen NSC states West Bengal's position was eighth in terms of its debt/ GSDP ratio. It is from 2000-01 that indebtedness of West Bengal increased considerably. While West Bengal's debt/GSDP ratio was 26.0% during 1995-96 to 1999-2000, it shot up to 44.3% during 2000-01 to 2004-05 and to an even higher figure of 46.1% during 2005-06 to 2009-10. Fortunately, it has started falling thereafter. Second, indebtedness of several other states also increased significantly after 1999-2000. But from 2005-06, most of these states had managed to control their indebtedness. West Bengal has also succeeded in reducing its debt/ GSDP ratio, but its effort had started rather late, certainly, not before 2010-11. By end March 2013, West Bengal's debt/ GSDP ratio had come down to 37.5%. But as the other states had managed to reduce their debt/ GSDP ratios even faster and much earlier, West Bengal headed the list of NSC

⁶ All figures quoted in this chapter are from Reserve Bank of India reports.

states in terms of indebtedness. It must also be mentioned that the figure of 37.5% is within the maximum limit of debt/ GSDP ratio for West Bengal allowed by the Thirteenth Finance Commission (FC-XIII). According to budget estimates of 2013-14, this ratio is going to fall further to 34.6% which again falls within the upper limit set by FC-XIII. In short, while the high debt/ GSDP ratio continues to be a matter of concern for West Bengal, the comfort is that recently this ratio has been steadily falling over time and is now well within the figure stipulated by FC-XIII.

5.3 The profile of indebtedness of West Bengal as compared with the average indebtedness of all Indian states is shown in figure 5.1. It is clear from the figure that indebtedness as a proportion of GSDP peaked around 2005 and has started falling thereafter for West Bengal as well as for other states. A significant gap between West Bengal and other states, however, still persists.

Figure 5.1
Outstanding Liabilities as percentage of GSDP/ GDP

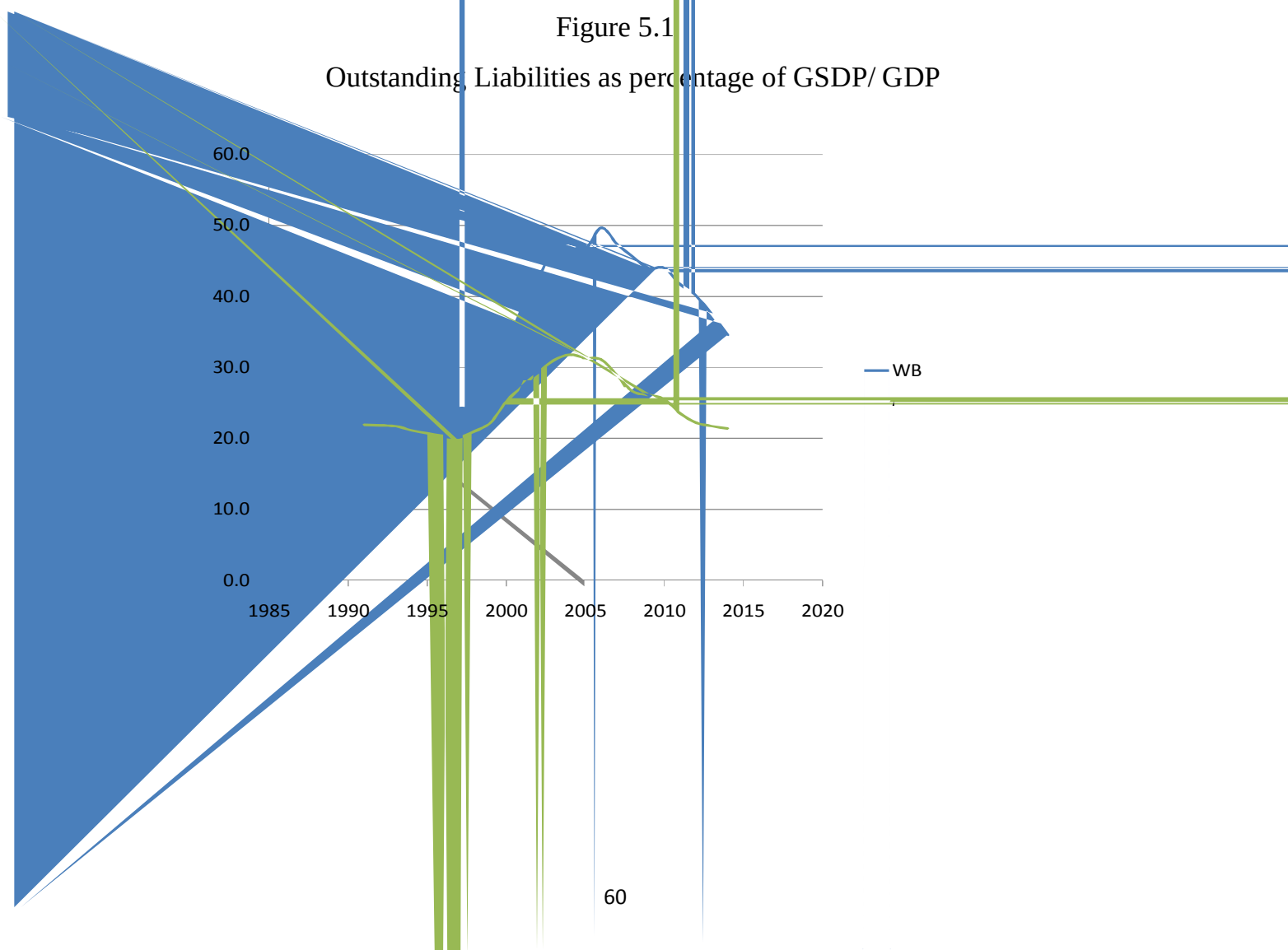


Table 5.1

Revenue and Primary Revenue deficit in West Bengal and all India

	Revenue Deficit/GSDP (%)		Primary Revenue Deficit/ GSDP (%)	
	West Bengal	All India	West Bengal	All India
2004-08 (Average)	3.3	0.0	-0.9	-2.3
2008-10 (Average)	4.9	0.1	1.4	-1.4
2010-13 (Average)	2.9	-0.2	-0.1	-1.7
2012-13	2.3	-0.2	-0.6	0.5
2013-14 (RE)	1.7	0.0	-1.0	-1.5
2014-15 (BE)	0.0	-0.4	-2.7	-1.9

5.4 A first step towards coming out of a debt crisis is to have a revenue surplus. Table 5.1 shows that Indian States on an average have been maintaining a revenue surplus (i.e., a negative revenue deficit) almost for the last ten years, with the exception of the period 2008-10 when a very small deficit is recorded. In contrast, West Bengal has been desperately profligate in the management of its income-expenditure balance, so much so that the revenue deficit to GSDP ratio had increased to almost 5% in 2008-10, before showing a downward trend from the beginning of the present decade. The late adoption of FRBM certainly allowed the government this extravagant behavior which comprised of financing the gap between income and expenditure by taking fresh loans. After West Bengal adopted FRBM in 2010, it was forced to put a rein on its profligacy. The effort to reduce deficits is more visible after the new government came to power in 2011 and by 2014-15 the estimated deficit has come to zero.

5.5 Part of West Bengal's malady is its past loans. But if we separate out interest burdens of past loans from current revenue expenditure do we observe responsible income-expenditure balancing? For our purpose we look at the time profile of primary revenue deficit which is obtained by taking out net interest payments on past loans from revenue deficit. Till 2008, the West Bengal Government could maintain a surplus in the primary revenue deficit account. But during 2008-10, when extravagance reached its peak, the government was living beyond its means not only because it was forced to do so on account of an interest burden on past loans, but due to serious mismanagement of current expenditure *excluding* interest payments. This is clearly witnessed by a positive primary revenue account deficit during

2008-10. Again, the laudable efforts of the present government towards debt reduction is clear from the fact that after coming to power it has managed to increase the primary revenue surplus which is estimated to cross the all India average in 2014-15.

5.6 Are the past debts sustainable? Can West Bengal pay back its debts and come out honourably from the debt crisis that it has been thrown into? Two standard indicators are used by the Reserve Bank of India to judge debt sustainability : (i) growth of GSDP (g) $\bar{}$ the rate of interest (i); and (ii) growth of GSDP $\bar{}$ the growth of public debt (k). It is implicitly assumed that the revenue of the government, from which debts are to be repaid, depends upon the gross income of the state. A higher GSDP is taken to automatically imply a higher tax revenue; and a higher growth of the former taken to imply a higher growth of the latter. The magnitude or growth of repayment, on the other hand, would depend partly upon the rate of interest and partly upon the growth of public debt itself. The time profiles of ($g-i$) and ($k-g$) are represented in figures 5.2 and 5.3. For debts to be sustainable, while ($g-i$) has to be positive, ($k-g$) will have to be negative. It is clear from the figures that though ($g-i$) for West Bengal became negative during the period 1999-2005, the magnitude eventually became positive and currently it is about the same as the all India average. Similarly, ($k-g$) remained positive since 1995 for both West Bengal and all India. However, from the middle of the first decade of the present century, it has become negative for both West Bengal and all India.

Figure 5.2
Debt Sustainability: $g - i$

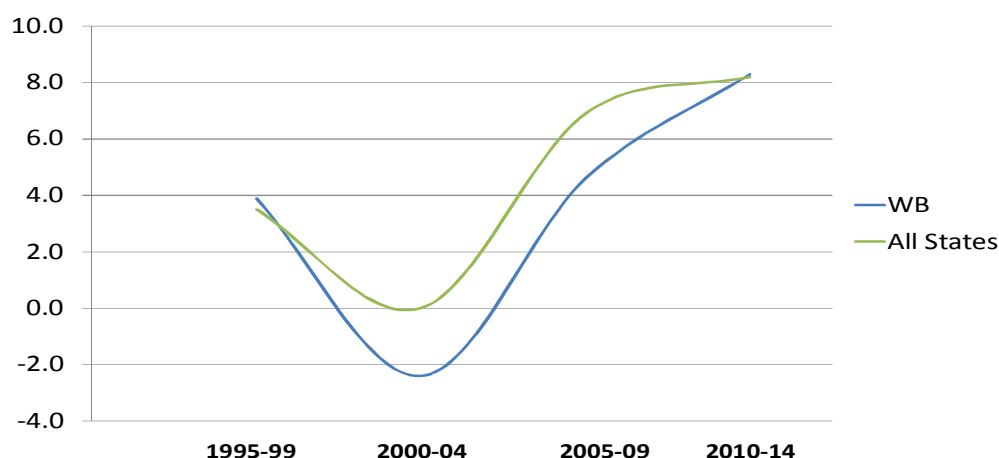
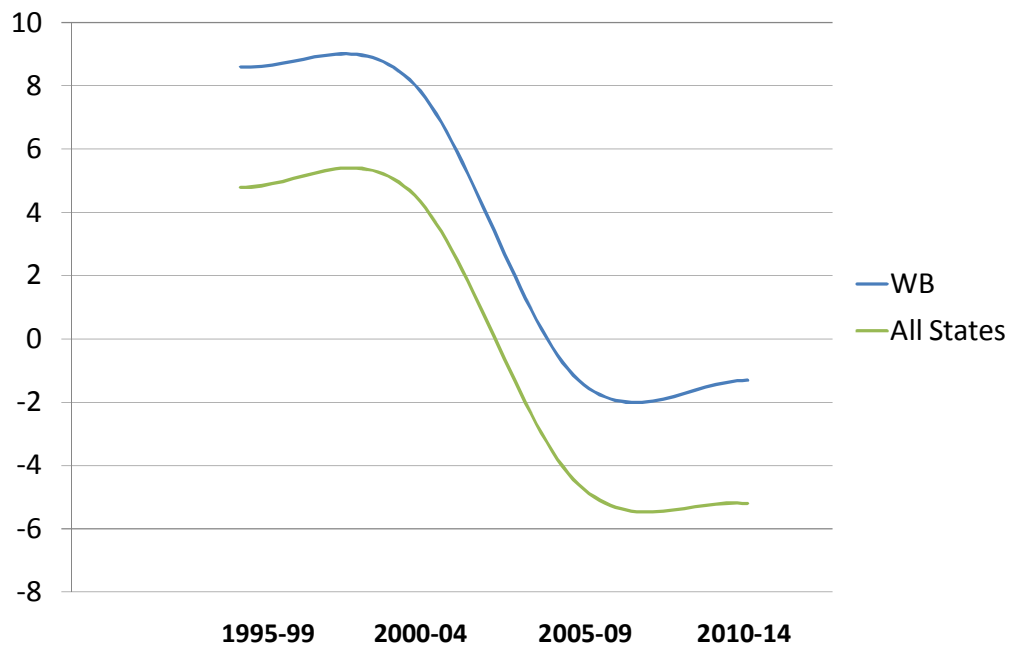


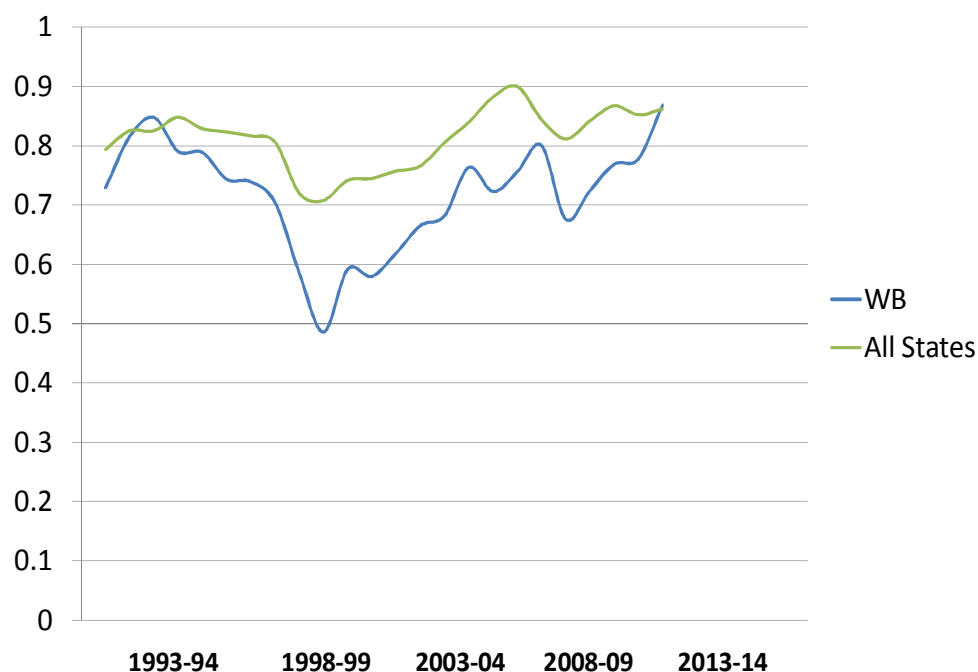
Figure 5.3
Debt Sustainability: $k - g$



5.7 It needs to be pointed out, however, that though the RBI and other organizations look at the indicators $(g \bar{i})$ and $(k \bar{i} g)$ to understand debt sustainability, these indicators do not give a full picture of the degree of debt sustainability of a state. This is so because there are two good reasons as to why the revenue generation of a state might not be directly related to its GSDP. First, due to differing tax collection efforts and taxation schemes, the own tax and non-tax revenue earnings may widely vary across states even when their GSDP levels are not very much different. Second, the total revenue earned by a state significantly depends, among other things, on Central Grants which are, roughly speaking, inversely related to the GSDP of a state.

5.8 Therefore, we look at several other indicators of debt sustainability. First we look at the receipt (excepting loans) to expenditure ratio. This ratio gives the percentage of expenditure made by a state that is financed by its non-loan receipts. Obviously if p is the receipt/expenditure ratio, then $(1-p)$ tells us what proportion of total expenditure has been financed by loans. The behaviour of the revenue/expenditure ratio is given in Figure 5.4.

Figure 5.4
Total Receipts (excluding loans)/ Total Expenditure



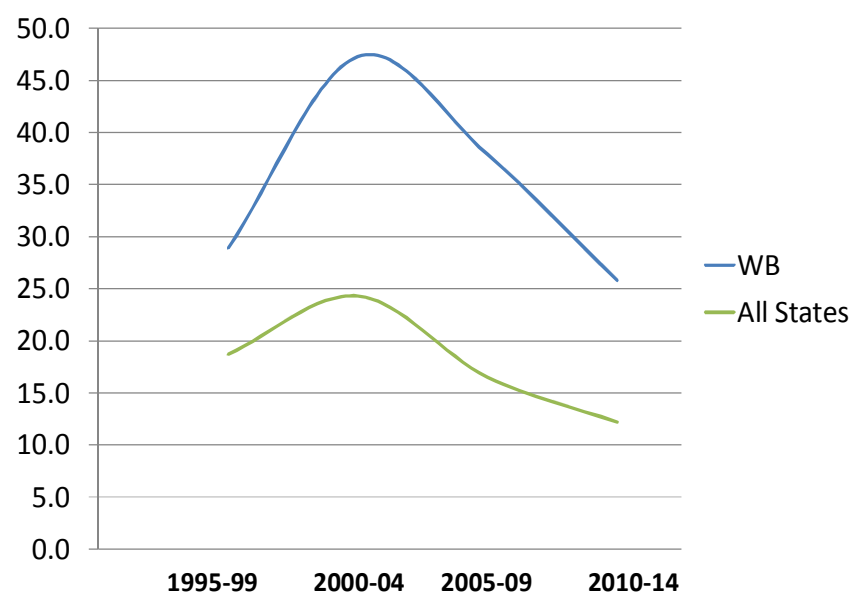
5.9 It is clear from figure 5.4 that receipts/ expenditure ratio for West Bengal remained below the all state figure for almost the entire period 1993-94 to 2013-14. Indeed, the ratio for West Bengal went below 50% in the late nineties. Fortunately, the ratio has been increasing since then. So much so that in 2013-14 it has touched the all state average. This is impressive in itself. However, since this ratio is still below unity, fresh loans are being taken by the state to finance its expenditure. This would imply a positive growth in the stock of outstanding debt. If the state aims to reduce its stock of debt over time, the receipt/ expenditure ratio must exceed unity. This is what the state should aim at.

5.10 One consequence of the debt overhang is that a sizable portion of the state's revenue is used up in interest payments. From figure 5.5 we find that the *ratio of interest payments to revenue* peaked during 2000-04, not only for West Bengal but also for all states taken together. However, as with other indicators of indebtedness, West Bengal's position was much worse than the rest of the country. There were years when almost half of the state

revenue had to be spent to meet interest payment obligations. The silver lining is that this ratio has been falling since 2004 but still remains as high as 25% till date.

Figure 5.5

Debt Servicing Indicators: Interest Payments to Revenue Receipts (%)

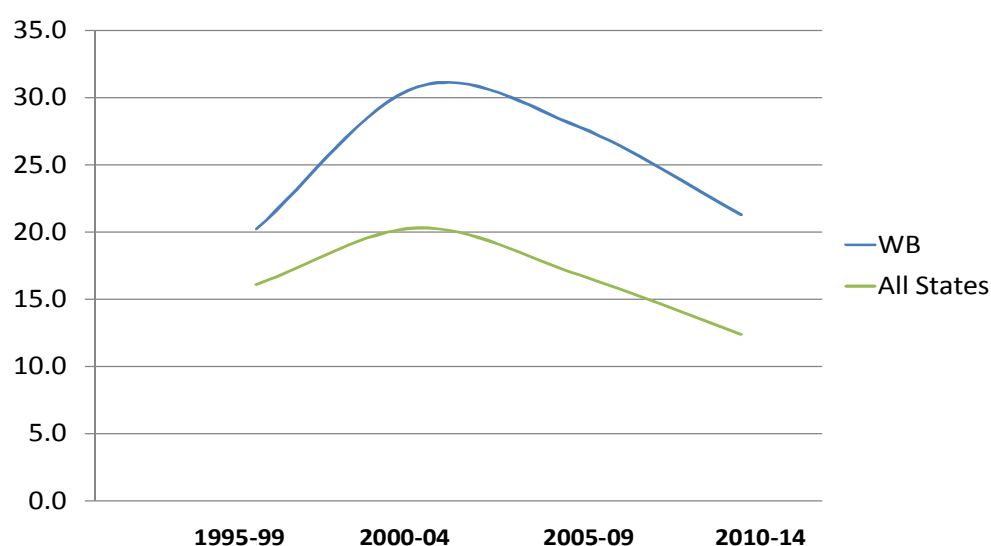


5.11 There are alternative indicators of interest burden. During 2010-11 to 2013-14, West Bengal had to spend 25.8% of its total revenue receipts on interest payments on past loans, while all NSC states taken together had to spend only 12.6%. Similarly, if one looks at interest payments to GSDP or *interest payments to revenue expenditure*, West Bengal tops the list of NSC states. The time profile of this last indicator is recorded in figure 5.6. Quite understandably, two features remain persistent. First, the debt servicing ratio for West Bengal remains much above than that of the all state average and second, the ratio reached its peak around the middle of the last decade, gradually falling thereafter.

5.12 The time profiles of the two indicators, *interest payments to revenue receipts* and *interest payments to revenue expenditure* look somewhat similar. However, their implications are different. A high interest payment to revenue receipts indicates that given the interest

burden on past loans, revenues are low and need to be increased. On the other hand, a high interest payments to revenue expenditure implies that a large portion of expenditure is used up to meet the past interest burden leaving little for development purposes. This, in turn, warrants a curtailment of expenditure on unproductive new employment.

Figure 5.6
Debt Servicing Indicators: Interest Payment to Revenue Expenditure (%)



5.13 Another matter of concern is the maturity profile of outstanding state government securities. The profile indicates that while from 2013-14 to 2016-17 annual repayment of government securities proceeds roughly at the rate of 3% per annum of total outstanding repayments as of March 31, 2013, there is a sudden jump to 11% in 2017-18 and from that year onwards annual repayment has to take place at much higher rates reaching 20.9% in 2021-22. In nominal terms the repayment liability will jump from Rupees 32 billion in 2016-17 to Rupees 116 billion in 2017-18 and to Rupees 221.9 billion in 2021-22. If one adds to this the securities that would be sold after 2013 and would mature around 2021-22, then a financial hardship is indicated.

5.14 Again, in terms of total outstanding repayment of securities as of March 13, 2013, West Bengal's position is at the top, closely followed by Maharashtra. West Bengal's total

outstanding repayment of government securities as of end March, 2013 was Rupees 1059.7 billion while the comparable figure for Maharashtra was Rupees 1058.2 billion. But considering the much narrower and weaker own-tax base of West Bengal compared to Maharashtra, it seems that for the former state an all round, concerted and well thought out effort would be required to meet the repayment liabilities.

5.15 One may now try to locate the factors that led to this vicious indebtedness of the West Bengal government. Debt would typically accumulate if expenditure remains greater than revenue for a sustained period of time. This can, in turn, happen if either expenditures are high or revenues are low or both. So we have to look at both the profiles of revenues and expenditures of the government to understand how the state had ended up in a situation which may be squarely described as debt trap.

5.16 We start with the income or revenue side. In Table 5.2, a breakup of the different sources of revenue is given both for West Bengal and the General Category States (GCS) taken together. A few aspects of this break up would immediately catch one's attention. First, in West Bengal a much lower share of total revenue comes from the state's own tax and non-tax revenue compared with GCS taken together. Second, between 2002-03 and 2011-12 the share of own tax revenue has gone down both for West Bengal and GCS. Third, while the share of central taxes has roughly remained constant for West Bengal and marginally increased for GCS between these two time periods, grants in aid have unambiguously increased for both. This means that transfers from the centre has become more discretionary than rule based. All this, taken together, would imply that over the years West Bengal's revenues have become more dependent on the judgement and will of the Central Government. This is partly because, for West Bengal the rule based share of central taxes has remained stagnant and more importantly because, the share of own tax revenue in total revenue has significantly fallen.

Table 5.2

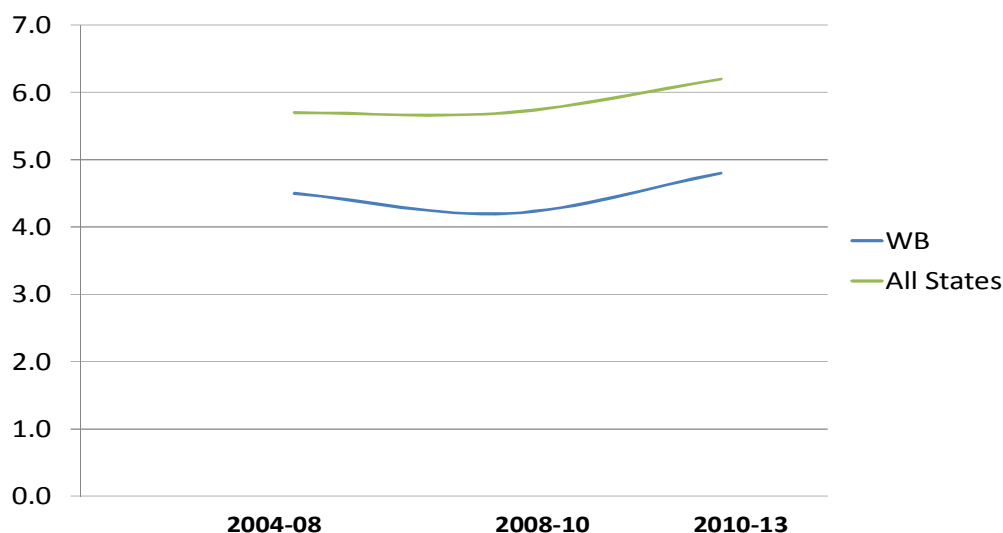
Sources of Revenue in West Bengal and General Category States

Sources of Revenue	2002-03		2011-12	
(% of Total Revenue)	WB	GCS	WB	GCS
State's own tax revenue	48.51%	54.10%	42.16%	51.90%
Share in central taxes	31.58%	21.58%	31.43%	23.16%

State's own non-tax revenue	4.50%	13.06%	4.86%	9.47%
Grants in Aid from the Centre	15.41%	11.26%	21.56%	15.47%
Total Revenue	100%	100%	100%	100%

5.17 Dependence on Central discretion, however, does not necessarily lead to indebtedness. If, for example, Central grants are increasing with state's tax collection remaining constant, one would observe a rise in total revenue on the one hand and a fall in the share of own tax revenue on the other. But this should not create any hardship for the state. To understand what created the hardship and the subsequent rise in indebtedness, one has to look at the behaviour of own tax collection as a proportion of the state's domestic product. In figure 5.7 the share of own tax revenue as a proportion of SDP is given both for West Bengal and the rest of India. It is clear from the diagram that own tax revenue as a proportion of state domestic product for West Bengal has remained consistently below the all India level, though the ups and downs have followed the same trend for the two series.

Figure 5.7
Own Tax Revenue / GSDP (%)

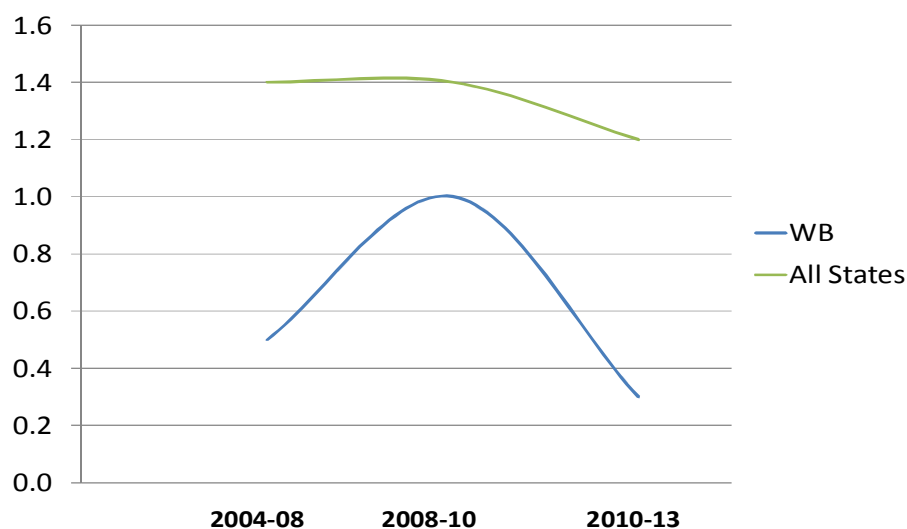


5.18 The scenario is even worse for the state's non-tax revenue. As figure 5.8 clearly depicts, not only the proportion of non-tax revenue in GSDP is lower in West Bengal

compared with the all India level, there has been a much sharper fall in this proportion for West Bengal since 2008.

5.19 The third important component of the state's revenue is central transfers. These transfers are partly rule-based and partly discretionary. We have seen from table 5.2 that while the proportion of total state revenue coming as shares of central taxes has roughly remained unchanged over time that of central grants in aid has increased. Figure 5.9 tells us how central taxes and central grants in aid, taken together, have behaved over time as a proportion of state domestic product. For West Bengal, central transfers, including the share of central taxes and grants in aid and expressed as a proportion of GSDP, had remained lower than the All India level till the end of the last decade. Since then the proportion has been

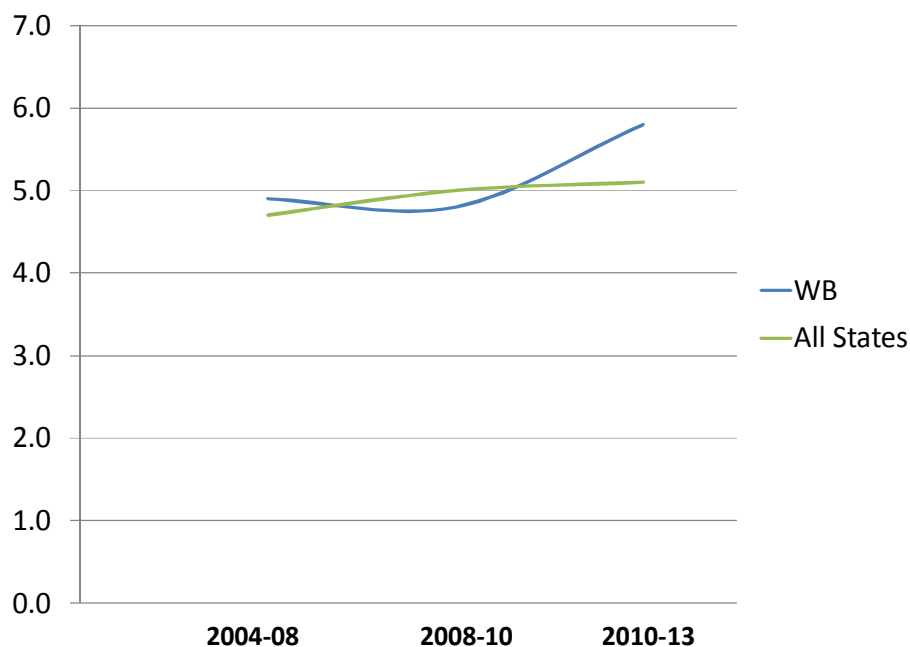
Figure 5.8
Own Non-Tax Revenue / GSDP (%)



increasing and of late it has gone above the All India level by almost a full percentage point. Since the rule-based part of central transfers, being dependent on the comparative indicators of economic performance, is relatively stable, it is the discretionary grants in aid from the centre that must have been increasing since 2010.

5.20 To sum up, on the revenue side, two major factors can be identified which were responsible for the instability of West Bengal finance. First, both own tax revenue and non-tax revenue have been very low in West Bengal, in fact the lowest among all general category states. Second, though in recent years, central transfers to the state have shown some improvement, the major increase is accounted for by discretionary transfers which are by nature volatile and uncertain.

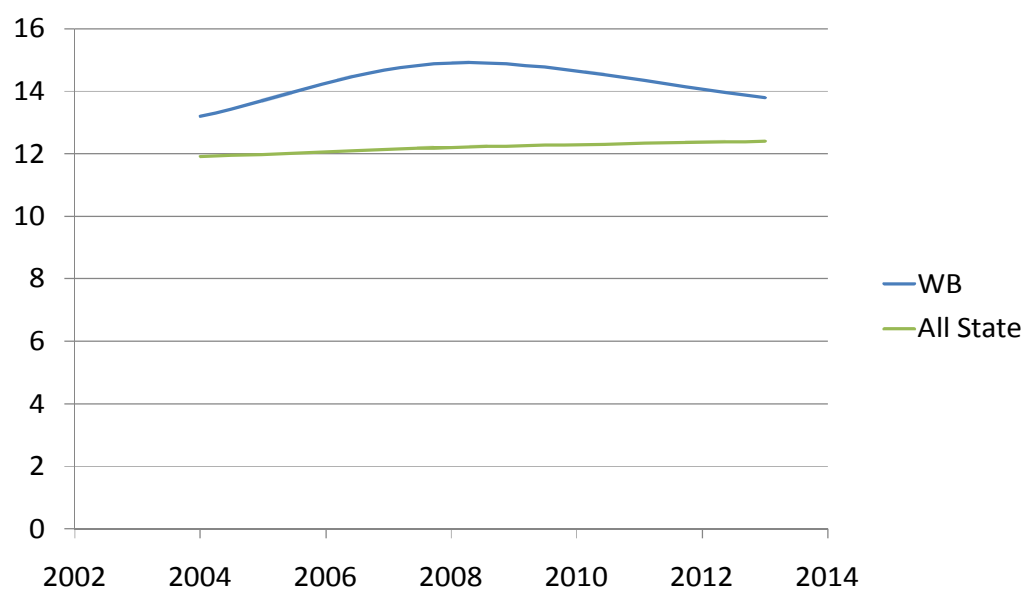
Figure 5.9
Central Transfers / GSDP (%)



5.21 We now come to the expenditure side. Expenditure is divided into two parts: revenue expenditure and capital outlay. As for the former, West Bengal has remained above the all India level consistently from the beginning of the present millennium. Since a significant part of the revenue expenditure comprises of wages, salaries and pensions paid by the government, the higher than average revenue expenditure partly reflects the government's inability to curtail expenditure on direct employment. Again, another significant part of the revenue expenditure is accounted for by interest payments on past loans. Hence the high revenue

expenditure of West Bengal also reflects its indebtedness. There has been, however, a declining trend of revenue expenditure in the state.

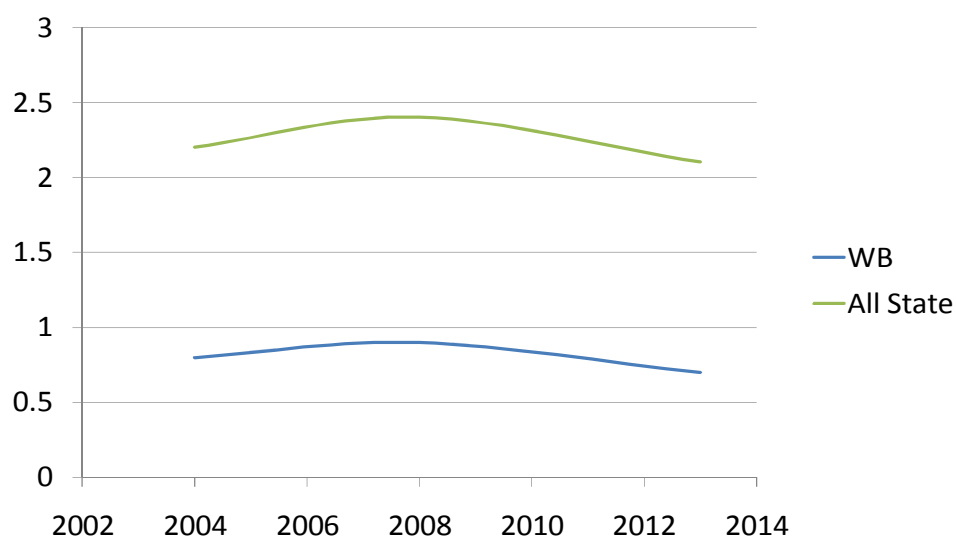
Figure 5.10
Revenue Expenditure / GSDP (%)



5.22 Capital outlay as a proportion of GSDP, on the other hand, has been consistently lower in West Bengal compared with the all India average. Capital outlays largely indicate building up of assets. Therefore, a low share of capital outlay in the GSDP implies that efforts to build up assets for future development of the economy, has been low in West Bengal. A closer look at Figure 5.10 and 5.11 would reveal that the positive difference of revenue expenditure between West Bengal and that the average Indian state is roughly equal to the negative difference between the two in terms of capital outlay. Therefore, if the two expenditure heads are taken together, total expenditure in West Bengal as a proportion of its GSDP, is not very much different from the all India average. However, the quality of expenditure has been worse in West Bengal because here the proportion of expenditure going to future developmental efforts have been lower. Put differently, since the government has not been able to reduce its committed revenue expenditure towards wages, salaries, pensions and interest payments, and since it has not been able to increase its revenue, it has been compelled

to cut down development expenditure. The trend has been somewhat reversed of late. Own revenue of the state has been increasing and development expenditures are also going up. But a total reversal will take time. This is partly because expenditure committed in the past cannot be reduced drastically and because revenues in general are slow to increase.

Figure 5.11
Capital Outlay / GSDP (%)



5.23 The Fourth State Finance Commission likes to keep the financial constraints of the state government in mind while making its recommendations. In particular, it is recognized that the inherited debt burden and below average own resource generation pose serious problems to providing adequate devolution of funds to the local bodies. This is apparent from the actual figures of devolution over the time span of the last three Finance Commissions. These figures are reported in Table 5.3.

Table 5.3

SFC Devolution as Percentage of Own Tax Revenue in West Bengal

SFC Tenure	Year	Own Tax (Rs Crore)	SFC Devolution (Rs. Crore)	Percentage Devolution of Own Tax
First	1996-97	4259	Nil	Nil
	1997-98	4517	Nil	Nil
	1998-99	4775	Nil	Nil
	1999-2000	5101	335	6.56
	2000-01	5918	850	14.36
	2001-02	6505	455	6.99
Second	2002-03	7046	0.66	0.01
	2003-04	8768	1.75	0.02
	2004-05	9924	0.00 ⁷	0.00
	2005-06	10388	341.46	3.29
	2006-07	11695	197.97	1.69
	2007-08	13126	263.03	2.00
Third	2008-09	14419	190.04	1.32
	2009-10	16917	295.17	1.74
	2010-11	21128	435.21*	2.06
	2011-12	24938	369.81	1.48
	2012-13	32808	739.56	2.25
	2013-14	35830	630.71	1.76

*Third SFC Grant was actually released from 2010-11

Source: Budget documents of the State Government

⁷ Figure for 2004-05 is shown as zero in the Annual Administrative Report of P&RD Department for the year 2005-06 and also in the CAG Report for ULBs, 2005-06.

5.24 A number of conclusions may be drawn from Table 5.3. First, there has been quite a bit of unpredictability in the percentage and magnitude of devolution across the years. In percentage terms, devolution seems to have varied from as high as 14.36% of own tax revenue to zero percent though, strictly speaking, fund flows during the tenure of the First SFC were not devolutions adding to untied funds but mere supplements to departmental flow of resources. This unpredictability of funds has made planning at the grass-root level particularly arduous and arbitrary. Second, there has been a drastic fall, on an average, in the percentage of devolution from the beginning of the present millennium. This is probably so because the state has become increasingly indebted from this time, as we have seen above. Third, devolution is a slow starter. It has invariably dried up during the first two/ three years of the five year tenure of each Finance Commission. It has somewhat picked up from the third or the fourth year. There could be an administrative bottleneck behind this.

5.25 The present Commission would like to see *adequate* and *predictable* funds flowing to the local bodies. At the same time, the Commission is aware that in the course of the next five years, West Bengal is likely to go through a state of financial stringency. So it is necessary to strike a balance between removing financial profligacy and allocating adequate and predictable funds to the local bodies. As for adequacy, the Commission has taken certain standards achieved by ISGP panchayats as a benchmark and the funds available to them as adequate. Again, one pre-condition for predictability is that the variance in the percentage of devolution should be minimal. The Commission, however, recognizes that there could be some variation in own tax collection of the government which might lead to some variance in the magnitude of devolution even if the percentage is kept relatively stable. Considering all aspects, the Commission has come to the conclusion that a devolution percentage of 2.5% to 3% would strike a balance between providing for the rising needs of the local bodies and the necessity of reigning in government expenditure to maintain a positive revenue deficit. The detailed rationale for arriving at this range of devolution figures is given in Chapter - XIV.

Chapter – VI

Decentralised Rural Governance and Devolution

6.1 West Bengal with its rich history of promoting the third generation of rural decentralisation and claim for revitalising Rural Decentralisation in the Country itself in the late 1970s, presently has 3347 GPs at the village level, 333 PSs at the Block level, 18 Zilla Parishads at District level and 1 Mahakuma Parishad for Siliguri Sub-Division and out of 3347 GPs there are 112 GPs in Darjeeling Hill Areas. The district wise distribution of these R.L.Bs. is presented in Table 6.1.1. These RLBs cover an area of 80,619 Sq. Km (90.84 per cent of total area of 88,752 Sq. Km of the State) inhabited by 7 crore (77 percent of total population of the State including Census Towns and Outgrowths) as per Census Report 2011. R.L.B. unit wise Population and Area is presented in Part – II of this Report.

6.2 Ideal decentralisation, as is argued, is the complete withdrawal of the Centralised Government at a particular level and devolution of three ‘F’s i.e., Fund, Function and Functionary to the other tier of the Government as we have discussed in detail in Chapter-II. Indian Constitution has not defined devolution but has provided an outline of this devolution. The possible correct meaning of devolution, as accepted by the international community, may be found in the Human Development Report, 1993 published by the UNDP. It states that of the three forms of decentralisation namely, de-concentration, delegation and devolution, the strongest form of decentralization is devolution. It empowers decision-making powers to local authorities and allowing them to take full responsibility without reference back to government. This includes financial power as well as the authority to design and execute local development projects and programmes. The said statement points out three components of devolution namely,

- functional autonomy in respect of defined subjects for decision taking,
- financial autonomy on resource raising and
- implementation autonomy on schemes designed by them.

In this chapter we will confine our review within two ‘F’s i.e., Function and Functionaries and the third ‘F’ i.e., Fund will be reviewed in Chapter-VIII. This is only with a view to having a close and clear idea about the functional and financial domain of the RLBs.

Table-6.1.1

District wise distribution of PRIs in West Bengal

District	Gram Panchayat	Panchayat Samiti	Zilla Parishad
Darjeeling(GTA)	112	08*	0
Darjeeling (Siliguri M.P.)	22	4	1
Coochbehar	128	12	1
Jalpaiguri	80	07	1
Alipurduar	66	06	1
Uttar Dinajpur	98	9	1
Dakshin Dinajpur	95	8	1
Malda	146	15	1
Purulia	170	20	1
Bankura	190	22	1
Birbhum	167	19	1
Paschim Medinipur	290	29	1
Purba Medinipur	223	25	1
Burdwan	277	31	1
Hooghly	207	18	1
Murshidabad	254	26	1
Nadia	185	17	1
North 24 Parganas	200	22	1
South 24 Parganas	310	29	1
Howrah	157	14	1
Total	3347	333	19

*Panchayat Samity in hill area is not in operation

Source : Panchayats & Rural Development Department, GOWB

Constitutional mandate: A synoptic review

6.3 The Constitution of India, while institutionalising local governance in the country in the early 1990s under the 73rd Amendments, adopted devolution mode as the form of decentralisation. Article 243G of the Constitution mandates the assignment of functions to

the Panchayats. The Article reads as follows: "Subject to the provisions of this Constitution, the Legislature of a State may, by law, endow the Panchayats with such powers and authority as may be necessary to enable them to function as institutions of self-government, and such law may contain provisions for the devolution of powers and responsibilities upon Panchayats at the appropriate level, subject to such conditions as may be specified therein, with respect to - (a) The preparation of plans for economic development and social justice; (b) the implementation of schemes for economic development and social justice, as may be entrusted to them including those in relation to the matters listed in the Eleventh Schedule." In other words, all tiers of Panchayat would need to have distinct devolved powers and responsibilities from the Eleventh Schedule, as institutions of self-government.

6.4 The Eleventh Schedule of the Constitution of India under Article 243G contains 29 (twenty nine) matters on which the Panchayats may be devolved with powers and responsibility by the State Legislatures, by law. The Constitution of India in Article 243G has not set any time limit nor it has mentioned that it has to take place at one go. However, it is desirable that based upon the spirit of the amendments of the Constitution, devolution of functional items need to be good enough to build up an institutional character at the first instance. A close examination of this article however reveals that it enables three separate and distinct operational processes of functional decentralization; and a local government's functional scope could cover '*endowed powers and authority*', '*devolved powers and responsibility over planning*' and '*entrusted schemes for implementation*'. Unfortunately both the 'endowment' of powers and 'devolution' of responsibility has not been specific enough; consequently these have not succeeded in imposing any kind of hard budget constraints on the rural local bodies.

State Legislation

6.5 Since its enactment in 1973, the West Bengal Panchayats Act has undergone a series of amendments till now including a major amendment following the 73rd Amendment of the Constitution. Attempts were made in these amendments to keep conformity with the Constitutional mandate. Section 207B was inserted in the statute in the year 1994 i.e., immediately after the Constitutional amendment. A list of seventeen subjects has been mentioned in this section covering all the subjects listed in the 11th schedule. The State Government has also made efforts on previous occasions to define the functions of these

institutions through other policy prescriptions such as executive orders specifying the activities that should be taken up by different Panchayat bodies. The earlier Government had prepared a document entitled ‘Roadmap for Panchayats of West Bengal: A Vision Document’ in 2009 with a view to strengthening the scope of Rural Decentralisation in West Bengal. The present State Government is also known to have constituted an expert Committee to review the existing Panchayat Act for its restructuring. **The Commission is of the view that the existing Panchayat Act legislated long ago along with a number of amendments has led to certain complications for all who are responsible for its implementation including the elected Panchayat representatives. The Commission recommends revision of the Act with clear delineation of the responsibilities and duties of all tiers of the rural local bodies.**

6.6 Section 19 (1) of the West Bengal Panchayats Act 1973(as amended till 2009) lays down the Obligatory duties of the Gram Panchayats which prescribes (a) preparation of a Development Plan for the Five Year term of the of the office of the members of, (b) preparation of an annual plan for each year by the month of October of the preceding year, and (c) implement schemes for economic development and social justice as may be drawn up, or entrusted to it. Section 19(2) lists out another set of duties, without prejudice to the provisions of sub section (1) of section 19, and these include, sanitation, conservancy drainage, prevention of public nuisance, supply of drinking water including cleansing and disinfecting the sources of supply and storage of water , maintenance, repair and construction of public streets, removal of encroachment from public places, protection and repair of buildings vested in it, management and care of public tanks, supply of information as may be required by DM or other tiers of Panchayat bodies, organising voluntary labour, control and administration of Panchayat fund , imposition and assessment and collection of taxes, and performance of such duties as may be transferred to it under the cattle Trespass Act 1871. Realising the obsolescence of some of the provisions of this section, such as taking curative and preventive measures in respect of small pox [section 19 (2) (c),] this section along with section 20 which lists out the ‘Other duties’ and section 21, providing for the ‘discretionary duties’ were amended, but as mentioned in the footnote 3 of Section 19 of the West Bengal Panchayat Act 1973 (as modified up to May 2009), these amended sections has not come into force.

6.7 Coming to the other tiers, the functions of Panchayat Samiti and Zilla Parishad, as laid down in Section 109 and 153 respectively, are identical and even similarly worded so far

as the major functions of the two institutions are concerned. A list of development subjects, covering most of the subjects of the 11th schedule of the Constitution, is provided in respect of which they can undertake schemes or adopt such other measures for development as are necessary. There is no attempt in the Act itself to map the activities and then to distribute them among the two institutions.

6.8 A quick but comprehensive overview of the Panchayats of West Bengal was made by Sri Nirmal Mukherjee and Debabrata Banerjee almost immediately after the 73rd amendment of the constitution⁸. Their observation was published in the form of a booklet by the Government of West Bengal, even though the then Minister of Panchyati Raj had duly mentioned in the introduction that the report does not reflect the views of the state Government. Commenting on the need for defining the functions of the Panchayats, following the constitutional amendment, they observed that “the review should be made on the basis of entitlement from below rather than endowment from above” and the state government should “confine itself to such functions as are left over and need to be attended to only at the State level.” This approach, however, was not taken up seriously by the government.

Activity Mapping: A further initiative

6.9 Since the provisions contained in the Act were general in nature, the State Government in the Panchayat and Rural Development Department had issued Executive order devolving responsibilities detailed in the activity map in November 2005 (No.6102/PN dated 07.11.2005) in respect of agriculture and extension works, animal resources development, cottage and small scale industries, health and family welfare, forestry and social forestry, women and child development and social welfare, food and supplies including public distribution system, fishery, backward classes welfare, mass education extension and library services, information and cultural affairs, school education, public health and engineering, water investigation and development, and land and land reforms. The responsibilities for implementation of Poverty Alleviation Programmes, Employment Generation Programmes, Social Security Programmes and other Centrally and State sponsored Programmes were formally devolved upon the Panchayat bodies through executive order No.3969-PN/O/I/4P-

⁸: Nirmal Mukarjee and D.Bandyopadhyay, New Horizons for West Bengal’s Panchayats, Deptt. Of Panchayats,GOWB,1993

1/05 dated 25.07.2006. For devolution of the functions and activities in respect of rural electrification and non-conventional sources of energy to the PRIs, further order was issued during the year 2007-08 vide No. 4769/PN/O/I/4P-1/05 (Pt-IV) dated 29.10.2007. These three orders together cover 28 of the 29 subjects (excepting the subjects of technical and vocational education) mentioned in the 11th Schedule of the Constitution. Order No. 6102/PN dated 07.11.2005 is given in Appendix-VIII of Part ÿ III of this Report.

6.10 These 28 subjects come under the purview of 19 Depts. In order to have complete functional authority in discharging the responsibilities assigned through these executive orders, the administrative Departments concerned were required to issue matching orders for such devolution of fund, function and functionaries upon the Panchayats. The Commission has been informed by the Panchayat and Rural Development Department that :

A) The following Departments have issued matching orders till March 2013 :

1) Animal Resource Development Department. 2) Women and Child Development & Social Welfare Department. 3) Health & Family Welfare Department. 4) Department of Micro & Small Scale Enterprise & Textiles. 5) Department of Forests. 6) Department of Fisheries. 7) Department of Water Investigation & Development. 8) Public Health Engineering Department. 9) Mass Education Extension & Library Services Department. 10) Panchayat & Rural Development Department. 11) Backward Class Welfare Department. 12) Department of Power & Non-Conventional Energy Sources. 13) Horticulture & Food Processing Department. 14) Department of Agriculture. 15) School Education Department.

B) Following departments have so far opened their budget head of account:

1) Animal Resource Development Department. 2) Women and Child Development & Social Welfare Department. 3) PHE Department. 4) Department of Agriculture.

C) Following departments have not issued any orders yet:

1) Food & Supplies Department. 2) Co-operation Department. 3) PW Department.

Devolution of Land & Land Reforms Department has been covered by the Statutes of the said Department.

6.11 Commenting on the orders of the Activity map of the Panchayat Department the 3rd State Finance Commission had observed that in West Bengal, there has been a general

devolution of functions to the PRIs under the Panchayat (Amendment) Act, 1994, and such devolution has hardly helped. The position of decentralization has further been complicated in terms of what is mandated and what is implemented in West Bengal. Section 207B of West Bengal Panchayat (Amendment) Act, 1994 requires i devolution of powers, functions and duties to the PRIs by order to be published in the official gazette. Unfortunately, this obligatory step of publishing the order in the official gazette giving force to the legal provision has not been taken in respect of any of the subjects as yet. Instead, attempt has been made to work out Activity Mapping in respect of 16 subjects only in 2005.

6.12 Annual Report of Panchayat and Rural Development Department in the year 2006-07 as quoted by the 3rd SFC stated: “The responsibilities for implementation of Programmes, under the administrative control of Panchayat and Rural Development Department, have been devolved upon the Panchayats from the very beginning, but formal devolution was accomplished on 25.07.2006 through executive order No. 3969-PN/O/I/4P-1/05. Specific activities under each of the programmes have been identified and assigned to one or the other tier of the PRIs. For attributing such activities, mapping of activities has been done following the principle of subsidiarity.” The 3rd SFC though considered this attitude towards decentralisation to be positive, they felt it inadequate as “the formal notification on this activity map should have been published in the official gazette”.

6.13 The 3rd State FC was also not quite happy with the Activity Map and had observed that there is a lack of clarity in the division of responsibilities between the State Government and the local governments. The expenditure responsibilities alone, as they also observed, governance by local governments needs they are given more autonomy to make budget decisions and thereby enable them to adjust service delivery to match the people’s preferences. This would entail transfer of functionaries under the control of the local government in order to increase the accountability of local officials. So the Panchayats should have the power of hiring and firing and determining the compensation levels of the local officials, particularly those involved in the delivery of public services.¹⁰

⁹ Para 3.8 of the Report of the Third State Finance Commission, West Bengal, 2008

¹⁰ Para 3.61 (ibid)

6.14 The 13th Finance Commission had also urged the State Governments to initiate processes for enactment of suitable and enabling legislative provisions for a proper and well delineated devolution of powers and functions to the LSGs¹¹

6.15 The Activity map however has again been subjected to scrutiny by academicians and individual 'Decentralisation watchers'. The exercise of Activity Mapping was taken up by many states in the Country following a series of Round Table meetings with states by the Union Minister of the newly formed Department of Panchayati Raj of the UPA-1 Government, in 2004. There was some broad similarity among the orders on Activity Map issued by different states as they generally adopted a framework developed by the Ministry of Rural Development earlier in the late 90s. Commenting on the Activity Maps a study observes that:

The activity mapping exercises undertaken so far by some State Governments, including West Bengal Government, have been largely unsatisfactory. Most of them have approached the issue from the angle of transferring various on-going schemes sponsored by the governments at the centre or the states. This is an erroneous approach, because the objective of activity mapping is not to transfer schemes, but to transfer certain functional responsibilities from one level of government to another. In fact, after a specific activity is transferred, a Panchayat should have the right to determine whether an on-going scheme of the higher level government attached to the devolved activity should be continued or not. For, an organization to which certain responsibilities are transferred should also have the authority to determine how such responsibilities should be discharged. If a scheme is not considered to be useful by it for achieving the objectives of a devolved activity, then it should not be forced to execute such scheme. That is how the centre-state relationship works. The same relationship should work between the state government and the local governments in respect of activities devolved to the latter¹².

A Roadmap for strengthening decentralisation

¹¹ Para 8.13 (ibid)

¹² Ghosh, Buddhadeb and Sarkar, Ashok Kumar; A Note on Functional Devolution to Panchayats (2009) Mimeograph

6.16 Following the orders on the Activity Map, the State Government had also published a 'Roadmap of Panchayats of West Bengal: A Vision Document' in March 2009. This document mentions at the outset that the major role of the Panchayat during the eighties and early nineties, remained largely confined to acting as the delivery mechanism of the programmes of the Central and the State Governments and their own initiatives were not of very high order.¹³

6.17 The 'Roadmap' proposed to set out the broad policy of the State Government in strengthening the Panchayats towards activating the new political structures and widening democratic functioning of the PRIs including the stake of the ordinary citizen; establishing a new ethical framework projecting dignity for every citizen irrespective of their socio-economic status to encourage participation; clearer devolution of fund, function and functionaries; strengthening financial management and administrative structure and accountability; improving delivery of services to the level of expectation of the citizen and establishing practices related to good governance.¹⁴

6.18 The 'Roadmap' envisaged three types of activities for the Panchayats. The first type encompasses the regulatory activities of the Panchayats, and for this the Panchayat Act was proposed to be amended to 'empower the Gram Panchayat to control and regulate private activities to ensure planned growth protecting interests of all citizens, to generate and maintain certain data for making future plans and to run its own administrative machinery.' (Para 1.5.3)¹⁵ The Second Type of Activity are 'those which will be assigned on the Panchayats, to perform tasks on behalf of the State, primarily as an agent of the Government' (Para 1.5.4)¹⁶ and the third category are those 'which are taken up by the Panchayats neither as a devolved function nor as an agency function but are taken up under the Constitutional mandate for economic development and social justice. Such functions are concurrent in nature, in as much as they largely require back-up services from the State Government and

¹³ Panchayat and Rural Development Department, Government of West Bengal; A Roadmap for Panchayats of West Bengal: A vision Document (2009)

¹⁴ (Ibid)

¹⁵ (ibid)

¹⁶ (ibid)

other institutions.¹⁷ The 'Roadmap' document thereafter goes on to elaborate how the (a) Democratic Functioning, (b) Delivery of Core Civic Services, (c) Decentralised planning and implementation for economic development and social justice, (d) Panchayat Finances and Financial Management Processes, and (e) capacity of functionaries of Panchayats will be improved within a definite time frame.

6.19 The 'Roadmap' too, like the 'Activity Map', had disappointed the Academicians other intellectuals. They observe:

It is interesting to note that the activities which the road map document expects panchayats to perform are hardly new. The existing provisions of the Act permit them to undertake most of these activities. Apparently the Panchayats have so far failed to perform those activities, which the framers of the road map not only consider crucial for development, but feel that the local bodies are the most appropriate institutions for discharging them. If Panchayats' performance was not satisfactory in respect of such crucial development activities, the real reasons for the same should have been explored. This exercise was not taken up. Instead the road map seems to proceed on two assumptions. First, specific 'directions' of the state government on the appropriate developmental role of the PRIs were missing, which the road map seeks to rectify. Second, there is lack of awareness of panchayat members about the role they should play in development for which the road map document suggests massive capacity building (read 'training') activities for the PRIs. The malady is too deep-rooted to respond to such simplistic prescriptions.¹⁸

6.20 While we agree with the validity of the criticisms of the shortcomings of the orders on Activity Map and the Roadmap document as summarised above, it also seems that the issue of service delivery by the rural local bodies, as envisaged in Article 243G of the Constitution is being increasingly taken over by the Government of India. They shoulder sizable portion of the responsibility by supporting the states through various centrally sponsored schemes covering the subjects mentioned in the 11th Schedule of the Constitution. The former Prime Minister of the country had himself expressed doubts about the effectiveness of these schemes in a Ministers conference on 'Poverty Alleviation and Rural

¹⁷ (Ibid)

¹⁸ Ghosh, Buddhadeb and Sarkar, Ashok Kumar; A Note on Functional Devolution to Panchayats (2009) Mimeograph

Prosperity through Panchayati Raj on 29th June 2004¹⁹. He specifically mentioned that “we have too many schemes, which are fragmented in concept, are rigidly designed and impose national parameters on highly differentiated local realities in terms of resource endowments or felt needs.” He further stated “before we set this, right at the Centre, we cannot be asking the states to do so.” The then Union Minister for Panchayati Raj had followed up this Conference by seven round table conference with the State Ministers and officials of Panchayati Raj in 2004 to set out the agenda for making the Panchayats more vibrant. The consultation with the states was followed up with a “Joint Statement of Conclusion” with the state governments. The statement of conclusion signed with the Government of West Bengal stated, inter alia, that “The Union Ministry of Panchayati Raj will pursue the devolution of Central funds through untied block grants, and systemic reform of Centrally Sponsored Schemes”. A recent report²⁰ submitted by a committee headed by the former Union Minister for Panchayati Raj, narrates in details the trials and tribulations of the Ministry of Panchayati Raj, and different Committees set up by it. The report tried to convince the different Ministries of the Union Government for providing a greater role to the Panchayat bodies in the services mentioned in the 11th Schedule, which are being supported through different centrally sponsored schemes administered by these ministries, and the failure of the effort so far. The Ministry had, in its representation before the 13th Finance Commission “highlighted the growing agency functions of the PRIs relating to the implementation of Centrally Sponsored Schemes (CSS) including National Rural Employment Guarantee Scheme (NREGS), National Rural Health Mission (NRHM), Mid-day meals, Sarva Shiksha Abhiyan (SSA), Pradhan Mantri Gram Sadak Yojana (PMGSY), Accelerated Rural Water Supply Programme (ARWSP), Integrated Child Development Scheme (ICDS), Indira Awas Yojana (IAY), Rajiv Gandhi Gramin Vidyutikaran Yojana (RGGVY) and Backward Regions Grant Fund (BRGF). The total amount of funds to be released directly to the PRIs for 2009-10 is estimated to be Rs. 95,000 crore. The ministry also noted the relative incongruity of PRIs having substantial funds to implement these CSS on the one hand, and little by way of “discretionary” funds for adequately meeting their administrative costs, performing their core functions, and leveraging the CSS releases to meet local needs on the other.”²¹

¹⁹ <http://pmindia.gov.in/speech-details.php?nodeid=2> (Accessed on 1st April 2014)

²⁰ Towards holistic Panchayat raj: Twentieth Anniversary Report of the Expert Committee on Leveraging Panchayats For Efficient Delivery of Public Goods and Services, (April 2013)

²¹ Report of the 13th Finance Commission, Volume 1

6.21 The Current status of expenditure assignment to the Rural Local Bodies, as laid out in the Act or the Activity Maps, attempts to cover almost all the subjects mentioned in the 11th schedule of the Constitution. The RLBs have been assigned minor or marginal role in many of these CSS supported activities, ensuring conformity with the programme guidelines. No particular set of services has been identified as ‘Core Services’ though the WB Panchayat Act list certain services as ‘Obligatory’ for the Gram Panchayats, these cover only limited subjects, has no prescribed benchmark of standards and it is therefore difficult to establish the cost of providing the minimum level of these services. The situation is not very different for the higher tiers of Rural Local bodies. The 13th Finance Commission had recommended that the State Government should gradually put in place ‘standard of service delivery for all essential services provided by the Local Bodies’ (Para 10.161 (viii))²²

Parastatals and Panchayats

6.22 Thirteen of the twenty nine subjects listed in the XIth schedule of the constitution has direct linkage with rural livelihood.²³ By assigning the task of ensuring social justice to the Panchayat bodies, augmenting capacities of the PRIs in improving livelihoods of the rural population therefore becomes one of the core functions of the PRIs. Apart from MGNREGA, which provides direct wage employment to the people in need of employment, the centrally sponsored programmes in respect of the other subjects do not specifically entrust this activity on the Panchayat bodies. Most of the programmes being administered by the Panchayats and Rural Development Department, however, are being implemented by the Panchayats in general. However, even in respect of these programmes the administering Ministry has prescribed setting up of Parastatal bodies. The recently launched National Rural Livelihood Mission is a case in point. The programme guideline has suggested setting up of Programme Management Unit at the district level, and a State level Society to manage the programme. There are no clear roles for the Panchayat bodies in the programme. Programmes such as, Revised Macro Management of Agriculture (MMA) Scheme, Agriculture Technology Management Agency (ATMA, 2010), Rashtriya Krishi Vikas Yojana (RKVY), National

²² Report of the 13th Finance Commission, Volume 1

²³ a. Agriculture, including agricultural extension, b. Land improvement, implementation of land reforms, land consolidation and soil conservation, c. Minor irrigation, water management and watershed development, d. Animal husbandry, dairying and poultry, e. Fisheries, f. Social forestry and farm forestry, g. Minor forest produce, h. Small scale industries, including food processing industries, i. Khadi, village and cottage industries, j. Fuel and Fodder, k. Poverty alleviation programmes, l. Welfare of the weaker sections, and in particular of the Scheduled Castes and the Scheduled Tribes, and m. Public distribution system.

Horticulture Mission (NHM) of the Ministry of Agriculture, Integrated Watershed Management Programme (IWMP) of the Ministry of Rural Development, Accelerated Irrigation Benefit Programme (AIBP), Command Area Development (CAD) Programme etc. are some of such examples. It has been observed that the responsibilities discharged by these parastatals are already associated with the standing committees of the PRIs. This can be seen from Box 6.22.1. The observation of the Roadmap prepared by the MOPR is worth mentioning in this regard:

Often, Parallel Bodies (PBs) are created for supposedly speedy implementation and greater accountability. However, there is little evidence to show that such PBs have avoided the evils including that of partisan politics, sharing of spoils, corruption and elite capture. Missions (in particular) often bypassing mainstream programmes, create disconnect, duality, and alienation between the existing and the new structures and functions. In addition, there are issues of continuity beyond the life of CSSs or ACAs, subsequent operation & maintenance and continued accountability. PBs usurps the legitimate space of PRIs and demoralizes the PRIs by virtue of their superior resource endowments, though such resources are available only during the lifetime of schemes. Arguments such as protection of funds from diversion have now weakened since advancement in core banking systems, treasury computerization and connectivity can enable instantaneous, seamless and just-in-time transfer of funds directly to the implementing PRI. Expenditures by PRIs can also be monitored on a real time basis thus doing away with the need for intermediate parallel bodies to manually transfer funds and collect, pool and analyse data on expenditures. Ministries should, therefore, rapidly phase out such PBs from their schemes. If necessary, the technical & professional component of these PBs could be retained as Cells or Units within the PRIs, for carrying out their technical & professional functions.

6.23 We, therefore, fully agree with the Twentieth Anniversary Report of the Expert Committee on Leveraging Panchayats constituted by the Ministry of Panchayati Raj that the parallel bodies pose a serious threat in the functional domain of Panchayats to the full emergence of Panchayats as institutions of local government. Their legality to exist is also open to question, particularly in the light of Article 243ZD of the Constitution. **The parallel institutions created through scheme guidelines and by individual Central ministries should, therefore, be brought into a formal relationship with Panchayats, through the Standing Committee system.**

Box: 6.22.1

Standing Committee	Parallel Committees
<i>Janaswastha O Paribesh</i>	District Health & Family Welfare Society
<i>Shiksha Sanskriti Tathya O Krira</i>	Local Library Authority District Primary School Council <i>Zilla Saksharata</i> Committee District Level Monitoring Committee on BSKP <i>Sarba Shiksha Abhiyan</i> Committee Youth Festival Committee <i>Vigyan</i> Abhiyan Committee Science Fair Committee Dakshin Dinajpur Museum Committee
<i>Khudro Shilpa Bidyut O Achiracharit Shakti</i>	District Level Committee for Subsidy District Welfare Committee for SC/ST District Level Committee for Minorities Welfare District Level Committee for Subsidies District Level Committee for Monitoring of <i>Swadhar</i>
<i>Artha Sanstha Unnayan O Parikalpana</i>	District Level Coordination Committee
<i>Krishi Sech O Samabay</i>	District Consultation Committee District Level Monitoring Committee (convened by DCFS) Deposit Guarantee Fund Committee District Level Monitoring & Review Committee (by NABARD) District Level Review Committee (Bankers)
<i>Matsya O Prani Sampad</i>	FFDA Managing Committee

Functions as understood by the functionaries

6.24 In its consultation with the functionaries of different tiers of Panchyat bodies the Commission had tried to ascertain what are considered by them to be the most pressing functions which none but they can deliver. We also tried to ascertain the criteria, if any for determining allocation of functions between the tiers. Among the three tiers of PRI bodies the Gram Panchyats have succeeded in attracting the attention of scholars on decentralisation and

governance, perhaps because it is the only tier with all characteristic of being a 'government' the most important of which is the power to impose and realise 'tax' the other two tiers have to remain satisfied with the authority to raise some non tax revenue. The PS and ZP therefore are treated more as spending agents of the government though the statute describes all three tiers as 'unit of self government'. In the absence of any standardisation of the quality or benchmarking of current level of service delivery, none of the Gram Panchyats, the Commission had met, could comment on the adequacy or otherwise of the untied fund available to them to discharge their obligatory duties and respond to other service related needs of the locality. A few of them suggested that on a very broad assessment the requirement of untied fund for the basic services like road, drainage, sanitation, drinking water etc ranges from Rs. 300 per capita to Rs. 500 per capita. (At the all India level the Fourteenth Finance Commission has estimated that a sum of Rs. 488 per capita would be required for delivering core services by the Gram Panchyats).

6.25 Apart from implementing activities related to various centrally sponsored schemes, the functions of the Panchayat Samitis and the Zilla Parishads vary from district to district. Even though there is an old order of the Panchayats & Rural Development Department defining the subsidiarity principles to be adopted for taking up various projects (No. 2360/PN/O/I/1S-1/2003 dated 7th July 2003) none of the tiers seemed to be aware of its existence. Therefore, taking up of projects are apparently being done without any reference to the scale or technical skill required for the work, especially by the higher tiers. The maintenance of roads appeared to have posed a major charge on the resources of all ZPs. Increasing urbanisation is also leading to demands for piped water supply, street lights in rural areas, setting up and maintenance of underground drainage.

6.26 Roads have been accorded overriding priority by all three tiers of the PRIs. Construction and up gradation of roads are also leading to certain unanticipated problems. For example as soon as a road is upgraded with a black top surface, economic activities in the area increases considerably. The carrying capacity of goods vehicles has, increased. These roads are therefore being used by vehicles heavier than the ones the roads were initially designed to carry. Consequently the roads are damaged faster than initially expected and the contractors are reluctant to undertake the maintenance as per guarantee clause of the work order. New roads are leading to new economic activities. Small business efforts of local entrepreneurs and traders are set up on the flanks of these roads. The normal drainage flow of the area is affected

by these activities which lead to faster deterioration in the condition of the roads. Drainage is a major problem and the departmental road construction initiatives are not taking care to link up roads with drains. The centrally sponsored scheme on sanitation provides funds for building up the toilet but not for water supply to the toilets. The fund provided for solid waste management is quite meagre compared to the actual requirement. In fact we found the programme for Solid Waste Management to be a non starter almost everywhere and very few GPs have started to implement it even on a pilot basis. Street lights are not a regular feature everywhere. In some areas the capital investment for street light have been made by funds provided by Parastatals like Development Authorities without much forethought about its sustainability

6.27 The ZP and the PS also have to tackle certain district specific problems. Hooghly for example has to take up the task of setting up of ñBoro-bundsò, which entails an annual recurring expenditure of Rs. 2.5 crore during every Boro season. Theseò bundsò have to be dismantled and then rebuilt every year for the purpose of flood protection and again for irrigation purpose. Irrigation Department cannot spend this amount as this requires diversion of irrigation channel, but the ZP cannot refuse to do this as there is a huge demand for this temporary dykes and rice production in the district will be adversely affected if this is not taken up. Similarly district like Malda, Murshidabad, and Nadia do need to tackle issues of erosion of river banks, the two 24 Parganas have special sundarban related problems to take care of. A considerable portion of untied fund available with these bodies are utilised to tackle these problems.

Experience of SRD and ISGP

6.28 The DFID-supported programme for Strengthening Rural Decentralisation was formally launched on 22nd November 2005. The Programme ended in 2010-11. The SRD programme had been brought in to accelerate, strengthen and complement the State Government's ongoing initiative to strengthen rural decentralisation particularly in backward Gram Panchayat areas. Major thrust was given on institutional strengthening of Gram Panchayats and institutionalisation of participatory planning, implementation and monitoring processes in 304 selected Gram Panchayats in 6 most backward districts namely Uttar Dinajpur, Dakshin Dinajpur, Malda, Murshidabad, Purulia and Birbhum. The programme went through several internal and external evaluations but despite its many shortcomings, this

programme revitalised the initiative of decentralised participatory planning at the village level which was lost with the disappearance of the initiative of Convergent Community Action in the late 1990s which we have discussed in detail in our separate observation on Local Government Planning in Chapter i X.

6.29 The World Bank supported Institutional Strengthening of Gram Panchayats (ISGP) Project was started in 2010-11 in West Bengal in 1000 selected GPs in nine districts (Cooch Behar-76 GPs, Dakshin Dinajpur-39 GPs, Birbhum-99 GPs, Nadia-111 GPs, Burdwan-165 GPs, Bankura-113 GPs, Paschim Medinipur-172 GPs, Purba Medinipur-132 GPs and Howrah-93 GPs) with the objective to develop institutionally strengthened Gram Panchayats in West Bengal. The ISGP Project was envisaged to strengthen the Gram Panchayats in terms of getting access to additional performance based untied fund required to execute their service delivery functions more effectively and reduce capacity gaps in execution of their functional responsibilities along with improvement in their fiduciary and planning systems. As a part of World Bank assistance this 1000 Gram Panchayats received additionally an amount of Block Grant. The functioning of these selected Gram Panchayats is being closely monitored by a District level team of ISGP Cell.

6.30 It has also been observed that the ISGP Project operating within its universe of 1,000 GPs has made significant positive contributions in respect of the areas identified in the Roadmap for Panchayats, a vision document of the State Government towards strengthening PRIs as Institution of Self Government. The document, inter- alia, identified six areas for such intervention which include (1) Strengthening democratic functioning of the panchayats (2) Improving core civic services (3) Decentralised planning and implementation (4) Augmenting Panchayat finances and financial management (5) Building capacities of Panchayat functionaries and (6) Harmonisation of Acts and Rules. During the course of the ISGP Project, the annual performance assessments show evidence of significant improvement in key institutional indicators like annual Plan and Budget preparation in prescribed and timely manner; fund utilization, compliance with prescribed procurement, accounting and reporting systems and rules, and clean external audit reports. Project execution by GPs has also signalled improvements with creation of more durable infrastructure (e.g., concrete roads inside habitations) and movement towards completion of projects (executed within same financial year) from piece-meal ones (where activity was spread out over more than a year). The project also appears to have contributed towards an effective hand holding support of the

elected and official functionaries also. The Project finally appears to have set an example of basic service delivery by the Gram Panchayats, which we have narrated in more details in subsequent chapters, despite the bottlenecks in the legislative design discussed above.

Commission's Study and removal of gray areas

6.31 The study entrusted by the Commission to capture the investment requirement for provision of Core Services by the Gram Panchayats suggested that a list of core services should ideally have four components:

- a) Minimum essential core Services: Short listing of minimum essential core services which constitute the core of the core. These may include both public goods and private goods.
- b) Context specific core services: A list of services which should vary with the level of development of an area/context. These will include mostly public goods and may be provided in backward GPs or in backward pockets in GPs.
- c) Composition-specific core services: A list of services which should target vulnerable households/population sub-groups in an area. These will include mostly private goods targeting specific households (such as BPL) or population sub-groups (ST)
- d) Area-potential specific core services : These should only be provided to specific areas such as census towns or markets or potential for development of business activities.

Table: 6.31.1 summarises the suggested four components of core services with example.

Table: 6.31.1
Suggested components of Core Services

Components	Core Services	Target Group	Remarks
Minimum essential	Road, drinking water, drainage, sanitation	All citizens	List can be decided at the state level
Context Specific	Agricultural/ irrigation development, awareness, environment protection	Backward GPs/ Sansads of GPs/ areas with environmental threat	Areas can be identified at the district/ block level
Composition specific	Nutrition, housing, loan for economic activities, economic assistance, pensions etc.	Poor or vulnerable households (BPL/ST etc)	Beneficiaries can be identified by the GPs
Area potential specific	Drainage, waste disposal, street light, building plan approval,	Areas with urban or market potential	List can be decided at the Block or District level

	traffic management		
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Source : Study Report of IDSK

6.32 The list of functions of all three tiers of PRIs, therefore, needs to be revised by inserting specific functions to each tier so that each tier can act as a unit of self-government with an objective of reaching the goals of economic development and social justice. The recent changes in the structure of centrally sponsored programmes, following the recommendation of the fourteenth finance commission are both a threat and an opportunity to redesign the functional mandate of the local bodies. In the existing pattern of assignment of functions or activities to the Panchayat Samiti or Zilla Parishad, one would search in vain any indication of transfer of activities from the state government and commensurate autonomy of the panchayats over the transferred functions or activities. **So the duty list should be redesigned in such a manner that these two units (PS & ZP) should have specific areas of functioning.**

6.33 As it would not be feasible for the State Government to devolve all the subjects/ functions at a time, the Third SFC recommended 12 important subjects for immediate devolution with necessary Notification as necessary under section 207B of the W.B. Panchayat Act, 1973. Besides principally endorsing this proposal **we further suggest that the duty list of the GP, PS and ZP be redesigned keeping in view that there may not be any overlapping area as to the responsibility of each tier.**

6.34 The existing set of obligatory duties of Gram Panchayat mentioned in Section 19 of the W. B. Panchayat Act, 1973 should be renamed as ‘Obligatory Duties and Delivery of Core Civic Services’ and the list may include the missed agenda of ‘Solid Waste Management’. **The duty list of Zilla Parishad and Panchayat Samiti should be redesigned in conformity with the principles of subsidiarity in terms of availability of human resources at the respective tier. Both the Zilla Parishad and the Panchayat Samiti should henceforth be more empowered on the most neglected agenda of ‘monitoring and evaluation’ while the Zilla Parishad may henceforth be gradually given a partial responsibility of Policy decisions of the State Government on the devolved subjects.**

6.35 The State Government will notify after necessary consultation with the PR Bodies the minimum standard of Service delivery that a particular tier of PRIs will have to maintain during a particular year. The Gram Panchayats while preparing this standard may take the

help of Gram Sansads in this regard. **An attempt may be made for benchmarking the current level of each of the specified services and the target time frame for attaining the specified standards may be notified, as has been done in respect of the ULBs.**

Administering functions and functionaries thereof

6.36 When the revitalized second generation Panchayat in West Bengal started its journey in the year 1978, the GP had only a full-fledged Secretary, a semi technical Job Assistant and 2/3 part time Chowkidars/ Dafadars while the Panchayat Samity had a clerk and a peon continuing from the days of Anchalik Parishad constituted in the early 1960s. With more fund and the burden of more agency functions of implementation of Government sponsored programmes the situation has however changed. A Gram Panchayat has now 7-8 employees on an average and Panchayat Samiti with another 8 employees. But the question lies elsewhere. In the real sense of devolution of functions with functional activity mapping, each tier of PRI requires adequate staff for discharging its devolved duties. Both the First and the Second SFC analysed the question in details. The opinion of the First SFC was that since the Panchayats will require more staff for discharging devolved functions and the State Government will have surplus staff as a result, the easiest and economic way was to redeploy the Government employees and make them functionally responsible to the Panchayats whereas the question of drawal of their salary, service conditions etc. will remain as before.

6.37 To overcome the situation, the State Government besides introducing Sec. 207A in the W. B. Panchayat Act, which provides for placement of the services of such officers and employees at the disposal of the Panchayats, also issued an order bearing No.1415/P/2M-6/99 dated 24.05.1999 of the Panchayat and Rural Development Department. According to this order, the services of the line department officials will be made available to the respective tiers of the Panchayat bodies/ Municipalities. These officers will be given the ex-officio Panchayat linked designation depending upon their assignment to respective body and the body concerned will have the authority to assign specific duty to them and supervise their work. Although this type of arrangement does not at all reflect devolution of functionaries and moreover the Gram Panchayat was not included in this scheme, even this settlement by mutual concession was not implemented in a true sense. The worst sufferer was none but the Gram Panchayats who were flooded with assigned responsibilities, even though all of them were not included in the statute itself. The Second SFC also acknowledged this.

6.38 With the beginning of reforms agenda of the State Government in view of DFID aided Strengthening Rural Decentralisation together with the commencement of MGNREGA programme, the State Government, however attempted to strengthen the employees of the Gram Panchayat. Besides, creating a new post of Executive Assistant to function as joint controller of GP fund with the Proadhan, some further posts like Nrman Sahayak, Sahayak and Additional Sahayak were also created. On the other hand the State Government had decided to abolish the semi technical post of Job Assistant created in late 1970s after absorbing the rest as Secretary and replaced them by creating a post of Nirman Sahayak, that was filled in by candidates having at least a diploma in civil engineering. The sanctioned strength vis-a-vis filled in position of different categories of personnel as on 31.3.2014 can be seen from Table : 6.38.1.

Table : 6.38.1
Status of Gram Panchayat Employees

Name of Post	Sanctioned Strength	In position as on 31.3.14	Vacancy as on 31.3.14	Percentage of Vacancy
Executive Assistant	3351	2645	706	21.07
Nirman Sahayak	3351	2804	547	16.32
Secretary	3351	2751	600	17.91
Sahayak	6702	4550	2152	32.11
GP Karmee	9788	6529	3259	33.30

Source : Directorate of Panchayats & Rural Development, W.B.

6.39 Similar venture to strengthen the Panchayat Samiti was also initiated as a part of the aforesaid Reforms agenda. As a consequence, 7 (seven) new posts were created. These were Junior Engineer, Deputy Secretary, Samiti Education Officer, Block Informatics Officer, Data Entry Officer, Accounts Officer and Cashier cum Store keeper. Out of the aforesaid categories, the posts of Junior Engineers were not filled up due to administrative reasons. Availability of these employees as on 31.3.2014 can be seen from Table : 6.39.1. Besides this arrangement, the State Government by an executive order declared the employees of erstwhile CD Department (now Panchayats & Rural Development Department) posted at the respective Block Office to be the ex-officio employees of the Panchayat Samiti, though this arrangement never yielded fruitful result.

Table : 6.39.1

Status of Panchayat Samiti Employees

Name of Post	Sanctioned Strength	In position as on 31.3.14	Vacancy as on 31.3.14	Percentage of Vacancy
Deputy Secretary	341	260	81	23.75
Samiti Education Officer	341	185	156	45.75
Block Informatics Officer	341	288	53	15.54
Data Entry Officer	341	280	61	17.89
Cashier cum Storekeeper	341	160	181	53.08
Accounts Clerk	341	143	198	58.06
Upper Division Assistant	341	258	83	24.34
Clerk-cum-Typist	341	182	159	46.63
Panchayat Samiti Peon	341	188	153	44.87

Source : Directorate of Panchayats & Rural Development, W.B.

6.40 There are three categories of employees in Zilla Parishads. The first category includes posts that are filled up by deputation from various constituted services. The second category comprise the State Cadre of Panchayat employees, who are recruited at the state level and appointed by the Commissioner of Panchayats & Rural Development. They may be transferred from one ZP to the other. This cadre has three posts namely, Assistant Coordinator, Education; Parishad Public Health Officer and System Manager. The third category of employees of ZP consists of those who are recruited by respective ZPs and are not transferable outside those bodies. We have also been informed that the State Cadre posts of the Zilla Parishad have not yet fully matured. The Commission has available information as to the status of ZP employees only up to 31.3.2009. These are shown in Table : 6.40.1 and 6.40.2. Present status of vacancies of the Zilla Parishads have, however, increased further as we have been informed during our field visits.

Table :6.40.1

Posts of Zilla Parishads which are filled up by Officials from State Govt. Services

Name of the Post	Filled up on deputation from	Sanctioned Strength	In position
Addl. Ex. Officer	WBCS(Exe)	18	18
Secretary	-do-	18	17

Dy. Secretary	-do-	18	15
Addl. Dy. Secretary	Jt. BDO and promotion from OS of ZP	18	18
FC&CAO	WBA&AS	18	12
Parishad Accounts and Audit Officer	-do-	18	N.A.
Jr. Accounts Officer	SAAO Cadre	18	0
Executive Engineer	Panchayats & Rural Development/ Other Deptt.	18	17
Asstt. Engineer	-do-	18	49

Source : Annual Administrative Report of Panchayats & Rural Development, W.B, 2008-09

Table 6.40.2

Status of other employees of Zilla Parishad as on 31.03.2009

Sl. No.	Name of the Post	Sanctioned Strength	No. of Vacancy	Percentage of vacancy
1	Office Superintendant	18	4	22.22
2	Head Assistant	18	3	16.67
3	Steno-cum-P.A	54	5	9.26
4	Steno to Karmadhyaksha	53	20	37.74
5	U.D.C	159	23	14.47
6	L.D.C.	159	45	28.30
7	Typist	70	22	31.43
8	Accountant	36	21	58.33
9	Add. Accountant	18	6	33.33
10	Cashier	18	4	22.22
11	Assistant Cashier	18	4	22.22
12	District Information Analyst	18	1	5.56
13	Computer Assistant	18	2	11.11

14	District Engineer	18	2	11.11
15	Asstt. Engineer	55	20	36.36
16	Sub-Asstt. Engineer	108	24	22.22
17	Store keeper	18	3	16.67
18	Work Assistant	117	31	26.50
19	Telephone Operator	19	5	26.32
20	Driver	38	9	23.68
21	Roller Driver	71	24	33.80
22	Laboratory Asstt.	18	17	94.44
23	Khalasi	18	17	94.44
24	Asstt. Co-ordinator, Education	25	12	48.00
25	Group-D	446	75	16.82

Source : Annual Administrative Report of Panchayats & Rural Development, WB, 2008-09

6.41 It is clear that there exist huge vacancies in all tier of PRIs. It is again well accepted now as also endorsed by the Third SFC that the RLBs in each tier require wholetime employees fully under the control of the authority. Sometime ago the State Government categorised PRI officials into three cadres-viz. Block Panchayat Cadre consisting of GP Karmees, District Panchayat Cadre consisting of other employees of the GP, employees of the PS and ZP. In our field experience we have observed that in many Panchayat Samities the employees earmarked for them are being utilised in the miscellaneous works of Block set up may be due to shortage of sanctioned Government employees. This has been possible only due to long traditional and typical co-existence of Block and Panchayat Samiti Office either in the same building or in the same premise, which is not the case in respect of Zilla Parishad and the Gram Panchayat. It has also been observed that the GP in particular have been deploying casual workers to address the existing vacancy which makes a dent on their own revenues. The third SFC suggested that the vacancies remaining to be filled up in the ZP, PS and GP to be converted into the Posts of Block and District Panchayat Cadres and then filled up by the respective local bodies. **We further suggest that till the Government is in a**

position to fill up all the vacancies of the GP, some employees of the PSs as per availability and admissibility may be placed on deputation to the most vulnerable GPs facing criticality due to shortage of staff. Again suitable retired GP and PS employees may continue to be reemployed till the overall situation improves.

6.42 Employees of the three tier PR Bodies, be it State Cadre, District Cadre or Block Cadre are now selected by a selection committee consisting of State Government Officers headed by one Parishadiya Sachib at the District level and the Commissioner of Panchayats at the State level. Thus a respective tier of PRIs has neither a representation nor any choice to select its own employees. Similarly the control of transferred employees of the State Cadre is also with the respective line department of the Government. This is contrary to the scheme of devolution. **It is, therefore, suggested that representation of the office bearer of the respective tier in the selection process should be ensured.**

6.43 With the increase in flow of fund, the question of having adequate technical persons particularly at the Panchayat Samiti and Gram Panchayats become pertinent. The situation has been further complicated by the question of vetting power of the SAE of the respective tier. We have also observed that inadequate vetting power of the Nirman Sahayak at the GP level and SAEs at the Panchayat Samiti level invite unnecessary wastage of time for getting the schemes vetted at the higher level. At present there are more or less 5 (five) types of SAEs at the Block level belonging to Relief, Irrigation, Panchayats & Rural Development, Development & Planning, Rural Water Supply Deptt. A number of ZPs had raised the issue of having their own electrical Engineering wing with at least one AE in each ZP, and one SAE (electrical) for a cluster of GPs. They suggested increasing the number of Sub Assistant Engineers; abolishing the posts of typists and replacing the same with data entry operators; creating a common cadre of the posts of stenographers; reserving certain percentage posts in the cadre of LDA for filling up by promotion from Group D; and introducing a Transfer policy. **We propose that the post of one such SAE at the Block level be abolished and a post of Assistant Engineer be created at the Block level. Similarly the Nirman Sahayaks be given the power of an SAE to get most of their schemes vetted at their respective end.** The Third SFC was also of almost similar view.

6.44 ZPs also requested for creation of a post of Law Officer. Although formal review of manpower of ZPs is not within our purview, we feel that the Human Resources available with

all three tiers of local bodies need to be thoroughly reviewed and restructured. There are a sizable number of contractual personnel whose services were made available by centrally sponsored programmes such as BRGF which are now being withdrawn. Since considerable amount of resources have been spent for skill and knowledge development of these personnel, and the institutions concerned will continue to require their services the state government will have to take a view on the subject.

6.45 Like the technicalities in the field, maintenance of Accounts with huge fund flow on the desk is also vital to address both the regularity and transparency. The level of importance given by the Government in respect of ZP and PS in this regard does not appear to have been provided to the Gram Panchayat, though series of interventions have been taken up to computerise the system. Presently there is no earmarked employee at the GP level to function as Accountant or Accounts clerk as the case may be. This has developed problems in many GPs to handle double entry system of Accounts. **The Commission, therefore, suggests that out of two Sahayaks, one post may be upgraded as Accountant in the similar pay scale of the Gram Panchayat Secretary to minimise the existing bottlenecks.**

Capacity Building

6.46 Capacity building has become a buzz word of all policy interventions in the recent past. In a broad sense capacity building include training and human resource development in the context of organisational, social, intellectual, cultural, political, mental, material and financial output and with a broader objective of reaching a targeted goal. Its scope and ambition broadly refers to ‘People’, ‘Organisation’ and the ‘Society’. As far as the targeted group of PRIs are concerned it includes the elected representatives, Government officials working with the PRIs, representatives of NGOs and CBOs and other stakeholders having functional linkage with the PRIs.

6.47 In West Bengal, SIPRD located at Kalyani, Nadia is the apex Institute of the Panchayats & Rural Development Department to look after Capacity Building of all functionaries. So long, they used to monitor the training of Elected Representatives and functionaries of three tier PRIs through a Society for Training and Research for Rural Development (STARPARD). Till 2007 there were only six institutions for training of PRIs,

one SIPRD and 5 not so well equipped Extension Training Centres. At that time residential training of near about 1,00,000 representatives and functionaries were not possible for SIPRD and ETCs in a year. From 2007 onwards, keeping in view the growing No. of PRI representatives and functionaries together with other CBOs and to complete the training within a targeted period, the Panchayats and Rural Development Department further decentralised the policy of capacity building through training intervention after reconstituting the STARPARD. Presently this Society has three functional branches, one at the State Level, 2nd one at the SIPRD level and third one at the District level. Under this revamped system, at the Regional Level there are now 5 (five) Extension Training Centres which are located at Raiganj, Coochbehar, Rajarhat, Paschim Medinipur and Burdwan. These are looked after by the respective District Panchayat Officers of the district concerned. That apart, District Training Centres (DTC) have also been constituted in all the Districts which are presently looked after by the District Panchayats and Rural Development set up in association with the capacity building team of the ISGP cell. DTCs have been set up in permanent buildings in 10 out of 18 districts and the construction of building in remaining districts are likely to be completed by 2015. After the Panchayat Election of 2008 trainings of Zilla Parishad and Panchayat Samiti representatives and functionaries are looked after by the SIPRD and those of the GPs and CBOs by the ETCs and DTCs. In this decentralised model Training of trainers for ETC and DTC are organised at the State level consisting of Government Officials and former Elected Representatives having adequate knowledge and experience. Furthermore satellite based distance mode of training is also imparted through Satellite Interactive Terminals (SIT) and Receive-only Terminals (ROT) located at State, District and Block HQs. At the level of each GP too, non residential training facility has been created by suitably converting the meeting Hall into a meeting cum training hall, for community level functionaries like SHG members and Resource persons of NRLM. Table 6.47.1 provides information regarding training of elected representatives and official functionaries for the last six years:

Table: 6.47.1

Elected Representatives & other Functionaries of Panchayats Trained

Year	Under BRGF		Under RGSY		Under Other Programmes		Total		Total
	No. of ERs Trained	No. of Functionaries Trained	No. of ERs Trained	No. of Functionaries Trained	No. of ERs Trained	No. of Functionaries Trained	No. of ERs Trained	No. of Functionaries Trained	
2008-09	3683	1106	5879	4771	17018	75429	26580	81306	107886
2009-10	16872	6087	13505	4662	14980	75683	45267	86432	131699
2010-11	15452	11280	5874	9883	23765	69874	45091	91037	136128
2011-12	14171	9162	11069	8028	22681	73052	47921	90242	138163
2012-13	17654	14344	9976	7861	21779	69232	49409	91437	140846
2013-14	19265	15743	4423	4873	19985	71456	43673	92072	135745

Source : Department of Panchayats and R.D., GOWB

6.48 Despite so many interventions, the Commission did not see the fullest manifestation of awareness amongst the Elected Representatives as to their roles and responsibilities particularly at the GP level. Again, we witnessed a sharp difference of level of awareness between the ISGP and non ISGP Gram Panchayats. Women representatives in most of the Gram Panchayats we visited were silent spectators particularly in non ISGP GPs. Again, most of the Gram Panchayats, we visited, were represented by the Government Officials but not the Elected Representatives.

6.49 The Commission feels that all training programmes need to be designed in conformity with National Capability Building Framework. Since the major stakeholders of these training programmes are elected on a regular intervals, Training Need Assessment (TNA) should be done after every five years to update information and modify training modules to suit changing needs. Modules will need to be meticulously designed, each module must state out the training methodology and the results expected following the training in terms of what precisely will be the capability gained by the trainee. Such pre-designed training modules are to be provided to the RPs, so that there is a uniform adherence to quality. To reduce the cost of Class Room mode training the State Government should give more emphasis on distance mode of training utilizing the possibilities of modern ICT applications. Assessing the impact of training (TIA) on the participants is an important component without which the training cycle remains incomplete. This should be done on regular basis. **The State Government should design a tool for the purpose. Documentation and dissemination of best practices followed by exposure visits should be encouraged out of the own fund of PRI concerned. Sharing of experiences with the best performing NGOs should also be ensured. There should be a repository of all training materials at the GP, PS and ZP Office. Besides, the State Government should continue to provide a helpline support.**

Chapter – VII

Decentralised Urban Governance and Devolution

7.1 In India, Urban Local Bodies are older than their rural counterparts. The seventy-fourth Amendment of the Constitution added new momentum to its long journey and considering the rapid urban growth of the Country, specified its categorisation to be limited to three : (a) town councils (*nagar panchayat*) for transitional town areas (b) municipal councils for small urban population hubs and (c) municipal corporations for large urban areas. The State governments were left to decide the criteria for different types of municipal institutions. The objectives for ULBs as enshrined in the Article 243W are almost similar to that in Article 243G meant for Rural Local Bodies. With the increase in responsibilities as a result of the devolution of eighteen functions through the 12th Schedule of the 74th CAA, empowerment of the ULBs again through the three elements (function, functionary and fund) became inevitable. Here we will confine our review to ‘function’ and ‘functionary’ as discussed in Chapter-VI and the third element ‘fund’ will be reviewed in Chapter-IX titled Fiscal Devolution & Financial Domain of ULBs.

7.2 In West Bengal units of local self Government are classified into following groups:-

1) Municipal Corporation 2) Municipality and 3) Notified Area Authority.

Presently there are 6 Municipal Corporations, 119 Municipalities and 3 Notified Area Authorities as is detailed in Table: 7.2.1

Table-7.2.1

District wise and Classification wise distribution of Urban Local Bodies in West Bengal

District	Municipal Corporation	Municipality	Notified Area Authority	Total
Darjeeling	1	3	1	5
Coochbehar		6		6
Jalpaiguri		4		4
Uttar Dinajpur		4		4
Dakshin Dinajpur		2		2

Malda		2		2
Purulia		3		3
Bankura		3		3
Birbhum		6		6
Paschim Medinipur		8		8
Purba Medinipur		5		5
Burdwan	2	9		11
Hooghly	1	12		13
Murshidabad		7		7
Nadia		9	2	11
North 24 Parganas		27		27
South 24 Parganas		7		7
Howrah	1	2		3
Kolkata	1			1
Total	6	119	3	128

Source: Municipal Affairs Department, W.B.

7.3 These are again divided into five categories on the basis of population as is provided in Section 7 of the West Bengal Municipal Act, 1993. Categorisation of Municipalities according to population are as follows:- (1) Category A - population above 2, 15,000, (2) Category B - population above 1,70,000 & upto 2,15,000, (3) Category C - population above 85,000 & upto 1,70,000, (4) Category D - population above 35,000 & upto 85,000 and (5) Category E - population not exceeding 35,000. Presently there are 16 Municipalities under A Category, 7 under B Category, 35 under C Category, 39 under D Category and 22 under E Category as is detailed in Table: 7.3.1

Table-7.3.1

District wise and Category wise distribution of Urban Local Bodies in West Bengal

District	MC	NAA	No of Municipalities with category					Total of A,B,C,D, E	Total of ULBs
			A	B	C	D	E		
Darjeeling	1	1	1	0	1	1	0	3	5
Coochbehar	0	0	0	0	0	2	4	6	6

Jalpaiguri	0	0	0	0	1	2	1	4	4
Uttar Dinajpur	0	0	0	0	2	0	2	4	4
Dakshin Dinajpur	0	0	0	0	1	1	0	2	2
Malda	0	0	0	0	1	1	0	2	2
Purulia	0	0	0	0	1	0	2	3	3
Bankura	0	0	0	1	1	1	0	3	3
Birbhum	0	0	0	0	0	5	1	6	6
Paschim Medinipur	0	0	1	0	1	2	4	8	8
Purba Medinipur	0	0	0	1	0	3	1	5	5
Burdwan	2	0	2	0	1	4	2	9	11
Hooghly	1	0	0	2	6	3	1	12	13
Murshidabad	0	0	0	0	1	5	1	7	7
Nadia	0	2	0	0	5	3	1	9	11
North 24 Parganas	0	0	9	2	13	3	0	27	27
South 24 Parganas	0	0	2	0	0	3	2	7	7
Howrah	1	0	1	1	0	0	0	2	3
Kolkata	1	0	0	0	0	0	0	0	1
Total	6	3	16	7	35	39	22	119	128

Apart from these 128 units of urban local Self-Government, future upgradation to municipal corporation status by merger of ULBs and the formation of new municipal units in urbanised GP areas are in the offing. The most recently constituted municipality is Haringhata in Nadia District. It has been constituted from two GP areas i Haringhata I & II. Department of Municipal Affairs has informed that about 21 new ULBs are in the pipeline. Nabadiganta Township is categorised as Industrial Township by Department of Municipal Affairs.

Devolution of functions

7.4 The West Bengal Municipal Act, 1993 broadly categorised the functions of Urban Local bodies into two- one is obligatory and another is discretionary. Section 63 has listed 44 items in 4 categories as obligatory duties while section 64 has listed 38 items in 5 categories. Obligatory functions broadly include (a) water supply, (b) conservancy and drainage, (c)

lighting, (d) streets, (e) public buildings and markets, (f) slaughter houses, (g) plantation and caretaking of trees, (h) public vaccination and inoculation, (i) town planning and development, (j) control of building operation and regulation of building usage, (k) improvement of bustees, (l) removal of unauthorised encroachments in public places etc. Section 64 of the Act has broadly covered the discretionary functions like (a) grant of relief during natural disasters, (b) gratuitous relief to destitute persons, (c) construction and maintenance of passenger sheds, libraries, museums, old age homes and orphanages, (d) establishing and maintenance of old pre-primary schools, (e) promotion of civic education, adult education & cultural activities, (f) provision of sewage treatment and preparation of compost manures from sewage and other refuse, (g) ambulance service and (h) reclamation of waste lands and promotion of social forestry. Collection of statistics and data significant to the community is also included in Section 64. In analysing these duties one can find that these discretionary functions aim to address the overall welfare and well being of the community.

7.5 Section 65 of the Act provides for some assigned duties of the ULBs. These include: (a) town and country planning, (b) urban development, (c) water supply and sanitation, (d) transport system including regulation of traffic terminus, (e) employment schemes and programmes, (f) health and family welfare, (g) relief and social welfare including social security schemes and programmes, (h) public works including road construction and housing, (i) cottage & small-scale industries, business & services including programme for skill development, (j) education including primary education, adult education, vocational education, social education, non formal education, audiovisual education and library services, (k) food and supplies including rationing and distribution, (l) civil defence, (m) fire protection and fire fighting, (n) sports and youth services, (o) welfare of the Scheduled Castes and the Scheduled Tribes, (p) environmental safety and improvement and (q) social forestry and plantation programme.

ULBs discharge these functions if assigned by the State Government.

7.6 Under section 66 of the Act a Municipality may, if it is of the opinion that it is necessary to do so in public interest, transfer by contract or otherwise with the prior approval of the State Government, any function or functions of the Municipality under this Act to any individual or organisation, including a Government organisation, in such manner and on such terms and conditions as may be determined by the Board of Councillors and approved by the State Government. Such transfer of function or functions of a Municipality to such

organisation shall not, however, relieve the Municipality of the responsibility of carrying out the provisions of this Act in relation to the function or functions so transferred.

7.7 The state of affairs related to civic services, which is covered in this chapter, prompts 4th SFC to propose priority to stepping up the process of shouldering functional responsibility on the part of the ULBs to meet benchmark levels in water supply, drainage, sewerage network and waste management. Devolution will be meaningful when the recipients of devolution (local Bodies) build up their own capacity to shoulder responsibility for the sustenance, if not initial installation, at least in the area of basic civic services.

Growth & Challenges of Urbanisation in West Bengal

7.8 Thirty two percent (2.9 crore) of the population of West Bengal reside in urban areas (including Census Towns and Outgrowths). According to 2011 census, the total population was 91276115 (Male+Female) of which 62183113 lived in rural areas and remaining 29093002 lived in urban areas. The decadal growth of urban population since 2001 Census to 2011 Census is about 29.72%. Table 7.8.1 highlights the growth in urban population and the gradual decrease in its rural counterpart over the last 110 years.

Table 7.8.1
Percentage distribution of urban and rural population in West Bengal (1901-2011)

Census Year	Percentage of Urban population to Total population	Percentage of Rural population to Total population
1901	12.2	87.8
1911	13.05	86.95
1921	14.41	85.59
1931	15.32	84.68
1941	20.41	79.59
1951	23.88	76.12
1961	24.45	75.55
1971	24.75	75.25
1981	26.47	73.53
1991	27.48	72.52
2001	28.03	71.97
2011	31.89	68.11

Source: Census of India

7.9 The trend of urbanization in West Bengal across the districts during the period 2001-2011 is shown in the following Table (7.9.1). Howrah experienced the highest rate followed by South 24 Parganas and undivided district of Jalpaiguri. The districts of Bankura, Paschim Medinipur, Uttar and Dakshin Dinajpur were on the other end. Darjeeling, Murshidabad, Hooghly, Malda and Nadia ranked midway between the two ends.

Table 7.9.1

District-wise growth of Urbanization in West Bengal between 2001 and 2011

District	% of Urban population to total population (2001)	% of Urban population to total population (2011)	Increase/Growth
Darjeeling	32.34	38.99	6.65
Jalpaiguri	17.84	27	9.16
Cooch Behar	9.1	10.25	1.15
Uttar Dinajpur	12.06	12.07	0.01
Dakshin Dinajpur	13.1	14.13	1.03
Malda	7.32	13.8	6.48
Murshidabad	12.49	19.78	7.29
Birbhum	8.57	12.8	4.23
Burdwan	36.94	39.87	2.93
Nadia	21.27	27.81	6.54
North 24 Parganas	54.3	57.03	2.73
Hugli	33.47	38.62	5.15
Bankura	7.37	8.36	0.99
Purulia	10.07	12.75	2.68
Howrah	50.36	63.3	12.94
Kolkata	100	100	0
South 24-Parganas	15.73	25.61	9.88
Paschim Medinipur	11.9	12.03	0.13
Purba Medinipur	8.29	11.65	3.36
West Bengal	27.97	31.89	3.92

Source: Census of India

7.10 West Bengal is less urbanized in comparison to States like Tamil Nadu, Maharashtra, Gujrat, Karnataka, Punjab, Uttar Pradesh and Madhya Pradesh, where urbanization varies from 50% to 60%. Kolkata, however, still holds 2nd position in the ranking of eight largest Indian cities in terms of population (Table 7.10.1) :-

Table: 7.10.1
Population of Eight Largest Indian Metropolitan Cities (in Million)

City	1981	1991	2001	2011
Greater Mumbai	9.4	12.6	16.4	22.7
Kolkata	9.2	11.0	13.2	18.3
Delhi	5.8	8.5	12.9	17.9
Chennai	4.2	5.3	6.6	9.1
Hyderabad	2.6	4.3	5.7	7.9
Bangalore	2.9	4.1	5.7	7.9
Ahmedabad	2.6	3.4	4.5	6.3
Pune	1.7	2.5	3.8	5.4

Source: High Power Expert Committee Report on Indian Urban Infrastructure and services

7.11 Although the proportion of urban population concentrated in larger cities continues to remain high, there is evidence in Census 2011 that peri-urban areas are gradually emerging in good numbers. This deserves proper policy attention. As narrated in the 12th Plan Document, statutory towns are regarded as municipalities or corporations. Census towns are agglomerations that grow in rural and peri-urban areas and do not have an effective urban governance structure or requisite urban infrastructure like sanitation, roads and so on. A census town is further defined as a semi-urban centre with a minimum population of 5000, a population density of 400 persons per sq. km. and where over 75 per cent of the male population is engaged in non-agricultural activities. In West Bengal the number of such census towns has gone up from 255 in 2001 to 780 in 2011 and the number of towns has increased from 378 to 909. Meanwhile, the number of villages has come down from 40,782 in 2001 to 40,203 in 2011. It is also evident from a study by the World Bank (*India Urbanisation Review: Urbanisation beyond Municipalities, 2012*) that peri-urban areas in the vicinity of large cities are centres of intense economic activities. A large number of new towns are born in the vicinity of existing cities with new challenges which are the natural

outcome of unplanned urbanisation. Growth of Towns in West Bengal can be seen from Table 7.11.1.

Table 7.11.1
Growth of Towns in West Bengal between 1901 and 2011

Census Year	No. of Towns in existence	% of growth over previous decade
1901	78	-
1911	81	3.85
1921	89	9.88
1931	94	5.62
1941	105	11.7
1951	120	14.28
1961	184	53.33
1971	223	21.2
1981	291	30.49
1991	382	31.27
2001	378	-1.05
2011	909	140.5

Source: Census of India

7.12 The 12th Plan has envisioned a fast, inclusive and sustainable urban growth to achieve the following objectives:

- Growth of towns and cities with proper civic amenities
- Eradication of slums
- Providing adequate opportunities for productive employment
- Providing decent quality of life to all inhabitants including poor
- Cities must provide world class infrastructure and services at affordable cost
- All citizens should have access to basic services of clean water, sanitation, sewage, solid waste management, urban roads, safe and affordable public transport system, affordable housing and a clean and healthy environment.
- All cities should be efficient in using available resources particularly energy, water and land.

The following are the major challenges faced by the ULBs:

Provisioning of infrastructure, viz., Water supply, Sewerage, Drainage, Roads, Waste Management

Ensuring access to services by the urban poor

Efficient service delivery mechanism

O&M of assets to ensure sustained growth

Preventing marginalization of urban poor

Providing clean and thereby healthy living environment

Creating employment opportunity

7.13 Eleventh Federal Finance Commission stressed on improvement of basic services provided by the local bodies to their constituents. Fourteenth Finance Commission has emphasised on spending of federal FC grant only on the basic services within the functions ULBs are entrusted with under relevant legislations. The services include drinking water, sanitation, drainage, local roads, solid waste management, street lighting, maintenance of burial and cremation grounds and parks etc. **The purpose of the existence of ULBs is to provide civic services and enforce certain laws and rules related to urban living through the road of devolution and micro level self governance. The effectiveness of such self governance is judged by the quantum and quality of service it is able to provide, specially the extent to which it can do so with its own revenue. Hence, an analysis of the core civic services follows in this chapter.** Status of own revenue is included in Chapter IX. The questionnaire of 4th SFC on civic service covered Water Supply, Sewerage & Sanitation, Drainage, Roads, Street lighting, Solid Waste removal, Enrolment of Students in municipal schools, Parks. Revenue generation & expenditure were also covered in the questionnaire. The feedback received from the ULBs, the information obtained from the supportive State departments & institutions and a general assessment made during interface with ULBs have been utilised for this analysis.

7.14 ULBs in West Bengal have to ensure certain service norms like their counterparts in the country and abroad. The Government of India (Ministry of Urban Development) in consultation with the State Governments published a Benchmark for municipal services in 2008. The Government of West Bengal followed with the publication of a Benchmark (2013) indicating the present status and performance target of the four basic municipal service sectors i Water Supply, Sewerage, Drainage and Solid Waste Management. The Benchmark is depicted in Table 7.14.1 and quantifies the immediate challenge that must be met. Unfortunately, ULBs in West Bengal have not yet been able to achieve the prescribed

benchmark and variation between Municipalities exists. The level of achievement and shortfall which must be met in respect of core civic services through the route of local self governance is covered in the following paragraphs.

Table 7.14.1
Service Level Benchmark

Sl. No.	Indicator	Benchmark	
		Central	State
	Water Supply		
1	Coverage of Water Supply Connection	100%	100%
2	Per capita availability of water at consumer end	135 lpcd	135 lpcd
3	Extent of non revenue water	20%	20%
	Sewage Management		
1	Coverage of Toilets	100%	100%
2	Coverage of waste sewerage network services	100%	100%
	Solid Waste Management		
1	Household level coverage of Solid Waste management services	100%	100%
2	Efficiency of collection of municipal solid waste	100%	100%
	Storm Water Drainage		
1	Coverage of storm water drainage network	100%	100%

Source: Handbook of Service level Benchmarking, Ministry of Urban Development and Gazette Notification of the State Government

Urban Water Supply

7.15 This life sustaining civic supply is part of the core group of service of all municipalities. A target benchmark of minimum 135 litres per capita daily (lpcd) has been adopted. Municipality-wise status of supply of water is shown in the Table 7.15.1 (at the end of the chapter).

7.16 The gap between the target and the present status will serve as a roadmap for capital outlay requirement and subsequent necessity for funds for operations & maintenance. The State Government has adopted the following strategies:

- a) Avoid ground water sources where feasible

- b) Arrange project finance from Government and public private participation with mutually agreed clear cut terms.

The willingness of the Government is clear, but debt servicing on account of the accumulation of past borrowings of the state is expected to curb the state Government's ability to set by revenue in the scale that will be required for projects now and in the near future. **This Commission would have preferred a scenario of self-sufficiency to embark on projects on the part of the State. However, the dominant status of the past debts which has literally become a stone around the neck at present necessitates a proposal for large scale Central funds for meeting the Benchmark adopted by the Centre and subsequently by the State.**

7.17 Institutional borrowings by the State/ ULBs for civic service projects like water purification plants may be withheld in view of (1) the present load on the exchequer for repayment of accumulated debts incurred in the past (2) General inability of ULBs to pay even for sustenance of O&M of basic services from their own resources (Power Bills etc). When such items are met out of State bailout, a proposal for borrowings by ULBs will not be tenable.

7.18 Status of water supply (Table 7.15.1) shows a wide variation in per capita availability, ranging from as low as zero to 135 lpcd. Table 7.18.1 shows the overall position in terms of duration & quality. The status of these will also be integrated in the roadmap for requirement of capital outlay and O & M already mentioned.

Table: 7.18.1

Service Level of Water Supply of ULBs in West Bengal

Indicator	Benchmark	West Bengal Status
Water Supply duration(Hrs per day)	24 hrs,	6-7 hrs.
Quality of drinking water	Potable, meeting WHO standard	Iron and Arsenic content in the southern regions of the State

Source: Study on Urban Strategy in W.B., 2011

7.19 Three Bodies viz., Public Health Engineering department (PHE), Kolkata Metropolitan Development Authority (KMDA) and Kolkata Metropolitan Water & Sanitation Authority (KMW&SA) are involved in installation / Operations & Maintenance of water

treatment plants and thereafter supply to households. Tables 7.19.1, 7.19.2 and 7.19.3 (at the end of this chapter) show the extent of involvement of the three Bodies and the dependency of the ULBs for O&M in respect of water supply system. This dependency is an indicator of the shortfall in self reliance of local self Governance in the urban sector.

A) PHE Department

It is seen from table 7.19.1 that out of 85 Public Health Engineering water supply projects located outside Kolkata Metropolitan Area, the department has been able to hand over O&M to 52 municipalities and 33 municipalities have not taken over responsibility. The estimated cost, which falls on PHE Department for shouldering the O&M is 10.92 crores per annum. Haringhata Municipality (Nadia district) has been constituted recently by merger of Haringhata I & II GP areas and the O&M for water supply is looked after by PHE Department. The name of this ULB does not appear in Table 7.19.1. Thus the total number of ULBs dependent on PHE department for O&M of water supply comes to 34.

(B) KMDA

Table 7.19.2 gives the names of the municipalities in the Kolkata Metropolitan Area where Kolkata Metropolitan Development Authority set up 18 water supply projects for 22 ULBs. Howrah Municipal Corporation is served by 5 of these projects and South Dum Dum Municipality is served by 2. Four of the KMDA projects are trans-municipal and 11 Bodies are not willing to take over responsibility of O&M. Only 3 ULBs bear the cost of energy.

Presently O&M is outsourced through Tender. Near about a sum of Rupees one crore per month is spent by KMDA for O&M in respect of Chemicals for treatment, repair etc. That apart, Electrical Expenditure is borne by the respective Municipality under whose jurisdiction Underground Reservoir falls.

(C) KMW&SA

KMW&SA is involved in the water supply projects of 18 ULBs on its own and jointly with KMDA in 6 ULBs. It has been able to hand over O&M to 4 ULBs only and the cost that it bears for the projects that it continues to operate & maintain comes to Rs. 56.34 crores annually. (Table 7.19.3)

7.20 Normally, ULBs ought to handle the O&M of plant & piped water supply. The three Tables (7.19.1 to 7.19.3) reveal the extent to which ULBs are dependent on the three authorities which initially handled the installation work. Interface with the authorities has revealed that many ULBs are unwilling to take up the responsibility of providing adequate personnel and funds. As a result, the former have no other option but to continue with the O&M resulting in financial burden on the state exchequer. It is this unwillingness and inability to undertake responsibility which can be viewed as a shortfall in functioning of Urban Local Bodies. The future roadmap in terms of benchmark adopted by the State will require large-scale capital outlay. Going by the dependency trend, the future requirement of funds for O&M from the State will rise in proportion to the improvement towards the 100% of 135 lpcd benchmark.

Urban Drainage, Sewerage and Sanitation

7.21 Improvement/ development of drainage is one of the core components in providing urban services. Out of 128 urban local bodies in the state, underground facility for drainage & sanitation mainly exists in Kolkata Municipal Corporation area & in some portions of other municipal areas. Besides Kolkata, drainage facility for entire metropolitan area is ensured through surface drainage (lined or unlined), nikashis discharging to different water bodies including several canals having outlet to various rivers. The conversion of low-lying agricultural land/ water bodies for other use and accumulation of silt in canals have resulted in surface drainage problems especially during monsoon. The list of ULBs which have reported sewerage network (with the extent in kilometres within brackets) is given below :

Asansol (8), Baranagore (18), Bhatpara (39), Bidhannagar (240), Budge Budge (115), Bardhaman (2), Chandrokona (150), Contai (42), Darjeeling (8), Gayespur (270 sewerage + drain), Howrah MC (67), Jalpaiguri (46), Kalimpong (3), Kalyani (200), Kamarhati (6), Kharapur (310), Kurseong (6), Murshidabad (5), Nabadwip (15), Rampurhat (16), Serampur (71), South Dum Dum (40), Tamralipta (85), Titagarh (50). Kolkata Municipal Corporation and ULBs based in Durgapur, Chinsurah and Ashoknagar also provide sewerage network.

7.22 So, only 28 out of the total 128 ULBs provide sewerage network. Champdany provides 143 kms of drainage for passage of sewage. Cesspool cleaning service for

household vat has been reported by the Barasat, Naihati and Raiganj Municipalities. Chandannagore Municipal Corporation also provides this facility. (Source: ULB replies to SFC questionnaire)

7.23 The length of roads within a municipality has a direct bearing on the requirement of quantum of Drainage and main Sewer pipes (to which household sewer pipes are connected). The existing total roadway is about 25,000 kilometres within the ULBs of the State (source : ULBs replies to 4th SFC questionnaire). The gap between the present status of drainage & piped sewer layout (Table 7.23.1) and the requirement for a road network of 25000 kms can serve as an indicator of the gigantic scale of pipe laying work and arrangements for discharge/ scientific treatment which needs to be attended to if the Central Government's Benchmark is to be achieved. **As in the case of water supply, this Commission is constrained to propose funds intervention from the Centre to make the Benchmark announcement a reality.**

Table 7.23.1
Status on access to select Urban Services (%)

Service Category	West Bengal	India
Drainage		
Closed	24.4	44.5
Open	42.4	37.3
No coverage	33.2	18.2
Piped Sewerage	13.6	32.7
Latrine		
Safe	65.3	78.6
Others	23.4	8.8
Open defecation	11.3	12.6

Source: Census Report, 2011

Solid Waste Management

7.24 Solid waste management is an important function of urban local bodies. With rapid pace of urbanisation, the situation has become critical. Lack of adequate resources and technology have contributed to institutional weakness and public apathy towards solid waste

management has worsened the situation. There is shortage of suitable land filling area and space for dumping prior to the final scientific processing that modern waste management calls for.

7.25 The State Government's strategy to meet the demands of today's regulatory climate exists. Special emphasis has been put on house-to-house garbage collection, segregation at source, sanitary landfill and development of dumping ground and processing for final disposal in a scientific way. One of the important thrust areas of the State Government is to provide proper sanitation facilities to the urban population, including the slum areas. Appropriate measures have been taken for creation of awareness among the urban people, especially within school children. But the ULBs must improve their performance. According to Solid Waste Management Rules (2000) of the Government of India, all the ULBs are to move towards complete waste management cycle-collection, treatment and disposal by following the principle of 3R (Reduce, Recycle and Reuse). As per National Urban Sanitary Policy (NUSP) ranking, none of the ULBs have been able to reach 100 % of target.

The service level gap is identified in the following Table (7.25.1).

Table 7.25.1
Service Level of Solid Waste Management of ULBs in West Bengal

Indicator	Benchmark (%)	West Bengal Status
Waste Collected per day	100	State Average 87.71%
Door to door collection of Waste	100	State Average 80.37 %
Treatment and Disposal of Waste	100	State Average 10 %

Source: Study on Urban Strategy in W.B., 2011

7.26 Data on quantum of waste transportation is available in the replies to 4th SFC questionnaire.

The status of efficiency level of collection is shown in Table 7.15.1 (ULB wise) appearing at the end of this chapter & 7.25.1 (overall). The former reveals that the following ULBs had zero level of transportation of solid waste to report:-

1. Asansol 2. Ashoknagar 3. Birnagar 4. Coopers Camp 4. Dhupgiri 5. Kandi 6. Khirpai 7. Panskura 8. Pujali 9. Purulia 10. Rampurhat

7.27 Table 7.15.1 shows that 54 ULBs feature in the 90 to 100% range and 28 come under less than 50% level of efficiency in collection of waste. The efficiency level for treatment & disposal of waste stands at 10% of the benchmark target. (Table 7.25.1)

7.28 It will not be wrong to infer that this critical level is a culmination of years of inaction. However, Asansol Durgapur Development Authority has been an exception. An integrated solid waste management system was installed under PPP mode (Partners ADDA, Durgapur and Asansol Municipal Corporation, Raniganj, Kulti & Jamuria municipalities and GEPIL & Hanjer Biotech Energies Pvt. Ltd.) under an agreement dated 23.12.2008.

7.29 SWM processing plants were installed at 1) Sankarpur, Durgapur 2) Mangalpur, Raniganj 3) Asansol and a centralised sanitary landfill facility was set up at Mangalpur, Raniganj. The installations at (1) & (2) and the landfill facility were commissioned but operations closed down due to inability of the private partner.

7.30 KMDA has reported that a trans-municipal Solid Waste Management project covering 10 towns was commissioned in October 2010. Kolkata Municipal Corporation runs a Solid Waste Management unit at Dhapa.

7.31 Waste Management, particularly land filling, installation of compactor plants at temporary dumping spots followed by final processing, laying of sewerage pipes and connection to households should start urgently.

7.32 The gap in the present level and Benchmark shows how critical the situation is. The financial outlay required for filling up this gap will be very large and a proposal for Central Government intervention is called for as in the case of water supply, drainage & sewer layout. The reason has been spelt out earlier.

7.33 Resumption of the integrated solid waste management system in Asansol-Durgapur-Raniganj-Kulti-Jamuria region is essential.

7.34 A recently concluded study under Centre's SBM scheme (swachh bharat mission) has assessed municipal areas for effective solid waste management and placed Bengal's position quite favourably. As many as 25 municipal areas from Bengal have made it to the top 100 in the Ministry of Urban Development's clean city rankings. Halisahar has

bagged the 12th all-India rank (and the highest in Bengal), Bidhannagar occupies the 20th spot and Kolkata Municipal Corporation is at the 59th. (Source: Press report dated 9th Aug 2015-TOI) According to the report, household collection, but not final scientific processing has been taken into account.

7.35 The present overall status of waste management at the processing & disposal level requires vast improvement. The recently introduced Swachh Bharat Mission has placed responsibility for the preparation of DPR for solid waste management technical plan on ULBs and State handholding is permitted. The approval is vested at the State level.

7.36 From the programme guideline of Swachh Bharat Mission it appears that the ultimate responsibility for the implementation of the programme lies with the ULBs because the fund will finally go there. (Para 10.4.6 of MoUD GOI Guidelines 2014).

The ULBs should, therefore, finalise DPRs and prepare themselves for the implementation work.

7.37 According to the MOUD (GOI) guidelines for Swachh Bharat Mission the Central share of outlay will be about 23% & State contribution will be 25 % of Central share. This pattern leaves a wide resources shortfall and is proposed to be generated from other sources which are, but not limited to the following:-

Private sector, Additional funds from State, ULBs, Beneficiary share, User charges, Land leveraging, Market borrowing, External assistance & Swachh Bharat Kosh.

7.38 Therefore, for this much-needed and much publicised GOI scheme, three levels of responsibility (Planning, resource generation & implementation) have been assigned to the micro level. This is a watershed if one considers this programme from the point of view of devolution, since devolution not only speaks of fund, function and functionary but simultaneously true spirit of responsibility also. ULBs should rise up to the occasion and redeem their responsibility.

7.39 The State govt at present is already overburdened with the accumulation of past debts and ULBs should not expect the state to entirely fill up the resources gap in addition to its own share of 25% of Central contribution. Hence the ULBs should

undertake their assigned responsibility regarding funds management directly from own source and obtain private sector participation. State may also seek funds from Swachh Bharat Kosh etc.

7.40 No borrowing is proposed at the State/ ULB levels after taking into account (a) present debt service burden of State (b) track record of dependency of the ULBs on bailout from State for existing O&M items and power bills in respect of basic services. ULBs may seek similar bailout in future for borrowings and that will be a strain on the debt burdened exchequer.

Municipal Roads

7.41 Roadways within a municipal area is a must. Normally the laying of new roads and maintenance of roads and sidewalks is looked after by ULBs within their own perimeter. There are need based exceptions where authorities like KMDA have stepped in to build roads along the outer ring of a city like Kolkata. 4th SFC has been able to obtain data on length of roads from 125 ULBs and the list is given in Table : 7.41.1 (at the end of this chapter). Data from 3 ULBs (Haringhata, English Bazar and Islampur) are not available

7.42 The total of roadways comes to about 25000 kms. Interface with elected representatives and officials of municipal Bodies revealed the utmost priority these institutions would prefer to give from untied funds for repair & maintenance of roads.

7.43 The municipal areas of Durgapur, Kalyani and Bidhannagar are the rare examples of urban townships with well planned roads compatible to flow of traffic at a satisfactory level. Kolkata Municipal Corporation area also has arterial roads no doubt, but these are no longer wide enough for smooth movement of traffic. The widths of roads within the majority of the ULBs are either legacy of the growth of town life in centuries old trade centres and river ports or unplanned outgrowth of habitation from a major city. The feeder lanes of Kolkata represent passages left for exit to major roads in the past as the city grew during a span of over 3 centuries. Large scale widening of roads is imperative for smooth flow of traffic and improvement of urban life, but acquisition & demolition of buildings on both sides of the narrow roads can be a bitter task.

7.44 ULBs will have to focus on two-tier traffic flow on major roads. In fact, KMDA has taken up this solution in Kolkata and its outskirt. The capital outlay and expertise will cost the exchequer substantially for flyovers and Central Government funding is proposed as an unavoidable requirement for the reasons spelt out under recommendations for water supply projects.

7.45 Traffic snarls are noticeable particularly at the town centres. The parked public transport vehicles which wait for passengers at the town centres block flow of traffic. ULBs should arrange for inter-town public transport Terminals and disallow parking at road junctions.

Urban Environment Management

7.46 It is widely accepted that growth and development have always carried some adverse effects on natural resources and environment. A study commissioned by the State Government on Urban Strategy has pointed out that the State has been facing several challenges in the area of Urban Environment. These include:

- i) Alarming level of both river and ground water pollution in many districts
- ii) Exceeding national safety norms at many places including ULBs in the area of air pollution and rise of carbon emissions in major cities.
- iii) Quality of surface water and ground water (especially arsenic pollution) is a major issue
- iv) Natural systems like lakes, water bodies, wet lands, trees and sanctuaries are increasingly threatened by urban development
- v) Sensitive ecosystems of Sunderbans and upland areas call for a careful approach to the development in these zones
- vi) Lack of preparedness of Urban infrastructure to meet present day natural hazards and those due to climate change in future

7.47 The Government of West Bengal has made two kinds of interventions to meet the challenges to urban environment - legislative and programmatic. The Town and Country Planning Act provides for an instrument to regulate environment in a sustainable manner. As poverty is one of the causes of environmental degradation, attempt is required to be made to improve the living conditions of the poor in the slum areas through a number of programmes

and projects. Kolkata Urban Services for the Poor (KUSP) through several interventions has taken up the issue. Kolkata Metropolitan Development Authority has set up an environmental cell that has prepared a document called 'Sustaining Kolkata'. The problem of air pollution has been considered as the most important factor in environmental pollution. As a matter of fact, KMDA has prepared a perspective plan for traffic transportation. Kolkata Environmental Improvement Project (KEIP) has been taken up with financial assistance from Asian Development Bank (ADB) and the Department for International Development (DFID) for preservation of water bodies, slum area development, solid waste management, improvement of canal system as well as for sewerage and drainage improvement in the Kolkata Municipal Corporation area. The State has already implemented emission checking procedure for motor vehicles and enforced the replacement of diesel with gas as fuel in a part of the public transport system.

7.48 The collection of data through GIS, now being implemented in ULBs, will help them to prepare local environment improvement programme. The Ward Committees within ULBs, are expected to play an important role in spreading environmental awareness among the citizens.

7.49 In view of what have been observed above the Commission proposes :

- i) For achieving a clean and sustainable urban environment, adequate attention is required to be paid towards both the Cities and Slum areas of West Bengal where a huge gap in relevant core service delivery exists as is evident from Table 7.49.1.**
- ii) Strict implementation of environment protection laws and enforcement of punitive action.**
- iii) Ward-level vigilance in locating points of pollution, particularly by unauthorised use of pavements and roads by unorganised commercial sector. Encroachment of roadsides for storage of inventory by shops and by builders, parking of vehicles by unauthorised vehicle repair shops, using pavements for sorting of household litter (used cans & bottles, scrap paper etc.) add to environment pollution and locating offenders can be made mandatory at ward level.**

Table 7.49.1

Service delivery gap in Core Services in City and Slums in West Bengal (%)

Service Category	West Bengal	India
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Drainage		
City	33.2	18.2
Slum	31.3	18.8
Piped Sewerage		
City	86.4	67.3
Slum	85.4	75.5
Latrine		
City	34.7	21.4
Slum	33.5	27.2
Treated Tap Water		
City	50.0	38.0
Slum	44.3	34.7

Source: Census Report, 2011:

Street Lighting

7.50 Street lighting is an essential component of core municipal service. 4th SFC has obtained ULB-wise data on number of street lights. All the municipalities are providing street lighting. The small population hub of Kharar municipality (Population-12220) has 655 street lights for its roads measuring 75 km. On the other hand the streets of the most populous ULB (Kolkata Municipal Corporation) is lit up by 2,68,344 street lights (as on 2012-13.) (Source KMC's revised submission on quantity of civic services JL/030/15-16 dated 03.08.2015).

7.51 One indispensable input for providing core civic services is uninterrupted and daily supply of electrical power and energy bills are inevitable. West Bengal State Electricity Distribution Co Ltd caters to the majority of the ULBs of the State. Kolkata Municipal Corporation is linked to the private sector energy provider CESC Ltd.

7.52 Operation & maintenance of street lights, piped water supply, running of municipal schools and hospitals as well as the administrative centres of ULBs etc will come to a halt without power supply and to expect the ULBs to pay the energy bills from their own revenue is normal.

7.53 Local Bodies spoke about the necessity for augmenting and improving quality of civic service infrastructure to match citizens' aspirations during their interface with 4th SFC.

7.54 The Central and State governments have announced the target Benchmark for core municipal service and the shortfall that exists. Both at the micro & macro level, the intention is to improve. To make this a reality a substantial level of capital outlay and creation of assets will be required but the assets thus added to the existing infrastructure will call for a rise in operations & maintenance. Part of this hike will be reflected in the energy bills.

7.55 In order to find out how the ULBs are tackling payment of energy bills this Commission contacted WBSEDCL and found large-scale default on the part of ULBs. The outstanding dues (OSD) against installations in ULBs throughout the state had mounted to Rs. 389.67 crore + late payment surcharge Rs 26.97 crore as on 31.1.2015. This had affected the liquidity position of the Company seriously and the State Govt had to pay off the principal. WBSEDCL had to waive the surcharge at the cost of its income. Within the following three months 108 ULBs managed to build up their default level to Rs 28.78 cr. Details are depicted in Table : 7.55.1 (at the end of this chapter).

7.56 Outstanding overdue Electricity bills with delayed payment surcharge of ULBs as on April 2015 payable to Calcutta Electric Supply Corporation Ltd. (source i Power & NES Dept. letter no. 10/PO/O/C-1/5M-174/15 dated 29.07.2015) shows a similar situation of default. Total default reported till July 2015 comes to a whopping Rs. 512.09 crore + Rs. 300.45 crore Kolkata Municipal Corporation's default stood at Rs. 668.74 crore. This is depicted in Table : 7.56.1.

Table :7.56.1

Outstanding Electricity Bill of CESC (rupees in lakh)

Sl.no.	Name of Municipalities	Outstanding after April 2015 Account Billing	Delayed payment surcharge (DPS) up to March 2015 on settled bills
1.	Kolkata Municipal Corporation	49219.15	17655.70
2.	Howrah Municipal Corporation	778.91	6403.31
3.	Budge Budge Municipality	11.72	111.79
4.	North Dum Dum Municipality	29.81	1.02
5.	South Dum Dum Municipality	279.71	862.31
6.	Dum Dum Municipality	150.59	14.23
7.	North Barrackpore Municipality	6.92	0.21

8.	Khardah Municipality	15.89	.01
9.	Baranagore Municipality	62.44	1.06
10.	Garulia Municipality	57.57	508.31
11.	Kamarhati Municipality	53.91	5.20
12.	Titagarh Municipality	38.52	64.51
13.	Panihati Municipality	46.82	1.20
14.	Baidyabati Municipality	48.85	1025.86
15.	Bhadreshwar Municipality	48.86	403.76
16.	Chamdpany Municipality	37.33	800.18
17.	Bally Municipality	86.64	2.41
18.	Konnagar Municipality	17.14	538.84
19.	Rishra Municipality	29.28	148.06
20.	Serampore Municipality	54.24	1288.10
21.	Uttarpara-Kotrung Municipality	36.94	16.24
22.	Barrackpore Municipality	.32	.01
23.	Maheshtala Municipality	28.87	77.39
24.	Rajarhat Gopalpur Municipality	5.67	25.10
25.	Rajpur Sonarpur Municipality	2.57	87.70
26.	Bhatpara Municipality	42.34	1.20
27.	Pujali Municipality	1.11	.04
28.	Uluberia Municipality	19.01	.69
29.	Chandannagore M.C.	-	.99
	TOTAL	51209.13	30045.42

Source : Power & NES Department, Government of West Bengal Letter dated 29.07.2015

7.57 As stated earlier development of civic services in the future will require more consumption of electric power.

True devolution takes a very meaningful note when self governance at the micro level are self sufficient units at least as far as operations & maintenance of installations is concerned. Such self sufficiency signifies that they are able to take care of the assets which provide civic services within their respective areas. Paying of power bills is one facet of such self sufficiency. The overall propensity to default and wait for State bailout can be viewed as a situation which needs reversal.

PUBLIC HEALTH

7.58 Public healthcare is another component of core service under local self governance. Normally hospitals run by municipalities may not come up to the level of State & Private Units but the municipal hospitals are providing a much needed alternate. Forty One out of the existing 128 ULBs are taking care of this essential service. The names of the ULBs are as follows:-

Ashoknagar, Asansol, Birnagar, Bally, Balurghat, Bansberia, Baranagar, Barrackpur, Basirhat, Bhatpara, Budge Budge, Burdwan, Chandannagore, Champdany, Darjeeling, Dum Dum, Durgapur, Gayespur, Jiaganj-Azimganj, Joynagar-Mozilpur, Kolkata MC, Kharagpur, Konnagore, Madhyamgram, Mahestala, Naihati, New Barrackpur, North Barrackpur, Pujali, Raiganj, Rajerhat Gopalpur, Rajpur-Sonarpur, Ranaghat, Rishra, Siliguri, South Dum Dum, Taherpur NAA, Titagarh, Uttarpara-Kotrung, Uluberia and Bidhannagar.

The number of Beds in these hospitals is available in the replies to 4th SFC questionnaire.

Outbreak of enteric disease, malaria and dengue are periodical occurrences. **Step up on preventive measures including vigil over accumulation of stagnant water will definitely improve the situation.**

PARKS

7.59 Open space with greenery attached to buildings is a rare sight in urban Bengal. Shortage of land for sale and mounting price has condemned the State's urban landscape to a congestion of brick & concrete. Another bane of urban life is the lack of playground space for children and for outdoor games. Municipal Parks provide a solution to a certain extent to such problems and in most ULBs more Parks are required, but the unavailability of vacant land restricts the extension of this core civic service. The total area of Parks in the municipal areas in Bengal is 4485699 Sq. Metre (*Source : ULB replies to 4th SFC questionnaire on civic services*). This is just 0.17% of total urban area. (*Source: 4thSFC compilation*).

7.60 There is a tendency for unauthorised encroachment for commercial purpose etc. on unutilised government / ULB owned land. Development of parks on such properties is proposed. Certain Parks have been handed over to the private corporate sector by Kolkata Municipal Corporation for maintenance and are well maintained. This system ought to be stepped up.

SCHOOLS

7.61 The core services that ULBs provide include running of Schools. The total number of students enrolled in ULB-run schools was 64824 (Yr 2012-13). (*Source: ULB replies to 4th SFC questionnaire*). Enrolment generally comes from children of low-income families. Facilities like free Mid-Day meal, free books are provided in these Schools.

7.62 Usage of these school premises as vocational training points after school hours is proposed. This will provide a single window for text book learning and thereafter training for livelihood for local youth. In case enrolment does not justify the running of a school, such units can be merged with nearest municipal school.

MISCELLANEOUS CIVIC SERVICES

7.63 ULB wise miscellaneous services are available in the replies to 4th SFC questionnaire. The range includes ambulance service, amusement park, beautification of area surrounding centrally located lake, running community halls and guest house, auditorium, market complex, bus stand shades, maintenance of crematorium, burial grounds and mortuary etc. Raiganj municipality runs a water purification cum bottling plant within its premises as a commercial undertaking. The range of services varies ULB wise. **Periodical revaluation is proposed for user charges wherever such charges can be imposed and such revaluation should take into account the investments plus maintenance charges inclusive of energy bills.**

7.64 The physical infrastructure for providing civic services including equipment, administrative buildings and other real estate are assets of the ULBs. However, 4th SFC has not been able to obtain information about periodic revaluation of assets owned by the municipalities. **Updated Assets Registers, periodical revaluation and inspection of assets, noting of usage and adequate steps for protection from encroachment are proposed.**

Citizens Charter

7.65 Information submitted by Department of Municipal Affairs to 4th SFC shows that 122 ULBs have adopted Citizens Charter. Adoption of the Charter by the remaining 6 ULBs is therefore necessary. Citizens Charter signifies a major step where commitments of the ULBs in respect of civic service are not only put in writing but are also available

for public scrutiny. Such Charters are one - way where the duties and commitments of the provider are enunciated. For better sustainability of the services, a two-way charter is proposed with duties of the users added to that of the provider.

7.66 SUDA has been utilised for disbursement of funds (grants + assigned schemes) to ULBs. This Commission proposes that SUDA at the state level be entrusted with (1) monitoring of quantum of service levels (particularly those in the basic minimum service benchmark target) and (2) adjudication of disputes related to delivery and pricing of services. The latter has gained importance in view of the adoption of certain time-bound commitments under Citizens Charter by ULBs and placement of the same as well as Minimum Level Benchmark in public domain.

Other Urban Development Authorities

7.67 Urban Development Authorities were created at different points of time after independence to cater to the different regional development needs. After the introduction of the West Bengal Town and Country Planning Act in the year 1979 their functions particularly in the domain of planning and preparation of land use map were broadened under section 11 of the said Act. There are various Development Authorities to facilitate industrial, infrastructure & social development activities within their respective areas. Their efforts are aimed at improving the urban infrastructure for providing better civic amenities, development of housing for the various sections of the society, including the weaker section to achieve overall development. They also perform statutory functions like preparation of Land Use & Control Plan in their respective areas. Such authorities are also responsible for identifying growth centres having economic potential. They support the efforts of the government in attracting & facilitating investment in the industrial sector of the state. There are presently 12 such Development Authorities under the Administrative Control of the Urban Development Department, Government of West Bengal (Table 7.67.1). Apart from these Development Authorities, some other statutory Bodies like Kolkata Improvement Trust (Estd.1911), Howrah Improvement Trust (Estd.1956), Kolkata Metropolitan Water & Sanitation Authority (Estd. 1966), and New Town-Kolkata Development Authority (Estd.2007) were also set up under separate Legislation to look into the development of Kolkata and its adjoining areas.

Table: 7.67.1.

Development Authorities Constituted under Town & Country Planning Act

District	Name of Dev. Authority	Year of Establishment
Kolkata	Kolkata Metropolitan Dev. Authority	1970
Birbhum	Sriniketan-Santiniketan Dev. Authority	1989
	Tarapith-Rampurhat Development Authority	2015
Burdwan	Burdwan Dev. Authority	1990
	Asansol-Durgapur Development Authority	1980
Purba-Medinipur	Haldia Development Authority	1980
	Digha-Sankarpur Dev. Authority	1993
Paschim Medinipur	Midnapur-Kharagpur Development Authority	2003
Hooghly	Furfurasarif Development Authority	2015
South 24 Parganas	Gangasagar-Bakkhali Dev. Authority	2014
Alipurduar	Jaigaon Development Authority	1990
Darjeeling	Siliguri-Jalpaiguri Development Authority	1980

7.68 Multiple organisations have been functioning under the Urban Development Department. All of them do not have similar historical perspective but some of them are engaged in similar type of work. For example, Kolkata Improvement Trust (KIT) was constituted under the Bengal Act No V of 1911 with a view to improvement and expansion of the then Calcutta. With the passage of time most of the works once entrusted to KIT have been shifted to other local development Authorities like KMDA and KMC. Similarly, Howrah Improvement Trust (HIT) constituted under W.B. Act XIV of 1956 was meant for improvement and expansion of Howrah. Kolkata Metropolitan Water & Sanitation Authority (KMW&SA) was constituted under W.B. Act XIII of 1966 for the purpose of maintenance, development and regulation of water supply, sewerage and drainage services and for the collection and disposal of garbage in the Kolkata Metropolitan District comprising greater

Kolkata area. Some of these functions are discharged either by Kolkata Municipal Corporation or other ULBs of Kolkata Metropolitan Area. This Commission proposes:

- 1) KIT and KMW&SA may be merged with KMDA to bring the work related to construction/ installation and O&M in the KMA areas within a single window under the Dept of Urban Development.**
- 2) A suitable merger decision regarding HIT needs to be taken up.**

Study on Performance Appraisal of Municipalities

7.69 Fourth SFC sponsored a study on performance appraisal of municipalities by Economic Research Unit of the Indian Statistical Institute. The study analysed the performance on the basis of consumers' satisfaction data of randomly selected households of some ULBs. The result of this Study is a ranking of 'inefficient' municipalities among 83 ULBs considered over a time frame 2007-08 to 2012-13.

Three major services (water supply, street light & average transportation of household solid waste per day) as well as four items of expenditure (salary, expenditure for water supply, Street light and transportation of household garbage) were taken into account for ranking and this is reproduced in Table 7.69.1 (Source: Page 66 of ISI Study).

7.70 A proposal for monitoring of progress by SUDA in respect of civic services has been made earlier in this Report (Para 7.66). SUDA may find the ranking method useful for its monitoring exercise. However, SUDA will need to include a wider range of services compared to the range covered by the Indian Statistical Institute study. While working out expenditure incurred for providing civic services, the bailout that the State provides for O&M of such services should be taken into account & deficiencies in own revenue realisation should be considered for negative marking.

Strengthening Governance and Capacity Building

7.71 Governance means and includes good governance. Some of its indicators, as envisaged in recent times, are efficiency in taking up responsibility, effectiveness, transparency, accountability, rule of law and participation. The municipal administration in West Bengal which is supposed to meet the rising aspirations of the urban citizens is yet to

reach the expected level of efficiency and the State Government has tried to improve their efficiency. Sometimes ago, a Municipal Administrative Reforms Committee was constituted for this purpose. Its report has been accepted in principal and some of its recommendations have been implemented. An organization i Institute for Local Government and Urban Studies (ILGUS) has been set up for catering to the needs of urban local bodies. This institute organises training programmes regularly for elected representatives, officials and community based organisations to equip them with the latest techniques to deal with the ever i increasing urban problems. Municipal Engineering Directorate (MED) & Directorate of Local Bodies (DLB) have been set up to extend technical & administrative support to urban local bodies throughout the state. West Bengal Valuation Board (WBVB) has also been set up for scientific valuation of land & building within municipal areas. Geographical Information System (GIS), which is one of the modern techniques for preparation of database, has been introduced in the urban local bodies (ULBs). This will help the ULBs to identify deficiencies, both quantitatively and geographically, in the field of physical infrastructure, health, education, shelter and economy. This system will also facilitate municipal resource mobilisation and ensure transparency. The State Government has introduced new staffing norms in the ULBs which will provide them a universal character. The ULBs in the State have adopted double entry based accounting system that leads to improved financial accountability. The State Government has accepted the policy of imposing user charges against certain services in the municipal areas.

7.72 The study commissioned by the State Government for preparation of Urban Strategy in West Bengal outlined the following shortcomings in the functioning of the ULBs:

- i) Poor Management Information System & data analysis.
- ii) Monitoring of ULBs restricted to financial and physical progress with almost no monitoring of comparative ULBs against service delivery improvement.
- iii) No platform for knowledge sharing between different ULBs.
- iv) The State has introduced a number of legal enactments to ensure improved governance and service delivery. However, the result has been highly uneven and generally driven by individual leadership.
- v) Lack of attention to the urban areas by the District Planning Committees (DPCs) and lack of proper linkage between the Regional planning Boards and ULBs.
- vi) Regional planning Boards currently restricted to social development related activities within the rural parts and backward areas in the region.

vii) Shortage of suitable Faculty at ILGUS

7.73 This Commission is of the opinion that these shortcomings need to be rectified and proposes the following steps. The Department of Municipal Affairs may develop a MIS format for ULBs covering the information that is normally required to keep track of the rectifications of shortcomings and functioning of ULBs. A proposal for monitoring by SUDA has already been made and this monitoring may include comparative assessment of ULBs also. A separate Chapter on Planning in this Report includes the issues related to DPC and Regional planning.

7.74 The Fourth SFC in course of their interaction with the ULBs came to realise that the Municipal administration has typically suffered from shortage of qualified technical staff and managerial supervisors. Details of staff strength are available in the replies by ULBs to 4th SFC's questionnaire.

7.75 In the existing set up Municipal Commissioners for Corporations and Executive Officers for Municipalities constitute the key functionaries of Municipal administration. While the Municipal Commissioners are drafted from Indian Administrative Service and West Bengal Civil Service (Exe) cadre, Executive Officers of Municipalities are mostly drafted from retired officers of multi cadres like West Bengal Civil Service (Exe), West Bengal Secretariat Service, West Bengal Audit and Accounts Service etc. Most of these retired officers do not have working experience with Urban Local Bodies. At their post-superannuation age, their energy level and willingness to innovate is mostly on the wane. This comes in the way of the pace of functioning that is required particularly in view of the introduction of e-governance & adoption of Citizens Charter. Building up a trained State Cadre of Executive Officers exclusively for municipalities is of utmost necessity.

7.76 This Commission has observed that most of the Municipalities are largely dependent on three contractual persons presently holding the posts of Urban Planner, IT Co-ordinator and Accounts and Finance Co-ordinator. They have acquired sound working knowledge about functioning of ULBs but most of the staff and management at the ULBs are not accustomed to innovation and taking up new tasks. They are rather more comfortable with traditional methods of procurement and working with Government grants. Development Authorities, on

the other hand, though not accountable to the ULBs but to the State Government, operate on a higher scale of efficiency. Commission's observation/ proposal in this regard is :

a) The contractual employees referred to above have gained work knowledge without formal process of induction training. Their job security depends on periodical renewal of contracts. Moreover, their wages are mostly lower than that of their peers in permanent rolls.

b) Their positive contribution towards running of the administration of ULBs was brought to the notice of 4th SFC during interaction with ULBs.

c) Continuation of the contract of such contractual employees on consolidated salary with the benefit of a reasonable quantum of Leave facility till they attain the age of 60 years is proposed. This will instil job security and the ULBs will be able to draw upon their work knowledge and expertise. The salary should be at par with their job description.

d) The staff position in ULBs is available in replies to SFC Questionnaire. The vacancies for which contractual employees as in (c) above are not being employed at present need to be filled up. Necessary Government intervention is proposed.

7.77 Taking the help of civil society for delivery of services and instilling users' sense of duty towards civic assets & services are also necessary.

7.78 ILGUS at the state level should be strengthened with more professional skill managers for capacitating both the elected representatives and the official functionaries. More emphasis should be given on Case Studies and e-governance procedure and systems with the aid of computers and software which ULBs use. The ramifications of commitments made in Citizens Charter should be part of the curriculum.

7.79 The road ahead for reaching efficiency and effectiveness in Urban Local Self Governance is long and uphill. A major watershed has emerged under the recently launched flagship scheme Swachh Bharat Mission. A new era of responsibility is evident where planning, fund-raising and implementation must be handled by the ULBs. ULBs will have to cope with this new challenge.

Major issues related to the financial domain of ULBs are covered in chapter-IX.

Table-7.15.1

SERVICE LEVEL BENCH MARK OF MUNICIPALITIES IN WEST BENGAL
(Published by Department of Municipal Affairs, Government of West Bengal in Kolkata
Gazette Dated 22nd March, 2013)

Sl. No.	Name of ULB	Per Capita Availability of Water		Efficiency of Collection of Municipal Solid Waste		Extent of Scientific disposal of Solid Waste	
		Benchmark (LPCD)	Present Status (LPCD)	Benchmark (%)	Present Status (%)	Benchmark (%)	Present Status (%)
1	Ashoknagar	135	55	100	30	100	0
2	Baduria	135	30	100	20	100	0
3	Barasat	135	100	100	80	100	0
4	Barrackpore	135	123	100	100	100	0
5	Basirhat	135	59.8	100	100	100	0
6	Bhatpara	135	95	100	75	100	0
7	Bongaon	135	18	100	100	100	40
8	Garulia	135	121	100	80	100	100
9	Gobardanga	135	30	100	100	100	40
10	Habra	135	20	100	75	100	0
11	Halisahar	135	66	100	40	100	0
12	Kamarhati	135	85	100	100	100	0
13	Kanchrapara	135	115	100	99	100	0
14	Khardaha	135	20	100	75	100	55
15	Madhyamgram	135	108	100	98	100	0
16	Naihati	135	90	100	65	100	0
17	North Barrackpore	135	65	100	99	100	0
18	Panihati	135	65	100	75	100	0
19	Taki	135	34	100	100	100	100
20	Titagarh	135	20	100	98	100	0
21	Baranagar	135	95	100	100	100	0
22	Barutpur	135	90	100	100	100	0
23	Bidhannagar	135	119	100	95	100	0
24	Budge Budge	135	60	100	0	100	0
25	Diamond Harbour	135	60	100	100	100	0
26	Dum Dum	135	78	100	100	100	0
27	Jaynagar	135	0	100	0	100	0

	Magilpur						
28	Maheshtala	135	55	100	95	100	0
29	New Barrackpore	135	109	100	95	100	0
30	North Dumdum	135	81	100	99	100	0
31	Pujali	135	25	100	78	100	0
32	Rajarhat-Gopalpur	135	30	100	96	100	0
33	Rajpur Sonarpur	135	10	100	40	100	0
34	South Dum Dum	135	67	100	92	100	0
35	Asansol MC	135	55	100	85	100	0
36	Durgapur MC	135	20	100	20	100	25
37	Jamuria	135	15	100	8	100	0
38	Kulti	135	0	100	100	100	0
39	Raniganj	135	61	100	80	100	0
40	Bankura	135	10	100	85	100	0
41	Bishnupur	135	44	100	0	100	0
42	Jhalda	135	20	100	92	100	0
43	Purulia	135	40	100	80	100	0
44	Raghunathpur	135	10	100	40	100	0
45	Sonamukhi	135	45	100	35	100	0
46	Beldanga	135	40	100	98	100	0
47	Berhampore	135	46.51	100	88	100	0
48	Dhulian	135	42	100	100	100	0
49	Jangipur	135	38	100	96	100	0
50	Jiaganj-Ajimganj	135	05	100	82	100	0
51	Kandi	135	15	100	84	100	0
52	Murshidabad	135	39	100	80	100	0
53	Burdwan	135	87.5	100	100	100	100
54	Bolpur	135	13	100	96	100	0
55	Dainhat	135	102	100	45	100	0
56	Dubrajpur	135	25.4	100	77	100	0
57	Gushkara	135	12.1	100	0	100	0
58	Kalna	135	15.5	100	96	100	55
59	Katwa	135	44.1	100	90	100	0
60	Memari	135	10.9	100	100	100	0
61	Nalhati	135	0	100	50	100	0
62	Rampurhat	135	71	100	50	100	0
63	Sainthia	135	26.97	100	100	100	0
64	Suri	135	75	100	80	100	0
65	Arambagh	135	85	100	85	100	0
66	Baidyabati	135	30	100	71	100	0
67	Bally	135	40	100	45	100	0

68	Bansberia	135	28	100	100	100	0
69	Bhadreswar	135	80	100	100	100	0
70	Champdany	135	18	100	97	100	0
71	Chander nagar MC	135	112	100	57	100	0
72	Dankuni	135	1	100	66	100	0
73	Hooghly- Chinsurah	135	23	100	95	100	0
74	Howrah MC	135	138	100	100	100	0
75	Konnagar	135	70.3	100	92	100	0
76	Rishra	135	107	100	83	100	0
77	Serampur	135	60	100	88	100	0
78	Tarakeswar	135	8	100	0	100	0
79	Uluberia	135	55	100	80	100	0
80	Uttarpara- Kotrung	135	98	100	100	100	0
81	Alipurduar	135	20	100	80	100	0
82	Coochbehar	135	94	100	97	100	0
83	Dhupguri	135	25	100	0	100	0
84	Dinhata	135	55	100	60	100	0
85	Haldibari	135	18	100	100	100	0
86	Jalpaiguri	135	81	100	50	100	0
87	Mal	135	57	100	100	100	0
88	Mathabhanga	135	20	100	88	100	0
89	Mekhliganj	135	18	100	0	100	0
90	Tufanganj	135	135	100	100	100	0
91	Birnagar	135	42	100	0	100	0
92	Chakdah	135	39	100	0	100	0
93	Coopers Camp NAA	135	0	100	0	100	0
94	Gayeshpur	135	14	100	25	100	0
95	Kalyani	135	25	100	25	100	0
96	Krishnanagar	135	73	100	90	100	0
97	Nabadwip	135	26	100	100	100	0
98	Ranaghat	135	43	100	85	100	0
99	Santipur	135	64	100	100	100	0
100	Taherpur	135	20	100	75	100	0
101	Balurghat	135	10	100	85	100	0
102	Dalkhola	135	18.2	100	98	100	0
103	Englishbazar	135	51	100	95	100	0
104	Gangarampur	135	10	100	58	100	0
105	Islampur	135	15	100	95	100	0
106	Kaliganj	135	12	100	100	100	0
107	Old Malda	135	25	100	99	100	0

108	Raiganj	135	27.5	100	100	100	0
109	Contai	135	10	100	100	100	0
110	Egra	135	30	100	45	100	0
111	Haldia	135	81	100	50	100	0
112	Panskura	135	0	100	0	100	0
113	Tamluk	135	97	100	55	100	0
114	Chandrakona	135	51	100	20	100	0
115	Ghatal	135	79	100	80	100	0
116	Jhargram	135	91	100	82	100	0
117	Kharagpur	135	80	100	85	100	0
118	Kharar	135	69	100	85	100	20
119	Khirpai	135	76	100	0	100	0
120	Midnapur	135	76.2	100	88	100	0
121	Ramjibanpur	135	20	100	0	100	0
122	Darjeeling	135	29	100	85	100	0
123	Kalimpong	135	67	100	2	100	0
124	Kurseong	135	33	100	65	100	0
125	Mirik	135	70	100	95	100	0
126	Siliguri M.C	135	75	100	75	100	20
127	Kolkata M.C	135	135	100	96	100	0

Table : 7.19.1

Status of Municipal Water Supply in Non-KMA Part of West Bengal i Provider PHE

Sl. No.	District & Town	No. of House Connection	No. of Street Stand Post	O&M handed over to ULB	O&M not handed over to ULB	Projected Annual Expenditure for O&M (Rs. in lakh)
	DARJEELING					
1	Siliguri	22500	1380		ã	300.00
2	Darjeeling	6080	700	ã		
3	Kalimpong	7060		ã		
4	Kurseong	1245	265	ã		
5	Mirik	45	20	ã		
	Total	36930	2365			
	COOCHBEHAR					
6	Coochbehar	9800	354	ã		
7	Dinhata	430	166		ã	35.00
8	Mathabhanga	1998	219		ã	30.00
9	Tufanganj	1700	204		ã	30.00
10	Haldibari	1125	271		ã	25.00

11	Mekliganj	510	160		ã	25.00
	Total	15563	1374			
	UTTAR DINAJPUR					
12	Raiganj		499		ã	25.00
13	Islampur		191		ã	16.00
14	Kaliaganj		230		ã	16.00
15	Dalkhola		40	ã		
	Total	0	960			
	DAKSHIN DINAJPUR					
16	Balurghat	228	432	ã		
17	Gangarampur		300		ã	16.00
	Total	228	732			
	ALIPURDUAR					
18	Alipurduar		950		ã	30.00
	Total	0	950			
	JALPAIGURI					
19	Jalpaiguri	7312	1250	ã		
20	Mal	250	335		ã	28.00
21	Dhupguri		872		ã	18.00
	Total	7562	2457			
	MALDA					
22	English Bazar	15350	968	ã		
23	Old Malda	1575	145	ã		22.00
	Total	16925	1113			
	MURSHIDABAD					
24	Baharampur	9556	320		ã	24.00
25	Jangipur	1740	266		ã	22.00
26	Ziaganj-Ajimganj		115		ã	18.00
27	Kandi	2500	350	ã		
28	Dhulian	790	215	ã		
29	Murshidabad		138		ã	22.00
30	Belganda	1000	285		ã	18.00
	Total	15586	1689			
	NADIA					
31	Nabadwip	1957	645	ã		
32	Ranaghat	6500	400	ã		
33	Krishnanagar	8429	730	ã		
34	Shantipur	2000	250	ã		
35	Birnagar	850	170	ã		
36	Chakdaha	4500	485	ã		
37	Taherpur		150	ã		
38	Coopers-Camp		128		ã	18.00
	Total	24236	2958			
	NORTH 24 PARGANAS					

39	Habra					
40	Ashoknagar-Kalyangarh					
41	Basirhat					
42	Bangaon					
43	Gabardanga					
44	Baduria					
45	Taki					
	Total					
	SOUTH 24 PARGANAS					
46	Diamond Harbour		810		ã	
47	Jaynagar-Majilpur		80		ã	
	Total		890			
	HOOGHLY					
48	Aramb		700	ã		
49	Tarakeshwar		150	ã		
	Total		850			
	BURDWAN					
50	Asansol		7050	ã		
51	Kulti		825	ã		
52				ã		
53	Burdwan		5400	ã		
54	Raniganj		620	ã		
55	Katwa	1900	487	ã		
56	Kalna	6872	298	ã		
57	Guskara	640	116	ã		
58	Memari	1701	229	ã		
59	Jamuria		425	ã		
60	Dainhat	651	65	ã		
	Total	65147	18515			
	BANKURA					
61	Bankura	12000	700	ã		
62	Bishnupur	2860	1200	ã		
63	Sonamukhi	2520	510		ã	18.00
	Total	17380	2410			
	BIRBHUM					
64	Suri	5500	1350	ã		
65	Bolpur	12727	426	ã		
66	Rampurhat	700	1300	ã		
67	Sainthia	435	550	ã		
68	Dubrajpur	1200	350		ã	18.00
69	Nalhati		120	ã		
	Total	20562	4096			
	PASCHIM MIDNAPUR					

70	Kharagpur	9200	1300		ã	100.00
71	Midnapur	9400	4065	ã		
72	Ghatal	800	308	ã		
73	Jhargram		760	ã		
74	Chandrakona	440	225	ã		
75	Ramjibanpur	275	149	ã		
76	Khirpai	180	137	ã		
77	Kharar	219	181	ã		
	Total	20514	7125			
	PURBA MIDNAPUR					
78	Haldia	6557	225	ã		
79	Contai	150	290		ã	25.00
80	Tamluk	7048	770	ã		
81	Egra	5	275	ã		
82	Panskura		250	ã		
	Total	13760	1810			
	PURULIA					
83	Purulia	862	600	ã		
84	Raghunathpur	2543	776		ã	15.00
85	Jhalda	125	365		ã	15.00
	Total	3530	1741			
	ALL TOTAL	263860	53117			

Table: 7.19.2
Status of O&M of Drinking Water Projects run by KMDA

Sl. No.	Name of Project	Source of Fund	Jurisdiction of ULB	Whether Handed over	Remarks
1.	Bhatpara	JNNURM	Bhatpara	Yes	
2.	Dumdum	-do-	Dumdum/ North Dumdum/ South Dumdum	No	Trans-municipal Jurisdiction
3.	Kalyani	-do-	Kalyani/ Naihati/ Halisahar/ Kanchrapara Gayehpur	-No-	Same as above
4.	Garulia	-do-	Garulia	-No-	ULB is not willing to take over
5.	Bally	-do-	Bally	-No-	Same as above
6.	Bhadreswar	-do-	Bhadreswar	-No-	Not yet completed

7.	Panihati	-do-	Panihati	-No-	Same as above
8.	Madhyamgram	-do-	Madhyamgram/ Barasat/New Barrackpore	-No-	Transmunicipal Jurisdiction
9.	Baranagar	-do-	Baranagar	-No-	ULB is not willing to take over
10.	Baranagar	JNNURM+ other fund	Baranagar/ Kamarhati	-No-	Transmunicipal Jurisdiction
11.	Padmapukur	-do-	HMC	No	ULB is not willing to take over
UNDERGROUND RESERVOIR PROJECT					
1.	Kona	JNNURM+ other fund	HMC	No	ULB is not willing to take over
2.	Tikiapara	-do-	-do-	No	-do-
3.	Belgachia	-do-	-do-	No	-do-
4.	Salkia	-do-	-do-	No	-do-
5.	Mannapara	-do-	Do	No	-do-
6	Laketown	-do-	South Dumdum	No	-do-
7.	Salt Lake	-do-	Bidhannagar	No	-do-

Table: 7.19.3

Status of Water Supply Projects under JNNURM and Non-JNNURM as on May, 2015-provider
KMW&SA

Name of the Sector: K.M.W & S.A					
Sl. No.	Municipality / Panchayet covered	No. of House Connection	Handed Over	Not handed over	Projected Annual Expenditure for O&M (In Lakh)
HOOGHLY DISTRICT					
1	Bansberia and Hooghly Chinsurah	Responsibility lies with ULB		ã	995.00
2	1)Bhadreswar- 2)champdani- 3)Baidyabati- 4)Serampore-5)Rishra- 6)Konnagore- &	Responsibility lies with ULB		ã	1327.00

	7)Uttarpara Kotrang				
5	Uttarpara - Kotrang Municipality (For Zone-I & II) ;	8000		ã	60.22
8	Dankuni Municipality	4700		ã	100.37

HOWRAH DISTRICT

1	Uluberia	Responsibility lies with ULB	ã		437.00
2	Uluberia	Responsibility lies with ULB		ã	
3	Ward Nos.- Part of 41 and 45 to 50 of HMC	Responsibility lies with ULB		ã	
5	Added Areas of HMC	3280		ã	71.15
6	Added Areas of HMC	1580		ã	77.43
7	Added Areas of HMC	2936		ã	79.09

DISTRICT NORTH 24 PARGANAS

1	Barrackpore & North Barrackpore Municipality	Responsibility lies with ULB		ã	525.00
2	Titagarh and Khardah Municipality	Responsibility lies with ULB		ã	530.00
3	Rajarhat Municipality	20217		ã	343.42
4	Part of North Dum Dum - Ward No- 19 (Zone - II) ; Ward No - 21 (Zone - III) & South -Dum Dum -Ward Nos. 1, 2 & 5	9495		ã	145.27
5	Bhatpara Municipality	6100		ã	58.23
6	Bhatpara Municipality	6600		ã	64.16
7	Naihati Municipality	6900		ã	85.02
8	Halisahar Municipality	3400		ã	48.62

SOUTH 24 PARGANAS

1	KMC Area, Ward Nos. 141-146	Responsibility lies with ULB	ã		O&M by KMC
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2	Maheshtala Municipality	Responsibility lies with ULB	ã		O&M by Mahestala Municipality
3	Budge Budge Municipality	Responsibility lies with ULB		ã	663.00
4	Baruipur Municipality	Responsibility lies with ULB	ã		O&M by Baruipur Municipality
5	Maheshtala Municipality - Ward No 12.13 16	3971		ã	2.075
6	Maheshtala Municipality - Ward Nos. 1-10	7058		ã	22.14

Table : 7.41.1

ULB WISE ROADS/ STREET LIGHTS/ PARKS/ NO. OF STUDENTS IN ULB SCHOOLS

Sl. No.	Name of the ULBs	District	2012-13			
			Roads in K.M.	Street Lights	Parks (in Sq. M.)	No of Students
1	Alipurduar	Jalpaiguri	128.00	4200	6870.00	0
2	Arambagh	Hooghly	73.30	2560	11712	
3	Asansol MC	Burdwan	405.55	15805	44800.00	1083
4	Ashokenagar-Kalayangarh	North 24 Parganas	50.00	6280	7.29	0
5	Baduria	North 24 Parganas	135.05	3018	2923.50	0
6	Baidyabati	Hooghly	370.00	1500	0.00	485
7	Bally	Howrah	458.55	7012		456
8	Balurghat	Dakshin Dinajpur	120.00	4647	175800.00	271
9	Bankura	Bankura	247.00	12500	12000.00	168
10	Bansberia	Hooghly	162.60	4520	20910.00	781
11	Baranagar	North 24 Parganas	233.00	7032	113512.00	335
12	Barasat	North 24 Parganas	1202.00	12340	247550.00	1140
13	Barrackpore	North 24 Parganas	16.05	5484	669.15	
14	Baruipur	South 24 Parganas	123.00	3604	2130000.00	
15	Basirhat	North 24 Parganas	199.49	8237	20000.00	
16	Beldanga	Murshidabad	49.00	1554	5000.00	
17	Berhampore	Murshidabad	986.50	22045	17500.00	1384

18	Bhadreswar	Hooghly	153.50	4340	6600	667
19	Bhatpara	North 24 Parganas	527.60	10519	27702.07	257
20	Bidhannagar	North 24 Parganas	222.00	10000	115000	10000
21	Birnagar	Nadia	87.00	1768	1700.00	0
22	Bishnupur	Bankura	109.56	6051	0.00	0
23	Bolpur	Birbhum	330.67	6696	0.00	0
24	Bongaon	North 24 Parganas	151.40	4481	4737.00	1781
25	Budge Budge	South 24 Parganas	94.30	2403	12731.70	1292
26	Burdwan	Burdwan	544.43	14485	118000.00	1293
27	Chakdah	Nadia	36.60	7500	17408.00	
28	Champdany	Hooghly	126.00	3420	1570.00	2207
29	Chandannagore MC	Hooghly	550.00	7800	11800.00	1201
30	Chandrakona	West Midnapore	78.00	2825	0.00	0
31	Contai	East Midnapore	96.47	225	1416.03	0
32	Cooch Behar	Cooch Behar	63.60	5423	0.00	129
33	Coopers' Camp NAA	Nadia	62.00	810	700.00	0
34	Dainhat	Burdwan	67.87	1500	250.00	0
35	Dalkhola	Uttar Dinajpur	15.65	800	560.00	0
36	Dankuni	Hooghly	76.27	2239	380.00	0
37	Darjeeling	Darjeeling	170.28	8	0.00	0
38	Dhulian	Murshidabad	95.00	2037	0.00	0
39	Dhupguri	Jalpaiguri	89.50	3399	0.00	0
40	Diamond-Harbour	South 24 Parganas	96.48	1527	8175.00	0
41	Dinhata	Cooch Behar	97.40	2410	9006.00	0
42	Dubrajpur	Birbhum	65.91	1480	52607.00	0
43	Dum Dum	North 24 Parganas	195.00	4360	69400.00	0
44	Durgapur MC	Burdwan	658.00	14151	22052.00	726
45	Egra	East Midnapore	156.00	1722	0.00	0
46	English Bazar	Malda		10107	605	67
47	Gangarampore	Dakshin Dinajpur	165.00	3920	6750.00	0
48	Garulia	North 24 Parganas	91.60	2146	14633.00	706
49	Gayeshpur	Nadia	137.00	2800	11148.00	0
50	Ghatal	West Midnapore	188.00	1995	0.00	0
51	Gobardanga	North 24 Parganas	160.00	1900	15807.00	0
52	Gushkara	Burdwan	121.68	1307	7196.00	0
53	Habra	North 24 Parganas	284.30	6829	8035.20	0
54	Haldia	East Midnapore	606.00	3100	95000.00	0
55	Haldibari	Cooch Behar	61.27	1255	2676.00	0

56	Halisahar	North 24 Parganas	186.52	3072	11800	3072
57	Hooghly-Chinsurah	Hooghly	3.00	6845	34017.00	165
58	Howrah MC	Howrah	50.77	760	266272.16	1456
59	Islampore	Uttar Dinajpur		5254	0.00	152
60	Jalpaiguri	Jalpaiguri	56.11	240	4500	270
61	Jamuria	Burdwan	115.00	1300	5200.00	0
62	Jangipur	Murshidabad	191.00	2000	109303.00	0
63	Jhalda	Purulia	42.72	467	900.00	642
64	Jhargram	West Midnapore	210.00	2200	6400.00	0
65	Jiaganj-Azimganj	Murshidabad	112.20	1944	12283.89	85
66	Joynagar-Majilpur	South 24 Parganas	54.50	830	535.60	0
67	Kaliaganj	Uttar Dinajpur	105.00	3092	3615.00	0
68	Kalingpong	Darjeeling	23.00	947	0.00	82
69	Kalna	Burdwan	12.00	4550	60.00	22
70	Kalyani	Nadia	370.00	5836	204901	0
71	Kamarhati	North 24 Parganas	447.76	6342	6678.58	0
72	Kancharapara	North 24 Parganas	97.22	2698	1801.00	0
73	Kandi	Murshidabad	125.45	2866	2680.00	0
74	Katwa	Burdwan	72.75	3900	2233.00	0
75	Kharagpur	West Midnapore	322.20	14921	0.00	0
76	Kharar	West Midnapore	75.00	655	560.00	0
77	Khardah	North 24 Parganas	99.00	4467	434.91	0
78	Khirpai	West Midnapore	1200.00	62	2000.00	0
79	Kolkata MC	Kolkata	46.39	2544		27679
80	Konnagar	Hooghly	180.00	3199	12834.00	22
81	Krishnagar	Nadia	188.48	9685	10539.00	62
82	Kulti	Burdwan	154.91	2690	0.00	0
83	Kurseong	Darjeeling	87.00	1500	1000.00	24
84	Madhyamgram	North 24 Parganas	750.00	11177	0.00	0
85	Maheshtala	South 24 Parganas	272.72	15012	4273.50	0
86	Mal	Jalpaiguri	51.00	1903	850.00	0
87	Mathabhanga	Cooch Behar	19.23	1446	4540.00	0
88	Mekhliganj	Cooch Behar	37.64	653	15600.00	0
89	Memary	Burdwan	9.90	850	0.00	0
90	Midnapore	West Midnapore	378.43	8632	243.00	0
91	Mirik	Darjeeling	47.30	60	364.00	0
92	Murshidabad	Murshidabad	140.00	5010	8000.00	0
93	Nabadwip	Nadia	177.92	2050	32775.12	0

94	Naihati	North 24 Parganas	272.55	5900	9000.00	602
95	Nalhati	Birbhum	68.74	2560	0.00	0
96	New Barrackpore	North 24 Parganas	197.04	771	9754.82	0
97	North Barrackpore	North 24 Parganas	27.34	5058	1405.20	0
98	North Dum Dum	North 24 Parganas	839.00	10058	2370	0
99	Old Malda	Malda	70.85	3600	1785.60	569
100	Panihati	North 24 Parganas	378.00	9900	3780	0
101	Panskura	East Midnapore	33.00	380	0.00	0
102	Pujali	South 24 Parganas	85.00	860	10117.00	0
103	Purulia	Purulia	171.00	5396	625.00	0
104	Raghunathpur	Purulia	10.00	760	0.00	61
105	Raiganj	Uttar Dinajpur	232.30	6408	24525.60	40
106	Rajarhat-Gopalpur	North 24 Parganas	355.00	15496	1115.00	0
107	Rajpur-Sonarpur	South 24 Parganas	963.00	20892	84.00	0
108	Ramjibanpur	West Midnapore	63.22	204	4556.00	0
109	Rampurhat	Birbhum	107.00	4262	22.00	0
110	Ranaghat	Nadia	120.00	3851	4223.00	0
111	Raniganj	Burdwan	161.26	12285	10479.60	826
112	Rishra	Hooghly	134.00	4737	4816.00	923
113	Sainthia	Birbhum	63.30	1405	200.00	0
114	Santipur	Nadia	249.53	5061	4060.00	516
115	Serampore	Hooghly	202.80	4980	24000.00	210
116	Siliguri MC	Darjeeling	978.00	25481	108053.53	39
117	Sonamukhi	Bankura	80.78	2266	0.00	0
118	South Dum Dum	North 24 Parganas	333.10	18407	6750.00	221
119	Suri	Birbhum	75.90	14415	0.00	200
120	Taherpur NAA	Nadia	3.44	1290	166.00	0
121	Taki	North 24 Parganas	66.80	3113	4500.00	0
122	Tamluk	East Midnapore	142.30	2575	15100.00	0
123	Tarakeswar	Hooghly	7.85	3680	7450.00	0
124	Titagarh	North 24 Parganas	52.26	1060	880.00	349
125	Tufanganj	Cooch Behar	72.13	1256	0.34	0
126	Uluberia	Howrah	306.34	1015		
127	Uttarpara-Kotrung	Hooghly	200.00	4050	17500.00	106
TOTAL			25425.38	627167	4485699.39	64824

Table :7.55.1

**Position of overdue bills payable to W.B.S.E.D.C.L. by ULBs accumulated between
Feb'15 & April '15**

Sl. No.	Name of the ULBs	District	OSD UP TO APR'15 (Rs. in lakh)
1	Alipurduar	Jalpaiguri	0.16
2	Arambagh	Hooghly	32.98
3	Asansol MC	Burdwan	396.58
4	Ashokenagar-Kalayangarh	North 24 Parganas	11.33
5	Baduria	North 24 Parganas	22.83
6	Baidyabati	Hooghly	2.63
7	Bally	Howrah	0.01
8	Balurghat	Dakshin Dinajpur	2.02
9	Bankura	Bankura	119.88
10	Bansberia	Hooghly	38.22
11	Baranagar	North 24 Parganas	
12	Barasat	North 24 Parganas	20.77
13	Barrackpore	North 24 Parganas	6.84
14	Baruipur	South 24 Parganas	1.03
15	Basirhat	North 24 Parganas	0.03
16	Beldanga	Murshidabad	0.18
17	Berhampore	Murshidabad	124.86
18	Bhadreswar	Hooghly	4.55
19	Bhatpara	North 24 Parganas	91.92
20	Bidhannagar	North 24 Parganas	27.41
21	Birnagar	Nadia	0.85
22	Bishnupur	Bankura	15.75
23	Bolpur	Birbhum	59.35
24	Bongaon	North 24 Parganas	26.66
25	Budge Budge	South 24 Parganas	
26	Burdwan	Burdwan	0.4
27	Chakdah	Nadia	0.92
28	Champdany	Hooghly	
29	Chandannagore MC	Hooghly	47.03
30	Chandrakona	West Midnapore	2.76
31	Contai	East Midnapore	1
32	Cooch Behar	Cooch Behar	39.02
33	Coopers' Camp NAA	Nadia	
34	Dainhat	Burdwan	4.71
35	Dalkhola	Uttar Dinajpur	
36	Dankuni	Hooghly	1.08
37	Darjeeling	Darjeeling	74.03
38	Dhulian	Murshidabad	4.72
39	Dhupguri	Jalpaiguri	

40	Diamond-Harbour	South 24 Parganas	6.88
41	Dinhata	Cooch Behar	10.89
42	Dubrajpur	Birbhum	40.23
43	Dum Dum	North 24 Parganas	
44	Durgapur MC	Burdwan	0.03
45	Egra	East Midnapore	11.71
46	English Bazar	Malda	72.26
4.1	Gangarampore	Dakshin Dinajpur	
48	Garulia	North 24 Parganas	1.09
49	Gayeshpur	Nadia	0.14
50	Ghatal	West Midnapore	11
51	Gobardanga	North 24 Parganas	15.87
52	Gushkara	Burdwan	0.88
53	Habra	North 24 Parganas	7.61
54	Haldia	East Midnapore	7.72
55	Haldibari	Cooch Behar	22.66
56	Halisahar	North 24 Parganas	29.28
57	Hooghly-Chinsurah	Hooghly	96.51
58	Howrah MC	Howrah	
59	Islampore	Uttar Dinajpur	22.02
60	Jalpaiguri	Jalpaiguri	35.88
61	Jamuraia	Burdwan	54.82
62	Jangipur	Murshidabad	9.02
63	Jhalda	Purulia	3.77
64	Jhargram	West Midnapore	10.31
65	Jiaganj-Azimganj	Murshidabad	3.69
66	Joy nagar-Majilpur	South 24 Parganas	1.07
67	Kaliaganj	Uttar Dinajpur	
68	Kalingpong	Darjeeling	
69	Kalna	Burdwan	0.51
70	Kalyani	Nadia	19.53
71	Kamarhati	North 24 Parganas	0.01
72	Kancharapara	North 24 Parganas	19.15
73	Kandi	Murshidabad	28.55
74	Katwa	Burdwan	0.1
75	Kharagpur	West Midnapore	140.02
76	Kharar	West Midnapore	0.6
77	Khardah	North 24 Parganas	0.18
78	Khirpai	West Midnapore	1.66
79	Kolkata MC	Kolkata	188.43
80	Konnagar	Hooghly	
81	Krishnagar	Nadia	46.68
82	Kulti	Burdwan	17.21
83	Kurseong	Darjeeling	11.21
84	Madhyamgram	North 24 Parganas	2.76

85	Maheshtala	South 24 Parganas	
86	Mal	Jalpaiguri	0.48
87	Mathabhanga	Cooch Behar	6.92
88	Mekhliganj	Cooch Behar	2.13
89	Memary	Burdwan	6.54
90	Midnapore	West Midnapore	60.76
91	Mirik	Darjeeling	0.19
92	Murshidabad	Murshidabad	0
93	Nabadwip	Nadia	0.24
94	Naihati	North 24 Parganas	63.19
95	Nalhati	Birbhum	0.16
96	New Barrackpore	North 24 Parganas	0.47
97	North Barrackpore	North 24 Parganas	
98	North Dum Dum	North 24 Parganas	0.87
99	Old Malda	Malda	11.19
100	Panihati	North 24 Parganas	16.64
101	Panskura	East Midnapore	
102	Pujali	South 24 Parganas	0.4
103	Purulia	Purulia	77.95
104	Raghunathpur	Purulia	2.84
105	Raiganj	Uttar Dinajpur	52.65
106	Rajarhat-Gopalpur	North 24 Parganas	43.33
107	Rajpur-Sonarpur	South 24 Parganas	29.22
108	Ramjibanpur	West Midnapore	3.39
109	Rampurhat	Birbhum	39.49
110	Ranaghat	Nadia	1.35
111	Raniganj	Burdwan	16.48
112	Rishra	Hooghly	15.45
113	Sainthia	Birbhum	4.29
114	Santipur	Nadia	
115	Serampore	Hooghly	6.18
116	Siliguri MC	Darjeeling	149.26
117	Sonamukhi	Bankura	6.9
118	South Dum Dum	North 24 Parganas	
119	Suri	Birbhum	23.58
120	Taherpur NAA	Nadia	1.95
121	Taki	North 24 Parganas	5.89
122	Tamluk	East Midnapore	28.7
123	Tarakeswar	Hooghly	9.22
124	Titagarh	North 24 Parganas	
125	Tufanganj	Cooch Behar	3.7
126	Uluberia	Howrah	48.09
127	Uttarpara-Kotrung	Hooghly	

Source : WBSEDC Ltd. Letter DHQ/F&A/Revenue/Municipality/40(i) dated 08.06.2015

Table :7.69.1

Distribution of Efficient Municipalities over Time (ñEò indicates Efficiency Value is One (i.e., efficient))

Municipality	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	Municipality	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Arambagh							Kalyani						
Bally							Kamarhati	E	E	E	E	E	E
Balurghat		E					Kancharapara	E	E		E		
Bankura		E		E	E	E	Katwa	E		E			
Baranagar							Kharagpur	E	E			E	E
Barasat							Khirpai	E	E	E	E	E	E
Barrackpore							Krishnanagar		E		E	E	E
Baruipur		E	E				Madhyamgram						
Basirhat		E	E	E	E	E	Maheshtala					E	E
Berhampore	E	E	E	E	E	E	Mal	E	E	E	E	E	E
Bhatpara	E	E	E	E	E	E	Mathabhanga						
Bidhannagar							Memary			E	E	E	
Birnagar							Midnapore						E
Bishnupur	E	E	E	E	E	E	Murshidabad		E				
Budge Budge							Nabadwip						
Burdwan	E	E	E	E	E	E	Naihati	E	E	E			E
Champdani							New Barrackpore						
Chandannagore	E	E	E				North Barrackpore	E	E	E	E	E	E
Chandrakona			E	E		E	North Dum Dum						
Contai							Panihati	E	E	E	E	E	E
Dainhat							Panskura						
Dalkhola	E		E	E	E	E	Rajpur-Sonarpur	E	E	E	E	E	E
Dankuni	E	E	E	E	E	E	Ramjibanpur			E			
Darjeeling							Ranaghat						
Dhulian							Raniganj					E	E
Diamond-Harbour	E						Sainthia		E	E			
Durgapur		E	E		E	E	Santipur	E	E	E	E		
Egra							Serampore					E	
Gangarampore							Siliguri	E	E	E	E	E	E
Garulia							Sonamukhi	E	E	E	E	E	E
Gayeshpur							South Dum Dum		E	E	E		E
Gobardanga							Tamralipta						
Gushkara			E	E	E		Tarakeswar		E	E	E	E	E
Habra		E		E			Titagarh						
Haldia							Tufanganj						
Haldibari		E	E	E	E	E	Uluberia						
Halisahar							Uttarpara-Kotrung						

Hooghly- Chinsurah		E	E	E	E								
Islampur	E	E	E	E	E	E							
Jalpaiguri	E	E		E	E								
Jangipur	E	E	E	E	E	E							
Jhalda			E	E	E	E							
Jhargram													
Jiaganj- Azimganj													
Kalna		E	E	E	E	E							
Kalyanganj	E	E	E	E									

Chapter – VIII

Fiscal devolution and Financial domain of the PRIs

8.1 In conformity with the provisions of Article 243H of the Constitution read with the provisions of the West Bengal Panchayat Act, 1973 (as amended till date) the revenue sources of the PRIs can be categorised into four groups i (a) Own Source of Revenue (OSR) (b) inter-Governmental transfers in the form of tax shares, costs of assigned schemes and grants-in-aid (c) loans from the Government and financial institutions and (d) public contributions/donations.

Own Source of Revenue

8.2 As far as the West Bengal Panchayat Act is concerned, Panchayats are authorised to augment their own revenue either by way of Tax or from Non Tax sources. Here the colonial legacy of authorising only the Gram Panchayats to levy taxes on land and buildings of its jurisdiction, as provided in the Bengal Village Self Government Act, 1919, still continues. Presently this tax is assessed on the basis of existing market value and annual value of the premises. The annual value is determined @ 6% of the market value of the land and building and the rate of tax varies between 1 to 2 percent depending upon the annual value. Gram Panchayats are also authorised to collect non tax revenue by way of providing services and otherwise, from different sources, which include conservancy rate, drainage rate and general sanitary rate, fees for grazing cattle on vested land, use of burning ghat, registration of shallow tubewells, tolls imposed on roads/bridges constructed by it, licence fees from running Trades and Business in its area etc. Panchayat Samities and Zilla Parishads, however, do not have any power to impose taxes. They are authorised to collect toll, fees, rates from roads, bridges, ferries vested to it or managed by them, water rate, lighting rate and fees for arranging sanitary arrangements at places of worship, pilgrimage, fairs and melas etc. Again Panchayat Samities are specially empowered to collect licence fees for running dangerous and offensive trades as are specifically categorised by the State Government from time to time. As there are some overlapping areas regarding such tolls, fees and rates, Panchayat at a respective tier is not authorised to levy such rate or fee if it is already imposed by the

Panchayat at other tier. A comparative source of non tax revenue of GP, PS and ZP is shown in Box : 8.2.1.

Box : 8.2.1		
Sources of Non Tax Revenue of GP, PS and ZP		
Gram Panchayat	Panchayat Samiti	Zilla Parishad
1. Fees on Registration of Vehicles 2. Fees for providing sanitary arrangement in fairs, pilgrimage, place of worship etc. 3. Water rate, if arranged 4. Lighting rate, if arranged 5. Conservancy rate, if arranged 6. Fees on registration of trade 7. Tolls on persons, vehicles or animals on roads and bridges constructed by GP 8. Tolls on ferry managed by GP 9. Sanitary Rate where public latrine arranged 10. Drainage Rate where arranged 11. Fees for use of burning ghat if maintained by GP 12. Fees on registration of Shallow or deep tubewell 13. Fees on village produce sold in village market organised by GP	1. Tolls on persons, vehicles or animals on roads and bridges constructed by PS 2. Tolls on ferry managed by PS 3. Fees on Registration of Vehicles 4. Fees for providing sanitary arrangement in fairs, pilgrimage, place of worship etc. 5. Fees for granting licence on running Dangerous and Offensive Trades 6. Fees for licence for hat or market vested in PS 7. Water rate, if arranged 8. Lighting rate, if arranged 9. Rate for maintenance of any Public Institution vested in PS (All Rates are subject to Bye law to be adopted against maximum Rates prescribed by the Government)	1. Fees on Registration of Boats and Vehicles 2. Fees for providing sanitary arrangement in fairs, pilgrimage, place of worship etc. 3. Licence fee for holding Mela, fairs etc. 4. 7. Water rate, if arranged 5. Lighting rate, if arranged 6. Rate for maintenance of any Public Institution vested in PS (All Rates are subject to Bye law to be adopted against maximum Rates prescribed by the Government)

14. Fees on erection, exhibition, fixing on any land, building or other place within GP area		
15. Fees on permission for construction of any building within the GP area.		
(All Rates are subject to Bye law to be adopted against maximum Rates prescribed by the Government)		

8.3 As the Commission was able to collect relevant information only from some PR bodies (Detailed in Para 1.15), the figures have been estimated on the basis of replies to questionnaire, coupled with the information furnished by the State Governments to the 14th Finance Commission and the information given to the Commission by the Panchayats & Rural Development Department. (Table 8.3.1)

Table : 8.3.1

OSR of PRIs and its percentage to total income (Rs. in crore)

Year	Total Grants received from Government	Total OSR of three tiers together	Total Income of the PRIs	Percentage of OSR to total income	Per capita OSR of three tier together * (Rs)
2007-08	3230.43	112.84	3343.27	3.38	18.71
2008-09	3511.60	130.97	3642.57	3.60	21.71
2009-10	5750.01	159.32	5909.33	2.70	26.42
2010-11	5736.03	199.33	5935.36	3.36	28.47
2011-12	6880.75	218.99	7099.74	3.08	31.28
2012-13	8933.08	245.64	9178.72	2.68	35.09

Source : Estimation of the Commission

*For Calculation, population of 2001 up to 2009-10 and of 2011 thereafter considered

8.4 Thus, somewhat disappointing picture depicts that in 2007-08, 2008-09, 2010-11 and 2011-12, the percentage of OSR to total income of PRIs were slightly more than 3; while in 2009-10 and in 2012-13 it has decreased by 0.68 and 0.70, respectively in comparison with 2007-08. Whereas, the total income has increased near about two to three times during the period from 2009-10 over 2007-08. Per capita OSR, however, has increased by 50% during 2009-10 to 2011-12 and almost doubled during 2012-13 over 2007-08. Tier wise picture of the OSR can be seen in Table 8.4.1 & Table 8.4.2.

Table 8.4.1

Own Source Revenue of Gram Panchayats (Rs. in crore)

Type of Revenue	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Tax	22.6	27.34	36.61	43.16	47.69	54.11
Non- Tax	39.01	43.4	59.88	67.56	74.65	84.69
Total	61.61	70.74	96.49	110.72	122.34	138.8

Source : Estimation of the Commission

Table 8.4.2

Own Source Revenue of Panchayat Samiti and Zilla Parishad (Rs. In crore)

Tier of PRI	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Panchayat Samiti	15.50	20.72	20.12	40.90	44.17	48.59
Zilla Parishad	35.73	39.51	42.71	47.71	52.48	58.25
Total	51.23	60.23	62.83	88.61	96.65	106.84

Source : Estimation of the Commission

8.5 Comparing the figures of own source revenue with the Panchayat bodies of some other states, it seems that there is a lot of scope for improvement on this count. Table: 8.5.1, 8.5.2, 8.5.3 and 8.5.4 present a picture of states that have done better than West Bengal in this behalf.

Table: 8.5.1

Comparative status of OSR of Village Panchayats (Rs. in crore)

Item of OSR	State	2007-08	2008-09	2009-10	2010-11	2011-12
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Immovable Property Tax	Maharashtra	377.61	278.14	348.92	407.12	459.70
	Andhra Pradesh	146.89	170.84	176.48	194.59	215.72
	Karnataka	127.19	138.84	143.93	185.56	204.97
	Tamil Nadu	76.69	85.86	107.06	128.22	121.41
	Gujarat	34.69	35.48	46.98	50.25	51.89
	West Bengal	22.60	27.34	36.61	43.16	47.69
Collection of User Charges	Kerala	124.62	243.81	212.16	263.43	301.09
	Maharashtra	88.54	86.55	121.38	163.67	157.05
	Tamil Nadu	121.12	88.69	103.32	119.20	140.80
	Andhra Pradesh	101.39	121.24	124.66	139.77	134.17
	West Bengal	39.01	43.40	59.88	67.56	74.65

Source : Compiled by Centre for Policy Research, New Delhi from data submitted by States in Schedule 4A (submitted by States to the 14th Finance Commission).

Table: 8.5.2

Comparative status of collection of User charges by Intermediate Panchayats (Rs.in crore)

Item of OSR	State	2007-08	2008-09	2009-10	2010-11	2011-12
User Charges	Tamil Nadu	70.12	61.09	73.17	104.73	136.20
	Maharashtra	30.18	31.87	55.04	115.23	64.86
	West Bengal	15.50	20.72	20.12	40.90	44.17

Source: Compiled by Centre for Policy Research, New Delhi from data submitted by States in Schedule 4A (submitted by the states to the 14th Finance Commission).

Table: 8.5.3

Comparative status of collection of User charges by District Panchayats (Rs. in crore)

Item of OSR	State	2007-08	2008-09	2009-10	2010-11	2011-12
User Charges	Maharashtra	463.47	655.97	609.28	798.20	911.20
	Uttar Pradesh	76.13	76.77	88.00	116.82	113.69
	Andhra Pradesh	89.44	83.19	132.18	82.08	57.91

	West Bengal	35.73	39.51	42.71	47.71	52.48
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Source: Compiled by Centre for Policy Research, New Delhi from data submitted by the states to the 14th Finance Commission.

Table : 8.5.4

Average per capita own source of Revenue of selected states (Rs.)

Tier of Panchayat	State	2009-10	2010-11	2011-12	2012-13
Village Panchayat	Andhra Pradesh	98	114	126	139
	Himachal Pradesh	53	45	53	67
	Telangana	71	83	106	125
	Goa	93	100	217	103
	Gujarat	59	77	85	111
	Karnataka	193	240	248	325
	Kerala	140	164	162	236
	Maharashtra	87	103	105	125
	Tamil Nadu	191	205	278	297
	West Bengal	20	23	27	33
Intermediate Panchayat	Andhra Pradesh	1	1	1	2
	Himachal Pradesh	2	1	2	4
	Telangana	1	0	0	0
	Gujarat	3	4	4	3
	Karnataka	1	2	1	2
	Kerala	1	1	1	1
	Maharashtra	8	5	4	14
	Tamil Nadu	4	3	3	6
	West Bengal	4	5	7	8
District Panchayat	Andhra Pradesh	6	6	7	10
	Himachal Pradesh	2	2	4	3

	Telengana	1	7	1	0
	Gujarat	14	29	37	25
	Karnataka	7	4	4	3
	Kerala	1	1	1	2
	Maharashtra	45	30	33	39
	Tamil Nadu	0	0	0	0
	West Bengal	2	4	3	3

Source : Compiled by Centre for Policy Research, New Delhi from data submitted by States in Schedule 4A (submitted by States to the 14th Finance Commission).

8.6 During its visit to the local bodies, the Commission observed that the OSR management system of the PRIs of all tiers are weak by standards of modern financial management. These local bodies hardly bother to make a proper assessment and ensure timely collection thereof. One of the reasons behind such nonchalant attitude may be huge fund flow from the State in both tied and untied shape. As far as the Gram Panchayats are concerned, it is the Tax Collector who alone knows about the status of demand and Collection Registers, both current and arrear. Another typical bureaucratic compartmentalisation of assigning different files/matters to particular employee has also developed even at the GP level. As a consequence, even the Executive Assistant, who is the bureaucratic head at the GP level, also did not appear to be well aware as to what is happening in respect of Assessment and Collection of tax and Non Tax Revenue in the Gram Panchayats. The situation does not differ to a great extent both at the PS and ZP level. The fact can be justified from Table 8.6.1.

Table : 8.6.1
Trend of Collection of Tax of GPs vis-a-vis Demand

Sl. No.	District	No. of GPs Considered		Cumulative demand		Cumulative Collection		Percentage of Collection over Demand	
		2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11
1	Bankura	188	150	397.26	350.96	89.24	86.35	22.46	24.60
2	Bardhaman	264	182	1301.49	888.52	330.21	238.52	25.37	26.84

3	Birbhum	167	164	748.89	810.19	160.64	169.60	21.45	20.93
4	Coochbehar	127	122	612.07	623.16	93.53	89.65	15.28	14.39
5	Dakshin Dinajpur	66	41	256.67	186.31	61.07	42.72	23.79	22.93
6	Hooghly	204	154	687.28	536.41	254.00	202.91	36.96	37.83
7	Howrah	156	154	672.42	750.15	251.05	285.30	37.34	38.03
8	Jalpaiguri	136	139	745.63	798.48	176.65	191.90	23.69	24.03
9	Malda	146	144	463.01	450.02	156.00	95.34	33.69	21.19
10	Murshidabad	250	232	785.92	827.62	143.31	145.98	18.23	17.64
11	Nadia	184	168	889.26	939.13	218.52	225.70	24.57	24.03
12	North24Parganas	199	143	1127.32	1306.75	306.81	262.10	27.22	20.06
13	Paschim Medinipur	282	197	875.36	675.63	245.85	198.00	28.09	29.31
14	Purba Medinipur	212	221	418.27	506.13	137.65	169.25	32.91	33.44
15	Purulia	52	162	112.65	105.23	10.09	9.20	8.96	8.74
16	South24Parganas	309	258	1410.28	1334.47	253.87	257.58	18.00	19.30
17	Uttar Dinajpur	96	79	511.65	470.33	46.49	50.14	9.09	10.66
Total		3038	2710	12015.43	11559.49	2934.98	2720.24	24.43	23.53

Source: Audit Report of ELA for the year 2009-10 and 2010-11

8.7 Here again one may not be surprised to find that augmenting more own revenue does not at all matter for a GP as it is hardly bothered by a hard budget constraints. This is only because what matters to them is the implementation of the schemes designed by the Central and the State Government but not to deliver the services required under the devolved subjects.

8.8 The present method of Assessment of Taxes does not appear to be realistic and scientific as well. The West Bengal Panchayat (Gram Panchayat Administration) Rules, 2004 prescribes only for a self declaration of the owner of land and building as to the quantum of

many cases the Gram Panchayat Authorities even do not know the Head of the office concerned to whom notices to be addressed on the subject. They keep on moving the BDO, and become frustrated when the latter fails to arrange for realising the revenue from the authorities concerned. **The Panchayats and Rural Development Department should take immediate step to assess such arrear Tax on Government properties with the help of District Panchayats and Rural Development Officer and move the respective Department including their own and Central Government Departments to ensure that such arrear taxes are collected by the Gram Panchayats without further loss of time.**

8.11 Existing trends on collection of Non-Tax revenue shows that no tier of the RLBs are serious in collecting user charges, rates and fees which they are supposed to collect under the statute. They are not even energetic to explore the untapped revenue. Specific demand registers on pre-identified and recurring sources of Non Tax Revenue should also be introduced in respect of GP, PS and ZP. Every Panchayat Samity and Zilla Parishad should explore all avenues to realise all untapped revenues. Panchayat Samities should not wait till the licensee for the Offensive and dangerous Trades turn up voluntarily, rather demand notices should be sent in due course for payment of fees along with fine for default payment as is prescribed in the Bye-law concerned. The Commission also observed during its visits to the local bodies that the ceiling on tolls, fees or rates prescribed by the Government as revenue on various items for inclusion in the Bye Laws of the Rural Local Body as a whole is not in conformity with the ground reality. Some of the ZPs, PSs and even the GPs might be able to collect more on these items against the prescribed rates. **Our suggestion is that instead of a blanket prescription from the State, district level authorities consisting of district officials may be set up to approve the rates proposed by a particular tier depending on their ground reality.** Again, the matters like collection of fees from some other sources, like the BTS towers, be incorporated in the W. B. Panchayat Act itself in its appropriate Section, the authority for which is presently derived from executive orders only.

Other Revenue Resources of the PRIs

8.12 Other revenues of the Panchayats consist of State Tax share on Entertainment and Professions, Central and State Finance Commission Grants and other Grants-in-aid consisting of Central Govt. fund for implementation of Centrally sponsored programmes and State Share thereof which are routed through the State Budget, Central Government fund released

directly through DRDC, State Government fund for Salary and Allowances and State sponsored programmes which are also routed through the State Budget. The Commission has worked out such resources from the filled in questionnaire of PRIs, Budget documents of the State Government and information given to the 14th Finance Commission for the period from 2007-08 to 2012-13 and is given in the Table : 8.12.1 to 8.12.4.

Table :8.12.1

Fund flow to Zilla Parishad from Panchayats & Rural Development Deptt. from 2007-08 to 2012-13

(Rs. in lakh)

Item	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Salary and Allowances : Total (i)	2939.04	3193.49	4383.24	5261.77	5775.60	6552.29
Dev. Programme fund from Central and State Govt : Total (ii)	50922.59	48702.82	53849.15	60775.73	67659.29	79266.88
Other Grants (specified below)						
Incentive Grant for PRIs	77.00	0.00	123.09	0.00	77.00	0.00
State Finance Com. Grant #	4073.68	2400.62	4722.46	3621.27	3036.39	6808.89
12thFC Grant/13 th FC Grant #	5526.97	5084.00	7626.00	6077.03	8443.37	6758.22
LR Collection Grant	8.78	0.00	0.00	0.00	0.00	0.00
Cess Grant	2000.00	1396.66	2742.59	93.43	1513.91	265.00
Entertainment Tax Grant	449.40	358.07	0.00	0.00	136.80	60.88
Grant for Committed Liabilities	0.00	2.14	0.00	0.00	0.00	0.00
Grant for backward rural area development	1998.80	1602.03	1275.00	1269.11	1065.86	569.47
Lump Grant for various dev works	2.72	0.00	0.00	0.00	0.00	0.00
Assistance for CHCMI	0.00	49.99	179.72	0.00	97.09	86.99
Total of other grants: Total (iii)	14137.36	10893.51	16668.86	11060.84	14370.42	14549.45

Grand Total : <i>Total (i)+(ii)+(iii)</i>	67,998.99	62789.82	74901.25	77098.34	87805.31	100368.62
Flow chart of above Grand Total						
Central fund through State Budget	32161.97	23384.00	31843.50	27680.03	33588.37	27503.01
State Fund	25131.07	24156.29	29051.22	31612.27	38993.62	59538.44
Central fund direct to DRDC	10705.95	15249.53	14006.53	17806.37	15223.31	13327.17
Total	67,998.99	62789.82	74901.25	77098.67	87805.30	100368.62

3rd SFC and 13th FC grants were made available from the year 2010-11

Source : Department of Panchayat & Rural Development, GOWB

Table :8.12.2

Fund flow to Panchayat Samities from Panchayats & Rural Development Department from 2007-08 to 2012-13

(Rs. in lakh)

Item	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Salary and Allowances : <i>Total (i)</i>	1975.08	2165.768	4972.04	5136.26	5659.18	6973.89
Dev. Programme fund from Central & State Govt.: <i>Total (ii)</i>	39833.12	15527.04	13495.95	93601.75	116280.38	127514.58
Other Grants (specified below)						
Incentive Grant for PRIs	80	5	90	0	50	0
State Finance Com. Grant #	4096.87	2409.88	4731.72	5432.40	4548.93	10220.26
12 th FC Grant / 13 th FC Grant #	5047.07	5084	7631.97	2342.21	6347.17	8824.55
LR Collection Grant	0	0	0	0	0	0
Cess Grant	0	0	0	0	0	0
Entertainment Tax Grant	294.2	234.4	0	0	200.39	89.12
Grant for Committed Liabilities	0	0	0	0	0	0
Grant for backward rural area development	0	0	0	0	0	0
Lump Grant for various dev works	0	0	0			

Assistance for CHCMI	0	0	0	0	0	0
Total of other grants : Total (iii)	9518.14	7733.28	12453.69	7774.61	11146.49	19133.93
Grand Total : Total (i)+(ii)+(iii)	51326.34	25426.09	30921.68	106512.62	133086.05	153622.40
Flow chart of above Grand Total						
Central fund through State Budget	11510.42	7089.60	12702.47	4687.58	10347.17	24155.43
State Fund	21201.7	16017.88	15172.15	34148.48	43731.23	53003.93
Central fund direct to DRDC	18614.22	2318.61	3047.06	67676.56	79007.65	76463.04
Total	51326.34	25426.09	30921.68	106512.62	133086.05	153622.40

3rd SFC and 13th F.C. grants were made available from the year 2010-11

Source : Department of Panchayat & Rural Development, GOWB

Table :8.12.3

Fund flow to Gram Panchayats from Panchayats & Rural Development Deptt. from 2007-08 to 2012-13

(Rs. in lakh)

Item	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Salary and Allowances: Total (i)	20186.74	21472.81	36825.55	46103.65	48303.92	48987.00
Dev. Programme fund from Central & State Govt: Total (ii)	155325.13	218364.81	350929.13	311888.45	371997.01	512176.05
Other Grants (specified below)						
Incentive Grant for PRIs	277	19	341	0	157	0
State Finance Com. Grant #	12290.58	7229.67	14195.37	21126	17661.67	39804.96
12thFC Grant / 13 th FC Grant #	14869.17	15252	22894.99	10873.76	28277.46	37998.75
LR Collection Grant	0	0	0	0	0	0
Cess Grant	0	0	0	0	0	0
Entertainment Tax Grant	14.32	13.50	12.89	0	0	0
Grant for Committed Liabilities	743.60	592.47	0	0	786.55	350.00

Grant for backward rural area development	1.80	0	0	0	0	0
Lump Grant for various dev works	0	0	0	0	0	0
Assistance for CHCMI	9.48	0	0	0	0	0
Total of other grants : Total (iii)	28205.95	23106.64	37444.25	31999.76	46882.68	78153.71
Grand Total : Total (i)+(ii)+(iii)	203717.82	262944.26	425198.93	389991.86	467183.61	639316.76
Flow chart of above Grand Total						
Central fund through State Budget	29236.15	39438.38	57633.44	47387.53	71781.99	121165.70
State Fund	68836.31	73002.51	131606.32	130843.4	135698.46	178603.09
Central fund direct to DRDC	105645.36	150503.38	235959.17	211761.00	259703.16	339547.96
Total	203717.82	262944.27	425198.93	389991.95	467183.61	639316.75

3rd SFC and 13th F.C. grants were made available from the year 2010-11

Source : Department of Panchayat & Rural Development, GOWB

Table :8.12.4

Receipts of PRIs together from the Central and State Government under Panchayats & Rural Development Deptt.

(Rs.in lakh)

Tier of PRIs	Fund Received from the PANCHAYATS & RURAL DEVELOPMENT Department					
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Gram Panchayat	203717.82	262944.27	425198.93	389991.95	467183.61	639316.75
Panchayat Samiti	51326.34	25426.09	30921.68	106512.62	133086.05	153622.40
Zilla Parishad	67,998.99	62789.82	74901.25	77098.67	87805.30	100368.62
Total	3,23,043.15	3,51,160.18	5,31,021.86	5,73,603.24	6,88,074.96	8,93,307.77

Source: Department of Panchayat & Rural Development, GOWB (from Table 8.12.1 to 8.12.3)

8.13 Besides fund received from the Panchayats and Rural Development Department, the PR Bodies also receive funds from some other Line Departments, Unnayan Parshad funds,

MPLAD and BEUP fund through the State Budget or otherwise. As the information of such outgo from all concerned departments of the state government is not available with the Commission, an estimated figure of receipts of three tiers has been calculated on the basis of replies to Commission's Questionnaire received from 2870 Nos. GPs, 288 Nos. PSs and 17. Nos. ZPs which is depicted in Table 8.13.1. It is again frustrating that there is a huge difference in the reply/ information uploaded on line to the Website of Panchayat and Rural Development Department by the PR Bodies and that presented before the Commission during the latter's visit to some of these RLBs. Serious attention does not appear to have been paid in filling up the questionnaires provided by the Commission. This is true even in respect of the Zilla Parishads where human resources are comparatively better than that of the other two tiers. As a consequence, Commission had to spend a lot of time for verifying the figures. The Commission has, again, verified the estimation with the Form-27 of Zilla Parishads as far available in the Panchayats & Rural Development Department's website and have found huge difference. The reason may be duplication of fund in F.T. Account of ZP and PS and inability of upper tiers to sub-allot fund in many cases to the lower tiers within the respective financial year. However, the Commission's estimation appears to have a close proximity with the figure of availability of fund and expenditure of PRIs prepared by the State Government for the Fourteenth Finance Commission.

Table: 8.13.1

Estimated total Receipts of PRIs from 2007-08 to 2012-13 (Rs. in crore)*

Tier of PRIs	Fund Received from the Government					
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Gram Panchayat	2915.34	3682.92	6115.78	6188.55	7401.31	9987.45
Panchayat Samiti	734.90	301.27	373.35	1201.30	1539.27	1901.31
Zilla Parishad	842.96	830.91	941.80	1006.76	1101.76	1229.21

**Estimates prepared by the 4th SFC*

8.14 If we consider this total receipt of the PRIs (as shown in above table) in per capita term it varies between Rs.483.47 to Rs.1426.78 for GP, Rs.49.96 to Rs.271.62 for PS and Rs.137.79 to Rs.175.60 for ZP during the period from 2007-08 to 2012-13 (Table : 8.14.1).

Table: 8.14.1

Tier wise per capita receipt against total fund

Tier of PRI	Details of receipt	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Gram Panchayat	Total Receipt (Rs. in Crore)	2915.34	3682.92	6115.78	6188.55	7401.31	9987.45
	Per Capita Receipt (Rs.)	483.47	610.77	1014.22	884.08	1057.33	1426.78
Panchayat Samiti	Total Receipt (Rs. in Crore)	734.9	301.27	373.35	1201.3	1539.27	1901.31
	Per Capita Receipt (Rs.)	121.87	49.96	61.92	171.61	219.90	271.62
Zilla Parishad	Total Receipt (Rs. in Crore)	842.96	830.91	941.8	1006.76	1101.76	1229.21
	Per Capita Receipt (Rs.)	139.79	137.79	156.19	143.82	157.39	175.60

Source : Estimation of 4th SFC, WB

8.15 Again when we consider this per capita receipt in terms of tied Development Programme Fund and Untied Fund (CFC+SFC), this varies between Rs. 302.62 to Rs. 842.83 for Gram Panchayat, Rs. 38.17 to Rs. 209.37 for Panchayat Samitis and Rs. 93.18 to Rs. 132.62 for Zilla Parishads during the period from 2007-08 to 2012-13 which is depicted in Table 8.15.1 to 8.15.3.

Table 8.15.1

Tier wise per capita receipt from Central & State Govt. towards Development Programme

Tier of PRI	Details of receipt	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Gram Panchayat	Total receipt from Govt. (Rs. Crore)	1553.25	2183.64	3509.29	3118.88	3719.97	5121.76
	Per Capita (Rs.) : 1(a)	257.58	362.13	581.97	445.25	531.42	731.68
Panchayat Samiti	Total receipt Govt. (Rs. crore)	398.33	155.27	134.95	936.01	1162.80	1275.14
	Per Capita (Rs.) : 1(b)	66.06	25.75	22.38	133.72	166.11	182.16
Zilla Parishad	Total receipt from Govt. (Rs. crore)	509.22	487.02	538.49	607.75	676.59	792.66
	Per Capita (Rs) : 1(c)	84.45	80.77	89.30	86.82	96.66	113.24

Source : Estimation of 4th SFC, WB (from data shown in table 8.12.1, 8.12.2 & 8.12.3)

Table : 8.15.2

Tier wise per capita receipt against untied fund (CFC+SFC)

Tier of PRI	Details of receipt	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Gram Panchayat	Untied Total (Rs. Crore)	271.6	224.82	370.91	320	459.4	778.04
	Per Capita (Rs.) : 2(a)	45.04	37.28	61.51	45.71	85.63	111.15
Panchayat Samiti	Untied Total (Rs. Crore)	91.44	74.94	123.63	77.75	108.96	190.45
	Per Capita (Rs.) : 2(b)	15.16	12.42	20.50	11.11	15.57	27.21
Zilla Parishad	Untied Total (Rs. Crore)	96.00	74.85	123.48	96.98	114.8	135.67
	Per Capita (Rs.) : 2(c)	15.92	12.41	20.48	13.85	16.40	19.38

Source : Estimation of 4th SFC, WB (from data shown in table 8.12.1, 8.12.2 & 8.12.3)

Table : 8.15.3

Flow Chart of tier wise per capita receipt against tied development programme fund and untied fund (prepared from above two tables)

Tier of PRI	Per capita	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Gram Panchayat	1(a)+2(a)	302.62	399.41	643.48	491.26	617.05	842.83
Panchayat Samiti	1(b)+2(b)	81.22	38.17	42.88	144.83	181.68	209.37
Zilla Parishad	1(c)+2(c)	100.37	93.18	109.78	100.67	113.06	132.62

Source : Estimation of 4th SFC, WB (from data shown in table 8.15.1 & 8.15.2)

8.16 Finally the fund received from the State Government, which include the category of Salary and allowances together with tax sharing of the State Government, shows that the Gram Panchayats' per capita share varies between Rs.114.16 to Rs.255.15, Panchayat Samiti's share between Rs.25.16 to Rs.75.72 and Zilla Parishad's share between Rs. 40.06 to Rs. 85.05 during the period from 2007-08 to 2012-13 (Table : 8.16.1)

Table : 8.16.1

Tier wise per capita receipt from State Government Fund

Tier	Details of receipt	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
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GP	Total Receipt (Rs. Crore)	688.36	730.02	1316.06	1308.43	1356.98	1786.03
	Per Capita Receipt (Rs.)	114.16	121.06	218.25	186.95	193.85	255.15
PS	Total Receipt (Rs. Crore)	212.01	160.17	151.72	341.48	437.31	530.03
	Per Capita Receipt (Rs.)	35.16	26.56	25.16	48.78	62.47	75.72
ZP	Total Receipt (Rs. Crore)	251.31	241.56	290.51	316.12	389.93	595.38
	Per Capita Receipt (Rs.)	41.68	40.06	48.18	45.16	55.70	85.05

Source : Estimation of 4th SFC, WB (from data shown in table 8.12.1, 8.12.2 & 8.12.3)

Expenditure of Allotted Fund

8.17 Like other SFCs, we also believe that the data on expenditure of PRIs are more complicated than those of their income. The Commission received information from the Panchayats and Rural Development Department which shows that PRIs in all tiers were able to spend more than 90% of allotted fund in each year for the period from 2007-08 to 2012-13 which is at variance with our own limited exposure to the field reality. Information provided by the Government to 14th Finance Commission is, however, summarised in Table 8.17.1.

Table : 8.17.1

Expenditure of Panchayats & Rural Development Department's fund by the PRIs(Rs.in crore)

Year	Gram Panchayat			Panchayat Samiti			Zilla Parishad		
	Received	Spent	Percentage	Received	Spent	Percentage	Received	Spent	Percentage
2007-08	2037.17	1944.36	95.44	513.26	429.83	83.75	679.98	533.71	78.49
2008-09	2629.44	2567.19	97.63	254.26	196.61	77.33	627.89	461.20	73.45
2009-10	4251.98	3082.28	72.49	309.21	102.39	33.11	749.01	135.86	18.14
2010-11	3899.91	3533.46	90.60	1065.12	987.56	92.72	770.98	656.76	85.19
2011-12	4671.83	4596.91	98.40	1330.86	1318.81	99.09	878.05	899.33	102.42

2012-13	6393.16	5754.40	90.01	1536.22	1507.44	98.13	1003.68	987.82	98.42
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Source : Compiled from Statements presented to 14th FC

8.18 The Commission, however, on the basis of reports received from the PRIs as detailed above has estimated the expenditure which is summarised in Table : 8.18.1.

Table :8.18.1
Estimated overall expenditure of PRIs from 2007-08 to 2012-13(Rs. in crore)

Year	Zilla Parishad			Panchayat Samiti			Gram Panchayat		
	Spent	% of fund spent against receipt in Table 8.13.1	Closing Balance	Spent	% of fund spent against receipt in Table 8.13.1	Closing Balance	Spent	% of fund spent against receipt in Table 8.13.1	Closing Balance
2007-08	585.55	69.47	257.41	489.84	66.65	245.06	1988.38	68.19	926.96
2008-09	451.62	54.35	379.29	201.61	66.92	99.66	2601.17	70.63	1081.75
2009-10	763.45	81.06	178.35	355.25	95.15	18.10	4401.82	71.97	1713.96
2010-11	676.86	67.23	329.90	999.59	83.21	201.71	3933.46	63.56	2255.09
2011-12	1001.44	90.89	100.32	1388.85	90.22	150.42	4619.98	62.42	2781.33
2012-13	1027.28	83.57	201.93	1548.45	81.44	352.86	5805.58	58.13	4181.87

Source : Estimation of 4th SFC, WB

8.19 It is disappointing to note the huge difference between the pattern of expenditure placed before the 14th FC (Table: 8.17.1) and that estimated by the Commission from information received from the PR Bodies (Table: 8.18.1). This suggests that there is a gap in maintenance of Accounts either at the level of all tiers of PRIs or at the State level. However, the estimated expenditure by the Commission (Table: 8.18.1) suggests that in most of the cases two upper tiers of the PRIs are comparatively in a better position regarding utilisation of fund than their lower counterpart which by virtue of being closer to the people should have performed better.

8.20 On the basis of estimation of overall expenditure of the PRIs a tier wise and unit wise estimation of expenditure against 3347 GPs, 333 PSs and 18 ZPs (including Jalpaiguri undivided ZP) for the period from 2007-08 to 2012-13 has also been calculated and is presented in Table : 8.20.1. The trend of expenditure not only shows huge inter tier variations but also variations over time. This is particularly true during 2007-08 to 2009-10 for Gram Panchayat and Panchayat Samiti.

Table : 8.20.1

Tier wise and unit wise estimated expenditure of the PRIs (Rs. in crore)

Financial Year	Per Zilla Parishad	Per Panchayat Samity	Per Gram Panchayat
2007-08	32.53	1.47	0.59
2008-09	25.09	0.60	0.77
2009-10	42.41	1.06	1.31
2010-11	37.60	3.00	1.17
2011-12	55.63	4.17	1.38
2012-13	57.07	4.65	1.73

Source : Estimation of 4th SFC, WB (Expenditure data from Table 8.18.1)

8.21 Estimated per capita expenditure of each tier for the same period has also been calculated separately against total expenditure and expenditure of Untied fund with OSR which is presented in Table : 8.21.1. The analysis shows that Untied and OSR has a very little impact upon the per capita expenditure of the PRIs, though the Gram Panchayats exists in a comparatively better position.

Table : 8.21.1

Tier wise estimated per capita Expenditure (Rupees)*

Financial Year	Zilla Parishad		Panchayat Samity		Gram Panchayat	
	Against total Exp.	Against Untied and OSR	Against total Exp.	Against Untied and OSR	Against total Exp.	Against Untied and OSR

2007-08	97.11	20.51	81.23	18.57	329.75	58.44
2008-09	74.90	22.34	33.43	14.06	431.37	48.83
2009-10	126.61	22.74	58.91	21.07	729.99	69.52
2010-11	96.69	14.64	142.80	10.81	561.92	34.29
2011-12	143.06	26.97	198.41	22.57	660.00	80.69
2012-13	146.75	23.22	221.21	28.77	829.37	112.02

Note: *For Calculation, population of 2001 up to 2009-10 and of 2011 thereafter considered
Source : Estimation of 4th SFC, WB

Expenditure on Civic Services

8.22 Since the period of Eleventh FC, subsequent Central Finance Commissions have emphasized on improving the status of delivery of basic services by the local bodies. Fourteenth FC have identified the services like water supply, sanitation including septage management, sewerage, storm water drainage and solid waste management, street light, roads and footpaths, parks , playgrounds, burial and cremation grounds. According to Fourteenth FC, improvements in the quality of basic services are likely to lead to an increase in the willingness of citizens to pay for the services. For assessing the gap in requirement of resources of Local Bodies, the Fourteenth FC commissioned a study by the Centre for Policy Research (CPR), New Delhi. The CPR in their study identified a state wise and tier wise per capita expenditure during the period from 2009-10 to 2012-13, wherein the expenditure shown against West Bengal, however does not tally with the estimation of this Commission. This Commission's estimation shows that Gram Panchayats and Zilla Parishads in West Bengal have spent much more than that of CPR's estimation. This is summarised in Table : 8.22.1.

Table:8.22.1

Comparison of Per Capita average Expenditure by PRIs

Tier of PRIs	Average per capita Expenditure during 2009-10 to 2012-13 as per CPR estimation (Rs)	Average per capita Expenditure during 2009-10 to 2012-13 as per SFC estimation (Rs) (from Table 8.21.1)
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GP	367.50	695.32
PS	236.75	155.33
ZP	119.25	128.28

Source : Estimation of 4th SFC, WB

8.23 The CPR, however, has not estimated any state wise and tier wise expenditure on delivery of the basic services, rather they have estimated per capita total expenditure by core function at all levels for the country as a whole. It appears that this expenditure is mainly dominated by the Roads followed by Common property resources where the all India average per capita expenditure comes at Rs.189.3 and Rs.130.1 respectively during the period from 2007-08 to 2012-13. The Commission, has however, taken a stock of tier wise expenditure on Basic Services in West Bengal which are depicted in Table: 8.23.1, 8.23.2 and 8.23.3.

Table: 8.23.1

Expenditure of GP on civic services

Item	2007-08		2008-09		2009-10		2010-11		2011-12		2012-13		
	Total Exp. (Rs. Crore)	Per Capita Exp. (Rs.)	Total Exp. (Rs. Crore)	Per Capita Exp. (Rs.)	Total Exp. (Rs. Crore)	Per Capita Exp. (Rs.)	Total Exp. (Rs. Crore)	Per Capita Exp. (Rs.)	Total Exp. (Rs. Core)	Per Capita Exp. (Rs.)	Total Exp. Rs. Crore)	Per Capita Exp. (Rs.)	Avg. Per Capita
Water supply	16.55	2.74	20.87	3.46	26.60	4.41	30.39	4.34	37.26	5.32	51.07	7.30	4.60
Street Light	1.21	0.20	1.24	0.21	1.76	0.29	2.21	0.32	3.25	0.46	4.34	0.62	0.35
Sanitation	6.88	1.14	5.61	0.93	5.41	0.90	5.68	0.81	7.89	1.13	11.21	1.60	1.09
Solid Waste Disposal	0.41	0.07	0.33	0.05	0.35	0.06	0.52	0.07	0.45	0.06	1.04	0.15	0.07
Public Health	0.00	0.00	10.54	1.75	8.59	1.42	11.02	1.57	13.55	1.94	17.71	2.53	1.54

Roads	88.47	14.67	157.62	26.14	159.16	26.39	190.35	27.19	156.23	22.32	213.73	30.53	24.54
Other CPR	21.57	3.58	22.34	3.70	46.64	7.73	64.04	9.15	77.45	11.06	79.25	11.32	7.76
Total	138.43	22.96	215.84	35.79	274.56	45.53	317.08	45.30	274.08	39.15	427.12	61.02	41.63

Source : Estimation of 4th SFC, WB(on the basis of reply to Questionnaire)

8.24 It is, however, true in respect of West Bengal also, as it appears from Tables under Para 8.23, that major share of expenditure are on Roads and other common property resources where the Gram Panchayats dominate the other two tiers. Although, neither the CPR in their study nor the Fourteenth FC has accepted the role of intermediate tier i.e., Panchayat Samity and the District level tier i.e., Zilla Parishad in delivering basic services a ers. Alr.27.1206757.1206758(er 0 0c.02

Grant								
							Total	Average per GP
Basic Grant	Total Grant	1532.21	2121.6	2451.3	2835.75	3831.70	12772.56	3.82
	Average Grant per GP	0.46	0.63	0.73	0.85	1.14		
Performance Grant	Total Grant	0	278.3	314.93	357.64	468.31	1419.18	0.42
	Average Grant per GP	0.00	0.08	0.09	0.11	0.14		
	Total Grant	1532.21	2399.90	2766.23	3193.39	4300.01	14191.74	4.24

Source: Estimation of the 4th SFC, WB

Accountability of the PRIs on fiscal transfer

8.26 In view of what has been detailed above, as to the financial system of transfer, the Panchayats receive funds from the State Governments for different programmes and are accountable to the State Government for the expenditure incurred. In addition, Panchayat being an elected body is also accountable to the people for the work undertaken. It is often alleged that the accountability aspects are ignored from time to time giving rise to a scope of misuse of funds and corruption. But the study commissioned by us (Accountability of Local Governments in W.B.-A Pilot Study on Gram Panchayats, See **Appendix-IX**) suggests that for a local government to function in a transparent manner, it is expected that they would possess all information regarding entitlements and fund flows. In the current study, it was observed that the GPs did not have any prior knowledge of fund flow and entitlements. From the focus group discussion with the functionaries of GPs during study, it was found that they did not have an iota of idea about the basis or principles of allocation of funds being received by them. Some of these GPs mentioned that the amounts are calculated, with a slight mark up on last years' allocation. The lack of understanding by the GPs might be due to several reasons. The following are the some possible reasons as observed in the study:

1. Complicated formula and basis of allotment advocated by SFC could not be understood by GP functionaries.
2. The requisite allotment (as per the formulae) was never made to any GP in time.

3. The GPs appeared to be heavily dependent on the Upper tiers, the Panchayat Samities (PS) and Zilla Parishads for various purposes. The apparent control of upper tiers (especially PS) have created bottleneck for GPs to take independent and timely decisions (mainly on fund usage). The Plans initiated by the GPs in most of the cases are not returned to the GPs with comments of suggestions. As a matter of fact, questions were raised if SFC fund is actually untied.

4. Monthly fund positions of various GPs are uploaded in a given format (form 26). Yearly fund position is available in the specific format of form 27. It must be mentioned that the forms appear to be complicated as they contain allocation and uses of various schemes (including those not in practice currently). It is rather difficult for common people to extract and process such information available in the respective format of the huge data base. It is often argued that accountability of Governments might increase through ensuring availability of data (especially on financial transactions) online. It is thus important for the sake of transparency that the forms should be made simpler so that members of the public can understand the data without much hurdle.

5. Most of the funds, arrive at the last quarter of a financial year and most of the spending takes place in the last quarter. This clearly indicates non-uniform fund flow and use across various quarters. Question normally arises about the management of the funds received so late. One possibility might be that the GPs are unable to spend the fund in the same financial year.

6. A significant portion of fund remains unused (parking of funds) with the GPs. Major reason for parking has been the delay in arrival of funds. Of other reasons, inefficiency in fund management has also been noted.

8.27 The Government should ensure that the Rural Local Bodies are well aware as to the flow of fund and also the fund is allotted to the respective tier not at the fag end of the year. Form -27 should be simplified so that there is a transparency in uploading of Accounts by each tier of the PRIs.

Accounts and Audit of PRIs

8.28 The other part of the study mentioned above (Study on Accounts and Audit, See Appendix-IX) observed that the accounting system in Panchayats of West Bengal, like

accounting system of rural local bodies of other states in this country, is suffering from a number of limitations :

- a. Lack of definite accounts heads and ancient audit rules hinder financial control on modern lines.
- b. Without the help of trained employees, sophisticated accounting practices cannot be adopted. In Panchayats, there is shortage of trained employees.
- c. Details about different programmes are not available from the books of accounts, because Accounting break up of programmes are not prepared.
- d. Valuation of assets is considered in accounts without any application of either appreciation or depreciation of assets, which fails to show the correct present value of the assets.
- e. All properties belonging to the Panchayat Bodies are not properly valued.
- f. No income and expenditure account is prepared in the accounts; only receipts and Payments account is prepared. Hence, real operating performance and the results thereof are not revealed.
- g. A proper Balance sheet is not prepared. As a result, the financial state of affairs cannot be obtained.
- h. The present internal audit system is outdated, ineffective and inadequate.
- i. There is neither any accountability nor any motivation for maximising collection of own source of revenue.
- j. There is no concrete guideline for the utilization of fund collected through own source of revenue in case of Zilla Parishads and Panchayat Samitis.
- k. The present statutory audit practices are not very useful in the sense that such audit usually gets converted into cash transaction audit only. Besides, serious attention, to the lapses pointed out by the auditors, is not given by the authorities as a whole.

Again, while interacting with the Zilla Parishads, the Commission came across many bottlenecks presently faced by the Zilla Parishads with the SARAL software. Some of these are presented below :

- a) The amount shown in advance ledger not in tally with the figure as being reflected as closing balance in Receipt Payment Account (Form 27) and cash analysis report.
- b) Figure shown in subsidiary cash book sometimes not in tally with Appropriation Register which causes lots of difficulty to explain before audit.

- c) The Bank reconciliation help menu has not been working properly. Even after saving the cheque as cleared, it appears again on UN cleared list.
- d) The report options are required to open for any period for reconciliation or other purpose. But surprisingly in some cases it appears on monthly basis and in some cases on yearly basis.
- e) It is essential to reflect the balance at the time of passing bill from a particular head of account to avoid passing of the bill without fund. But the said option is not available.
- f) There is no provision of creating sub-ledger under a Ledger.
- g) Against a single voucher it has not been possible to prepare multiple cheques, resulting huge number of vouchers to prepare.
- h) Only receipt payment accounts are being generated but no income expenditure statement is generated through this software.
- i) The format of receipt payments is also not up to the mark and not possible to assess the exact baance available under a particular head of account through this report.
- j) The present software of IFMS is partial and being used for accounting only but no scope of other section like engeneering which is an important wing of Zilla Parishad and deserve its inclusion in the software.

8.29 Utmost care should be taken by every tier of the PRIs to ensure that a realistic Annual Budget is prepared as per requirement of the Budget Rule framed by the State Government. Every income and Expenditure should be governed by the Annual Budget and the Government should ensure that any deviation from the prepared Budget is seriously viewed.

8.30 Rule 212 of West Bengal Panchayat (ZP & PS) Accounts and Financial Rules, 2003 requires that internal audit of the accounts of ZPs and PSs shall be conducted by, Samiti Accounts and Audit Officer (SA&AO) and Parishad Accounts and Audit Officer (PA&AO) in respect of PS, and by Regional Accounts and Audit Officer (RA&AO) in respect of ZPs at least once in a month. Similarly, Rule 30 of West Bengal Panchayat (GP Accounts, Audit and Budget) Rules, 2007 prescribes that internal audit of GPs shall be conducted by the respective Internal Audit Officer at least once in every three months. Report of internal audit of each quarter should be prepared and sent to the respective tier within one month from the date of completion of audit. **Scrutiny revealed that internal audit is not at all regular in all tiers of the PRIs of which PS and ZP are mostly irregular.** While discussing on functionaries in

the foregoing chapter and on monitoring mechanism in the subsequent chapter we have discussed the matter in detail. Non-conduct of internal audit in various PRIs has been brought out in previous ELA Reports. **Thus, absence of internal audit not only weakened the internal control mechanism of PRIs but also deprived the PRIs of the recommendations of internal auditor for improvements in their service delivery mechanism. Similarly, even where these audits have been done, even in irregular way, those reports were not subsequently placed before the meeting of the respective body. This has frustrated the very objective of the Audit mechanism. Every tier of Rural Local Body should take utmost care that every audit report is placed before the next meeting and deliberated where all the members are present.**

8.31 Although the Annual Audit conducted by the Examiner of Local Accounts (ELA) in respect of all tiers of the PRIs is more or less regular and their compiled report is given to the State Government for placement before the Legislative Assembly, but the reports do not include the category wise and tier wise total income and expenditure of the PRIs. **Thus there is no scope for anyone to compare the overall income and expenditure of the PR Bodies with that of the report prepared by the Examiner of Local Accounts. The fact is that if the Panchayats and Rural Development Department fails to provide any information, the report keeps a gap and never mentions the information regarding fund provided by other Departments to PRIs. This is evident from the ELA reports on RLBs available in the website of the Comptroller and Auditor General of India (www.saiindia.gov.in). But as the report is compiled on the basis of field level inspection reports, it is expected that ELA's report will reflect the total income and expenditure of the PR bodies, which will include fund provided by the different State Government Departments/ Organisations other than the Panchayats and Rural Development, as it is compiled on the basis of field Inspection Reports. ELA Authority may look into the matter so that a proper estimation of fund flow and expenditure by the RLBs is reflected in their reports.**

Fiscal Experience of ISGP Gram Panchayats

8.32 The World Bank supported Institutional Strengthening of Gram Panchayats Project, as we have mentioned in the foregoing chapter, was started in 2010-11 in West Bengal in 1000 selected GPs in nine districts (Cooch Behar-76 GPs, Dakshin Dinajpur-39 GPs, Birbhum-99 GPs, Nadia-111 GPs, Burdwan-165 GPs, Bankura-113 GPs, Paschim Medinipur-172 GPs,

Purba Medinipur-132 GPs and Howrah-93 GPs) with the objective to develop institutionally strengthened Gram Panchayats in West Bengal. The ISGP Project was envisaged to strengthen the Gram Panchayats, in terms of getting access to additional performance based untied fund required to execute their service delivery functions more effectively and reduce capacity gaps in execution of their functional responsibilities along with improvement in their fiduciary and planning systems. As a part of World Bank assistance this 1000 Gram Panchayats received, additionally an amount of Block Grant. The functioning of these selected Gram Panchayats is being closely monitored by a District level team of ISGP Cell.

8.33 An untied performance based annual Block Grant (to increase in a phased manner from approximately Rs.23 to Rs.115 per capita over five years) was provided by the State Government to the eligible GPs, for creation of public infrastructure to improve local service-delivery, based on the following four Mandatory Minimum Conditions (MMCs) that need to be fulfilled by the GPs for accessing the annual Block Grant :

- (a) Approved Annual GP Plan & Budget (Form 36) for the coming year available by 31st March.
- (b) Minimum 60% expenditure performance (first 3 Quarters available discretionary funds i.e., Own Source Revenue, ISGPP Block grant, Central Finance Commission & State Finance Commission grant).
- (c) No 'adverse' or 'disclaimed' audit opinion found in GP external audit conducted by CAG/ ELA.
- (d) Computerized Gram Panchayat Management System (GPMS) is operational and classified as 'Excellent'.

8.34 Besides MMC, as stated above, ISGP Gram Panchayats are also required to go through the following process of Annual Performance Assessment for enabling themselves for the Block Grant :

- (i) Annual Performance Assessments and Quality Assurance by the external Agency
- (ii) Internal Monitoring and Reporting by the Project team
- (iii) Overall Evaluations of the Project by the External Agency
- (iv) Ensuring timeliness of external audit by the Examiner of Local Accounts & enhancing its impact.

8.35 During the course of the ISGP Project, the annual performance assessments show evidence of significant improvement in key institutional indicators like annual Plan and Budget preparation in prescribed and timely manner; fund utilization, compliance with prescribed procurement; accounting and reporting systems and clean external audit reports. Project execution by GPs have also signalled improvements with creation of more durable infrastructure (e.g., concrete roads inside habitations) and movement towards complete projects (executed within same financial year) from piece-meal ones (where activity was spread out over more than a year). One very important contribution of the project is the preparation of a Vulnerable Group Development Index (VGDI) to identify the backward areas and disadvantaged rural citizens and ensure their active participation in planning process. The VGDI is used, to understand the areas of disparity in the local context in order to provide better services for the development of vulnerable groups and to minimize the gaps for a holistic, inclusive and sustainable development. The project has also introduced interesting innovative tools such as, (a) web based monitoring system, (b) GIS based monitoring system, (c) a web enabled grievance redressal application system and (d) a Project and Citizens communication system using: digital social networking platforms, Folk-art-form based campaign, TV Commercials and Radio spots, leaflets, hoardings, wall writings, documentaries, newsletters and periodicals. The project on the whole have not only contributed towards an effective capacity building of the elected and official functionaries but also increased the level of utilisation of the untied resources in these Gram Panchayats which have ultimately been reflected in delivery of basic services over the years. A year wise fund flow to ISGP Gram Panchayats is depicted in Table 8.35.1.

Table: 8.35.1

Flow of untied Grants to ISGP Project GPs (Rs)* *

Year	Block grant	SFC	CFC	OSR	Total (Rs.)
FY 2010-11	440891600	621344762	316641417	399602699	1778480478
FY 2011-12	1089432225	483304044	822440782	400479456	2795656507
FY 2012-13	1477068352	1158964444	506678844	421407611	3564119251
FY 2013-14*	2028533144	601798056	387920034	25550358	3043801592
Total (Rs.)	5035925321	2865411306	2033681077	1247040124	11182057828

*Data is for first six months of the financial year 2013-14

**Source: Semi Annual Report of ISGP 2013-14

8.36 Table 8.36.1 shows the year wise average disbursement/ availability of untied funds (SFC, CFC, ISGP Block grant & OSR) and utilization of the same by a GP. This table is showing some difference between state release and receipt by a GP in a particular year. This has happened, as it appears from discussion with the functionaries of the Project and also with the concerned Gram Panchayats, due to release of 2nd instalment of finance commission grants from the state almost at the end of Financial Year. GPs received the funds after a certain time lag as the funds generally routed through the two upper tiers, Zilla Parishad and Panchayat Samiti of the concerned GP. It also appears that an upward trend of increase of utilization of untied funds is evident from the Table : 8.36.1. It is, however, appearing that slight downslide of utilization trend occurs in 2013-14, compared to previous year. The reason for this downslide of utilization trend is delayed holding of State Panchayats election and therefore delayed taking over of charges of Panchayats functions by newly elected body. Though the rise of utilization percentage was a little bit slow (only 4 percentage point basis over previous year), the amount of receipt of untied funds in absolute terms had increased by around 29 per cent.

Table : 8.36.1

Average receipt and expenditure for each of 1000 ISGP Project GPs

Year	Release of untied Grants including block grant from State per GP (Rs. Lakh)	OB/ GP (Rs. Lakh)	Actual average receipt per GP (Rs. Lakh)	Average utilisation per GP (Rs. Lakh)	Percentage of untied grants utilised
2009-10	14.51	6.45	15.71	10.92	49%
2010-11	17.78	6.19	20.42	14.58	55%
2011-12	27.96	12.32	26.74	24.99	64%
2012-13	36.84	14.55	39.80	40.96	75%
2013-14	47.74	12.93	46.71	47.21	79%

Source : ISGP Annual Report, 2013-14

8.37 The Commission while deliberating with the representatives of ISGP and non ISGP Gram Panchayats, both the groups expressed the view that the additional assistance of Block Grant to the ISGP Gram Panchayats comes as an inspiring support to shorten the gap between the felt need and the delivery of basic services. It has also been experienced that since the expectation of the people is more from the Gram Panchayats, being their grassroots closest Institution, this gap could further be reduced if the additional support particularly at the GP

level could be enhanced. **The Commission, therefore, thinks replication of ISGP model in the remaining Gram Panchayats which will strengthen the base of the PRIs in West Bengal. If the State Government is able to negotiate with the external funding agency in this regard, the pressure of providing Block Grant from its own exchequer will be reduced. While assessing the gap in resources of the PRIs and devolution recommended thereafter, we have discussed this issue in detail in Chapter-XIII and Chapter-XIV.**

Chapter – IX

Fiscal Devolution and Financial Domain of Urban Local Bodies

9.1 An overall picture of the quality of functioning of ULBs, the status and gap in service delivery to citizens and finally the roadmap ahead has emerged in Chapter 7. While placing the proposals about improvement of functioning and the future course of action, the critical resources crunch due to the load of servicing the State's accumulated old debts and the high dependency of the ULBs on State bailout have been taken into account.

9.2 The ToR of this Commission includes (i) measures needed to improve the financial position of the municipalities (ii) The need to give due regard to the resources of the Government and the demands thereon on account of expenditure on administration/ development/ debt servicing. These parameters as well as resource mobilisation and responsibilities of ULBs have been a guiding factor for this analysis. Improvement ought to be in the agenda of good governance under all circumstances but the shortage of resources of the State and the unsatisfactory status of tax recovery of municipalities has made the need for this improvement all the more necessary. Better efficiency of in-house revenue mobilisation by local self governance implies less dependency on a debt-service burdened State Government. The funds that ULBs receive from the exchequer covers (i) support towards administrative costs (ii) devolution of Central and State Finance Commission allotment (iii) implementation of assigned development and welfare schemes of the Central and State Governments. The position and augmentation thereof depend on external factors - the policy of the Centre & State and the financial position of the government itself as well as performance in utilisation by ULBs which is related to their internal functioning. The role of ULBs in the area of improving their own financial position rests largely within their internal efficiency level in garnering OSR and utilisation of funds.

9.3 In order to submit proposals for the improvement quoted above, this Commission has analysed the funds-flow & financial affairs of the ULBs by obtaining primary data in the form of ULBs replies to its questionnaire. Such feedback, received from 127 ULBs and supplemented by information from different Departments/ Bodies, has been studied and forms

the base of the following sections. The primary data is spread over a time range of 2007-08 to 2012-13 and Haringhata Municipality (constituted in 2015) does not feature in this feedback.

9.4 In conformity with the provisions of Art 243X of the Constitution read with the provisions of the West Bengal Municipal Act 1993 & West Bengal Municipal Corporation Act 2006, the financial resources of ULBs can be categorised as follows and can be viewed as the inflow of funds:

- (a) Tax revenue (b) Non Tax revenue (c) Non-Plan grants from the State Government (d) Grants from Central & State Governments for assigned schemes (e) Finance Commission grants (f) MP/ MLA area development works (g) Borrowings.

Similarly, expenditures are for the following and can be viewed as outflow of funds:-

- (a) Administration (b) Maintenance of common property, civic service, debt servicing and miscellaneous items (c) Assigned schemes of Central & State Governments (d) Development work (e) MP/ MLA Area Development works.

9.5 The estimated flow of funds for selected items of ULBs derived from the replies to SFC questionnaire is summarised in Table 9.5.1:

Table : 9.5.1

ESTIMATED FUND FLOW FOR SELECTED ITEMS OF ULBs (Rs. in Crore)

SFC Question-naire Code	Receipts	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	Rise 2012-13 compared to 2007-08
3.1.1.1	Property Tax	507.05	526.13	542.53	601.40	747.44	1016.74	100%
3.1.1.2	Service Charges on GOI Properties	11.12	8.42	7.52	8.15	10.51	9.04	- 19%
3.1.1.3	Other Taxes	17.42	20.41	23.92	22.94	23.58	25.86	48%
3.1.2	Non-Tax Revenue	247.92	288.08	326.56	371.50	455.24	526.41	112%
3.2.1	Transfer from State towards Salary + Pension etc.	637.03	720.37	1092.71	1161.36	1299.33	1411.07	121%
3.2.2	Poverty alleviation Programme of State	81.46	108.21	108.54	264.79	359.10	304.29	273%
3.2.3	Shared Taxes(State)	101.16	135.48	85.49	95.14	93.49	110.11	08%
3.4	Finance Commission-Central	76.71	108.96	77.85	112.34	77.23	157.41	105%
3.4	Finance Commission-State	49.66	64.37	50.57	120.52	132.23	164.38	231%
3.3.1	Poverty alleviation Scheme of GOI	86.58	54.82	123.08	141.23	145.04	181.50	109%
4.2	Schemes assigned by Centre	386.25	508.92	705.24	573.68	644.21	701.24	81%
4.3	Other Capital Receipts-Borrowings + Deposits	194.23	207.28	121.05	194.54	203.71	222.86	
4.1	Receipts assigned by State	102.62	126.90	170.38	199.79	242.51	195.29	90%
4.4	Miscellaneous-KEIP, KUSP(Externally aided Project)	129.58	170.85	132.90	174.92	37.82	46.91	
EXPENDITURE								
Revenue Expenditure								
5.1	Administrative Expenditure	955.73	1137.11	1684.86	1888.96	1938.84	2111.13	121%
5.2	Expenditure on Civic Service	431.27	563.54	585.04	680.34	587.38	832.45	93%
5.3	Expenditure on Maintenance of Common Property	482.14	600.73	628.71	818.14	764.23	866.01	79%
5.4	Expenditure on interest on Borrowings	9.47	6.96	3.46	4.13	3.04	3.46	
5.5	Misc Expenditure	43.74	65.19	77.33	92.70	52.70	60.45	
Capital Expenditure								
6.1	Actual Expenditure on Schemes assigned by State	321.63	365.68	201.52	456.31	404.86	477.15	48%
6.2	Actual Expenditure on Schemes assigned by Central	216.82	508.27	911.33	989.19	934.71	1064.63	391%
6.3	Actual Expenditure on Development Works from ULB fund	174.11	223.10	187.41	224.77	133.12	141.98	_ 18%
6.4	Expenditure under MP/MLA Lad	51.48	94.40	64.37	84.11	100.26	127.03	147%

Source : Replies to 4th SFC's Questionnaire

The total expenditures or outflow of funds over six years was Rs. 26437.18 cr. and the average per year was Rs. 4406.19 cr. Administrative expenditure as % of total expenditure is shown below year- wise:

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
35.56%	31.90%	38.75%	36.00%	39.04%	37.14%

The average administrative expenditure per year during the period of six years is Rs. 1619.44 crore. Annual average of administrative expenditure as percentage of total average expenditure was 36.75%. Total expenditure is, however, an under-statement. There are ñHidden Costsò related to operations & maintenance of water supply projects which continue to be handled by the installation authorities because certain municipalities are reluctant to take up the responsibility. Another such cost is the State bailout related to overdue unpaid energy bills of municipalities. This issue is covered in Para 9.18 of this Chapter.

In-house earnings of ULBs

9.6 It has been stated earlier that the efficiency with which ULBs mobilise own revenue is directly linked to improvement of financial position. The rationale behind the empowerment of ULBs to collect revenue in the form of rates and taxes is based on the necessity to pay for the cost of civic services. The quantum of municipal rates and taxes should conceptually have a direct bearing with the level of basic civic services and the ideal situation would be where the ULB's own revenue matches own expenditure on administration & civic services. ULBs of West Bengal collect tax on property (land & building), service charge on premises of Govt of India and non-tax revenue for sanction of building plans, issue of Mutation, Birth and Death certificates, trade licence. Lease and rent of commercial property also contribute to non tax revenue. For brevity these two components are referred to as OSR Tax & Non Tax (Own Source of Revenue). The quantum of OSR, unrealised tax & service charge and expenditure on administration are furnished in Table 9.6.1. Salary & wages, pension, travel allowance, honorarium, dearness allowance are cost of human resources used for providing civic services and are included in administrative expenditure. The capital cost of infrastructure which provides civic services have not been taken into account. This Table shows (i) the growth of mobilisation of different components of OSR and the unrealised tax + service

charge (ii) trend in deficit of OSR compared to administrative cost and the State support towards the latter.

Table : 9.6.1

OSR, Unrealised Tax+Service Charge and Administrative Expenditures (Rs. in crores)

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
UNREALISED PRPERTY TAX	374.31(*)	458.70(*)	540.52(*)	572.33(*)	787.96(*)	574.46(*)
	152.04(**)	144.65(**)	148.96(**)	229.45(**)	229.95(**)	241.74(**)
PROPERTY TAX MOBILISATION	507.05	526.13	542.52	601.40	747.44	1016.74
UNREALISED SERVICE CHARGE – GOI PROPERTIES	36.43(*)	39.11(*)	42.13(*)	44.22(*)	46.74(*)	49.38(*)
	9.90(**)	17.97(**)	15.60(**)	21.35(**)	12.35(**)	13.78(**)
SERVICE CHARGE MOBILISATION-GOI PROPERTIES	11.12	8.42	7.52	8.15	10.51	9.04
UNREALISED OTHER TAXES	8.50	12.89	9.74	10.57	17.24	11.86
OTHER TAX MOBILISATION	17.42	20.41	23.92	22.94	23.58	25.86
NON TAX MOBILISATION	247.92	288.08	326.56	371.50	455.24	526.41
TOTAL OWN REVENUE MOBILISATION	783.51	843.04	900.52	1003.99	1236.77	1578.05
TOTAL UNREALISED TAX/SERVICE CHARGE	581.18	673.32	756.95	877.93	1094.24	891.22
ADMINISTRATIVE EXPENDITURE-Salary, Pension, TA, Honorarium, etc.(Source: ULBs Expenditure data compiled at SFC)	955.73	1137.11	1684.86	1888.96	1938.84	2111.13
DEFICIT IN OSR MOBILISATION COMPARED TO EXPENDITURE ON SALARY ETC.	-172.22	-294.07	-784.34	-884.97	-702.07	-533.08
TRANSFER FROM STATE-Salary & Pension etc.(Source:SFC Consolidation from Questionnaire)	637.03	720.37	1092.71	1161.36	1299.33	1411.07
ADMINISTRATIVE COST DEPENDENCY ON STATE SUPPORT	66%	63%	65%	61%	67%	67%

*N.B. * denotes carried over and ** denotes current*

9.7 Table 9.7.1 shows the consolidated revenue mobilisation and deficit compared to administrative expenditure. A corresponding graphical representation 9.7.2 comes after the Table.

Table:9.7.1

OSR, Unrealised Revenue and Deficit in OSR compared to administrative expenditure

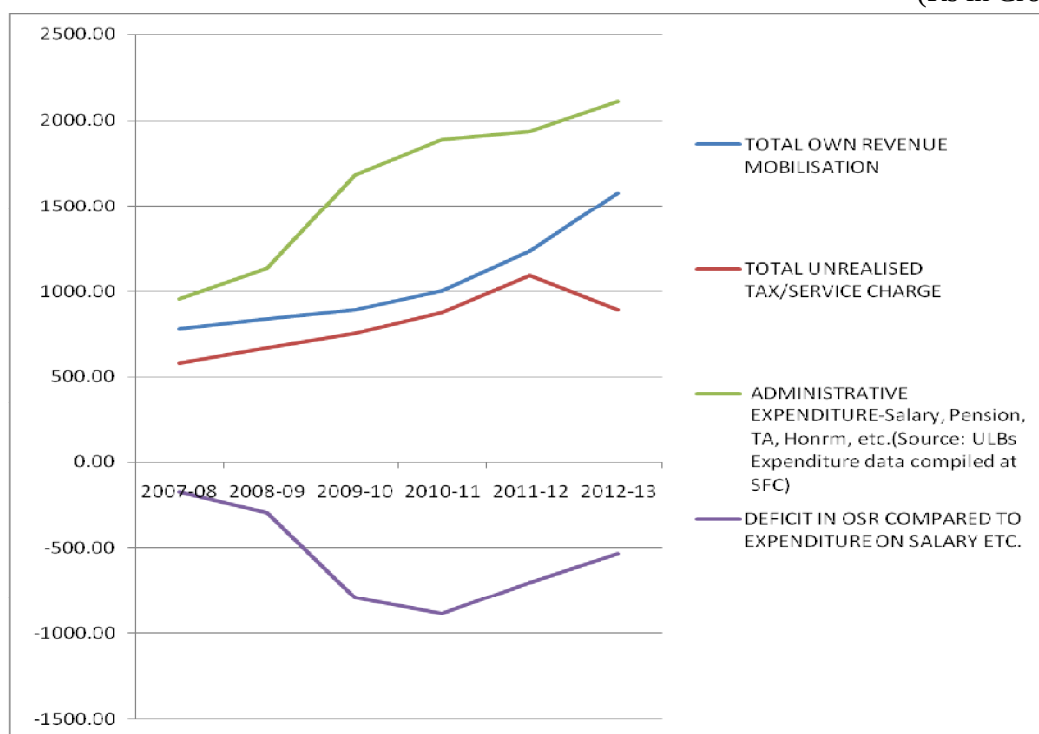
(Rs. in crores)

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
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TOTAL OWN REVENUE MOBILISATION	783.51	843.04	900.52	1003.99	1236.77	1578.05
TOTAL UNREALISED TAX/SERVICE CHARGE	581.18	673.32	756.95	877.93	1094.24	891.22
ADMINISTRATIVE EXPENDITURE - Salary, Pension, TA, Honorarium, etc. (Source: ULBs Expenditure data compiled at SFC)	955.73	1137.11	1684.86	1888.96	1938.84	2111.13
DEFICIT IN OSR MOBILISATION COMPARED TO EXPENDITURE ON SALARY ETC.	-172.22	-294.07	-784.34	-884.97	-702.07	-533.08

Graph 9.7.2

OSR, Unrealised Revenue and Deficit in OSR Mobilisation compared to Administrative Cost
(Rs in Crores)



9.8 Table 9.8.1 shows the consolidated mobilisation of revenue and the deficit in OSR compared to total expenditure on civic services + administrative expenditure but excluding capital cost followed by a corresponding graphical representation 9.8.2.

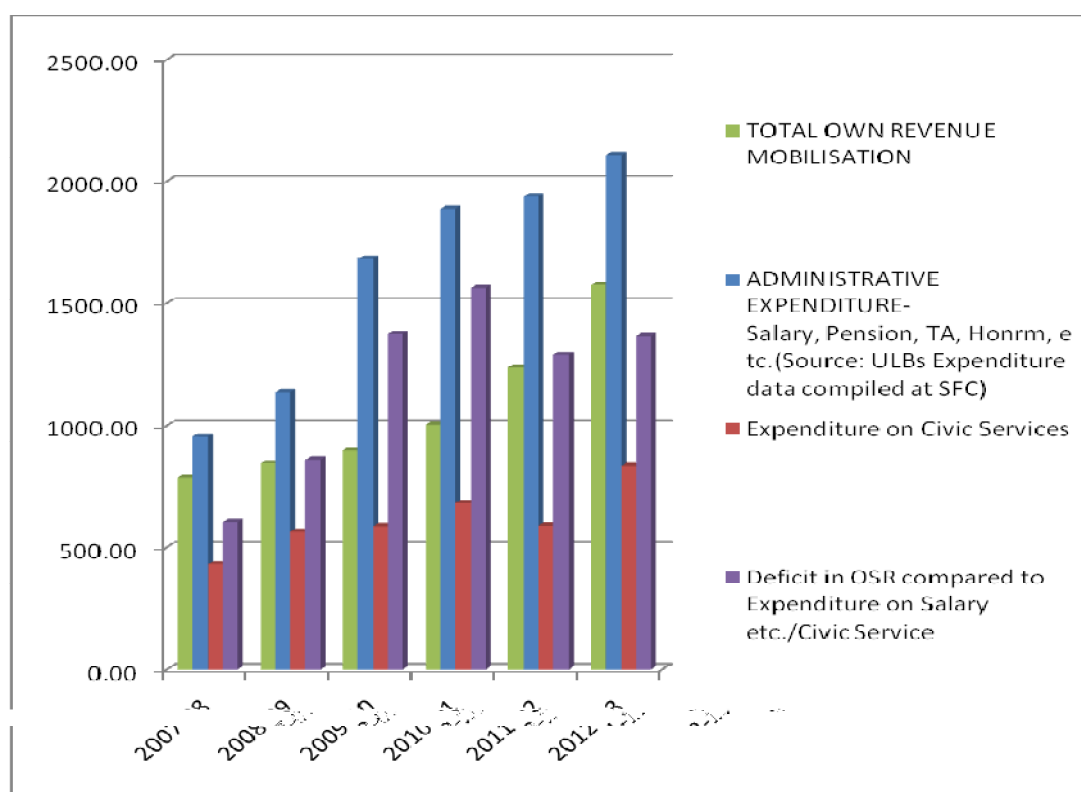
Table 9.8.1

ULB-OSR/DEFICIT IN OSR COMPARED TO ADMINISTRATIVE EXPENDITURE AND EXPENDITURE
ON CIVIC SERVICES (RS. IN CRORES)

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
(1) ADMINISTRATIVE EXPENDITURE-Salary, Pension, TA, Honorarium , etc. (Source: ULBs Expenditure data compiled at SFC)	955.73	1137.11	1684.86	1888.96	1938.84	2111.13
(2) Expenditure on Civic Services	431.27	563.54	585.04	680.34	587.38	832.45
(3) TOTAL OWN REVENUE MOBILISATION	783.51	843.04	900.52	1003.99	1236.77	1578.05
(4)* Deficit in OSR compared to Expenditure on Salary etc. and Civic Service [(4)* =(1)+(2)i (3)]	603.49	857.61	1369.38	1565.31	1289.45	1365.53

Graph 9.8.2

OSR and Deficit in OSR compared to Administrative and Civic Service Expenditures
(Rs. in crores)



9.9 The primary purpose of the above Tables & graphs is to focus on (a) the overall extent of the inability of the ULBs to garner adequate own resources to cover administrative costs, leave alone cost of civic services + capital cost (b) the size of default by private property

owners and Govt. of India referred to as arrears (c) the extent to which the debt strapped exchequer has had to transfer funds to cover administrative costs.

It is true that OSR has grown steadily but the administrative and civic service cost has also climbed up. Consequently the gap between OSR and the two cost factors has persisted and it is this area which requires improvement. Needless to say, the state of affairs is a continuation of the past.

Non Tax revenue which is a component of OSR has shown a steady growth and mobilisation of the same stood at Rs. 247.92 crores in 2007-08. ULBs were able to garner Rs. 526.41 crores in 2012-13. The rise was 112%.

9.10 One supportive element in non-tax revenue buoyancy is the pre-paid nature of the delivery of the services which fall under this category. There is no scope for revenue arrears in case of items like the following:-

Issue of Birth, Death and Mutation certificate

Charges on advertisement billboards

Sanction of building plan, sewerage & water connection

Issue of trade licence

Lease of commercial space

Entry fees to entertainment Park owned by ULBs

Unlike the above, there is scope for wilful default in payment of property tax. The usage of sewer connection, daily supply of water, cleaning of roads, pavement, rain water channels, removal of household garbage are not on Cash on Delivery basis. If tax is not paid by the property owner, the humane element of governance does not permit sealing off sewer outlet and supply of water. The area that requires attention is in the seepage of OSR due to accumulation of unpaid property tax & service charges and underperformance in revision of i) valuation of property ii) property tax. OSR will improve once this seepage is arrested. The issue is covered in the following section.

Valuation of property

9.11 The responsibility for the collection of property tax rests on ULBs and their overall performance is unsatisfactory. In this connection the role of the laid down system for determining property tax was also studied and the Commission interacted with Officials of the

West Bengal Valuation Board. A pertinent point from a Note received from the Board is quoted here: "The scale of services should have relevance to the quantum of tax to be demanded from the citizen. On this consideration it is realistic to determine the total valuation in such a way as to arrive at a total tax demand which will be sufficient to meet necessary requirements of the municipality". The principle based on which tax is determined is therefore guided by "requirement of the municipality" and linking of civic services to the "quantum of tax". Law requires revaluation of property, which leads to the logical conclusion "recalculation of tax after every five years. One can conclude that policy & law envisages overall growth in collection of property tax. The system entrusted with such work consists of 3 layers with well defined collective responsibility and it is summarised below:

State Government level: Issuance of Notice under sec 9(1) of West Bengal Valuation Act 1978 for general valuation. Thereafter the Valuation Board embarks on the exercise of valuation work for determining tax.

Valuation Board: Consultation with ULB and valuation after field survey under field level officers of Board. Notification of valuation comes next.

Urban Local Body: Issuance of tax bills based on revision and collection of tax.

Supreme Court of India has laid down the principle of determining annual valuation by dwelling on standard rent method.

Table 9.11.1 (at the end of this chapter) shows the actual frequency of valuation completed. The work related to valuation followed by revision of tax is an in-house exercise of Kolkata Municipal Corporation and does not feature in this Table.

9.12 It is clear that periodic valuation which constitutes the stepping stone for revision of tax has been lagging behind schedule. This has led to seepage of income and has had a negative effect on spending power of ULBs. The extent of the seepage has been alarming. Eighty eight municipalities which were constituted prior to 1978 (shortly after which the Board came into being) should have gone through at least 6 valuation exercises generating a total of $88 \times 6 = 528$ revaluations. However, the achievement stands at 194 only. The gross valuations achieved for all ULBs except Kolkata Municipal Corporation irrespective of the dates of constitution of the Bodies comes to 274 since 1978 covering 123 ULBs. The under-achievement is clear. Valuation Board has referred to shortage of personnel as a weakness in its valuation wing during interface with the Commission. **If the same behind schedule trend is allowed, seepage of income will continue. Also, expecting a quick update of such**

a large number of retrospective valuations may not be practical. The State may, therefore, consider as a onetime measure valuation & revision of tax without the 5-year retrospective revaluation breaks. For this, certain steps will be necessary with reference to existing Law. may of

collection of tax is also proposed on a trial run basis and the continuation of the system can be suitably reviewed after a cut off date.

Unrealised Service charges on Government of India properties and property tax from State Government establishment have also been on the rise. This requires follow up with concerned authorities.

Dual Taxation

9.14 With the growth of urbanisation, adjoining areas have been added to Kolkata Municipal Corporation periodically. We understand that the system of imposing government land revenue in addition to the routine Kolkata Municipal Corporation property tax continues in such areas which have been attached to this Corporation. Necessary overall review for removal of such dual taxation is proposed.

Use of funds

9.15 Year wise usage of funds is shown below for the period 2007-08 till 2012-13 : A downward trend in year- wise growth in use of funds is evident although the overall rise was 112% when the expenditure of 2012-13 is compared to that of 2007- 08. This trend ought to be one major motivation for improving mobilisation of resources at the ULB level to ensure that growth of spending power does not slow down.

Table 9.15.1						(Rs. in crores)
Usage of funds of ULBs						
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Expenditures	2686.38	3564.98	4344.03	5238.66	4919.11	5684.28
Growth compared To previous year		33% +	22%+	21%+	06%-	16%+

9.16 This Report has covered the resources crunch of the State and the unsatisfactory status of OSR. On the other hand there has been a rising trend in Administrative cost and the quantum is evident in Table 9.16.1. The State support towards the salary/ retirement benefits, etc. of ULB employees has been Rs. 6321 crores during the six years and yearly average was Rs. 1053.64 crore which was 65% of average administrative cost of Rs. 1619.44 crore. The support rose by 121% when the amounts pertaining to 2007-08 and 2012-13 are compared. The usual increment in salary, Dearness Allowance and increase in number of pensioners is expected to add to administrative expenditure in future. The load on State towards salary and pension is expected to rise correspondingly unless ULBs garner OSR to meet the incremental cost of human resources they employ. A suitable policy decision is proposed to ensure ULBs's contribution towards this anticipated incremental cost.

Column (iii) of Table 9.16.1 facilitates a comparison between the administrative cost and the use of funds for development work + civic services.

Table 9.16.1
Administrative cost of ULBs

(Rs. in crores)

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
i) Administrative Cost	955.73	1137.11	1684.86	1888.96	1938.84	2111.13
ii) State support for salary etc.	637.03	720.37	1092.71	1161.36	1299.33	1411.07
iii) Expenditure On GOI/State Assigned Schemes & Civic service	969.72	1437.49	1697.89	2125.84	1926.95	2374.23
iv) Col (iii) minus Col (i)	13.99	300.38	13.03	236.88	(-)11.88	263.10

From the above it is evident that the gap between the money spent on civic services + development work and cost of administration has varied over the span of six years with dips every alternate year (Col iv), but this calculation is without the addition of hidden cost in the

form of State bailout for O&M of water supply projects and power bills because the necessary data that is available with the Commission pertains to 2014-15 (unpaid power bills = Rs.1229 crores & water supply O&M). It appears that ULBs are spending quite heavily on upkeep of administration compared to delivery of civic services and implementation of assigned welfare-cum-development works.

Hidden cost has been covered in detail in Chapter-7 and in Para-9.18 of this Chapter. **A review of the cost effectiveness of administration of municipalities and implementation of necessary changes inclusive of identifying expendable items of expenditure and austerity measures are proposed.**

Reports of the Examiner of Local Accounts

9.17 Annual reports of the Examiner of Local Accounts contain observations on accounting, procedures and financial management, revenue receipts, establishment, material management, implementation of schemes, performance audit as well as other important issues. By pointing out key shortcomings in administration of the ULBs, such reports serve an important purpose. Rectification, which is mandatory, leads to better administration. A summary of the major items pointed out in reports starting from 2007-08 is furnished below:

1. Incidents of non-submission of Accounts. Bank balance reconciliation work and preparation of financial statements not attended to.
2. Unauthorised diversion of funds to other usage.
3. Default in repayment of loans
4. Delay in deposit to provident fund (delay range I month to 10 years)
5. Seepage of income due to inadmissible remission in property tax and non-imposition of surcharge
6. Failure in paying gratuity & pension
7. Violation of norms of procurement
8. Completion of works left unattended
9. Payment of Government sponsored old age pension to ineligible persons.
10. Award of projects without competitive bid
11. Theft / misappropriation of material
12. TDS not deposited to Govt Account in time
13. Non-realisation of applicable fees on backlit advertisement

14. Absence in monitoring of mid-day meal scheme
15. Non-completion of assets projected as remunerative -- hence seepage of income.
16. Non-allotment of stalls in municipal market complex -- hold up of income generation
17. Non-payment of electricity bills.

Major irregularities are usually a result of erroneous decisions, lack of follow up in administrative work, shortfall in supervision and above all keeping office work pending.

No doubt there are systems and norms regarding rectification, dealing with accountability angle and reporting action taken at the post-facto stage but the cause of the irregularities require to be paid attention to also. Therefore, suitable steps for effective preventive check cum vigilance are proposed.

Hidden Cost

9.18 Total of expenditures which appear in the Books of ULBs can be viewed as understated because cost of two major items has been borne by state bailout. These are related to :

- (i) Operations and maintenance of water supply plants
- (ii) energy bills.

Both have been covered in detail in Chapter 7. The impact in terms of funds is summarised below:

a) Out of 85 Public Health Engineering Projects in Non Kolkata Metropolitan Area, the department has been able to hand over O&M to 52 ULBs. Thirty five ULBs have not taken over their responsibility. The projected cost which falls on the department for shouldering this undesirable responsibility is Rs. 10.92 crores per annum at the present level of supply. Kolkata Metropolitan Area Water and Sanitation Authority (under Department of Municipal Affairs) is involved in water supply projects of 18 ULBs on its own and jointly with KMDA in 6 ULBs. It has been able to hand over O&M functions to 4 ULBs only. The cost of the O&M of projects that it continues to handle (not out of choice) comes to Rs. 56.34 crores annually at present level of supply. Kolkata Metropolitan Development Authority (under Department of Municipal Affairs) has set up 18 water supply projects for 22 ULBs in Kolkata Metropolitan Area zone and it spends around Rs. 12 crores per annum on water purification material alone apart from other expenditures.

With the anticipated improvement towards the 135 lpcd benchmark, the cost of O&M is bound to rise and this will be a further burden on the exchequer if the same dependency continues.

b) The trend in accumulation of overdue unpaid energy bills by ULBs has been analysed in Chapter VII. The State Government had to pay WBSEDCL (a unit of the Power Department) Rs. 389.67 crores on account of unpaid bills of ULBs as on 01.01.2015. A sum of Rs. 26.97 crores penalty for late payment had to be waived. Within the following 3 months 108 ULBs piled up unpaid energy bills amounting to Rs. 28.78 crores. The overdue bills payable to CESC Ltd. stood at Rs. 512 crores + Rs. 300 crores on account of unpaid bills of 29 ULBs as on July 2015 Out of this, the dues of Kolkata MC stood at Rs. 668.74 crores. **Handing over of O&M of water supply projects to concerned municipalities is proposed. Regarding bail out on account of overdue power bills, necessary steps by State is proposed.**

Per capita spending power of ULBs

9.19 Three groups of municipalities were chosen at random to study whether there has been any disparity among their per capita spending power based on Central Government and State Government funds + OSR.

The ULBs are as follows:-

- (i) Large population group i Kolkata, Siliguri, Chandannagore and Asansol
- ii) Medium population group i Kalimpong, Jalpaiguri, English Bazar, Kalyani and Bidhannagar.
- iii) Smallest population group i Haldibari, Tufanganj, Mekhliganj, Ramjibanpur, Khirpai and Kharar.

A self-explanatory Table of data furnishing the per capita spending power (OSR + Government funds) is furnished in Table : 9.19.1 at the end of this chapter. The range is from Rs 556 (Asansol 2007-08) to Rs 6257 (Kharar 2012-13). Such wide range notwithstanding, an overall improvement in the availability of per capita spending power is noticed during the time frame covered. The induction of Government funds has been a vital component of such spending power.

Spending power of local self governance at the urban level – the future

9.20 As in the past, the extent of assignment of social welfare & development schemes of both Central government and State Government will be the deciding factor in spending power of ULBs. The unsatisfactory performance in generation of OSR and dependency trait of ULBs are no doubt reasons for the importance of assigned schemes. The number of assigned schemes which ULBs have handled in the past was considerable. For example, during the period 2007-08 till 2013-14 funds for 50 different items inclusive of around 16 Government of India schemes & Central FC were routed through SUDA to ULBs. The changed position of major ULB-assigned Government of India programmes with reference to the Central Budget 2015-16 is furnished in Table: 9.20.1.

Table:9.20.1

Changed position of GoI programmes (ULB assigned) with reference to
Central Budget 2015-16

Name of the Programme	With 100% Central Support	With changed Central Support (Reduced or enhanced)	With Normal Central-State Sharing	Delinked from Central support but can be funded by State Budget
Externally Aided Projects	ã			
National Social Assistance Programme	ã			
Backward Region Grant Fund				ã
Rajib Awas Yojana			ã	
National Urban Livelihood Mission			ã	
Additional Central Assistance for Externally Aided Project	ã			
Integrated Housing & slum dev project (IHSDP Under JNNURM)				ã
Urban infrastructure dev scheme for small & medium town (UIDSSMT Under JNNURM)				ã

The items mentioned above were ULB assigned schemes in the past. The changes in funding pattern especially as an aftermath of de-linking of important schemes like JNNURM and reduction in range of schemes will have a negative impact on the spending power of the ULBs. The debt service burden will make it difficult for the State to provide compensatory spending power. The de-linking of BRGF, JNNURM, IHSDP and UIDSSMT from Central Government funding is no doubt a major setback for development in the urban sector.

9.21 The new era in assigned scheme that has emerged with the Central flagship Swachh Bharat Mission has been covered in Chapter 7 with reference to functioning of ULBs. The role and responsibility of urban self Governance is summarised below for this new scheme:

- Preparation of DPR for Solid Waste Management technical plan
- Central share of outlay will be around 23% & State share 25% of Central share. The wide resources gap is to be generated from (but not limited to) ULBs, Private sector, additional funds from State, beneficiary share & user charges, market borrowings, external assistance and Swachh Bharat Kosh.
- Implementation :

The State may find it difficult to provide additional funds as above. Beneficiary share & user charges may work out on a post facto basis i.e after commissioning of work. Market borrowings are not proposed at State and ULB level. The former is already facing the strain of servicing of old accumulated debts. The track record of ULBs ability to mobilise revenue (from which repayments can be made) discourages any proposal for market borrowings at their level.

The result of private sector participation at the Durgapur-Asansol solid waste management plant (referred to in Chapter 7 at paragraph 7.28) is disappointing but the PPP methodology should not be aborted because of one stalled project. **State may approach Centre for funding under Swachh Bharat Kosh, but the onus for preparation of Plan and garnering resources that has come to rest on ULBs should be given due attention by these Bodies. The works related to Swachh Bharat Mission relate to clean and safe environment. Hence, State may consider initiating dialogue with Manufacturer/ Trade forums for funds under Corporate Social Responsibility.**

9.22 State initiative for external aid particularly for water supply, sewerage network and drainage is proposed. Such aid has been received in the past for projects related to improvement of environment.

Predictability of funds

9.23 Representatives of municipalities have explained the necessity for predictability of flow of funds during interface sessions and this Commission agrees that non predictability causes a hindrance in preparation and implementation of plans and programmes in time.

Extended Social responsibility & ULBs :

9.24 Proposals for improvement of financial position of ULBs have been placed in this chapter. The Expenses on civic services & implementation of assigned schemes served to show the monetised value of benefits that ULBs have provided to citizens. However, there is one form of service that many ULBs provide which cannot be monetised. This relates to the extended service to society beyond the frontiers of a municipality's direct functional duties. In this context let us take the example of Kolkata MC, the largest civic service provider of this State. Lakhs of daily suburban commuters benefit from civic amenities like water, roads. Sewerage network, solid waste management, street lights and drainage without paying user charges. The other categories of users of civic amenities in major ULBs are like the long distance passengers who alight at junctions like Siliguri, Sealdah and Howrah, the trans-border labour force that big urban centres provide employment to, the long distance goods carriers which load & unload at wholesale markets. Such inflow of human & goods traffic from the adjoining areas or from across the State border are a part and parcel of large urban centres and a lifeline for city-centric trade & commerce which has developed over centuries in many ULB zones. The expenditure incurred for providing civic amenities under the above category cannot be bifurcated and monetised on the whole and there appears to be no practically tenable way for appropriating individual user charges by ULBs particularly from the huge number of people involved. ULBs which provide such extended service to society can gain satisfaction from the fact that such movement of human and cargo traffic contributes to the well being of commerce & trade which directly supports economic well being within their perimeters also.

9.25 The future requires major changes in the functioning of ULBs. Preparation of technical plans, garnering resources, implementing projects, meeting the minimum level Benchmark for basic civic services & Citizens Charter stipulations have added a new dimension to the three Fs - functioning, functionaries and finance. It is clear that a spirit of innovation and mindset for self reliance will be required in the days to come.

Table : 9.11.1

Frequency of Valuation of Property (ULB-wise)

Sl. No.	District	Name of the ULBs	1st Time	2nd Time	3rd Time	4th Time	5th Time	Date of Effect of last valuation	Year of Constitution
1	Bankura	Bankura	√	X	X	X	X	01.10.90	1869
2		Bishnupur	√	X	X	X	X	01.04.13	1873
3		Sonamukhi	√	√	√	X	X	01.07.11	1886
4	Birbhum	Bolpur	√	X	X	X	X	01.07.03	1950
5		Dubrajpur	√	√	X	X	X	01.01.05	1975
6		Nalhati	√	√	X	X	X	01.10.10	2000
7		Rampurhat	√	X	X	X	X	01.01.02	1950
8		Sainthia	√	√	√	X	X	01.07.10	1987
9		Suri	√	√	X	X	X	01.10.04	1876
10	Burdwan	Asansol MC	√	X	X	X	X	01.01.97	1985, 1994(MC)
11		Burdwan	√	√	√	X	X	01.07.06	1865
12		Dainhat	√	√	√	√	X	01.10.11	1869
13		Durgapur MC	√	√	X	X	X	01.07.05	1996
14		Gushkara	√	√	√	X	X	01.10.10	1988
15		Jamuria	√	√	√	√	X	01.07.01	1995
16		Kalna	√	√	√	√	X	01.04.12	1869
17		Katwa	√	√	√	X	X	01.01.09	1869
18		Kulti	√	X	X	X	X	01.10.03	1993
19		Memary	√	√	X	X	X	01.07.05	1995
20		Raniganj	√	√	X	X	X	01.10.02	1876
21	Cooch Behar	Cooch Behar	√	√	√	√	X	01.04.12	1946
22		Dinhata	√	√	√	X	X	01.10.11	1973
23		Haldibari	√	√	√	√	X	01.07.10	1984
24		Mathabhanga	√	√	√	√	X	01.01.10	1986
25		Mekhliganj	√	√	√	X	X	01.04.09	1983
26		Tufanganj	√	√	√	X	X	01.04.12	1983
27	Dakshin	Balurghat	√	√	√	X	X	01.07.04	1951

28	Dinajpur	Gangarampore	√	X	X	X	X	01.04.00	1993
29	Darjeeling	Darjeeling	√	X	X	X	X	01.04.94	1850
30		Kalingpong	√	X	X	X	X	01.10.01	1945
31		Kurseong	√	X	X	X	X	01.01.90	1879
32		Mirik	√	√	√	X	X	01.04.14	1984
33		Siliguri MC	√	√	X	X	X	01.04.13	1984
34	East Midnapore	Contai							1994
35		Egra	√	X	X	X	X	01.07.01	1993
36		Haldia	√	√	√	X	X	07.01.06	1983
37		Panskura	√	X	X	X	X	01.01.10	2001
38		Tamluk	√	√	√	X	X	01.07.10	1864
39	Hooghly	Arambagh	√	√	√	√	X	01.04.12	1886
40		Baidyabati	√	√	√	X	X	01.04.13	1869
41		Bansberia	√	√	√	√	X	01.07.14	1869
42		Bhadreswar	√	√	√	√	√	01.04.14	1869
43		Champdany	√	√	√	X	X	01.04.14	1916
44		Chandannagore MC	√	√	√	√		01.01.13	1955
45		Dankuni							2009
46		Hooghly-Chinsurah	√	√	X	X	X	01.07.09	1865
47		Konnagar	√	√	√	√	X	01.07.14	1944
48		Rishra	√	√	√	X	X	01.07.04	1944
49		Serampore	√	X	X	X	X	01.10.97	1842
50		Tarakeswar	√	√	√	X	X	01.01.04	1975
51		Uttarpara-Kotrung	√	√	√	X	X	01.04.12	1964
52	Howrah	Bally	√	√	X	X	X	01.10.03	1885
53		Howrah M.C.							1862
54		Uluberia	√	√	X	X	X	01.10.06	1982
55	Jalpaiguri	Alipurduar	√	X	X	X	X	01.04.10	1957
56		Dhupguri	√	X	X	X	X	01.04.13	2001
57		Jalpaiguri	√	√	X	X	X	01.07.05	1885
58		Mal	√	X	X	X	X	01.07.03	1990
59	Kolkata	Kolkata M.C.	Not under Jurisdiction of Valuation Board						1726
60	Malda	English Bazar	√	√	√	X	X	01.04.15	1869
61		Old Malda	√	√	√	X	X	01.10.12	1869
62	Murshidabad	Beldanga	√	√	√	X	X	01.04.10	1981
63		Berhampore	√	√	√	X	X	01.04.10	1876
64		Dhulian	√	√	X	X	X	01.04.12	1909
65		Jangipur	√	√	X	X	X	01.07.06	1869
66		Jiaganj-Azimganj	√	√	X	X	X	01.07.04	1886
67		Kandi	√	√	X	X	X	01.01.07	1869

68		Murshidabad	√	X	X	X	X	01.04.12	1869
69	Nadia	Birnagar	√	√	√	X	X	01.10.09	1869
70		Chakdah	√	√	√	X	X	01.07.05	1886
71		Coopers' Camp N.A.A.	√	√	X	X	X	01.07.11	1997
72		Gayeshpur	√	√	√	X	X	01.10.03	1995
73		Kalyani	√	√	X	X	X	01.07.05	1995
74		Krishnagar	√	X	X	X	X	01.04.00	1864
75		Nabadwip	√	√	X	X	X	01.10.04	1869
76		Ranaghat	√	√	X	X	X	01.04.07	1864
77		Santipur	√	√	X	X	X	01.10.06	1853
78		Taherpur N.A.A.	√	√	X	X	X	01.10.09	1993
79	North 24 Parganas	Ashokenagar- Kalayangarh	√	√	X	X	X	01.01.99	1968
80		Baduria	√	√	X	X	X	01.10.10	1869
81		Baranagar	√	√	X	X	X	01.10.04	1869
82		Barasat	√	X	X	X	X	01.10.96	1869
83		Barrackpore	√	√	X	X	X	01.01.03	1916
84		Basirhat	√	X	X	X	X	01.07.04	1869
85		Bhatpara	√	√	√	X	X	01.04.12	1899
86		Bidhannagar	√	X	X	X	X	01.07.98	1989
87		Bongaon							1954
88		Dum Dum	√	√	X	X	X	01.07.01	1929
89		Garulia	√	√	X	X	X	01.04.13	1896
90		Gobardanga	√	X	X	X	X	01.07.04	1870
91		Habra	√	√	√	X	X	01.07.06	1979
92		Halisahar	√	√	√	X	X	01.04.13	1903
93		Kamarhati	√	√	√	X	X	01.04.12	1899
94		Kancharapara	√	√	√	X	X	01.07.14	1917
95		Khardah	√	√	√	X	X	01.01.04	1869
96		Madhyamgram	√	X	X	X	X	01.01.97	1993
97		Naihati	√	X	X	X	X	01.07.03	1869
98		New Barrackpore	√	√	√	√	X	01.04.13	1965
99		North Barrackpore	√	√	√	X	X	01.01.11	1869
100		North Dum Dum	√	√	√	X	X	01.04.13	1870
101		Panihati	√	√	X	X	X	01.01.04	1900
102		Rajarhat- Gopalpur	√	X	X	X	X	01.07.05	1994
103		South Dum Dum	√	X	X	X	X	01.07.00	1870
104		Taki	√	X	X	X	X	01.01.04	1869
105		Titagarh	√	√	√	X	X	01.10.09	1895
106	Purulia	Jhalda	√	X	X	X	X	01.01.93	1888

107		Purulia	√	√	√	X	X	01.10.03	1876
108		Raghunathpur	√	√	√	√	X	01.04.12	1888
109	South 24 Parganas	Baruipur	√	√	X	X	X	01.04.12	1869
110		Budge Budge	√	√	√	√	X	01.04.13	1900
111		Diamond-Harbour	√	√	X	X	X	01.10.06	1982
112		Joynagar-Majilpur	√	√	X	X	X	01.10.10	1869
113		Maheshtala	√	√	X	X	X	01.04.12	1993
114		Pujali	√	√	X	X	X	01.01.10	1993
115		Rajpur-Sonarpur							1876
116		Dalkhola	X	X	X	X	X	01.04.15	2003
117	Uttar Dinajpur	Islampore	√	√	X	X	X	01.10.05	1981
118		Kaliaganj	√	X	X	X	X	01.10.90	1987
119		Raiganj	√	X	X	X	X	01.07.04	1951
120		Chandrakona	√	√	√	X	X	01.04.10	1869
121	West Midnapore	Ghatal	√	√	X	X	X	01.04.12	1869
122		Jhargram	√	√	√	X	X	01.04.12	1982
123		Kharagpur	√	√		X	X	01.07.11	1954
124		Kharar	√	√	√	X	X	01.04.13	1888
125		Khirpai	√	√	√	X	X	01.04.12	1876
126		Midnapore	√	X	X	X	X	01.01.01	1865
127		Ramjibanpur	√	√	√	X	X	01.04.13	1876

Key for Table: Green + √ mark = completion of valuation exercise; Red = No valuation exercise till date; X = Pending valuation

Year of Constitution: Source 3rd SFC Report

Source for Frequency of Valuation: West Bengal Valuation Board vide memo no.462/WBVB/45-1/2005 dated 13.01.2015

Table 9.19.1

Per capita spending power of selected ULBs

Name of ULBs	Year	Total OSR Fund(Rs. in Crore)	Government Fund(Rs. in Crore)	Total Funds(Rs. in Crore)	Per Capita OSR(in Rupees)	Per Capita Total Funds (in Rupees)
Kolkata	2007-08	354.94	663.95	1018.89	789.33	2266
	2008-09	428.59	752.21	1180.80	953.12	2626
	2009-10	428.61	976.94	1405.55	953.16	3126
	2010-11	506.78	1162.36	1669.14	1127.00	3712

	2011-12	639.17	1158.73	1797.90	1421.42	3998
	2012-13	890.70	1270.45	2161.15	1980.78	4806
Siliguri	2007-08	7.11	56.96	64.07	138.54	1248
	2008-09	13.01	44.94	57.95	253.45	1129
	2009-10	11.89	74.02	85.91	231.56	1674
	2010-11	19.70	59.25	78.95	383.81	1538
	2011-12	21.33	62.04	83.37	415.64	1624
	2012-13	28.50	132.71	161.21	555.26	3141
Chandannagore	2007-08	6.56	18.29	24.85	393.20	1490
	2008-09	5.51	23.48	28.99	330.09	1738
	2009-10	5.60	55.15	60.75	335.72	3643
	2010-11	5.76	32.78	38.54	345.42	2311
	2011-12	5.87	61.83	67.70	351.99	4059
	2012-13	6.83	69.39	76.22	409.46	4570
Asansol	2007-08	15.43	15.91	31.34	273.62	556
	2008-09	15.15	16.75	31.90	268.57	566
	2009-10	14.22	18.93	33.15	252.17	588
	2010-11	19.48	28.87	48.35	345.38	857
	2011-12	20.37	31.69	52.06	361.18	923
	2012-13	23.47	34.59	58.06	416.24	1030
Haldibari	2007-08	0.39	1.06	1.45	271	1008
	2008-09	0.33	5.11	5.44	227	3775
	2009-10	0.40	3.09	3.49	275	2421
	2010-11	0.44	4.97	5.41	308	3759
	2011-12	0.69	4.06	4.75	480	3299
	2012-13	0.76	3.18	3.94	530	2738
Tufanganj	2007-08	0.21	1.23	1.44	100.48	686
	2008-09	0.30	2.67	2.97	143.43	1415
	2009-10	0.25	4.13	4.38	118.33	2085
	2010-11	0.31	4.99	5.30	146.34	2523
	2011-12	0.32	2.82	3.14	154.29	1497
	2012-13	0.36	2.53	2.89	170.05	1375
Mekhliganj	2007-08	0.16	0.82	0.98	172.42	1071
	2008-09	0.24	0.99	1.23	266.57	1352
	2009-10	0.17	1.25	1.42	189.74	1560
	2010-11	0.27	1.45	1.72	296.28	1886
	2011-12	0.18	1.16	1.34	202.12	1474
	2012-13	0.16	1.53	1.69	170.11	1847

Ramjibanpur	2007-08	0.13	0.98	1.11	85.97	747
	2008-09	0.15	1.11	1.26	101.55	850
	2009-10	0.17	2.42	2.59	117.66	1749
	2010-11	0.13	3.1	3.23	90.15	2181
	2011-12	0.35	3.98	4.33	236.74	2920
	2012-13	0.38	4.48	4.86	256.16	3277
Khirpai	2007-08	0.21	1.39	1.60	130	978
	2008-09	0.24	2.76	3.00	147.88	1832
	2009-10	0.23	5.43	5.66	138.42	3453
	2010-11	0.24	6.73	6.97	145.99	4254
	2011-12	0.22	4.15	4.37	135.19	2668
	2012-13	0.24	4.8	5.04	148.19	3078
Kharar	2007-08	0.16	1.09	1.25	130.60	1023
	2008-09	0.16	2.44	2.60	133.96	2131
	2009-10	0.14	6.04	6.18	114.56	5057
	2010-11	0.16	7.74	7.90	134.61	6468
	2011-12	0.09	5.46	5.55	72.42	4541
	2012-13	0.24	7.41	7.65	193.12	6257
kalimpong	2007-08	1.42	3.07	4.49	307.79	973
	2008-09	1.05	4.1	5.15	227.59	1116
	2009-10	1.08	10.82	11.90	234.51	2580
	2010-11	0.90	4.2	5.10	197.1	1106
	2011-12	1.40	8.72	10.12	304.21	2194
	2012-13	1.34	10.78	12.12	290.93	2627
jalpaiguri	2007-08	2.27	11.18	13.45	211.65	1253
	2008-09	2.44	10.19	12.63	227.36	1177
	2009-10	2.45	14.74	17.19	228	1601
	2010-11	2.79	12.68	15.47	259.7	1441
	2011-12	2.91	11.28	14.19	271.04	1322
	2012-13	3.66	17.45	21.11	340.7	1966
Englishbazar	2007-08	4.03	8.76	12.79	186.56	592
	2008-09	4.49	10.01	14.50	207.8	671
	2009-10	5.26	20.38	25.64	243.49	1187
	2010-11	6.29	22.13	28.42	290.94	1315
	2011-12	7.96	25.54	33.50	368.19	1550
	2012-13	8.15	34.15	42.30	377.32	1958
Kalyani	2007-08	5.18	16.58	21.76	516.7	2162

	2008-09	6.27	29.35	35.62	622.9	3540
	2009-10	6.26	22.96	29.22	621.7	2904
	2010-11	6.63	21.79	28.42	658.6	2824
	2011-12	6.60	36.85	43.45	656.1	4319
	2012-13	7.27	22.06	29.33	722.5	2915
Bidhannagar	2007-08	19.59	9	28.59	910.92	1329
	2009-09	19.51	8.92	28.43	1330.65	1322
	2009-10	28.23	8.95	37.18	1312.54	1729
	2010-11	10.64	9.76	20.40	494.66	948
	2011-12	19.33	13.35	32.68	898.74	1519
	2012-13	35.80	15.27	51.07	1664.54	2375

Chapter – X

Planning in Local Government

Early National initiatives

10.1 Decentralised planning in independent India was for the first time deliberated on in the First Five Year Plan (1951-56), when it was suggested that the planning process need to be undertaken up to the district levels. A District Development Council (DDC) was constituted in each district to prepare plans, based in varying degrees upon a village-level participative process. The first Administrative Reforms Commission (1967) stressed the need for meaningful planning at the district level especially focusing on local variations in development patterns. The Planning Commission issued its first guidelines for district planning in 1969 that led to several states formulating district plans. However, barring a few excellent examples, these initiatives in district planning was not at all successful as these local planning exercises were not linked to the annual planning process in most states. Again, Urban planning processes was not incorporated as part of district planning in this process.

10.2 From the late sixties to the mid-eighties, the trend was towards greater centralisation of administration. Due to the absence of a Constitutional mandate and concerted political and administrative support, Panchayats had by the late sixties been superseded in most states. The formulation of Centrally Sponsored Schemes (CSS), implemented mainly through line departments, led to the virtual collapse of the district planning process. There were several efforts to strengthen the decentralised planning process as recommended by the Dantwala Committee (1978), Hanumantha Rao Committee (1984) and GVK Rao Committee (1985) but these efforts were largely unsuccessful. Major reasons behind the failure in this venture were inter-alia, weak nature of local self-governance institutions and the growth and multiplication of sectoral departments and parastatal bodies which grossly favoured vertical planning.

Early initiative in West Bengal : An overview

10.3 West Bengal was amongst the very few states in the country which not only flagged off the journey of Rural Decentralisation much before the Constitutional mandate but also took an initiative to decentralize the planning mechanism of the Local Government in the mid 1980s. In 1985, efforts were made to introduce comprehensive planning. The District Planning Committee (DPC) with Sabhadhipati of Zilla Parishad as Chairman and District Magistrate as Secretary and representatives of Panchayat Samitis and Municipalities as members was set up as effective district level planning machinery. The main operational component of local plans consisted of funds from Centrally Sponsored Schemes. The untied funds were relatively small. There was another coordination committee at the District level known as District Plan Coordination Committee (DPCC) in which Minister of the State Government elected from the District was the Chairman. Similarly there was a committee at the Block level known as Block Plan Committee (BPC) in which Sabhapati of the Panchayat Samity of the concerned Block was the Chairman and Block Development Officer of the concerned Block was the member Secretary. Prodhans of the Gram Panchayats, MLA and other line department officers within the jurisdiction of the concerned Block were members.

10.4 This model however did not succeed for several reasons, including the absence of clear indication of fund flow from the State Government well ahead of preparation of respective plans coupled with proper initiative at the District level. The attempts to horizontally integrate the development departments with the Panchayati Raj system was solely dependent on the capacity of the Sabhapati/ Sabhadhipati to lead the process by matching the wave length of the DM and other departmental and administrative heads at the district level. No such institutional mechanism (in the form of Acts, Rules and even GO) was developed to make this new approach of district and sub-district planning a greater statutory legitimacy. As a result the progress across the blocks and the districts were varied. Broadly speaking, however, plans prepared at the block level were compilation of what departments sent as 'departmental plan' which was basically a set of departmental schemes and normal programmes/ activities of the departments concerned; the plans at the district levels were more or less similar to the block ones with the addition of a scholastically written 'Introduction' none of these plans were reflected in the state plans and they remained on the shelves waiting to be taken up the following year as a template for annual plan preparation. Special initiative taken at undivided Midnapore district, however, deserve some

mention, where with the support of peoples' participation and identification of local resources, village plans were successfully prepared in some villages.

Constitutional Mandate and West Bengal initiative

10.5 The 74th Constitutional Amendment Act mandated the establishment of the District Planning Committee (DPC) at the District level and Metropolitan Planning Committee in every Metropolitan Area for consolidating plans prepared by Panchayats and Municipalities in the district into the Draft District Plan. Article 243ZD of the Constitution provides for constitution of a District Planning Committee at the district level to consolidate the plans prepared by the Panchayats and the Municipalities in the district and to prepare a draft development plan for the district as a whole. Similarly Article 243ZE provides for a Metropolitan Planning Committee to prepare a draft development plan for the Metropolitan area as a whole.

10.6 The 73rd and 74th Constitutional Amendments (Articles 243G, 243W) also emphasized on planning with an objective of economic development and social justice by PRIs and Municipalities respectively, and their consolidation (Article 243ZD) into District Development Plans by the DPCs, after consideration of matters of common interest between the Panchayats and the Municipalities.

10.7 Article 243ZD (4) also provides that the Chairperson of every DPC shall forward the development plans of the District, as recommended by such committee, to the Government of the State.

10.8 West Bengal, in the year 1994 enacted a legislation known as The West Bengal District Planning Committee Act which provided the procedure for constitution of District Planning Committee (DPC). Simultaneously, provisions were also made in the statutes of the State regarding Urban Local Bodies and Panchayats, stating that ULBs and every tier of the Panchayats i.e., GP, PS and ZP will have to prepare their perspective plan for five years of the office of the members; together with an annual plan with an objective of Economic Development and Social Justice. In the same year Kolkata Metropolitan Planning Committee Act was also enacted for constitution of Kolkata Metropolitan Planning Committee (KMPC) with an objective of consolidation of plans prepared by the Panchayats and Municipalities falling within the jurisdiction of Kolkata Metropolitan Area.

Post amendment National initiatives

10.9 The Eleventh Plan further envisages participatory district planning process as an integral part of the preparation of State Five Year Plans and Annual Plans. Eleventh Plan document details several steps, such as activity mapping, creation of Panchayat sector windows in the State & Central budgets, and IT enabling of Panchayats, as key steps in this direction. Such holistic planning was expected to result in convergence of schemes, synergistic implementation and better outcomes.

10.10 The 2nd Administrative Reforms Commission (ARC), while emphasizing the importance of decentralized and participative planning in its 6th Report on Local Governance, has further recommended:

- i) development authorities to become the technical/ planning arms of the DPCs,
- ii) strict compliance of the guidelines dated 25.8.2006 issued by the Planning Commission in preparation of the district plan,
- iii) developing methodology of participatory local level planning,
- iv) integration of district plans with the State Plans,
- v) clear demarcation of planning functions among the local governments and planning committees.

10.11 Planning Commission in the year 2008 published a Manual for decentralised planning by the DPC. The first volume of the Manual contains an exposition of the essential principles of participative district planning and sets out the steps to be taken at the state and national levels. The second volume is a Handbook for District Planning that lays down the modalities and sequence of processes for preparation of a participative district plan. It includes the formats and checklists by which the processes can be documented and data provided for different planning units. This manual, according to Expert Committee on Leveraging Panchayats²⁴, gave additional focus to district level integration and to strengthening of district planning. It focused on resource envelopes being communicated to local governments and it also emphasised the need for technical support and mobilisation of different stakeholders through Working Groups, at the level of local government, for different sectors and capacity

²⁴ Towards Holistic Panchayat Raj: Twentieth Anniversary Report of the Expert Committee on Leveraging Panchayats for Efficient Delivery of Public Goods and Services, Govt. of India, 2013, Vol-I page-151

building of different actors - both official and nonofficial. It laid, for the first time, special emphasis on participatory planning in urban areas starting from Area Sabha which is a Sub-Ward entity. It laid a lot of emphasis on consolidation of plans and expounded the concept of 'cascading consolidation' implying that at several levels of the planning process, works and projects would be rearranged through dialogue and consensus in the interest of proper integration, convergence and efficiency. The Manual also emphasised the spatial dimensions to be considered for planning.

10.12 The National Conference of Chairpersons/ CEOs of the DPCs held at New Delhi on 16th-17th January, 2009 also deliberated upon the issues of constitution and functioning of DPCs, preparation of five year District perspective plans and annual plans, ICT support for district planning (including Plan Plus), database for District and sub-District levels, financial domain of Panchayats, Spatial planning, consolidation of Urban & Rural Plans, capacity building for District Planning, etc.

West Bengal's later initiative

10.13 About six years after the constitutional amendment, the state council of ministers of West Bengal, in their meeting held on 10.05.1999 resolved to implement the provisions of 73rd and 74th amendment acts. They identified (i) planning process to start from Gram Panchayats in the case of panchayats and wards in the municipalities which will be integrated into block plan and municipality plan and then to district plan. (ii) a list of schemes termed as 'District Sector Schemes' of illustrative nature was prepared by a committee headed by the Chief Secretary, discussed at SPB and circulated amongst various departments. Plan outlay for schemes covered under 11th and 12th schedule and listed as District Sector Schemes was to be shown as outlay under district plan as part of the state plan. During the same time in 1999, Panchayats & Rural Development Department took the initiative for developing a viable model for participatory planning. A state level advisory committee headed by D. Bandyopadhyay (one of the co-authors of the seminal report done by Mukarji-Bandyopadhyay Committee) was formed. A state level resource team was also formed by involving two experienced persons from each and every district. The idea was to form a 'think tank' both at the state level and also at the district level, who were supposed to work as the friend, philosopher, guide and activist of the whole venture. It was made clear by the Panchayats & Rural Development Department that though the aim was to develop decentralised participatory planning at

all the tiers, to start with they would confine themselves at the Gram Panchayat level. Support for the capacity building process for this exercise was extended by UNICEF under the auspices of a programme named “Convergent Community Action” (CCA) and the programme was generally known by that name. The initiative was subsequently subsumed under the DFID supported initiative named Strengthening Rural Decentralisation (SRD).

10.14 As we have already mentioned in Chapter-VI, the DFID-supported programme for Strengthening Rural Decentralisation (SRD) was formally launched on 22nd November 2005. The SRD programme had been brought in to accelerate, strengthen and complement the State Government’s ongoing initiative to strengthen rural decentralisation. Major thrust was given on institutional strengthening of Gram Panchayats and institutionalisation of participatory planning, implementation and monitoring processes in 304 selected Gram Panchayats in 6 most backward districts namely Uttar Dinajpur, Dakshin Dinajpur, Malda, Murshidabad, Purulia and Birbhum. District Programme Management Units (DPMUs) and Gram Panchayat Facilitating Teams (GPFT) were set up under the SRD Cell in the 6 districts to facilitate the interventions in the Gram Panchayats. To ensure active participation of the people at the Gram Sansad level, a Gram Unnayan Samity (GUS) consisting of different field level subject matter specialists and Civil Society Organisations was constituted.

10.15 Since inception of the SRD programme, utmost thrust was given to installation of participatory planning, implementation & monitoring system (GS Plan based GP Plans) in 304 selected GPs through capacity building of GPFT and GUS members by DPMU coordinators. This was pursued as a continuous process initiated and carried forward in all SRD GPs in the 6 selected districts. Apart from the planning guideline prepared by the SRD Cell and published by Panchayats & Rural Development, need-based sub-guidelines were circulated among DPMU coordinators, GPFTs and GUSs. A process was initiated for engagement of external documentation professionals to document the processes including best practices and success stories which were indeed abundant. The plans prepared by the GUSs were based on seven sectors namely education, health, women & child development, agriculture & allied industry, infrastructure and other miscellaneous sector in adherence to the Government guidelines. The plans prepared by the GPs were both sector-based and Upa-Samiti based in adherence to the mandates of the State Government for preparation of Upa-Samiti based plans and budgets.

10.16 In SRD planning system, Gram Sansad (GS) was the planning unit, participation of women SHGs was emphasized, and an untied fund was particularly earmarked in the process. Major achievements included vibrant leadership of women folk and emergence of GUS as people's institution. Priority was attached to social development issues pertaining to quality of life. Some of the major limitations identified in the process included gaps in capacity, lack of political will; limited participation of Community Based Organisations (CBOs), Civil Society Organisations (CSOs); lack of convergence with other related departments. On the flip side, it was found that although District and Block Planning Committees were constituted by the then Development & Planning Department of the State Government to support bottom-up planning, attempts of horizontal integration among the departments and the PRI structures were never institutional. Vertical integration was also absent and plans were made in isolation (hence not demand-driven). Both the block and district plans were a list of departmental schemes (local government being virtually absent) and that too without indicating any fund flow mechanism or earmarked activities.

10.17 The initiative of SRD has not been institutionalised. With the termination of DFID funding support in 2011 this GUS based decentralised planning effort became routinised and mechanical. However, in course of its visit to the field, the Commission had an impression that this initiative of the State Government caused a revitalised momentum and enthusiasm amongst the local people. Several Village Level Plans were prepared and documented wherein availability of local resources, be it natural or financial or human, were captured. These documented plans still exist but could not be utilised subsequently for want of clear vision and support.

10.18 As we have already mentioned, unlike SRD which was initiated in backward districts, ISGP was initiated in comparatively advanced Gram Panchayats. The project focused on a universe of 1000 GPs (about one-third in the state) in nine (out of eighteen) districts selected on the basis of both the districts and the GPs being relatively 'high performers', in order to mitigate implementation risk. The long term vision was that the system introduced by the project would be expanded to all GPs in the state and would become an integral part of the PRI fiscal framework supported by the state budget. The main objective was to provide GPs with significant additional untied resources to establish the foundation for strengthening their institutional capacity which in turn would allow them to improve their performance in local

public service delivery. Apart from other initiatives discussed in the foregoing chapters, emphasis was given on preparation of Upa-Samiti-based Gram Panchayat Integrated Plan with the technical support of plan-plus-software where a close linkage of the Gram Panchayat Plan with the Budget was established. Gram Sansad level Plans were incorporated into the Gram Panchayat Plan in this process.

10.19 The Commission was informed that 100% of the Gram Panchayats under ISGP project have now passed all the Minimum Mandatory Conditions of the project which include timely preparation and approval of integrated plan & budget. This proportion has moved up from 72.5% in 2010-11 to 100% in 2014-15. The quantum of funds allocated to qualifying GPs is communicated through system generated SMS in the month of October each year which enables them to prepare a realistic Integrated Action Plan. The other heartening feature of the project is an institutionalisation of a set of procedures and mechanism to ensure that the environmental and social considerations are integrated into the planning and scheme execution process of the GPs through screening of activities during planning stage and mitigation measures at project execution stage. The project is currently developing and rolling out a Geographic Information System (GIS) based real time monitoring, through android based mobile, to track physical progress of planned and approved activities, attendance in GP level statutory meetings and dynamic query based data from web-based monitoring system can be viewed spatially. If this is successfully scaled up it will surely be a model for the whole country.

Co-ordination still matters

10.20 Unfortunately, all these exercises, be it SRD or the ISGP were confined within the Gram Panchayats but there was neither any linkage of these planning exercise with the upper two tiers of the PRIs i.e., Panchayat Samity and Zilla Parishad nor the District Planning Committee. The upper two tiers on the other hand have kept themselves engaged in the process of programme based plans like plan for BRGF or CFC or SFC.

10.21 Again, in the context of urban planning, a multiplicity of agencies has led to segmented, fragmented and sub-optimal planning. For example, cities typically prepare a City Development Plan (CDP), Land Use Plan or Master Plan (MP), City Mobility Plan

(CMP), Environment Management Plan (EMP), Housing and Habitat Plan (HHP), etc., with little reference to each other.

10.22 Simultaneously, with increased specialisation and sector-wise thrusts in development, there has been a tendency to concentrate on the preparation of sector-wise plans in the district. Thus we hear of the District Health Plan, the District Watershed Plan, and the Education Plan and so on. What the Planning Commission in its document on District Plan observed in this regard is worth mentioning:

ñThe predominance of centrally sponsored mega schemes in the resources envelope of the Centre and the States throws up a major challenge for grounding decentralised district planning. Each of these mega schemes gives detailed prescriptions of planning, implementation and monitoring processes, and these may not all be in tune with each other. While some do envisage district planning, incorporating the broad elements of the generic process, such as a situation analysis, envisioning, fixation of targets, selection of works and monitoring, the institutional mechanisms envisaged continue to bypass Panchayats or at best, seek only a cursory and token linkage. Most such schemes envisage a line department sponsored hierarchy of missions and parallel bodies for actual planning and implementation. Fund flows for implementation of the plan are fully insulated from the state and Panchayat set-up. The only commonality amongst these mega schemes is that most, if not all, envisage a role for the District Collector to tie things up at the district level. Thus typically, district plans are prepared by district line department officials with or without peoplesô participation, and are brought before a district mission in which the Collector has the predominant role in decision-making. Once the plans are approved, implementation is again entrusted to the line departments, with at best, advisory committees set up at the district, intermediate or village level.ö²⁵

10.23 Several factors, therefore, played together towards the failure of the approach of bottom up planning process throughout the country of which the state of West Bengal was of no exception. We agree with the Expert Committee²⁶ on some points in this regard that :

²⁵ Manual for District Planning, Planning Commission, Govt. of India, Para 1.2.5

²⁶ Towards Holistic Panchayat Raj: Twentieth Anniversary Report of the Expert Committee on Leveraging Panchayats for Efficient Delivery of Public Goods and Services, Govt. of India, 2013, Vol-I, page-152-153

- i) District Planning Committees were never given the roles and responsibilities envisaged in the Constitution. In many States, Ministers head the DPCs which would naturally weaken the strength of the local government representatives. Further, DPCs were not given any professional or secretarial support.
- ii) No attempt was made to build capacity especially at the level of Gram Panchayats. The elected members and cutting-edge officials were not sensitised on the concepts of local level planning. Also the services of voluntary resource persons were not harnessed.
- iii) Availability of data at the local level for planning has been very poor. Even the available data have not been classified local government wise and made available to them. Though participatory methods for resource mapping, need identification and need prioritisation are well developed, they have not been employed on a large scale.
- iv) Because of the duality of departmental responsibilities at the State and Central levels, the critical issue of urban rural integration was never addressed jointly, even though the Manual for Integrated District Planning did provide some useful suggestions. Therefore, large schemes of water supplies, sanitation, connectivity and power were delivered separately in the urban and rural areas with no attempt at integration.

Experience of DPCs and KMPC in West Bengal

10.24 West Bengal was amongst the very few early States to constitute District Planning Committees (DPC) at the District level, following the 74th amendment of the Constitution, through a legislation known as West Bengal District Planning Committee Act, 1994 (**Appendix – VI**). These Committees are headed by the Sabhadhipaties of Zilla Parishads and the District Magistrates are the Secretaries of these Committees. The Committees are also supposed to include Economists, Social and Political Workers of eminence as per the statute.

10.25 The Third SFC observed that the DPCs appear to be preparing the district plans as routine exercise. The plan documents so far prepared by the districts do hardly contain the proposals supposed to be carved out of the analysis of data on various sectors of the districts. Also, there is hardly any consideration of resource availability for implementation of the proposals. District plans prepared by the DPCs have thus become meaningless exercise and they are likely to be continuing so unless proper direction is worked out and steps taken accordingly by the State Government.

10.26 The First SFC suggested a clear demarcation between the works under the State Plan Sector and District Plan Sector- there should be lists of works entrusted to these sectors, set forth in a government notification. Funds for the State Plan Sector and District Plan Sector should also be disaggregated according to the lists, so that the districts and Panchayats at different tiers know of the schemes to be implemented within their jurisdiction and the financial support available from the departments is also known to them. This would provide active support in preparing their plans which would in turn help in the preparation of the District Plan. In the Action Taken Report to the First SFC, it was submitted that the State Government has already accepted this approach in general and the details will be worked out in due course. Unfortunately this has not happened as yet.

10.27 The Planning Commission has also failed to institutionalise decentralised planning. In 2006 the Planning Commission issued formal guidelines for preparation of local plans and integrating them into a district plan as a prelude to the finalisation of State government's Eleventh Five Year Plan. The guidelines issued had narrowed the definition of District Planning. The process of preparing an integrated plan for the local government sector in a district considered the resources (natural, human and financial) available and covering sectoral activities and schemes assigned to the district level and below and those implemented through local governments in a district. The guideline suggested that each panchayat at all three levels and municipality be treated as a Planning Unit and the district plan be built through consolidation of these plans in a two way interactive process to arrive at an integrated, participatory and coordinated idea of development of the district viewed as a convenient local area.

10.28 Although the Planning Commission had issued the guidelines, no serious effort were made to modify the procedures laid down for the different Centrally Sponsored Schemes so that they would provide support to the local planning process and the schemes themselves integrated with local plans. Schemes in infrastructure sectors like National Rural Drinking Water Programme, Total Sanitation Programme, Rajiv Gandhi Grameen Vidyutikaran Yojana etc. bypassed the local governments broadly. Other schemes where local governments have a tremendous natural advantage, namely ICDS, were also implemented departmentally except giving a few functions to the Village Panchayats. On the other hand, Schemes which insisted

on mandatory bottom-up planning like Sarva Shiksha Abhiyan and National Rural Health Mission, did not try to engage the local governments seriously.

10.29 After the Panchayat General Election held in 2013, the DPCs have been reconstituted in more or less all the Districts. Their status of functioning as on January 2015 can be seen in Table : 10.29.1. Like many other States of the Country DPCs in West Bengal have not yet performed any effective role. It is seen that though the first meetings were held within $\frac{3}{4}$ months of the Constitution of DPCs, their performance in formulating successful District Plans with top-down linkage between the village or urban plans and the State Plan is still missing.

Table : 10.29.1

Present Status of Functioning of DPCs in West Bengal (as on 1.1.2015)

Sl.No.	Name of the District	Date of Constitution of DPC	Date of first meeting held
1.	Dakshin Dinajpur	26.02.2014	05.05.2014
2.	Burdwan	04.03.2014	23.12.2014
3.	Purba Midnapur	04.03.2014	17.06.2014
4.	Nadia	24.06.2014	Not yet held
5.	Birbhum	27.06.2014	18.07.2014
6.	Malda	04.03.2014	29.05.2014
7.	Paschim Midnapur	04.03.2014	09.06.2014
8.	Bankura	03.03.2014	11.06.2014
9.	North 24-Parganas	24.06.2014	14.07.2014
10.	Coochbehar	24.06.2014	Not yet held
11.	Hooghly	05.09.2014	08.11.2014
12.	Murshidabad	24.06.2014	06.07.2014
13.	Howrah	24.06.2014	24.07.2014
14.	Jalpaiguri	24.06.2014	14.07.2014
15.	Purulia	07.02.2014	20.11.2014
16.	South 24-Parganas	07.02.2014	17.06.2014
17.	Uttar Dinajpur	26.02.2014	10.06.2014

Source : Department of Planning, GOWB

10.30 Although West Bengal Metropolitan Planning Committee Act was enacted in 1994, the Act was made effective from the year 2001 i.e., more than seven years after its enactment. The First Kolkata Metropolitan Planning Committee was constituted in the year 2001. The Chief Minister of West Bengal was its Chairman and the MIC of Department of Municipal Affairs was Vice Chairman. The Secretary of KMDA was the Secretary of the KMPC.

10.31 The objective of the Metropolitan Planning Committee was :

- a) to prepare a draft development plan for the Metropolitan Area as a whole and to issue guidelines in regard to :
 - i) the plans prepared by the Municipalities and Panchayats in Metropolitan Area.
 - ii) matters of common interest between the Municipalities and Panchayats, including co-ordinated spatial planning of the area, sharing of water and other physical natural resources, the integrated development of infrastructure and environmental co-operation.
 - iii) the overall objectives and priorities set by the Government of India and the State Government.
 - iv) the extent and nature of investment likely to be made in the Metropolitan Area by the Agencies of the Government of India and of the State Government and other available resources, whether financial or others.
- b) to perform such functions relating to planning and co-ordination for the metropolitan area as the State Government may, by notification, assign to it.

10.32 It is known to the Commission that apart from Executive Committee having MIC, MA and UD Department as Chairman; five other sectoral Committees were also constituted which are as follows :

- a) Drainage, sewerage and Sanitation Committee
- b) Traffic, Transportation, Railways and Waterways Committee
- c) Water Supply sectoral Committee
- d) Education, Health, Employment & Bustee Committee
- e) Environment, wetlands, parks and Planning Committee

Two documents i.e., Vision 2025 perspective plans for KMA and the master plan for Traffic and Transportation of KMA: 2001-2025 are also reported to have been placed before the KMPC. The fate of these documents is not clearly known.

10.33 Subsequent experience of KMPC, however, is that the Kolkata MPC after initial meetings to endorse and consider the development plan became preoccupied with sectoral and local issues. After Election of Kolkata Municipal Corporation and other Municipalities in 2011 the KMPC was not reconstituted. Studies on Metropolitan Planning Committee further suggest that the tendency has been to limit the scope of the MPCs work and formulate an agenda for its meeting more as an exercise in consultation rather than active engagement or endorsement of a metropolitan development plan or agenda. The vision plan for Kolkata was

endorsed by the MPC but this plan was couched in general terms and did not pose specific questions or choices for a decision by the MPC.²⁷

Towards the approach of a holistic Plan

10.34 The Fourteenth FC, as we have also mentioned elsewhere in this report, has recommended that the Rural and Urban Local Bodies would be allowed to spend the FFC grant only on delivering Basic Services. We have also mentioned in our report that the quantum of grant to both the Rural and Urban bodies would be increased many fold this time. By the term ‘Basic Services’ the Fourteenth FC wanted to mean Water Supply, Sanitation, Sewerage, Drainage, Solid Waste Management, Street Light, Local Body Roads, Footpaths, Parks, Playgrounds, Burial and Cremation Grounds. These are not new in West Bengal. **Our Local Bodies, be it rural or urban, have been delivering these services to their constituents for a long period of time. What we require is a holistic approach so that peoples’ aspirations in these core areas are properly reflected in the perspective plans to be prepared by the Local Bodies for a five year term and annual plans thereupon.**

10.35 The Constitution has already set the goal that the district plans are to be prepared on a bottom up and participatory approach and will be based on plans to be prepared by the panchayat bodies as well as the ULBs. **The most crucial component will be the plans of the lowest tiers, i.e., the gram panchayats and the municipalities where the mechanism to be adopted should support direct interactions of the people for expressing their needs and aspirations. Similarly the Panchayat Samities and the Zilla Parishads should have a clear vision of co-ordinating the area specific demands. For the success of this exercise, essential prerequisite is that there is clear assignment of responsibilities for each tier, based on the principle of subsidiarity so that each tier can work out their plan related to clearly defined responsibilities and without any overlapping areas.**

10.36 This functional mapping for assigning responsibilities should be worked out at the state level. The State Government should decide first, in respect of every department, the activities, which are not devolved and remain in the domain of the State, to be a district sector programme. These are to be implemented by the district

²⁷ K.C. Sivaramkrishnan, Revisiting the 74th Constitutional Amendment for better Metropolitan Governance, Economic and Political Weekly, March 30, 2013, Page-92

level functionaries under guidance of the department but will be a part of the district plan and should be properly integrated with the plans of the local bodies.

10.37 Key to the success of decentralised planning process is people's participation. West Bengal's early initiatives through CCA or SRD does not speak well of spontaneous participation. All the organs, for ensuring peoples' participation, like Gram Sansad, Gram Sabha and the Ward Sabhas should be effectively revitalised.

10.38 The plan for each tier should reflect people's priorities in the context of the local needs as well as should have broad consistency with the policy of the State, in addressing the issues felt very important at state or district levels. This requirement for micro-macro integration will require providing information on state or district level priorities, to those spearheading the planning at each tier, to enable them to get the larger picture and work out their plan keeping the local context in mind. This will be possible if the local bodies also are able to monitor the outcome and can compile their status in respect of important indicators to enable them to develop the right perspective at least for the period of their tenure and come out with annual plan accordingly.

10.39 ICT based applications, like using GIS based maps to visualise the data for getting insight of the geographical distribution of any particular indicator of development, will help those bodies to correctly appreciate the extent and nature of problems and focus on the geographical areas or the social segments lagging behind on any particular sector. There will be need to port available data including the rural household data for identifying the BPL population to get such insights.

10.40 Preparation of plan, apart from knowing the external resources and the data for that local body, will also require some tools and techniques for taking up the actual planning process with involvement of the people. Non Government Organisations working in the field of Rural Service Delivery are well acquainted with this expertise. Their expertise includes facilitation of Participatory Rapid Appraisal (PRA) exercise in taking stock of the natural resources and assessing the status in respect of the social issues like health, nutrition, water supply & sanitation, education etc. They are to be utilised for facilitating PRA exercises. The sector specific status, needs and availability of resources are discussed in depth and those culminate in possible plan for each gram sansad which are to be integrated in to the GP plan.

Urban Planning: Special need of the hour

10.41 Multiple Authorities are involved in Urban Planning in West Bengal. This is apart from the plans drawn up at the State level. Box : 10.41.1 summarises the present situation of multiplicity of Urban Planning in West Bengal.

Box : 10.41.1						
Multiple Actors in Urban Planning						
Actors of Planning	Organizations involved in Planning					
	KMA ULBs	Non KMA ULBs	KMC	Urban Rejuvenation Schemes	Unnayan Parshads	Development Authorities
Who Prepares	ULB	ULB	KMC	Nodal Department	Unnayan Parshads	Development Authorities
Prepares what	ULB Plan	ULB Plan	ULB Plan	City Dev Plan	Own Plan	Own Plan
Who Conso-lidates	KMPC	DPC	KMPC	DPC/ KMPC	é é é é .	é é é é ..
Who Finally Accepts	State Planning Board	State Planning Board	State Planning Board	GOI	Concerned Deptt. of State Govt.	Urban Dev. Deptt.

10.42 Prior to the 74th Constitutional Amendment Act, 1992, these planning functions were being carried out by the respective ULBs and other development organizations. The 74th Constitutional Amendment Act, 1992, introduced the formation of a District Planning Committee for each district and a Metropolitan Planning Committee for each metropolitan area with the respective development Authorities as its technical secretariat. Urban Local Bodies are responsible for preparation of Draft Development plans to be integrated by the District Planning Committee. In case of Kolkata, the plans are to be integrated by the Kolkata Metropolitan Planning Committee. Over the past few years, KMDA itself has emerged as the Administrative and Technical Secretariat for KMPC. There are Regional Planning Boards like Paschimanchal Unnayan Parshad, Sundarban Unnayan Parshad and Uttarbanga Unnayan Parshad. These are focussed on social development within the backward regions of the State but have a functional linkage with the planning of the Development Authorities. Development Authorities like Kolkata Metropolitan Development Authority prepare plans for the urban areas also.

10.43 KMDA has also taken up a number of project related planning tasks like (a) preparation of existing Land Use Maps and Registers (LUMRs) for the different zones within KMA and (b) preparation of Land Use and Development Control Plans (LUDCPs) for different sub areas on the basis of LUMR. As the process of official adoption of LUDCPs usually takes a longer time, Development Control Regulation (DCRs) are often drafted and enforced, as an interim measure, to prevent unregulated and haphazard use of land. The enforcement of LUDCPs and DCR are delegated to the units of local self-government.

10.44 In the Non-KMA urban areas regional development authorities prepare the LUMRs, LUDCP and DCRs. The enforcement is delegated to ULBs in the urban belts.

10.45 Elected ULBs have powers for spatial planning. On the other hand Development Authorities have powers of preparing Land use and Development Control Plan. The Rural Local Bodies falling within the jurisdiction of Development Authorities also have their own spatial planning.

10.46 The ULBs submit plans for the work they have to handle within their own perimeter but there can be some work related to a particular ULB which calls for extension inside an adjoining rural belt or peri-urban area. A municipality may find that it will have to use an adjoining GP area for setting up land filling/ dumping & scientific processing in case of waste management. Other type of work related to ULBs can be trans-district in nature. Obviously, the ULBs do not handle the planning and implementation of such work.

10.47 Here comes the relevance of Unnayan Parshads and other Development Authorities. Although one may find the existence of multiplicity in urban planning in this exercise, if we closely look into their functional linkage, here also emerges the existence of a three tier Urban Governance like its rural counterpart i.e., GP, PS and ZP despite separate statutes for Unnayan Parshads, Development Authorities and Municipalities. **The Commission considers the relevance of establishing a more functional linkage amongst these trans-layer urban planning mechanism and their ultimate tie up with the Metropolitan Planning and District Planning as the case may be.**

10.48 Preparation of plans for urban areas demands special expertise. We have mentioned elsewhere in this report that Census Towns in Rural areas with a trend of rapid urbanisation

has been observed in the Census Report 2011. So, apart from the municipal bodies the urban agglomeration in rural areas requires the assistance of urban planners, which is generally not available at the local level. Also, while the experience and wisdom of the people may guide rural planning exercises substantially, in respect of urban planning there is need for more professional support. **Urban planning, particularly those related to regional and area planning often remains neglected in the absence of professional support and integration of urban and rural plan becomes difficult. Depending on extent of urbanisation there should be adequate professionals to facilitate planning for urban areas.**

Revitalisation of DPCs and KMPC:

10.49 In order to ensure the process of participatory district planning, the foremost necessity is to revitalize DPCs on the lines of Article 243 ZD and assign to them, at least, the following roles :

- i) Providing overall leadership to the planning process without taking away the functional responsibilities of the local governments
- ii) Leading the district envisioning exercise
- iii) Setting district priorities on the basis of consensus among local-governments, line departments, civil society, academia and other stakeholders in development
- iv) Performing the central role in the preparation of the Potential Linked Credit Plan for the district with the support of NABARD and other allied Institutions.
- v) Reviewing plans of local governments and development departments during the process of consolidation, particularly with a view to ensuring that these address the district vision as a whole and are free of overlap and duplication
- vi) Overseeing the participatory planning process to ensure that the methodology & timeliness are followed
- vii) Monitoring implementation of the approved district plan and addressing bottlenecks that may arise.

10.50 The Constitution has entrusted DPCs with the responsibility of preparing district level plans. The Chairmanship rests on the Sabhadhipati of the Zilla Parishad. The composition of DPCs is dominated by rural PR elected representatives though plans finalised by the DPC include both rural & urban sector.

10.51 The Vice Chairman's post and at least 30% membership of the DPC drawn from the elected representatives should be earmarked for ULBs of a particular district. This will give representation to the urban segment in proportion to the rural/ urban composition of population. Also, the Commissioner or Executive Officer & Engineer of at least one ULB of

10.53 The DPC should guide the local bodies in understanding their respective domain of responsibilities for which they will plan. They should be able to coordinate with the functionaries of the line departments, for proper integration of line departments' plans with those of the local bodies and bridge any gap of understanding or lack of clarity of responsibilities to avoid overlapping jurisdictions.

10.54 As we have already pointed out, the district planning set-up in each district should be equipped with its own technically qualified and skilled personnel to meet the above functional requirements. Some of the core persons should be on full time assignment with the DPCs on a regular basis. Some of them may be posted on deputation from state government, academic world or professional bodies. Some others could be engaged on contract or the services could be outsourced from the market, if possible. The experience shows that there is a dearth of expertise in the market and even to outsource professional service, the presence of a core group of professionals and a structure to let them function within the DPC is essential. Thus there will be a small team of full time professionals with the DPC, their numbers and compositions, depending on the size of the district and the nature of the problem the district is facing. The districts should have the liberty to choose the types of professionals they need within a range of prescribed professionals and the ceiling of numbers of full time professional the districts are entitled to. **There should be another team of professionals, who will work as Resource Persons and their services will be requisitioned as and when necessary. However, they should be in touch with the DPC and will have to remain aware of the progress so as to be able to render desired services as and when need arises. There could be yet another category of highly skilled professionals whose services will not be required so often and those expert groups may remain with the State Planning Boards to render necessary support as and when demanded by the DPCs.**

10.55 Apart from strengthening the DPC office, there is need for providing support to all the local bodies. There should be at least one full time Planning Officer and one data entry operator at each Zilla Parishad, Panchayat Samiti and Municipality. Assistance to GP level will depend on the size of the GP, which varies widely across the state and one option will be to allocate an earmarked amount to all the GPs, depending on their size, to hire personnel for preparation of plans. At the Zilla Parishad level there should be a couple of dedicated officers and the personnel available with the DPC should be allowed to be utilized by the ZPs.

10.56 Evaluation is a part and parcel of every planning. Plans of the local bodies require to be evaluated appropriately. The DPC should have the capability to train and engage suitable persons (may be retired professionals) for evaluation of the plans of the local bodies before those are integrated with higher level plans. Similarly, monitoring of the planning process, its implementation and observing the outcome will be an important job of the DPCs, which will require necessary expertise within the DPC.

10.57 Ignoring or bypassing the MPC or limiting its role should not be wise in the days of rapid urbanisation which is considered to be the engine of growth. **KMPC, therefore, needs to be revitalised in line with the DPC and the plans prepared by the DPCs and the KMPC should simultaneously go to the State Planning Board so that the plans prepared by the Urban and Rural Local bodies are simultaneously reflected in the State Plan.**

10.58 DPCs's main task will be to integrate PRI and ULB Plans and establish effective linkage with the State Planning Board. So, all the activities mentioned above and engagement of the core team and other professionals or procuring their services from the market as well as engaging experts for capacity building will require adequate and assured fund. Unfortunately, we do not have any Planning Commission in the country now, but instead there is NITI AYOJ whose objective and role is not yet fully known. **Whatever role the NITI AYOJ is assigned to, the Government of India should think seriously of allocating necessary funds to the DPCs, with necessary guidelines for using the same for the purpose of its revitalisation and effective usage as suggested above.**

Decentralised district Planning involves gathering of relevant data, analysing it to set priorities, matching the set priorities to available budgets, defining processes of implementation and the setting and monitoring of targets. Decentralised District Planning comprises what different planning units within a district can achieve by envisioning collectively, operating their budgets, exercising their skills and leveraging their initiative. Typically in a good decentralised district planning exercise, each planning unit, namely, Panchayats at the district, intermediate and village levels, municipalities, line departments and parastatals would prepare a plan for execution of each of their functions and responsibilities after consultations with people. While collaborating and coordinating with each other, they would not in the normal course trespass into each other's area of responsibility, unless there are definite gains to be had, and with mutual consent. The final plan would result from a buckling together of these unit plans through a consultative process of consolidation.

Source : Manual for Integrated District Planning, Planning Commission, GOI

Chapter – XI

Monitoring and Evaluation

11.1 It is now globally accepted that Monitoring and Evaluation are two effective tools to measure the accountability and sustainability of any programme. They are also considered integral and individually distinct parts of programme preparation and implementation. They are critical tools for forward-looking strategies, organisational learning and for sound management. Both monitoring and evaluation are meant to influence decision-making, including decisions to improve, reorient or discontinue the evaluated intervention or policy decisions about wider organisational strategies or management structures. An effective evaluation also attempts to determine, as systematically and objectively as possible, the worth or significance of an intervention, strategy or policy in the backdrop of efficiency and effectiveness, which are buzzwords of present day development administration. Both these mechanisms ultimately address the components of output and outcome of a predesigned programme.

11.2 When we talk about monitoring it includes monitoring of both the situation and performance. ñSituation Monitoringò measures change in a condition or a set of conditions or lack of change. “Performance Monitoringò measures progress in achieving specific objectives and results. These are in relation to implementation of plan whether for programmes, projects, strategies and activities. On the other hand, evaluation or appraisal of a particular intervention, as is widely accepted, should include analysis of relevance, efficiency, effectiveness, impact, coverage, co-ordination, coherence, protection and finally sustainability. The accepted tools of both the monitoring and evaluation include Inspection, Performance Audit, Social Audit, Case Studies and Action Researches etc.

11.3 Huge Government fund is being channelled through the PRIs and ULBs in the Country as a whole and the State in particular, the ultimate objective of which, as is enshrined in the Constitution, is to ensure Economic Development with Social Justice through an Institution of Self Government. These Institutions, in turn, provide basic services to the rural and urban communities through predesigned programmes of the Central and the State

Governments and their own autonomous activities. Proper monitoring and evaluation of these programmes, to measure their outcome, demand appropriate intervention.

11.4 The 12th Finance Commission in their recommendation stated that to ensure that the end objectives, for which the grants have been recommended, are achieved, it is desirable that the states put a robust monitoring mechanism in place. They suggested that every state should constitute a high level committee for monitoring proper utilization of grants. The committee should be responsible for monitoring both financial and physical targets and for ensuring adherence of the specific conditionality in respect of each grant, wherever applicable. In the beginning of the year, the committee may approve the projects to be undertaken in each sector, quantify the targets, both in physical and financial terms, and lay down the time period for achieving specific milestones. The 12th FC further suggested that the high level monitoring committee may be headed by the Chief Secretary with the Finance Secretary and the Secretaries/ Heads of departments concerned as members. The committee should meet at least once in every quarter to review the utilization of the grants and to issue directions for mid-course correction, if considered necessary. The 13th FC endorsed the recommendation of 12th FC in this regard and further stated that this committee has served a useful purpose and should be continued in the future to monitor the grants recommended by the 13th FC.

Monitoring through Audit and Inspection

11.5 At the ground level, as far as the State of West Bengal is concerned, there is a regular monitoring mechanism through both internal and statutory audit of Rural and Urban Local Bodies through several institutional arrangements. These are as follows :

- i) The Statutory Audit of both the ULBs and RLBs are required to be done by the Examiner of Local Accounts, a wing of the CAG.
- ii) At the RLBs, internal audit is also done by the State Government Officers posted at Block, Sub-Division, District and Division levels.
- iii) The statute provides for another set of internal audit of the respective tier by the Finance Standing Committee of the GP, PS and ZP, as the case may be.
- iv) At the ULB level, similar provision is made to conduct internal audit by the Municipal Accounts Committee consisting of the members, not being the Chairman and Vice Chairman, to be elected by the Board of Councillors.

- v) The statute provides further for inspection of Accounts of the PRIs, by the District Council at the Zilla Parishad level constituted under the chairmanship of the leader of the opposition of respective Zilla Parishad, which is an Institution like the Public Accounts Committee of the Legislative Assembly and the Parliament. The Adhyaksha of District Council, besides being given the status of Karmadhyakahya of ZP, has also been declared as one of the members of Tender Selection Committee of Zilla Parishad/ Mahakuma Parishad.
- vi) Besides, there is Vigilance and Monitoring Committee for Centrally sponsored Rural Development Programmes, both at the State and the District Level, consisting of the MPs, MLAs, Elected Representatives of PRIs, Government Officials and others.
- vii) Finally, Section 205 of the West Bengal Panchayat Act and Section 428 of the West Bengal Municipal Act provide for **Inspection of PRIs and ULBs** by the Departmental Officers of Panchayats & Rural Development and the Municipal Affairs Department respectively.

11.6 As far as our field exposure is concerned, Statutory Audit of the PRIs by the ELA is completed more or less up to the year 2011 -12. The information received from the Panchayats & Rural Development Department reveals that During 2010-11 the ELA has completed statutory audit for the accounting year 2009-10 in 2755 Gram Panchayats, 143 Panchayat Samitis and all 18 Zilla Parishads (including Siliguri Mahakuma Parishad). Reports from the Examiner of Local Accounts are regularly received and examined in the Directorate. Upon such scrutiny, detailed advices are regularly sent to the District Magistrates & Executive Officer of the Zilla Parishad to oversee and to undertake the necessary remedial measures in this regard. The ELA also publishes annual audit report for the PRIs of the State, which is presented before the State Legislative Assembly. The Standing Committee of the State Legislative Assembly concerning Panchayat & Rural Development examines the annual audit report of PRIs. The status of action taken, as is available up to 2008-09 from the Annual Administrative Report of the Panchayats & Rural Development Department, reveals that there were 1,05,494 outstanding paras. It is expected that some of these outstanding paras have been settled by this time with the ELA. Our field exposure also suggests that post Audit specially convened meetings are being held and remedial/ correctional measures are also taken up with the ELA by way of Broad sheet replies through the Government. Steps should, however, be taken to clear all outstanding paras as early as possible.

11.7 But as far as the internal Audit is concerned the picture is not uniform. One of the reasons behind such uneven progress is huge vacancy in the post of PAAO and SAAO who are entrusted with the internal audit of the Gram Panchayat and Paanchayat Samiti, respectively. Another reason is their engagement in other miscellaneous extra departmental works at the Block and Sub-divisional offices. Internal Audit is one of the important tools of regular monitoring. These officers should be allowed to visit GP and PS offices at regular intervals so that all pending internal audits become regular and updated. If the State Government is not in a position to fill up all existing vacancies of PAAO and SAAO for the present, at least some retired Auditors may be engaged, for the time being, to update the pending audit. Again, the formats of the Audit Reports of the PRIs should be revised to accommodate and capture the effectiveness and outcome of the Government sponsored programmes.

11.8 No effective internal Audit, by the Finance and Establishment standing committees of the PRIs or by the Municipal Accounts Committee, was either reported or found in vogue during Commission's limited interaction with the functionaries and officials of both the PRIs and ULBs. Even the Inspection of PRIs and the ULBs by the Government Officers is also very irregular though there is provision in both the statutes on Panchayats and Urban Local Bodies. **The purpose of these Inspections should be broadened and widened to accommodate the question of fulfilment of basic objectives of these Institutions, sustainability of basic services delivered by them and finally ensuring economic development with social justice, instead of capturing some basic information.**

Monitoring through District Council and District Monitoring and Vigilance Committee

11.9 The District Councils and the Monitoring and Vigilance Committees for Centrally Sponsored Programmes have been reconstituted as per schedule and are functioning. **A special training programme covering the functions, objectives and outlines of Government sponsored programmes needs to be organised for District Councils.**

Monitoring through Sansads and Ward Committees

11.10 There is another set of social Audit Mechanism for the PRIs in West Bengal. Statute provides for constitution of Gram Sansad and Gram Sabha for the Gram Panchayats, Block

Sansad for Panchayat Samiti and Zilla Sansad for the Zilla Parishads. Whereas the Gram Sansad and Gram Sabha are the forums of direct participation of the electors of the Gram Panchayat, the Block Sansad and Zilla Sansads are the forums of elected representatives of Panchayat Samiti and Zilla Parishad respectively. These forums are required to meet twice a year and to deliberate on the Budget, Audit and Accounts of the respective tier of the PRIs apart from review of the performance of the schemes and programmes taken up by the respective tier. **Steps should be taken to strengthen Gram Sansad and Gram Sabha as the proper forum of Social Audit. The Budget, Audit Reports and annual planning of the PRIs should be properly explained before these Institutions by the employees of the respective tier of PRI so that the participants may spontaneously deliberate into it. Similarly, emphasis should be given on Ward Committees of ULBs for the deliberation of budget and Audit reports in their meetings.**

Monitoring through Self Evaluation

11.11 An innovative mechanism of monitoring, devised by the Panchayats & Rural Development Department, is Annual Self Evaluation of all tiers of the PRIs. This evaluation includes both the process of Institution building and development delivery. It is done through a predesigned format of the Panchayat & Rural Development Department and are despatched to the respective tier through the District level Administrative machinery. On a particular date determined by the District level Officers, evaluation of a particular GP or PS is done by a team consisting of elected representatives and Government Officials of another GP or PS as the case may be. The best performing Institution is awarded by the Government. The information we have received from the Panchayats and Rural Development Department as to the status of this Self Evaluation is reproduced in Table 11.11.1. **As a whole, it appears to the Commission, that though a vice-versa mechanism is adopted in this evaluation process, it should be ensured that the team in charge of evaluation of a particular GP/ PS/ ZP should have well acquaintance with the Government Programmes and exposure to the field in respect of the assigned Institution. Otherwise the very objective of this purpose will be frustrated and it will turn into a mere routine exercise.**

Table: 11.11.1

Status of Self Evaluation of PRIs for the year 2008-09 and 2010-11

District	Gram Panchayat			Panchayat Samiti			Zilla Parishad	
	Total	Self Evaluation report Received		Total	Self Evaluation report Received		Self Evaluation report Received	
		2008-09	2010-11		2008-09	2010-11	2008-09	2010-11
Bankura	190	0	98	22	0	7	Yes	Yes
Birbhum	167	160	163	19	19	18	Yes	Yes
Burdwan	277	277	0	31	31	29	Yes	No
CoochBehar	128	128	0	12	12	8	No	No
Darjeeling(SMP)	22	0	0	4	4	0	Yes	No
Dakshin Dinajpur	65	65	42	8	0	0	Yes	No
Hooghly	207	193	0	18	0	0	Yes	Yes
Howrah	157	145	0	14	14	0	Yes	No
Jalpaiguri	146	0	0	13	0	0	Yes	No
Malda	146	145	0	15	15	0	Yes	Yes
Murshidabad	254	136	163	26	20	9	No	Yes
Nadia	187	181	105	17	17	13	No	Yes
North 24-Parganas	200	177	198	22	22	22	Yes	No
Paschim Medinipur	290	242	290	29	19	19	Yes	Yes
Purba Medinipur	223	204	207	25	24	20	Yes	Yes
Purulia	170	170	170	20	20	19	No	Yes
South 24-Parganas	312	282	0	29	26	0	Yes	No
Uttar Diajpur	98	97	98	9	9	7	Yes	No
Total	3239	2599	1534	333	252	171	14	9

*112 Gram Panchayats in the hill areas of Darjeeling is not included because there was no elected body at the relevant time

Source : Department of Panchayats and Rural Development, Govt. of W.B.

Monitoring through Action Research

11.12 Very little or rather almost no attention has been paid towards Action Research on the implementation of the Government sponsored programmes and their impact on rural

livelihood. Neither SIPRD nor the ETCs appears to have taken a very serious and active role in this regard. Our interaction with the members of Faculty of SIPRD does not confirm that any effective initiative by the Institute has been taken particularly in this regard after the Panchayat General Election held in 2008. **No training can be meaningful and effective unless it is supported by Action Research. Every faculty of SIPRD and ETC should involve themselves in case studies and Action Researches on every RD programme and the findings should be shared with the participants in training programmes, be it Elected Representatives or the Government Officials. They should acquaint themselves with more frequent exposure to the field besides visiting the specialised Institutions of the Country for acquiring knowledge and skill regarding research methodology. Learning from NIRD will be of immense help at least in this regard. The State Government should move the Government of India both in MOPR and MORD Department for placement of adequate fund to activate the Action Research initiatives.**

Learning from ISGP

11.13 We have already mentioned in this report our experience regarding the functioning of ISGP Gram Panchayats which is a bit different from others. One of the reasons of such comparatively better performance of these 1000 Gram Panchayats is the emphasis on close monitoring mechanism. Key objective of this component is to strengthen existing systems for monitoring of GPs including annual performance assessment of selected GPs with overall monitoring and evaluation of the ISGP project. Against this objective, the interventions fall under the following areas :

- (i) Annual Performance Assessments and Quality Assurance: The performance of GPs on the basis of Mandatory Minimum conditions (MMCs) for the Project years with procurement process for hiring external agency for doing the performance assessment has been given the top most priority.
- (ii) Improvement of Internal Monitoring and Reporting systems: Formats for internal Project progress monitoring has been prepared. At the same time, in order to supervise, monitor and improve the quality of implementation of the ISGP project-interventions in the 9 districts, concerned district authorities have been requested to form ‘Supervision & Monitoring Committee for ISGP’ at the level of all concerned Zilla Parishads and Panchayat Samitis.

(iii) Overall Evaluations of the Project: Process of procurement of External Agency for conducting Baseline Study under the ISGP Project has been initiated.

(iv) Improving timeliness of external audit & enhancing its impact: Discussions with the Accountant General (RW/LB), West Bengal and Examiner of Local Accounts have been initiated in order to improve timeliness and quality of the GP external Audit.

11.14 As outlined in the Project Implementation Manual, the Gram Panchayats under this project were subjected to Annual Performance Assessment (APA) to access the Block Grant from the beginning of the project on a score based assessment (Box 11.14.1). The concept of assessing the performance of the GPs, on a declared set of parameters (performance benchmarks), has two implications.

- a. Firstly, the GPs are allowed to reach a certain predefined level of performance and access grant for its achievement. It only increases their capacity to cope up with a newer set of targets and goals which will ultimately institutionally strengthen the GPs, thus leading to achievement of long term outcomes.
- b. Secondly, as APA is done by an independent agency, the question of bias is ruled out.
 - The APA process is unique in the sense that it has created an environment of healthy competition amongst the participating GPs to perform better and access grant which is untied in nature.
 - The sense of competition has taken the performance level of the GPs in the four performance thematic areas to new heights, as reflected in the growing trend in the MMC qualification by GPs in APA over the years.

Some of the assessment criteria included in the four key performance areas are as follows:

A. Planning & Budgeting:

- ✓ Compliance with prescribed planning procedures, including the requirements of the Environmental and Social Management Framework (ESMF) and its specific safeguards and preparation of the five year plan.
- ✓ Approval of the plan by the General Body and concerned sub committees of the GP

B. Project Execution and Service Delivery:

- ✓ Untied funds from CFC, SFC as well as the GP's own fund and ISGP Block Grant are timely utilised
- ✓ Transparent and appropriate methods of procurement are followed and properly documented

- ✓ ESMF safeguards are complied with
- ✓ Projects are geo tagged.

C. Accounting, financial reporting & audit:

- ✓ The availability of annual financial statements (Form 27) by a given timeline.
- ✓ The receipt of external audit opinion from the CAG for the previous financial year.
- ✓ The timely submission of each monthly report (Form 26) in the year under assessment.
- ✓ The timely submission of semi-annual Physical Progress Reports, etc.

D. Participation, transparency and accountability:

- ✓ The meetings of all Gram Sansads (Ward level meetings) held in the GP twice in a year and the meeting of Gram Sabha held in the GP once in a year with attendance of women participants
- ✓ Evidence of the distribution of GP annual report handouts to community members.
- ✓ The extent of compliance by the GP in disclosure of information and posting of information on its official notice board.

Box : 11.14.1 Performance Areas, Related MMCs and Scores			
Performance Area	Mandatory Conditions	Minimum	Scores Allotted
Planning & Budgeting [Covers issues on Plan and budget preparation and consideration of issues on environment and vulnerable group]	MMC1: Timely preparation and approval of Integrated Plan & budget		25
Project Execution and Service Delivery [Covers issues of procurement and investment and if they are done in transparent and non-harmful to the environment and society and approved by the Council in the Budget]	MMC2: Timely utilisation of untied grants		25
Accounting, financial reporting & audit [Covers issues of GP's position to adequately control, account for and report on its revenues and expenditures in order to address audit issues]	MMC3: Clean external (CAG) audit report		25
Participation, transparency and accountability [Covers issues of GP's culture and practice of decision taking and implementation is participatory and inclusive]	MMC4: Timely digitisation and upload for public view of financial transactions (through GPMS application) by GP		25
Total	4 MMCs		100

11.15 Exposure Visit of Gram Panchayat functionaries has been started in the financial year 2011-12. A guideline [1453(9) ISGPP/23C-1(CB)/3, dated 24.10.2013] has been issued mentioning norms and modalities of exposure visit. Priority has been given to the Gram Panchayats which have not received block grant every year. During this reporting period, a total number of 79 exposure visits have been organised with 2611 participants from 117 Gram Panchayats. (Table :11.15.1)

Table : 11.15.1

A district wise break-up of exposure visit

Sl. No.	Name of the District	Total Event Organised			Total GP Participated	Total GP Functionaries Participated
		Within District	Outside District	Total		
1	Bankura	8	0	8	8	408
2	Birbhum	10	0	10	20	411
3	Burdwan	9	1	10	20	380
4	Cooch Behar	8	0	8	16	335
5	Dakshin Dinajpur	8	0	8	8	160
6	Howrah	5	0	5	5	121
7	Nadia	8	0	8	8	183
8	Paschim Medinipur	10	0	10	20	360
9	Purba Medinipur	12	0	12	12	253
TOTAL		78		79	117	2611

Source : ISGP Annual Report, 2012-13

11.16 ISGP Project has also taken various initiatives to strengthen existing mechanism for internal audit at the Gram Panchayats. Standard inspection report format had been developed by the project in consultation with Directorate of Panchayats and Rural Development and district level officials. In an effort to strengthen the internal audit effectiveness within the PRI system, a separate Performance Audit Directorate has also been proposed with dedicated staff at the state, district and sub-division level. A special thrust had also been also given during the training of PA&AO. **The examples, therefore, deserve proper replication.**

The Path ahead

11.17 Special emphasis, therefore, needs to be given to strengthen the existing monitoring mechanism. Special team should be constituted at the district level for monitoring and evaluation of the activities of both the RLBs and ULBs. If the existing Government officials cannot be spared for the purpose, due to their departmental workload, special monitoring team needs to be formed on hiring basis whose task should be confined to the monitoring only and

no other assignment. **This monitoring team should be stationed at the District level and they should have close link and collaboration with the District level Officers. The report prepared by this team should be regularly examined at the State level.**

11.18 Both the Directorates of Panchayats and Rural Development and the Directorate of Local Bodies should be strengthened enough so that their functions are not confined within the task of sub-allotment of fund only, rather their real task should be to closely monitor the functioning of these Local Bodies.

11.19 Initiative should be taken to revitalise the Statistical Cell of both the directorates so that the copies of Audit and Inspection Reports of the respective Local Bodies are properly preserved, digitised and monitored at regular intervals. Statistical information on both the RLBs and ULBs emphasising on the details of Assets created and maintained by these bodies should be preserved in these Cells with utmost care.

11.20 Panchayats and Rural Development Department and Municipal Affairs Department should ensure that the Annual Administrative Reports of the respective Department are duly published at least during the middle of the year and the performance of the Local Bodies is reflected therein. These reports should be regularly circulated amongst the concerned local bodies.

Chapter – XII

Recording of best Practices

12.1 A study commissioned by the Thirteenth Finance Commission²⁸ identified the following to be the ideal characters of Best Practices:

- A) It should be perceived by all stakeholders as having made a positive difference to their lives and well-being;
- B) Although it may be born of specifically local concerns, a good practice must resonate with other communities i.e., it should be replicable, relevant, sustainable and strengthen the relationship of accountability between policy makers, providers and citizens and increase transparency in the system;
- C) The institutional, legal and social aspects and all backward and forward linkages should have been carefully taken into account;
- D) The ownership of the good idea should be quickly passed on from the single initiator to the implementing levels, to ensure it survives change of key personnel;
- E) A best practice must be periodically reviewed, monitored and constantly improved to keep it living and contemporary.

12.2 On the basis of study commissioned to NIRD, the suggested best practices by the Twelfth Finance Commission in respect of PRIs, by and large, included (i) levy of certain major taxes and exploitation of non-tax revenue sources be made obligatory for the panchayats; (ii) a minimum revenue collection from the panchayat taxes be insisted; (iii) incentive grants related to revenue collection; (iv) user charges be made obligatory levies; (v) powers to levy a tax/ surcharge/ cess on agricultural holdings should be given to the intermediate or district panchayats; (vi) revenue transfers from the states to panchayats in the form of revenue sharing/ revenue assignment be made statutory in nature; (vii) the maintenance of accounts by the panchayats be standardized; etc.

²⁸ **Best Practices in the Financial Management of Urban Local Bodies in India:** YASHWANT RAO CHAVAN ACADEMY OF DEVELOPMENT ADMINISTRATION, PUNE, MAHARASHTRA.

12.3 A study on municipal best practices was also supported by the Thirteenth Finance Commission. The report identified number of best practices which could be usefully emulated by most municipalities. These included : (i) Maintenance of municipal finance statistics (ii) Resource mobilization (iii) Expenditure compression through outsourcing and Public Private Participation (PPP) (iv) Adoption of accrual accounting (v) Delegation of funds, functions and functionaries (FFF) (vi) Transfer of funds from Central/ State Governments (vii) Accountability of local bodies to the Citizens' Charter/ NGO participation, etc. (viii) Slum development.

12.4 Within the parameters suggested for best practices by the two Central Finance Commissions as narrated above, West Bengal has already prescribed three uniform Accounting Software packages for PRIs and ULBs known as GPMS for GPs, IFMS for PS and ZP and PUROHISAB for ULBs and as such there is no scope for PRIs or ULBs to go beyond these packages for maintaining their Accounts which can be replicable by others.

12.5 The Commission, however, in course of their visit came across some of the practices by the PRIs and one ULB which needs special mention. These are not only relevant and sustainable but also perceived by the stakeholders to have made a positive change in their lives and well being and as such deserve to be replicable.

Gram Panchayat's effort to mobilise OSR and spend for development purpose

(A) Chandipur GP under Uluberia Block

12.6 It has been severally discussed that a GP's effort to mobilise its OSR is one of the best possible ways to minimise the critical gap of Budget constraints and moreover OSR is the real untied fund which a GP can spend towards its own development as per their local need. Chandipur GP of Uluberia-I Block has been one of the suitable examples of this effort. They have updated their bye-law from time to time. During the Financial Years from 2011-12 to 2013-14 this Gram Panchayats collected their OSR to the tune of Rs. 58,09,301 (of which collection on Tax on land and building was Rs. 30,20,695) and spent a total sum of Rs. 45,63,998 towards maintenance of Roads, Tubewells, Ambulance Service and other local development which can be seen from Table: 12.6.1.

Table :12.6.1

OSR investment of Chandipur GP towards local development

Financial Year	Total Income	Income as OSR	% of OSR Income to Total Income	Amount spent from OSR towards local Development	Total Expenditure	% of OSR Expenditure to Total expenditure
2011-12	96,25,344	21,38,112	22.21	14,04,559	1,00,36,175	13.99
2012-13	1,05,30,357	22,52,436	21.38	20,37,700	1,09,99,937	18.52
2013-14	1,13,36,196	14,18,753	12.51	11,21,739	98,10,375	11.43

Source : Chandipur GP

12.7 This Gram Panchayat has already started to provide Birth and Death Certificate, Trade Registration Certificate and Residential, Income Certificate through GPMS. Special drive has also been given on focussing on vulnerable Groups, Special nutritional support to adolescent children, minimise school dropout, environmental safeguard in planning process through people's participation, establishing a grievance redressal mechanism, increasing OSR for creation of sustainable asset and utilising that fund on local development. This positive approach has left an impact on their tax revenue also which is depicted in table 12.7.1

Table :12.7.1

Demand wise collection of Tax of Chandipur GP

Financial Year	Demand			Collection			
	Current	Arrear	Total Demand	Current	Arrear	Total	Percentage of Collection in ref. to demand
2011-12	8,39,003	4,53,553	12,92,556	7,48,360	4,39,778	11,88,138	91.92
2012-13	9,58,809	1,04,418	10,63,227	8,53,232	1,38,780	9,92,012	93.30
2013-14	11,05,603	1,05,577	12,11,180	7,50,951	89,594	8,40,545	69.40

Source: Chandipur GP (Discrepancies in demand & collection could not be explained by GP)

12.8 How was the Chandipur GP able to mobilise so much OSR which included their Tax Revenue also? Close proximity of Uluberia Industrial Growth Centre, rapid migration to the

GP area. (Table: 12.8.1) due to close proximity of Uluberia Railway Station, three bank branches, two post offices, 3 High Schools, two secondary schools ĩ all contributed to the laudable collection of OSR. But the praiseworthy effort of the GP to collect the individual household tax is that whenever the tax collector went to a particular Gram Sansad area he was preceded by the elected member of that Sansad. They jointly approached the households of the vicinity, sat together in a common place of the village and were ultimately able to collect the taxes including arrears. Of course, the support of the ISGP team worked as a stimulant force in this venture.

Table 12.8.1

Increase of Assesseees of Chandipur GP in the Period 2011 -12 to 2012-13

Year	Number of Assesseees	Increase in Number
2011 ĩ 12	6190	
2012 ĩ 13	6310	120
2013 ĩ 14	6520	210

Source: Chandipur GP

(B) Ahmedpur GP under Sainthia Block

12.9 Ahmedpur Gram Panchayat under the Sainthia development block in Birbhum district, on the other hand has come up with a different experience in mobilisation and utilisation of own revenue. It has 20 Gram Sansads and 22 mouzas. Of these 22 mouzas 1 is uninhabited. As per Census 2001, the GP has a population of 24778 (male 50.47% and female 49.53%). The SC-ST population accounts for about 43.28% of total population of the GP. 69.08% of this SC-ST population belongs to different scheduled caste communities and remaining 30.92% to ST communities. Census 2011 recorded a 6.86% growth in the total population (26479) of the GP. The literacy rate of the GP is quite high (82% of the total population). It has 18 literacy centers, 38 Anganwari Kendras, 4 SSK, 1 MSK, 21 FP schools, 1 junior high school, 4 secondary schools and 3 HS schools. It also has a public library.

12.10 Like Chandipur in Howrah, Ahmedpur also is endowed with a very good road and rail connectivity. Ahmedpur railway station on the Sahebgunj Loop is situated within the GP. It is also a junction station. Almost all mail, express and local trains stop at Ahmedpur. In addition

a number of bus services ply through the GP area. It is due to this communication facility that Ahmedpur is a preferred place of permanent residence for service holders (in both private and public sectors) of the adjoining rural areas. As a result Ahmedpur and some adjoining mouzas under the GP together have taken the shape of a rural town with a daily market, a number of shops and other commercial establishments, government offices etc. Moreover the head quarter of the block and BPHC are situated within the GP.

12.11 In a study conducted by the Institute of Social Science, Eastern Region on behalf of the ISGP, Govt. of WB²⁹, this GP ranks first in per capita property tax collection and fifth in per capita OSR collection amongst all the ISGPP GPs of the state. The GP has one Tax Collector to collect land and building tax from all its 20 Sansads. As per the Tax Collector and other GP staffs, 11 out of 20 Sansads are urbanized and the rest 9 are still rural in character. As per the Tax Collector there exists two distinct phases of tax collection in Ahmedpur GP : (i) Pre-1993 phase and (ii) post-1993 phase.

12.12 Till 1993 each GP had a number of Chaukidars employed on fixed government honorarium (in 1993 it was Rs 60/pm). They were also given a matching honorarium per month by the GPs. The amount of honorarium given by the GP varied with the amount of tax collected. Therefore the Chaukidars had a keen interest in the collection of property tax. As informed by the Tax Collector, during the pre-1993 phase, the concerned Chaukidars used to inform the tax payers in advance about the time and place of tax collection. He would sit in the corridor of the local school or in some other public place and the tax payers would come to that place to pay tax. It was due to the involvement of the Chaukidars that the tax could be collected without much hindrance. During this phase, tax collection was poor and it never exceeded Rs 1 lakh per year. As school education was free and land rent was relaxed, there prevailed a notion among the public that it was not necessary to take payment of panchayat tax seriously. Even many elected members of GP held such view.

12.13 The post of Chaukidar was abolished in 1994 and many things changed thereafter. The GP's volume of work increased and with it increased the office expenses of the GP. The elected GP members also started realizing that it was necessary to increase own source revenue to meet the running expenses of the GP and to do some development work for which

²⁹ Final Report submitted to the ISGP on Revenue Mobilisation by Gram Panchayats of W.B.: Present situation

government funding was not available. The GP members approached the tax payers and tried to convince them about the importance of paying panchayat tax timely. In the absence of the chaukidars, the Tax Collector began to visit houses of the tax payers. Initially it was necessary to visit the same house more than once to collect tax. Gradually tax compliance of the tax payers increased.

12.14 The GP revised the assessment list on the basis of self-declaration of tax payers in the year 2011-12. Use of form 5A was made for the first time and assessment was done with seriousness. As a result tax amount of every tax payer increased by about 30%. This enhanced tax rate is still in vogue.

12.15 Self-assessment exercise has been carried out in 2014-15 also. The forms (5A) were distributed to each residential house in the months of September and October 2014. The filled-in forms for majority of assessees have already reached the GP office and the rest are expected to reach the GP office shortly. If anybody fails to comply with dateline, he/ she will be given notice to submit the same as soon as possible. Otherwise the GP would conduct a survey and assess the tax unilaterally. The GP expects to publish the new assessment list for the financial year of 2015-16 soon.

12.16 There are 6609 houses in the GP area. About 86% (5677) of these houses comes under land and building tax. Number of tax payers of the GP increases every year. Compared to 2011-12, the number of tax payers in 2014-15 increased by 12.53%. The growth in the number of tax payers in the last three years is shown in table 12.16 .1

Table 12.16.1: Number of Tax Payers in Ahmedpur GP

Financial year	Number of tax payers	% increase over last year
2011-12	5045	-
2012-13	5115	1.39
2013-14	5225	2.15
2014-15	5677	8.65

Source: Institute of Social Science

12.17 The classification of tax payers in terms of tax assessed is shown in Table 12.17.1

Table 12.17.1: Classification of Tax Payers in Different Tax Groups in Ahmedpur GP

Tax range (Rs)	Number of Tax Payers	%
≥ 201	1227	21.61
101-200	740	13.04
81-100	1120	19.73
41-80	670	11.80
21-40	760	13.39
10-20	Nil	X
< 10	1160	20.43
All	5677	100.00

Source: Institute of Social Science

The above table stands in sharp contrast to the general pattern of tax revenue of West Bengal's panchayats where around 45% of tax payers are in the tax group of Rs 5 per capita or below. In Ahmedpur we find that two-third of tax payers tax above Rupees 40 per annum and the single largest group of assesses (21.61%) belong to the tax bracket of Rs 201 and above. More than a half of total assesses (54.38%) pay property tax of Rs 80.00 and above.

12.18 Collection of tax is the full time job of the present Tax Collector of Ahmedpur GP. He collects tax from the tax payers of all the 20 sansads. Naturally he has to work hard and hardly does he take even the weekly break from work. He makes house to house visit routinely for seven days of the week, except for Thursday, his working hours being 8 AM to 1 PM in the first half and again from 3 PM to 9 PM in the second half. On Thursday he visits houses from 8 AM to 11 AM and then sits in the GP office from 12 noon to 4 PM. In addition, the tax collector visits GP office almost once on each weekday to deposit his collection. According to the Tax Collector about 90% of the total tax collected is received during door to door visits while, only 10% tax payers deposit their tax at the GP office. He devotes so much time in his job as it is his sole means of subsistence. His monthly earning from commission ranges from Rs 10000 to Rs 14000. To collect tax he has to visit a sansad 5 to 15 times each year. According to the estimate of the Tax Collector on an average about 60% to 65% tax payers pay their tax regularly. But for the 9 rural sansads the proportion comes down to about 20%. In urban sansads people pay taxes at higher rate compared to those of rural sansads, as most of the residential houses in urban sansads are multi storied concrete houses. A lighting rate of 33% on property tax is to be paid by the tax payers of urban sansads, as street lights have been provided for them. The rural Sansads of the GP are yet to be electrified.

12.19 About 41.17% (2721) of the total households (6609) of the GP are BPL households. As the Tax Collector and others inform, most of these households find it difficult to make both ends meet. It is difficult to collect tax from such households. Moreover it is difficult for a single Tax Collector to visit each and every household repeatedly. The Tax Collector usually avoids visiting rural sansads during monsoon months due to bad road condition, whereas he visits the urban sansads almost every month. To cope with the problem, the GP is considering appointing one more Tax Collector particularly for the rural sansads from next year.

12.20 Table 12.20.1 shows the demand & collection ratios for last 3 financial years of Ahmedpur GP. This shows collection performance in respect of current demand also making progress in each year, in raising collection efficiency, the GP could collect 97% of current demand in 2013-14, but the volume of arrear demand has not been allowed to grow beyond reasonable limits.

Table 12.20.1: Demand for and Collection of Tax in Ahmedpur GP

Financial year	Demand (Rs)			Collection (Rs)		
	Arrear	Current	Total	Arrear	Current	Total
2011-12	2861230	616650	3477880	93281 (3.26%)	384441 (62.34%)	477722 (13.74%)
2012-13	3000758	616650	3617408	47039 (1.57%)	559897 (90.80%)	606936 (16.78%)
2013-14	3010152	640000	3650152	84246 (2.80%)	619356 (96.77%)	703602 (19.28%)

[Figures in the parenthesis indicate the proportions of corresponding demand]

Source: Institute of Social Science

12.21 The elected GP members across political affiliation have played a positive role so far as the house tax is concerned. They take initiative in convincing the residents to pay house tax regularly without which the GP cannot function properly. "People in Ahmedpur GP" says the Pradhan of the GP, "do not mind paying land and building tax. They are getting good services in the form of road, street light, piped drinking water, tube well etc. There is no complaint and grievances. The GP is lenient only in cases of the BPL households." Pradhan also indicates that after the ongoing self-declaration survey in Form 5A is complete, tax may go up to a considerable extent and the GP is confident that there will not be any problem in realizing tax on the basis of new assessment.

12.22 The Ahmedpur GP has taken following steps for improving tax collection performance.

- (i) One more tax collector is to be appointed soon particularly to cover the rural Sansads;
- (ii) Each year properties of some tax payers may be reassessed on the basis of the observations of the tax collector and elected GP members to the effect that they have concealed the real market value of their land and buildings;
- (iii) Self-declaration of measurement and market value of land as well as house survey should be done once in every 5 years.

12.23 Non Tax Revenue (NTR) : Tax-NTR ratios of the GP for last three financial years are shown in Table 12.23.1.

Table 12.23.1: Composition of Own Source Revenue in Ahmedpur GP

Financial year	Total OSR Collection (Rs.) and Ratios (%)		
	Land & building tax	Non-tax revenue	Total OSR
2011-12	477722 (53.24)	419496 (46.76)	897218 (100.00)
2012-13	606936 (50.81)	587607 (49.19)	1194543 (100.00)
2013-14	703602 (62.54)	421523 (37.46)	1125125 (100.00)

Source: Institute of Social Science

The above table indicates that NTR comprises 37 % to 49% of the total OSR of the GP in last 3 financial years. Main components of NTR of the GP are sale of tender forms, permission for constructing building and registration for running trade. Of these, collection of yearly registration fees for running trade is the responsibility of the tax collector. For this, he receives commission at par with the land and building tax. The proportions of total receipts on account of registration for running trade to total NTR receipts during last 3 financial years are 21%, 16% and 21% respectively. It may be noted here that the bye-laws of registration for running trade was last updated in the GP in the year 2005.

12.24 The ratios of expenditures of Own Fund in office expenses and development heads are shown in Table:12.24.1

Table 12.24.1: Expenditure from Own Fund in Ahmedpur GP

Financial Year	Expenses (in Rs.) and Proportions (%)		Total Own Fund Received including Opening Balance & Interest
	Office Expenses	Development Expenses	
2011-12	370025 (38.08)	463603 (47.71)	971793.61 (100.00)
2012-13	625395 (46.49)	521345 (38.75)	1345243.61 (100.00)
2013-14	655297 (47.92)	647318 (47.34)	1367362.59 (100.00)

Source: Institute of Social Science

Table 12.24.1 shows that on an average expense on office heads surpass that on development heads. This is so because the GP, at the request of the Block administration, has to spend a significant part of its OSR each year on various non development heads, such as, cleaning of DCRC ground for election work, provision of refreshment for pulse polio workers and personnel of electoral roll revision etc. Despite this, the GP undertakes a lot of development works out of its own fund. Some illustrative examples are given below.

- I. **Street light:** Presently there are about 1100 electric poles in all the 11 urban sansads of the GP. The rural sansads of the GP are yet to be electrified. All of these 1100 electric poles are fitted with street light. The street lights remain switched on from 5-30 pm to 5-45 am every day. Maintenance work of these street lights is given to a private agency selected through tender. Currently a locally based small enterprise is entrusted with this job. It receives Rs 20000 per month as fees. All users of these lights have the contact number of the said enterprise. They directly call its personnel as and when they need their service. However the responsibility of payment of electric bills (Rs. 8000 per month) and replacement cost of tubes and new connections are with the GP. The SEB charges the GP for street light at a much lower rate. Expenses in last 3 financial years towards street lights were Rs. 2.75 lakhs, Rs. 1.32 lakhs and Rs. 1.83 lakhs respectively.
- II. **Other development works from OSR:** These include maintenance of roads. The GP intends to build some revenue generating permanent assets like community hall etc. in near future for the use of local people at a reasonable rate.

12.25 Ahmedpur GP, as is revealed from the foregoing paragraphs has broken new grounds in generating revenue from own sources, particularly revenue from property tax. Its initiative to insist on self declaration of the tax payers and to assess tax on the basis of that has brought the assessment list closer to reality. When they first introduced the new system of assessment in 2011-12, tax was raised in general by 30% at one go. This was a bold step to start with and they have continued the efforts thereafter also. Its collection efficiency is also remarkable. The support given by the elected members and the staff to augment OSR is also something from which other GPs may learn. Another noteworthy feature was to bring owners of the newly constructed buildings within the tax net. In sum, the Ahmedpur story may be of great value to those GPs which seek to improve their revenue administration.

Panchayat Samiti's initiative to combat Malnutrition

12.26 'Sabujer Abhijan' is an innovative effort of the Balurghat Panchayat Samiti to address the malnourished children. In an administrative Review meeting with the Chief Minister of West Bengal held in the month of August, 2014 at Dakshin District, a thrust was given to address the issue of acute and severely malnourished children and the administration was instructed to take up a special drive to improve the situation.

12.27 In compliance with the instruction given by the Hon'ble Chief Minister, Balurghat Panchayat Samiti took an innovative initiative to address the nutritional status of the Acute & Severely Malnourished children of the Block involving the PRI Bodies, ICDS and Health Department and the initiative was named 'Sabujer Aviyan' with the following intervention :

- a. Firstly, a list of 314 numbers of Acute & Severely Malnourished children has been provided by the ICDS functionaries with the colour code describing the nutritional status of the children.
- b. A health check up camp by medical officers has been organised in the month of September 2014 with the help of PRI Bodies, ICDS & Health Department in each of the 11 Gram Panchayats under Balurghat Block where those Children have been examined by the doctors.



Health camp of
Balurghat Panchayat
Samity

c. A comprehensive Health Card has been prepared comprising the family history, immunization status, advice from the doctor and the report card on follow up joint visit at home by the ICDS personnel and health personnel for each child. The card is kept under the direct supervision and custody of the respective AWWs (Angan Wadi Worker).

d. Follow up visit by the ICDS and health personnel is an integral part of this initiative which is being done every month. From these follow up visits, it has come to the surface that out of 314 Nos. of Acute and Severely Malnourished Children, the nutritional status of 58 Children have already been improved and the status of the rest of the children are under close watch. Next Health Camp is likely to be organised in the month of February 2015 and onwards.



A
malnutrition
Check up
camp of
Balurghat
Panchayat

Samity

e. ‘Poustik Laddu’ which is going to be introduced and distributed from the end of ICDS amongst the Acute & Severely Mal nourished children of the block, is definitely an added advantage to push the initiative ‘Sabujer Aviyan’ to its desired goal.

Implementation of SAHAI Programme by Gram Panchayat

12.28 Malnutrition is one of the challenges that the Rural West Bengal has been facing for a long time. To combat this challenge, State Action against Hunger and Inequality or SAHAI is an anti poverty sub-plan of the poverty alleviation programmes of Panchayat and Rural Development Department of the Government of West Bengal. The sub-plan is based on the findings of the 61st round of the NSSO rural household survey and Rural Household Survey (RHS) of the Government of West Bengal. Both these surveys indicated that about 9% to 16.5% of the rural population of West Bengal was suffering from food insecurities, i.e., finding it difficult to arrange two square meals a day for all the months of the year, while about 3.5% was not getting even one square meal a day. SAHAI was designed in 2009 to provide at least one square meal a day to this 3.5% rural destitute population through Panchayats.

12.29 Mallarpur-I GP under Mayureswar-I Block in the district of Birbhum has been implementing this anti-hunger programme, since its inception, i.e., from June 25, 2009, almost without any break. In fact, ‘Mallarpur-I is the GP from where the SAHAI food support programme was launched in West Bengal’, informed the Pradhan. The GP is providing cooked meals to about 122 SAHAI beneficiaries. What is noteworthy is the fact that while implementing the programme, the GP has expanded its scope. The programme, as stipulated in the relevant government order, provides for supplying one meal a day to the beneficiaries, leaving them to fend for themselves in respect of the night meal. The GP has arranged for the supply of dry food (puffed rice and a snack made of boiled gram and pulse) as night meal to all beneficiaries considering the fact that most of the beneficiaries would go to bed with hunger most of the days if another meal were not supplied to them. Thus, the GP is providing its SAHAI beneficiaries two meals a day in place of the stipulated one meal. The meal given in the day-time is also comparatively more wholesome than the one that can be provided with the fund allotted for each beneficiary. In other words the GP has not only successfully

implemented this innovative scheme; it has expanded the scope of the said scheme. A study conducted by the Institute of Social Science, Kolkata also corroborates this evidence.³⁰

12.30 The Rural Household Survey conducted by the state government in 2005 had identified households who were suffering from food insecurities, according to certain indicators. They were being referred to as rural destitute population. This destitute population forms the potential beneficiaries of SAHAI programme. However, as per guidelines of the programme, the GP was required to verify the present status of food insecurity of its destitute population through a field check. Moreover, if any genuine destitute person is found to have been left out by the RHS, he/she is entitled to apply to the Panchayat for receiving benefits under the scheme. Their claims were also to be verified through field check, as per guidelines. There was a prescribed format for conducting this check. In Mallarpur-I GP, this field check was done by the Resource Persons (RP) of SHGs, formed under SGSY programme. The field check formats duly filled-in by the two RPs, engaged for the work, were again subjected to verification in the field by some selected GP officials. But, Mallarpur-I GP had added a new dimension to this departmental programme: they utilized the programme as a means to make Mallarpur-I GP beggar-free completely. In order to identify the beggars, the GP displayed the following public notice at important public locations:

‘If you find any inhabitant of Mallarpur-I GP begging at public places, please bring him/ her to the GP office. The GP would give you an award of Rs 200.00’.

This strategy of identification of the destitute did not go in vain. The identification and finalization of the list of SAHAI beneficiaries of Mallarpur-I GP was completed in the beginning of June, 2009. A total of 122 persons were identified as SAHAI beneficiaries whose profile is given in Table : 12.30.1 and 12.30.2

Table : 12.30.1

Sex and Age group wise distribution of SAHAI Beneficiaries

Category	Number
Male	49
Female	73

³⁰ Fighting Hunger, Saving the Poorest ,The Story of Mallarpur I Gram Panchayat, West Bengal, Prepared for Ministry of Panchayati Raj Government of India, Institute of Social Sciences, Kolkata

Total	122
Below 20 years	15
20-39 years	30
40-59 years	50
60 and above	27
Total	122

Source : Institute of Social Science

Table : 12.30.2

Why SAHAI Beneficiary

Reason	Number
Handicapped	32
Chronically sick and weak	31
Too aged to work	13
Widow/abandoned	34
Orphans	12
Total	122

Source : Institute of Social Science

12.31 It is seen from the above Tables that out of the total 122 SAHAI beneficiaries of Mallarpur-I GP (i) About three-fifth (59.84%) are women; (ii) most of the destitute population of the GP, surprisingly, are in the middle age group of 40-59 (about 41%), followed by those who are in the age-group of 20-39 (about 25%); (iii) the senior citizens

Tale of a SAHAI beneficiary

SMT. KALIDASI LET is a widow of well above 60. She has 3 sons two of whom live in their in-laws' houses and the remaining one who is also married lives with her in the same house but has a separate kitchen. This son of hers is chronically sick. He works in a tea stall and earns a very meagre income. He is not in a position to support his mother on a regular basis. About 6-7 years ago when she was physically stronger, Kalidasi used to work as domestic help in 2-3 houses of the village. But due to her physical weakness she now works only in one house and gets Rs 150.00 a month and a bowl of puffed rice daily as her remuneration. In addition she also lays cow dung cakes in lieu of remuneration which is Rs 10.00 per 80 pieces. By laying cow dung cakes Kalidasi earns about Rs 30-40 a month. This small earning (150+30) is spent towards medicines etc. She is getting SAHAI meal since the beginning of the programme.

She takes her meal home and shares it with her young grand children.

12.32 One of the Self Help Groups (SHG) run by the women of the Gram Panchayat was given the responsibility of cooking and serving the food to the SAHAI beneficiaries. The SAHAI Bandhus served hot cooked rice, pulses, vegetable curry and pickle. The eating place was inside the house of one of the SHG member. The food chart of the SAHAI beneficiaries of Mallarpur-I GP generally consists of the following:

- (i) Boiled rice of 200gms of dry rice;
- (ii) Vegetable curry;
- (iii) Egg curry twice a week;
- (iv) Chicken once a month;
- (v) Pulses once a week; and
- (vi) Curd, sweetmeat and papad once a month.

This chart was prepared by the GP in order to ensure that the beneficiaries get balanced food as far as possible. As the SAHAI budget does not allow anything beyond the bare minimum, GP had to supplement the fund received under SAHAI with fund from other sources including donations. Thus in the year 2012-13, the GP incurred a sum of Rs. 8,90,600.00 out of SAHAI fund received from Panchayats & Rural Development Department,

Rs. 44,530.00 out of BRGF and a sum of Rs.44,530 out of Own revenue totalling a sum of Rs. 9,79,660.00 towards SAHAI programme.



Dining Hall of SAHAI Programme of Mallarpur-I GP

Courtesy : Institute of Social Science, Kolkata

12.33 Each year during the winter, the GP provides to its SAHAI beneficiaries warm clothes, shawls etc. The required fund for this comes from the government. That apart, Mallarpur-I GP celebrates *Nabanna* or harvesting festival with its SAHAI beneficiaries. In such festival all the important functionaries of PRI at the block, sub-division and district levels are invited. These dignitaries take their meals sitting side by side with the SAHAI beneficiaries, the orphans and the destitute. By organizing such festivals, the GP provides a forum where the privileged sections of society may get an opportunity to express solidarity with their less fortunate fellow citizens. Though this programme was meant for all the GPs of the state, very few had accepted it. Most of the GPs which started the programme in their respective areas discontinued it midway due to paucity of fund and other operational hazards. Mallarpur-I GP is one of handful of GPs which have been running this difficult programme without interruption since 2009.

Efforts to Eradicate Tuberculosis: An award winning Good Practice

12.34 Durgapur Gram Panchayat (GP) is one of the Gram Panchayats of Memari-I Block in the District of Burdwan having high incidence of Tuberculosis (TB) in the beginning of 2009. The Gram Panchayat was not initially fully aware of its role to combat the disease. CARE India, an International NGO, was implementing a project called IMPACT (Initiative to Manage People-Centered Alliances in Control of Tuberculosis) in close coordination with West Bengal state TB cell, to support Revised National Tuberculosis Control Programme (RNTCP) in order to decrease morbidity and mortality caused by TB, drug-resistant TB and TB-HIV co-infection. The implementation of the project started in 2009 in 54 blocks in five districts namely, Howrah, Bardhaman, Murshidabad, Malda and Hugli where the prevalence of TB is high. Among these 54 blocks, Memari-I block in Bardhaman district is one. Institute of Social Science, Kolkata nicely documented the initiative of Durgapur GP to combat TB.³¹

12.35 A meeting was conducted at the initiative of CARE Bardhaman district office and Revised National Tuberculosis Control Program (RNTCP) district cell of the Health Department of the state government to sensitize the Panchayat Pradhans about the challenges posed by TB in their communities. Shri Gautam Majumdar, the then Pradhan of Durgapur GP attended that meeting. The high incidence of TB in Memari-I block including the GP made him think over the problem seriously.

12.36 The Prodhan, thereafter, called a meeting in the GP to discuss problems regarding high incidence of tuberculosis in the area as well as widespread malnutrition, particularly of mothers and children. The local political leaders, teachers of all SSKs, MSK and high schools and ICDS centre workers participated in the meeting. In the meeting it was pointed out by the representatives of CARE and the Health department that prevalence of tuberculosis in Bardhaman district, particularly in Memari area, including Durgapur GP, was very high. It was also pointed out that malnutrition was the main cause of tuberculosis which in turn was related to poverty. Fifty percent of the population of GP belongs to SC and ST communities and they are mostly the affected persons of the disease.

12.37 The meeting was an eye opener to the Panchayat members. Initially they did not have any clear idea about the linkage between the disease of TB and poverty. They also had little

³¹ Fighting TB, Saving Lives : A Case Study on Durgapur Gram Panchayat of West Bengal and its Efforts to Eradicate Tuberculosis, Prepared for Ministry of Panchayati Raj, GOI, Institute of Social Science, Kolkata

idea about what the GP could do to control the disease. However, it was agreed in the meeting that GP should take at least some measures to control the disease. All members of the GP, particularly the Pradhan took up the issue seriously and started planning for taking measures for controlling the disease in the area.

12.38 GP started the planning process by conducting meeting at the sansad level. All Gram Unnayan Samiti (GUS) members and voters of the sansad participated in the meeting. In all the sansad meetings, resolution was taken to adopt all possible measures to control the disease. It was decided that a survey would be conducted for identification of persons affected by TB and collection of information on their socio-economic conditions. Two teams were set up for this purpose by the GP. These teams conducted the survey. The survey revealed the following:

There were 80 TB patients in the GP. All the patients belonged to the SC/ ST and poor families.

They mostly worked as agricultural labourers and suffered from malnutrition. In spite of the fact that they were suffering from a life-threatening disease that demands minimum physical exhaustion during the period of its treatment, they were too poor to lose even a day's wage by not going out for work and taking rest.

In some cases, distance of the sub health centres acted as an obstacle to the treatment. The poor patients could not afford the travel costs to come to the centres for getting the medicine. Because of this problem, some people discontinued their treatment from the government health centres. As a result it was not only the defaulting patients who were suffering, but along with this the disease was also spreading, as TB is an infectious disease and the germ may spread from the patients to others who come near them.

12.39 The survey findings were discussed in the Gram Sabha meeting on 31st December 2010. It was decided to take measures for ensuring proper treatment of the patients and to launch an awareness programme in order to ensure that the villagers take appropriate preventive measures against the spread of the disease. BDO of Memari-I block and the officials of CARE India helped the GP in planning appropriate activities and implementing them. The process needed large manpower. SHGs formed under Swarnajayanti Gram Swarajgar Yojana, ASHA workers and the ANMs of the sub health centres within the GP jurisdiction were involved in the activities initiated by the GP for eradication of TB.

12.40 The GP's plan of action in respect of ensuring proper treatment of the existing TB patients consisted of providing direct as well as indirect support to the patients. The direct support was for immediate effect, while the indirect support was for long term changes. Medicines were provided to the patients free of cost under the health department's DOT activities of Revised National Tuberculosis Control Programme (RNTCP). Patients, severely affected by the disease and not physically able to come to the centres, were provided medicines at home. ANMs, ASHA workers and SHG members visited the houses of this category of patients and gave medicines to them. The second category of patients, whose severity of disease was comparatively low were asked to come to the centre to get medicines. The GP also provided some nutritious food like boiled eggs, bananas, biscuits and cake to the patients along with medicines. Food was being given to them on the dates of supply of medicines whether at the health centres or at home where the patients are fed with medicines. For special cases, GP also provided extra medicines and food like *masoor dal* (lentils) to the patients, according to the prescription made by the doctor. Along with medicines and food, transport cost was also provided to the patients by the GP. There are only four sub health centres in the GP for 16 gram sansad areas. In some cases, the centres are five to six kilometers away from the villages which is beyond the walking distance of patients. The patients felt difficulties to bear transport cost to come to the centres and hence could not take medicines regularly. In most cases, they used to be defaulters and became the source of spreading germ to others. To ensure the patients' regular visits the health centres, GP provided them the transport cost.

12.41 GP also provided some indirect supports to control the disease. Following a government order, it linked the TB affected persons with different social welfare programmes including the following:

GP involved the affected persons in the employment generation programme under MGNREGA. Mostly soft works were being given to them, so that they were not further weakened by doing strenuous manual work. The objective was to help them financially, so that they are enabled to continue their treatment and to buy nutritious food. They also arranged for health check up of the NREGS workers at the work site.

Priority is given to the TB affected families, in the selection of beneficiaries under Gratuitous Relief (GR) and SAHAI programmes. Cooked food is given to the patients to reduce the problem of malnutrition which indirectly helps in curing of the disease. For ensuring timely and regular supply of cooked food, responsibility of cooking is given to one

of the neighbours, so that the patient could get it at proper time. GP monitors this activity regularly. In 2011-12, out of 176 SAHAI beneficiaries nine were TB patients. In fact, Durgapur is the first GP in Memari-I block to link TB patients with SAHAI programme. In case of GR also, priority is given to the affected persons. In 2011-2012, among the 67 GR beneficiaries, 32 were TB patients.

There is no facility of sputum test in the sub centres. For this, people need to go to the block health centres. If the Medical Officer of the sub health centre, prescribes any test or any treatment of TB patients to be done outside, GP facilitates the process and, if necessary, bears the cost. GP even has made an arrangement with the block health centres, so that all the tests of the patients of Durgapur GP are done on a fixed day of the week. Accordingly, Thursday has been fixed as the test day of the patients of this GP. This arrangement makes the task of the GP's staff to take the patients to the health centres easier.

Since malnutrition is the main cause of TB, GP has facilitated in getting necessary tests for malnutrition done for women. Every Monday, the malnutrition tests are done in the sub centres. A list of mothers, suffering from malnutrition, is prepared and displayed on the notice board, so that the concerned families could take special care of them.

12.42 Besides, Durgapur GP initiated an awareness generation programme under which following activities were taken up:

Awareness meetings were held at every sansad which were attended by the political leaders of all parties, GUS secretary and common people. The problems of the disease, its resultant danger and the controlling measures to be taken, were explained to them.

Posters and hoardings were also used for the same purpose. Even the **dos** and **don'ts** by the citizens to eradicate the disease were written on the walls throughout the GP area.

Community Puja committees were used for awareness campaign. They also put banners on the same issue during the festivals and campaigned through public address system to make people aware of the problem of TB and measures to be taken to eradicate it.

Do's and don'ts on the same issue are also published in the last page of the local newspapers like *Zero Point*, *Memari Sambad*, *Annhik Gati* etc. In every issue of these local newspapers, the GP gave full page advertisement on TB eradication. Even the last page of the booklet, publishing the annual income & expenditure report of the GP, is used for the same purpose.

The GP also conducted quiz contests on the health issues particularly on tuberculosis in the Gram Sabha and awarded the winners. This also helped to create interest on health issues among the citizens.

The TB issues are discussed in group meetings of SGSY on the second Saturday every month. As the SHG members are involved in the eradication activities, they can inform the GP about the monthly progress of it.

12.43 GP did not receive any special fund from any source for this initiative. They arranged fund from the following sources:

Third State Finance Commission Grant

Own Fund

CHCMI

GR

SAHAI

MGNREGA

PEAIS

The two main sources are Own Fund and Third State Finance Commission's grant. Besides, as mentioned earlier, the GP used SAHAI and GR fund for TB controlling activities. MGNREGS fund was also being used for giving wage employment to the affected persons and/ or families. In the financial year 2010- 2011, GP spent more than Rs. 36,000 on health services from SFC fund while in 2011- 2012, it spent more than Rs. 70,000 on tuberculosis control and public health activities from the same source. Both in 2011-12 and 2012-13, transport charges and food were being mostly provided to the TB patients from this fund. A small amount was spent from own fund while in the financial year 2012-13, more than rupees twenty five thousand have been spent from PEAIS fund till the month of June.

12.44 All these efforts together with the health department's programmes of TB eradication have started to bear fruit. The number of TB patient in the GP area decreased from 80 in 2009 to 60 in 2011 and further to 19 in March 2013. The number of defaulters also decreased but the most important thing is that the number of patients taking medicine irregularly came down to zero in 2011.



Mungli Tudu, a 38 years old tribal lady, was severely affected by tuberculosis and even could not go to the health centre to take medicine. Her condition got so serious that she frequently became senseless. To make matters worse her husband died in an accident while she was suffering from TB but smiling face came back to her as a result of GP's intervention.

Courtesy: Institute of Social Science, Kolkata

12.45 This Gram Panchayat got an Award from the Ministry of Panchayati Raj, Government of India for their innovative venture. But the real philanthropic intervention never works for an award. Durgapur Gram Panchayat's success is based on the following :

Enlisting people's participation in the initiatives undertaken by the GP. Though Pradhan took the lead role in the whole programme, ultimately, people's participation and concerted actions of officials of different agencies made the change possible.

Capacity of the leaders of the GP to take development works beyond the narrow concerns of party rivalry or village politics. In a state which is politically over sensitive, this is a great achievement.

Empowering and motivating the GP to try out-of-box solution for solving a localized problem, if necessary, even by offering customised service.

A synergy could be created by combining the resources of the state agencies, NGO, CBOs (such as SHGs) and GP to manage a common task.

Even though highly innovative, there does not seem to be anything in what Durgapur GP did that other GPs cannot do. The lessons that can be drawn from the case of Durgapur GP can be practiced by other GPs also, provided they have the necessary zeal and intention to do so and they are adequately empowered and encouraged to take decisions independently to address local problems.

ULB's effort to set up a hospital from its own resource

12.46 Bidhannagar Municipality sets an example of a spirit of innovation and mindset for self reliance within local self governance in place of dependency on a debt service burdened State Government. The recent de-linking of major schemes related to urban development by the Central Government has made self reliance all the more essential for providing civic service to citizens.

12.47 This municipality is based in North 24 Parganas district and borders the north eastern part of Kolkata, the capital of West Bengal. Bidhannagar city is about 50 years old and its population is around 2, 15,000. A large number of State Government Departments/offices and an Information Technology hub operate in this city. Unlike its three centuries old neighbour Kolkata, Bidhannagar is a well planned urban centre, but it has a major drawback in providing health care facilities. Patients suffering from serious ailment and requiring more than domiciliary medical treatment had to be referred to State Government or private hospitals based in Kolkata, till a number of healthcare business groups set up units within the perimeter of Bidhannagar in the recent past. Such hospitals are often beyond the affordable limit of the middle class and lower income group and for them the drawback persisted.

12.48 In this scenario Bidhannagar Municipality proved that it is not immune to the needs of the citizens that it serves. It planned to build a full fledged low cost hospital at the place where its 10-bed basic maternity hospital stood. The land was sufficient for extension work, so the foremost requirement was money. The municipality did not take the easy way out by appealing to the State Government. Instead, it opted for self reliance.

12.49 At this juncture a reference to the municipality's effort for mobilization of own source revenue is pertinent. The property tax collection data, over a period of 6 years as shown in

Table 12.49.1, depicts the extent to which the municipality picked up the pace in revenue generation.

Table 12.49.1

Property Tax (Land & Building) Collection of Bidhannagar Municipality

(in Rs crores)

Period	Arrear+current Tax demand	Collection of Tax
2007-08	3.00 + 12.03	1.61
2008-09	13.42 + 12.03	9.43
2009-10	16.02 + 3.43	12.98
2010-11	6.47 + 2.78	1.35
2011-12	7.90 + 4.40	4.21
2012-13	8.09 + 7.12	14.20

Source : Bidhannagar Municipality

In the final year the municipality recovered 93% of tax demand, inclusive of arrears. This is in contrast to the overall disappointing state of affairs in property tax collection by most of the municipalities in the State.

12.50 This enterprising municipality has also identified options to raise a sizeable amount of non tax revenue by utilizing assets at its disposal.

A large tract of open ground is let out for Mela (fair). This event has become a tradition in the social calendar for the citizens of Bidhannagar and the municipality earns Rs.1.00 crore per annum as fees. Such a fair also provides a sale point for a large variety of cottage industry products and therefore serves a good cause.

The municipality rents out open space to premier football clubs for use as practice ground and this fetches Rs. 0.068 crore per annum.

The hire charges of privately owned premises suitable for social events like marriage receptions are very high in cities like Bidhannagar. The municipality lets out 4 well maintained Community Centers at moderate rates for such purpose. These venues are popular amongst the citizens and the income generation comes to around Rs. 0.35 crore per annum.

Apart from these, the municipality has successfully been able to collect around Rs. 0.19 crore per annum as its share from sale of tickets at the local Yuva Bharti Stadium of the State Department of Sports.

12.51 Thus, Bidhannagar Municipality's innovative spirit has enabled it to simultaneously mobilize resources and thereby cater to the social needs from the return generated through the resources. This approach has enabled it to embark upon an ambitious project like building a hospital out of its own resources.

12.52 The construction of a hospital building has been completed recently and furnishing for 80 beds with Surgery facility is at its final phase. The entire project has been funded by the municipality.

12.53 Bidhannagar has indeed set an example by following the path of good practice.

Hospital constructed by Bidhannagar Municipality at EE-Block, Bidhannaar



Front view of hospital



Inside view of Check up room

12.54 In view of what have been elaborated in the foregoing paragraphs, the Commission thinks that the State Government, apart from performance grant, should introduce a package for encouraging the Local Governments in each tier of RLB and ULB for their replicable efforts in producing Best Practices in the form of special grant which will be spent purely for continuation and development of these practices. This will strengthen the base of Local Government both at the rural and urban level.

Chapter – XIII

Assessment of Gap in Resources

Rural Local Bodies

13.1 The Eleventh Finance Commission (EFC) was pioneer in the country who paved the way of giving emphasis on the improvement of Basic Services provided by the Local bodies to their constituents. Subsequent central Finance Commissions have contributed to develop the concept and content of Basic Services as laid down by the Eleventh Finance Commission. The Fourteenth FC has observed that improvements in the quality of basic services not only ensure better living conditions of the citizenry but are likely to lead to an increase in the willingness of citizens to pay for the services. The Fourteenth FC concluded that the relevant statutes governing the local bodies would normally include the basic services like water supply, sanitation, sewerage, storm water drainage, solid waste management, street lighting, local roads and footpaths, parks, playgrounds, burial and cremation grounds. They also recommended that the local bodies should be required to spend the grants only on the basic services within the functions assigned to them under relevant legislations. A classification of function against the listing in the 11th Schedule as was done by the 11th Finance Commission is shown in Box-13.1.

Box 13.1 Classification of Functions Listed in the 11th Schedule

Core functions

• Drinking water

• Roads, culverts, bridges, ferries, waterways, and other means of communication

• Rural electrification, including distribution of electricity

• Health and sanitation, including hospitals, primary health centers, and dispensaries

• Maintenance of community assets

Welfare functions

• Rural housing

• Non-conventional energy sources

• Poverty alleviation programme

• Education, including primary and secondary schools

• Technical training and vocational education

<ul style="list-style-type: none"> • Adult and informal education • Libraries • Cultural activities • Family welfare • Woman and child development • Social welfare, including welfare of the handicapped and mentally retarded • Welfare of the weaker sections, and in particular, of the Scheduled Castes and Scheduled Tribes • Public distribution system
<p>Agriculture and allied functions</p> <ul style="list-style-type: none"> • Agriculture, including agricultural extension • Land improvement, implementation of land reforms, land consolidation, and soil conservation • Minor irrigation, water management, and watershed development • Animal husbandry, dairying, and poultry • Fisheries • Social forestry and farm forestry • Minor forest produce • Fuel and fodder • Markets and fairs
<p>Industries</p> <ul style="list-style-type: none"> • Small-scale industries, including food processing industries • Khadi, village, and cottage industries.

Note: The Eleventh Federal Finance Commission gave these classifications to the functions enumerated in the 11th Schedule.

13.2 The Fourth SFC, while deliberating with the representatives of the PRIs and ULBs, also felt a strong consensus amongst the people's representatives and other functionaries towards ensuring adequate funds for delivering Drinking Water, Drainage, All weather Roads, Sanitation, Street Light, Solid Waste Management and Maintenance of Other Public Properties like Burial and Cremation Grounds, Parks etc.

13.3 The Commission attempted to identify the gap in financial resources available with the local bodies, by trying to explore whether (1) there is a clearly assigned package of expenditure responsibilities of rural local bodies based on the principle of subsidiarity; (2) if such expenditure has been assigned whether it is possible to work out the cost of providing minimum levels of these services in an unit area and thereafter (3) examine the affordability of these costs. The Commission is conscious of the fact that recommendations made by all the

preceding State Finance Commissions as regards intergovernmental finance, has been generally, if not exclusively, on the revenue side. This commission however feels that if the focus has to be on ensuring adequate financing, a strongly implied responsibility is to determine optimal expenditure assignments. In a study on Fiscal Decentralisation to Rural Governments in West Bengal it has been observed that 16 percent share of State's Own Revenue, as recommended by the First SFC, was not justified by a hard analysis of the expenditure needs of the local governments. The Study also observed that to date, neither of the SFCs nor the State Government has based their recommendations for a vertical share on a hard analysis of expenditure needs and as such correcting this problem is arguably the next important step that the SFCs should take to improve the acceptability of their recommendations.³²

13.4 The 13th Finance Commission had attempted to bring about some kind of clarity on the issue of expenditure assignment by mandating that the state governments *“must notify or cause all the municipal corporations and municipalities to notify by the end of a fiscal year (31st March) the service standards for four service sectors-water supply, sewerage, storm water drainage, and solid waste management proposed to be achieved by them by the end of the succeeding fiscal year.”*³³ The Government of West Bengal had, in pursuance of the recommendation, duly notified the present status and expected performance of the four basic service sector viz., water supply, sewerage, solid waste management and drainage, by all the urban local bodies of the state.³⁴ The 13th Finance Commission had also suggested *“that the system of notification of minimum levels of service described in Para 10.161(viii) and stipulated only for municipal corporations and municipalities would be gradually extended in future to all local bodies, both urban and rural.”*³⁵

13.5 The West Bengal Panchayat Act divides the functional domain of the Gram Panchayat into obligatory, assigned and discretionary functions under Sections 19(2), 20 and 21 of the

³² Roy Bahl, Geetha Sethi, Sally Wallace; West Bengal: Fiscal Decentralisation to Rural Governments: Analysis and Reforms Options; International Studies Programme, Working Paper; Andrew Young School of Policy studies; Georgia State University (2009)

³³ Para 10.161 (viii) Report of the 13th Finance Commission Volume 1.

³⁴ Notification No. 256/MA/C-10/3S-21/2010 Pt II Dated 18th March 2013 of the Department of Municipal Affairs, Government of West Bengal.

³⁵ Para 10.175, Report of the 13th Finance Commission Volume 1.

Act, respectively. The obligatory functions, which fall within the exclusive jurisdiction of Gram Panchayat, as there is no other state agency in this sphere, relates only to making provisions for civic amenities, namely, sanitation, conservancy, drainage, supply of drinking water, construction and maintenance of public streets, measures against epidemic, maintenance of public tanks, grazing grounds, burning ghats or graveyards. All major development activities necessary to achieve the goals of economic development and social justice are divided into assigned and discretionary activities.

13.6 Since the functions listed in the 11th schedule of the constitution has not been devolved to the rural local bodies in an appropriate manner and continues to be driven by various central and state sponsored programmes (as discussed in chapter VI), the Commission attempted to assess the gap in financial resources by working out an estimate of the fund required for delivering the core services as are listed under the obligatory category of functions of the GP. A study was assigned by this Commission to the Institute of Development Studies, Kolkata to identify the core services by consulting all the stakeholders including citizens; the Commission also looked into the expenditure pattern of the GPs covered under ISGP to ascertain the pattern of expenditure of untied funds in the more empowered/ capable GPs and what is considered to be priority items by them.

13.7 The study suggested that ideally the identified core services to be provided by the local bodies should have four components.

- i) **Minimum essential core services:** Short list of minimum essential core services which constitute the core of the core. These may include both public goods and private goods.
- ii) **Context specific core services :** A list of services which should vary with the level of development of an area/ context. This will include mostly public goods and may be provided in backward GPs or in backward pockets (wards) in GPs
- iii) **Composition specific core services :** A list of services which should target vulnerable households/ populations sub-group in an area. This will include mostly private goods targeting specific households (such as BPL) or population sub groups (ST)
- iv) **Area – potential specific core services :** These services should only be provided to specific areas such as census towns or markets or those with potentials for development of business activities.

The study, though, could not identify the gaps in financial resources to ensure the delivery of these services, but the Commission considers this conceptual dimension to be replicable considering the wide varieties of PRIs in West Bengal. We propose that the State Government should take immediate steps to define the core services along the line in the statute to remove the existing grey areas.

13.8 The observations of the thinkers at the international level on sequence of fiscal decentralisation consider that the economically efficient assignment of revenues requires a prior knowledge of expenditure assignment. For example, services that may be priced (public utilities, bus transportation) are required to be financed largely by user charges; general services with a local area benefit zone (roads, parks) are required to be financed with local taxes; and goods characterized by significant externalities should be financed from region-wide taxes and intergovernmental transfers. A blanket statement that the aggregate of local government services should be financed by user charges, local taxes, and intergovernmental transfers, simply misses the efficiency point. As such any Government must settle on the assignment of expenditure responsibilities to local governments, before it can choose an efficient mix of taxes.³⁶

13.9 The functions of Panchayat Samiti and Zilla Parishad, as laid down in Section 109 and 153, respectively, are identical and even similarly worded so far as the major functions of the two institutions are concerned. Both Sections open with the statement that they should function as a unit of self government. Each of them has to prepare a five-year plan and an annual plan. And then a list of development subjects, covering most of the subjects of the 11th schedule of the Constitution is provided in respect of which they can undertake schemes or adopt such other measures for development as are necessary. Subsection (2) of Section 109 and subsection (3) of Section 153 prohibit the Panchayat Samiti and Zilla Parishad respectively to undertake or execute any scheme confined to an area over which gram panchayat has jurisdiction in the case of panchayat samiti or over which panchayat samiti has jurisdiction in the case of zilla parishad, unless the gram panchayat and the panchayat samiti, as the case may be, are of the view that they cannot implement such schemes for financial or other reasons. This, however, is apparently being observed more in breach, and schemes of identical nature are being implemented by the three tiers at times without adhering to any

³⁶ Jorge Martinez-Vazquez and Roy Bahl; Sequencing Fiscal Decentralization; Andrew Young School of Policy Studies Georgia State University Atlanta, Georgia 30303 World Bank Policy Research Working Paper 3914, May 2006

principle of subsidiarity. The State Government may entrust the Panchayat Samiti and Zilla Parishad, any development scheme, or responsibility of management of institutions, including financial support, within their jurisdiction. The Panchayat Samiti and the Zilla Parishad are also required to coordinate and integrate the plans and schemes prepared by the Gram Panchayat and Panchayat Samiti.

13.10 The Fourteenth Finance Commission, this time, has come up with a recommendation that the grants they recommended should go to the Gram Panchayats only which, according to their view, are directly responsible for the delivery of basic services without any share for other levels. They also expected that the State Governments will take care of the needs of the other levels.³⁷ If the spirit of the Constitutional amendment is considered as calling for more emphasis on the economic efficiency objective of fiscal decentralization, the case is strong to upgrade the role of the Gram Panchayat and make it the primary unit of autonomous local Government. But the relevance of comparatively larger local government in the States like West Bengal cannot be completely denied from the points that: (1) All Gram Panchayats do not have equal capacity to deliver all services. Panchayat Samities and Zilla Parishads, on the other hand, having more specialized and skilled manpower are capable to address these issues. (2) Monitoring of some specialised services by these upper tiers are comparatively easier by the State Government considering their numbers in comparison with those of Gram Panchayats (3) Services related to more than two/three adjoining Gram Panchayats or Panchayat Samities still demand intervention of either Panchayat Samities or Zilla Parishads, as the case may be, both in order to reduce capital costs as well as to eliminate duplication and reduction of administrative costs. The Commission, therefore, considers that it would not be wise to think of Gram Panchayats alone as the unit capable of providing basic service delivery in rural West Bengal.

13.11 The Commission went through the report of the study, now available in public domain entrusted by the 14th FC to the Centre of Policy Research, New Delhi on identifying the gaps of financial resources of the PRIs in delivering the Core Services to its citizenry. This study sought to identify five areas of core services viz., Drinking Water, Sanitation, Roads, Streetlights and Community Assets. But the study does not appear to have considered all the realities in identifying the areas of intervention. For example, this study categorised

³⁷ Report of the Fourteenth Finance Commission, 2014, Page-113

community assets taken care of by the PRIs into three groups, viz. (a) Building based Community Assets (b) Land based Community Assets and (c) Core Community Assets. As regards Buildings, the assumption of the Study is that most of these are constructed and maintained by the departments and are only nominally, if at all, in the custody of Panchayats. The Commission do not agree with this view as far as West Bengal is concerned. Here PRIs have to take care of the Community Buildings like ICDS, Library, Community Centres etc. once built by the concerned line Departments and for which no fund for maintenance is received subsequently. Same is the experience about other two categories.

13.12 Again, the gaps identified in respect of Roads, Drainage, Drinking Water and Sanitation also do not appear to have taken a realistic view. For example, the study considered the requirement of maintenance of surfaced and PMGSY Roads. But there are huge unsurfaced Roads which do not fall within the jurisdiction of the State Public Works Deptt. and require to be converted into surfaced Roads by no other agency than the PRIs. Similarly, the cost of gradual transformation of Tube wells into piped water supply scheme, as is the aspiration of the local Citizenry, also does not appear to have duly taken care of.

Lessons from the Programme on Institutional Strengthening of Gram Panchayats (ISGP) :

13.13 As we have already discussed, Government of West Bengal initiated the ISGP Project in 1000 selected Gram Panchayats in 2010 with financial support from the World Bank, with the goal of improving service delivery and governance in rural and peri-urban areas. It was also expected that the improved performance of the GP will have a positive impact on the economic productivity in these areas by expanding public sector investment. The project focussed on a universe of 1000 GPs (about one-third in the state) within nine (out of eighteen) districts, selected on the basis of both the GPs and the districts being relatively 'high performers' in order to mitigate implementation risk. The long term vision of the project was that the system introduced by the project will be expanded to all GPs in the state and will become an integral part of the PRI fiscal framework supported by the state budget.³⁸

13.14 The Commission met the elected representatives of the ISGP Gram Panchayats separately and also visited a few ISGP Gram Panchayats. The Commission is of the view that

³⁸ WEST BENGAL INSTITUTIONAL STRENGTHENING OF GRAM PANCHAYATS (ISGP) PROJECT; PROGRAMME IMPLEMENTATION MANUAL, Panchayats and Rural Development Department, Government of West Bengal; April 22, 2010

some of the management innovations that emerged out of ISGP need to be formally institutionalised for strengthening decentralisation. This includes compliance with Environmental and Social Management Framework (ESMF), Vulnerable Group Development Framework assessed through a Vulnerable Group Development Index (VGDI), web based monitoring and reporting, the Annual performance assessment³⁹ of GPs, enhancements to GPMS, Social Audit and Grievance Redress mechanism models.

13.15 The attempts made by the Commission to ascertain what really constitutes the 'core services' at different levels of rural local bodies, directly and through studies assigned to academic institutions of repute, provided only partial answer to the question. The Commission however did take into account the recommendations of the various central Finance Commissions on the subject of what could possibly be the core services to be provided by the Rural Local body and had these reports in mind in framing the questionnaire. The Commission had also taken into consideration the activities listed under the obligatory duties of the GP according to the present provisions of the West Bengal Panchayats Act.

13.16 The existing system of maintaining accounts in average Gram Panchayats do not provide a ready answer to the question of what actual activities or assets have been created with the untied fund and in that case one has to go through an elaborate reconstruction of the records to ascertain this. The GPs under ISGPP however maintains this record for the years 2011-12 and 2012-13, as were made available to the Commission, and provided a probable answer as to how the untied fund are used by the GPs.(Box 13.16.1)

13.17 It is evident from the pattern of allocation and expenditure by these selected 1000 Gram Panchayats during 2011-12 and 2012-13 that the allocation of Untied Fund, consisting of 13th FC, 3rd SFC and Block Grant, to various activities in these GPs followed a structured process of consultation with stakeholders. Again, this process is duly scrutinised regularly by an independent agency. This has enabled these GPs to spend almost the entire untied fund, as allocated to them during the financial years under review, responding to the felt and expressed need of the citizenry. The additional support of Block Grant has enabled the ISGP Gram Panchayats to take care of efficient delivery of some basic services which the other Gram Panchayats failed to deliver despite their good intentions to do so.

³⁹ The Fourth SFC has expressed interest in knowing the modalities and has been deliberating on its applicability in SFC grant-making.

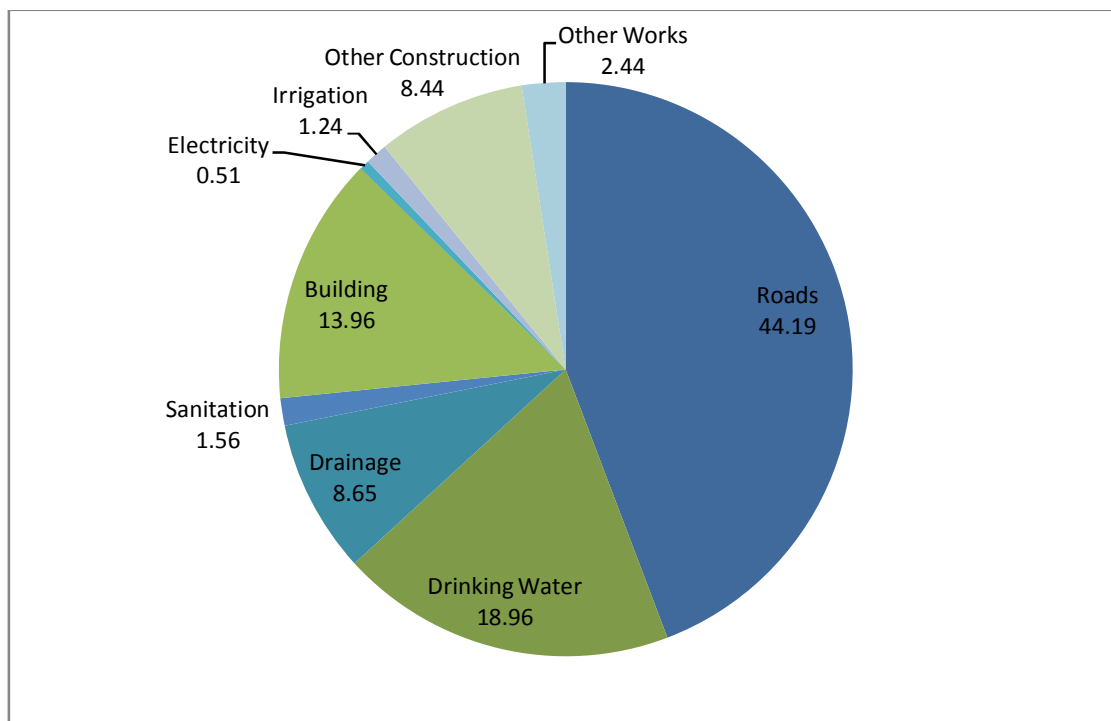
13.18 The Block grants are released to the identified Gram Panchayats subject to their compliance with Mandatory Minimum Conditions (MMC) and on Annual Performance Criteria (APC). The MMC include, (1) The receipt by the state government of an approved annual budget in the correct format (Form 36) for current financial year by 1 April and (2) A minimum expenditure performance of 60 percent for the previous financial year. This indicator is calculated on the basis of (i) expenditure related to receipts for the first 3 quarters of that year, except for the first year of the project when the full financial year (all four quarters) were considered; and (ii) available discretionary funds only, namely all own source revenues, project block grants received, State Finance Commission devolutions and Central Finance Commission devolutions. Compliance with the APC is annually assessed by an independent organisation especially engaged for this purpose. The APC criteria include (a) Compliance with planning and ESMF process, including uploading of plan to Plan Plus software, (b) Compliance with procurement manual, (c) Compliance with ESMF safeguards, (d) Exceptional expenditure performance (80%), (e) Unqualified external audit opinion [last available], (f) Annual unaudited FS available (Ability to generate Form 27 from GPMS), (g) Timely submission of each monthly report (Form 26), (h) Timely submission of semi annual Physical Progress Reports, (i) meetings held twice a year (for which minutes are available) for planning / budgeting and review, (j) Evidence of distribution of GP annual report handouts including results of last ISGP assessment, (k) Number of items on notice board meeting (13 item requirements of GO No. 298 dated 29/1/2009).

13.19 The pattern of expenditure as depicted in Box 13.16.1 shows that the services provided by these Gram Panchayats include Road, Drinking water, Sanitation, Drainage, Electricity, construction of Buildings for Community purpose etc. It also appears that their major shares of expenditure on the delivery of these services including their maintenance are on Roads (44%), Drinking Water (19%), Drainage (9%) and other Community Buildings (14%). This further shows that efficient spending on these basic services was possible only due to additional support of Block Grant. The Commission, therefore, considers replication of this grant amongst all GPs of West Bengal towards effective and efficient delivery of core Basic Services to be redefined by the Government in the perspective of Principles of Subsidiarity.

Box 13.16.1

Pattern of Expenditure of Untied Fund of ISGP Gram Panchayats in 2012-13		
	<u>Nature of Services Provided</u>	<u>Percentage of Expenditure</u>
i)	Roads ĩ New Work	32.60
ii)	Roads ĩ Maintenance	11.59
iii)	Drinking Water ĩ New Work	13.16
iv)	Drinking Water ĩ Maintenance	5.80
v)	Drainage ĩ New Work	7.66
vi)	Drainage ĩ Maintenance	0.99
vii)	Sanitation ĩ New Work	1.42
viii)	Sanitation ĩ Maintenance	0.14
ix)	Building ĩ New Construction	10.58
x)	Building ĩ Maintenance	3.38
xi)	Electrical Work ĩ New Installation	0.36
xi)	Electrical Work ĩ Maintenance	0.15
xii)	Irrigation ĩ New Work	1.04
xiii)	Irrigation ĩ Maintenance	0.20
xiv)	Other Construction	7.72
xv)	Other Maintenance	0.72
xvi)	Other Works	2.44
	Total	100.00

Consolidated Expenditure of ISGP Gram Panchayats in 2012-13



13.20 From the point of per capita spending also in the question of delivery of basic services, the Commission considers that the ISGP Gram Panchayats are in reasonably better position in comparison with the other Gram Panchayats in West Bengal. This has also been possible particularly due to support of Block Grant followed by regular close monitoring by the external agency and sharing of views with the stakeholders within a reasonable interval. Here the other Gram Panchayats did not succeed due to failure in ensuring people's participation up to the desired level coupled with weak monitoring by the existing bureaucratic hierarchy. This is precisely what prompted the Commission to review the functioning of ISGP Gram Panchayats in assessing the Gap in resources to arrive at the formula of devolution which has been detailed in Chapter-XIV.

Mentoring for Efficient and sustainable delivery

13.21 The Commission in course of their interaction with the elected representatives of RLBs and also while reviewing their activities, closely observed that these elected bodies require some sort of close mentoring besides existing institutional arrangement of capacity building. The Commission has also observed that both DFID supported SRD programme and World Bank supported ISGP project emphasized mentoring requirements for efficient spending through handholding support and close monitoring. As significantly more funds will be infused into RLBs (both through 14th FC and 4th SFC), their spending capacities need to be improved. The Commission has further observed that huge vacancies exist in the regular bureaucratic posts meant for regular mentoring of PRIs, for example, PDOs, PAAO for GPs and SAAO for PSs, apart from extra departmental assignment of existing officers which has also been discussed in detail elsewhere of this report. On the other hand the mentoring model (direct handholding support) initially evolved by the DFID supported SRD Programme and further infused by World Bank supported ISGP project appears to have been instrumental in improving the quality of governance through improved institutional functioning and service delivery. This Mentoring team consisting of subject specialists, as it also appears from interactions with the elected representatives, has not only been helpful in handholding support but also proved to be effective for on-site capacity building and training. On many occasions, as has been observed, this team is much effective in getting the work done and fund utilised within a very reasonable period of time; thereby fulfilling the objective of effective and efficient spending. The function of this team has also been helpful in the evaluation of a

particular programme by the ISGP Gram Panchayats themselves, where most of the non-ISGP GPs are lagging behind to a great extent.

Substantiation of Loss of PS and ZP

13.22 The Fourteenth FC, while recommending grant for RLBs, took care only of the Gram Panchayats and left the responsibilities of the other two tiers on the respective State Governments. The Commission is of the opinion that the PRIs in West Bengal, since revitalized in 1978, have been working with its three tiers viz. GP, PS and ZP and the each tier has its own area of functional jurisdiction, though not very clearly defined in the relevant legislation. But over the time, each tier has been developed with its respective set up of functionaries, both official and elected. The Commission, in course of reviewing the activities of other two tiers of PRIs in West Bengal i.e. Panchayat Samity and Zilla Parishad and also through interactions with the elected representatives of these two tiers, came to acknowledge that like Gram Panchayats, these other two tiers of PRIs in WB also have a substantial contribution in delivering services to its rural citizenry. The Commission considers it inappropriate to engage officers of the higher tiers, who are temporarily remaining unutilized due to lack of fund, at the GP level. A better approach is to provide enough funds to the upper two tiers so that they can perform at the desired level.

Urban Local Bodies

13.23 Rapid economic growth leads to increased urbanization which again demands improved quality of Urban Services. Recognising the growing importance of improving efficiency in delivery of basic services in our towns/ cities, the Government of India has launched a series of initiatives aimed at enabling urban local bodies (ULB) to meet the challenges. The Government of West Bengal, as has already been discussed, as a part of these ongoing endeavours to facilitate critical reforms in the urban sector, has adopted Benchmarks in four key sectors— Water Supply, Sewerage, Solid Waste Management and Storm Water Drainage.

13.24 The study commissioned by the Fourth SFC and undertaken by a team from the Indian Statistical Institute, Kolkata, however, does not show that investments in urban infrastructure have always resulted in corresponding improvements in levels of service delivery. Comparison of services provided by the municipalities, as observed from our survey with the

benchmarks of services targeted by the West Bengal Government, shows that in almost all the services the municipalities are far away from the benchmark values.

13.25 The study, though, could not identify the gaps in financial resources to ensure the delivery of these services, but has observed that some municipalities are already fiscally stressed due to increased demand for services and others due to economic and socio demographic circumstances. The study also observed that besides additional requirement of resources, the current resources available to the municipal sphere, no matter how limited, must be spent efficiently to ensure the optimum outcomes as prescribed by policy and the demand of communities.

13.26 The Commission has gone through the study, commissioned to Administrative Staff College of India, Hyderabad by the Fourteenth FC, on Municipal Service Delivery and its gap in resources. This study has identified a requirement of Rs. 54,876 crore for ULBs in West Bengal for twenty years i.e., between 2015-16 to 2035-36 towards both capital and O & M cost of basic services. This means, there will be an annual requirement of Rs.2743 crore. Against this requirement, the Fourteenth Finance Commission has recommended a sum of Rs.5311.81 crore during the period from 2015-16 to 2019-20 for West Bengal i.e., an annual grant of Rs.1062.36 crore. This has left an annual gap of Rs.1681 crore.

13.27 Although the Commission does not fully agree with the findings of this study, but keeping in view this gap in financial resources as the primary basis and also the question of efficient spending, the Commission has observed that in per capita terms this annual gap comes to Rs.790. The Commission has also observed that the per capita annual average collection of OSR of the ULBs during the period from 2007-08 to 2012-13 stands at Rs.498 (Table 9.6.1 in Chapter-IX). The Commission is fully aware that the ULBs are not in a position to spend cent per cent of their OSR towards delivery of basic services and a lion's share is spent towards Salary and Wages of their employees. But it is also true that the ULBs have failed to realise a total sum of Rs.4874.89 crore as Tax and Non-Tax Revenue during the period from 2007-08 to 2012-13 (Table 9.6.1 in Chapter-IX). So, average non-collection of Tax and Non-Tax Revenue is Rs. 812.48 crore and in per capita term comes to Rs.383 per year. The Commission, therefore, considers that a support of untied fund with more emphasis to tap the untapped as well as non realised revenue will bridge a portion of this gap. It has been calculated that this minimum distance between demand and supply will be of more or

less Rs. 200 in per capita term in the question of delivery of basic services. The Commission, apart from 14th FC grant, proposes to take care of this gap which has been detailed in Chapter-XIV.

13.28 As the Commission has followed the path of assessing the gap on the basis of requirement of RLBs and ULBs on the basis of their actual performance in service delivery, it does not like to go by the share of Rural-Urban population percentage while sharing the grants between Rural and Urban Local Bodies as was done by earlier Finance Commissions.

Chapter – XIV

Devolution Recommended

Total Devolution to local bodies

14.1 The Fourth State Finance Commission's recommended devolutions to rural and urban bodies are founded on four basic considerations: (a) the time series of own tax revenue of the state; (b) the time series of actual devolution by the state to its local bodies and its proportion to the state's total tax revenue; (c) devolution by the Fourteenth Finance Commission to the local bodies of the state; and (d) the actual requirement by the local bodies for their smooth functioning. The principle would be to ensure the required fund flow to the rural and urban bodies as far as possible subject to the availability of funds from the centre and from the state.

14.2 Table 14.2.1 records West Bengal's own tax revenue, devolution to local bodies and the proportion of the latter as a percentage of the former. The figures are given from 2002-03, that is the beginning of the Second State Finance Commission, to 2014-15. Devolutions on the basis of the recommendations of the First State Finance Commission were not considered because they were awarded merely as supplements to departmental flow of resources and not as regular untied funds. Couple of immediate calculations can be made from these figures. First, the CAGR of own tax revenue over these 13 years from 2002-03 to 2014-15 is 15.43%. Also, the average annual growth over these years turn out to 15.67% of own tax revenue. Taking a cue from these figures, we will assume that the future growth rate of own tax revenue of the state is 15%. Second, average devolution to local bodies over these 13 years from 2002-03 to 2014-15 is 1.53% of own tax revenue with a standard deviation of 0.99 and a coefficient of variation of 0.65. It may be recalled from Chapter- IV that while the devolution recommended by the Second Finance Commission was 16% of own tax revenue, that recommended by the Third Finance Commission was 5%. Therefore, actual devolutions were way below the devolutions recommended by the two previous State Finance Commissions.

Table 14.2.1

Tax Revenue and Devolution to Local Bodies

Year	State's Own Tax Revenue (In Rs.Crore)	Actual Devolution against 2 nd and 3 rd SFC Recommendation (In Rs.Crore)	Devolution as percentage of Own Tax Revenue	Rate of growth of State's Own Tax Revenue over preceding year (in %)
2002-03	7046	0.66	0.01	
2003-04	8768	1.75	0.02	24.44
2004-05	9924	0.00 ⁴⁰	0.00	13.18
2005-06	10388	341.46	3.29	4.68
2006-07	11695	197.97	1.69	12.58
2007-08	13126	263.03	2.00	12.24
2008-09	14419	190.04	1.32	9.85
2009-10	16917	295.17	1.74	17.32
2010-11	21128	435.21	2.06	24.89
2011-12	24938	369.81	1.48	18.03

⁴⁰ Figure for 2004-05 is shown as zero in the Annual Administrative Report of P&RD Department for the year 2005-06 and also in the CAG Report for ULBs, 2005-06.

2012-13	32808	739.56	2.25	31.56
2013-14	35830	630.71	1.76	9.21
2014-15	39432	911.94	2.31	10.05
Average of Annual percentage of Devolution against Own Tax Revenue over 13 years (2002-03 to 2014-15)			1.53%	
Average of Annual percentage of Devolution against Own Tax Revenue over 9 years (2002-03 to 2010-11)			1.35%	
Average of Annual percentage of Devolution against Own Tax Revenue over 3 years (2012-13 to 2014-15)			2.11%	
CAGR(Compound Annual Growth Rate) of Own Tax Revenue over 13 years from 2002-03 to 2014-15			15.43%	
Average of Annual growth rate of Own Tax Revenue over 13 years from 2002-03 to 2014-15			15.67%	

Source: Budget Documents, Report of Third SFC& Calculations of Fourth SFC

Table 14.2.2

Summary Statistics of Devolution as % of Own Tax Revenue

Period	Mean	Standard Deviation	Coefficient of Variation
2002-03 to 2014-15	1.53	0.99	0.65
2002-03 to 2010-11	1.35	1.14	0.84
2012-13 to 2014-15	2.11	0.3	0.14

Source: Estimation of the Commission

14.3 A careful perusal of the devolution figures would reveal more as indicated by Table 14.2.1 & 14.2.2. Leaving out 2011-12 as a transition year from one government to another, a

straight forward calculation shows that the mean percentage devolution over the period 2002-2003 to 2010-11 was 1.35% with a standard deviation of 1.14 and a coefficient of variation of 0.84. In comparison, during the three years 2012-13, 2013-14 and 2014-15, mean percentage devolution has increased to 2.11% with a standard deviation of 0.3 and a coefficient of variation of 0.14. Clearly, the new government, in the short span of three years, has not only increased the flow of funds to the local bodies but has done so with more predictability. The percentage of average devolution was higher over the last three years compared with nine years of the earlier regime along with lower standard deviation and the coefficient of variation, ensuring lower variability in the flow of funds. In other words, the present government has exhibited an increased commitment to the local bodies.

14.4 On the one hand, the Commission feels that the effort to rejuvenate the local bodies taken up by the present government is laudable and should continue at a somewhat enhanced level. On the other hand, the Commission notes from the history of past devolutions that the state government has been able to devolve only about 30% or even less of what had been recommended by the earlier Finance Commissions. Even the present government, in spite of its good intentions, has severe fund constraints due to a debt overhang problem and cannot realistically devolve a large sum of money to the local bodies.

14.5 Accordingly, striking a balance between the ideal and the real, the Commission recommends that annually 2.5% of the own tax revenue of the state be devolved to the local bodies for the period 2015-16 to 2019-20 and deviations from this norm be minimized as far as practicable. Tax revenue for 2015-16, as projected by the Finance Department and communicated to the Commission vide its memo no.183-FB/O/4SFC-15 dated 21st May, 2015, is Rs 44152 crore. **The recommended devolution, being 2.5% of the tax revenue, comes to Rs 1103.80 crore for the year 2015-16. Thereafter, it grows annually at the rate of 15% with a general caveat that if in a particular year the state's own tax revenue grows by less than 15%, the recommended devolution is 2.5% of the actual tax revenue.**

Devolution to ULBs

14.6 Recommended devolution to ULBs is based on estimated costs of basic service delivery of the urban bodies. The Fourth SFC had sent a structured questionnaire to each urban body enquiring its cost of delivery of some essential services. The list of services conformed to the illustrative list of functions of municipalities given in the Twelfth Schedule of the

Constitution. On the basis of the responses the Commission has estimated the aggregate costs of service delivery as incurred by the ULBs in 2011-12 and 2012-13 (From Table: 9.5.1 of Chapter-IX). These are again shown in Table 14.6.1.

Table 14.6.1
Estimated Costs of Civic Service delivery by the ULBs

Year	Expenditure (Rs. in crore)
2011-12	587.38
2012-13	832.45
Total	1419.83
Average Expenditure	709.92

Source : Calculation of the Commission

The last row of Table 14.6.1 reports the average expenditure over the two years. Since there is a wide variation in the costs incurred in the two years, instead of taking the cost figure for 2012-13 as a measure of the requirement of the ULBs, we take the average over the two years and assume that it approximates the true cost in 2012-13.⁴¹

14.7 The actual expenditures incurred by the ULBs are not necessarily optimal. It is more than likely that more or better services could have been provided if more money were available. Part of this money is coming from the state's tax revenue which, as we have seen above, is growing at an average rate of more than 15% per annum. It is, therefore, reasonable to assume that the expenditure of ULBs may also be made to grow at 15% per year on an average. If it does, then expenditure of ULBs in 2015-16 becomes Rs 1079.70 crore.⁴² The Commission takes this amount as a reasonable level of expenditure by ULBs in 2015-16. A part of this, of course will be funded by the Fourteenth Finance Commission. In particular, the Fourteenth Finance Commission has promised to devolve Rs. 637.21 crore to ULBs in West

⁴¹ Often low expenditure in one period followed by high expenditure in the next period indicates late arrival of funds in the current period which remain unspent and are used up next period along with that period's funds. In such cases it is appropriate to take an average of the expenditures in the two periods.

⁴² Rs. 709.92 crore growing at the compound annual rate of 15% for three years (i.e. 2012-13 to 2013-14, 2013-14 to 2014-15 and 2014-15-2015-16) yields Rs.1079.70 crore.

Bengal in 2015-16. Subtracting this amount from the required fund transfer of Rs 1079.70 crore, we are left with Rs 442.49 crore which has to be provided by the Fourth State Finance Commission. **The Commission, therefore, recommends devolution of Rs 442.49 crore as Fourth SFC grant to ULBs in 2015-16. It also recommends that this amount should grow at 15% per annum for the next five years with the general caveat that if in a particular year own tax revenue grows by less than 15% this devolution would be proportionately reduced.**

Vertical Devolution for RLBs

Mentoring

14.8 It has already been recommended in paragraph 14.5 that the total devolution in 2015-16 be Rs 1103.80 crore. Subtracting the recommended ULBs share of Rs 442.49 crore from this amount, we are left with Rs 661.31 crore which is to be devolved to the rural bodies during 2015-16. As has been already mentioned in the last chapter (Chapter-XIII), for the rural bodies efficient fund management involving timely utilization, better governance and smoother service delivery can be ensured only with some handholding support. The experience of ISGP Gram Panchayats would testify that this type of handholding does improve the performance of rural bodies. This handholding or mentoring involves a cost and the Commission believes that incurring this cost is well justified. **Accordingly, the Commission recommends that an amount of Rs 30 crore, roughly 4.5% of total rural devolution be kept aside for the purpose of mentoring the rural bodies in 2015-16. The amount should grow at 15% annually.** The detailed break-up of the mentoring cost is given in Table 14.8.1.

Table: 14.8.1

Recommended Mentoring Cost of RLBs for 2015-16 (Rs. in Crore)

Overhead Cost	20.00
Administrative Cost	4.00
Cost of Capacity Building	6.00
Total	30.00

Source : Calculation of 4th SFC, WB

Devolution to Gram Panchayats, Panchayat Samities and Zilla Parishads

14.9 One of the fundamental differences between the rural and urban bodies is that while the Service Level Benchmark notified by the State Government mentions some basic functions to be performed by the ULBs, for the RLBs no such strict guidelines are provided. Of course, actual practices over time have led to the evolution of norms regarding what the rural bodies ought to do, but these norms have often evolved differently in different parts of the state, depending on local needs, local history and even local geography. Consequently, since there is no well-accepted set of basic services that the RLBs must provide, unlike the ULBs, it is difficult to assess the requirements of the RLBs by looking at the cost of the services they have been providing.

14.10 The other problem is related to the quality of the data obtained from the rural bodies. The Commission, on its visits to selected rural bodies, has found wide differences between the costs of service delivery as provided by the rural bodies in response to the Fourth SFC questionnaire and those reported by them in their presentations before the Commission. These big differences make the data doubtful, unreliable and unusable.

14.11 The pattern and magnitude of devolutions announced by the Fourteenth Finance Commission are also to be taken into account while deciding upon the devolutions of the State Finance Commission. The Fourteenth Finance Commission has awarded a large sum of money to the GPs, but has devolved nothing to the upper two tiers. The Fourth State Finance Commission needs to compensate the upper two tiers on the one hand, and minimize devolutions to the lowest tier on the other.

4.12 The Commission in course of its review was impressed by the work done under ISGP

Gram Panchayats) amounting to Rs. 762.87 crore over a period of Five years from 2016-17, which need to be financed from SFC grant, may be protected as otherwise the implementation of the programme will be jeopardized. (Note in Appendix-XII)

14.14 The Commission considered the representation in the light of the fact that the state government has already committed itself to allocate this amount and would have to abide by such commitment in any case, as otherwise the GPs will be deprived of a sum of Rs. 1783.61 crore receivable under ISGP over the next five years. **The Commission therefore considered this proposal and decided to recommend for protecting this programme by allocating a sum of Rs. 153 crore (i.e., Rs. 762.87 crore ÷ 5 = Rs.153 crore) as Fourth SFC grant in favour of the GPs in 2015-16. This allocation should grow annually at the rate of 15% with the usual caveat.**

14.15 Allocation of Rs. 30 crore for mentoring and Rs 153 crore to the GPs in 2015-16 leaves a sum of Rs. 478.31 crore [Rs. 661.31crore ÷ (Rs. 30 crore + Rs. 153 crore)] to be distributed between the upper two tiers. The Commission thinks it proper to use the actual expenditure shares of PS and ZP in their combined expenditure as the distribution rule. The Commission observed that during 2011-12 and 2012-13, on an average, Panchayat Samitis spent 53% and Zilla Parishads 47% of the combined expenditure of these two tiers. **The Commission, therefore, recommends that Rs. 478.31 crore be divided between PS and ZP in the proportion 53:47 in 2015-16. This yields a sum of Rs 253.50 crore for the PS and Rs. 224.81 crore for the ZP as Fourth SFC grants for the year 2015-16.**

The vertical devolution of Fourth SFC grants for all types of Local Bodies including the mentoring cost should grow annually at the rate of 15% with the usual caveat. Presuming the subsequent growth rate of tax revenue of the State Government @ 15% p.a., this devolution is detailed for 5 years (i.e., from 2015-16 to 2019-20) in Table: 14.15.1.

Table: 14.15.1

Proposed Devolution against each category of Local Body for 2015-16 to 2019-20

(Rs. in crore)

Type of Local Body	SFC Devolution for					
Year	2015-16	2016-17	2017-18	2018-19	2019-20	5 Years Total
GP	153.00	175.95	202.34	232.69	267.60	1031.58
PS	253.50	291.53	335.25	385.54	443.37	1709.19
ZP	224.81	258.53	297.31	341.91	393.19	1515.75
RLB Total	631.31	726.01	834.90	960.14	1104.16	4256.52
Mentoring Cost						
OverheadCost	20.00	23.00	26.45	30.42	34.98	134.85
Administrative Cost	4.00	4.60	5.29	6.08	7.00	26.97
Cost of Capacity Building	6.00	6.90	7.94	9.13	10.49	40.46
Mentoring Total	30.00	34.50	39.68	45.63	52.47	202.28
Total RLB Devolution	661.31	760.51	874.58	1005.77	1156.63	4458.80
Total ULB Devolution	442.49	508.86	585.19	672.97	773.92	2983.43
Total Devolution	1103.80	1269.37	1459.77	1678.74	1930.55	7442.23

Source : Estimation of the Fourth SFC

14.16 Leaving out mentoring, the recommended devolution of the Commission entails a 24 % allocation of its total RLB award to the GP, 40 % to the PS and 36 % to the ZP. With the lowest tier getting a much smaller share of the total RLB award, this may seem at odds with the recommendations of the earlier Commissions. However, as mentioned above, the present Commission had to take into account the pattern of Fourteenth Finance Commission awards and considering that the Fourteenth Finance Commission has allocated Rs 1532.21 crore to GPs and nothing to the other two tiers, the combined allocation of the Fourteenth Finance Commission and the Fourth State Finance Commission entails a distribution proportion of 78:12:10 (GP: PS: ZP). This is detailed in Table 14.16.1.

Table 14.16.1

Tier wise comparative share of SFC Grant

SFC	GP Share (% of RLB Entitlement)	PS Share (% of RLB Entitlement)	ZP Share (% of RLB Entitlement)	RLB Share	ULB Share
First	50	20	30	Dist.wise Rural Population	Dist.wise Urban Population
Second	60	20	20	Dist.wise Rural Population	Dist.wise Urban Population
Third	70	18	12	76 % of total devolution	24 % of total devolution
Fourth	24	40	36	59 % of total devolution	41 % of total devolution
14th CFC+4th SFC	78	12	10	67 % of total devolution	33% of total devolution

Source: Estimation of the Commission

Unit wise Annual Average Entitlement of SFC Grant

14.17 It, therefore, appears that during the period from 2015-16 to 2019-2020, on an average a GP in West Bengal will be annually entitled to a sum of Rs. 6.16 lakh, a PS Rs. 1.00 crore, a ZP Rs.15.16 crore and a ULB Rs. 4.66 crore from 4th SFC Grant (Table 14.15.1). The Commission also recommends that devolution against each category would be released by State Govt. in favour of each of the body concerned subject to fulfillment of statutory conditions as laid down in relevant statutes including delegated legislations, such as those related to planning, budgeting, audit and utilization of fund etc.

Comparison of Untied Grant

14.18 Now, if we compare the quantum of proposed untied grant of 3rd SFC and 13th FC together in 2014-15, it comes at Rs. **1690.39** crore for RLBs and Rs. **588.11** crore for ULBs. This amount in 2015-16 will come at Rs. 2163.52 crore for RLBs and Rs. 1079.70 crore for ULBs in respect of 4th SFC and 14th FC together. This is depicted in Table 14.18.1.

Table 14.18.1

Comparison of Untied fund recommended and released during 3rd SFC and 13th FC vis-a-vis recommendation of 4th SFC and 14th FC
(Rs. in Crore)

PRI							ULB					
2015-16 **	Year	2010-11	2011-12	2012-13	2013-14	2014-15						
	Proposed total release by SFC/ 4 th SFC	608.00	680.96	762.67	854.19	956.69						
	Proposed release of 13 th / 14 th FC	385.87	447.48	523.01	619.67	733.7						
	Total of proposed untied fund	993.87	1128.44	1285.68	1473.86	1690.39						
	Actual release of 3 rd SFC	301.80	252.47	568.34	493.73	683.76						
	Actual release of 13 th FC	192.93	241.61	531.43	476.25	1112.62						
	Total of actual release	494.73	494.08	1099.77	969.98	1796.38						
442.49	Proposed total release by 3SFC/ 4 th SFC	192.00	215.04	240.84	269.74	302.11						
637.21	Proposed release of 13 th / 14 th FC	150.43	174.42	203.89	241.53	286.00						
1079.70	Total of proposed untied fund	342.43	389.46	444.73	511.27	588.11						
.....	Actual release of 3 rd SFC	131.41	117.34	171.22	136.98	228.18						
.....	Actual release of 13 th FC	148.13	94.17	209.71	228.23	317.74						
.....	Total of actual release	279.54	211.51	380.93	365.21	545.92						

Note: i) 12% enhancement made for every successive year for calculation of entitlement of 3rd SFC grant

ii) 76% for PRIs and 24 % for ULBs calculated on Rs. 800 crore during 2010-11 in respect of 3rd SFC grant

iii) ** denotes proposed grant of 4th SFC and 14th FC

Source: Budget documents of GOWB and estimation of Fourth SFC

Devolution of Untied Grant in per capita terms

14.19 The Commission has estimated that the per capita annual average fund flow of 14th FC and 4th SFC together during 5 years for RLBs will be Rs.486.55, which will be Rs.394.40 for GPs only.

Similarly, against the existing gap of ULBs as has been estimated by the Commission in Chapter i XIII, average per capita flow of untied fund for ULBs during 5 years, considering 14th FC and 4th SFC together will be Rs.778.90 (Table 14.19.1).

Table 14.19.1

Devolution of untied fund in per capita term over 5 years period 2015-16 to 2019-20

Untied fund (14 th FC+4 th SFC)	Entitlement for Five Years Total (14 th FC + 4 th SFC)	Average fund flow Per Year (14 th FC + 4 th SFC)	Average fund flow per capita per year (14 th FC + 4 th SFC)
RLB	Rs.12772.60 crore + Rs. 4256.52 crore = Rs. 17029.12 crore	Rs.3405.82 crore	Rs.486.55
ULB	Rs.5311.81 crore + Rs. 2983.43 crore =Rs. 8295.24 crore	Rs.1659.05 crore	Rs.778.90
GP	Rs.12772.60 crore + Rs.1031.58 crore =Rs.13804.18 crore	Rs.2760.84 crore	Rs.394.40

Source : Calculation of 4th SFC, WB

Utilisation of Fourth SFC Grant

14.20 The Commission while visiting the field interacted with the representatives and other functionaries of Urban Local Bodies and witnessed that most of the local bodies have huge liabilities with the different agencies like WBSEDCL, CESC etc. towards unpaid electricity bills. On the other hand most of the Urban Local Bodies have expressed that the Commission should earmark a portion of their recommended Grants towards maintenance cost of the assets created by/for the Local Bodies. **The Commission, therefore, recommends that 60% of recommended grant should be spent towards creation of new assets and 40% of the**

grant should be spent as expenditure towards payment of electricity bills, O & M cost of water supply schemes, street lights and regular maintenance of other assets created by the Urban Local Bodies.

The Rural Local Bodies will, however, be free to spend the SFC Grant on the basis of the local felt need pertaining to civic services, provided no salary, wages and establishment cost should be borne from this grant.

Performance Grant

14.21 Unlike earlier State Finance Commissions, we feel the need for earmarking an incentive fund of 4% of the total untied fund to be made available in different years from 2nd year i.e., 2016-17 to enable the Local Governments to improve the level of Governance. This fund should be kept at the State Level with the two Departments, namely (i) Municipal Affairs Department and (ii) Panchayats and Rural Development Department - A local body will be eligible to get the performance grant if it satisfies certain criteria as given below :-

A) For RLBs: i) making available reliable data on receipt and expenditure through audited reports of the preceding year for which the performance grant is claimed. This Audit Report, as conducted by the Examiner of Local Accounts, should be ratified by the by the General Body of the concerned Gram Panchayats, Panchayat Samities and Zilla Parishads as the case may be.

ii) Ensuring entitlement of at least two instalments of Centrally Sponsored schemes during the last financial year to be certified by the concerned Auditor.

iii) Maintenance of updated Accounts in the standard software provided by the State Government to be certified by the concerned Auditor.

B) For ULBs: i) making available reliable data on receipt and expenditure through audited reports of the preceding year for which the performance grant is claimed. This Audit Report, as conducted by the Examiner of Local Accounts, should be ratified by the General Body of the ULB concerned.

ii) Ensuring entitlement of at least two instalments of Centrally Sponsored schemes during last financial year to be certified by the concerned Auditor.

iii) Maintenance of updated Accounts in the standard software provided by the State Government.

Allocation for Hill Area RLBs

14.22 Though we have normatively indicated the share of entitlement of RLBs of Darjeeling Hill Areas (as mentioned in para 1.11) but like the third SFC this Commission is of the view that it would be prudent to leave the allocable fund for PRIs for hill areas in the custody of the State Government for future allocation in such manner as the State Government may decide.

Horizontal Devolution

14.23 The First and Second SFC treated undifferentiated population size as the major basis for intra-LSG allocation. The assumption behind a relatively larger weightage for population per se is that the need for resources for growth and development is strongly and positively correlated with the population size of a region. The Third SFC besides concurring with this assumption, reserved additional allocations for certain backward segments of population whereby LSGs have been allotted additional funds in proportion to the incidence of these segments of population in their area. These are the Scheduled Castes, Scheduled Tribes and Minority Population.

14.24 The Fourth SFC, while developing the horizontal devolution index considered four indicators in view of availability of relevant data followed by a simple and transparent approach. The proposed index for RLBs puts weightage on Total Population (50%), Area (10%), Backwardness (30%) and proportion of Urban Population (10%) to arrive at figures pertaining to horizontal devolution. Similarly, for ULBs $\frac{1}{3}^{\text{rd}}$ weightage was given on population, $\frac{1}{3}^{\text{rd}}$ on Area and $\frac{1}{3}^{\text{rd}}$ on backwardness.

14.25 By this time data on total population with male and female distribution, working population, literacy is available with Census-2011 Report up to sub district & village/ town level. But due to some overlapping area in the jurisdiction of the Gram Panchayats, Census data becomes unsuitable for the Gram Panchayats since the Census Directorate has not yet come up with the GP PCA data of 2011 Census. Alternatively, the Commission has received from the Panchayats & Rural Development Department Gram Panchayat wise information from the Socio-Economic Caste 2011 Census conducted by the Department. For the purpose

of Population, the Commission used both the Census-2011 and the SECC Data Sources as the case may be keeping in view the question of compatibility of both the data. Thus, for Gram Panchayats, population related data of SECC and for Panchayat Samiti and Zilla Parishad data of Census 2011 have been used since the jurisdiction of sub districts i.e., Blocks in rural areas are coterminous with the Panchayat Samities and the data for Zilla Parishads can be derivable from respective Panchayat Samities. As regards ULBs population data given by the Census-2011 was considered.

14.26 As regards area, the Commission initially did not get any reliable disaggregated data sources. The information provided by the PRIs did not tally with other relevant information. The Commission approached the Science and Technology Department of the Government of West Bengal for the purpose of getting data on the areas of local bodies. The Department has developed a data base on areas which was provided to the Commission. The data base was combined with that of the Census at the Block and District aggregate. As regards ULBs Area data given by the Census-2001 was considered.

14.27 The Rural Local Bodies : The normative principle which seems to have a general appeal in the context of defining ‘entitlements’ of the local bodies in the three-tiered PRIs is the one based on ‘need’. However, need is multidimensional and varied. Therefore identifying the need of each local body in each dimension would involve complex value judgement. For example, should we attach more weight to the need for new infrastructure to provide basic services or to the need for maintaining the already existing infrastructure ? If one is inclined to believe that both are equally important, one may end up allocating more to a local body that has more developed infrastructure than what the one with less developed infrastructure is entitled to. This may contradict certain notion of equity. Besides this problem of value judgement in identifying needs, there is an almost insurmountable problem of availability of data on the state of existing infrastructure within the jurisdiction of each local body. The Commission’s attempt to collect information on needs through questionnaire to local bodies has not met with much success. Therefore we follow the conventional practice of using certain indicators of backwardness as proxies for need. Acknowledging the fact that the concept of need cannot be fully equated with the degree of backwardness, the extent of urbanisation has also been included in the composite index on the ground that a local body that has non-statutory towns (i.e., Census Towns) within its jurisdiction is likely to confront more varied problems in meeting the goals of service delivery compared to its counterpart

which is entirely rural. The extent of need is also generally assumed to be associated with, in a rather straightforward way, such indicators of size as the population and area. The composite index that determines the entitlement of each local body is thus constituted by three broad sets of indicators – one indicating the size, the second indicating backwardness, and the third indicating urbanisation. Together they are supposed to indicate the ‘need’ of a local body.

14.28 The table 14.28.1 lists the constituent indicators of the composite index for determining entitlements, the broad dimensions these indicators are supposed to indicate, and the weights attached to each indicator.

Table 14.28.1
Composite Index for RLBs

<i>Dimensions</i>	<i>Indicators</i>	<i>Weights</i>
Need due to size	Population share of RLB in total population	0.5
	RLB’s share in total area	0.1
Need due to backwardness	RLB’s share of illiterate females in total illiterate females	0.2
	RLB’s share of agricultural labourers in total agricultural labourers	0.1
Need due to urbanisation	RLB’s share in total urban population	0.1

Source : Calculation of 4th SFC, WB

14.29 Inclusion of population and area needs little justification. With similarity in other characteristics, if two GPs differ only in population, then an allocation principle that takes entitlement as varying directly and proportionately with the share of population will lead to equalisation of per capita allocation, which conforms to our shared understanding of equity. If two GPs with the same population and other characteristics differ only in area, then, one can argue, the per capita cost of delivering services will be higher in the GP with a larger area as its population is more dispersed over a larger area compared to the other. However, the relative importance of the two - population and area - in the overall index is not the same, and for good reason population has been assigned fifty per cent weight in the composite index.

14.30 The charge of arbitrariness can be brought against any attempt to capture backwardness in terms of a set of indicators. The commonplace suggestion is to add more and more indicators for which data are available. While inclusion of a large number of indicators is usually hailed as ‘more comprehensive’ approach, it is unnecessary. If most of the

indicators included in a composite index are highly correlated keeping all such indicators goes against the principle of parsimony. A composite index must be parsimonious and easy to understand. After a close scrutiny of a number of indicators which may have the potential for inclusion as indicators of backwardness the Commission finally settles on two – female illiteracy and agricultural workers. Female illiteracy turns out to be the most important and robust indicator of backwardness. Most other indicators add little value to what is already captured by female illiteracy. In a rural area, besides female illiteracy, the predominance of agricultural labourers (who are landless according to Census definition) in the total working population comes next in importance, as far as selection of the most appropriate indicators of backwardness is concerned. Between the two indicators, female illiteracy has been given more weight for good reason.

14.31 Since the composite index consists of five indicators with varying weights, one might wonder if the final entitlements of the local bodies turn out to be such that it does not violate certain commonly shared understanding of equity. It has been found that the variation in per capita allocation across local bodies turns out to be low and the differences are in conformity with the variation in need as reflected by the indicators of backwardness and urbanisation.

14.32 Urban Local Bodies: The Commission has followed similar logic in respect of the Urban Local Bodies also. First we calculate the backwardness index of each Municipality using data on % female illiteracy and % of marginal worker to total workers. For each of these two variables we find indices and then an average of these indices has been done to get the index of backwardness. The Table 14.33.1 lists the constituent indicators of the composite index for determining entitlements, the broad dimensions these indicators are supposed to indicate and the weights attached to each indicator.

14.33 Finally, a composite index is constructed using all three variables, each having one third weight. For the first two variables we have calculated indices using the relevant data. Then a composite index is calculated from the average of these indices, where, weights are again all equal (i.e., One third for each index) which is detailed in Table 14.33.1.

Table 14.33.1

Composite Index for ULBs

<i>Dimensions</i>	<i>Indicators</i>	<i>Weights</i>
Need due to size	Population share of ULB in total population	1/3
	ULB's share in total area	1/3
Need due to backwardness	% of illiterate females divided by sum total of these % as ULB's share	1/3
	% of marginal workers to total workers divided by sum total of these % as ULB's share	

Source : Calculation of 4th SFC, WB

14.34 On the basis of these indices we have calculated the shares of allocation i.e., share of index value of each local body in a particular tier in sum total of indices of all such bodies in that tier and accordingly, the same has been detailed in Chapter XVII of Part II. **The method and procedure for construction of devolution indices for the purpose of entitlement is detailed below:-**

A) For Rural Local Bodies

Four characteristics of a district (excluding the area and population which is covered by urban local bodies), namely, geographical area, population, backwardness and share of urban population with weights 10%, 50%, 30% and 10%, respectively, are considered for constructing the index value of a RLB. For measuring the backwardness of a district two indicators are considered, namely, female illiteracy, and agricultural labourer with 30% weights allotted for backwardness split into 20% and 10%, respectively for the two indicators.

1) Construction of Zilla Parishad Index (Population related data are from 2011- Census) :

A_i^z = Geographical area of the i^{th} Zilla Parishad;

P_i^z = Population of i^{th} Zilla Parishad;

B_i^z = Backwardness of the i^{th} Zilla Parishad;

U_i^z = Urban population in the i^{th} Zilla Parishad;

FI_i^z = Total number of illiterate female in the i^{th} Zilla Parishad;

AL_i^z = Total number of agricultural labourer in the i^{th} Zilla Parishad;

i = 1, 2, ..., 20 where 20 being the total number of Zilla Parishad / Mahakuma Parishad including Darjeeling Hill Area (Rural) within GTA.

The index value for the ith Zilla Parishad can be defined as

$$\begin{aligned} \check{U}_i^z &= 0.1 \times \frac{A_i^z}{\times_i A_i^z} + 0.5 \times \frac{P_i^z}{\times_i P_i^z} + 0.3 \times \frac{B_i^z}{\times_i B_i^z} + 0.1 \times \frac{U_i^z}{\times_i U_i^z} \\ &= 0.1 \times \frac{A_i^z}{\times_i A_i^z} + 0.5 \times \frac{P_i^z}{\times_i P_i^z} + 0.2 \times \frac{FI_i^z}{\times_i FI_i^z} + 0.1 \times \frac{AL_i^z}{\times_i AL_i^z} + 0.1 \times \frac{U_i^z}{\times_i U_i^z} \end{aligned}$$

where i = 1, 2, ..., 20

Note : Letter 'z' indicates calculation of Zilla Parishad Tier only and does not have any mathematical meaning.

2) Construction of Panchayat Samiti Index (Population related data are from 2011-Census):-

A_i^p = Geographical area of the ith Panchayat Samiti;

P_i^p = Population of ith Panchayat Samiti;

B_i^p = Backwardness of the ith Panchayat Samiti;

U_i^p = Urban population in the ith Panchayat Samiti;

FI_i^p = Total number of illiterate female in the ith Panchayat Samiti;

AL_i^p = Total number of agricultural labourer in the ith Panchayat Samiti;

i = 1, 2, ..., 341 where 341 = total number of Panchayat Samiti.

In the similar way, the index value for the ith Panchayat Samiti can be defined as

$$\begin{aligned} b_i^p &= 0.1 \times \frac{A_i^p}{\times_i A_i^p} + 0.5 \times \frac{P_i^p}{\times_i P_i^p} + 0.3 \times \frac{B_i^p}{\times_i B_i^p} + 0.1 \times \frac{U_i^p}{\times_i U_i^p} \\ &= 0.1 \times \frac{A_i^p}{\times_i A_i^p} + 0.5 \times \frac{P_i^p}{\times_i P_i^p} + 0.2 \times \frac{FI_i^p}{\times_i FI_i^p} + 0.1 \times \frac{AL_i^p}{\times_i AL_i^p} + 0.1 \times \frac{U_i^p}{\times_i U_i^p} \end{aligned}$$

Where i = 1, 2, ..., 341.

Note: Letter 'p' indicates calculation of Panchayat Samiti tier only and does not have any mathematical meaning.

3) **Construction of Gram Panchayat Index** (Population related data are from 2011 SECC excepting that Agricultural labourer population) :-

In SECC-2011 no data for Agricultural labourer population are available for GPs, so we use the following method for calculation Agricultural labourer index of a GP.

The index value of agricultural labourer for a Gram Panchayat (j) belonging to a Panchayat Samiti (i) is constructed in two stages. In the first stage, the index value for agricultural labourer i.e., share for the i^{th} Panchayat Samiti is taken into consideration using formula $\frac{AL_i^p}{\sum_i AL_i^p}$ of (2).

In the 2nd stage that share is divided by no. of GPs of the i^{th} Panchayat Samiti (say N_i) to arrive at GAL_{ij}^g , where, $GAL_{ij}^g = \left(\frac{AL_i^p}{\sum_i AL_i^p} \div N_i \right)_j^g$.

The above formula, $\frac{AL_i^p}{\sum_i AL_i^p} \div N_i$ can be written as $\frac{AL_i^p / N_i}{\sum_i AL_i^p}$ where the numerator (AL_i^p / N_i) represents the average number of agricultural labourer in a GP belonging to the i^{th} Panchayat Samiti and the denominator ($\sum_i AL_i^p$) represents the sum of agricultural labourer of all GPs in the State. Therefore, the above formula is the average share of agricultural labourer of a GP in the i^{th} Panchayat Samiti. Since GP level data on agricultural labourer is not available, we approximate the number of agricultural labourer in a GP by the average number of agricultural labourer in a GP in that particular Panchayat Samiti.

Therefore, the **agricultural labourer index value** of j^{th} Gram Panchayat in the i^{th} Panchayat Samiti can be defined as $\frac{GAL_{ij}^g}{\sum_i GAL_{ij}^g}$

Thus, the index value for the j^{th} Gram Panchayat in i^{th} Panchayat Samiti can be defined as

$$\mu_{ij}^g = 0.1 \times \frac{A_{ij}^g}{\times_i A_{ij}^g} + 0.5 \times \frac{P_{ij}^g}{\times_i P_{ij}^g} + 0.2 \times \frac{FI_{ij}^g}{\times_i FI_{ij}^g} + 0.1 \times \frac{U_{ij}^g}{\times_i U_{ij}^g} + 0.1 \times \frac{GAL_{ij}^g}{\times_i GAL_{ij}^g}$$

Where A_{ij}^g = Geographical area of the j^{th} Gram Panchayat in the i^{th} Panchayat Samiti;

P_{ij}^g = Population of the j^{th} Gram Panchayat in the i^{th} Panchayat Samiti;

FI_{ij}^g = Total number of illiterate female in the j^{th} Gram Panchayat in the i^{th} Panchayat Samiti;

U_{ij}^g = Urban population in the j^{th} Gram Panchayat in the i^{th} Panchayat Samiti;

$$GAL_{ij}^g = \left(\frac{AL_{ij}^p}{\sum_i AL_{ij}^p} \div N_i \right)_j^g \text{ as formulated above.}$$

$j = 1, 2, 3, \dots, N_i$ where, N_i = total number of Gram Panchayats in the i^{th} Panchayat Samiti, $\times_i N_i = 3347$ being the total no. of GPs and $i = 1, 2, 3, \dots, 341$, where 341 being the number of Panchayat Samitis.

Note : Letter 'g' indicates calculation of Gram Panchayat tier only and does not have any mathematical meaning.

B) For Urban Local Bodies

Three characteristics of a district (excluding the area and population which is covered by rural local bodies) namely, geographical area, population, backwardness with same weightage i.e., $1/3^{rd}$ for each are considered for constructing the index for a ULB. For measuring the backwardness of a ULB two indicators are considered, namely, % of female illiteracy, and % of marginal worker to total worker of that Body with $1/3^{rd}$ weightage allotted for backwardness on taking average of indices of above 2 mentioned indicators.

Construction of Urban Local Body Index(Population related data are from 2011-Census):-

A_i^u = Geographical area of the i^{th} Urban Local Body;

P_i^u = Population of i^{th} Urban Local Body;

B_i^u = Backwardness of the i^{th} Urban Local Body;

X_i^u = % of female illiterate in the i^{th} Urban Local Body;

Y_i^u = % of marginal worker to total worker in the i^{th} Urban Local Body;

B_{1i}^u = Backwardness index on % of female illiterate in the i^{th} Urban Local Body

$$= \frac{\text{\% of female illiterate for } i^{th} \text{ Urban Local Body}}{\text{Sum total of of such percentages}} = \frac{X_i^u}{\sum_i X_i^u}$$

B_{2i}^u = Backwardness index on % of marginal worker to total worker in the i^{th} Urban Local Body

$$= \frac{\% \text{ of marginal worker to total worker for } i^{\text{th}} \text{ Urban Local Body}}{\text{Sum total of of such percentages}} = \frac{Y_i^u}{\sum_i Y_i^u}$$

Thus, B_i^u = Backwardness Index of the i^{th} Urban Local Body = Average of $(B_{1i}^u + B_{2i}^u)$

$$\check{U}_i^u = \text{Area Index of } i^{\text{th}} \text{ Urban Local Body} = \frac{A_i^u}{\sum_i A_i^u}$$

$$b_i^u = \text{Population Index of } i^{\text{th}} \text{ Urban Local Body} = \frac{P_i^u}{\sum_i P_i^u}$$

Hence, the **Final Index** value for the i^{th} Urban Local Body can be defined as

$$\mu_i^u = 1/3 \times (\check{U}_i^u + b_i^u + B_i^u)$$

$$= \text{Average of } (\check{U}_i^u + b_i^u + B_i^u)$$

$i = 1, 2, \dots, 128$ where 128 being the total number of Urban Local Bodies.

Note : Letter 'u' indicates calculation of Urban Local Body only and does not have any mathematical meaning.

Sharing of Taxes

14.35 As regards Entertainment Tax, the Commission reviewed the decision of the State Government that 90 % of the net yield of the State Tax collected under (i) The Bengal Amusement Tax Act, 1922, (ii) The West Bengal Entertainments and Luxuries (Hotels and Restaurants) Tax Act, 1972 and (iii) The West Bengal Entertainment-cum-Amusement Tax Act, 1982 to pass on to the Local Bodies in the ratio of 80 : 20 for Municipalities and Panchayats after retaining 10 percent by the State Government for covering Administrative, Legal and other costs associated with collection of the aforesaid tax. **The Commission is of opinion that the present system should continue, keeping in view the additional burden on the Local Bodies to collect such taxes. Simultaneously, the Commission feels that the Government should not deviate from this share, which was unfortunately the practice as has been detailed in Para 4.23 of Chapter -IV.**

14.36 We have detailed the scenario of Collection of Taxes on Professions and Vehicles in Chapter-IV (Para 4.24). Here we consider that as regards Taxes on Professions, Trade, Callings and Employment and Taxes on Vehicles, such collections should be shared between ULB and RLB in the same ratio of 80:20 keeping 10% with the State Government as its collection cost as is still in force in respect of Entertainment Tax.

Chapter – XV

Summary of Recommendations

Fiscal Devolution

15.1 The Commission recommends for SFC Grants to the tune of Rs.1103.80 crore for the financial year 2015-16 which will constitute 2.5% of the projected State's own Tax revenue. Of this SFC Grants of Rs.1103.80crore, share of GP, PS, ZP and ULB as vertical devolution will be Rs.153.00 crore, Rs.253.50 crore, Rs.224.81 crore and Rs.442.49 crore, respectively in 2015-16.

The Commission also recommends a progressive enhancement of SFC Grants at the rate of 15% per annum from 2016-17 onwards. Therefore, on an average a GP in West Bengal will be annually entitled to a sum of Rs.6.16 lakh, a PS Rs.1.00 crore, a ZP Rs. 15.16 crore and a ULB Rs.4.66 crore during 2015-16 to 2019-20.

The Commission recommends that devolution against each category would be released by State Govt. in favour of the local body concerned subject to fulfillment of statutory conditions as laid down in relevant statutes including delegated legislations, such as those related to planning, budgeting, audit and utilization of fund etc.

The Commission also considers it to be reasonable that if in a particular year the state's own tax revenue grows by less than 15%, the SFC grant should be 2.5% of the actual tax revenue.

The Commission further recommends that 60% of recommended grant should be spent towards creation of new assets and 40% of the grant should be spent as expenditure towards payment of electricity bills, O & M cost of water supply schemes, street lights and regular maintenance of other assets created by the Urban Local Bodies.

The Rural Local Bodies will, however, be free to spend the SFC Grant on the basis of the local felt need pertaining to civic services, provided no salary, wages and establishment cost should be borne from this grant. **(Para 14.5, 14.15, 14.17, 14.20)**

15.2 In view of strengthening the Institution and ensuring better service delivery, the Commission recommends a mentoring cost for each year including Rs30.00 crore for the first year 2015-16 (Table 14.8.1) to be kept at the State level at the disposal of Panchayats & Rural Development Department which is to be utilized for providing mentoring support of RLBs particularly at the GP level and will annually grow at the rate of 15% (Table 14.15.1). **(Para 14.8 and 14.15)**

15.3 The Commission is of the opinion that the idea of an incentive fund should continue to enthuse the performance of the Local Bodies and, therefore, recommends that 4% of the grant be earmarked as Performance Grant from the 2nd year i.e., 2016-17. This amount will be proportionately retained at the disposal of i) Panchayats & Rural Development and ii) Municipal Affairs Department. The local bodies will be entitled to this performance grant on fulfilment of the following conditions:

i) Making available reliable data on receipt and expenditure through audited reports of the preceding year for which the performance grant is claimed. This Audit Report, as conducted by the Examiner of Local Accounts, should be ratified by the General Body of the LB concerned.

ii) Ensuring entitlement of at least two instalments of Centrally Sponsored schemes during last financial year to be certified by the concerned Auditor.

iii) Maintenance of updated Accounts in the standard software provided by the State Government. **(Para 14.21)**

15.4 The Commission has observed that the Fourteenth Finance Commission recommended grants in favour of only Gram Panchayats and the ULBs with an increase in fund flow while the responsibilities of financing the other two tiers of RLB i.e., PS and ZP have been bestowed upon the State Government. The Commission, therefore, while recommending the allocation in favour of three tiers of the RLBs considered it necessary to make up the loss of PS and ZP to the extent permissible under the limited financial abilities of the State Government. **(Para 14.11, 14.15)**

15.5 The Commission is of the opinion that the existing system of sharing of Entertainment Tax in the ratio of 80:20 for Municipalities and Panchayats after retaining 10 percent by the State Government for covering Administrative, Legal and other costs associated with

collection of the aforesaid tax should continue, keeping in view the additional burden on the Local Bodies to collect such taxes. **(Para 14.35)**

15.6 As regards Taxes on Professions, Trade, Callings and Employment and Taxes on Vehicles, the Commission considers that such collections should be shared between ULB and RLB in the same ratio of 80:20 keeping 10% with the State Government as its collection cost as is in force in respect of Entertainment Tax. **(Para 14.36)**

Rural Local Bodies

15.7 The Commission is of the view that the existing Panchayat Act legislated long ago along with a number of amendments has led to certain complications for all who are responsible for its implementation including the elected Panchayat representatives. The Commission recommends revision of the Act with clear delineation of the responsibilities and duties of all tiers of the rural local bodies. **(Para 6.5 to 6.8)**

15.8 The Parallel Bodies pose a serious threat to the functional domain of Panchayats especially to their emergence as institutions of local government. The legality of the Parallel Bodies is also open to question, particularly in the light of Article 243ZD of the Constitution. The parallel institutions created through scheme guidelines and by individual Central ministries should, therefore, be brought into a formal relationship with the Panchayats, through the existing Sthayee Samiti (Standing Committee) system. **(Para 6.23)**

15.9 The list of functions of all three tiers of PRIs needs to be revised by inserting specific functions to each tier so that each tier can act as a unit of self-government with an objective of reaching the goals of economic development and social justice. The recent changes in the structure of centrally sponsored programmes, following the recommendation of the fourteenth finance commission are both a threat and an opportunity to redesign the functional mandate of the local bodies. In the existing pattern of assignment of functions or activities to the Panchayat Samiti or Zilla Parishad, one would search in vain for any indication of transfer of activities from the state government and commensurate autonomy of the panchayats over the transferred functions or activities. So the duty list should be redesigned in such a manner as to assign these two units (PS & ZP) specific areas of functioning. **(Para 6.32)**

15.10

15.14 Employees of the three tier PR Bodies, be it State Cadre, District Cadre or Block Cadre are now selected by a selection committee consisting of State Government Officers headed by one Parishadiya Sachib at the District level and the Commissioner of Panchayats at the State level. Thus a respective tier of PRIs has neither a representation nor any choice to select its own employees. Similarly the control of transferred employees of the State Cadre is also with the respective line department of the Government. This is contrary to the scheme of devolution. It is, therefore, suggested that representation of the office bearer of the respective tier in the selection process should be ensured. **(Para 6.42)**

15.15 We feel that the Human Resources available with all three tiers of PR Bodies need to be thoroughly reviewed and restructured. There are a sizable number of contractual personnel whose services were made available by centrally sponsored programmes such as BRGF which are now withdrawn. Since considerable amount of resources have been spent for skill and knowledge development of these personnel, and the institutions concerned will continue to require their services, the State Government will have to take a view on the subject. We, therefore, propose that the post of one such SAE at the Block level be abolished and a post of Assistant Engineer be created at the Block level. Similarly the Nirman Sahayaks be given the power of an SAE to get most of their schemes vetted at their respective end. **(Para 6.43 & 6.44)**

15.16 Like the technicalities in the field, maintenance of Accounts with huge fund flow on the desk is also vital to address both regularity and transparency. The level of attention paid by the Government in respect of ZP and PS in this regard does not appear to have been attached in respect of the Gram Panchayat, though series of interventions have been taken up to computerise the system. Presently there is no earmarked employee at the GP level to function as Accountant or Accounts clerk as the case may be. This has created problems in handling of double entry system of Accounts. The Commission, therefore, suggests that out of two Sahayaks, one post may be upgraded as Accountant in the similar pay scale of the Gram Panchayat Secretary to minimise the existing bottlenecks. **(Para 6.45)**

15.17 All training programmes should be designed in conformity with National Capability Building Framework. Since the major stakeholders of these training programmes are elected at regular intervals, Training Need Assessment (TNA) should be done after every five years to update information and modify training curriculum to suit changing needs. Modules need to

be meticulously designed; each module must state the training methodology and the results expected following the training, in terms of what precisely will be the capability gained by the trainee. Such pre-designed training modules are to be provided to the Resource Persons (RPs), so that there is a uniform adherence to quality. To reduce the cost of Class Room mode training, the State Government should give more emphasis on distance mode of training utilizing the possibilities of modern ICT applications. Assessing the impact of training (TIA) on the participants is an important component without which the training cycle remains incomplete. This should be done on regular basis. The State Government should design a tool for the purpose. Documentation and dissemination of best practices, followed by exposure visits, should be encouraged out of the own fund of PRI concerned. Sharing of experiences with the best performing NGOs should also be ensured. There should be a repository of all training materials at the GP, PS and ZP Office. Besides, the State Government should continue to provide a helpline support. **(Para 6.49)**

15.18 The present method of Assessment of Taxes in respect of GPs does not appear to be realistic and scientific. The West Bengal Panchayat (Gram Panchayat Administration) Rules, 2004 prescribes only for a self declaration of the owner of land and building as to the quantum of property he or she holds. This is far from being desirable, as far as the ground realities are concerned. Very little or no attention is paid by the GPs to verify such declarations with the market rates of the land or building in question. In some cases it is observed during Commission's visit that the taxes of a certain property is fixed first in a pre determined way and thereafter its Annual and Market value is fixed according to prescribed formulae. There is also a gap in the procedure of vetting of assessments by the Panchayat Development Officers. The procedure of valuation of property and assessment of taxes by the GPs needs to be improved to ensure better collection. **(Para 8.8)**

15.19 We endorse the recommendations of the earlier Central Finance Commissions for setting up an Independent property valuation board. Till such time the state decides to set up an independent Property Valuation Board for rationalising assessment of Tax structure and demands of local bodies, we would suggest that the Tax Collectors be trained with the West Bengal Valuation Board along with one Sahayak of the GP so that the assessment of tax on land and buildings can be done in a scientific manner for a five year term. Such training can be arranged at the district level in consultation with the Valuation Board. Besides, Panchayat Development Officers and Panchayat Accounts and Audit Officers posted at the Block level,

who are virtually the only Officers of the Panchayat & Rural Development Department designated to look after the interest of the Gram Panchayats, may also be directed to undergo such training. They may be specifically directed to supervise the process of assessment and collection of taxes. The actual field survey for the assessment of tax on land and buildings may be done by way of hiring suitable local youth. The system of vetting also needs to be changed by way of sending revised tax notices to tax payers and allowing appeal in this regard as is done by the Urban Local Bodies. This arrangement of assessment of tax on land and buildings can be done for a five year term instead of Annual Assessment. Relevant Rules may suitably be modified. **(Para 8.9)**

15.20 There is huge outstanding Tax on Land and Buildings belonging to both the State and the Central Government located in rural West Bengal. Even the Block Development Offices are defaulting in paying taxes which has now aggregated to more than a crore of Rupees. The Panchayats and Rural Development Department should take immediate step to assess such arrear Tax on Government properties with the help of District Panchayats and Rural Development Officer and move the respective Department including their own and Central Government Departments to ensure that such arrear taxes are collected by the Gram Panchayats without further loss of time. **(Para 8.10)**

15.21 Existing trends on collection of Non-Tax revenue shows that no tier of the RLBs are serious about collecting user charges, rates and fees which they are supposed to collect under the statute. They are not even energetic to explore untapped revenues. Specific demand registers on pre-identified and recurring sources of Non Tax Revenue should be introduced in respect of GP, PS and ZP. Every Panchayat Samity and Zilla Parishad should explore all avenues to realise all untapped revenues. Panchayat Samitis should not wait till the licensee for the Offensive and Dangerous Trades turn up voluntarily, rather demand notices should be sent in due course for payment of fees along with fine for default payment as is prescribed in the Bye-law concerned. The Commission also observed during its visits to the local bodies that the ceilings on tolls, fees or rates prescribed by the Government as revenue on various items for inclusion in the Bye Laws of the Rural Local Body as a whole are not in conformity with the ground reality. Some of the ZPs, PSs and GPs have the potential to collect considerably higher taxes than the prescribed upper ceiling. The Commission suggests that instead of a blanket prescription from the State, authorities may be set up at district level to approve the rates proposed by a particular tier depending on their ground reality. Again,

matters like collection of fees from some other sources, like the BTS towers, be incorporated in the West Bengal Panchayat Act itself in an appropriate Section. **(Para 8.11)**

15.22 The Government should ensure that the Rural Local Bodies are well aware of their entitlement and also the fund is allotted to the respective tier well before the end of the financial year. Form ĩ 27 should be simplified so that there is a transparency in uploading of Accounts by each tier of the PRIs. The existing software of IFMS (óSARALô by name) needs to be modified to deal with the changing scenario of accounting of RLBs particularly at the Zilla Parishad level. The Commission recommends a need based revision of this package after consultative discussion with Financial Controllers of Zilla Parishads. **(Para 8.27 & 8.28)**

15.23 Utmost care should be taken by every tier of the PRIs to ensure that a realistic Annual Budget is prepared as per requirement of the Budget Rule framed by the State Government. Every income and Expenditure should be governed by the Annual Budget and the Government should ensure that any deviation from the prepared Budget is seriously viewed. **(Para 8.29)**

15.24 Scrutiny revealed that internal audit is not at all regular in all tiers of the PRIs of which PS and ZP are mostly irregular. Thus, absence of internal audit not only weakened the internal control mechanism of PRIs but also deprived the PRIs of the recommendations of internal auditor for improvements in their service delivery mechanism. Similarly, even where these audits have been done in a somewhat informal manner, those reports were not subsequently placed before the meeting of the respective body. This has frustrated the very objective of the Audit mechanism. Every tier of Rural Local Body should take utmost care so that every audit report is placed before the next meeting and deliberated where all the members are present. **(Para 8.30)**

15.25 There is no scope for anyone to compare the overall income and expenditure of the PR Bodies with that of the report prepared by the Examiner of Local Accounts. The fact is that if the Panchayats and Rural Development Department fails to provide any information, the report keeps a gap and never mentions the information regarding fund provided by other Departments to PRIs. This is evident from the ELA reports on RLBs available in the website of the Comptroller and Auditor General of India (www.saiindia.gov.in). As the report is

compiled on the basis of field level inspection reports, it is expected that ELA's report will reflect the total income and expenditure of the PR bodies which will include fund provided by the different State Government Departments/ Organisations other than the Panchayats and Rural Development. ELA Authority may like to look into the matter so that a proper estimation of fund flow and expenditure by the RLBs is reflected in their reports for an appropriate idea of all concerned. **(Para 8.31)**

15.26 The Commission was informed by the representatives of ISGP and non ISGP Gram Panchayats that the additional assistance of Block Grant to the ISGP Gram Panchayats comes as an inspiring support to shorten the gap between the felt need and the delivery of basic services. It has also been experienced that since the expectation of the people is more from the Gram Panchayats, which is the Institution nearest to them, this gap could further be reduced if this additional support could be given particularly at the GP level. The Commission, therefore, thinks that replication of the ISGP model in the remaining Gram Panchayats will strengthen the base of the PRIs in West Bengal. If the State Government is able to negotiate with the external funding agency in this regard, the pressure of providing Block Grant from its own exchequer will be reduced. **(Para 8.37)**

Urban Local Bodies

15.27 The following are the major urban challenges which must be met efficiently by ULBs in West Bengal :

- Provisioning of infrastructure, namely, water supply, sewerage, drainage, roads, waste management
 - Ensuring access to services by the urban poor
 - Efficient service delivery mechanism
 - O&M of assets to ensure sustained growth
 - Preventing marginalization of urban poor
 - Providing clean and thereby healthy living environment
 - Creating employment opportunity
- (Para 7.12)**

15.28 This Commission would have preferred a scenario of self-sufficiency to embark on water supply projects on the part of the State. However, the dominant status of the past debts which has literally become a stone around the neck at present necessitates a proposal for large

scale Central funds for meeting the Service Level Benchmark adopted by the Centre and subsequently by the State. **(Para 7.16)**

15.29 Institutional borrowings by the State and ULBs for civic service projects like water purification plants may be withheld in view of (1) the present load on the exchequer for repayment of accumulated debts incurred in the past (2) general inability of ULBs to pay even for sustenance of O&M of basic services from their own resources (e.g., Power Bills). When such items are met out of State bailout, a proposal for borrowings by Urban Local Bodies will not be tenable. **(Para 7.17)**

15.30 As in the case of water supply, this Commission is constrained to propose funds intervention from the Centre to make the Benchmark announcement of the Central Government in respect of drainage and sewerage a reality. **(Para 7.23)**

15.31 Waste Management, particularly land filling, installation of compactor plants at temporary dumping spots followed by final processing, laying of sewerage pipes and connection to households should start urgently. **(Para 7.31)**

15.32 The gap between the present level of Waste Management and Benchmark announcement shows how critical the situation is. The financial outlay required for filling up this gap will be very large and a proposal for Central Government intervention is called for as in the case of water supply, drainage & sewer layout. The reason has been spelt out earlier. **(Para 7.32)**

15.33 Resumption of the integrated solid waste management system in Asansol-Durgapur-Raniganj-Kulti-Jamuria region is essential. **(Para 7.33)**

15.34 The recently introduced Swachh Bharat Mission has placed responsibility for the preparation of DPR for solid waste management technical plan on ULBs and State handholding is permitted. The approval is vested at the State level. From the programme guideline of Swachh Bharat Mission it appears that the ultimate responsibility for the implementation of the programme lies with the ULBs because the fund will finally go there. The ULBs should, therefore, finalise DPRs and prepare themselves for the implementation work. **(Para 7.35 & 7.36)**

15.35 According to the MOUD (GOI) guidelines for Swachh Bharat Mission the Central share of outlay will be about 23% and State contribution will be 25 % of Central share. This pattern leaves a wide resources shortfall and is proposed to be generated from other sources which are, but not limited to : Private sector, Additional funds from State, ULBs, Beneficiary share, User charges, Land leveraging, Market borrowing, External assistance and Swachh Bharat Kosh. Therefore, for this much-needed and much publicised GOI scheme three levels of responsibility (Planning, resource generation and implementation) have been assigned to micro level. This is a watershed if one considers this programme from the point of view of devolution, since devolution not only speaks of fund, function and functionary but simultaneously true spirit of responsibility also. ULBs should rise up to the occasion and redeem their responsibility. **(Para 7.37 and 7.38)**

15.36 The State Government at present is already overburdened with the accumulation of past debts and ULBs should not expect the state to entirely fill up the resources gap in addition to its own share of 25% of Central contribution for Swachh Bharat Mission Projects. Hence, the ULBs should undertake their assigned responsibility regarding funds management directly from own source and obtain private sector participation. State may also seek funds from Swachh Bharat Kosh. **(Para 7.39)**

15.37 No borrowing by State or ULBs is proposed for implementation of Swachh Bharat Mission Scheme after taking into account (a) present debt service burden of State (b) track record of dependency of the ULBs on bailout from State for existing O&M items and power bills in respect of basic services. ULBs may seek similar bailout in future for borrowings and that will be a strain on the debt burdened exchequer. **(Para : 7.40)**

15.38 ULBs will have to focus on two-tier traffic flow on major roads. In fact, KMDA has taken up this solution in Kolkata and its outskirt. The capital outlay and expertise will cost the exchequer substantially for flyovers and Central Government funding is proposed as an unavoidable requirement for the reasons spelt out under recommendations for water supply projects. Traffic snarls are noticeable particularly at the town centres. The parked public transport vehicles which wait for passengers at the town centres block flow of traffic. ULBs should arrange for inter-town public transport Terminals and disallow parking at road junctions. **(Para : 7.44 and 7.45)**

15.39 For achieving a clean and sustainable urban environment, adequate attention is required to be paid towards both the Cities and Slum areas of West Bengal where a huge gap in relevant core service delivery exists. Strict implementation of environment protection laws and enforcement of punitive action are recommended. **(Para : 7.49)**

15.40 Ward-level vigilance in locating points of pollution, particularly by unauthorised use of pavements and roads by unorganised commercial sector, is necessary. Encroachment of roadsides for storage of inventory by shops, builders, parking of vehicles by unauthorised vehicle repair shops, using pavements for sorting of household litter (used cans & bottles, scrap paper etc.) add to environment pollution and as such locating offenders can be made mandatory at ward level. **(Para : 7.49)**

15.41 Development of civic services in the future will require more consumption of electric power. True devolution takes a very meaningful note when self governance at the micro level are self sufficient units at least as far as operations & maintenance of installations is concerned. Such self sufficiency signifies that they are able to take care of the assets which provide civic services within their respective areas. Paying of power bills is one facet of such self sufficiency. The overall propensity to default and wait for State bailout can be viewed as a situation which needs reversal. **(Para :7.57)**

15.42 Outbreak of enteric disease, malaria and dengue are periodical occurrences. To improve the situation step up on preventive measures including vigil over accumulation of stagnant water is recommended. **(Para : 7.58)**

15.43 There is a tendency for unauthorised encroachment for commercial purpose etc on unutilised government and ULB owned land. Development of parks on such properties is proposed. Certain Parks have been handed over to the private corporate sector by Kolkata Municipal Corporation for maintenance and are well maintained. This system ought to be stepped up. **(Para : 7.60)**

15.44 Usage of municipal school premises as vocational training points after school hours is proposed. This will provide a single window for text book learning and thereafter training for livelihood for local youth. In case enrolment does not justify the running of a school, such units can be merged with nearest municipal school. **(Para 7.62)**

15.45 Periodical revaluation is proposed for user charges wherever such charges can be imposed in respect of services provided by the ULBs and such revaluation should take into account the investments and maintenance charges inclusive of energy bills. **(Para 7.63)**

15.46 Updated Assets Registers, periodical revaluation and inspection of assets, noting of usage and adequate steps for protection from encroachment in respect of physical infrastructure for providing civic services including equipment, administrative buildings and other real estate are proposed. **(Para 7.64)**

15.47 Adoption of Citizens Charter by all the ULBs is necessary. Citizens Charter signifies a major step where commitments of the ULBs in respect of civic service are not only put in writing but is also available for public scrutiny. Such Charters are one-way where the duties and commitments of the provider are enunciated. For better sustainability of the municipal services, a two-way charter is proposed with duties of the users added to that of the provider. **(Para 7.65)**

15.48 This Commission proposes that SUDA at the state level be entrusted with (1) monitoring of quantum of service levels (particularly those in the basic minimum service benchmark target) and (2) adjudication of disputes related to delivery and pricing of services. The latter has gained importance in view of the adoption of certain time-bound commitments under Citizens Charter by ULBs and placement of the same as well as Minimum Level Benchmark in public domain.

SUDA may find the ranking methodology for efficiency of ULBs as adopted by the Indian Statistical Institute, Kolkata useful for its monitoring exercise. However, SUDA will need to include a wider range of services compared to the range covered by the study of ISI, Kolkata. While working out expenditure incurred for providing civic services the bailout that the State provides for O&M of such services should be taken into account & deficiencies in own revenue realisation should be considered for negative marking. **(Para 7.66, 7.69 and 7.70)**

15.49 The Commission proposes:

1) KIT and KMWSA may be merged with KMDA to bring the work related to construction/ installation and O&M in the Kolkata Metropolitan Area within a single window under the Department of Urban Development.

2) A suitable merger decision regarding HIT needs to be taken up. **(Para 7.68)**

15.50 A Study commissioned by the State Government for the preparation of Urban Strategy in West Bengal has outlined certain shortcomings in the functioning of ULBs. This Commission is of the opinion that the existing shortcomings of the ULBs need to be rectified. The Department of Municipal Affairs may develop a MIS format for ULBs covering the information that is normally required to keep track of the rectifications of shortcomings and functioning of ULBs. A proposal for monitoring by SUDA has already been made and this monitoring may include comparative assessment of ULBs also. **(Para: 7.72 and 7.73)**

15.51 In the existing set up Municipal Commissioners for Corporations and Executive Officers for Municipalities constitute the key functionaries of Municipal administration. While the Municipal Commissioners are drafted from Indian Administrative Service and West Bengal Civil Service (Exe.) cadre, Executive Officers of Municipalities are mostly drafted from retired officers of multi cadres like West Bengal Civil Service (Exe.), West Bengal Secretariat Service, West Bengal Audit and Accounts Service etc. Most of these retired officers do not have working experience with Urban Local Bodies. At their post-superannuation age, their energy level and willingness to innovate is mostly on the wane. This comes in the way of the pace of functioning that is required particularly in view of the introduction of e-governance & adoption of Citizens Charter. Building up a trained State Cadre of Executive Officers exclusively for municipalities is of utmost necessity. **(Para : 7.75)**

15.52 This Commission has observed that most of the Municipalities are largely dependent on three contractual persons presently holding the posts of Urban Planner, IT Co-ordinator and Accounts and Finance Co-ordinator. These contractual employees of the ULBs have gained work knowledge without formal process of induction training. Their job security depends on periodical renewal of contracts. Moreover, their wages are mostly lower than that of their peers in permanent rolls. Continuation of the contract of such contractual employees on consolidated salary with the benefit of a reasonable quantum of Leave facility till they

attain the age of 60 years is proposed. This will instil job security and the ULBs will be able to draw upon their work knowledge & expertise. The salary should be at par with their job description. The staff position in ULBs is available in replies to SFC Questionnaire. The vacancies, for which contractual employees as in above are not being employed at present, need to be filled up. Necessary Government intervention is proposed. **(Para : 7.76)**

15.53 Taking the help of civil society for delivery of services and instilling users's sense of duty towards civic assets & services are necessary. **(Para : 7.77)**

15.54 ILGUS at the state level should be strengthened with more professional skill managers for capacitating both the elected representatives and the official functionaries. More emphasis should be given on Case Studies and e-governance procedure & systems with aid of computers & software which ULBs use. The ramifications of commitments made in Citizens Charter should be part of the curriculum. **(Para : 7.78)**

15.55 The road ahead for reaching efficiency and effectiveness in Urban Local Self Governance is long and uphill. A major watershed for ULB level self governance has emerged under the recently launched flagship scheme Swachh Bharat Mission .A new era of responsibility is evident where planning, fund-raising and implementation must be handled by the ULBs. ULBs will have to cope with this new challenge. **(Para : 7.79)**

15.56 Periodic valuation of property which constitutes the stepping stone for revision of tax has been lagging behind schedule. This has led to seepage of income and has had a negative effect on spending power of ULBs. If the same behind schedule trend is allowed, seepage of income will continue. Also, expecting a quick update of a large number of retrospective valuations may not be practical. The State may, therefore, consider as a onetime measure valuation and revision of tax without the 5-year retrospective revaluation breaks. For this certain steps will be necessary with reference to the existing Law. State may also consider decentralising the entire work of revaluation of property and revision of tax to the ULBs which come under jurisdiction of West Bengal Valuation Board at present. This will be a step towards strengthening devolution of functions and bring the work under a time saving single window system. For this also certain steps will be required with reference to existing Law and the Government may consider accordingly. **(Para :9.12)**

15.57 As regards recovery of unpaid Taxes, this Commission proposes emphasis on appeal to defaulters through media notices, involvement of elected representatives and officials towards awareness generation, settlement by way of waiver of penal interest etc. for recovery of dues. Withholding of (i) sanction of fresh building plans for addition/ alteration, mutation, new sewerage connection, (ii) cess pool cleaning and augmentation of water supply can also be useful addenda to this venture. The correlation between better civic services and payment of tax can be highlighted in the appeal to tax defaulters. A review of the recovery process including the legal system is also proposed. Supervision of tax revision exercise, raising of bills and follow-up with defaulters may be made a clearly assigned responsibility within ULB administration wherever gap exists in this area. The deployment of staff for direct follow up with defaulters but not collection of tax is also proposed on a trial run basis and the continuation of the system can be suitably reviewed after a cut off date. **(Para : 9.13)**

15.58 Unrealised Service charges on Government of India properties and property tax from State Government establishment have also been on the rise. This requires follow up with concerned authorities. **(Para : 9.13)**

15.59 With the growth of urbanization, adjoining areas have been added to Kolkata Municipal Corporation periodically. We understand that the system of imposing government land revenue in addition to the routine Kolkata Municipal Corporation property tax continues in areas which have been attached to this Corporation. Necessary overall review for removal of such dual taxation is proposed. **(Para: 9.14)**

15.60 The usual increment in salary, Dearness Allowance and increase in number of pensioners is expected to add to administrative expenditure in future. The load on State towards salary and pension is expected to rise correspondingly unless ULBs garner OSR to meet the incremental cost of human resources they employ. A suitable policy decision is proposed to ensure ULBs contribution towards this anticipated incremental cost. A review of the cost effectiveness of administration of municipalities and implementation of necessary changes inclusive of identifying expendable items of expenditure and austerity measures are proposed. **(Para : 9.16)**

15.61 Major irregularities in the functioning of ULBs are usually a result of erroneous decisions, lack of follow up in administrative work, shortfall in supervision and above all

keeping office work pending. No doubt there are systems and norms regarding rectification, dealing with accountability angle and reporting action taken at the post-facto stage but the cause of the irregularities require to be paid attention to also. Therefore suitable steps for effective preventive check cum vigilance are proposed. **(Para : 9.17)**

15.62 Handing over of O&M of water supply projects presently looked after by PHE, KMDA and KMW&SA to concerned municipalities is proposed. Regarding State bail out on account of overdue power bills of ULBs, necessary steps by State is proposed. **(Para : 9.18)**

15.63 State may approach Centre for funding under Swachh Bharat Kosh under Swachh Bharat Mission, but the onus for preparation of Plan & garnering resources that has come to rest on ULBs should be given due attention by these Bodies. The works related to Swachh Bharat Mission relate to clean and safe environment. Hence, State may consider initiating dialogue with Manufacturer/ Trade forums for providing funds under Corporate Social Responsibility. **(Para : 9.21)**

15.64 State initiative for external aid is proposed for improving water supply, sewerage network and drainage system. **(Para : 9.22)**

15.65 The Commission is of the view that there should be a clear predictability of fund flow to ULBs for preparation and implementation of plans and programmes in time. **(Para : 9.23)**

15.66 The future requires major changes in the functioning of ULBs. Preparation of technical plans, garnering resources, implementing projects, meeting the minimum level Benchmark for basic civic services & Citizens Charter stipulations have added a new dimension to the three Fs - functioning, functionaries and finance. It is clear that a spirit of innovation and mind set for self reliance will be required in the days to come. **(Para : 9.25)**

Planning in Local Government

15.67 Our Local Bodies, be it rural or urban, have been delivering some basic services to their constituents for a long period of time. What we require is a holistic approach so that

people's aspirations in these core areas are properly reflected in the perspective plans to be prepared by the Local Bodies for a five year term and annual plans thereupon. **(Para : 10.34)**

15.68 The most crucial component will be the plans of the lowest tiers, i.e., the gram panchayats and the municipalities where the mechanism to be adopted should support direct interactions with the people for expressing their needs and aspirations. Similarly the Panchayat Samities and the Zilla Parishads should have a clear vision of co-ordinating the area specific demands. For the success of this exercise, the essential prerequisite is clear assignment of responsibilities for each tier, based on the principle of subsidiarity so that each tier can work out their plan related to clearly defined responsibilities and without any overlapping areas. **(Para : 10.35)**

15.69 The activity mapping for assigning responsibilities should be worked out at the state level. The state Government should decide first, in respect of every department, the activities, which are not devolved and remain in the domain of the state, to be a district sector programme. These are to be implemented by the district level functionaries under guidance of the department but will be a part of the district plan and should be properly integrated with the plans of the local bodies. **(Para : 10.36)**

15.70 Key to the success of decentralised planning process is people's participation. West Bengal's early initiatives through CCA or SRD does not speak well of spontaneous participation. All the organs, for ensuring people's participation, like Gram Sansad, Gram Sabha and the Ward Sabhas should be effectively revitalised. **(Para : 10.37)**

15.71 The plan for each tier, should reflect people's priorities in the context of the local needs as well as should have broad consistency with the policy of the state, in addressing the issues felt very important at state or district levels. This requirement for micro-macro integration will require providing information on state or district level priorities, to those spearheading the planning at each tier, to enable them to get the larger picture and work out their plan keeping the local context in mind. This will be possible if the local bodies also are able to monitor the outcome and can compile their status in respect of important indicators to enable them to develop the right perspective at least for the period of their tenure and come out with annual plan accordingly. **(Para : 10.38)**

15.72 ICT based applications, like using GIS based maps to visualise the data for getting insight of the geographical distribution of any particular indicator of development, will help those bodies to correctly appreciate the extent and nature of problems and focus on the geographical areas or the social segments lagging behind on any particular sector. There will be need to port available data including the rural household data for identifying the BPL population to get such insights. **(Para : 10.39)**

15.73 Preparation of plan, apart from knowing the external resources and the data for that local body, will also require some tools and techniques for taking up the actual planning process with involvement of the people. Non Government Organisations working in the field of Rural Service Delivery are well acquainted with this expertise. Their expertise includes facilitation of Participatory Rapid Appraisal (PRA) exercise in taking stock of the natural resources and assessing the status in respect of the social issues like health, nutrition, water supply & sanitation, education etc. They are to be utilised for facilitating PRA exercises. The sector specific status, needs and availability of resources are to be discussed in depth and those culminate in possible plan for each gram sansad which are to be integrated into the GP plan. **(Para : 10.40)**

15.74 The Commission considers the relevance of establishing a more functional linkage amongst trans-layer urban planning mechanism and their ultimate tie up with the Metropolitan Planning and District Planning as the case may be. **(Para : 10.47)**

15.75 Apart from the municipal bodies the urban agglomeration in rural areas requires the assistance of urban planners, which is generally not avai

- i) Providing overall leadership to the planning process without taking away the functional responsibilities of the local governments.
- ii) Leading the district envisioning exercise.
- iii) Setting district priorities on the basis of consensus among local-governments, line departments, civil society, academia and other stakeholders in development.
- iv) Performing the central role in the preparation of the Potential Linked Credit Plan for the district with the support of NABARD and other allied Institutions.
- v) Reviewing plans of local governments and development departments during the process of consolidation; particularly with a view to ensuring that these address the district vision as a whole and are free of overlap and duplication
- vi) Overseeing the participatory planning process to ensure that the methodology & timeliness are followed.
- vii) Monitoring implementation of the approved district plan and addressing bottlenecks that may arise. **(Para : 10.49)**

15.77 The Vice Chairman's post and at least 30% membership of the DPC drawn from the elected representatives should be earmarked for ULBs of a particular district. This will give representation to the urban segment in proportion to the rural/ urban composition of population. Also, the Commissioner or Executive Officer & Engineer of at least one ULB of the District may be part of the DPC to have a clear understanding of the ULBs. **(Para : 10.51)**

15.78 DPCs should be given adequate support to discharge its responsibilities more effectively. These include:

- (a) Constitution of a District Planning Unit (DPU) by merging DRDC and placing District offices for planning, Economics & Statistics and Town & Country Planning, District unit of the National Informatics Centre (NIC)etc with the DPU. National Resources Data Management Centre set up in some districts should also be made a part of the DPU. Besides, experts in the requisite areas (planning including programme management, resource management and livelihood) should be provided to support the DPU.
- (b) The DPC must also have a permanent office i.e., separate secretariat/ office to accommodate the DPC and DPU. The Secretary to the DPC should be assisted by the DPO on a full-time basis. Besides, the DPC must have adequate budgetary resources to meet

expenditure on its regular staff, hire experts if necessary, outsource work, facilitate workshops etc.

(c) Developing a pool of professionals for such integrated decentralized planning to be ensured.

(d) The plan documents prepared by the villagers under SRD and ISGP programmes with suitable modifications can be the base of the Gram Panchayat Plan.

e) The Block Plan Committee constituted in the year 1985 needs to be revitalised with suitable modification so that plans prepared at the Gram Sansad level are properly channelized through the Gram Panchayat to the Block Planning Committee.

f) The experiences gathered in the Gram Panchayat level planning under SRD and ISGP Gram Panchayats should be replicated to other Gram Panchayats. **(Para : 10.52)**

15.79 The DPC should guide the local bodies in understanding their respective domain of responsibilities for which they will plan. They should be able to coordinate with the functionaries of the line departments, for proper integration of line departments' plans with those of the local bodies and bridge any gap of understanding or lack of clarity of responsibilities to avoid overlapping jurisdictions. **(Para : 10.53)**

15.80 There will be a small team of full time professionals with the DPC, their numbers and compositions, depending on the size of the district and the nature of the problem the district is facing. The districts should have the liberty to choose the types of professionals they need within a range of prescribed professionals and the ceiling of numbers of full time professionals the districts are entitled to. There should be another team of professionals, who will work as Resource Persons and their services will be requisitioned as and when necessary. However, they should be in touch with the DPC and will have to remain aware of the progress so as to be able to render desired services as and when need arises. There could be yet another category of highly skilled professionals whose services will not be required so often and those expert groups may remain with the State Planning Boards to render necessary support as and when demanded by the DPCs. **(Para : 10.54)**

15.81 There should be at least one full time Planning Officer and a data entry operator at the Zilla Parishad, Panchayat Samiti and the Municipalities. Assistance to GP level will depend on the size of the GP, which varies widely across the state and one option will be to allocate an earmarked amount to all the GPs depending on their size to hire personnel for preparation

of plans. At the Zilla Parishad level there should be a couple of dedicated officers and the personnel available with the DPC should be allowed to be utilized by the ZPs. **(Para : 10.55)**

15.82 Evaluation is a part and parcel of every planning. Plans of the local bodies require to be evaluated appropriately. The DPC should have the capability to train and engage suitable persons (may be retired professionals) for evaluation of the plans of the local bodies before those are integrated with higher level plans. Similarly, monitoring of the planning process, its implementation and observing the outcome will be an important job of the DPCs, which will require necessary expertise within the DPC. **(Para : 10.56)**

15.83 Ignoring or bypassing the MPC or limiting its role should not be wise in the days of rapid urbanisation which is considered to be the engine of growth. KMPC, therefore, needs to be revitalised in line with the DPC and the plans prepared by the DPCs and the KMPC should simultaneously go to the State Planning Board so that the plans prepared by the Urban and Rural Local bodies are simultaneously reflected in the State Plan. **(Para : 10.57)**

15.84 All the activities mentioned above and engagement of the core team and other professionals or procuring their services from the market as well as engaging experts for capacity building will require adequate and assured fund. We do not have any Planning Commission in the country now, instead there is NITI AYOGE. The State may approach the Central Government for allocating necessary funds to the DPCs, with necessary guidelines for using the same for the purpose of its revitalisation and effective usage as suggested above. **(Para : 10.58)**

Monitoring and Evaluation

15.85 Effective internal Audit by the Finance and Establishment standing committees of the PRIs or by the Municipal Accounts committees and the inspections of both RLBs and ULBs should be regularly ensured. The purpose of these Audit and Inspections should be broadened and widened to accommodate the question of fulfillment of basic objectives of these Institutions, sustainability of basic services delivered by them and finally ensuring economic development with social justice, instead of capturing some basic information. **(Para : 11.8)**

15.86 A special training programme covering the functions, objectives and outlines of Government sponsored programmes needs to be organised for District Councils. **(Para : 11.9)**

15.87 Steps should be taken to strengthen Gram Sansad and Gram Sabha as the proper forum of Social Audit. Budget, Audit Reports and annual planning of the PRIs should be properly explained before these Institutions by the employees of the respective tier of PRI so that the participants may spontaneously deliberate into it. Similarly, emphasis should be given on Ward Committees of ULBs for the deliberation of budget and Audit reports in their meetings. **(Para : 11.10)**

15.88 It appears to the Commission that though a vice-versa mechanism is adopted in self evaluation process, it should be ensured that the team in charge of evaluation of a particular GP/ PS/ ZP should have well acquaintance with the Government Programmes and exposure to the field in respect of the assigned Institution. Otherwise the very objective of the purpose of evaluation will be frustrated. **(Para : 11.11)**

15.89 No training can be meaningful and effective unless it is supported by Action Research. Every faculty of SIPRD and ETC should involve themselves in case studies and Action Researches on every RD programme and the findings should be shared with the participants in training programmes, be it Elected Representatives or the Government Officials. They should acquaint themselves with more frequent exposure to the field besides visiting the specialised Institutions of the Country for acquiring knowledge and skill regarding research methodology. Learning from NIRD will be of immense help at least in this regard. The State Government should move the Government of India both in MOPR and MORD Departments for placement of adequate fund to activate the Action Research initiatives. **(Para : 11.12)**

15.90 ISGP Project has taken various initiatives to strengthen existing mechanism for internal audit at the Gram Panchayats. Standard inspection report format had been developed by the project in consultation with Directorate of Panchayats and Rural Development and district level officials. In an effort to strengthen the internal audit effectiveness within PRI system, a separate Performance Audit Directorate has also been proposed with dedicated staff at the state, district and sub-division level. A special thrust had been also given during the

training of PA&AO. The examples, therefore, deserve proper replication for all the Gram Panchayats. **(Para : 11.16)**

15.91 Emphasis needs to be given to constitute special monitoring team for monitoring and evaluation of the activities of both the PRIs and ULBs. If the existing Government officials cannot be spared for the purpose, due to their departmental workload, special monitoring team needs to be formed on hiring basis whose task should be confined to monitoring only and no other assignment. This monitoring team should be stationed at the District level and they shall have close linkage and collaboration with the District level Officers and the report prepared by this team should be regularly examined at the State level. **(Para : 11.17)**

15.92 Both the Directorates of Panchayats and Rural Development and the Directorate of Local Bodies should be strengthened enough so that their functions are not confined to the task of sub-allotment of fund only, their real task should be to closely monitor the functioning of these Local Bodies. **(Para : 11.18)**

15.93 Initiative should be taken to revitalise the Statistical Cell of both the directorates so that the copies of Audit and Inspection Reports of the respective Local Bodies are properly preserved/ digitised and monitored at regular intervals. Statistical information on both the RLBs and ULBs emphasising on the details of Assets created and maintained by these bodies should be preserved in these Cells with utmost care. **(Para : 11.19)**

15.94 Panchayats and Rural Development Department and Municipal Affairs Department should ensure that the Annual Administrative Reports of the respective Department are duly published latest by the middle of the following year and the performance of the Local Bodies is reflected therein. These reports should be regularly circulated amongst the concerned local bodies. **(Para : 11.20)**

Encouraging Best Practices

15.95 The Commission thinks that the State Government, apart from performance grant, should introduce a package for encouraging the Local Governments in each tier of RLB and ULB for their replicable efforts in producing Best Practices. The package should be in the

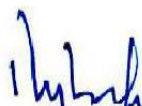
form of special grants which will be spent purely for continuation and development of these practices. This will strengthen the base of Local Government. **(Para : 12.54)**

Other Recommendations

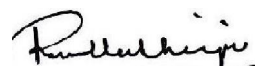
15.96 The website, constituted by this Commission (www.fincomwb.nic.in) may be maintained by the Finance Department by updating the site with reports of earlier SFCs and Action Taken Reports and G.Os. issued by various Departments relating to Local Bodies and other database till the constitution of next State Finance Commission. The website can be further updated by the next SFC. **(Para : 1.22)**



Abhirup Sarkar
Chairman



Dilip Ghosh
Member



Ruma Mukherjee
Member



Swapan Kr. Paul
Member Secretary

Chapter – XVI

General Observation and Concluding Remarks

Special SFC Cell

16.1 It has already been mentioned that like earlier SFCs, the Fourth SFC also lost considerable time in looking for data to work with. The Commission, therefore, considers it to be of immense relevance that a special SFC cell is set up permanently under the direct control of the Finance Department. It is also suggested that this Cell be set up in such a place that the subsequent SFCs have a close linkage with this Cell. This Cell may be equipped with collating data for the intervening periods between two Commissions and make preparatory arrangements for the next Commission so the new Commission may start without any hazard in setting up its office, arrangement of Officers and staff. This Cell should be empowered to interact regularly with the RLBs and ULBs and collect relevant information on regular basis and preserve them for the next Commission.

Structured Staffing Pattern

16.2 Existing staffing pattern of the Commission suggests that immediately after the setting up of the Commission employees are posted in a hurried manner without considering their experience in working in the fields. It is, therefore, suggested that a permanent staffing pattern be followed for the purpose with the Officers and staff having working experience with the Finance, Municipal Affairs and Panchayats and Rural Development Department instead of posting officials without any experience or attitude for handling data. Computer knowledge in MS Excell is essential for officer and staff upto the level of LD Assistants.

Timely constitution of Commission

16.3 The Commission urges the State Government that the notification for the subsequent Commission be issued well before the expiry of the reference period of the earlier Commission so that there may not be any discontinuity between two Commissions.

Circulation of Fourth SFC Report

16.4 The Commission suggests that the report of the Fourth SFC is well circulated amongst all Line Departments, RLBs and ULBs of the State within a reasonable time so that all concerned may be aware of the recommendations and entitlements well ahead of time.

16.5 The Commission thinks that the synopsis of their recommendations along with LSG unit wise entitlement Tables be translated in Bengali/ other regional languages as required so that the elected representatives especially at the Gram Panchayat level may have an easy access to it. A booklet should be printed for circulation upto GP level and also to be available in this website of Municipal Affairs Department and Panchayat and Rural Development Department.

Action taken report and implementation

16.6 The Commission invites the attention of the State Government to the provisions of the Constitution of India that the Action taken report on the Recommendations of this Commission is placed before the State Assembly within a reasonable time and subsequent course of action is taken in compliance of the provisions of section 206(A)(6) of the West Bengal Panchayat Act, 1973 for its implementation.

Direct fund transfer to respective local body

16.7 In the interest of proper planning and timely implementation of schemes and programmes by the Local Government units, the Commission also urges the State Government that the fund for a respective tier of the Local Government be placed directly to the respective Bank Account of the concerned unit instead channelling through upper tiers. This will also avoid congestion of fund at a respective unit for an uncertain period of time.

Maintenance of Records and data base

16.8 It has already been mentioned in this report that due to nonchalant attitude of the Local Bodies both at the rural and urban level and also due to lack of proper monitoring, system of maintenance of records is too weak in comparison to the voluminous works, schemes and programmes implemented by these local bodies. This Commission has been informed that neither Asset Register nor the Scheme Register is properly maintained by these local bodies, though provisions are there in the respective statutes and Government circulars.

Historically, local governments especially Gram Panchayats, Panchayat Samities, Zilla Parishads, Municipalities and Corporations had infrastructure which includes the following categories.

1. Roads
2. Office buildings
3. Nursery Schools
4. Community halls
5. Play grounds and stadiums
6. Burial and burning grounds
7. Ferries
8. Buildings for running of self employment ventures
9. Public comfort stations
10. Wells and other water supply systems
11. Street light structures
12. Bus stands, Taxi stands
13. Markets
14. Shopping Complexes

In the post-Amendment years, all local governments have added on to the transferred infrastructure as well as their own assets. Local Bodies spend considerable funds towards creation and maintenance of these assets but do not keep an updated record of these additions and alterations. As a consequence they are not in a position to inform neither their own house members nor an outsider about their true asset position. Every Local Body should be clearly directed to maintain and update a "Permanent Record" which will contain their updated demographic data as per Census Report, data on basic amenities like Road, drinking water source, Street Light, Sanitation facilities, drainage etc., data on different community Buildings like Schools, Hospitals, ICDS Centres, SSK/ MSK Centres etc. This record should contain updated information on other services delivered by the line departments of the State Government like Agriculture, Animal Resource Development, Co-operation, Irrigation, and Electricity etc. In other words this Permanent Record should be like the Statistical Hand Book prepared by the Bureau of Applied Economics and Statistics, West Bengal, which will not only help an outsider to have a clear idea as to the functioning of that particular local body but will also help that local body to assess its own performance.

Setting up a permanent Research Cell

16.9 In the interest of continuity of research on the functioning of Rural and Urban Local Bodies, the State Government may think of setting up a permanent Research Cell at the Institute of Development Studies, Kolkata (IDSK) which is funded by the State Government. Both the Panchayats and Rural Development and the Municipal Affairs Department may provide necessary funds to the IDSK for continuing research and publication on topics relevant to the functioning of the local bodies. A Research Officer from the WBCS (Exe) cadre may be deputed to IDSK for the purpose. This set up will also be helpful for the ensuing State Finance Commissions.

Updation of Demographic Data Base

16.10 The Commission faced a lot of difficulty for want of GP level demographic data particularly its population and area. This is due to non-availability of GP PCA 2011 Census data developed by the Registrar General of India. Similarly, there is no reliable data base as to the area of the Gram Panchayat. Overlapping area of the Gram Panchayats is a common barrier to develop these data base. The Commission requests the State Government to take up the matter with the Registrar General of India well ahead of time to ensure that the house listing Blocks are confined within a particular GP and next Census operations are run accordingly. The State Government should also take appropriate measures through the Directorate of Land Records and Survey so that areas of the Gram Panchayats are determined properly and a GP wise data base is available at the State level particularly with the Panchayats and Rural Development Department and also in the website of the State Government.

Constitution of an Empowered Committee

16.11 An Empowered Committee under the Chief Secretary may be set up consisting of Secretaries in charge of Panchayats and Rural Development, Municipal Affairs, Finance and Law departments to follow up the accepted recommendations and implement them fully. This Committee may also be empowered to review the functioning of the Rural and Urban Local Bodies after a certain span of interval, as they think fit, and ensure that the recommendations of the SFC are properly implemented.