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PANCHAYAT RAJ FINANCES: A STUDY OF VOTERS PERCEPTIONS  
IN KURNOOL DISTRICT OF ANDHRA PRADESH



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Short Profile

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ABSTRACT:

Financial management is the oxygen of all self-government, at every level. The constitution (73rd Amendment) Act 1993 has aroused great expectations with Panchayats becoming a constitutional entity. In this euphoria, a certain amount of skepticism still lingers on regarding their powers and functions and the meager resources that they had been bestowed with, in the past. It is true that 'Panchayat Finance' was among the major reasons attributed to the failure of the PRI system during the 60s and 70s. Dependence of Panchayats on states for almost everything, coupled with inadequacy of powers and functions rendered the

Panchayats ineffective.

KEYWORDS

*Voters Perceptions, Panchayat Raj Finances, local self-government, continuity and strength.*

## INTRODUCTION

Local self-government in Andhra Pradesh flourished right from the day's Satavahanas to the days of Vijayanagara Empire. The village government system of the old paved way to centralized administration under the British and the new situation 'strengthened the habit among the people to look to institutions away from the villages for the betterment of their condition. However, in the later part of the 19th Century and the early years of 20th century attempts were made to re-establish a certain amount of local self-government in the Madras province. The Local Board Act of 1884 introduced a three-tier system of Village Unions, Taluk Boards and District Boards, where in all the three together formed the local administration system. This three-tier system was endorsed by the Royal Decentralization Commission of 1919. The Commission however emphasized the need to resuscitate the village community and establish Panchayats in villages. In pursuance of the above recommendation the Village Panchayats Act was passed in 1920. Some other changes were brought in later.

Andhra Pradesh is one of the two states which first introduced the three-tier Panchayat Raj pattern of rural local government in 1959 in the country, the other being Rajasthan. At the time of launching Panchayat Raj, there was only a two-tier system of rural local government in the state, viz. District Boards at the district level, and Gram Panchayats at the village level. Though the State of Andhra Pradesh was reorganized in 1956, the District Boards and gram Panchayats in the Andhra and Telangana area were governed by different statutes.

### The Present Panchayat Raj System in Andhra Pradesh

The present pattern of Panchayat Raj in the state is functioning under the Andhra Pradesh Panchayat Raj Act 1994, which was enacted in the light of the 73rd Constitutional Amendment Act, 1993.

Keeping in view of the past experiences it became imperative to provide constitutional status to local self-government to impart certainly, continuity and strength. The Constitution's 73rd Amendment essentially lays down certain ground values with basic structural framework so that it can sustain against external interference and could establish themselves as effective and strong people's institutions. The Andhra Pradesh legislature repealed three of its earlier Acts relating to Panchayat Raj Institutions (PRIs) in the state, viz., Andhra Pradesh Gram Panchayat Act, 1964, Andhra Pradesh Mandal Praja Parishads, Zilla Praja Parishads and Zilla Pranlika and Abhivrudhi Mandals Act, 1986 and Andhra Pradesh local bodies electoral Reforms Act, 1989, and enacted a new Act namely, Andhra Pradesh Panchayat Raj Act, 1994. The provisions of this Act came into force on 30th day of May, 1994.

Under the new Act the Mandal Parishad has been retained as a unit of intermediate level in the three-tier system of Panchayat Raj in the state. The other two-tiers are Gram Panchayat at the village level and Zilla Parishad (ZP) at the district level. The legislation provides for reservation of various offices as well as seats in PRIs for Scheduled Castes (SCs) Scheduled Tribes (STs) Backward Classes (BC) and women. The ratio of reservations provided to various categories is: 34 per cent to BCs, 18 per cent for SCs and 8 per cent for ST. One-third of the offices and seats, including in the general category, are reserved for women. The reservation formula covers all the offices or chairpersons of Gram Panchayat, MP and ZP and Panchayat Wards, MPTC, ZPTC members.

According to Section 19 of the Act, which gives a list of the disqualifications in the case of candidates, includes disqualification of the persons seeking election who have more than two children. However, the birth of an additional child within one year from the date of commencement of the Act will not be considered a disqualification.

According to the provisions of Andhra Pradesh Panchayat Raj Act (1994) two commissions had been constituted viz., the State Election Commission to supervise the elections/polls etc. to PRIs and the State Finance Commission, to look after the matters relating to the strengthening of the financial resources of PRIs for better administration.

### State Election Commission

The Act provided for the constitution of State Election Commission for the superintendence, direction and control of the true preparation of electoral rolls for, and the conduct of elections to all Panchayat Raj institutions governed by the Act. The Election Commission shall consist of a state Election Commissioner. The Governor, on the recommendation of the government shall appoint a person who is holding or who has held on office not less than that of a Principal Secretary to Government in rank as the state Election Commissioner.

### Finance Commission

According to Section 235 of the Act, the Governor shall, on the recommendations of the state Government constitute a Finance Commission. The Finance Commission shall consist of a Chairman and other members. The government shall make available to the Finance Commission such staff as may be necessary for the discharge of the functions conferred on the Finance Commission. The Chairman shall be selected from amongst persons who have experience in public affairs and the other members shall be selected from amongst persons who have special knowledge of the finance and accounts of the government or have had wide experience in financial matters and administration or have special knowledge of economics. The Finance Commission shall review financial position of the Gram Panchayats, Mandal Parishads and Zilla Parishads and make recommendations to the government.

### Constitutional Basis of Panchayats Finances

Part IX of the Constitution contains provisions regarding Panchayats .Article 243 (H) authorizes that the State legislature may by law;

- (i) Authorize a Panchayat to levy, collect and appropriate such taxes duties, tolls and fees in accordance with such procedure and subject to such limits.
- (ii) Assign to Pinhead such taxes, duty, toll, fees, levied and collected by the State Government for such purposes and subject to such condition and limit.
- (iii) Provide for making such grant-in-aid to the Panchayats from the consolidated fund of the State and
- (iv) Provide for constitution of such funds for crediting all moneys received, respectively by or on behalf of the Panchayats and also for the withdrawal of such moneys there from, as may be specified in the

law. Article 243 H, therefore, gives necessary power to the State for tax administration.

Article 243 (I) provides for the constitution of the State Finance Commission. It says;

1.The Governor of the State shall as soon as, may be within one year from the commencement of the Constitution (73rd Amendment) Act, 1992, and thereafter at the expiration of every fifth year, constitute a Finance Commission to review the financial position of the Panchayats and to make recommendations to the Governor as to.

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 the respective share of such proceeds.

ii.Determination of the taxes, duties, tolls and fees which may be assigned to or appropriated by the panchayats.

iii.Grant-in-aid to the Panchayats from the Consolidated Fund of the state.

b.The measures 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.

2.The legislature of a State may, by law, provide for the composition of the commission, the qualifications which shall be requisite for appointment as members thereof and the manner in which they shall be selected.

3.The Commission shall determine their procedure and shall have such powers in the performance of their functions as the legislature of the State may, by law, confer on them.

4.The Governor shall cause every recommendation made by the Commission under this Article together with an explanatory memorandum as to the action taken thereon to be laid before the legislature of the State.

Article 280 (bb) stipulates that it shall be the duty of the Finance Commission (of India ) to make recommendations to the President as to the measures needed to augment the consolidated fund of a State to supplement the resources of the Panchayats in the State on the basis of the recommendations made by the Finance Commission of the State.

Simultaneous reading of all these Articles and stipulations there under make it clear that apart from current recoveries and receipts by way of taxation within the State and the apportionment of the proceeds there from, the State Finance Commission can be authorized to suggest measures to improve the finances of the panchayats. Conventionally, the Finance Commissions have been dealing with the issues emanating from non-plan financial resources. In this context, it is necessary to analyze in proper perspective, the duties which have been enjoined upon the Panchayati Raj institutions.

### Status of Devolution of Powers and Functions

Article 243(G) of the constitution stipulates endowment by law and by the legislation of a state such powers and authority and functions as may be necessary to enable them to function as institutions of self-government. The states were supposed to study this Article along with the 11th

Schedule and allocate the powers and functions among the three tiers of panchayats.

The Amendment Act further directs that states should have provisions for the devolution of powers and responsibility upon panchayats at appropriate level for the following purposes.

- (a) The preparation of plans for economic development and social justice and
- (b) The implementation of schemes for economic development and social justice as may be entrusted to them including those relations to the matters listed in the Eleventh schedule.

Under the new Act, PRIs are expected to perform all development functions as suggested in the Eleventh schedule, as mentioned above. For doing so, proper devolution of functions and powers to local bodies is necessary. In particular, devolution of functions and powers from the regular line departments to the PRIs is a necessary pre-requisite for healthy functioning of local bodies. We discuss below how the functional devolution has taken place in Andhra Pradesh.

In order to perform the numerous functions enlisted in the Act, the extent of devolution required should be adequate. Coming to the actual devolution that has taken place, it needs to be stated that the ground reality in Andhra Pradesh is not satisfactory.

The various development departments need to be brought under the control of PR bodies for enabling them to discharge functions enshrined in the Eleventh schedule (29 items) as well as to become institutions of self-government.

The ground reality existing in the Andhra Pradesh state is that a majority of the line departments functioning separately and has not been brought under the control of PR bodies. A separate 'Panchayat Cadre' has not been created.

Besides, the District Rural Development Agency (DRDA), which commands sizeable resources, functions independently of PR bodies. Similarly, there are a few other department corporations like AP Schedule Caste Corporation, AP Backward Caste Corporation, AP Women Development Corporation, which work independently of PR bodies in the state. Unless these bodies/agencies and their finances are brought under the PR bodies' purview, it is difficult to call PR bodies as institutions of self-government.

In this context it may be mentioned that State Government constituted an expert committee with the Principal Secretary, Panchayati Raj and Rural Development as the Chairman and the Secretaries and Heads of concerned departments and a few MLAs as members to study the pattern of devolution of powers and functions. Based on the committee's recommendations, the State Government has decided to transfer 16 out of the 29 subjects to the PRIs. It is believed that formal announcement of the devolution of 16 functions has been made due to the pressure mounted by the association of the Sarpanches of Andhra Pradesh which carried a protracted struggle for the implementation of the various provisions of the Act.

The following is the list of functions that were transferred and those yet to be transferred.

#### List of subjects already transferred.

1. Agriculture, including agricultural extension.
2. Maintenance of community assets.
3. Social forestry and farm forestry.

4. Minor irrigation, water management and water development.
5. Fuel and fodder.
6. Khadi, village and cottage industry.
7. Roads, culverts, bridges, ferries, waterways and other means of communication.
8. Non-conventional energy sources, including distribution of electricity.
9. Education, including primary and secondary schools.
10. Adult and non-formal education.
11. Libraries.
12. Cultural activities.
13. Women and child development.
14. Social welfare including welfare of handicapped and mentally retarded.
15. Public Distribution System.
16. Drinking water.

#### List of Subjects yet to be Transferred

- ▲ Markets and fairs.
- ▲ Land improvement implementation of land reforms land consolidation and soil conservation.
- ▲ Animal Husbandry, dairying and poultry
- ▲ Fisheries.
- ▲ Minor forest produce.
- ▲ Small scale industries including food processing.
- ▲ Rural housing.
- ▲ Rural electrification.
- ▲ Poverty alleviation programme
- ▲ Technical training and vocational schools.
- ▲ Health training and sanitation including hospital, primary health centers and dispensaries.
- ▲ Family welfare
- ▲ Welfare of the Weaker Sections in particular of the SCs and STs.

Out of the 16 functions that were transferred out of the 29 subjects, orders were issued for transfer of 14 subjects only. Regarding the balance two subjects' orders transferring them is to be issued by the government. With regard to transfer of other 13 subjects for devolution, the matter is under consideration.

#### Objectives of the Study

1. To study the various provisions of 73rd Constitutional Amendment Act as well as Andhra Pradesh Panchayat Raj Act of 1994 with regard to women representation.
2. To estimate the knowledge of PRI representatives by analyzing the views sample voters.
3. To suggest measures for the improvement and strengthening of Panchayat Raj Institutions with a special emphasis on women.



### Sample Design

There are 3 revenue divisions in Kurnool district. For in depth study on the functioning style of PRI representatives, voters perceptions on their functioning, one mandal representing by ruling party (TDP) Mandal President and another one representing by Mandal President of main opposition party (YSRCP) from each revenue divisions of Kurnool district was selected for administrating interview schedule. Then from each selected mandal, 50 sample voter respondents were selected on the basis of socio-economic and political profile of the population. So the universe of the sample consists of 300 voter respondents.

### Representatives Knowledge on Institutional Building of PRIs

The ratings given by sample respondents on the knowledge of representatives on institutional building of PRIs are presented in table 1.

**Table – 1**  
**Respondents Rating of the knowledge of Women on PRIs Institutional Building**

Rating	Gender Wise Coverage of Respondents				Total	
	Male		Female			
	No	%	No	%	No	%
Very Good	37	24.67	41	27.33	78	26.00
Good	33	22.00	58	38.67	91	30.33
Average	54	36.00	38	25.33	92	30.67
Poor	18	12.00	9	6.00	27	9.00
Very Poor	8	5.33	4	2.67	12	4.00
<b>Total</b>	<b>150</b>	<b>100.00</b>	<b>150</b>	<b>100.00</b>	<b>300</b>	<b>100.00</b>

Source: Field Data

It is clear from table 1 that female sample given good ratings to women representatives, compared to male sample. Around 66 per cent of female sample has given very good to good scoring on the knowledge of representatives on institutional building. On the other hand nearly 46.67 per cent of male sample has given very good to good rating. An average rating was given by 36 per cent and 25.33 per cent of male and female sample respectively. About 12 per cent and 5.33 per cent of male respondents assigned poor and very poor ratings to the knowledge of women on PRIs institutional building. Poor and very poor scoring is assigned by 6 per cent and 2.67 per cent of female sampling. It is graphically presented in chart 5.7.

In all, nearly 30.67 per cent of sample assigned average scoring to women knowledge on PRIs institutional building. About 30.33 per cent has given good and 26 per cent has given very good ratings

on the knowledge of women on institutional building of PRIs. Poor and very poor ratings were assigned by 9 per cent and 4 per cent of sample respondents.

### Ratings Assigned to Representatives on PRIs Financial powers and functions

The performance of representatives depends on their knowledge on the powers and the functions of the post, which they are holding. It is much true in case of financial functions and powers. As such the sample respondents were asked to give their ratings to PRI representatives on their knowledge of PRIs financial powers and functions. The responses were registered and presented in table 2.

Table – 2  
Respondents rating of the knowledge of sample Representatives Knowledge on PRIs Financial Powers and Functions

Rating	Gender Wise Coverage of Respondents				Total	
	Male		Female			
	No	%	No	%	No	%
Very Good	39	26.00	29	19.33	68	22.67
Good	33	22.00	59	39.33	92	30.67
Average	47	31.33	48	32.00	95	31.67
Poor	22	14.67	10	6.67	32	10.67
Very Poor	9	6.00	4	2.67	13	4.33
<b>Total</b>	<b>150</b>	<b>100.00</b>	<b>150</b>	<b>100.00</b>	<b>300</b>	<b>100.00</b>

Source: Field Data

It is evident from table 2 that good number of both male and female sample has given average ratings to their PRI representative knowledge of PRI financial powers and functions. To be more precise, 32 per cent of female and 31.33 per cent male sample have given average ratings. About 26 per cent and 19.33 per cent of male and female sample assigned very good scoring. Good scoring was assigned by 39.33 per cent of female and 22 per cent of male sample respondents. Poor scoring was assigned by 14.67 per cent of male and 6.67 per cent of female sample. Nearly 6 per cent of male and 2.67 per cent of female sample assigned very poor scoring to the knowledge of representatives on financial powers and functions of PRIs.

Of the total sample, 31.67 per cent assigned average rating, 30.67 per cent assigned good and 22.67 per cent assigned very good ratings on the knowledge of representatives on PRIs financial powers and functions. Poor and very poor ratings were assigned by 10.67 per cent and 4.33 per cent of the sample.

Ratings Assigned to Representatives on their knowledge of Financial Resources of PRIS

The financial efficacy of a particular PRI depends on the knowledge of representatives on financial resources of the institution, which they are representing. The 73rd Constitutional Amendment as well as Andhra Pradesh Panchayat Raj Act 1994 assigned several resources to PRIs. The knowledge of PRI representatives on financial resources of PRIs as per the views of sample respondent people is presented in table 3.

Table – 3  
Respondents Rating of the Knowledge of Representatives on PRI Resources

Rating	Gender Wise Coverage of Respondents				Total	
	Male		Female		No	%
	No	%	No	%		
Very Good	15	10.00	37	24.67	52	17.33
Good	31	20.67	39	26.00	70	23.33
Average	69	46.00	58	38.67	127	42.33
Poor	24	16.00	9	6.00	33	11.00
Very Poor	11	7.33	7	4.67	18	6.00
<b>Total</b>	<b>150</b>	<b>100.00</b>	<b>150</b>	<b>100.00</b>	<b>300</b>	<b>100.00</b>

Source: Field Data

As per table 3, nearly 46 per cent of male and 38.67 per cent of female sample assigned average ratings to the knowledge of representatives on financial resources of PRIs. Good scoring was given by 26 per cent and 20.67 per cent of female and male sample. Very good rating is given by 24.67 per cent and 10 per cent of female and male sample respectively. It is clear from table that good number female sample has given very good and good ratings. On the other hand with regard to assigning poor and very poor ratings male sample are ahead than female sample. About 16 per cent of male and 6 per cent of female has given poor scorings. In the same way 7.33 per cent and 4.67 per cent male and female sample assigned very poor scoring on the knowledge of women representatives on their rights as representatives.

Among the total sample, a preponderant majority i.e. 42.33 per cent has given average ratings. Good and very good ratings were given by 23.33 per cent and 17.33 per cent of sample respectively. Nearly 11 per cent and another 6 per cent assigned poor and very poor ratings on the knowledge of women representatives on their rights.

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