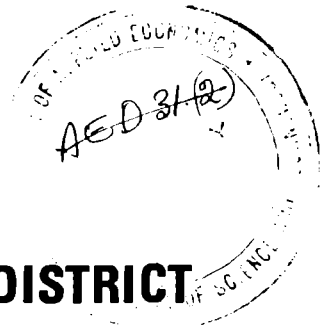


# **A CASE STUDY OF THE FINANCE OF THE SELECTED PANCHAYATS IN ERNAKULAM DISTRICT**



THESIS SUBMITTED TO THE UNIVERSITY OF COCHIN  
FOR THE AWARD OF THE DEGREE OF  
DOCTOR OF PHILOSOPHY IN ECONOMICS  
UNDER THE FACULTY OF SOCIAL SCIENCES

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C E R T I F I C A T E

Certified that the thesis "A Case Study of the Finance of the Selected Panchayats in Ernakulam District" is the record of bonafied research carried out by K. Shem Bhat, under my guidance. The thesis is worth submitting for the degree of Doctor of Philosophy in Economics.

Sept. 15, 1985.

  
(Dr. K. C. SANKARANARAYANAN)

DECLARATION

I declare that this thesis is the record of bonafide research carried out by me under the supervision of Dr. K.C. Sankaranarayanan, Professor and Head of the Department of Applied Economics, University of Cochin. I further declare that this has not previously formed the basis of the award of any degree, diploma, associateship, fellowship or other similar title of recognition.

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15-9-1985.

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## A C K N O W L E D G E M E N T S

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## CHAPTER - I

### I N T R O D U C T I O N

1.0 The system of local Government<sup>1</sup> is found in every nation as a part of its governmental or constitutional structure, irrespective of its political philosophy and the form of National Government. Local Government is an essential part of the four tiers in which most of the governments of the modern times function. The other tiers are : first supra national agency which does not intervene in the internal affairs of any nation, second the National Government which functions according to the constitution of the nation, and third, the provincial or state governments which are the units of the federal state.<sup>2</sup> In India there are eight types of Local Government units which may be categorized into three:

- 
1. The term 'Local Government' has been defined in the Encyclopedia Britannica thus (at page 178)

Local Government means authority to determine and execute measures within a restricted area inside and smaller than the whole state. The variant Local Self Government is important for its emphasis upon the freedom to decide and act.

2. Om Prie Srivastava : Municipal Government and Administration in India, Chugh Publications, Ahamedabad, 1980, p.1-2.

They are :-

i) Urban Local Government i.e., Municipal Corporation, Municipal Board and Cantonment Board.

ii) Semi-Urban Local Government i.e., Town areas and notified areas.

iii) Rural Local Government i.e., Zilla Parishad, Panchayat Samitis and Gram Panchayats.

#### 1.1.0 Historical Perspective of Local Government in Ancient India

1.1.1 A prominent characteristic feature of the ancient village political bodies in India is that they were not uniformly composed and constituted. They present a variety of types. One important reason for this is that Indian political evolution has realised itself through diverse types. However, on a closer analysis it will be found that there are two types of political formation :-

i) Territorial :- Here the bond of physical connection promoting associated life among the members of the village is territorial contiguity.

ii) Communal :- Here the group formation is determined on the basis of community interest.

1.1.2 There is considerable evidence to indicate that in India the fundamental unit of administration and the general administration system was organised on the basis of villages. Each village had its own administrative body; usually known as Panchayat, literally meaning an association of five.<sup>3</sup>

1.1.3 Valmiki's Ramayana, mentioned two types of villages the Gosh and the Grama, the former being smaller than the latter. The officials of the local body were called the gosh-mahattar and grama-mahattar respectively. The gramini was another village official who was highly respected. The Mahabharata also mentioned gosh and grama. The dwellers in the gosh were known as Gopas whose main occupation was animal husbandry and dairying.

1.1.4 Manu's writings also describes similar villages. He calls the village officials as Gramick, who commanded much respect. The next higher official in terms of power enjoyed was Vishant, who was head of ten villages. Next came Shati or Shat gramadhipati who administered 100 villages. There is a difference of opinion on the nomination of these officials. Some hold the view that village officials were appointed by the King while others argue that they were elected by the members of the village.

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3. Henry Maine : The Early History of Institutions, London, 1880, p.220-222.

1.1.5 The appointment of the officials by the King should not be taken to mean that they were superimposed from above and they were free to work in any manner they liked. For instance Altekar who is an authority on the subject, holds the view that these officials had to work according to the advise of the village elders (gram vridhas).<sup>4</sup> The village elders, in their turn, were elected by the Assembly of the village.

1.1.6 With the rise of the Magadha empire in the 6th century B.C., the recorded history of India may be said to have commenced. "The picture of the society that one gets at the close of this period (7th century) is of growing Kingdoms side by side with powerful tribal organisations keeping their independence."<sup>5</sup> Some of the important kingdoms of that time were Magadha, Kausambi, Kosala, Avanti etc. .... And some of the important tribal organisations were Lichavis, Mallas and Sakyas. During this period it is believed that the traditional autonomy and sovereignty of the village communities was maintained and the villages continued to enjoy full autonomy in their day to day affairs.

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4. H.D. Malaviya : Village Panchayats in India, New Delhi, 1956, p.53.

5. K.M. Panikkar: A Survey of Indian History, Bombay, 1954, p.17.

1.1.7 During Chandragupta's time the villages were divided into three classes on the basis of their population. The biggest village was known as the Jyestha, the medium one was known as the Madhyama and the smallest as Kanistha. The other classification was grama and palli. Grama comprised of one kroscha of land and palli was half the size of grama. Six officials connected with this were :-

- i) Sahasadhipati (one who maintained peace and order).
- ii) Grama-Neta (Collector of dues).
- iii) Bhagara (Revenue collector).
- iv) Lekhaka (Accountant).
- v) Shulka-Grahak (Tax collectors from traders), and
- vi) Pratihara (Messenger).

1.1.8 During the Buddhist period Kautilya's Arthashastra was used as a guide-book by Hindu rulers. According to Arthashastra, each village has 100 to 500 families. Each village had its own boundary well-defined and marked by rivers, hills, tanks and ditches, trees and forests. Each village had its own administrative council consisting of Adhyaksha (Headman), Samkhayaka (Accountant), Sthanika (Local officer), Anikashtha (Veterinary doctor), Jangha Karika (Village Courtier) and Chikitsaka (Sanitary Officer). Besides these, the gopa was another important official in

the village administrative set-up. Collection of state revenue was his important function, besides other duties.

1.1.9 During the reign of Chalukyas (6th century A.D.), each village had its own administrative body known as the Gram Sangha. The members of the village were known as Kautimbikas and the village headman was known as Pattakil. He was responsible for the collection of State dues, which were traditionally fixed at  $1/6^{\text{th}}$  of the total produce of the village.

1.1.10 In the 10<sup>th</sup> century (Chola king Parantaka I, was ruling) there existed several committees for the village administration, and life in the village was, to a large extent, common. The village bodies during this period had dual functions. They relate to internal and external functions. One of the important internal functions of the local bodies was to maintain peace and order within the community. The major external function of the local bodies was to safeguard the population from external attack.

1.1.11 The above facts indicate that in India the general administration was organised on the basis of villages. These villages had developed over the years an ideal form of co-operative agriculture and industry in which there was a

hardly any scope for exploitation of the poor by the rich.  
As Gandhiji has put it.

"The production was almost simultaneous with consumption and distribution and vicious circles of money lender economy was conspicuous by its absence. Production was the for immediate cause and not for distant markets. The whole social structure was founded on non-violence and fellow-being. The Gram Panchayats administered the village affairs either its own responsibility or an adjunct to village headman or Patel. It also administered justice and peace, maintained law and order by watch and provided facilities for education and public works such as election and maintenance of public buildings, roads, tanks, wells and keeping of the village tracts in order and providing all other common amenities, social and economic of the village life and collected and distributed charity to the needy and the poor. It derived its finances from the rich and the wealthy inhabitants of the

village and from other donations. The labour for the works of public utility, the village community could get from the village people. In this way it was self-sufficient and self-supporting having little to do with the outside world."<sup>6</sup>

But unfortunately the advent of the British rule in India lead to their decay and disappearance.

#### 1.2.0 Causes of Decay of the Ancient Local Government

1.2.1 An unreasonable anxiety to centralise all judicial and executive powers in the hands of the British administrators virtually led to the decay of the local self-government. This decay was further aggravated by a number of other factors such as -

- i) Administration of the village by the agencies of Central Government.
- ii) The extension of jurisdiction of the modern civil and criminal courts of the towns.
- iii) New land revenue system.
- iv) Increase in the means of communications.
- v) Progress of education.

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6. H.D. Malaviya: op.cit.



vi) Police administration.

vii) Migration of the best and ablest persons from villages to towns.

viii) The growing spirit of individualism and the break-up of joint family system.

As R.C. Dutta remarked, "One of the saddest results of British rule in India is the effacement of that system of village self-government which was developed earliest and preserved longest in India among all the countries of the world."<sup>7</sup>

### 1.3.0 Evolution of Local Government under British Rule

1.3.1 Local Government as is known today was first introduced in the city of Madras when Sri Josia Childs obtained a charter from the British Emperor, James II to set up a local town council on British Lines at Madras which was formerly inaugurated in 1688.<sup>8</sup> Bombay and Calcutta followed suit. But only in 1793 a statutory backing was given to municipal Government. A comprehensive legislation for the introduction of municipal administration was passed in 1850. The system of local government introduced under the British rule was not built on indigenous foundations. It was more in the

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7. Ibid.

8. M.J. Thavaraj: Financial Management of Government, Sultan Chand & Sons, New Delhi, 1978, p.241.

nature of British system. But some aspects of local taxation were retained. Thus the Local Government and their finances in India became a curious mixture of indigenous and western elements.

1.3.2 Centralisation was the main aim of British administration in India. But later it was found that centralisation gave rise to irresponsibility, waste and inefficiency on the part of the provincial government. Consequently, under the Legislation of 1842 House Tax was empowered to the presidency and mofusil towns for the purpose of creating local responsibility and providing civic amenities. The Act of 1850 provided for levying indirect taxes by these bodies. Octroi was the main item of an indirect tax.

1.3.3 Mayo's scheme of 1870 brought about some change in the frame-work of local-self government. While commenting on the Mayo's resolution the Taxation Enquiry Commission 1953 observed :-

"There was however, no comparable development of local-self governing institution in rural areas upto the year 1871, when Lord Mayo introduced his scheme for decentralisation of administration. The scheme had a stimulating effect on the development of local self governing institutions in the rural

areas. Both types of committees, urban and rural, it may be noted that there were largely nominated officials. It was implicit in decentralisation as then conceived that the emphasis was on the 'local rather than on the 'self-government' aspect of the local-self government"<sup>9</sup>

1.3.4 But in 1880, the principle of local government had been put into practice only in the cities of Calcutta and Bombay and in few of the towns of central and north west provinces. In other places, local administration and taxation was under the control of government servants.

1.3.5 Lord Ripon's Resolution of 1882 was a land mark in the evolution of the present form of Local Government in India. It expanded the functions of local government by including aspects of public health, medical relief and education under its purview. Their sources of finances were also enlarged. The growth of the local governments in the next 37 years or so was based on the Ripon scheme.

1.3.6 The Decentralisation Commission of 1907-08 examined the entire subject of local government as part of its review of the financial administrative relations between the central

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9. Government of India: Taxation Enquiry Commission 1953-54, Vol.III, New Delhi, 1956.

and provincial governments. Based on the evidence gathered, the Commission highlighted the inadequacy of resources placed at the disposal of the local bodies for a proper execution of duties assigned to them. The resolution of 1915 that followed made specific reference to the smallness and inelasticity of local revenues and the difficulties involved in designing new forms of taxation.<sup>10</sup> Local self-government became a provincial subject under the Government of India Act of 1919. The taxes laid down by this Act for the local bodies were tolls, tax on land and land values, tax on menial and domestic servants tax on animals, octroi, terminal tax, tax on trades, professions and callings, tax on private markets and other public conveniences. But, by examining taxation of various levels of Government Taxation Enquiry Commission of 1925 remarked that the finances of the local bodies all over the country were inadequate for services which they had to perform.

1.3.7 The Government of India Act of 1935 gave an impetus to the development of local government in India. The Act of 1935 cancelled the scheduled taxes rules introduced under the 1919 Act. There was no separate list of revenues and expenditures relating to the Local Government in the Constitution

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10. M.J. Thavaraj: op.cit., p.243.

or its Schedule. Local bodies had to derive their powers from the provincial legislature. But provincial autonomy did not bring any improvement in the finances of local bodies. The great depression of 1930's worsened the financial position of the local bodies. Based on this, Local Finance Enquiry Committee of 1951 remarked that the changes due to the 1935 Act were unfavourable to the local bodies because certain provincial governments utilised certain sources of revenue which were formerly recognised as purely local taxes. This led to their increasing dependence on grants-in-aid.

1.3.8 After examining the background of local finances during the British rule one could say that the grass-roots of democracy in India have always been undernourished. Besides, they are financially and politically dependent on the State Government.

#### 1.4.0 Development of Panchayats after Independence

1.4.1 One of the directive principles (Article 40) of Indian Constitution states that "the state shall take steps to organise village Panchayats and endow them with such powers and authority as may necessary to enable them to work as units of self-government." Panchayat Raj comprehend both the democratic institutions and the extension services through which the development programmes were executed.

1.4.2 With the dawn of freedom, the method of involving people in their own welfare activities was developed. For the further development states started through legislation to renew the old concept of Gram Panchayats and Gram Sabhas so that people's involvement in their affairs at the grass roots can be provided. This approach was reflected in the first plan document. The plan stated :

- "We believe that the panchayats will be able to perform its civic functions satisfactorily only if these are associated with an active process of development in which the village Panchayat is itself given an effective part. Unless a village agency can assume responsibility and initiative for developing the resources of the village, it will be difficult to make a marked impression on rural life, for only a village organisation representing the community as a whole can provide the necessary leadership. As the agencies of the State Government cannot easily approach each individual village separately progress depends largely on the existence of an active organisation in the village which can bring the

people into common programmes to be carried out with the assistance of the administration."<sup>11</sup>

1.4.3 The concept of village Panchayats was added on by the community development programmes started in 1952. Along with this concept it was felt necessary to build up an administrative system which can tackle the welfare problems of growth at the local level. Hence, National Extension Service followed the community development programme. But it was soon realised that public involvement was not effective. This was reflected on the second plan document.

The second five-year plan observed :-

"The development of village Panchayats observed on the right lines has significance for several reasons, under the impact of new developments, including the growth of population, Land reform urbanisation, spread of education, increase in production and improvements in communications. Village Society is in a state of rapid transition in emphasising the interest of the community as a

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11. Government of India : Draft of the First Five-Year Plan, 1951. Planning Commission, New Delhi, p.133.

whole and in particular the needs of those sections which are at present handicapped in various ways, village Panchayats along with the Co-operatives, can play a considerable part in bringing about a more and just and integrated social structure in rural areas and in developing a new pattern of rural leadership."<sup>12</sup>

1.4.4 During the third five-year plan no significant development had taken place in the field of local self-government. In the fourth five-year plan significant developments took place with respect to enactment and implementation of the Panchayat Raj Acts in different states. For instance, zilla parishads were abolished in Orissa, Karnataka and Harayana States. Similarly, in Uttar Pradesh zilla parishads were suspended in 1970 for two years. In Assam a new Act was enacted. From the experience of the functioning of these agencies in various states it could be said that, by and large, status quo had been maintained with regard to their functioning in States like Punjab, Andhra Pradesh, Orissa, Karnataka, Rajasthan and Harayana. The powers concerning control over the junior staff of the Panchayat Samitis,

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12. Government of India : Draft of the Second Five Year Plan, 1956. Planning Commission, New Delhi, p.151.



ceiling on expenditure and execution of minor programmes have been withdrawn.<sup>13</sup>

In the fifth five year plan it has been recognised that,

"Rural development should include agricultural development in its widest sense so as to embrace, besides crop production all its allied activities. Such integrated type of development would be possible only through co-operation and participation of the people. It could be secured by strengthening the Panchayat Raj Institutions at various levels. It would be necessary to review the size and viability of gram Panchayats, Panchayat samiti and zilla parishad. It would be desirable that the Panchayats are entrusted with the implementations of finance for augmenting the resources of Panchayat Raj bodies. It is also essential to lay down norms and criteria for viable Panchayats."<sup>14</sup>

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13. Government of India : Draft of the Fifth Five Year Plan 1956. Planning Commission, New Delhi, p.151.

14. Ibid., p.86-87.

During the sixth five year plan it is proposed to strengthen the process of democratic decentralisation. Irrespective of whatever structural pattern that is existent or that may be devised, effort will be to devolve on these institutions all such functions, appropriate to each level, which are capable of being planned and implemented at that level. These institutions will be particularly involved in the planning and execution of Integrated Rural Development Programme and the National Rural Employment Programme. The Integrated Rural Development Programme is proposed to be extended to the whole country, along with the Rural Employment Programme which will result in the expansion of the ideal of the Panchayat Raj System.<sup>15</sup>

1.5.0 Growth of Modern Local Self Government in Kerala with special reference to Ernakulam District

1.5.1 The history and the growth of local self government in Ernakulam district in modern times may be studied with reference to the main pieces of Legislation pertaining to the organisation of the Municipalities and Panchayats passed from time to time by the governments of Madras, Cochin and Travancore. Attempts to introduce self government in urban areas started much earlier than in the rural areas. The earliest

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15. Government of India : Draft of the Sixth Five Year Plan 1980-85, Planning Commission, New Delhi, p.176-177.

Municipality in the district is the Fort Cochin Municipality. It was constituted in 1866 under the Madras Town Improvement Act of 1865 and later governed by the District Municipalities Act of 1920 as amended by the Act of 1930.

1.5.2 In the Cochin area of the district a committee consisting of officials and non-officials was appointed by the Government in 1890 to supervise the sanitation and conservancy of Ernakulam Town and the Government also sanctioned in the same year the payment of a monthly grant to a Committee appointed by the merchants of Mattancherry Bazaar to look after the sanitary arrangements there. The committee was superceded in 1896 by regular sanitary boards constituted by the government. The main functions of these boards were to keep the roads and drains of the town clean and also to arrange for the lighting of streets. They were entirely financed by the government. This arrangement continued till 1885 M.E. (1910 A.D) when the Municipal and Sanitary Improvement Regulation was passed. The provisions of this Regulation were mainly taken from Madras District Municipalities Act 1884 as modified and amended by the Acts of 1899 and 1909. Under this Act Town Councils were set up in Ernakulam and Mattancherry. These councils were composed of a President and Councillors not less than 6, and not exceeding 12. The system of electing Councillors was introduced. One-third of the Councillors were

elected in each council and the rest were nominated by the Government. In 1906 M.E. (1921) a new law called the Cochin Municipal Regulation was passed with a view to granting more substantial powers to the town councils. The strength of the new councils was increased to 15. Two-thirds of the Councillors were elected by the voters and the remaining were nominated by the Government. These councils hereafter known as Municipal Councils and their presidents were called Chairmen. The Cochin Municipal Regulation of 1096 M.E. (1921) was an improvement on the Madras District Municipalities Act 1920 in two respects. Firstly, it purposely omitted the provision contained in the Madras Act granting power to the Government to dissolve any Municipality. Secondly, it removed the sex disqualification i.e., this Act enables women not only to vote in elections but also to be elected as Councillors. The Cochin Municipal Regulation of 1921 governed the working of the Ernakulam and Mattancherry Municipalities till the passing of Kerala Municipalities Act of 1960.

1.5.3 Side by side with the development of self-Government in the urban areas Self-Government in rural areas also received the attention of the Government. The earliest Panchayat Legislation in the Cochin area is the Cochin Village Panchayat Regulation of 1089 M.E. (1914). According to the provisions

a Panchayat was started in each Taluks of the erstwhile Cochin state as an experimental measure. It consisted of five members, four non-officials of the village nominated by the Government and the fifth, the Pravarthikaran (village officer) the ex-officio member. Payment of Rs.50 was made the minimum qualification for being a Panchayatdar. Graduates of recognised universities and Government pensioners who had been in superior service were also eligible for membership. The control of the Panchayats was vested with the Dewan Peishkar assisted by the Tashildars. The duties of the Panchayats were :-

- i) Improvement of public lanes and canals.
- ii) Cleaning and repair of public wells and tanks.
- iii) Maintenance and repair of minor irrigation works.
- iv) Maintenance of avenues and water pandals.
- v) Rural sanitation, conservancy and prevention of epidemics.
- vi) Formation of Co-operative societies.

1.5.4 The number of Panchayats gradually increased. In 1921 the Cochin Government set up a separate department to be in charge of Panchayat administration. In 1922 a new Panchayat Regulation was passed which gave wider powers and responsibilities to the Panchayats.

1.5.5 In the Travancore area the earliest piece of Panchayat legislation was the Village Panchayat Regulation VII of 1100 M.E. (1925) which provided the Constitution of Village Panchayats. Perumbavur, in this district, was one of the six places selected for the experiment of village self government. Under the provisions of the Regulation of 1110 M.E. (1935) the village Panchayat consisted of not less than five and not more than eleven members. The Regulation of 1100 M.E. was superceded by the Travancore Village Unions Act of 1115 M.E. (1940) under which village unions has become less powerful than village Panchayats.

Both Cochin Panchayat Regulation of 1922 and Travancore Village Union Act of 1940 were superceded in 1950 by the Travancore-Cochin Panchayat Act of the year which governed the Panchayats in the district till the enactment of the Kerala Panchayats Act of 1960.

#### 1.6.0 Problem

1.6.1 Local Government functions under the serious limitation of resources constraints. This forces them to follow a policy of balanced budgets irrespective of the different phases of the business cycle. In addition there is a dearth of competent technocrats at the required level of efficiency. As a result, they fail to fulfil the objectives of economic growth.

1.6.2 The major functions of local bodies can be classified into : Public Works, Lighting, Education, Water Supply and Drainage, Public Health, Agriculture, Animal Husbandry and Social Welfare. These functions vest certain responsibilities with the Panchayats. They are :-

i) Keeping the local town clean and in good order by providing the necessary system to cope with all problems of conservancy, drainage and sewerage.

ii) Construction, repair and maintenance of public works in the Panchayat area.

iii) Lighting of public roads and public places.

iv) Supply of adequate quantities of protected water for drinking and other household needs.

v) Primary health and medical requirements including both preventive and curative measures, especially for the weaker sections.

vi) Orderly development of markets.

vii) Improvement of animal husbandry and agriculture.

viii) Improvement in living conditions through improvement of local area, especially in slums and development of parks, playgrounds, libraries, and other public conveniences and amenities for common benefit of the people.

1.6.3 The level and quality of these services cannot be measured quantitatively. Panchayats are expected to work continuously for improvement in the quality of services to the satisfaction of the people. But the gap between the existing and the expected levels of the most of the services has continued unabated. It is largely due to :-

- i) Lack of funds at the disposal of the Panchayat.
- ii) Population increase.
- iii) Lack of sufficient autonomy with the Panchayat authorities.
- iv) Inadequate implementation of policies due to interference from local vested interests.

#### 1.7.0 Objectives

The objectives of the present study are :-

- i) to inquire into the financial aspects of the selected Panchayats in Ernakulam district;
- ii) to analyse the income and expenditure pattern of selected and 'District Panchayats'<sup>16</sup> during 1969-70 through 1983-84;
- iii) to suggest the steps to be taken by the Panchayat for the proper utilisation of resources and for increasing the availability of resources;

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16. 'District Panchayats' refers to the sum total of Panchayats in the district.



iv) to suggest the additional sources of revenue for the Panchayats.

#### 1.8.0 Hypotheses

The present study is based on the following hypotheses.

i) Panchayats failed in allocating the resources properly and in the area of spending they failed to observe the principles of public expenditure.

ii) Panchayats failed in mobilising resources effectively.

iii) The significance of different sources of revenue to total revenue differs from Panchayat to Panchayat.

iv) There is no attempt on the part of the state government to bridge the gap in regional development.

v) Per capita expenditure is increasing faster than that of per capita revenue of the Panchayats during the period of study.

vi) The per capita revenue and per capita non-development expenditure of the Panchayats at constant prices are highly correlated during the period of study.

#### 1.9.0 Methodology

Ernakulam district has 86 Panchayats. Out of these five panchayats were selected for our study. The panchayats were selected keeping the following factors in mind :-

- i) The Panchayat should be sufficiently old so as to enable the analysis of the trend of income and expenditure.
- ii) It should be a special grade<sup>17</sup> Panchayat.
- iii) It should also be an industrially advanced one.

Elamkunnappuzha, Narakkal, Pallippuram, Kalamassery and Eloor Panchayats satisfied the above criteria and hence these five panchayats were selected for the study.

#### 1.9.1 Reasons for selecting 1969-70 as the base year for the study

Data regarding the expenditure of panchayats are available only from 1969 onwards. Hence, 1969-70 has been taken as the base year for the study.

#### 1.9.2 Data Collection

Data regarding income and expenditure from 1969-70 through 1978-79 were collected from the administrative reports of Kerala Panchayat (Published). Data with reference to 1979-80 through 1983-84, it is collected from the administrative reports of District Panchayat (Unpublished).

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17. The panchayats are graded into four viz., Special Grade, Grade-I, Grade-II and Grade-III. The details of the classification are :-
- a) Special Grade : Panchayats having an annual income more than Rs.1.5 lakhs.
  - b) Grade-I : Panchayats having an annual income between Rs.1 lakh to Rs.1.5 lakhs.
  - c) Grade-II: Panchayats having an annual income between Rs.0.5 lakh to Rs.1 lakh.
  - d) Grade-III: Panchayats having an annual income below Rs.0.5 lakh.

Data for the study were supplemented by (i) interviewing the key officials of the selected panchayats with the help of a schedule; and (ii) by holding discussions with the elected members of panchayats and other interests. The audit reports of the selected panchayats for the relevant years were also consulted.

#### 1.10.0 Scope of the Study

1.10.1 This study is confined to the selected special grade panchayats. The period covered is only from 1969-70 through 1983-84. To this extent the scope of the study is limited.

#### 1.11.0 Review of Literature

1.11.1 In the post-independence period, the major attempt to examine the problems of panchayat finances was done by the Local Finance Enquiry Committee (1951), Taxation Enquiry Commission (1953-54) and the study team on the Panchayat Raj Finances (1963). The Local Finance Enquiry Committee had recommended that "the state government while investing local bodies with wider responsibilities must also place at their disposal adequate funds to supplement their revenue."<sup>18</sup> Their recommendations did for the allocation of resources. Likewise, the Taxation Enquiry Commission (1953-54) had recognised that

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18. Government of India, Report of Local Finance Enquiry Committee (Delhi, Manager of Publications, 1951) p.235.

"apart from growth and development, the crux of the problems of local bodies is finance."<sup>19</sup> and pointed out that no State had a grants-in-aid code that embodied simple and well defined principles. Their recommendation for the adoption by each State of a system of grants-in-aid code based on the principles outlined by them was not however, backed up by adequate consideration of fiscal need and capacity of the local bodies. The study team on Panchayat Raj Finances (1963) did not seek to examine the problems of finances and functions of the panchayats.

1.11.2 The six studies presented in readings of Panchayat Raj<sup>20</sup> published in 1967, throw light on the structure, functions and finances of panchayat Raj bodies in different states. It reveals that the gram panchayats and panchayat samitis are heavily dependent on grants-in-aid from the state and the Centre. There are exclusive areas of taxation to which these bodies are entitled but unfortunately the elected leaders all over India have shown great reluctance to levy such taxes. The studies have further pointed out that Panchayat Raj bodies are generally paying more attention to social service and public works and less attention to development of agriculture,

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19. Government of India, Ministry of Finance, Report of the Taxation Enquiry Commission 1953-54 (Delhi, Manager of Publications, 1955) Vol.III, p.357.

20. G. Jacob, Readings on Panchayat Raj, N.I.C.D., Hyderabad, 1970.

animal husbandry and other economic programmes. The finances of panchayats have been found to be uniformly poor. The study concludes that the reluctance to impose and collect taxes is almost universal among panchayats.

1.11.3 In an interesting research paper, Chaturvedi<sup>21</sup> observed that the resources of the Panchayat Raj were meagre when compared to functions assigned to them. He was of the view that moderate expansion of resources was not a problem if there was not much resistance from the elected representatives to tap the available resources. More resources should be placed at the disposal of the panchayats to discharge their functions.

1.11.4 In another study<sup>22</sup> Chokshi found neither that the panchayats were functioning satisfactorily nor that the resources were adequate for these bodies. He pointed out that each and every panchayat should follow the broad principles of programme budgeting and accordingly should have worked out demand schedules of different types of resources. So also the government should have properly planned supply schedule of resources. The study pointed out that unless the resource position of these bodies improved panchayats could

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21. T.N. Chaturvedi, Resource Mobilisation at Panchayat Level: A Case Study, Southern Economist, Vol.X, No.2, May 1971.

22. H.P. Chokshi, A Study of Mobilisation of Resources for Village Panchayats in Baroda District, Planning Commission, New Delhi, 1971.

not justify their existence as developmental units. He comes to the conclusion that there was popular reluctance towards local taxation.

1.11.5 An elaborate study<sup>23</sup> was ventured in this direction by Inamdar who surveyed the functioning of Dehu, Dhammim Kadakwasla and Rahatwade panchayats of Maharashtra state. It is revealed that the barriers of cultural backwardness, the rigid of caste and kinship, the serious economic difficulties and the socio-cultural and political transformation were the factors that posed tremendous problems to the panchayats. The transfer of development functions increased the burden of responsibility. The author pointed out that this has become a real challenge to the panchayats. He was also of the view that though the functioning of the panchayats evoked popular co-operation and participation in implementing their programmes, yet the development activities would require immense efforts on the part of administration and political leadership to bring about a rapid change and development.

1.11.6 There is one indepth study by B.C. Muthayya<sup>24</sup> on panchayat taxes with particular reference to a few panchayats in Andhra Pradesh. It reveals the truth that, for funds,

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23. N.R. Inamdar, Functioning of Village Panchayats, Popular Prakashan, 1970.

24. B.C. Muthayya, Panchayat Taxes, NICD, Hyderabad, 1972.

these bodies depend heavily on grants from the government and the Samitis. But taxation is also conceived of as one of the sources of revenue for these bodies.

1.11.7 In his Ph.D. thesis<sup>25</sup> submitted to Poona University in 1972, Nandedkar analysed, the role of zilla parishads as local governments and development bodies with particular reference to the Nasik Zilla Parishad of Maharashtra. The various functions, civic, social and economic been analysed in the light of the available resources. He has reached the conclusion that zilla parishads as units of development and administration should be provided with more resources. He has pointed out that the operational sources of these institutions is originally linked with their financial resources and strength.

1.11.8 In Tamil Nadu Panchayat Education Finance Enquiry Committee of 1970<sup>26</sup> after a detailed study on the educational finances of unions reached the conclusion that the financially poor unions could not find out adequate expenditure on elementary education. It recommended that the government assistance should be relatively more in weaker unions than other recognising that the capacity to raise resources differed from

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25. V.G. Nandedkar, Zilla Parishads as Local Governments and Development Bodies. Ph.D. thesis, Poona University 1972.
26. Government of Tamil Nadu, Report of the Panchayat Education Finance Enquiry Committee, Directorate of Rural Development, 1974.

union to union. The committee recommended that there should be six categories of unions against the four in existence at that time. Moreover, it recommended varying rates of government expenditure on education.

1.11.9 The committee on financial resources of town panchayats<sup>27</sup> analysed the problems of town panchayats and found that resources were inadequate. It recommended the levy of property tax in the place of house tax levied by town panchayats. It also recommended that the vehicle tax be made an optional tax. Progressive rate of levy of profession tax was also suggested by the committee.

1.11.10 Susil Kumar and Venkatraman<sup>28</sup> conducted a study on State Panchayat Raj relations with special reference to the experience of Tamil Nadu. Field survey was carried out in Thanjavur district. The administrative, financial and technical aspects of supervision and control were examined. The study reached the conclusion that the methods of control and supervision exercised were not rational and scientific.

1.11.11 C. Harichandran<sup>29</sup> also highlighted the fact that there is a inadequacy of resources for the panchayats to meet

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27. Government of Tamil Nadu, Report on the Committee on the Financial Resources of Town Panchayats, Directorate of Rural Development, 1974.
28. Susil Kumar and K. Venkatraman, State Panchayat Raj Relations, Asia Publishing House, Bombay, 1974.
29. C. Harichandran, 'Panchayat' Raj and Rural Development - A study of Tamil Nadu - Concept Publishing Company, New Delhi, 1976.



the ever increasing demand for the services. On the expenditure side, he came to the conclusion that there is no norm laid down with regard to the utilisation of panchayat funds. So he suggested that for the panchayat union the development expenditure should form 70 per cent of the total expenditure, whereas 30 per cent on maintenance activities. Among development expenditures, education, health, welfare and water supply should be 60 per cent, 10 per cent and 5 per cent respectively. Production programmes and communication should receive 25 per cent of development expenditure. From the study he comes to the conclusion that there should be a financial planning to maintain sectoral balance in development programmes in the light of the planning policy of the country.

1.11.12 A study conducted by National Council of Applied Economic Research<sup>30</sup> examined the need for an adequate provision in the constitution to define powers and resource structure of municipal bodies. It had also examined state-municipal financial relationship and suggested measures for better utilisation of the existing sources of municipal revenue. It also suggested certain measures for mobilising additional sources of revenue.

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30. National Council of Applied Economic Research,  
A Study of the Resources of the Municipal Bodies,  
New Delhi, December 1980.

#### 1.12.0 Plan of the Study

1.12.1 The thesis is divided into nine chapters and following are the chapter headings :

1. Introduction.
2. Profile of Ernakulam District and the Panchayats Selected for Study.
3. Local Finance - A Theoretical Frame work.
4. The Pattern and Trends in Expenditure of Panchayats.
5. Analysis of Panchayat Expenditure Constituents.
6. The Pattern and Trends in Panchayats Revenue.
7. Analysis of Panchayats Revenue Components.
8. Per capita Revenue and Per capita Expenditure - Regression and Correlation Analysis.
9. Conclusions and Recommendations.

1.12.2 The first chapter introduces the subject of study. It gives an outline of historical background and then highlights the problem, objectives, hypotheses and methodology. A review of literature on the subject also forms part of this chapter.

1.12.3 Chapter - 2 discusses the evolution of Ernakulam district and examines the socio-economic profile of the district with special reference to the selected panchayats. Besides, it also gives an idea whether the selected panchayats satisfied the criteria for selection.

1.12.4 In Chapter - 3 the theoretical framework with reference to local expenditure, revenue, borrowing, financial administration and control are discussed.

1.12.5 Chapter - 4 explains the pattern and trends of total and per capita expenditure of selected and district panchayats during 1969-70 through 1983-84. Again, it gives an idea of effects of local expenditure on distribution.

1.12.6 A detailed analysis of various heads of expenditure is given in Chapter - 5. The chapter also gives an idea of extent of misutilisation of panchayat funds.

1.12.7 Chapter - 6 analyses the pattern and trends of total and per capita revenues and tax and non-tax revenues. Besides, the chapter also examines the tax potentials of the selected and 'District Panchayats'.

1.12.8 Chapter - 7 is on the pattern and trends of various heads of revenue such as building tax, profession, tax, entertainment tax, duty on transfer of property, show tax, service tax, vehicle tax, land cess, licence fees, income from markets, grants-in-aid and miscellaneous items. This chapter also examines the possibility of effective mobilisation of existing resources. Over and above this, it suggests the possibility of additional sources of revenue to the panchayats.

1.12.9 Chapter - 8 deals with the regression analysis on per capita expenditure and per capita income of the selected and 'District Panchayats' during the period of study.

Besides, it also examines the correlation between per capita revenue, per capita development and per capita non-development expenditure at constant prices.

1.12.10 Chapter - 9 gives the conclusions and recommendations of the study.

## CHAPTER - II

### PROFILE OF ERNAKULAM DISTRICT AND THE PANCHAYATS SELECTED FOR THE STUDY

In this chapter we examine the profile of Ernakulam district and the panchayats selected for the study. First, let us take up the profile of Ernakulam district and then the panchayats selected.

#### 2.1.0 Genesis of the Word Ernakulam

2.1.1 The Ernakulam district derives its name from the location of its headquarters in Ernakulam town. The story of the origin of the name Ernakulam is connected with the popular story of the origin of the Siva temple - situated in the heart of the town. According to popular tradition, current in the place Devalan, the Senior disciple of one Kula Muni, became Serpent-man and developed Serpent's hood on his head under the curse of his Guru. The Nagarshi, as Devalan came to be called, attained moksha by worshipping Siva Linga and propitiating Lord Siva. The tank in which

attained salvation came to be called Rishinagakulam (Tank of Rishinaga) and the diety presiding over the place is 'Rishinagakulathappan'. The town which grew around the spot also came to be known as 'Rishinagakulam' after the names of the temple and the tank.<sup>1</sup> According to Sredhara Menon the name Ernakulam is the corrupt and distorted version of the word 'Rishinagakulam'. But it seems more probable that the name Ernakulam is derived from the words 'Irainar Kulam' (Place of Lord Siva). The place was also known as 'Panchabjapuram' (City of Five Lotus Flowers) as may be seen from the inscriptions on the Deepasthambom (Lamp post) and on certain metal vessels of Ernakulam Thirumala Devaswom temple. The diety of the latter temple is invoked as 'Panchabjapuradhiswara' (Lord of Panchabjapura) by the priests at the end of their daily archanas.

#### 2.2.0 Location, Boundaries and Area of Ernakulam District

2.2.1 The Ernakulam district was constituted on 1st April 1958.<sup>2</sup> The district lies between the Latitude of 9°42' and 10°70' and Longitude of 76°9' and 77°2'. It is bounded on the north by Trichur district, east by Idukki district and south by Kottayam and Alleppey districts. The Arabian

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1. Sredhara Menon : Kerala District Gazetteers, Ernakulam, 1965.
  2. Vide G.O. (Press) No. 264/Revenue (B) Department dated 22-3-1958.

Sea lies all along the western boundary. It stretches 85 kilometers east to west and 52 kilometers north to south at the farthest points.

2.2.2 The district is Seventh in size in the State, with an area of 2,408 Sq.Kms. There are two administrative sub-divisions, the eastern portion with headquarters at Muvattupuzha and the western portion with headquarters at Fort Cochin. The district is comprised of seven taluks. Viz. - Alwaye, Parur, Cochin, Kanayannur, Kunnathunad, Muvattupuzha and Kothamangalam. The district also been covered with 15 N.E.S blocks namely Alangad, Angamaly, Edappally, Koovappady, Kothamangalam, Muvattupuzha, Mulanthuruthy, Parur, Palluruthy, Pumpekadav, Parakkadav, Vadavucode, Vazhakulam, Vypeen and Vytilla.

#### 2.3.0 Topography

2.3.1 The natural divisions in the district are highland, most of which had been included in Idukki district, midland and lowland with area of 1,762 Sq.Kms. and 578 Sq.Kms. respectively. Backwaters extend along the fringes of the plain to the west. Between the backwaters and sea is a narrow stretch of sandy area generally low and swampy.

#### 2.4.0 Soil

2.4.1 In the eastern parts of the district comprising

of Muvattupuzha, Kothamangalam and Kunnathunadu taluks, top and sub-soil is found to be laterite. In Parur, Cochin and Kanayannur taluks, sandy loam soil constitutes the top and sub-soil whereas in Alwaye and parts of Kunnathunadu and Kanayannur taluks, alluvial soil is found.

#### 2.5.0 Rivers, Backwaters and Canals

2.5.1 Periyar and Muvattupuzha are the important rivers in the district. Periyar flows through all the taluks except Cochin and is the second largest river in the State. Muvattupuzha river is formed by the confluence of the rivers Kaliyar and Kothamangalam. There are three main canals in the district, first between Cheranallur and Edappally, second forming the boundary of Ernakulam and third, the Periyar valley canal system. A portion of Vembanadu Lake falls with Cochin taluk and is used for navigation and fishing. Two other backwaters are Kodungallur and Varapuzha Kayals.

#### 2.6.0 Climate and Rainfall

2.6.1 The average rainfall in the district ranges between 250 and 360 c.ms. Nearly 80 per cent of this rains fall during the south west monsoon period starting from June to September and the rest during the north east monsoon period starting from October to November. On an average there are about 140 rainy days in an year. The hot season begins from



February and lasts till May.<sup>3</sup> The atmosphere is humid throughout the year.

#### 2.7.0 Mineral Resources

2.7.1 The major mineral resource available in the district is clay. This is used in manufacturing roof tiles, pipes etc. Clay is available in Alwaye, Parur, Kunnathunadu and Kanayannur taluks. The Geographical Survey conducted in various taluks of the district has revealed the presence of Monazite and Graphite in small quantities.

#### 2.8.0 Forest

2.8.1 The area under forest constitutes about 83.95 Sq.Kms. This lies in the Malayattur high ranges and eastern parts of Kothamangalam taluk.

#### 2.9.0 Population

2.9.1 The population of the district according to 1981 census is 25,33,265. Before the reorganisation of the district, the population as per 1971 census was 23,83,178. Population increased by 17.08 per cent during the decade ending 1981 as against an increase of 27.38 per cent in the previous decade. Growth rate of the State for the decade ending in 1981 is 19 per cent. Density of population as per

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3. Union Bank of India : Annual Action Plan 1983-84, Vol.I, p.2.

1981 census is 1,052 per Sq.Kms. compared to 654 per Sq.Kms. for the State. The taluk having highest density of population in the State is Cochin (3,198 per Sq.Kms.) which form part of Ernakulam district.<sup>4</sup>

2.9.2 Ernakulam district ranks third in the State with reference to density of population, first being Alleppey (1,244) and second Trivandrum (1,182). While areawise Ernakulam ranks seventh, (about 6.2 per cent of the total area of the State) and populationwise it ranks fourth.<sup>5</sup>

### 2.9.3 Sex-ratio

As against 988 females per 1000 males in 1971 census the present sex ratio is 1,000 females per 1,000 males in the district.<sup>6</sup>

2.9.4 According to 1981 census about 60 per cent of the population lives in rural areas and 40 per cent in urban areas as against 72 per cent and 28 per cent respectively during 1971 census. The highest percentage of urban population is found in Cochin and Kanayannur taluks and the lowest in Kunnathunadu taluk. The district has the highest urbanisation rate in the State with 39.58 per cent, the State being 18.78 per cent.<sup>7</sup>

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4. Ibid. p.3.

5. Ibid.

6. Ibid.

7. Ibid.

#### 2.10.0 Literacy and Education

2.10.1 The literacy level of Ernakulam district had increased from 65.37 per cent in 1971 to 75.71 per cent in 1981.<sup>8</sup> In the State the highest literacy rate is claimed by Kottayam district. This is followed by Alleppey and Ernakulam. All the taluks of Ernakulam district have literacy rate above 70 per cent. It may be noted that the literacy rate of the country in 1981 was 29.34 per cent only.

#### 2.11.0 Infrastructure

2.11.1 Ernakulam district has the largest number of municipal towns (7) in the State. In addition it has one municipal corporation. It has 86 panchayats. The Central Location of this district and its linking to other districts by a network of roads such as NH47, NH17, the provisional highways and other waterways have contributed to the economic development of the district. In addition the district has a broadgauge railway network extending upto 85.31 Kms. from north to south.

2.11.2 Telegraph and Telephone facilities are available almost throughout the district. The district is generally well electrified.

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8. Ibid. p.4.

### 2.12.0 Analysis of Per capita Income of the District

2.12.1 After examining the potentialities of the district, let us analyse the per capita income of the district. For analysing this we propose to take per capita income of the district and State at constant prices (1970-71). For the purpose of examining the growth pattern of per capita income, per capita income index<sup>9</sup> is calculated taking 1970-71 as the base year. Then the average per capita income index<sup>10</sup> is calculated for the sake of comparison

2.12.2 Table 2.1 presents the pattern and trend of per capita income at constant prices of Ernakulam district and Kerala State during 1970-71 through 1980-81.

2.12.3 Table 2.1 reveals that the per capita income at constant prices of Kerala State has increased by 4.66 per cent. In absolute terms it went up from Rs.563.56 in 1970-71 to Rs.589.80 in 1980-81. During the same period the per capita income of Ernakulam district has increased by 23.05 per cent, i.e. from Rs.650.35 to Rs.800.24.

2.12.4 From Table 2.1 it can also be seen that :

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$$9. \text{ Per capita Income Index} = \frac{\text{Current year per capita income}}{\text{Base year per capita income}} \times 100$$

$$10. \text{ Average per capita Income Index} = \frac{\text{Total of the per capita income index}}{\text{Number of years}}$$

i) The average per capita income at constant prices of Ernakulam district is higher than that of the State. For instance, the average per capita income of Ernakulam district during 1970-71 through 1980-81 stood at Rs.699.20, whereas it was only Rs.565.50 in the case of the State of Kerala.

ii) The average growth rate of per capita income at constant prices of Ernakulam district is higher than that of Kerala State during 1970-71 through 1980-81. For instance, the average per capita income index of Ernakulam district is 107.5, while that of Kerala is 100.5 during the period of study.

2.12.5 The main reasons for (i) and (ii) are stated below :

1) Ernakulam district is more industrialised than the other districts of the State.

ii) The availability of resources and natural endowments of the district is higher than the other districts of the State.

#### 2.13.0 Sectoral Contribution of Income

2.13.1 Table 2.2 reveals the trends (in terms of percentage) of sectoral income contribution of Ernakulam district and the State during the selected years. The table reveals the following facts :-

i) The importance of primary sector shows a declining trend both in the district and in the State.<sup>11</sup>

ii) The importance of secondary sector of Ernakulam district is higher than that of the State.<sup>12</sup>

iii) The importance of primary sector in Ernakulam district is less than that of the State.<sup>13</sup>

iv) In the case of tertiary sector, the district and the State occupy more or less the same position.<sup>14</sup>

From (i), (ii) and (iii) it can be stated that there is a shift in economic activity from primary to secondary sector in the district. This leads to the problem of high pressure of population in urban areas, rising cost of living and increasing land value.

#### 2.14.0 Profile of the Panchayats Selected

2.14.1 After studying the profile of the district, let us examine the profile of the panchayats selected for the study. We first take Elamkunnappuzha panchayat for this purpose.

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11. See column 2 and 5 of table 2.2.

12. See column 3 and 6 of table 2.2.

13. See column 2 and 5 of table 2.2.

14. See column 4 and 7 of table 2.2.

2.15.0 Elamkunnapuzha Panchayat

2.15.1 The Elamkunnapuzha panchayat was constituted on 28th December 1951.<sup>15</sup> It is bounded on the north by Narakkal panchayat and south by Cochin Corporation. Cochin lake and Arabian sea constitute the east and west boundaries of Elamkunnapuzha panchayat. This panchayat has an area of 11.52 Sq.Kms.

2.15.2 According to the census reports the population of Elamkunnapuzha panchayat has increased from 26,468 in 1961 to 36,358 (37.37 per cent) in 1971 and then to 42,349 (16.48 per cent) in 1981.<sup>16</sup> During the same period the density of population has increased from 2,298 per Sq.Km. to 3,156 per Sq.Km. and then to 3,675 per Sq.Km.

2.15.3 Elamkunnapuzha panchayat is famous for marine based products. The important among them are sardine oil for preparing paints, canned fish products, fish soup, fish sandwiches packed in polythene bags, fish meal, ice plants etc. Coconut cultivation is the main occupation of the people of this panchayat.

2.15.4 The total number of workers of this panchayat has increased from 6,932 in 1961 to 8,600 (24.06 per cent)

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15. Administrative Report of Elamkunnapuzha Panchayat 1981-82.

16. Administrative Report of Elamkunnapuzha Panchayat 1983-84.

in 1971. During the same period, the working force to the total population of this panchayat has decreased from 26.2 per cent to 23.7 per cent. The distribution of the working population in between primary, secondary and tertiary sector remained more or less constant during 1961 and 1971.<sup>17</sup>

#### 2.16.0 Narakkal Panchayat

2.16.1 Narakkal panchayat was constituted on 28th December 1961.<sup>18</sup> It is bounded north by Nayarambalam and south by Elamkunnappuzha panchayat. Cochin lake and Arabian Sea forms the east and west boundaries of Narakkal panchayat. The panchayat has an area of 8.6 Sq.Kms.

2.16.2 The population of Narakkal panchayat according to the census has increased from 16,105 in 1961 to 19,221 (19.35 per cent) in 1971 and then to 30,000 (56.08 per cent) in 1981.<sup>19</sup> During the same period the density of population of Narakkal panchayat has increased from 1,873 per Sq.Km. to 2,235 per Sq.Km. and then to 3,488 per Sq.Km.

2.16.3 This panchayat also is famous for marine products. Important among them are sardine oil for paints, canned fish products, fish soup, fish sandwiches packed in polythene

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17. See Table 2.3.

18. Administrative Report of Narakkal Panchayat 1980-81.

19. Ibid.



bags, ice plants etc. The major occupation of the people of this panchayat also is coconut cultivation.

2.16.4 The total number of workers of Narakkal panchayat has increased from 4,391 in 1961 to 4,439 (1.09 per cent) in 1971. During the same period the working population to the total population of this panchayat has decreased from 27.26 per cent to 23.09 per cent.

From table 2.3 it can be seen that there is an increase of percentage of secondary sector workers to total workers of Narakkal panchayat ie. the percentage of secondary sector workers to total workers of Narakkal panchayat has increased from 21.6 per cent in 1961 to 25.5 per cent in 1971. Besides the percentage of tertiary sector workers to total workers has decreased from 47.3 per cent to 42.4 per cent.<sup>20</sup>

#### 2.17.0 Pallipuram Panchayat

2.17.1 Pallipuram panchayat lies between 10°45' north latitude and 76°10' east longitude. Palliport was the original name of Pallipuram. It is six miles away from Parur. It is bounded north by Munambam and south by Kuzhupilly. Cochin lake and Arabian Sea constitute respectively the east and west boundaries of Pallipuram panchayat.

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20. See Table 2.3.

Pallippuram panchayat has an area of 15.56 Sq.Kms. This panchayat was constituted in 1953.<sup>21</sup>

2.17.2 This panchayat has some historical importance. The portuguese built a small fort in the northern part of the island of Vypeen<sup>22</sup> in 1503 as an outpost. It is an octoganal fort and is one of the protected monuments of the district. It was known at the time of its construction and subsequently by the name of Azikotta or Ayakotta.<sup>23</sup> The Portuguese also built here a college for the instruction of Christian youth. The Dutch captured the fort in 1661 and converted the college building at Pallippuram into leper asylum. This leper asylum was functioning till the 30's of this century. In 1789 the Dutch sold the Portuguese fort along with the Crangnore fort to Travancore for a sum of Rs.3 lakhs. The fort is even today in a fair state of preservation and constitutes the oldest existing European monument in India.

2.17.3 The population of Pallipuram panchayat has increased from 27,436 in 1961 to 32,881 (19.85 per cent) in 1971 and then to 37,187 (13.10 per cent) in 1981.<sup>24</sup> During the same period the density of population of this

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21. Administrative Report of Pallippuram Panchayat 1980-81.  
 22. Pallippuram comes under the Vypeen N.E.S. Block.  
 23. Sreedhera Menon : Kerala District Gazetters, Ernakulam 1965.  
 24. Schedule.

panchayat has increased from 1,763 per Sq.Km. to 2,113 per Sq.Km. and then to 2,390 per Sq.Km.

2.17.4 This panchayat is famous for coconut and marine based products. The coconut based products in this panchayat are solvent extraction units, desicated coconut, shell powder, shell charcoal etc., and the marine based products are sardine oil for preparing paints, canned fish products, fish soup, fish sandwiches packed in polythene bags and fish meal. There are a number of ice plants also in this panchayat.

2.17.5 The total number of workers in this panchayat has decreased from 8,398 in 1961 to 8,355 (-0.51 per cent) in 1971. During the same period the percentage of workers to the population has decreased from 30.6 per cent to 25.4 per cent. The percentage of workers of primary sector to total workers of Pallippuram panchayat increased from 22.4 per cent in 1961 to 28.7 per cent in 1971 while secondary sector decreased from 42.9 per cent to 37.1 per cent. But, the percentage of workers of tertiary sector to total workers of this panchayat had remained constant during 1961 and 1971.<sup>25</sup>

#### 2.18.0 Kalamassery Panchayat

2.18.1 Kalamassery panchayat was constituted on 16th March 1953.<sup>26</sup> It is bounded on the north by Chrunikara and

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25. See Table 2.3.

26. Administrative Report of Kalamassery Panchayat 1980-81.

south by Cochin Corporation. Thrikkakara and Eloor panchayats constitute the east and west boundaries of Kalamassery panchayat. The area of this panchayat is 23.8 Sq.Kms.

2.18.2 The population of Kalamassery panchayat has increased from 17,210 in 1961 to 29,546 (71.68 per cent) in 1971 and then to 41,971 (42.05 per cent) in 1981 census.<sup>27</sup> During the same period the density of population of this panchayat has increased from 723 per Sq.Km. to 1,241 per Sq.Km. and then to 1,763 per Sq.Km.

2.18.3 Kalamassery panchayat has a number of industrial units producing chemical products such as marine paints, anti-corrosive paints, resins and compounds for floor covering and anti-corrosive elements, phenolic laminates and friction elements, hydrated calcium silicate, aluminium sulphate, bleaching powder, adhesives, lubricants, dyes and chemicals, printing ink and lime.

2.18.4 Some of the major industrial units in the Alwaye industrial belt is located in Kalamassery panchayat. They are cotton yarn and cloth, machine tools and printing machines, automobile tyres, tubes, dry cell batteries, copper sulphate, potassium chlorate, sodium aluminate, glass ware and sodium silicate.

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27. Schedule of Kalamassery Panchayat.

2.18.5 The total number of workers of this panchayat area has increased from 5,567 in 1961 to 8,331 (49.65 per cent) in 1971. During the same period the percentage of workers to total population of this panchayat has decreased from 32.35 per cent to 28.2 per cent. But, the percentage of primary sector workers to total workers has decreased from 34.5 per cent to 24.3 per cent in between 1961 and 1971. During the same period the percentage of workers in secondary sector has increased from 26.5 per cent to 30.8 per cent.<sup>28</sup>

#### 2.19.0 Eloor Panchayat

2.19.1 Eloor panchayat was constituted on 11th November 1969.<sup>29</sup> It is bounded on the north by Kodungalur and Alan-gadu panchayats and on the south by Cheranallur panchayat and Cochin Corporation. Kottuvally and Adamodapuzha form the east boundary and Kadamakudy the west. The area of this panchayat is 21.95 Sq.Kms.

2.19.2 The population of Eloor panchayat has increased from 30,260 in 1961 to 44,393 (46.71 per cent) in 1971 and then to 52,528 (18.32 per cent) in 1981.<sup>30</sup> During the same period the density of population has increased from 1,379 per Sq.Km. to 2,022 per Sq.Km. and then to 2,393 per Sq.Km.

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28. See Table 2.3.

29. Administrative Report of Eloor Panchayat 1980-81.

30. Schedule of Eloor Panchayat.

2.19.3 Eloor panchayat is specialised in the production of chemical products such as paints enamel, marine paints, anti-corrosive paints, resins and compounds for floor covering and anti-corrosive elements, phenolic laminates and friction elements, hydrated calcium silicate, aluminium sulphate, bleaching powder, adhesives, lubricants, dyes and chemicals, printing ink, like manufacturing etc.

2.19.4 The total number of workers of Eloor panchayat has increased from 7,687 in 1961 to 12,414 (61.49 per cent) in 1971. During the same period the percentage of workers to total population of Eloor panchayat has increased from 25.4 per cent to 28.0 per cent in between 1961 and 1971 respectively. The percentage of secondary sector workers to total workers of Eloor panchayat has increased from 40.4 per cent in 1961 to 53.8 per cent in 1971 while that of tertiary sector decreased from 43 per cent to 29.8 per cent.

2.19.5 From the analysis of the profile of the selected panchayats the following facts are observed :-

- i) The panchayats selected are old institutions.
- ii) They are also industrialised ones.
- iii) Kalamassery and Eloor are more industrialised than the other panchayats selected.
- iv) The density of population of all the selected panchayats is higher than that of the district.

v) The working population of Kalamassery and Eloor panchayats has increased substantially in between 1961 and 1971.

Table - 2.1. Per capita Income at Constant Prices\* of Ernakulam District and Kerala State during 1970-71 through 1981-82.

Year	Ernakulam District		Kerala State	
	Per capita income (in Rs.)	Per capita income Index (1970-71=100)	Per capita Income (In Rs.)	Per capita Income Index (1970-71=100)
1	2	3	4	5
1970-71	650.35	100	563.56	100
1971-72	689.77	106.1	579.11	102.8
1972-73	677.14	104.1	578.51	102.7
1973-74	634.99	97.6	569.23	101.0
1974-75	655.38	100.8	568.93	101.0
1975-76	642.74	98.8	564.13	100.1
1976-77	674.95	103.8	542.22	96.2
1977-78	776.13	119.3	556.97	98.8
1978-79	748.20	115.0	564.20	100.1
1979-80	741.30	114.0	554.80	98.4
1980-81	800.24	123.0	589.80	104.7
Average during 1970-71 through 1980-81	699.20	107.5	565.50	100.5

\*Constant prices based on 1970-71.

Source: Government of Kerala : Economic Review 1971-72 through 1982-83, State Planning Board, Trivandrum.

Table - 2.2. Percentage of Sectoral Income Contribution  
of Ernakulam District and Kerala State at  
Constant Prices\*

Year	Ernakulam District			Kerala State		
	Primary Sector	Secondary Sector	Tertiary Sector	Primary Sector	Secondary Sector	Tertiary Sector
1	2	3	4	5	6	7
1969-70	35.8	32.6	31.6	54.7	16.4	28.9
1974-75	42.2	22.9	34.9	56.8	10.3	32.9
1976-77	32.7	23.8	43.5	49.0	12.5	39.5
1977-78	31.2	32.8	36.0	45.5	18.7	35.8
1979-80	32.0	34.6	33.4	44.8	21.0	34.2
1980-81	31.6	36.1	32.3	44.2	22.2	33.6

\*Constant prices based on 1970-71.

Source : Government of Kerala : Economic Review 1977  
through 1982, State Planning Board, Trivandrum



Table - 2.3. Occupational Structure of the Selected Panchayats  
in Ernakulam District during 1961 and 1971.

Panchayats	1961				1971			
	Workers of Primary Sector	Workers of Secondary Sector	Workers of Tertiary Sector	Total Workers	Workers of Primary Sector	Workers of Secondary sector	Workers of Tertiary sector	Total Workers
1	2	3	4	5	6	7	8	9
Elamkunnappuzha	1,589 (22.9)	2,075 (30)	3,268 (47.1)	6,932 (100)	2,166 (25.5)	2,606 (30.2)	3,828 (44.3)	8,600 (100)
Narakkal	1,364 (31.1)	951 (21.6)	2,076 (47.3)	4,391 (100)	1,425 (32.1)	1,130 (25.5)	1,884 (42.4)	4,439 (100)
Pallippuram	1,882 (22.4)	3,606 (42.9)	2,910 (34.7)	8,398 (100)	2,399 (28.7)	3,104 (37.1)	2,852 (34.2)	8,355 (100)
Kalamassery	1,915 (34.5)	1,484 (26.5)	2,168 (39.0)	5,567 (100)	2,022 (24.3)	3,233 (30.8)	3,076 (36.9)	8,331 (100)
Eloor	1,276 (16.6)	3,102 (40.4)	3,309 (43)	7,687 (100)	1,426 (11.4)	7,258 (58.8)	3,690 (29.8)	12,414 (100)

( ) Show the percentage to total workers.

Source: Development of Town Planning : Development Plan for Cochin Region 1978-79.

CHAPTER - III

LOCAL FINANCE - A THEORETICAL FRAME WORK

3.0.1 Article 39 of the Constitution direct the State 'to strive to promote the welfare of the people by securing and protecting as effectively as it may, a social order in which justice, social, economic and political, shall inform all the Institutions of national life.' Article 12 clarifies that the "State" in this context includes "the Government of India and the Parliament of India and the government and the legislature of each of the States, and all Local or other authorities within the territory of India or under the control of the Government of India." The Constitution thus makes it clear that the promotion of the welfare of the people is a collective responsibility of the Central, State and Local Governments.

3.0.2 However, the federal principle requires that the general, regional and the Local Government of a country shall be independent of each of the other within its sphere and shall not be subordinate to one another but co-ordinate with

each other. This leads to the condition that each government must have under its own control financial resources sufficient to perform its exclusive functions. This requires financial decentralisation. Some of the additional reasons for financial decentralisation are :

i) State and Local Governments in a federally structured country are originally assigned and tend to keep a wide variety of government functions that require resources for their fulfilment. Some of the important areas of funding are public works, water supply, health, lighting etc. These important responsibilities are often assigned to State Local Governments by Constitutional authority. State Local jurisdiction will grow more rapidly than the jurisdiction of Central Governments if income elasticity of demand for their services increases more rapidly than it does for federal programmes. Large increase in population and its density have caused strong and increasing demand for those goods and services which State Local Governments provide.

ii) A second reason for the possibility of increasing fiscal decentralisation is the 'Baumol effect'. It has been observed by W.J. Baumol that State/Local Governments unlike the private sector are little affected by

technological change.<sup>1</sup> It is assumed here that the 'Baumol effect' is less pronounced for federal governments than it is for Local jurisdictions.

iii) The issue of efficiency is the third reason that necessitates fiscal decentralisation. It is argued that political or other non-merit factors are more important in the recruitment of Local personnel than is the case with the federal employees. In addition, it is said that Local employees are normally not as highly trained, capable or efficient as their counter parts working in the Federal Government. If these statements are found to be empirically verified then appreciably more workers will be required to obtain a given level of local output.

iv) The exportation of taxes from one State or local unit to the residents of another government enhances the possibility that these jurisdictions will grow relative to the Federal Government. Since non-residents are helping to finance local 'A's expenditures, 'A's citizen tax payers have to bargain for its programmes and services. The sacrificing cost of the service is lower to the citizen-tax

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1. W.J. Baumol : 'Macro-economics of Unbalanced Growth', American Economic Review, Vol.LVII, June 1967, pp.415-26.

payers of 'A' as a result of the tax-exportation. Consequently citizens will receive more of these services. If the citizens of each jurisdictions reason in a similar way, the total taxes and expenditures for all local governments taken together will grow more rapidly than the expenditure of Federal Government which are not affected by this factor. Ceteris Paribus, one may expect that as government activity increases public expenditure growth rates will be higher for State-Local Governments than for Federal Government.<sup>2</sup>

v) Another reason that may account for growth in the relative importance of Local Governments is the increasing self-awareness of minority groups within the State. The demands for public services are likely to be stable and somewhat alike within a State with a homogeneous population. But countries containing a diverse population find the reverse to be true.

vi) Tax-price-effect is another reason for financial decentralisation. Geoffrey Brennan has stated; 'If then, a tax system is reasonably progressive to start with, and improves a marginal tax rate at the top end which approaches (or is equal to) that which is considered to be the highest feasible one, it is virtually inevitable that additional expenditures are financed in a less progressive way

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2. Charles E. Mehure, Jr. : "Tax Exporting in the United States, Estimates for 1962", National Tax Journal, Vol.XX, March 1967, pp.49-77.

than existing expenditures are, and that the progression of the incometax should decline with increasing revenue demands'.<sup>3</sup> As this process of decreasing progression continues, federal financing of public projects become less attractive relative to State-Local financing.

3.0.3 Then what independent financial resources have been allotted to the general, regional and Local government? A short answer for this is that they will exercise independent budgetary power which varies from case to case. If then, there is a sphere of financial autonomy in the federations. How extensive is it? There are first of all two matters where the Central Government have control which is not merely independent but also exclusive. The Central Government have exclusive control over currency and coinage. The power extends to the issue not only of metallic currency but also of paper currency. Secondly, Central Government controls banking industry. It is clear, therefore, that the financial autonomy of the State and Local Government is always conditioned by their working within the framework of currency and credit availability and finally by the Central Government.

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3. Geoffrey Brennan : 'On Indexing the Personal Incometax rate Scale', Paper prepared for the Committee of Inquiry into Inflation and Taxation, March 1975.

3.0.4 The independent sources of revenues of Local Government are taxation which are less elastic compared to those of the States ? States have the power to administer taxes with a wide State economic base, whereas the taxes in the Panchayat list have a local base. At the same time the responsibilities assigned to the panchayats are heavy and ever expanding. Some of these are public works, water supply and public health, street lighting etc. As panchayats are usually not in a position to raise financial resources on this scale required for performing their functions, devolution resources from the State to the panchayat is essential. The problem of vertical fiscal imbalance has to be tackled by the transfer of adequate resources from the State to the panchayats. At the same time local inequalities need to be reduced through grants-in-aid.

3.0.5 In India there are large regional gaps within the national economy and local gap within the regional economy. The correction of this imbalances, desirable by itself, is also a means for the reduction of income inequalities. As Prof. Raj Krishna notes, "Since millions of poor households are concentrated in a few regions, the reduction of inter-regional disparities will inevitably lead to the reduction in number of those below the poverty line".<sup>4</sup>

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4. Raj Krishna : 'The Centre and the Periphery Inter State Disparities in Economic Development', Social Action, New Delhi, January-March 1982, p.1.

This is typically applicable to the local area. Unlike the richer panchayats having more resources of their own to tackle the problem of poverty; the poor panchayats require massive resource inflows from outside to eradicate their backwardness.

3.0.6 It is recognised that market forces tend to increase local inequalities. As Myrdal tells us "If things are left to market forces unhampered by any policy interferences, industrial production, commerce, banking, insurance, shipping and indeed almost all those economic activities which in a developing economy tend to give a bigger than average return would cluster in certain localities and regions leaving the rest of the country more or less in a backwater".<sup>5</sup> Today's centre of economy is largely a "Historical accident that something was started there and not in number of other places where it could equally well or better have been started".<sup>6</sup> Unaided poorer local areas cannot maintain a good road system, adequate medical care etc. So the State assistance should be provided to the deserving panchayats.

3.0.7 The above analysis of the mode of working of public finance in federal governments has made one thing

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5. Gunnar Myrdal : Economic Theory and Underdeveloped Regions; Methuen & Co., Ltd., 11 New Fetter Lane, London 1965. p.26.

6. Ibid.



clear. That is the allocation of financial resources to the general regional and Local Governments, in the original has not been corresponding to the functions of these governments. This is not a surprising fact. Conditions in a variety of communities joined together in a federation differ very much from time to time and from place to place for a fixed division of financial resources to be laid down finally in a Constitution. There is and can be no final solution to the allocation of financial resources in a federal system. There can be only adjustments and reallocations in the light of changing conditions. Therefore this type of system requires a machinery adequate to make these adjustments and to make them also in such a way that the financial independence of the Central, State and Local Governments is preserved as far as possible.

#### 3.1.0 Basic Objectives of Local Finance

3.1.1 The scope and the subject matter of public finance is not static but dynamic. It is continuously getting widened- with the change in the concept and functions of State. The basic objectives of public finance are: optimum resource allocation, redistribution of income, economic stability at a high level of employment and rapid economic development. Do these objectives come under the preview of Local finance ?

### 3.1.2 Allocation

The objective of allocation requires the diversion of finance to satisfy the public wants in the optimal way. The two category of public wants are social and merit wants. Prof. Musgrave defined, "social wants as those wants which are satisfied by services that must be consumed in equal proportions. People who cannot pay for the services cannot be excluded from the benefits (street lighting for example) that results and since they cannot be excluded from the benefits, they will not engage in voluntary payments."<sup>7</sup> Thus the social wants cannot be satisfied by a price mechanism and have to be satisfied through public budgets. Merit wants are met by services subject to the 'exclusion principle'<sup>8</sup> and are satisfied by the market within the limits of effective demand. They became public wants if considered meritorious that their satisfaction is provided through the market and paid for by private buyers.<sup>9</sup> Public health, education are some of the examples of merit wants. The fundamental object of Local Government is the satisfaction of merit and social wants. Therefore, local finance must provide these wants. "The primary purpose of

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7. B.P. Tyagi : Public Finance, Jai Prakash Nath & Co., Meerut (U.P.), 7th Ed. 1981. p.281.

8. Exclusion Principle we mean meeting only the wants of those who can afford to pay.

9. B.P. Tyagi: op.cit., p.282.

sub-national public finance is support of goods and services which for one reason or another, will not be provided in adequate quantity and quality in the absence of governmental action."<sup>10</sup>

### 3.1.3 Re-distribution

The main objective of government is to reduce inequality of distribution of income and wealth. Though local finance is not primarily concerned with this, it helps in substantial redistribution. It can be achieved by 'progressive expenditure' and 'ability to pay tax policy'. By taxing the well-to-do classes according to their taxable capacity the Local Government collect its revenue and then spends it for the benefit of the local community.

### 3.1.4 Stabilisation

According to Prof. Musgrave stabilisation is concerned with maintaining high level of resource utilisation and stable value of money.<sup>11</sup> But stabilisation objective should not (normally) come within the scope of local finance. They should not, because stabilisation objectives should be centrally established and executed within a single national

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10. Dick Notzer : 'Federal State and Local Finance in a Metropolitan Context on issues in Urban Economics, H.S. Perloff L. Wingo (Washington Resources for the future 1968), p.439.

11. B.P. Tyagi: op.cit., p.290.

economy. They cannot, because Local Governments do not possess the money creating powers ultimately necessary to support the functional finance.

### 3.1.5 Economic Development

Local finance plays an effective role in the development of local economy. It is widely accepted that the process of development must start from below. Local finance provides foundation of development by making 'foundation investment'<sup>12</sup> that is by the formation of human capital and physical capital. Health services, education facilities etc., certainly help in the formation of human capital. Roads, markets, electricity services etc., help in the formation of physical capital. Because of these two types of capital, the incomes of the local people go up which results in increase in savings and private investment. This will lead to local development.

### 3.2.0 Subject matter of Local Finance

3.2.1 According to Prof. Dalton, "public finance deals with the income and expenditure of public authorities and the adjustment of one to the other."<sup>13</sup> In the same manner, local finance deals with the income and expenditure of local governments and with the adjustment of one to the

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13. H. Dalton : Principles of Public Finance; Routledge Kegan Paul, London 1954, p.3.

other. It deals with the process of raising revenue and spending it for the welfare of the local people. In modern times this includes :-

- i) Local expenditure
- ii) Local revenue
- iii) Local borrowing
- iv) Local financial administration and control.

### 3.3.0 Local Expenditure

3.3.1 It is more conventional and perhaps more appropriate to discuss the theory of expenditure than of the local revenue or taxation. Mrs. Hicks also holds the view that, "It is more logical to start with expenditure. If the Local Government wants to perform any activity it must incur some expenditure in kind or currency and hence the need for expenditure comes first and this gives rise to the need to raise revenue."<sup>14</sup>

3.3.2 The term local expenditure is the expenditure incurred by the local authorities - either for the satisfaction of collective needs of the local people or for promoting their economic and social welfare. To provide the maximum benefit to the local people local expenditure should satisfy the following principles :-

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14. Mrs. Ursula Hicks : Public Finance (2nd Ed.), James Nisbet & Co., Ltd., and Cambridge University Press, 1955, p.14.

### 3.3.3 Canon of Benefit

According to the canon of benefit local expenditure should be so planned to yield maximum benefit to the community as a whole and not to a particular group/s of the community. It implies that the local authorities should distribute their resources in such a way :

- i) To increase the total production of the locality as a whole.
- ii) To reduce inequality of distribution of income and wealth of the local people.
- iii) To maximise the welfare of the local community as a whole. In other words the greatest happiness of the greatest number is the sole objective of this canon.

### 3.3.4 Canon of Economy

Since the resources of the local community are scarce in relation to demand, Local Government should see that the revenues are spent in the most rational manner. This implies that :-

- i) The Local Governments should avoid extravagance and wastage of resources.
- ii) The expenditure incurred by the Local Government should expand its revenue also.

### 3.3.5 Canon of Sanction

The canon of sanction states that no local expenditure should be incurred without the sanction of proper authority. It implies that no money should be spent unless the expenditure has been approved and sanctioned by a duly authorised person. Local body should have the liberty of incurring expenditure upto a certain limit on any particular item. For every expenditure beyond that limit should be incurred after obtaining the sanction of proper authority. The aim of this principle is to prevent the possibilities of unwise and reckless spending.

### 3.3.6 Canon of Elasticity

This canon requires that Local Government should be able to expand or reduce its expenditure according to the requirements of Local area.

### 3.3.7 Canon of Equitable Distribution

Local expenditures should be carried out in such a way that the inequalities of distribution of income and wealth are to be minimised. This objective can be achieved by a 'progressive expenditure' policy.

### 3.3.8 Canon of Productivity

It implies that the expenditure policy of the Local

Government should encourage productive power of the local people as a whole. That means larger proportions of local expenditure should be diverted towards productive and developmental purposes. "A vast expansion of public expenditure is needed to increase the output of social and public services and civic amenities for community consumption."<sup>15</sup> This is all the more true with reference to an underdeveloped area.

#### 3.4.0 Classification of Local Expenditure

3.4.1 Based on the accounting principle, local expenditures can be classified into two:- Revenue expenditure and capital expenditure.

##### Revenue Expenditure

Recurring annual expenditure which is met from current resources is termed as revenue expenditure. Expenditure on establishment, lighting and miscellaneous are the main types of revenue expenditure.

##### Capital Expenditure

Capital expenditure includes all capital transactions which are not recurring in nature. Expenditure on education, public health and public works are the major types of capital expenditure.

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15. B.P. Tyagi : op.cit., p.38.



3.4.2 Another classification of local expenditure is development and non-development expenditure.

Development Expenditure

Expenditure which directly contributes to social services and civic amenities is known as development expenditure. Expenditure on public works, education, water supply etc., are under the category of development expenditure.

Non-development Expenditure

Expenditure which does not directly contribute to social and civic amenities is known as non-development expenditure. Expenditure on administration, lighting, repayment of loans are under this category.

3.4.3 Local Government should minimise the non-development expenditure as it does not contribute to the welfare of the local citizens. On the other hand development expenditure should be increased to enhance the welfare of the local citizens. It may also be pointed out here that higher the development expenditure, higher the income of the people which results in increasing the taxable capacity.

3.5.0 Local Revenue

3.5.1 Local expenditure is necessary for the government

to perform its various functions for the welfare of the local community. So it requires local revenue. Local revenue holds the same position in the study of local finance, as production is the means for consumption, local revenue is the means for local expenditure.

3.5.2 Local revenue refers to the ordinary incomes of the local authorities. Based on the sources of revenue, it can be classified into two categories :- Tax and non tax revenue.

### 3.5.3 Tax Revenue

Prof. Seligman defined tax as, "a compulsory contribution from a person to the government to defray the expenses incurred in the common interest of all without reference to special benefits conferred."<sup>16</sup> Taussing puts it thus "the essence of a tax, as distinguished from other charges, by the government is the absence of a direct quid pro quo between the tax payer and the public authority."<sup>17</sup> Based on this definition local tax consists of building tax, profession tax, vehicle tax, entertainment tax, show tax, land cess, duty on transferable property and service tax.

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16. B.P. Tyagi : op.cit., p.71.

17. Ibid.

3.5.4 Local tax may be divided into two categories - direct and indirect. A direct tax is one in which the impact and incidence is on the same person. While in the case of indirect tax it is wholly or partly passed on by the tax payer to some other person. Building tax, profession tax, land cess, service tax are under the category of direct tax whereas entertainment tax, vehicle tax, duty on transferable property and show tax are the indirect tax.

3.5.5 Direct taxes are usually based on ability to pay and are progressive in nature. While the burden of the indirect taxes falls more on the poor than on the rich they are regressive in nature. So to attain the objective of equality of distribution of income and wealth Local Government should concentrate more on direct tax rather than on indirect tax.

#### 3.5.6 Non-tax Revenue

The main sources of non-tax revenue of Local Governments are licence fees, contributions, deposits and miscellaneous revenue. To overcome the financial difficulty of Local Government, they should concentrate on non-tax revenue because there is a limit for raising taxes especially in a poor local area.

### 3.6.0 Canons of Taxation

3.6.1 Adam Smith has stated certain well-known canons of taxation. Modern economists have added some more canons to the ones proposed by Adam Smith. The local tax system is expected to follow these canons of taxation. These canons are briefly explained here.

### 3.6.2 Canon of Equity

The canon of equality or equity has been stated by Adam Smith as, "The subjects of every state ought to contribute towards the support of the government, as nearly as possible in proportion to their respective abilities, that is in proportion to the revenue which they respectively enjoy under the protections of the state."<sup>18</sup> This canon embodies the principle of equity. Equality does not mean that every tax payer should pay the same sum. It implies the equality of sacrifice. This clearly points out progressive type of taxation since the ability to pay among the rich section is higher than among the poor. Adam Smith says, "It is not very reasonable that the rich should contribute to the public expense not only in proportion to their revenue but something more than that proportion."<sup>19</sup>

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18. Kewal Krishnan Dwett & Adarsh Chand : Modern Economic Theory Micro and Macro Analysis, 16th Ed., Shyamlal Charitable Trust, New Delhi, 1976; p.1056.

19. Ibid.

### 3.6.3 Canon of Certainty

The second canon of Adam Smith is that of certainty, "The tax which each individual is bound to pay ought to be certain and not arbitrary. The time of payment, the manner of payment, the quantity to be paid ought all to be clear and plain to the contributor and to every other person. Where it is otherwise, every person subject to the tax is put more or less in the power of the tax gatherer, who can either aggravate the tax upon any obnoxious contributor or extract by the terror of such aggravation, some present of perquisite to himself."<sup>20</sup> The canon of certainty demands that there should be no element of arbitrariness in a tax.

### 3.6.4 Canon of Convenience

"Every tax ought to be levied at the time or in the manner in which it is most likely to be convenient for the contributor to pay it."<sup>21</sup> This means that the time of payment and the manner of payment should be as convenient as possible to the tax payer.

### 3.6.5 Canon of Economy

"Every tax ought to be so contributed as both to take out and keep out of the pockets of the people as little as possible, over and above what it brings into the public

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20. Ibid. p.1057.

21. Ibid.

treasury of the State."<sup>22</sup> The implications of this canon are :-

- i) The cost of collection of taxes must be as small as possible.
- ii) It should not affect the development of trade, industry and commerce.

3.6.6 Some writers like Bastable, have added a few more canons of taxation to Adam Smith's four. They are :- Canon of Productivity, Canon of Elasticity, Canon of Diversity, Canon of Simplicity, Canon of Expediency and Canon of Co-ordination.

3.6.7 In addition Ursulla K. Hicks<sup>23</sup> laid down the following characteristics of a good Local tax. They are :-

- i) Stability, (ii) Localised base and (iii) Reservation for local use.

#### 3.6.8 Stability

The necessity of a Local tax is to keep its yield stable in good and bad times. This is mainly because of the following two reasons :-

- i) The Local Government cannot resort to deficit financing indefinitely.

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22. Ibid. p.1058.

23. Ursulla K. Hicks : Public Finance (3rd Ed.) James Nisbet & Co., Ltd., and Cambridge University Press 1968, p.242-244.

ii) The services of local bodies are of much important and the expenditure of the local bodies is so rigidly fixed that reduction of expenditure are very difficult even in bad times.

#### 3.6.9 Localised Base

The second desirable quality of a local tax is that its base should be localised within the jurisdiction of the taxing authority. It is mainly because of the following reasons :-

- i) To get an effective control over their own budgets.
- ii) Local tax burden generally should not be capable of being shifted from the people of one local area to any other people outside the local area.
- iii) It should minimise the possibility of tax evasion.

#### 3.6.10 Reservation for Local use

Local tax should be reserved for local use. The basic purpose of this is :-

- i) To ensure local autonomy.
- ii) To avoid overlapping tax rights between national, regional and Local Governments.
- iii) It is also because that those who benefit by the Local Government must also bear the burden.

3.6.11 Another principle in relation to vertical equity of taxation is that local government should concentrate on achieving horizontal equity and neutrality and leave progression to the Federal Government. The reasons for this<sup>24</sup> are :

i) Progression is a distinctly complicated thing in a tax system at the administrative level and probably it is good to have economies of scale in only one progressive scale.

ii) Even if fiscal equalization is perfect, there will be incentives to move from one local area to another in search of degree of progression (rich to the least progressive, poor to the most progressive). The resulting disposition of individuals across tax areas will be inefficient.

iii) It cannot be inferred that greater reliance on progressive taxes makes the tax system more progressive because the degree of progression shown by a tax is typically inversely related to the amount of revenue the tax has to raise. The reasons can be seen for this as follows :- Let the degree of progression in the tax system be measured by its liability progression  $\frac{AT_i/AB_i}{Ti/Bi}$  or the proportionate

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24. R.L. Mathews (editor) : State and Local Taxation, Australian National University Press and Centre for Research on Federal Financial Relations, Canberra 1977, p.7.



change in tax T for a 1 per cent rise in the size of the base B. Then the degree of progression can be defined as  $\frac{m_i}{t_i}$ ; where 'm' is 'i's marginal tax rates and 't' is its average rate. Now incentive considerations typically restrict the maximum value of m, revenue considerations set the value of 't' and as 't' rises  $\frac{m}{t}$  tends to fall.

Based on the above facts, a moderately regressive tax may be quite acceptable at the lower levels of government, provided the tax is neutral and horizontally equitable.

### 3.7.0 Local Borrowing

3.7.1 The inelasticity of local revenue and growing expenditure compel the Local Governments to borrow. An important distinction between borrowing by local or State Governments and borrowing by the national government is this :- The national government has the power to create and bound sales. This newly created money is made available for expenditure. Thus new money becomes a source of revenue for national government expenditure. Whereas Local and State Governments do not possess the power to create money. Bound financing by these governments is a genuine borrower - lender transactions and involves no net revenue gain to the borrowing governments. Lenders make already existing purchasing power available to the local government and be willing

to do so only when the terms of the loan (the interest receivable and the assurance of timely repayment of principal) appear advantageous in relation to alternative uses that might be made of funds. Local borrowing faces a market test subject to its constraints which is quite different from those confronting the national government.

### 3.7.2 Role of Local Debt Finance

Local Government ordinarily borrows for the purpose of financing the construction of capital facilities expected to have rather long useful lives such as public buildings, streets, waste treatments, commercial enterprises etc. So the tax payers who currently reside should not be compelled to bear the whole cost of a facility that will be utilised by the people who move into the local area at some later time, during the useful life of the facility. So people who move into the area after the facility is constructed are expected to share the costs. Debt financing permits a pay as you use procedure, which is accepted as more equitable than a pay as you build procedure that would impose all other costs on those residing in the area at the time of construction.

3.7.3 There is a counter argument to the proposition of debt financing that it should be spread over generations of local tax payers. It points out that people moving into a

community should consider the present and anticipated levels of taxation when deciding on the amount they are willing to pay to acquire property there if there is outstanding indebtedness which will raise future levels of taxation. So they have to purchase the property with lesser rate. Usually the value of the property increases once the developmental work starts. So those who move from one local area to another, they will be getting better price for their property. But this counter argument is only on the degree of perfection that exists in the property market and it is not possible to inform the prospective buyers about the anticipated levels of changes in their property prices.

3.7.4 As a practical matter the reason for the popularity of pay as you use over pay as you build is that in a small community the capital construction cannot proceed at uniform rate throughout the long period of time. The fluctuating tax bills would produce under a pay as you build approach would be inconvenient for tax payers.

3.7.5 The principles which should bear in mind in respect of local borrowing are :-

- 1) High proportion of borrowed amount should be utilised for developmental works such as expansion of public works, public health, education etc. Because real burden of this is comparatively lower than non-developmental works.

ii) Higher proportion of borrowed amounts should be utilised to start commercial enterprises such as construction of warehouses, stores, cinema theatres, and small scale and medium type of industries. The main argument for this :-

a) It yields direct income to the panchayats for a long period of time.

b) It is helpful for reducing the problems of unemployment in the local area.

But one aspect should bear in mind is that the loan should be provided for long-term basis.

iii) The interest cost of local debt must be as minimum as possible. Because the local government have to impose additional taxes or the rates of existing taxes are to be raised for the repayment of principal and interest. Additional taxes affect willingness to work and save.

iv) Avoiding the diversion of loans for which it is raised, hastening the process of completion of projects are the other guidelines of local borrowing.

### 3.8.0 Local Financial Administration

3.8.1 Financial administration refers to the management of the finance of the public authority or government (Central, State or Local). It includes the study of budget, its preparation, methods of administration of public revenue with

regard to the custody of public funds, manner of spending money and maintaining financial records etc. Prof. Marshall Edward Dimock and Gladys Ogden Dimock defined financial administration as "Financial administration consists of a series of steps whereby funds are made available to certain officials under procedures which will ensure their lawful and efficient use."<sup>25</sup>

3.8.2 To know clearly the meaning of Local Governments financial administration, let us examine the ingredients of financial administration. They are :- (i) Budgeting (ii) Accounting (iii) Auditing and (iv) Direct control of State Government.

### 3.8.3 Budgeting

According to Prof. Dimock, "A budget is a balanced estimate of expenditures and receipts for a given period of time. In the hands of the administration, the budget is a record of past performance, a method of current control and projection of future plans."<sup>26</sup> Dr. A.H. Marshall<sup>27</sup> suggested the main function and features of a local budget as follows:-

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25. Marshall Edward Dimock and Gladys Ogden Dimock : Public Administration, George Allen and Unwin Ltd., 1962, p.185.
26. Ibid.
27. A.H. Marshall : Financial Administration in Local Government, Royal Institute of Public Administration, George Allen and Unwins Ltd., 1960.

i) It provides the basis for fixing the rate of the local tax and the purpose to which the produce of the taxations shall be applied.

ii) The budget is the hand-maid of policy making, both short-term and long-term and use of the means by which it is implemented. It gives a local authority the opportunity to review thoroughly the development of its services.

iii) The budget is a plan of action.

iv) The budget is the medium for ensuring that the money of local authority is ultimately laid out in the way the local authority has decided and for making during the year modifications dictated by unforeseen circumstances.

v) The budget by providing suitable yardsticks, helps to secure efficient and economic administration.

3.8.4 To attain the above objectives the local budget should follow certain principles. They are :-

i) As far as possible the local budget should be a surplus one. But it should not affect the developmental activity.

ii) Estimating should be so close i.e. the estimated and actual revenue or expenditure should balance with each other in order to increase its reliability.

iii) Local budgeting should be gross and not net.

It refers that the transactions of receipts and expenditure should be fully shown and not merely the net position.

iv) Its revenue and capital account should be kept separate.

#### 3.8.5 Accountability

Accounting is the art by which the financial effects of executive action are recorded, assembled and ultimately summarised in the form of financial reports. In the case of accounting State Governments specifies the banking institutions where the Local Governments are to deposit their funds. It may be either a sub-treasury of government or some of the branches of State Bank of India or its subsidiaries. Further it lays down the rules regarding the nature and form of account books that they are to maintain, the mode of operation of their funds, the authority who is to sanction the expenditure, sign the bills, cheques and drafts and the limit of expenditure that the various officials should be allowed to incur etc. Besides the State Government should also direct the local government in respect of development and non-development expenditure.

#### 3.8.6 Auditing

Auditing is generally conducted by the examiner, Local funds accounts under the administrative control of the

finance department of the State Government. All the irregularities are traced and brought out in their audit reports. In respect of auditing, it is to be noted that the irregularities must be rectified as early as possible and those responsible for that must be punished.

### 3.8.7 Direct Control of the State Government

The legislation of each state prescribes in detail the sources from whom the Local Governments are to derive their income, defines their powers of taxation, specifies the nature of grants-in-aid that would make available to them and the loans that they would be competent to raise. Within this general framework, they enjoy a considerable degree of autonomy. It further prescribes the scale and the limit of the taxes that they may be allowed to impose. The law not only specifies the taxes which these institutions would be competent to impose but also gives a general hint to them that they may levy any other tax which the State Government is authorised by the Constitution to impose. While imposing any tax other than the one specifically mentioned in the law, it must obtain the previous sanction of the State Government.

### 3.9.0 Conclusion

3.9.1 To maximise the welfare of the citizens, Local



Governments must raise, spend and administer their resources on sound principles. In the subsequent chapters we shall make an attempt to find out the extent to which these principles are followed by the Panchayats in Ernakulam District.

CHAPTER - IV

THE PATTERN AND TRENDS IN EXPENDITURE OF PANCHAYATS

4.0 In the performance of their functions, Governments incur expenditure and have to find the resources to meet it. "Since expenditure and not revenue is the governing factor in Public Finance, it is more logical to start with the expenditure side of the account."<sup>1</sup> It is proposed to study the pattern and trends in expenditure by the Panchayat in the present chapter and to analyse under the different heads of expenditure in the next chapter.

4.0.1 This chapter is mainly based on a comparative study. For the sake of comparison a three-fold classification of the Panchayats is made viz.:- 'District Panchayats', aggregate of the five selected Panchayats and selected individual Panchayats (Elamkunnappuzha, Narakkal, Pallippuram, Kalamassery and Eloor). To find out the average movement of expenditure the time span 1969-70 through 1983-84 is divided into three classes viz. :-

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1. op.cit., Ursulla K. Hicks, See Chapter-III.

- i) 1969-70 through 1973-74.
- ii) 1974-75 through 1978-79 and
- iii) 1979-80 through 1983-84.

#### 4.1.0 Aggregate Expenditure Analysis

4.1.1 Table 4.1 presents the figures of total expenditure incurred by the district and selected Panchayats during 1969-70 through 1983-84. It reveals that the sum total of expenditure of selected Panchayats has increased at a faster rate than that of 'District Panchayats'. The expenditure of selected Panchayats has increased eight-fold i.e., from Rs.8,44,223.77 in 1969-70 to Rs.65,39,534.87 in 1983-84. During the same period the expenditure of 'District Panchayats' has increased only six-fold i.e., from Rs.59,23,207.29 to Rs.3,69,73,938.72. Besides, the average percentage of expenditure of selected Panchayats to 'District Panchayats' has shown an increasing trend i.e., increased from 16.3 per cent to 19.24 per cent and then to 19.71 per cent during 1969-70 through 1973-74, 1974-75 through 1978-79 and 1979-80 through 1983-84 respectively. But, its average percentage of expenditure to 'District Panchayats' is 18.42 per cent during the period of study.

4.1.2 Table 4.2 reveals the pattern and trends of expenditure incurred by Elamkunnapuzha Panchayat during 1969-70 through 1983-84. The expenditure of Elamkunnapuzha Panchayat

has increased five-fold i.e., from Rs.1,07,389.33 in 1969-70 to Rs.5,35,897.80 in 1983-84. The average percentage expenditure of Elamkunnapuzha Panchayat to selected Panchayats has increased from 11.96 per cent to 14.7 per cent and then decreased to 12.63 per cent during 1969-70 through 1973-74, 1974-75 through 1978-79 and 1979-80 through 1983-84 respectively. During the same period, its average percentage expenditure to 'District Panchayats' has increased from 2 per cent to 2.75 per cent and then decreased to 2.5 per cent. But, the average percentage expenditure of Elamkunnapuzha Panchayat to selected Panchayats and 'District Panchayats' during the period of study stood at 13.1 per cent and 2.42 per cent respectively.

4.1.3 Table 4.3 presents the figures of expenditure incurred by Narakkal Panchayat during 1969-70 through 1983-84. The expenditure of Narakkal Panchayat has increased four-fold i.e., from Rs.1,54,481.78 in 1969-70 to Rs.6,70,236.95 in 1983-84. The average percentage expenditure of Narakkal Panchayat to selected Panchayats has decreased from 15.03 per cent to 11.76 per cent and increased to 12.75 per cent during 1969-70 through 1973-74, 1974-75 through 1978-79 and 1979-80 through 1983-84 respectively. During the same period, its average percentage expenditure to 'District Panchayats' has decreased from 2.5 per cent to 2.23 per cent and then

increased to 2.49 per cent. But the average percentage expenditure of Narakkal Panchayat to selected and 'District Panchayats' during the period of study stood at 13.18 per cent and 2.41 per cent respectively.

4.1.4 Table 4.4 reveals the Pattern and Trends of expenditure incurred by Pallippuram Panchayat during the period of study. The expenditure of Pallippuram Panchayat has increased nine-fold i.e., from Rs.1,33,607.42 in 1969-70 to Rs.10,01,718.42 in 1983-84. The average percentage expenditure of Pallippuram Panchayat to selected Panchayats remained constant, i.e., 13.44 per cent, 13.36 per cent and 13.81 per cent during 1969-70 through 1973-74, 1974-75 through 1978-79 and 1979-80 through 1983-84 respectively. During the same period, its average percentage expenditure to 'District Panchayats' has increased from 2.23 per cent to 2.56 per cent and then to 2.67 per cent. But the average percentage expenditure of Pallippuram Panchayat to selected and 'District Panchayats' during 1969-70 through 1983-84 stood at 13.66 per cent and 2.49 per cent respectively.

4.1.5 Table 4.5 presents the figures of expenditure incurred by Kalamassery Panchayat during the period of study. The expenditure of Kalamassery Panchayat has increased six-fold i.e., from Rs.2,77,372.10 in 1969-70 to Rs.15,38,627.80 in 1983-84. The average percentage expenditure of Kalamassery

Panchayat to selected Panchayats has increased from 29.14 per cent to 34.86 per cent and then decreased to 30.73 per cent during 1969-70 through 1973-74, 1974-75 through 1978-79 and 1979-80 through 1983-84 respectively. During the same period its average percentage expenditure to 'District Panchayats' has increased from 4.88 per cent to 6.67 per cent and then decreased to 6.07 per cent. But, the average percentage expenditure of Kalamassery Panchayat to selected and 'District Panchayats' during the period of study stood at 31.58 per cent and 5.87 per cent respectively.

4.1.6 Table 4.6 reveals the pattern and trends of expenditure incurred by Eloor Panchayat during 1969-70 through 1983-84. The expenditure of Eloor Panchayat has increased sixteen-fold i.e., from Rs.1,71,373.14 in 1969-70 to Rs.27,93,053.90 in 1983-84. The average percentage expenditure of Eloor Panchayat to selected Panchayats has decreased from 30.44 per cent to 28.77 per cent and then increased to 30.09 per cent in 1969-70 through 1973-74, 1974-75 through 1978-79 and 1979-80 through 1983-84 respectively. During the same period its average percentage expenditure to 'District Panchayats' has increased from 5.1 per cent to 5.56 per cent and then to 5.97 per cent. But, the average percentage expenditure of Eloor Panchayat to selected and 'District Panchayats' during the period of study remained 29.77 per cent and 5.54 per cent respectively.

4.1.7 From Table 4.1 to 4.6 the following facts are concluded :-

i) The total expenditure of the selected and 'District Panchayats' increased continuously during the period of study.

ii) The average percentage expenditure of selected Panchayats to 'District Panchayats' shows a tendency to increase i.e., from 16.3 per cent to 19.24 per cent and then to 19.7 per cent during 1969-70 through 1973-74, 1974-75 through 1978-79 and 1979-80 through 1983-84 respectively.

iii) The expenditure of all the selected Panchayats is above the average share<sup>2</sup> of the 'District Panchayats' during 1969-70 through 1983-84. The average percentage expenditure of Elamkunnappuzha, Narakkal, Pallippuram, Kalamassery and Eloor Panchayats to 'District Panchayats' during the period of study stood at 2.42 per cent, 2.41 per cent, 2.49 per cent, 5.87 per cent and 5.54 per cent respectively.

#### 4.2.0 Per capita Expenditure Analysis

4.2.1 The above analysis shows a tremendous increase in total expenditure of selected and 'District Panchayats' during the period of study. It is partly because of increase in the

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2. Ernakulam district has 86 panchayats. The average share of expenditure of each panchayat is  $100/86 = 1.16$  per cent.

population and partly because of rise in the price level. First, let us examine to what extent the increase in population affected the increase in expenditure.

4.2.2 The per capita expenditure means expenditure per head i.e., Total expenditure divided by population. Table 4.7 reveals the pattern and trends in per capita expenditure of selected and 'District Panchayats' during 1969-70 through 1983-84. The per capita expenditure of 'District Panchayats' has increased from Rs.3.89 in 1969-70 to Rs.19.46 (400.3 per cent) in 1983-84. So also is the case with the Panchayats. For example, during the same period, the per capita expenditure of Elamkunnappuzha Panchayat has increased by 299.3 per cent, Narakkal by 146.8 per cent, Pallippuram by 530.3 per cent, Kalamassery by 243.6 per cent and that of Eloor by 1,167.1 per cent. The increase in the per capita expenditure of Eloor Panchayat is spectacular one. In absolute terms, the amount went up from Rs.3.04 to Rs.12.14, from Rs.8.17 to Rs.20.16, from Rs.4.13 to Rs.26.03, from Rs.9.80 to Rs.33.67 and from Rs.4.01 to Rs.50.81 during 1969-70 through 1983-84 in the case of Elamkunnappuzha, Narakkal, Pallippuram, Kalamassery and Eloor Panchayats respectively.

#### 4.3.0 Per Capita Expenditure at Constant Prices

4.3.1 In order to deflate the nominal per capita expenditure, all Kerala Consumer Price Index of 1960 has been used.



It is deflated by taking 1969-70 as the base year i.e., (Current year consumer price index based on 1960 as the base year divided by 1969-70 year consumer price index based on 1960 as the base year) x 100. Then the nominal per capita expenditure is deflated in order to convert it into real per capita expenditure i.e., nominal per capita expenditure divided by consumer price index.

4.3.2 Table 4.8 reveals the pattern and trends in per capita expenditure at constant prices of selected and 'District Panchayats' during 1969-70 through 1983-84. The per capita expenditure at constant prices of the 'District Panchayats' increased by 70.7 per cent i.e., from Rs.3.89 in 1969-70 to Rs.6.64 in 1983-84. So also is the case of Panchayats. For example, during the same period the per capita expenditure at constant prices of Elamkunnapuzha Panchayat has increased by 36.2 per cent, Narakkal by (-) 15.8 per cent, Pallipuram by 115 per cent, Kalamassery by 17.2 per cent and that of Eloor Panchayat by 332.4 per cent. In absolute terms the amount went up from Rs.3.04 to Rs.4.14, from Rs.8.17 to Rs.6.88, from Rs.4.13 to Rs.8.88, from Rs.9.80 to Rs.11.49 and from Rs.4.01 to Rs.17.34 during 1969-70 through 1983-84 in the case of Elamkunnapuzha, Narakkal, Pallipuram, Kalamassery and Eloor Panchayats respectively. The average real per capita expenditure of 'District Panchayats' during the period of

study is Rs.4.25, while it is Rs.4.30, Rs.6.66, Rs.5.13, Rs.11.32 and Rs.8.13 in the case of Elamkunnappuzha, Narakkal, Pallipuram, Kalamassery and Eloor Panchayats respectively.

4.3.3 From Tables 4.7 and 4.8 the following conclusions are arrived at :-

i) The average per capita expenditure at constant prices of all the selected Panchayats is higher than that of 'District Panchayats'.

ii) The nominal increase in total expenditure of Panchayats is compensated by the population and price pressure. So the real per capita expenditure has increased only at a marginal rate.

#### 4.4.0 Effects of Expenditure on Distribution

4.4.1 Local expenditure has its effect not only in production but it is also a most powerful weapon in the hands of the Government for bringing about an equitable distribution of wealth. For bringing about an equitable distribution of wealth, the Government can use not only its taxation policy, but also local expenditure to a great extent in achieving its objective. In fact, the role of taxation and local expenditure in removing inequalities of income is complementary and supplementary. Income generation by the

public expenditure depends upon the multiplier effect.<sup>3</sup>  
 The Government should divert more resources to a village whose multiplier effect is lower and vice versa. Let us take an assumption that the multiplier effect of all the selected and 'District Panchayats' are the same. Then a question arises : Will Panchayat expenditure help to attain objective of balanced regional development.

<u>Year</u>	<u>Coefficient of Variation</u> <sup>4</sup>
1969-70	45.88
70-71	33.52
71-72	58.41
72-73	37.22
73-74	40.62
74-75	32.78
75-76	48.10
76-77	59.10
77-78	32.78
78-79	55.88
79-80	50.36
80-81	33.38
81-82	29.66
82-83	37.50
83-84	46.21

3. Multiplier (K) =  $\frac{1}{1 - \text{Marginal Propensity of Consume (M.P.C.)}}$

4. Coefficient of Variation =  $\frac{\sigma}{\bar{X}} \times 100$ . For this purpose the per capita expenditure at constant prices of selected and District Panchayats has been used.

4.4.2 The above analysis reveals that there is no attempt by the State Government to bridge the gap of inequality of regional development. Then what are the causes of inequality of per capita spending by the Panchayats ? Some of the possible reasons are :-

i) Kalamassery and Eloor Panchayats are more industrialised than other selected Panchayats. Large number of small-scale and medium type of industrial units are located in these areas. It is common experience that when development takes place the Government's expenditure also increased at a higher rate.

ii) The revenue derived by Eloor and Kalamassery Panchayats is higher than the other selected Panchayats.<sup>5</sup> This makes them spend more which helps to increase the revenue of Panchayats.

iii) The State Government is not effective to control the inequality of spending because the grants given by the State Government is insignificant to the Panchayats compared with their expenditure and revenue.<sup>6</sup> Besides, the State Government has not given any importance to attain the objective of balanced regional developments in distributing grants.

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5. See Chapter VI.

6. See Chapter VII.

#### 4.5.0 Development and Non-Development Expenditure Analysis

4.5.1 Expenditure which directly contributes to social services and civic amenities is known as development expenditure. Expenditure on Public Works, Education, Water supply and Public Health are under this category. Expenditure which does not directly contribute to social services and civic amenities is known as Non-development expenditure. Expenditure on administration, lighting, miscellaneous are under this category. Local Government should try to keep the non-development expenditure at the minimum as it does not contribute to the welfare of the local citizens. In addition to this the higher the development expenditure, the higher the income of the people which results in increasing taxable capacity.

4.5.2 Does the Panchayats utilise the availability of resources in a rational way? Table 4.9 reveals the pattern of development expenditure of selected and 'District Panchayats' during 1969-70 through 1983-84. The development expenditure of 'District Panchayats' has increased five-fold i.e. from Rs.23,79,769.42 in 1969-70 to Rs.1,28,86,847.15 in 1983-84. During the same period the development expenditure of Elamkunnapuzha Panchayat has doubled, Narakkal Panchayat has increased five-fold, Pallippuram six-fold, Kalamassery five-fold and that of Eloor forty-nine-fold. In absolute terms it went up from Rs. 49,390.75 to Rs.72,624.55, from

Rs.68,181.91 to Rs.3,51,067.95, from Rs.61,458.45 to Rs.3,77,176.70, from Rs.59,656.39 to Rs.2,87,087.00 and from Rs.7,965.68 to Rs.3,94,052.70 during 1969-70 through 1983-84 in the case of Elamkunnapuzha, Narakkal, Pallippuram, Kalamassery and Eloor Panchayats respectively. But the average percentage of development to total expenditure during the period of study is 39.1 per cent, 38.4 per cent, 38.9 per cent, 25.2 per cent, 44.2 per cent and 32.9 per cent of Elamkunnapuzha, Narakkal, Pallippuram, Kalamassery, Eloor and 'District Panchayats' respectively.

4.5.3 Table 4.10 reveals the pattern and trends of non-development expenditure of selected and 'District Panchayats' during the period of study. The non-development expenditure of 'District Panchayats' has increased seven-fold i.e. from Rs.35,43,437.87 in 1969-70 to Rs.2,40,87,091.57 in 1983-84. During the same period Elamkunnapuzha's has increased eight-fold, Narakkal's four-fold, Pallippuram's nine-fold, Kalamassery's six-fold, and Eloor's fourteen-fold. In absolute terms it went up from Rs.57,998.58 to Rs.4,63,273.26, from Rs.86,299.87 to Rs.3,19,169.00, from Rs.72,148.97 to Rs.6,24,541.72, from Rs.2,17,715.71 to Rs.12,51,540.80 and from Rs.1,63,407.46 to Rs.23,99,001.20 during 1969-70 through 1983-84 in the case of Elamkunnapuzha, Narakkal, Pallippuram, Kalamassery and Eloor Panchayats respectively.

4.5.4 Tables 4.9 and 4.10 lead us to the following conclusions :-

i) The percentage of development expenditure to total expenditure is less than the percentage of non-development expenditure to total expenditure of selected and 'District Panchayats' during the period of study.

ii) The average percentage of development to total expenditure of Elamkunnappuzha, Narakkal, Pallippuram and Eloor Panchayats is higher than that of 'District Panchayats' during 1969-70 through 1983-84.

#### 4.6.0 Per capita Development and Non-development Expenditure Analysis

4.6.1 Table 4.11 reveals the per capita (both nominal and real) development and non-development expenditure of 'District Panchayats' during 1969-70 through 1983-84. The average nominal per capita development expenditure of 'District Panchayats' has increased from Rs.1.47 to Rs.1.95 (3.27 per cent) and then to Rs.4.96 (154.4 per cent) during 1969-70 through 1973-74, 1974-75 through 1978-79 and 1979-80 through 1983-84 respectively. During the same period, the average real per capita development expenditure of 'District Panchayats' has increased from Rs.1.28 to Rs.1.08 (-15.6 per cent) and then to Rs.1.87 (73.1 per cent). At the same time, the

average nominal per capita non-development expenditure of 'District Panchayats' has increased from Rs.2.81 to Rs.4.69 (66.9 per cent) and then to Rs.9.27 (97.7 per cent) during 1969-70 through 1973-74, 1974-75 through 1978-79 and 1979-80 through 1983-84 respectively, while in real terms, it has increased from Rs.2.38 to Rs.2.60 (9.2 per cent) and then to Rs.3.53 (35.8 per cent). But, the average real per capita development and non-development expenditure during the period of study is Rs.1.41 and 2.84 respectively.

4.6.2 Table 4.12 reveals the per capita development and non-development expenditure (both nominal and real terms) of Elamkunnappuzha Panchayat during the period of study. The average nominal per capita development expenditure of Elamkunnappuzha Panchayat has increased from Rs.1.17 to Rs.2.92 (149.5 per cent) and then to Rs.5.41 (85.3 per cent) during 1969-70 through 1973-74, 1974-75 through 1978-79 and 1979-80 through 1983-84 respectively, while in real terms it has increased from Re.1.00 to Rs.1.62 (62 per cent) and then to Rs.2.11 (30.2 per cent). At the same time, the average nominal per capita non-development expenditure of Elamkunnappuzha Panchayat has increased from Rs.2.41 to Rs.4.91 (103.7 per cent) and then to Rs.8.90 (81.3 per cent) during 1969-70 through 1973-74, 1974-75 through 1978-79 and 1979-80 through 1983-84 respectively, while in real terms it has increased



from Rs. 2.00 to Rs. 2.71 (35.5 per cent) and then to Rs. 3.44 (26.9 per cent). But the average real per capita development and non-development expenditure of Elamkunnapuzha Panchayat during the period of study is Rs. 1.58 and Rs. 2.72 respectively.

4.6.3 Table 4.13 reveals the per capita development and non-development expenditure (both nominal and real terms) of Narakkal Panchayat during 1969-70 through 1983-84. The average nominal per capita development expenditure of Narakkal Panchayat has increased from Rs. 3.05 to Rs. 3.29 (7.9 per cent) and then to Rs. 9.42 (186.3 per cent) during 1969-70 through 1973-74, 1974-75 through 1978-79 and 1979-80 through 1983-84 respectively, while in real terms it has increased from Rs. 2.57 to Rs. 1.82 (-29.2 per cent) and then to Rs. 3.58 (96.7 per cent). At the same time, the average nominal per capita non-development expenditure of Narakkal Panchayat has increased from Rs. 4.96 to Rs. 6.60 (33.1 per cent) and then to Rs. 10.79 (63.5 per cent) during 1969-70 through 1973-74, 1974-75 through 1978-79 and 1979-80 through 1983-84 respectively, while in real terms it has increased from Rs. 4.15 to Rs. 3.65 (-12 per cent) and then to Rs. 4.21 (15.3 per cent). But the average real per capita development and non-development expenditure of Narakkal Panchayat during the period of study is Rs. 2.67 and Rs. 4.00 respectively.

4.6.4 Table 4.14 reveals the pattern and trends of per capita development and non-development expenditure (both in nominal and real terms) of Pallippuram Panchayat during the period of study. The average nominal per capita development expenditure of Pallippuram Panchayat has increased from Rs.1.35 to Rs.3.79 (180.7 per cent) and then to Rs.8.10 (113.7 per cent) during 1969-70 through 1973-74, 1974-75 through 1978-79 and 1979-80 through 1983-84 respectively, while in real terms it has increased from Rs.1.13 to Rs.2.09 (85 per cent) and then to Rs.3.05 (45.9 per cent). At the same time, the average nominal per capita non-development expenditure of Pallippuram Panchayat has increased from Rs.3.01 to Rs.4.59 (52.5 per cent and then to Rs.10.56 (250.8 per cent) during 1969-70 through 1973-74, 1974-75 through 1978-79 and 1979-80 through 1983-84 respectively, while in real terms it has increased from Rs.2.55 to Rs.2.53 (-0.8 per cent) and then to Rs.4.03 (59.3 per cent). But, the average real per capita development and non-development expenditure of Pallippuram Panchayat during the period of study is Rs.2.09 and Rs.3.04 respectively.

4.6.5 Table 4.15 reveals the per capita development and non-development expenditure (both in nominal and real terms) of Kalamassery Panchayat during 1969-70 through 1983-84. The average nominal per capita development expenditure of

Kalamassery Panchayat has increased from Rs.3.39 to Rs.6.13 (80.8 per cent) and then to Rs.6.40 (4.4 per cent during 1969-70 through 1973-74, 1974-75 through 1978-79 and 1979-80 through 1983-84 respectively, while in real terms, it has increased from Rs.2.94 to Rs.3.43 (16.7 per cent) and then to Rs.2.50 (-27.1 per cent). At the same time, the average nominal per capita non-development expenditure of Kalamassery Panchayat has increased from Rs.7.24 to Rs.14.64 (102.2 per cent) and then to Rs.28.36 (93.7 per cent) during 1969-70 through 1973-74, 1974-75 through 1978-79 and 1979-80 through 1983-84 respectively, while in real terms it has increased from Rs.6.05 to Rs.8.06 (33.2 per cent and then to Rs.10.98 (36.2 per cent). But the average real per capita development and non-development expenditure of Kalamassery Panchayat during 1969-70 through 1983-84 stood at Rs.2.96 and Rs.8.36 respectively.

4.6.6 Table 4.16 reveals the per capita development and non-development expenditure (both nominal and real terms) of Eloor Panchayat during 1969-70 through 1983-84. The average nominal per capita development expenditure of Eloor Panchayat has increased from Rs.3.01 to Rs.5.14 (70.8 per cent) and then to Rs.12.85 (150 per cent) during 1969-70 through 1973-74, 1974-75 through 1978-79 and 1979-80 through 1983-84 respectively, while in real terms it has increased from

Rs.2.58 to Rs.2.85 (10.5 per cent) and then to Rs.5.14 (80.4 per cent). At the same time, the average nominal per capita non-development expenditure of Eloor Panchayat has increased from Rs.4.50 to Rs.7.93 (76.2 per cent) and then to Rs.15.49 (95.3 per cent) during 1969-70 through 1973-74, 1974-75 through 1978-79 and 1979-80 through 1983-84 respectively, while in real terms it has increased from Rs.3.82 to Rs.4.31 (12.8 per cent) and then to Rs.5.69 (32 per cent). But, the average real per capita development and non-development expenditure of Eloor Panchayat during the period of study stood at Rs.3.52 and Rs.4.61 respectively.

4.6.7 From Tables 4.11 to 4.16 the following facts are highlighted :-

i) There is no substantial increase in the real per capita development expenditure of 'District Panchayats' during 1969-70 through 1983-84, while the real per capita non-development expenditure has slowly increased. This shows that the contribution of most of the Panchayats in Ernakulam district towards development activities is not attractive.

ii) The average real per capita development and non-development expenditure of all the selected Panchayats is higher than that of 'District Panchayats'.

iii) All the selected Panchayats show an irregular growth of real per capita development and non-development expenditure. This reflects that Panchayats did not follow any dynamic policy of expansion of their activities. Therefore, any increase in expenditure is undertaken not in the context of a policy of planned development and planned utilisation of resources and perspective planning but on the basis of Panchayat annual budget, the size of which is determined primarily by the short-term view of the availability of resources.

iv) Inequality of spending of selected and 'District Panchayats' is higher in respect of real per capita non-development than per capita development expenditure. The coefficient of variation of average real per capita development expenditure during 1969-70 through 1983-84 is 31.67 per cent, while that of average real per capita non-development expenditure is 44.9 per cent.

Table - 4.1. Total Expenditure of the Selected and 'District Panchayats'  
during 1969-70 through 1983-84

(In Rs.)			
Year	Selected Panchayats	'District Panchayats	% of Selected Panchayats to 'District Panchayats expenditure.
1	2	3	4
1969-70	8,44,223.77	59,23,207.29	14.25
1970-71	9,27,167.79	57,84,527.41	15.03
1971-72	13,18,345.93	75,42,173.14	17.48
1972-73	11,63,567.52	69,47,526.18	15.75
1973-74	13,07,267.73	68,75,499.27	19.01
1974-75	13,22,233.88	85,74,718.32	15.42
1975-76	17,57,974.35	1,02,63,719.30	17.13
1976-77	21,78,403.51	1,18,77,725.75	18.34
1977-78	27,70,610.81	1,29,79,286.09	21.35
1978-79	32,12,029.58	1,34,02,040.66	23.97
1979-80	34,85,723.99	1,42,22,356.47	24.51
1980-81	45,04,287.03	2,05,91,355.27	21.87
1981-82	47,57,704.55	2,69,73,430.65	17.64
1982-83	56,20,605.18	3,34,19,748.38	16.82
1983-84	65,39,534.87	3,69,73,938.72	17.69
Average during 1969-70 through 1973-74.	--	--	16.30
Average during 1974-75 through 1978-79.	--	--	19.24
Average during 1979-80 through 1983-84.	--	--	19.71
Average during 1969-70 through 1983-84.	--	--	18.42

Note :- Column 2 is calculated by adding the total expenditure of Elamkunnappuzha, Narakkal, Pallippuram, Kalamassery and Eloor Panchayats.

Source :- i) Administrative Reports of Kerala Panchayats 1969-70 through 1978-79. (Published).  
ii) Administrative Reports of Ernakulam District Panchayat 1979-80 through 1983-84. (Unpublished)



Table - 4.3. Total Expenditure of Narakkal Panchayat during  
1969-70 through 1983-84

(In Rs.)

Year	Expenditure	Column 2 as % of expenditure of Selected Pancha- yats.	Column 2 as % of expenditure of 'District Pancha- yats'
1	2	3	4
1969-70	1,54,481.78	18.30	2.61
1970-71	1,23,084.35	13.28	2.13
1971-72	1,37,346.37	10.42	1.82
1972-73	1,76,704.19	15.19	2.54
1973-74	2,34,479.37	17.94	3.41
1974-75	2,00,685.47	15.18	2.34
1975-76	1,81,768.65	10.34	1.78
1976-77	2,05,658.35	9.44	1.73
1977-78	4,58,681.27	16.56	3.53
1978-79	2,34,739.89	7.31	1.75
1979-80	3,92,164.46	11.25	2.76
1980-81	6,02,682.43	13.38	2.93
1981-82	6,98,742.95	14.69	2.59
1982-83	7,95,872.24	14.16	2.38
1983-84	6,70,236.95	10.25	1.81
Average during 1969-70 through 1973-74.	--	15.03	2.50
Average during 1974-75 through 1978-79.	--	11.76	2.23
Average during 1979-80 through 1983-84.	--	12.75	2.49
Average during 1969-70 through 1983-84.	--	13.18	2.41

Source :- Ibid.



Table - 4.2. Total Expenditure of Elamkunnappuzha Panchayat during  
1969-70 through 1983-84

(In Rs.)

Year	Expenditure	Column 2 as % of expenditure of Selected Panchayats	Column 2 as % of expenditure of 'District Pancha- yats.
1	2	3	4
1969-70	1,07,389.33	12.72	1.81
1970-71	1,04,736.23	11.30	1.81
1971-72	1,32,078.91	10.02	1.75
1972-73	1,49,948.14	12.89	2.16
1973-74	1,68,520.85	12.89	2.45
1974-75	2,54,663.00	19.26	2.97
1975-76	2,78,056.85	15.82	2.71
1976-77	3,03,094.37	13.91	2.55
1977-78	3,41,583.17	12.33	2.63
1978-79	3,91,930.47	12.20	2.92
1979-80	4,27,025.19	12.25	3.00
1980-81	6,50,406.11	14.44	3.16
1981-82	6,97,745.45	14.67	2.59
1982-83	7,65,730.62	13.62	2.29
1983-84	5,35,897.80	8.19	1.45
Average during 1969-70 through 1973-74.	--	11.96	2.00
Average during 1974-75 through 1978-79.	--	14.70	2.76
Average during 1979-80 through 1983-84.	--	12.63	2.50
Average during 1969-70 through 1983-84.	--	13.10	2.42

Source :- Ibid.

Table - 4.4. Total Expenditure of Pallippuram Panchayat during  
1969-70 through 1983-84

(In Rs.)

Year	Expenditure	Column 2 as % of expenditure of Selected Pancha- yats.	Column 2 as % of expenditure of 'District Pancha- yats.'
1	2	3	4
1969-70	1,33,607.42	15.83	2.26
1970-71	1,48,782.92	16.05	2.57
1971-72	1,14,337.71	8.67	1.52
1972-73	1,44,568.90	12.42	2.08
1973-74	1,85,779.29	14.21	2.70
1974-75	1,88,890.95	14.29	2.20
1975-76	2,13,680.95	12.15	2.08
1976-77	2,92,768.26	13.44	2.46
1977-78	4,25,629.63	15.36	3.28
1978-79	3,71,544.46	11.57	2.77
1979-80	3,16,718.15	9.09	2.23
1980-81	6,88,092.54	15.28	3.34
1981-82	7,16,982.40	15.07	2.66
1982-83	8,02,389.15	14.28	2.40
1983-84	10,01,718.42	15.32	2.71
Average during 1969-70 through 1973-74.	--	13.44	2.23
Average during 1974-75 through 1978-79.	--	13.36	2.56
Average during 1979-80 through 1983-84.	--	13.81	2.67
Average during 1969-70 through 1983-84.	--	13.66	2.49

Source : Ibid.

ble - 4.5. Total Expenditure of Kalamassery Panchayat  
during 1969-70 through 1983-84.

(In Rs			
r	Expenditure	Column 2 as % of Expenditure of Selected Pancha- yats.	Column 2 as % of Expenditure of 'District Pancha- yats.
	2	3	4
70	2,77,372.10	32.86	4.68
71	1,70,743.66	18.42	2.95
72	4,77,134.92	36.19	6.33
73	3,28,433.01	28.23	4.73
74	3,92,146.94	30.00	5.70
75	4,36,496.69	33.01	5.09
76	6,47,527.15	36.83	6.31
77	9,26,944.77	42.55	7.80
78	7,17,771.23	25.91	5.53
79	11,55,786.59	35.98	8.62
80	11,46,092.34	32.88	8.06
81	13,79,831.94	30.63	6.70
82	14,75,032.95	31.00	5.47
83	20,00,110.32	35.59	5.98
84	15,38,627.80	23.53	4.16
ring rough	--	29.14	4.88
ring rough	--	34.86	6.67
ring rough	--	30.73	6.07
ring rough	--	31.58	5.87

ce : Ibid.

Table - 4.6. Total Expenditure of Eloor Panchayat  
during 1969-70 through 1983-84.

(In Rs.)

Year	Expenditure	Column 2 as % of Expenditure of Selected Pancha- yats.	Column 2 as % of Expenditure of 'District Pancha- yats'
1	2	3	4
1969-70	1,71,373.14	20.30	2.89
1970-71	3,79,820.53	40.97	6.57
1971-72	4,57,448.02	34.70	6.07
1972-73	3,63,913.28	31.28	5.24
1973-74	3,26,341.34	24.96	4.75
1974-75	4,70,497.71	35.58	5.49
1975-76	4,36,940.75	24.85	4.26
1976-77	4,49,937.76	20.65	3.79
1977-78	8,26,945.51	29.85	6.37
1978-79	10,58,028.17	32.94	7.89
1979-80	12,03,723.36	34.53	8.46
1980-81	11,83,274.01	26.27	5.75
1981-82	11,69,200.80	24.57	4.33
1982-83	12,57,102.85	22.37	3.76
1983-84	27,93,053.90	42.71	7.55
Average during 1969-70 through 1973-74.	--	30.44	5.10
Average during 1974-75 through 1978-79.	--	28.77	5.56
Average during 1979-80 through 1983-84.	--	30.09	5.97
Average during 1969-70 through 1983-84.	--	29.77	5.54

Source : Ibid.

Table - 4.7. Per capita Expenditure of the Selected and  
'District Panchayats' during 1969-70 through  
1983-84

(In Rs.)						
Year	Elamkunna- puzha	Narakkal	Pallippu- ram	Kalama- ssery	Eloor	'District Panchayats'
1	2	3	4	5	6	7
1969-70	3.04	8.17	4.13	9.80	4.01	3.89
1970-71	2.88	6.41	4.53	5.78	8.56	3.72
1971-72	3.57	6.77	3.43	15.50	10.12	4.77
1972-73	3.99	8.27	4.28	10.25	7.91	4.32
1973-74	4.42	10.44	5.43	11.79	6.97	4.20
1974-75	6.57	8.52	5.46	12.65	9.87	5.17
1975-76	7.07	7.39	6.10	18.11	9.02	6.08
1976-77	7.59	8.00	8.26	25.05	9.14	6.93
1977-78	8.42	17.14	11.86	18.76	16.51	7.46
1978-79	9.52	8.43	10.23	29.27	20.79	7.58
1979-80	10.23	13.56	8.62	28.14	23.27	7.93
1980-81	15.36	20.09	18.50	32.88	22.52	11.32
1981-82	16.25	22.49	19.06	34.13	21.92	14.60
1982-83	17.58	24.75	21.09	44.99	23.21	17.84
1983-84	12.14	20.16	26.03	33.67	50.81	19.46

Table - 4.8. Per capita Expenditure of the Selected and 'District Panchayats' at Constant Prices during 1969-70 through 1983-84

(In Rs.)						
Year	Elamkunna- puzha	Narakkal	Pallippu- ram	Kalama- ssery	Eloor	'District Panchayats'
1	2	3	4	5	6	7
1969-70	3.04	8.17	4.13	9.80	4.01	3.89
1970-71	2.72	6.05	4.28	5.45	8.07	3.97
1971-72	3.21	6.09	3.09	13.97	9.11	4.30
1972-73	3.22	6.67	3.45	8.27	6.38	3.48
1973-74	2.80	6.61	3.44	7.46	4.41	2.66
1974-75	3.57	4.63	2.96	6.88	5.36	2.81
1975-76	4.31	4.51	3.72	11.05	5.49	3.71
1976-77	4.24	4.47	4.61	14.00	5.10	3.87
1977-78	4.57	9.31	6.44	10.20	8.97	4.05
1978-79	4.98	4.42	5.35	15.31	10.88	3.97
1979-80	4.74	6.28	3.99	13.02	10.77	3.66
1980-81	6.38	8.34	7.68	13.64	9.34	4.70
1981-82	6.15	8.51	7.22	12.93	8.30	5.53
1982-83	6.37	8.97	7.64	16.30	8.41	6.47
1983-84	4.14	6.88	8.88	11.49	17.34	6.64
Average during 1969-70 through 1983-84	4.30	6.66	5.13	11.32	8.13	4.25

Table - 4.9. Development Expenditure of the Selected and 'District Panchayats' during 1969-70 through 1983-84

(In Rs.)						
Year	Elamkunnappuzha	Narakkal	Pallippuram	Kalamassery	Eloor	'District Panchayats'
1	2	3	4	5	6	7
1969-70	49390.75 (46)	68181.91 (44.1)	61458.45 (46)	59656.39 (21.5)	7965.68 (4.6)	2379769.42(40.2)
1970-71	31461.28 (30)	50501.24 (41)	35778.75 (24)	21246.70 (12.4)	208671.85 (54.9)	2260230.62(39.1)
1971-72	48198.95 (36.5)	54852.08 (39.9)	26657.75 (23.3)	274617.37 (57.6)	203566.13 (44.5)	3051028.38(40.5)
1972-73	31565.39 (21.1)	42315.10 (23.9)	22950.80 (15.9)	113055.68 (34.4)	170350.02 (46.8)	1984863.36(28.6)
1973-74	54428.41 (32.3)	96890.20 (41.3)	77731.90 (41.8)	54895.26 (14)	91780.05 (28.1)	1951221.26(28.4)
1974-75	90148.12 (35.4)	60123.98 (30)	61842.95 (32.7)	94566.18 (21.7)	215101.40 (45.7)	2304458.16(26.9)
1975-76	108623.75 (39.1)	51936.58 (28.6)	87431.25 (40.9)	231406.75 (35.7)	239341.12 (54.8)	3015386.17(29.4)
1976-77	129809.80 (42.8)	80491.02 (39.1)	165223.00 (56.4)	422038.50 (45.5)	265420.10 (59)	3738946.46(31.5)
1977-78	124886.00 (36.6)	189229.75 (41.3)	211285.69 (49.6)	163824.50 (22.8)	248889.54 (30.1)	4191909.24(32.3)
1978-79	131341.95 (33.5)	44510.98 (19)	149144.55 (40.1)	226981.50 (19.6)	299761.57 (28.3)	3526173.99(26.3)
1979-80	155669.15 (36.5)	131255.99 (33.5)	115687.72 (36.5)	210370.41 (18.4)	793387.35 (65.9)	4216518.19(29.7)
1980-81	238459.15 (36.7)	251400.35 (41.7)	237235.22 (34.5)	360980.60 (26.2)	814384.55 (68.8)	6512153.28(31.6)
1981-82	307335.60 (44)	333398.84 (47.7)	327906.00 (45.7)	186259.54 (12.6)	731996.00 (63.6)	9532377.38(35.3)
1982-83	386717.36 (50.5)	414304.21 (52)	474051.49 (59.1)	339112.31 (17)	678757.94 (54)	12963372.50(38.8)
1983-84	72624.55 (13.6)	351067.95 (52.4)	377176.70 (37.7)	287087.00 (18.7)	394052.70 (14.1)	12886847.15(34.9)
Average % of development to total expenditure during 1969-70 through 1973-74.	(33.2)	(38)	(30.2)	(28)	(35.9)	(35.4)
Average % of development to total expenditure during 1974-75 through 1978-79.	(37.5)	(31.6)	(43.9)	(29.1)	(43.6)	(29.3)
Average % of development to total expenditure during 1979-80 through 1983-84.	(46.5)	(45.5)	(42.7)	(18.6)	(53.1)	(34.1)
Average % of development to total expenditure during 1969-70 through 1983-84.	(39.1)	(38.4)	(38.9)	(25.2)	(44.2)	(32.9)

Note:- Figures in the Parenthesis denote percentage of development to total expenditure.

Table - 4.10. Non-Development Expenditure of the Selected and 'District Panchayats' during 1969-70 through 1983-84.

(In Rs.)						
Year	Elamkunnappuzha	Narakkal	Pallippuram	Kalamassery	Eloor	'District Panchayats'
1	2	3	4	5	6	7
1969-70	57998.58 (54)	86299.87 (55.9)	72148.97 (54)	217715.71 (78.5)	163407.46 (95.4)	3543437.87(59.8)
1970-71	73274.95 (70)	72583.11 (59)	113004.17 (76)	149496.96 (87.6)	171148.68 (45.1)	3524296.79(60.9)
1971-72	83879.96 (63.5)	82493.29 (60.1)	87679.96 (76.7)	202517.55 (42.4)	253881.89 (55.1)	4491144.76(59.5)
1972-73	118382.75 (78.9)	134389.09 (76.1)	121618.10 (84.1)	215377.33 (65.6)	193563.26 (53.2)	4962662.82(71.4)
1973-74	114092.44 (67.7)	137589.17 (58.7)	108047.39 (58.2)	337251.68 (86)	234561.36 (71.9)	4924278.01(71.6)
1974-75	164514.88 (64.6)	140561.49 (70)	127048.00 (67.3)	341930.51 (78.3)	255396.31 (54.3)	6270260.16(73.1)
1975-76	169433.10 (60.9)	129832.07 (71.4)	126249.70 (59.1)	416120.40 (64.3)	197599.63 (45.2)	7248333.13(70.6)
1976-77	173284.57 (57.2)	125161.33 (60.9)	127545.26 (43.6)	504906.27 (54.5)	184766.41 (41)	8138779.29(68.5)
1977-78	216697.17 (63.4)	269451.52 (58.7)	214343.94 (50.4)	553946.73 (77.2)	578055.97 (69.9)	8787376.85(67.8)
1978-79	260588.52 (66.5)	190228.91 (81)	222399.91 (59.9)	928805.09 (80.4)	758266.60 (71.7)	9875866.67(73.7)
1979-80	271356.04 (63.5)	260908.47 (66.5)	201030.43 (63.5)	935721.93 (81.6)	410336.01 (34.1)	10005838.28(70.3)
1980-81	411946.96 (63.3)	351282.08 (58.3)	450857.32 (65.5)	1018850.34 (73.8)	368889.46 (31.2)	14079201.99(68.4)
1981-82	390409.85 (56)	365344.11 (52.3)	389076.40 (54.3)	1288773.41 (87.4)	437204.80 (37.4)	17441053.27(64.7)
1982-83	379013.26 (49.5)	381568.03 (48)	328337.66 (40.9)	1660998.01 (83)	578344.97 (46)	20456375.88(61.2)
1983-84	463273.25 (85.4)	319169.00 (47.6)	624541.72 (62.3)	1251540.80 (81.3)	2399001.20(85.9)	24087091.57(65.1)
Average % of Non-development to total expenditure during 1969-70 through 1973-74.	(66.8)	(62)	(69.8)	(72)	(64.1)	(64.6)
Average % of Non-development to total expenditure during 1974-75 through 1978-79.	(62.5)	(68.4)	(56.1)	(70.9)	(56.4)	(70.7)
Average % of Non-development to total expenditure during 1979-80 through 1983-84.	(53.5)	(54.5)	(57.3)	(81.4)	(46.9)	(65.9)
Average % of Non-development to total expenditure during 1969-70 through 1983-84.	(60.9)	(61.6)	(61.1)	(74.8)	(55.8)	(67.1)

Note :- Figures in the Parenthesis denote the percentage of non-development to total expenditure.



Table - 4.11. Nominal and Real Per Capita Development and Non-development Expenditure of 'District Panchayats' during 1969-70 through

1983-84

(In Rs.)

Year	Nominal		Real	
	Per capita development expenditure	Per capita non-development expenditure	Per capita development expenditure	Per capita non-development expenditure
1	2	3	4	5
1969-70	1.56	2.33	1.56	2.33
1970-71	1.45	2.77	1.36	2.61
1971-72	1.93	2.84	1.74	2.56
1972-73	1.23	3.09	0.99	2.49
1973-74	1.19	3.01	0.75	1.91
1974-75	1.39	3.78	0.76	2.05
1975-76	1.79	4.29	1.09	2.62
1976-77	2.18	4.75	1.22	2.65
1977-78	2.41	5.05	1.31	2.74
1978-79	1.99	5.59	1.04	2.93
1979-80	2.35	5.58	1.08	2.58
1980-81	3.58	7.74	1.49	3.21
1981-82	5.16	9.44	1.95	3.58
1982-83	6.92	10.92	2.51	3.96
1983-84	6.78	12.68	2.31	4.33
Average during 1969-70 through 1973-74.	1.47	2.81	1.28	2.38
Average during 1974-75 through 1978-79.	1.95	4.69	1.08	2.60
Average during 1979-80 through 1983-84	4.96	9.27	1.87	3.53
Average during 1969-70 through 1983-84.	2.79	5.59	1.41	2.84

Table - 4.12. Nominal and Real Per Capita Development and Non-development Expenditure of Elamkunnappuzha Panchayat during 1969-70 through 1983-84

(In Rs.)

Year	Nominal		Real	
	Per capita development expenditure	Per capita Non-development expenditure	Per capita development expenditure	Per capita Non-development expenditure
1	2	3	4	5
1969-70	1.40	1.64	1.40	1.64
1970-71	0.87	2.01	0.82	1.90
1971-72	1.30	2.27	1.17	2.04
1972-73	0.84	3.15	0.68	2.54
1973-74	1.43	2.99	0.91	1.89
1974-75	2.33	4.24	1.27	2.30
1975-76	2.76	4.31	1.69	2.62
1976-77	3.25	4.34	1.82	2.42
1977-78	3.08	5.34	1.67	2.90
1978-79	3.19	6.33	1.67	3.31
1979-80	3.73	6.50	1.73	3.01
1980-81	5.63	9.73	2.34	4.04
1981-82	7.16	9.09	2.71	3.44
1982-83	8.88	8.70	3.22	3.15
1983-84	1.65	10.49	0.56	3.58
Average during 1969-70 through 1973-74.	1.17	2.41	1.00	2.00
Average during 1974-75 through 1978-79.	2.92	4.91	1.62	2.71
Average during 1979-80 through 1983-84.	5.41	8.90	2.11	3.44
Average during 1969-70 through 1983-84.	3.17	5.41	1.58	2.72

Table - 4.13. Nominal and Real Per Capita Development and Non-Development Expenditure of Narakkal Panchayat during 1969-70 through 1983-84

(In Rs.)

Year	Nominal		Real	
	Per capita development expenditure	Per capita Non-development expenditure	Per capita development expenditure	Per capita Non-development expenditure
1	2	3	4	5
1969-70	3.61	4.56	3.61	4.56
1970-71	2.63	3.78	2.48	3.57
1971-72	2.70	4.06	2.43	3.66
1972-73	1.98	6.29	1.60	5.07
1973-74	4.31	6.13	2.73	3.88
1974-75	2.55	5.97	1.39	3.24
1975-76	2.11	5.28	1.29	3.22
1976-77	3.13	4.87	1.75	2.72
1977-78	7.07	10.07	3.84	5.47
1978-79	1.60	6.83	0.84	3.58
1979-80	4.54	9.02	2.10	4.18
1980-81	8.38	11.71	3.48	4.86
1981-82	10.73	11.76	4.06	4.45
1982-83	12.88	11.87	4.67	4.30
1983-84	10.56	9.60	3.60	3.28
Average during 1969-70 through 1973-74.	3.05	4.96	2.57	4.15
Average during 1974-75 through 1978-79.	3.29	6.60	1.82	3.65
Average during 1979-80 through 1983-84.	9.42	10.79	3.58	4.21
Average during 1969-70 through 1983-84.	5.25	7.45	2.67	4.00

Table - 4.14. Nominal and Real Per Capita Development and Non-Development  
Expenditure of Pallippuram Panchayat during 1969-70 through

1983-84

(In Rs.)

Year	Nominal		Real	
	Per capita development expenditure	Per capita Non-development expenditure	Per capita development expenditure	Per capita Non-development expenditure
1	2	3	4	5
1969-70	1.90	2.23	1.90	2.23
1970-71	1.09	3.44	1.03	3.25
1971-72	0.80	2.63	0.72	2.37
1972-73	0.68	3.60	0.55	2.90
1973-74	2.27	3.16	1.44	2.00
1974-75	1.79	3.67	0.97	1.99
1975-76	2.50	3.60	1.52	2.20
1976-77	4.66	3.60	2.60	2.01
1977-78	5.89	5.97	3.20	3.24
1978-79	4.11	6.12	2.15	3.20
1979-80	3.15	5.47	1.46	2.53
1980-81	6.38	12.12	2.65	5.03
1981-82	8.72	10.34	3.30	3.92
1982-83	12.46	8.63	4.51	3.13
1983-84	9.80	16.23	3.34	5.54
Average during 1969-70 through 1973-74.	1.35	3.01	1.13	2.55
Average during 1974-75 through 1978-79.	3.79	4.59	2.09	2.53
Average during 1979-80 through 1983-84.	8.10	10.56	3.05	4.03
Average during 1969-70 through 1983-84.	4.41	6.05	2.09	3.04

Table - 4.15. Nominal and Real Per capita Development and Non-development Expenditure of Kalamassery Panchayat during 1969-70 through

1983-84

(In Rs.)

Year	Nominal		Real	
	Per capita Development Expenditure	Per capita Non-development Expenditure	Per capita Development Expenditure	Per capita Non-development Expenditure
1	2	3	4	5
1969-70	2.11	7.69	2.11	7.69
1970-71	0.72	5.06	0.68	4.77
1971-72	8.92	6.58	8.04	5.93
1972-73	3.53	6.72	2.85	5.42
1973-74	1.65	10.14	1.04	6.42
1974-75	2.74	9.91	1.49	5.39
1975-76	6.47	11.64	3.95	7.10
1976-77	11.40	13.65	6.37	7.63
1977-78	4.28	14.48	2.33	7.87
1978-79	5.75	23.52	3.01	12.31
1979-80	5.17	22.97	2.39	10.63
1980-81	8.60	24.28	3.57	10.07
1981-82	4.31	29.82	1.63	11.30
1982-83	7.63	37.36	2.76	13.54
1983-84	6.28	27.39	2.14	9.35
Average during 1969-70 through 1973-74.	3.39	7.24	2.94	6.05
Average during 1974-75 through 1978-79.	6.13	14.64	3.43	8.06
Average during 1979-80 through 1983-84.	6.40	28.36	2.50	10.98
Average during 1969-70 through 1983-84.	5.31	16.75	2.96	8.36

Table - 4.16. Nominal and Real Per Capita Development and Non-Development

Expenditure of Eloor Panchayat during 1969-70 through 1983-84

(In Rs.)

Year	Nominal		Real	
	Per capita Development Expenditure	Per capita Non-development Expenditure	Per capita Development Expenditure	Per capita Non-development Expenditure
1	2	3	4	5
1969-70	0.19	3.82	0.19	3.82
1970-71	4.70	3.86	4.43	3.64
1971-72	4.50	5.62	4.05	5.06
1972-73	3.70	4.21	2.98	3.40
1973-74	1.96	5.01	1.24	3.17
1974-75	4.51	5.36	2.45	2.91
1975-76	4.94	4.08	3.01	2.48
1976-77	5.39	3.75	3.01	2.09
1977-78	4.97	11.54	2.70	6.27
1978-79	5.89	14.90	3.08	7.80
1979-80	15.34	7.93	7.10	3.67
1980-81	15.50	7.02	6.43	2.91
1981-82	13.72	8.20	5.20	3.10
1982-83	12.53	10.68	4.54	3.87
1983-84	7.17	43.64	2.45	14.89
Average during 1969-70 through 1973-74.	3.01	4.50	2.58	3.82
Average during 1974-75 through 1978-79.	5.14	7.93	2.85	4.31
Average during 1979-80 through 1983-84.	12.85	15.49	5.14	5.69
Average during 1969-70 through 1983-84.	7.00	9.31	3.52	4.61

CHAPTER - V

ANALYSIS OF PANCHAYATS EXPENDITURE CONSTITUENTS

5.0 In the preceding chapter we have noted that the expenditure of selected and 'District Panchayats' showed an impressive increase during the selected years. In this chapter it is proposed to analyse the various heads of expenditure in order to assess the impact of expenditure on the quantity and quality of social services and civic amenities available to the people living in the area under the jurisdiction of the Panchayat. First, we shall take up the constituents of development expenditure and then those of non-development expenditure.

5.1.0 Development Expenditure

5.1.1 The following items come under development expenditure.

- 1) Public Works.
- ii) Education.
- iii) Public Health.
- iv) Agriculture.
- v) Animal Husbandry.

### 5.2.0 Public Works

5.2.1 The functions under Public Works absorb the major part of the development expenditure. The following items fall under this category.

i) Construction of all public roads in the Panchayat area other than roads classified as National Highways, State Highways<sup>1</sup> (or district roads) and of all bridges, culverts, road-dams and causeways on such roads.

ii) Construction of petty irrigation works.

iii) Planting of trees along the side of roads, in market places and other public places and their maintenance and preservation.

iv) Construction, maintenance and control of bathing and washing ghats.

v) Construction of building for warehouses, stores, shops, purchasing centres etc.

vi) Construction of rest houses.

vii) Construction of rest houses under colonisation and settlement schemes.

viii) Construction of houses for Panchayat staff and other village functionaries.

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1. Substituted by Act 22 of 1967 Published in Gazette dated 5-9-1966. Amendment came into force 1-11-1967 - See Gazette dated 25-10-1967.



ix) Establishment of works for the provision of employment particularly in times of scarcity.

x) Extension of village sites and the regulation of building and housing schemes.

xi) Opening of public markets, slaughter houses, bus-stands, cart-stands, landing places, halting places and ferries and also licensing of such places opened and maintained by private individuals and institutions.

xii) Promotion, improvement and encouragement of cottage and village industries.

In the following paragraph we propose to analyse the expenditure on public works of selected and 'District Panchayats' during the period under study.

#### 5.2.2 'District Panchayats'

The expenditure on public works of 'District Panchayats' has increased by 443 per cent i.e. from Rs.21,15,811.12 in 1969-70 to Rs.1,14,81,186.23 in 1983-84. Among development expenditure top priority has been given to expenditure on public works. Its average percentage to total and development expenditure during the selected years is 27.7 and 84.1 per cent respectively. (Table 5.1). The nominal per capita expenditure on this item has increased

from Rs.1.39 in 1969-70 to Rs.6.04 (334.5 per cent) in 1983-84; while the real per capita expenditure has increased from Rs.1.39 to Rs.2.06 (48 per cent). At the same time, its average real per capita expenditure on public works has increased from Rs.1.09 to Rs.0.91 (-16.6 per cent) and then to Rs.1.57 (72.5 per cent) during 1969-70 through 1973-74, 1974-75 through 1978-79 and 1979-80 through 1983-84 respectively. But its average real per capita expenditure during the selected years is Rs.1.19 (Table 5.2) only.

### 5.2.3 Elamkunnapuzha Panchayat

Expenditure on public works of Elamkunnapuzha Panchayat has increased by 620 per cent i.e., from Rs.49,390.75 in 1969-70 to Rs.3,55,465.36 in 1982-83. Among development expenditure Elamkunnapuzha Panchayat has also given top priority to public works. Its average percentage to total and development expenditure during the selected years is 30.5 and 84.1 per cent respectively. (Table 5.1). The nominal per capita expenditure on public works of Elamkunnapuzha Panchayat has increased from Rs.1.40 in 1969-70 to Rs.8.16 (482.8 per cent) in 1982-83, while the real per capita expenditure has increased from Rs.1.40 to Rs.2.96 (111.4 per cent). At the same time, its average real per capita expenditure on public works has increased from Rs.0.82 to Rs.1.46 (78 per cent) and

then to Rs.1.79 (22.6 per cent) during 1969-70 through 1973-74, 1974-75 through 1978-79 and 1979-80 through 1983-84 respectively. But its average real per capita expenditure during the selected years is only Rs.1.35. (Table 5.2)

#### 5.2.4 Narakkal Panchayat

Expenditure on Public Works of Narakkal Panchayat has increased by 500 per cent i.e., from Rs.54,861.00 in 1969-70 to Rs.3,29,026.51 in 1983-84. Among development expenditure top priority has been given to expenditure on public works. Its average percentage to total and development expenditure during the selected years is 29.3 and 74.2 per cent respectively. (Table 5.1). The nominal per capita expenditure on public works of Narakkal Panchayat has increased from Rs.2.90 in 1969-70 to Rs.9.90 (241 per cent) in 1983-84, while the real per capita expenditure has increased from Rs.2.90 to Rs.3.38 (16.6 per cent). At the same time, its average real per capita expenditure on public works has increased from Rs.2.02 to Rs.1.38 (-31.7 per cent) and then to Rs.2.85 (106.5 per cent) during 1969-70 through 1973-74, 1974-75 through 1978-79 and 1979-80 through 1983-84 respectively. But its average real per capita expenditure during the selected years is Rs.2.08 (Table 5.2) only.

#### 5.2.5 Pallippuram Panchayat

Expenditure on Public Works of Pallippuram Panchayat has increased by 424 per cent i.e., from Rs.61,258.45 in 1969-70 to Rs.3,21,193.00 in 1983-84. Among development and total expenditure this Panchayat also has given top priority to expenditure on Public Works. Its average percentage to total and development expenditure during the selected years is 32.4 and 83.2 per cent respectively. (Table 5.1). The nominal per capita expenditure on public works of this Panchayat has increased by 341.8 per cent i.e., from Rs.1.89 in 1969-70 to Rs.8.35 in 1983-84, while the real per capita expenditure has increased by 50.8 per cent i.e., from Rs.1.89 to Rs.2.85. At the same time, its average real per capita expenditure on this item has increased from Rs.1.02 to Rs.1.74 (70.6 per cent) and then to Rs.2.53 (45.4 per cent) during 1969-70 through 1973-74, 1974-75 through 1978-79 and 1979-80 through 1983-84 respectively. But its average real per capita expenditure during the selected years is Rs.1.76 only. (Table 5.2).

#### 5.2.6 Kalamassery Panchayat

Expenditure on Public Works of Kalamassery Panchayat has increased by 385 per cent i.e., from Rs.41,733.00 in 1969-70 to Rs.2,02,902.00 in 1983-84. Among development

expenditure top priority has been given to expenditure on Public Works by this Panchayat. Its average percentage to total and development expenditure during the selected years is 19.2 and 77.2 per cent respectively. (Table 5.1) The nominal per capita expenditure on Public Works of Kalamassery Panchayat has increased from Rs.1.47 in 1969-70 to Rs.4.44 (202 per cent) in 1983-84, while its real per capita expenditure has increased from Rs.1.47 to Rs.1.52 (3.4 per cent). At the same time, its average real per capita expenditure on this item has increased from Rs.1.92 to Rs.3.16 (64.6 per cent) and then to Rs.1.64 (-48.1 per cent) during 1969-70 through 1973-74, 1974-75 through 1978-79 and 1979-80 through 1983-84 respectively. But its average real per capita expenditure during the selected years is Rs.2.24 only. (Table 5.2)

#### 5.2.7 Eloor Panchayat

Expenditure on Public Works of Eloor Panchayat has increased by 122 per cent i.e., from Rs.1,93,980 in 1970-71 to Rs.4,30,652.89 in 1982-83. Among development expenditure this Panchayat has also given top priority to expenditure on Public Works. Its average percentage to total and development expenditure during the selected years is 31.7 and 69.9 per cent respectively. (Table 5.1). The nominal per capita expenditure on Public Works of Eloor Panchayat has increased from Rs.4.37

in 1970-71 to Rs.7.95 (81.9 per cent) in 1982-83, while the real per capita expenditure has decreased from Rs.4.12 to Rs.2.88 (-30.1 per cent). At the same time, its average real per capita expenditure on this item has increased from Rs.2.14 to Rs.2.29 (7 per cent) and then to Rs.2.93 (27.9 per cent) during 1969-70 through 1973-74, 1974-75 through 1978-79 and 1979-80 through 1983-84 respectively. But, its average real per capita expenditure during the selected years is Rs.2.45 only. (Table 5.2).

5.2.8 The above analysis reveals :

i) District and all the selected Panchayats has given top priority to Public Works in development expenditure.

ii) Pallippuram is the only one Panchayat which has given top priority to Public Works in total expenditure.

iii) The percentage of expenditure on Public Works to total and development expenditure shows an irregular fluctuation in the case of all selected Panchayats. This is mainly due to lack of definite long-term planning by the Panchayats with reference to total, development and Public Works expenditure. This type of fluctuation in 'District Panchayats' is too narrow because ups and downs of expenditure within the Panchayats cancel with each other once it becomes an aggregate.

iv) Elamkunnappuzha, Pallippuram and Eloor Panchayats showed a continuous increase in their average real per capita expenditure on Public Works during 1969-70 through 1973-74, 1974-75 through 1978-79 and 1979-80 through 1983-84 respectively. On the other hand, Kalamassery and 'District Panchayats' showed a negative growth in their average real per capita expenditure on Public Works during 1979-80 through 1983-84 and 1973-74 through 1978-79 respectively.

v) The average real per capita expenditure on Public Works of all the selected Panchayats is higher than that of 'District Panchayats' (See Table 5.2).

5.2.9 On the whole, the above analysis shows an increasing trend in the average real per capita expenditure on Public Works. But, the real question is whether the increased amount is utilised properly? The question can be answered only qualitatively as the misutilised amount cannot be quantified exactly. Discussions with the Officials, Elected Panchayat Members, Contractors and Coolies reveal that a part of the allotted amount on Public Works goes to the pockets of the contractors, elected Panchayat Members and Officials. Some points which came to light during the course of discussions with different sections of the people are listed below :

i) Contractors who take the contract works are usually closely associated with the majority of the elected members.

ii) There is no legal dispute between the contractors and inspection officials connected with the work, payment etc.

iii) Contractors come to an agreement before submitting the quotations. They themselves decide the minimum percentage of estimated cost. Once the work is sanctioned, the contractor who gets the work distributes a part of the amount among the other contractors.

iv) Usually, contractors get huge sums of profit. It is mainly because of lenient estimation and connivance of the authorities regarding the satisfactory examination of work specification.

5.2.10 In supporting the above statement the following information from the Audit Report is reproduced :

Maintenance of Road starting from Valappur branch road to North up to the house of Shri Thomas paid to Shri M.V. Chandra Bose V.R.No.66 of 5/81 for Rs.3,403.00<sup>2</sup>:-

"In the file P.W.2. 2/8/80 the following tenders were received for the work :-

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2. Audit Report of Elamkunnappuzha Panchayat 1981-82, p.18-19.



K.V. Hari	-	28.9	per cent and below.
M.K. Babu	-	21.8	" "
M.V. Chandra Bose	-	11.5	" "
I.G. Nickolas	-	2.7	" "

The tender of Shri K.V. Hari at 28.9 per cent below estimate was approved and orders for executing the agreement was issued on 13-11-'80. He did not turn up. He was again informed on 15-12-'80. No reply was received. The Executive Officer sent a letter to Shri M.K. Babu who has offered the second lowest tender on 30-1-'81 as seen from the file. Before receiving his reply the committee, in resolution No.X (1) dated 3-2-81, resolved to cancel the whole tender and re-tender the work. The reply dated 16-2-81 of Shri M.K. Babu that he is not willing to take up the work was received only on 18-2-81.

On re-tender, only one tender was received at the estimated rate from Shri M.V. Chandra Bose which was accepted in resolution No.1 (2) dated 17-3-81. The re-tender notice is not seen in the file.

It may also be noted that Shri. M.V. Chandra Bose has quoted at 11.5 per cent below estimate in the first tender. No action was taken to inform Shri M.V. Chandra Bose and Shri I.G. Nickolas whether they are ready to do the work at the quoted rate before cancelling the tender."

5.2.11 The same types of remarks are presented in the following two cases :

i) Maintenance of R.M.P. Road paid to Shri M.V. Chandra Bose V.R. No.61 of 5/81 for Rs.4,125.00, file No. pw. 22-6-80.<sup>3</sup>

ii) Formation of Kandappassery road in ward No.5 paid to Shri I.G. Nickolas V.R.No.15 of 7/81 for Rs.4,755.00.<sup>4</sup>

It is also noted that in the above cases Sri. K.V Hari is a regular defaulter in executing work after submission of tenders. But no action has been taken against him.

In the case of metalling R.C. bridge road in Ward No.12 to Shri. K.K. Mohan contractor V.R.No.74 of 10/81 for Rs.35,844.00.<sup>5</sup>

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3. Ibid. p.19-20.

4. Ibid. p.20-21.

5. Ibid. p.23-24.

"The work was tendered and the following tenders were received :-

Francis Peter	- 11.00 per cent and below			
I.G. Nickolas	- 10.00	"	"	"
E.C. Pushpan	- 33.00	"	"	"
M.K. Babu	- 24.70	"	"	"
K.V. Hari	- 24.70	"	"	"
M.V. Chandra Bose	- 10.50	"	"	"
C.K. Sasi	- 15.75	"	"	"
K.K. Mohan	- 33.90	"	"	"
Sunny Rocha	- 8.80	"	"	"

On verification of the tenders it was noticed that in the tender submitted by Sri. K.K. Mohan on 12-11-80 the rate 36.7 per cent and below in words and figures in the last page of the tender forms and in the tender schedule was scored off and the rate 33.9 per cent and below was inserted. The difference in rate i.e., 2.8 per cent and below (36.7 per cent - 33.9 per cent) for the total valuation of the work viz., Rs.55,534.32 amounting to Rs.1,554.96 which is a clear loss to the Panchayat Fund is disallowed."

5.2.12 The above types of objections are common in all the selected Panchayats. So there is no doubt that a part of the fund on Public Works is misutilised.

5.2.13 Besides, all the selected Panchayats have been undertaking only selective aspect of Public Works such as construction of new roads, petty irrigation works, Public markets, slaughter houses, bus stands, cart stands etc. During 1970 construction of houses under colonisation scheme was started. All the selected Panchayats had granted money or land to the poor people under this scheme.

#### 5.3.0 Education

5.3.1 Expenditure on education comprises :-

1) Popularising, supervision and improvement of education.

ii) Establishment, maintenance of Children's parks, clubs and other places of recreation centres for the welfare of women and youth.

iii) Promotion of Art and Culture including the establishment and maintenance of theatres.

iv) Establishment, maintenance and encouragement of reading rooms and libraries.

v) Noon-feeding of school children.

vi) Establishment and maintenance of Community Listening Sets, Recreation Centres and Centres for Physical Culture, Sports and Games.

vii) Erection of memorials for celebrities and historical personages.

In the following paragraph we propose to analyse the expenditure on education of district and selected Panchayats during the period under study.

#### 5.3.2 'District Panchayats'

Expenditure of 'District Panchayats' on education has increased by 145.6 per cent i.e., from Rs.1,28,751.26 in 1969-70 to Rs.3,16,218.73 in 1983-84. Its average percentage to total and development expenditure during the selected period is 1.7 and 4.9 per cent respectively (Table 5.3). The nominal per capita expenditure of 'District Panchayats' on education increased from Rs.0.08 in 1969-70 to Rs.0.17 in 1983-84, while the real per capita expenditure has decreased from Rs.0.08 to Rs.0.06. At the same time, its average real per capita expenditure on this item has remained constant i.e., Rs.0.07 during 1969-70 through 1973-74 and 1974-75 through 1978-79, then increased to Rs.0.08 during 1979-80 through 1983-84. But, its average real per capita expenditure on education is Rs.0.07 during the selected years (Table 5.4).

### 5.3.3 Elamkunnapuzha Panchayat

Expenditure on education of Elamkunnapuzha Panchayat has increased from Rs.776.71 in 1970-71 to Rs.2,071.30 (159.9 per cent) in 1983-84. Its average percentage to total and development expenditure during the selected years is 0.7 and 2.4 per cent respectively (Table 5.3). The nominal per capita expenditure on education of Elamkunnapuzha Panchayat has increased from Rs.0.02 in 1970-71 to Rs.0.05 in 1983-1984, while the real per capita expenditure remained constant. At the same time the average real per capita expenditure of this Panchayat on education has increased from Rs.0.02 to Rs.0.03 and then to Rs.0.04 during 1969-70 through 1973-74, 1974-75 through 1978-79 and 1979-80 through 1983-84 respectively. But its average real per capita expenditure during the selected years is Rs.0.03 only (Table 5.4).

### 5.3.4 Narakkal Panchayat

Expenditure of Narakkal Panchayat on education has increased by 448.5 per cent i.e. from Rs.879.52 in 1969-70 to Rs.4,822.00 in 1983-84. Its average percentage to total and development expenditure on this item during the selected years is 1.8 and 6.5 per cent respectively. (Table 5.3). The nominal per capita expenditure on

education of Narakkal Panchayat has increased from Rs.0.05 in 1969-70 to Rs.0.11 in 1983-84, while the real per capita expenditure has decreased from Rs.0.05 to Rs.0.04. At the same time, its average real per capita expenditure on this item has increased from Rs.0.07 to Rs.0.15 and then decreased to Rs.0.09 during 1969-70 through 1973-74, 1974-75 through 1978-79 and 1979-80 through 1983-84 respectively. But, the average real per capita expenditure on this item during the selected years is Rs.0.10 (Table 5.4).

#### 5.3.5 Pallippuram Panchayat

Expenditure on education of Pallippuram Panchayat has increased from Rs.200.00 in 1969-70 to Rs.2,400.50 (1,100 per cent in 1983-84. Its average percentage to total and development expenditure on this item during the selected years is 0.3 and 0.9 per cent respectively (Table 5.3). The nominal per capita expenditure on education of Pallippuram Panchayat has increased from Rs.0.01 in 1969-70 to Rs.0.06 in 1983-84, while the real per capita expenditure has increased from Rs.0.01 to Rs.0.02. At the same time, its average real per capita expenditure on education has increased from Rs.0.01 to Rs.0.04 during 1974-75 through 1978-79 and 1979-80 through 1983-84 respectively. But, its average real per capita expenditure during the selected years is Rs.0.02 (Table 5.4).

#### 5.3.6 Kalamassery Panchayat

Expenditure of Kalamassery panchayat on education has increased by 1,500.8 per cent i.e. from Rs.2,766.24 in 1969-70 to Rs.44,500.00 in 1983-84. Its average percentage to total and development expenditure on this item during the selected years is 1.1 and 6.9 per cent respectively (Table 5.3). The nominal per capita expenditure on education of Kalamassery panchayat has increased from Rs.0.10 in 1969-70 to Rs.0.97 in 1983-84, while the real per capita expenditure has increased from Rs.0.10 to Rs.0.33. At the same time, its average real per capita expenditure on education has increased from Rs.0.04 to Rs.0.15 and then to Rs.0.18 during 1969-70 through 1973-74, 1974-75 through 1978-79 and 1979-80 through 1983-84 respectively. But, its average real per capita expenditure on this item during the selected years is Rs.0.13 only (Table 5.4).

#### 5.3.7 Eloor Panchayat

Expenditure on education of Eloor Panchayat has increased by 4,345 per cent, i.e. from Rs.2,840.88 in 1969-70 to Rs.1,26,256.20 in 1983-84. Its average percentage to total and development expenditure on education during the selected period is 2.4 and 8.1 per cent respectively (Table 5.3). The nominal per capita expenditure on education



of Eloor Panchayat has increased from Rs.0.07 in 1969-70 to Rs.2.30 in 1983-84, while the real per capita expenditure has increased from Rs.0.07 to Rs.0.78. At the same time, its average real per capita expenditure on this item has remained constant i.e. Rs.0.08 during 1969-70 through 1973-74 and 1974-75 through 1978-79 and then increased to Rs.0.47 during 1979-80 through 1983-84. But, its average real per capita expenditure on education during the selected years is Rs.0.21 (Table 5.4).

5.3.8 'District Panchayats' are having four Lower Primary Schools. They have had a total strength of 73 teachers and 2,461 students in 1982-83.<sup>6</sup> They also have five parks, six recreation centres. In addition they have 24 permanent and 77 temporary theatres.<sup>7</sup> But the selected Panchayats have no such institutions. 'District Panchayats' had 28 Libraries and 24 Reading rooms of its own in 1982-83.<sup>8</sup> Out of this Eloor Panchayat has only one library and one reading room of its own. Besides, it gives awards at the rate of Rs.250.00 per student to six best students who secure highest marks in the S.S.L.C. examination. All selected Panchayats give grant to the private libraries. Grant is

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6. Administrative Report of 'District Panchayats' 1982-83, Proforma-VII.

7. Ibid., Proforma-XV & XVII.

8. Ibid., Proforma-VII.

only for purchases of capital instruments such as books, furniture etc. It shall not exceed 50 per cent of the capital expenditure.<sup>9</sup> Sanctioning of grant is done on the discretion of the Executive Officer and the elected members.

5.3.9 From a close analysis of the expenditure on education the following facts are concluded :-

i) The importance given to education by the Panchayats are far from satisfactory compared to their total and development expenditure.

ii) The average real per capita expenditure on education of most of the Panchayats in Ernakulam district is below Rs.0.10 during the selected years. Besides, their contribution towards expenditure on education remained constant.

iii) No attempt was found to start either any school (nursery, primary or upper primary), or reading rooms and libraries of its own. Besides, their contribution to other educational activities which were mentioned earlier is nil.

#### 5.4.0 Public Health

5.4.1 Activities relating to Public Health are mainly confined to the following :-

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9. Kerala Panchayats Grant-in-aid Rules 1965.

- i) Preservation and improvement of public health.
- ii) Supply of water.
- iii) Sanitation, conservation and the prevention and abatement of nuisance and disposal of carcasses of animals.
- iv) Disposal of unclaimed corpses.
- v) Disposal of unclaimed cattle.
- vi) Taking measures to prevent the outbreak, spread and recurrence of any infectious disease and vaccination.
- vii) Reclaiming of unhealthy localities.
- viii) Providing medical relief.
- ix) Inoculation of animals and birds.
- x) Disposal of stray dogs.
- xi) Establishment and maintenance of dispensaries and payment of subsidies to rural medical practitioners.
- xii) Control of fairs and festivals.
- xiii) Maintenance of purity of fish, meat and other food stuffs.

In the following paragraphs we propose to analyse the expenditure on public health of selected and 'District Panchayats' during the period under study.

#### 5.4.2 'District Panchayats'

Expenditure on Public Health of 'District Panchayats' has gone up by 705.7 per cent i.e. from Rs.1,35,206.54 in

1969-70 to Rs.10,89,442.19 in 1983-84. Its average percentage to total and development expenditure during the selected years is 3.5 and 11 per cent respectively. (Table 5.5). The nominal per capita expenditure on public health of 'District Panchayats' has increased from Rs.0.09 in 1969-70 to Rs.0.57 in 1983-84, while the real per capita expenditure has increased by Rs.0.09 to Rs.0.19. But its average real per capita expenditure during the period of study is Rs.0.15 only (Table 5.6).

#### 5.4.3 Elamkunnapuzha Panchayat

Expenditure on Public Health of Elamkunnapuzha Panchayat has increased from Rs.6,737.07 in 1970-71 to Rs.30,505.00 (352.8 per cent) in 1983-84. Its average percentage to total and development expenditure during the period of study is 4.4 and 13.6 per cent respectively (Table 5.5). The nominal per capita expenditure on public health of Elamkunnapuzha panchayat has increased from Rs.0.19 in 1970-71 to Rs.0.69 in 1983-84, while the real per capita expenditure has gone up from Rs.0.18 to Rs.0.24. But its average real per capita expenditure during the selected years is Rs.0.19 only (Table 5.6).

#### 5.4.4 Narakkal Panchayat

Expenditure of Narakkal Panchayat on Public Health has went up by 38.4 per cent i.e. from Rs.12,441.39 in 1969-70

to Rs.17,219.44 in 1983-84. Its average percentage to total and development expenditure during the selected period is 7.3 and 19.4 per cent respectively (Table 5.5). The nominal per capita expenditure on this item of Narakkal Panchayat has decreased from Rs.0.66 in 1969-70 to Rs.0.52 in 1983-84, while the real per capita expenditure has decreased from 0.66 to Rs.0.18. But its average real per capita expenditure during the period of study is Rs.0.47 (Table 5.6) only.

#### 5.4.5 Pallippuram Panchayat

Expenditure on Public Health of Pallippuram Panchayat has gone up by 2,043.3 per cent i.e. from Rs.2,500 in 1971-72 to Rs.53,583.20 in 1983-84. Its average percentage to total and development expenditure during the period of study is 6.3 and 15.9 per cent respectively (Table 5.5). The nominal per capita expenditure on Public Health of Pallippuram Panchayat has increased from Rs.0.08 in 1971-72 to Rs.1.39 in 1983-84, while the real per capita expenditure has increased from Rs.0.07 to Rs.0.47. But its average real per capita expenditure during the selected years is Rs.0.32 only.

#### 5.4.6 Kalamassery Panchayat

Expenditure on Public Health of Kalamassery Panchayat has gone up by 161.8 per cent i.e., from Rs.15,157.15

in 1969-70 to Rs.39,685.00 in 1983-84. Its average percentage to total and development expenditure during the period of study is 4.9 and 17.7 per cent respectively (Table 5.5). The nominal per capita expenditure of Kalamassery on public health has increased from Rs.0.54 in 1969-70 to Rs.0.86 in 1983-84, while the real per capita expenditure has decreased from Rs.0.54 to Rs.0.29. But its average real per capita expenditure during the selected years is Rs.0.59 (Table 5.6).

#### 5.4.7 Eloor Panchayat

Expenditure on Public Health of Eloor Panchayat has increased from Rs.2,033.80 in 1969-70 to Rs.1,31,180.10 (6,452.5 per cent) in 1983-84. Its average percentage to total and development expenditure during the period of study is 9.7 and 22 per cent respectively (Table 5.5). The nominal per capita expenditure on public health of Eloor Panchayat has gone up from Rs.0.05 in 1969-70 to Rs.2.39 in 1983-84, while the real per capita expenditure has increased from Rs.0.05 to Rs.0.82. But its average real per capita expenditure during the selected years is Rs.0.87 only. (Table 5.6)

5.4.8 Local Governments undertake certain responsibilities to prevent and control diseases particularly very infectious ones. Vaccinations, inoculations and measures for checking

food adulteration are important steps in this direction. All the Selected Panchayats contribution in this regard is far from satisfactory.

#### 5.4.9 Sanitation

Maintenance of sanitation is the primary duty of any Local Government institution. Proper sanitation is one of the preventive methods for checking the spread of various diseases. Improved sanitary conditions contribute a lot towards general efficiency and keep the local towns fit for human habitation. There are varied aspects of sanitation, namely drainage, conservancy, scavenging, provision of public latrines and urinals. Nevertheless, the sanitary conditions in the area under the jurisdiction of the selected Panchayats are far from satisfactory. There appears to be a progressive deterioration in this respect. The local town area has become filthy and stinks owing to heaps of garbage lying in the streets which are not removed for days together. The possible reasons for such a situation are :-

- i) Insincerity of the employed staff in performing their duty.
- ii) Lack of civic and sanitation consciousness.
- iii) Administrative weakness.

It is clear from the above observations that owing to administrative weakness, insincerity of the staff and lack of civic and sanitation consciousness on the part of the people, the sanitary conditions in selected Panchayats area are deplorable inspite of the expenditure made by the panchayats. To correct this, strict action should be taken with the authorities concerned. Besides, people should be educated and made more sanitation consciousness.

#### 5.4.10 Water Supply

The supply of pure and wholesome water to the citizens is an important function of local Government in India. Panchayats supply water to its citizens in three ways :- (i) Wells, (ii) Pipe water of its own (iii) Pipe water supply scheme owned by Public Health Engineering Department but cost of maintenance is met by the Panchayats. 'District Panchayats' are having 2,173 wells. They also have 7 pipe water schemes of its own. In addition, it has 62 pipe water supply schemes owned by public health engineering department the cost of maintenance of which is met by the Panchayats.<sup>10</sup> Most of the wells of the Panchayats are in deplorable conditions. They have no proper pipe

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10. op.cit., Proforma XIV.



water scheme even in town area. So steps should be taken to start pipe water scheme in local town areas.

5.4.11 From the above analysis the following conclusions are arrived :-

i) The importance given to public health in total and development expenditure of selected Panchayats is higher than that of 'District Panchayats' during the period of study.

ii) The average real per capita expenditure on Public Health of all selected Panchayats is higher than that of 'District Panchayats' (Table 5.6).

iii) The services rendered towards medical sanitation and water supply of selected Panchayats are far from satisfactory. This should be improved by tonning up the administration and kindling the spirit of sanitation among the local people.

#### 5.5.0 Agriculture

5.5.1 Agricultural activities of the Panchayats comprise :-

i) Improvement of agriculture and establishment of model agricultural farms

ii) Establishment of graneries

iii) Bringing under cultivation of waste and fallow lands belonging to or vested in the Panchayat

iv) Ensuring conservation of manurial resources, cultivation of green manure, preparing compost and sale of manure

v) Establishment and maintenance of nurseries of improved seeds and seedlings

vi) Provision of implements, stores, insecticides, etc.

vii) Promotion of Co-operative farming

viii) Conducting of crop experiments, launching of crop protection schemes and arranging crop competitions

ix) Construction, repair and maintenance of irrigation works, filled channels and distribution of water

x) Encouraging farmers clubs and other associations of agriculturists

xi) Provision of assistance in the implementation of land reform scheme and

xii) Execution of soil conservation scheme.

The study reveals that the contribution of the selected and 'District Panchayats' to agriculture and agricultural activities is practically nil.

#### 5.6.0 Animal Husbandry

5.6.1 The services provide with reference to animal Husbandry are listed below :

- i) Improvement of cattle, cattle breeding and the general care of livestock
- ii) Promotion of dairy farming
- iii) Maintenance of stud-bulls and stud-goats
- iv) Promotion of poultry farming and bee-keeping
- and v) Conducting cattle and poultry shows.

The study shows that the contribution of the selected and District Panchayats' towards animal husbandry are also nil.

#### 5.7.0 Non-development Expenditure

5.7.1 Having discussed the development expenditure of the selected and district panchayats we now propose to discuss the non-development expenditure of these institutions during the period under study. The following items come under non-development expenditure :-

- i) Establishment.
- ii) Lighting.
- iii) Miscellaneous.

5.8.0 Establishment Expenditure

5.8.1 The objects of expenditure incidental to the establishment include :

i) Provisions and maintenance of principal office, record room and other offices with the cost of appurtenances, fittings and insurance.

ii) Pay, allowances, liveries, pensionary contributions, provident fund contributions, gratuities and pensions of the staff.

iii) Cost of hire of vehicles for the Panchayat Officers and servants.

iv) Study-leave allowances of professional officers and subordinates.

v) Sending Panchayat servants to any hospital or institute for treatment.

vi) Stationary, printing and advertising expenses.

vii) Legal expenses.

viii) Expenses of holding elections.

ix) Provision and maintenance of Panchayat workshops.

x) Panchayat surveys, preparation of maps of panchayat area and the preparation and maintenance of a record of rights in immovable property.

xi) Travelling allowance to President and elected Members.

xii) Sitting fee to President and elected Members.

5.8.2 Table 5.7 reveals the trend and pattern of expenditure on establishment of the selected and 'District Panchayats' during the period of study. Expenditure on establishment of 'District Panchayats' has increased by 543.4 per cent i.e., from Rs.11,83,797.20 in 1969-70 to Rs.76,16,991.23 in 1983-84. So also is the case with the Panchayats. For instance, during the same period Elamkunnapuzha's has increased by 1,104.6 per cent, Narakkal Panchayat by 954.8 per cent, Pallippuram Panchayat by 938.6 per cent, Kalamassery Panchayat by 499.4 per cent, and that of Eloor Panchayat by 450.7 per cent. In absolute terms the amount went up from Rs.13,683.55 to Rs.1,64,826.03, from Rs.18,487.65 to Rs.1,76,519.76, from Rs.16,942.37 to Rs.1,75,962.03, from Rs.38,689.81 to Rs.2,31,904.42 and from Rs.37,570.18 to Rs.2,06,911.30 during 1969-70 through 1983-84 in the case of Elamkunnapuzha, Narakkal, Pallippuram, Kalamassery and Eloor Panchayats respectively.

5.8.3 The main factors responsible for the tremendous rise in establishment expenditures are :-

i) Increased cost of living and consignment wage hikes.

ii) Increased strength of personnel owing to expanding and increasing activities of the Panchayats.

iii) Misutilisation of conveyance allowance.

From the Audit Report it is understood that even the field employees who are not performing field duties occasionally are getting conveyance allowance and

iv) Misutilisation of office phone call, lighting etc., can also be observed in the Panchayats.

5.8.4 From the above analysis the following facts are concluded :-

i) The growth of expenditure on establishment of Elamkunnapuzha, Narakkal and Pallippuram's is higher than that of Kalamassery and Eloor.

ii) The importance of establishment expenditure in its total and non-development expenditure of Elamkunnapuzha, Narakkal, Pallippuram is higher than that of Kalamassery and Eloor. For instance its average percentage to total expenditure during the selected years is 17.8, 21.2, 21.0, 13.5 and 14.0 per cent of Elamkunnapuzha, Narakkal, Pallippuram, Kalamassery and Eloor Panchayats respectively. During the same period, its average percentage to non-development expenditure of Elamkunnapuzha is 27.8 per cent, Narakkal is 34.8 per cent, Pallippuram is 36.0 per cent,

Kalamassery is 18.5 per cent and that of Eloor is 27.7 per cent (Table 5.7).

iii) From (i) and (ii) the possible conclusion is this :- when total expenditure increases the percentage of expenditure on establishment decreases. It is due to economy of scale in the administrative services.

iv) Continuous attempts should be made to keep the expenditure on administrative services to the minimum. While the Panchayats cannot help paying increased salaries (because of the reasons connected with inflation), economy in expenditure be practised by further curtailing recruitment wherever possible. Further, efficiency can be attained by making periodical evaluation.

#### 5.9.0 Lighting

5.9.1 Public lighting is an important aid to civic life. The main object of public lighting is to ensure the safe use of roads by vehicles during the hours of darkness. Another advantage of lighting is the protection of property from criminals.

5.9.2 The generation and distribution of electricity are the responsibilities of the State Government and expenditure on street lighting in local jurisdiction is met by the local bodies. Therefore, local bodies do not incur

expenditure on the capital side. It includes the cost of replacing the lamps and fitting new lamps in the jurisdiction of the Panchayats.

5.9.3 Table 5.8 reveals the pattern of expenditure on street lights of the selected and 'District Panchayats' during the period of study. The expenditure of 'District Panchayats' on street lights has increased by 1,094.9 per cent i.e. from Rs.3,20,060.02 in 1969-70 to Rs.38,24,532.44 in 1983-84. During the same year Elamkunnappuzha's has increased by 1,176.7 per cent, Narakkal's by 1,210.1 per cent, Pallippuram's by 569.4 per cent, Kalamassery's by 1,649.8 per cent and that of Eloor's by 1,166 per cent. In absolute terms the amount went up from Rs.8,245.55 to Rs.1,05,265.49, from Rs.4,348.94 to Rs.56,964.55, from Rs.9,955.91 to Rs.66,635.47, from Rs.19,389.86 to Rs.3,39,271.38 and from Rs.15,092.13 to Rs.1,91,069.83 during 1969-70 through 1983-84 in the case of Elamkunnappuzha, Narakkal, Pallippuram, Kalamassery and Eloor Panchayats respectively. Increase in lighting expenditure is due to :-

i) Expansion of development activities in the jurisdiction and the consequent installation of street lights.

ii) Increase in the cost of materials.



5.9.4 The next objective is to analyse what the pattern of distribution is of lighting expenditure within lighting expenditure. There are two types of street lights viz., (i) Electric lights and (ii) other than electric lights (such as kerosine street lights and patromax or gas street lights). Table 5.9 reveals electric and other than electric lighting expenditure of Elamkunnapuzha, Pallippuram and 'District Panchayats' during the period of study. Because of non-availability of data we had not taken into account of other selected Panchayats. The percentage of other than electric lights to lighting expenditure of 'District Panchayats' has decreased from 6.5 per cent in 1970-71 to 0.4 per cent in 1983-84. During the same year Elamkunnapuzha's has decreased from 16 per cent to 0.8 per cent. On the other hand Pallippuram's has decreased from 23.9 per cent in 1970-71 to 4.9 per cent in 1979-80. The above analysis shows Panchayats attained the objective of expansion of electric lights in the place of other than electric lights.

5.9.5 Kalamassery Panchayat levies service tax on street lights within the selected Panchayats.<sup>11</sup> Does the service tax on street lights cover the cost of the service? Table 5.10 reveals the revenue and expenditure on street lights of Kalamassery Panchayat during the period of study. Its

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11. For elaborate explanation see Chapter - VII.

expenditure on street lights has increased by 1,649.8 per cent i.e., from Rs.19,389.86 in 1969-70 to Rs.3,39,271.38 in 1983-84, while the revenue has increased by 199.6 per cent i.e. from Rs.28,468.34 to Rs.85,281.04. Only in 1969-70 it has obtained surplus. Then the loss had increased i.e. from -41.5 per cent in 1969-70 to -74.9 per cent in 1983-84. It is due to failure in the correct assessment of annual rental value.<sup>12</sup>

5.9.6 From the above analysis on street lights the following facts are concluded :-

i) There is a substantial increase in the expenditure on street lights of selected and 'District Panchayats' during the period of study. It is due to the expansion of development activities in the jurisdiction and the consequent installation of street lights, increase in the number of lights and replacement and increase in the material cost.

ii) Kalamassery had given more weightage to street lighting expenditure than the other selected and 'District Panchayats' in their total and non-development expenditure. For instance, the average percentage of lighting expenditure to total expenditure during 1969-70 through 1983-84 is 9.4, 5.7, 8.6, 18.1, 8.1 and 8.0 per cent of Elamkunnappuzha, Narakkal, Pallippuram, Kalamassery, Eloor and 'District

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12. See 'Building Tax' in Chapter - VII.

Panchayats' respectively. During the same years, the average percentage of lighting to non-development expenditure of Elamkunnapuzha's is 14.4 per cent, Narakkal's is 9.4 per cent, Pallippuram's is 14.4 per cent, Kalamassery's is 24.9 per cent, Eloor's is 15.9 per cent and that of 'District Panchayats' is 12.0 per cent (Table 5.8).

iii) 'District Panchayats' and selected Panchayats attained the objective of expanding electric lights even in the place of kerosine and patromax or gas street lights.

iv) Though Kalamassery Panchayat levies service tax on street lights, it does not cover the cost of its services. Besides, the gap of deficit had widened. It is mainly due to failure in the correct assessment of annual rental value of buildings. So steps should be taken on proper assessment of annual rental value of buildings and the tax rate should be raised from one per cent to 1.5 per cent.

v) Legislation should be passed, compulsorily to levy service tax on street lights and an attempt should be made by each Panchayat to cover at least the cost of its services.

#### 5.10.0 Miscellaneous Expenditure

5.10.1 Miscellaneous items consists of three items viz., Social Welfare Activities, Maintenance of Panchayats properties

and Debt Services.<sup>13</sup>

Social Welfare Activities comprises :-

i) Maternity and Child welfare including the establishment and maintenance of orphanages and foundlings home.

ii) The relief of the old and the infirm and the physically handicapped and the sick.

iii) Assistance to the residents when any natural calamity occurs.

iv) Family Planning.

v) Destitute homes and beggar homes.

5.10.2 Expenditure on Panchayats properties consists of : Maintenance of markets and slaughter houses, cattle pound, ferries, bus stand and cart stand. Besides, establishment expenditure on town planning are also under this category.

5.10.3 Debt services consists of repayment of principal and interest.

5.10.4 Table 5.11 reveals the trend and pattern of expenditure on miscellaneous items of selected and 'District Panchayats' during the selected years. The expenditure on miscellaneous items of 'District Panchayats' has increased

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13. Since, the separate account is not presented in the administrative report of Panchayats, we are forced to combine these into miscellaneous items.

by 519.9 per cent i.e. from Rs.20,39,580.65 in 1969-70 to Rs.1,26,43,567.90 in 1983-84. So also is the case with the Panchayats. For example, during the same years, the expenditure of Elamkunnapuzha Panchayat on miscellaneous items has increased by 435.6 per cent, Narakkal by 35 per cent, Pallippuram by 744.1 per cent, Kalamassery by 326.2 per cent, and that of Eloor by 1,076.9 per cent. The percentage increase in expenditure on miscellaneous items is spectacular in the case of Eloor Panchayat. In absolute terms the expenditure on miscellaneous items went up from Rs.36,069.48 to Rs.1,93,181.73, from Rs.63,463.28 to Rs.85,684.69, from Rs.45,250.69 to Rs.3,81,944.22, from Rs.1,59,636.04 to Rs.6,80,365.00 and from Rs.1,10,745.15 to Rs.20,01,020.07 during 1969-70 through 1983-84 in the case of Elamkunnapuzha, Narakkal, Pallippuram, Kalamassery and Eloor Panchayats respectively.

5.10.5 Let us analyse how the spectacular increase in expenditure on miscellaneous items are utilised ?

5.10.6 Under family planning measures, all the selected Panchayats give Rs.20 per cases. The contribution on family planning services is not encouraging. So it is advisable at least to bear the medical expenditure to the deserved cases.

5.10.7 All the selected Panchayats had not utilised the amount on maintenance of Panchayats properties in rational ways. Some of the cases are cited below :-

Purchase of land by Panchayat, the deed of transfer not in appropriate form based on Kerala Panchayat Rules 1963.<sup>14</sup>

"The Panchayat has purchased land in Verapuzha village for various purposes. The purchase was as per provision contained in rule 3(d) of Kerala Panchayat Rules 1963. According to Rule 3 of the said rules, the deed should be registered in the forms prescribed in Schedule 1 of appendix attached to these rules. But the deeds have been registered in vernacular as what is being done in the case of private parties. Hence, there is a violation to the statutory requirements and hence be considered there are no clear titles for lands purchased. The violation of the rule for registering the deed in prescribed form is condemned by the governments pending which the payments on this account are held under objection. Further it may also be noted that there is a waste of expenditure in having paid excess charges to the document writers where as per rules the documents have been got typed at a far lesser expenses. The matter is

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14. Audit Report of Eloor Panchayat 1978-79, p.No.33-34.

<u>Voucher No.</u>	<u>Amount</u> (In Rs.)	<u>Details of payment</u>
1) 40-10/78	76,500/-	Cost of one acre & two cents of land in Sy. No.128/ABC of Varapuzha village.
2) 16-12/78	14,400/-	Value of land in Sy. No.285/12 in Varapuzha villagel
3) 7-1/79	1,200/-	Cost of 7 cents of land in Sy.No.71/79 of Varapuzha village.
4) 28-1/79	60,000/-	Cost of 40 cents of land in Sy.No.166/8 of Varapuzha village, along with a building having value of Rs.8,000.
5) 28-2/79	78,000/-	Cost of 65 cents of land in Sy. No.67/7 Varapuzha village.
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Total	2,30,200/-	=====

In the item No.4 above the purchase is along with a building at a value of Rs.8,000/-. The details of disposal or otherwise using of this building may be pointed out. The building has

not been disposed of or it has not been let out on rent as per the register of rents on land and buildings."

5.10.8 Cutting of Coconut Trees and Putting up Bridges

Objected Rs.1,452/-<sup>15</sup>

1. "Vr.No.47/5-80 - Rs.480.00 - Charges for cutting and putting of coconut trees for 16 bridges in Sy.No. 1001/1-2, 1002/1-2 paid to Sri. T.S. Shekaran, contractor.

No estimate is seen prepared for the work. 20 coconut trees were seen cut from housing site for one lakh housing scheme. Sanction from the Deputy Director has not been obtained for cutting the coconut trees."

2. "Vr.No.39/7-80 for Rs.972/- charges for cutting coconut trees and putting of bridges in various places in the Panchayat area.

No estimate is seen prepared for this work also. It could not be ascertained whether these bridges are laid in Panchayat properties."<sup>16</sup>

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15. Audit Report of Narakkal Panchayat 1980-81, p.24.

16. Ibid.



The cost of the debt services of the selected Panchayats is comparatively lower than the cost of maintenance of Panchayat properties. Because, the borrowed amount from the Government of all these Panchayats is negligible. The main reasons for this :-

- i) Delay in sanctioning loans by the Government and
- ii) Even when the Government sanctioned the loan, it does not meet even one fourth of the cost of the work.

From the above analysis of miscellaneous items the following facts are concluded :-

- i) All the selected except Pallippuram and 'District Panchayats' has been given top priority on miscellaneous items in their total and non-development expenditure (Table 5.12).
- ii) The services towards social welfare by the Panchayats are far from satisfactory.
- iii) Amount spent on the maintenance of Panchayat properties is not based on the rational principle. So speedy steps should be essential to curb the misutilisation.

#### 5.11.0 Efficiency of Panchayat Expenditure

5.11.1 According to the theory of Public Finance the achievement of allocative efficiency in public expenditure means the

making of the best use of resources to achieve maximum benefits to the society. This would imply avoidance of waste and careful budgeting. The cost estimate of each scheme should be carefully prepared and administrative expenditure should be reduced as far as possible. To achieve efficiency in public expenditure administrative efficiency of the highest order is essential. Besides, every item of expenditure in the budget must be sanctioned by the proper authorities as provided by the law and there should be no deviation from the expenditure as provided for.

5.11.2 An analysis of the selected Panchayats in Ernakulam district reveals that in many cases the above principles of efficiency in public expenditure had not been followed. In the first place, as we have already seen, Panchayat expenditure is not undertaken in the context of a five year plan and therefore there is no planned allocation of resources. In many cases it has also been noted that the estimates of schemes are not correctly and carefully prepared and this has involved in many cases a large waste of resources.

5.11.3 A large number of cases of financial irregularities have been mentioned in the Audit Reports of the Panchayats such as payment against contract rules, double payment etc. A separate revenue and capital accounts had not been kept

by these Panchayats. Due to this it hinders the achievement of efficiency and economy in local expenditure. To attain this the staff of the Panchayat should be fully trained to be experts in the technique of the preparation of Government Budget.

5.11.4 The Audit Reports on the finances of Panchayats are full of copious instances of double and irregular payment of large sums of money, excess payment and payment without proper authorisation. It is needless to reproduce various instances of financial irregularities. The registers of various accounts such as grants, contributions are not maintained upto date in many cases and estimates of expenditure are not correctly and properly done. Therefore, it is possible to conclude that the resources of the Panchayats are not properly utilised.

Table 5.1. Expenditure on Public Works of the Selected and 'District Panchayats' during 1969-70 through 1983-84

(in Rs.)

Year	Elamkunnappuzha			Narakkal			Pallippuram		
	Expenditure	Column 2 as % of total expendi- ture	Column 2 as % of develop- ment ex- penditure	Expenditure	Column 5 as % of total expendi- ture	Column 5 as % of develop- ment ex- penditure	Expenditure	Column 8 as % of total expendi- ture	Column 8 as % of develop- ment ex- penditure
1	2	3	4	5	6	7	8	9	10
1969-70	49390.75	46.0	100.00	54861.00	35.5	80.5	61258.45	45.8	99.7
1970-71	23947.50	22.9	76.1	37665.80	30.6	74.6	35778.75	24.0	100.00
1971-72	23143.71	17.5	48.0	31143.63	22.7	56.8	23718.95	20.7	89.0
1972-73	29346.50	19.6	93.0	37088.00	21.0	87.6	22800.80	15.8	99.3
1973-74	53434.50	31.7	98.2	90928.00	38.8	93.8	52731.90	28.4	67.8
1974-75	86336.50	33.9	95.8	53263.32	26.5	88.6	36842.95	19.5	59.5
1975-76	98544.22	35.4	90.7	44241.25	24.3	85.2	62431.25	29.2	71.4
1976-77	113829.80	37.6	87.8	36293.58	17.6	45.1	140223.00	47.9	84.9
1977-78	102606.00	30.0	82.2	176460.10	38.5	93.3	183535.69	43.1	86.9
1978-79	124188.45	31.7	94.6	10417.08	4.4	23.4	142552.30	38.4	95.6
1979-80	113361.00	26.5	72.8	67167.25	17.1	51.2	87075.62	27.5	75.3
1980-81	204324.20	31.4	85.7	184992.97	30.7	73.6	124405.78	18.1	52.4
1981-82	275450.26	39.5	89.6	268432.40	38.4	80.5	292540.22	40.8	89.2
1982-83	355465.36	46.4	91.9	351280.59	44.1	84.8	436756.54	54.4	92.1
1983-84	40102.25	7.5	55.2	329026.51	49.1	93.7	321193.00	32.1	85.2
Average during 1969-70 through 1983-84.	--	30.5	84.1	--	29.3	74.2	--	32.4	83.2

Source :- i) Administrative Reports of Kerala Panchayats 1969-70 through 1978-79 (Published).

ii) Administrative Reports of Ernakulam District Panchayat 1979-80 through 1983-84.  
(Unpublished).

(Contd.)

Table 5.1 (Contd.)

Year	Kalamassery			Eloor			'District Panchayats'		
	Expenditure	Column 11 as % of total expendi- ture	Column 11 as % of develop- ment ex- penditure	Expenditure	Column 14 as % of total expendi- ture	Column 14 as % of develop- ment ex- penditure	Expenditure	Column 17 as % of total expen- diture	Column 17 as % of develop- ment ex- penditure
1	11	12	13	14	15	16	17	18	19
1969-70	41733.00	15.0	70.0	3091.00	1.8	39.0	2115811.12	35.7	89.9
1970-71	14630.00	8.6	69.9	193980.30	51.1	93.0	1976829.57	34.2	87.5
1971-72	149598.00	31.4	54.5	149773.00	32.7	73.6	2453728.44	32.5	80.4
1972-73	94526.37	28.8	83.6	132843.53	36.5	78.0	1664590.93	24.0	83.9
1973-74	47678.00	12.2	86.9	86941.05	26.6	94.7	1627314.27	23.7	83.4
1974-75	69796.57	16.0	73.8	203662.66	43.3	94.7	1937549.45	22.6	84.1
1975-76	215650.40	33.3	93.2	214545.42	49.1	89.6	2544384.28	24.8	84.4
1976-77	406715.50	43.9	96.4	227307.00	50.5	85.6	3198720.10	26.9	85.6
1977-78	143148.00	19.9	87.4	105054.43	12.7	42.2	3522814.07	27.1	84.0
1978-79	212723.75	18.4	93.7	262578.00	24.8	87.6	2899168.63	21.6	82.2
1979-80	174137.00	15.2	82.8	607266.75	50.4	76.5	3501371.37	24.6	83.0
1980-81	88313.88	6.4	24.5	352057.90	29.8	43.2	4877791.27	23.7	74.9
1981-82	145450.45	9.9	78.1	380875.60	32.6	52.0	7845515.65	29.1	82.3
1982-83	314145.00	15.7	92.6	430652.89	34.3	63.4	11217682.60	33.6	86.5
1983-84	202902.00	13.2	70.7	136616.40	4.9	34.7	11481186.23	31.1	89.1
Average during 1969-70 through 1983-84.	--	19.2	77.2	--	31.7	69.9	--	27.7	84.1

Table 5.2. Nominal and Real Per capita Expenditure on Public Works of the Selected and 'District Panchayats'During 1969-70 through 1983-84

(in Rs.)

Year	Elamkunnappuzha		Narakkal		Pallippuram	
	Nominal Per capita expenditure	Real Per capita expenditure	Nominal Per capita expenditure	Real Per capita expenditure	Nominal Per capita expenditure	Real Per capita expenditure
1	2	3	4	5	6	7
1969-70	1.40	1.40	2.90	2.90	1.89	1.89
1970-71	0.66	0.62	1.96	1.85	1.09	1.03
1971-72	0.63	0.57	1.53	1.38	0.71	0.64
1972-73	0.79	0.64	1.73	1.40	0.68	0.55
1973-74	1.40	0.89	4.05	2.56	1.54	0.97
1974-75	2.23	1.21	2.26	1.23	1.06	0.58
1975-76	2.50	1.52	1.80	1.10	1.78	1.09
1976-77	2.85	1.59	1.41	0.79	3.95	2.21
1977-78	2.53	1.38	6.59	3.58	5.11	2.78
1978-79	3.02	1.58	0.37	0.19	3.92	2.05
1979-80	2.72	1.26	2.32	1.07	2.37	1.10
1980-81	4.82	2.00	6.17	2.56	3.35	1.39
1981-82	6.41	2.43	8.64	3.27	7.78	2.95
1982-83	8.16	2.96	10.92	3.96	11.98	4.34
1983-84	0.91	0.31	9.90	3.38	8.35	2.85
Average during 1969-70 through 1973-74	0.98	0.82	2.43	2.02	1.18	1.02
Average during 1974-75 through 1978-79	2.63	1.46	2.49	1.38	3.16	1.74
Average during 1979-80 through 1983-84	4.60	1.79	7.59	2.85	6.77	2.53
Average during 1969-70 through 1983-84	2.74	1.35	4.17	2.08	3.70	1.76

(Contd.)

Table 5.2 (Contd.)

Year	Kalamassery		Eloor		'District Panchayats'	
	Nominal Per capita expenditure	Real Per capita expenditure	Nominal Per capita expenditure	Real Per capita expenditure	Nominal Per capita expenditure	Real Per capita expenditure
1	8	9	10	11	12	13
1969-70	1.47	1.47	0.07	0.07	1.39	1.39
1970-71	0.50	0.47	4.37	4.12	1.27	1.20
1971-72	4.86	4.38	3.31	2.98	1.55	1.40
1972-73	2.95	2.38	2.89	2.33	1.04	0.84
1973-74	1.43	0.90	1.86	1.18	1.00	0.63
1974-75	2.02	1.10	4.27	2.32	1.17	0.64
1975-76	6.03	3.68	4.43	2.70	1.51	0.92
1976-77	10.99	6.14	4.61	2.58	1.87	1.04
1977-78	3.74	2.03	2.10	1.14	2.02	1.10
1978-79	5.40	2.83	5.16	2.70	1.64	0.86
1979-80	4.28	1.98	11.74	5.44	1.95	0.90
1980-81	2.10	0.87	6.70	2.78	2.68	1.11
1981-82	3.35	1.27	7.14	2.70	4.25	1.61
1982-83	7.07	2.56	7.95	2.88	6.00	2.17
1983-84	4.44	1.52	2.49	0.85	6.04	2.06
Average during 1969-70 through 1973-74	2.24	1.92	2.50	2.14	1.25	1.09
Average during 1974-75 through 1978-79	5.64	3.16	4.11	2.29	1.64	0.91
Average during 1979-80 through 1983-84	4.25	1.64	7.20	2.93	4.18	1.57
Average during 1969-70 through 1983-84	4.04	2.24	4.60	2.45	2.36	1.19

Table 5.3 Expenditure on Education of the Selected and 'District Panchayats during 1969-70 through 1983-84

(in Rs.)

Year	Elamkunnappuzha			Narakkal			Pallippuram		
	Expenditure	Column 2 as % of total ex- penditure	Column 2 as % of develop- ment ex- penditure	Expenditure	Column 5 as % of total ex- penditure	Column 5 as % of develop- ment ex- penditure	Expenditure	Column 8 as % of total ex- penditure	Column 8 as % of develop- ment ex- penditure
1	2	3	4	5	6	7	8	9	10
1969-70	--	--	--	879.52	0.6	1.3	200.00	0.1	0.3
1970-71	776.71	0.7	2.5	1096.00	0.9	2.2	--	--	--
1971-72	959.12	0.7	2.0	2081.32	1.5	3.8	438.80	0.4	1.6
1972-73	2218.89	1.5	7.0	2121.90	1.2	5.0	150.00	0.1	0.7
1973-74	993.91	0.6	1.8	2896.40	1.2	3.0	--	--	--
1974-75	3028.62	1.2	3.4	4652.46	2.3	7.7	--	--	--
1975-76	1625.28	0.6	1.5	4240.15	2.3	9.2	--	--	--
1976-77	1980.00	0.7	1.5	4163.19	2.0	5.2	--	--	--
1977-78	2280.00	0.7	1.8	3282.40	0.7	1.7	2750.00	0.6	1.3
1978-79	2858.50	0.7	2.2	19849.57	8.5	44.6	2120.00	0.6	1.4
1979-80	3080.00	0.7	2.0	6076.29	1.5	4.6	3612.10	1.1	3.1
1980-81	11634.95	1.8	4.9	9351.33	1.6	3.7	5518.35	0.8	2.3
1981-82	5425.14	0.8	1.8	8641.00	1.2	2.6	3240.28	0.5	1.0
1982-83	600.00	0.1	0.2	7489.81	0.9	1.8	3150.00	0.4	0.7
1983-84	2017.30	0.4	2.8	4822.00	0.7	1.4	2400.50	0.2	0.6
Average during 1969-70 through 1983-84		0.7	2.4		1.8	6.5		0.3	0.9

Source :- op.cit., See Table 5.1

(Contd.)



Table 5.3 (Contd.)

Year	Kalamassery			Eloor			'District Panchayats'		
	Expenditure	Column 11 as % of total ex- penditure	Column 11 as % of develop- ment ex- penditure	Expenditure	Column 14 as % of total ex- penditure	Column 14 as % of develop- ment ex- penditure	Expenditure	Column 17 as % of total ex- penditure	Column 17 as % of develop- ment ex- penditure
1	11	12	13	14	15	16	17	18	19
1969-70	2766.24	1.0	4.6	2840.88	1.7	35.7	128751.26	2.3	5.4
1970-71	1530.06	0.9	7.2	1561.55	0.4	0.7	132347.66	2.3	6.0
1971-72	250.00	--	0.2	4271.65	0.9	2.1	151790.31	2.0	5.0
1972-73	698.81	0.2	0.6	7270.19	2.0	4.3	123452.71	1.8	5.2
1973-74	1549.00	0.4	2.8	1845.00	0.6	2.0	97191.03	1.4	5.0
1974-75	2828.49	0.6	3.0	1043.94	0.2	0.5	104187.39	1.2	4.5
1975-76	5322.14	0.8	2.3	9450.50	2.2	3.9	185456.65	1.8	5.2
1976-77	15323.00	1.7	3.6	17889.60	4.0	5.7	221981.89	1.9	5.9
1977-78	15227.10	2.1	9.3	2276.76	0.3	0.9	188339.20	1.5	4.5
1978-79	14257.75	1.2	6.3	2730.00	0.3	0.9	188129.01	1.4	5.3
1979-80	10310.05	0.9	4.9	4200.40	0.3	0.5	147455.81	1.0	3.5
1980-81	24797.80	1.8	6.9	4457.62	0.4	0.5	414162.34	2.0	5.4
1981-82	15325.06	1.0	8.2	85675.20	7.3	11.7	506411.25	1.9	5.3
1982-83	10143.71	0.5	3.0	134355.65	10.7	19.8	608416.65	1.8	4.7
1983-84	44500.00	2.9	15.5	126256.20	4.5	32.0	316218.73	0.9	2.5
Average during 1969-70 through 1983-84		1.1	6.9		2.4	8.1		1.7	4.9

Table 5.4. Nominal and Real Per capita expenditure on Education of the Selected and 'District Panchayats'

During 1969-70 through 1983-84

(in Rs.)

Year	Elamkunnappuzha		Narakkal		Pallippuram	
	Nominal Per capita expenditure	Real Per capita expenditure	Nominal Per capita expenditure	Real per capita expenditure	Nominal Per capita expenditure	Real Per capita expenditure
1	2	3	4	5	6	7
1969-70	--	--	0.05	0.05	0.01	0.01
1970-71	0.02	0.02	0.06	0.06	--	--
1971-72	0.03	0.03	0.10	0.09	0.01	0.01
1972-73	0.06	0.05	0.10	0.09	--	--
1973-74	0.03	0.02	0.13	0.08	--	--
1974-75	0.08	0.04	0.20	0.11	--	--
1975-76	0.04	0.02	0.17	0.10	--	--
1976-77	0.05	0.03	0.16	0.09	--	--
1977-78	0.06	0.03	0.12	0.07	0.08	0.04
1978-79	0.07	0.04	0.71	0.37	0.05	0.03
1979-80	0.07	0.03	0.21	0.09	0.10	0.05
1980-81	0.27	0.11	0.31	0.13	0.15	0.06
1981-82	0.13	0.05	0.28	0.11	0.09	0.03
1982-83	0.01	--	0.23	0.08	0.09	0.03
1983-84	0.05	0.02	0.11	0.04	0.06	0.02
Average during 1969-70 through 1973-74	--	0.02	--	0.07	--	--
Average during 1974-75 through 1978-79	--	0.03	--	0.15	--	0.01
Average during 1979-80 through 1983-84	--	0.04	--	0.09	--	0.04
Average during 1969-70 through 1983-84	--	0.03	--	0.10	--	0.02

(Contd.)

Table 5.5 Expenditure on Public Health of the Selected and 'District Panchayats' During 1969-70 through 1983-84

(in Rs.)

Year	Elamkunnappuzha			Narakkal			Pallippuram		
	Expenditure	Column 2 as % of total ex- penditure	Column 2 as % of develop- ment ex- penditure	Expenditure	Column 5 as % of total ex- penditure	Column 5 as % of develop- ment ex- penditure	Expenditure	Column 8 as % Total expen- diture	Column 8 as % develop- ment ex- penditure
1	2	3	4	5	6	7	8	9	10
1969-70	--	--	--	12441.39	8.1	18.2	--	--	--
1970-71	6737.07	6.4	21.4	11739.44	9.5	23.2	--	--	--
1971-72	24096.12	18.2	50.0	21628.13	15.7	39.4	2500.00	2.2	9.4
1972-73	--	--	--	3105.20	1.8	7.3	--	--	--
1973-74	--	--	--	3065.80	1.3	3.2	25000.00	13.5	32.2
1974-75	783.00	0.3	0.9	2208.20	1.1	3.7	25000.00	13.2	40.4
1975-76	8454.25	3.0	7.8	3455.18	1.9	6.7	25000.00	11.7	28.6
1976-77	14000.00	4.6	10.8	40040.25	19.5	49.7	25000.00	8.5	15.1
1977-78	20000.00	5.9	16.0	9487.25	2.1	5.0	25000.00	5.9	11.8
1978-79	4295.00	1.1	3.3	14244.33	6.1	32.0	4472.25	1.2	3.0
1979-80	39228.15	9.2	25.2	58012.45	14.8	44.2	25000.00	7.9	21.6
1980-81	22500.00	3.5	9.4	57056.05	9.5	22.7	107311.09	15.6	45.2
1981-82	26460.20	3.8	8.6	56325.44	8.1	16.9	32125.50	4.5	9.8
1982-83	30652.00	4.0	7.9	55533.81	7.0	13.4	34144.95	4.3	7.2
1983-84	30505.00	5.7	42.0	17219.44	2.6	4.9	53583.20	5.3	14.2
Average during 1969-70 through 1983-84	--	4.4	13.6	--	7.3	19.4	--	6.3	15.9

Source :- op.cit., See Table 5.1

(Contd.)

Table 5.5 (Contd.)

Year	Kalamassery			Eloor			'District Panchayats'		
	Expenditure	Column 11 as % of Total ex- penditure	Column 11 as % of develop- ment ex- penditure	Expenditure	Column 14 as % of total ex- penditure	Column 14 as % of develop- ment ex- penditure	Expenditure	Column 17 as % of total expen- diture	Column 17 as % of deve- lopment expendi- ture
1	11	12	13	14	15	16	17	18	19
1969-70	15157.15	5.5	25.4	2033.80	1.2	25.5	135206.54	2.3	5.7
1970-71	5086.64	3.0	23.9	13130.00	3.5	6.3	151053.39	2.6	6.7
1971-72	124769.37	26.1	45.4	49521.48	10.8	24.3	445509.63	5.9	14.6
1972-73	17830.50	5.4	15.8	30236.30	8.3	17.7	196819.72	2.8	9.9
1973-74	5668.26	1.4	10.4	2994.00	0.9	3.3	226715.96	3.3	11.6
1974-75	21941.12	5.0	23.2	10394.80	2.2	4.8	262721.32	3.1	11.4
1975-76	10434.21	1.6	4.5	15345.20	3.5	6.4	285545.24	2.8	9.5
1976-77	--	--	--	20223.50	4.5	7.6	318244.47	2.7	8.5
1977-78	5449.40	0.8	3.3	141558.35	17.1	56.9	480755.97	3.7	11.5
1978-79	--	--	--	34453.57	3.3	11.5	438856.35	3.3	12.4
1979-80	25923.36	2.3	12.3	181920.20	15.1	22.9	567691.01	4.0	13.5
1980-81	247869.92	18.0	68.7	457869.03	38.7	56.2	1220199.67	5.9	18.7
1981-82	25484.03	1.7	13.7	265445.20	22.7	36.3	1180450.48	4.4	12.4
1982-83	14823.60	0.7	4.4	113749.40	9.0	16.8	1137273.25	3.4	9.8
1983-84	39685.00	2.6	13.8	131180.10	4.7	33.3	1089442.19	2.9	8.5
Average during 1969-70 through 1983-84	--	4.9	17.7	--	9.7	22.0	--	3.5	11.0

Table 5.6 Nominal and Real Per capita Expenditure on Public Health of the Selected and 'District Panchayats'  
During 1969-70 through 1983-84

(in Rs.)						
Year	Elamkunnappuzha		Narakkal		Pallippuram	
	Nominal Per capita Expenditure	Real Per capita Expenditure	Nominal Per capita Expenditure	Real Per capita Expenditure	Nominal Per capita Expenditure	Real Per capita Expenditure
1	2	3	4	5	6	7
1969-70	--	--	0.66	0.66	--	--
1970-71	0.19	0.18	0.61	0.58	--	--
1971-72	0.65	0.59	1.06	0.95	0.08	0.07
1972-73	--	--	0.15	0.12	--	--
1973-74	--	--	0.14	0.09	0.73	0.46
1974-75	0.02	0.01	0.10	0.05	0.72	0.39
1975-76	0.21	0.13	0.14	0.10	0.71	0.43
1976-77	0.35	0.20	1.56	0.87	0.70	0.39
1977-78	0.49	0.26	0.35	0.19	0.70	0.38
1978-79	0.10	0.05	0.51	0.26	0.12	0.06
1979-80	0.94	0.44	2.01	0.93	0.68	0.31
1980-81	0.61	0.25	1.90	0.79	2.89	1.20
1981-82	0.62	0.23	1.81	0.69	0.85	0.32
1982-83	0.70	0.25	1.73	0.63	0.90	0.33
1983-84	0.69	0.24	0.52	0.18	1.39	0.47
Average during 1969-70 through 1983-84	--	0.19	--	0.47	--	0.32

(Contd.)

Table 5.6 (Contd.)

Year	Kalamassery		Eloor		'District Panchayats'	
	Nominal Per capita Expenditure	Real Per capita Expenditure	Nominal Per capita Expenditure	Real Per capita Expenditure	Nominal Per capita Expenditure	Real Per capita Expenditure
1	8	9	10	11	12	13
1969-70	0.54	0.54	0.05	0.05	0.09	0.09
1970-71	0.17	0.16	0.30	0.29	0.10	0.09
1971-72	4.05	3.65	1.10	0.99	0.28	0.25
1972-73	0.56	0.45	0.66	0.53	0.12	0.10
1973-74	0.17	0.11	0.06	0.04	0.14	0.09
1974-75	0.64	0.35	0.22	0.12	0.16	0.10
1975-76	0.29	0.18	0.32	0.20	0.17	0.10
1976-77	--	--	0.41	0.23	0.19	0.11
1977-78	0.14	0.08	2.83	1.54	0.28	0.15
1978-79	--	--	0.68	0.36	0.25	0.13
1979-80	0.64	0.30	3.52	1.63	0.32	0.15
1980-81	5.91	2.45	8.72	3.62	0.67	0.28
1981-82	0.59	0.22	4.98	1.89	0.64	0.24
1982-83	0.33	0.12	2.10	0.76	0.61	0.22
1983-84	0.86	0.29	2.39	0.82	0.57	0.19
Average during 1969-70 through 1983-84	--	0.59	--	0.87	--	0.15

Table 5.7 Expenditure on Establishment of the Selected and 'District Panchayats' during 1969-70 through 1983-84

(in Rs.)

Year	Elamkunnappuzha			Narakkal			Pallippuram		
	Expenditure	Column 2 as % of total expendi- ture	Column 2 as % of non-deve- lopment expendi- ture	Expenditure	Column 5 as % of total expendi- ture	Column 5 as % of non-deve- lopment expendi- ture	Expenditure	Column 8 as % of total expen- diture	Column 8 as % of non- develop- ment ex- penditure
1	2	3	4	5	6	7	8	9	10
1969-70	13684.55	12.7	23.6	18487.65	12.0	21.4	16942.37	12.7	23.5
1970-71	16658.87	15.9	22.7	22017.48	17.9	30.3	19282.63	13.0	17.1
1971-72	19605.47	14.8	23.4	18897.30	13.8	22.9	17887.15	15.6	20.4
1972-73	22252.20	14.8	18.8	27328.65	15.5	20.3	24553.56	17.0	20.2
1973-74	29596.70	17.6	25.9	30236.34	12.9	22.0	34764.20	18.7	32.2
1974-75	38049.50	14.9	23.1	58293.70	29.0	41.5	57480.09	30.4	45.2
1975-76	42326.45	15.2	25.0	53315.40	29.3	41.1	65530.15	30.7	51.9
1976-77	46641.80	15.4	26.9	49312.58	24.0	39.4	71739.24	24.5	55.2
1977-78	60768.45	17.8	28.0	66067.75	14.4	24.5	85566.14	20.1	39.9
1978-79	71989.20	18.4	27.6	75383.47	32.1	39.6	97320.68	26.2	43.8
1979-80	79385.40	18.6	29.2	108271.60	27.6	41.5	97950.00	30.9	48.7
1980-81	124497.95	19.1	30.2	128823.37	21.4	36.7	116800.00	17.0	25.9
1981-82	138524.40	19.9	35.5	148525.25	21.3	40.7	142120.00	19.8	36.5
1982-83	156352.60	20.4	41.3	168425.43	21.2	44.1	167540.00	20.9	51.0
1983-84	164826.03	30.8	35.1	176519.76	26.3	55.3	175962.03	17.6	28.2
Average during 1969-70 through 1983-84	--	17.8	27.8	--	21.2	34.8	--	21.0	36.0

Source :- op.cit. see Table 5.1

(Contd.)

Table 5.7 (Contd.)

Year	Kalamassery			Eloor			'District Panchayats'		
	Expenditure	Column 11 as % of total ex- penditure	Column 11 as % of non-deve- lopment expenditure	Expenditure	Column 14 as % of total ex- penditure	Column 14 as % of non-deve- lopment expenditure	Expenditure	Column 17 as % of total ex- penditure	Column 17 as % of non-deve- lopment expendi- ture
1	11	12	13	14	15	16	17	18	19
1969-70	38689.81	13.9	17.8	37570.18	21.9	23.0	1183797.20	20.0	33.4
1970-71	29924.60	17.5	20.0	33458.90	8.8	19.5	1261453.22	21.8	35.8
1971-72	52343.93	11.0	25.8	27801.20	6.1	11.0	1436124.62	19.0	32.0
1972-73	46589.87	14.2	21.6	44063.08	12.1	22.8	1359913.21	19.6	27.4
1973-74	50997.74	13.0	15.1	66229.53	20.3	28.2	1677529.17	24.4	34.1
1974-75	65098.49	14.9	19.0	73523.19	15.6	28.8	2375328.16	27.7	37.9
1975-76	90154.25	13.9	21.7	81645.28	18.7	41.3	2745353.25	26.7	37.9
1976-77	118518.69	12.8	23.5	89359.75	19.9	48.4	3126163.66	26.3	38.4
1977-78	126652.12	17.6	22.9	100275.51	12.1	17.3	3427786.62	26.4	39.0
1978-79	131526.12	11.4	14.2	106044.55	10.0	14.0	3634866.12	27.1	36.8
1979-80	143098.98	12.5	15.3	144652.22	12.0	35.3	4218234.44	29.7	42.2
1980-81	166423.94	12.1	16.3	163570.30	13.8	44.3	5057809.17	24.6	35.9
1981-82	184325.54	12.5	14.3	182465.25	15.6	41.7	5967811.22	22.1	34.2
1982-83	199025.48	10.0	12.0	197012.28	15.7	34.1	6887814.29	20.6	33.7
1983-84	231904.42	15.1	18.5	206911.30	7.4	8.6	7616991.23	20.6	31.6
Average during 1969-70 through 1983-84	--	13.5	18.5	--	14.0	27.7	--	23.8	35.4



Table 5.8 Expenditure on Lighting of the Selected and 'District Panchayats' During 1969-70 through 1983-84

(in Rs.)

Year	Elamkunnappuzha			Narakkal			Pallippuram		
	Expenditure	Column 2 as % of Total ex- penditure	Column 2 as % of Non-deve- lopment expendi- ture	Expenditure	Column 5 as % of Total expendi- ture	Column 5 as % of Non-deve- lopment expendi- ture	Expenditure	Column 8 as % of Total expendi- ture	Column 8 as % of Non-deve- lopment expendi- ture
1	2	3	4	5	6	7	8	9	10
1969-70	8245.55	7.7	14.2	4348.94	2.8	5.0	9955.91	7.5	13.8
1970-71	11107.29	10.6	15.2	6852.30	5.6	9.4	12193.29	8.2	10.8
1971-72	11839.00	9.0	14.1	6806.61	5.0	8.3	11369.23	10.0	13.0
1972-73	12484.66	8.3	10.5	7558.31	4.3	5.6	11904.35	8.2	9.8
1973-74	16376.56	9.7	14.4	9266.68	4.0	6.7	14794.79	8.0	13.7
1974-75	26153.61	10.3	15.9	11207.04	5.6	8.0	19078.53	10.1	15.0
1975-76	31422.46	11.3	18.5	15441.22	8.5	11.9	25194.55	11.8	20.0
1976-77	36449.96	12.0	21.0	17873.09	8.7	14.3	30182.42	10.3	23.7
1977-78	27746.34	8.1	12.8	12915.00	2.8	4.8	35369.82	8.4	16.5
1978-79	36788.79	9.4	14.1	18597.48	7.9	9.8	31873.85	8.5	14.3
1979-80	40247.93	9.4	14.8	19256.84	4.9	7.4	34769.06	11.0	17.3
1980-81	40254.85	6.2	9.8	29181.63	4.8	8.3	48211.45	6.9	10.7
1981-82	36320.25	5.2	9.3	38464.26	5.5	10.5	48172.40	6.7	12.4
1982-83	33665.86	4.4	8.9	50676.78	6.4	13.3	49272.02	6.2	15.0
1983-84	105265.49	19.6	22.7	56964.55	8.5	17.8	66635.47	6.6	10.7
Average during 1969-70 through 1983-84	--	9.4	14.4	--	5.7	9.4	--	8.6	14.4

Source :- op.cit., See Table 5.1

(Contd.)

Table 5.3 (Contd.)

Year	Kalamassery			Eloor		'District Panchayats'			
	Expenditure	Column 11 as % of Total ex- penditure	Column 11 as % of non-deve- lopment expendi- ture	Expenditure	Column 14 as % of Total ex- penditure	Column 14 as % of non-deve- lopment expendi- ture	Expenditure	Column 17 as % of Total ex- penditure	Column 17 as % of Non-deve- lopment expendi- ture
1	11	12	13	14	15	16	17	18	19
1969-70	19389.86	7.0	8.9	15092.13	8.8	9.2	320060.02	5.4	9.0
1970-71	34172.42	20.0	22.9	17862.84	4.7	10.4	398918.11	6.9	11.3
1971-72	64368.06	13.5	31.8	26167.17	5.7	10.3	547127.88	7.2	12.2
1972-73	66140.74	20.1	30.7	35341.53	9.7	18.3	569287.63	7.7	11.4
1973-74	128118.69	32.7	38.0	39870.29	12.2	16.0	784831.29	11.4	15.9
1974-75	119876.01	27.5	35.1	42029.34	8.9	16.5	788573.74	9.2	12.6
1975-76	140325.50	21.7	33.7	50465.60	11.5	25.5	960455.65	9.4	13.3
1976-77	171849.75	18.5	34.0	59591.31	13.2	32.3	1134327.31	9.6	13.9
1977-78	141385.12	19.7	25.5	41892.31	5.1	7.2	857961.21	6.6	9.8
1978-79	131217.74	11.4	14.1	55445.65	5.2	7.3	933085.79	6.9	9.4
1979-80	182126.60	15.9	19.5	55447.30	4.6	13.5	1047718.78	7.3	10.5
1980-81	189742.48	13.8	18.6	63087.14	5.3	17.1	1342378.49	6.6	9.6
1981-82	188462.47	12.8	14.6	85964.45	7.4	19.7	1990826.65	7.3	11.4
1982-83	306694.91	15.3	18.5	154543.48	12.3	26.7	2679242.89	8.0	13.1
1983-84	339271.38	22.1	27.1	191069.83	6.8	8.0	3824532.44	10.3	15.9
Average during 1969-70 through 1983-84	--	18.1	24.9	--	8.1	15.9	--	8.0	12.0

Table 5.9 Expenditure on Kerosine and Patromax Lights of Elamkunnappuzha, Pallipuram and 'District Panchayats' during the Selected Years

(in Rs.)

Year	'District Panchayats		Elamkunnappuzha		Pallipuram	
	Expenditure	Column 2 as % of lighting expenditure	Expenditure	Column 4 as % of lighting expenditure	Expenditure	Column 6 as % of lighting expenditure
1	2	3	4	5	6	7
1970-71	26090.67	6.5	1772.52	16.0	2913.25	23.9
1971-72	17299.11	3.2	1529.60	12.9	2805.25	24.7
1972-73	44009.48	7.7	1193.10	9.6	4604.00	38.7
1973-74	14072.50	1.8	--	--	--	--
1974-75	42681.82	5.4	--	--	3820.00	20.0
1977-78	22825.17	2.7	--	--	1956.00	5.5
1978-79	19902.93	2.1	--	--	1659.00	5.2
1979-80	34858.20	3.3	--	--	1694.00	4.9
1980-81	53362.02	4.0	863.68	2.1	--	--
1983-84	16858.14	0.4	872.10	0.8	--	--

Source :- op.cit. See Table 5.1

Table 5.10. Revenue and Expenditure of Street Lighting of  
Kalamassery Panchayat during 1969-70 through 1983-84

(in Rs.)

Year	Revenue	Expenditure	Column 2 as % of Column 3	% of Loss or gain (Column 4 - 100%)
1	2	3	4	5
1969-70	28468.34	19389.86	146.8	+46.8
1970-71	19979.70	34172.42	58.5	-41.5
1971-72	23518.06	64368.06	36.5	-63.5
1972-73	26770.46	66140.74	40.5	-59.5
1973-74	30352.58	128118.69	23.7	-76.3
1974-75	32588.85	119876.01	27.2	-72.8
1975-76	37338.00	140325.50	26.6	-73.4
1976-77	42088.30	171849.75	24.5	-75.5
1977-78	37939.62	141385.12	26.8	-73.2
1978-79	54212.05	131217.74	41.3	-58.7
1979-80	67799.13	182126.60	37.2	-62.8
1980-81	57337.81	189742.48	30.2	-69.8
1981-82	73922.94	188462.47	39.2	-60.8
1982-83	72785.47	306694.91	23.7	-76.3
1983-84	85281.04	339271.38	25.1	-74.9

Source :- op.cit., See Table 5.1

Table 5.11 Expenditure on Miscellaneous Items of the Selected and 'District Panchayats' during 1969-70 through 1983-84

(in Rs.)

Year	Elamkunnappuzha			Narakkal			Pallippuram		
	Expenditure	Column 2 as % of total expendi- ture	Column 2 as % of non-deve- lopment expendi- ture	Expenditure	Column 5 as % of total expendi- ture	Column 5 as % of non-deve- lopment expendi- ture	Expenditure	Column 8 as % of total expendi- ture	Column 8 as % of non-deve- lopment expendi- ture
1	2	3	4	5	6	7	8	9	10
1969-70	36069.48	33.6	62.2	63463.28	41.1	73.5	45250.69	33.9	62.7
1970-71	45508.79	43.5	62.1	43713.33	35.5	60.2	81528.25	54.8	72.1
1971-72	52435.49	39.8	62.5	56789.38	41.3	69.9	58423.58	51.1	66.6
1972-73	83645.89	55.8	70.7	99502.13	56.3	74.0	85160.19	58.9	70.0
1973-74	68119.18	40.4	59.7	98086.15	41.8	71.3	58488.40	31.5	54.1
1974-75	100311.77	39.4	61.0	71060.75	35.4	50.6	50489.38	26.8	39.7
1975-76	95684.19	34.4	56.4	61075.45	33.6	47.0	35525.00	16.6	28.1
1976-77	90192.81	29.7	52.0	57975.66	28.2	45.2	25623.60	8.8	20.1
1977-78	128182.38	37.5	59.3	190468.77	41.5	70.7	93407.98	21.9	43.6
1978-79	151810.44	38.7	58.2	96247.96	41.0	50.6	93205.38	25.1	41.9
1979-80	151722.71	35.5	55.9	133380.03	34.0	51.1	68311.37	21.6	34.0
1980-81	247194.16	38.0	60.0	193277.08	32.1	55.0	286845.87	41.6	63.6
1981-82	215665.20	30.9	55.2	178354.60	25.5	48.8	198784.00	27.7	51.1
1982-83	188995.80	24.7	49.9	162465.82	20.4	42.6	111525.64	13.9	34.0
1983-84	193181.73	36.1	41.7	85684.69	12.8	26.8	381944.22	38.1	61.2
Average during 1969-70 through 1983-84	--	37.2	57.8	--	34.7	55.8	--	31.5	49.5

Source :- op.cit. See Table 5.1

(Contd.)

Table 5.11 (Contd.)

Year	Kalamassery			Eloor			'District Panchayats'		
	Expenditure	Column 11 as % of Total ex- penditure	Column 11 as % of Non-deve- lopment ex- penditure	Expenditure	Column 14 as % of Total ex- penditure	Column 14 as % of Non-deve- lopment ex- penditure	Expenditure	Column 17 as % of Total ex- penditure	Column 17 as % of Non-deve- lopment ex- penditure
1	11	12	13	14	15	16	17	18	19
1969-70	159636.04	57.6	73.3	110745.15	64.5	67.8	2039580.65	34.4	57.6
1970-71	85399.94	50.0	57.1	119826.94	31.5	70.0	1863925.46	32.2	52.9
1971-72	85805.56	18.0	42.4	199913.52	43.7	78.7	2507892.26	33.3	55.8
1972-73	102646.72	31.3	47.7	114158.65	31.4	59.0	3033461.98	43.7	61.1
1973-74	158135.25	40.3	46.9	128461.47	39.4	54.8	2461917.55	35.8	50.0
1974-75	156956.01	36.0	45.9	139843.78	29.7	54.8	3106358.26	36.2	49.5
1975-76	185640.65	28.7	44.6	65488.75	15.0	83.7	3542524.23	34.5	48.9
1976-77	214537.83	23.1	42.5	35566.60	7.9	19.2	3878288.32	32.7	47.7
1977-78	285909.49	39.9	51.6	435888.15	52.7	75.4	4501629.02	34.7	51.2
1978-79	666061.23	57.6	71.7	596776.40	56.4	78.7	5307914.76	39.6	53.7
1979-80	610496.35	53.3	65.2	210236.49	17.5	51.2	4739885.06	33.3	47.4
1980-81	662683.92	48.0	65.0	142232.02	12.0	38.6	7679014.33	37.3	54.5
1981-82	915985.40	62.1	71.1	168775.10	14.4	38.6	9482415.40	35.2	54.4
1982-83	1155277.62	57.8	69.6	226789.15	18.0	39.2	10889318.70	32.6	53.2
1983-84	680365.00	44.2	54.4	2001020.07	71.6	83.4	12643567.90	34.2	52.3
Average during 1969-70 through 1983-84	--	43.2	56.6	--	33.7	59.5	--	35.3	52.7

CHAPTER - VI

THE PATTERN AND TRENDS IN PANCHAYATS REVENUE

6.0 After having analysed the expenditure of selected and 'District Panchayats' it is proposed to study the pattern and trends in panchayats revenue in the present chapter and to analyse the revenue components in the next chapter.

6.1.0 Total Revenue Analysis

6.1.1 Table 6.1 presents the figures of total revenue of selected and 'District Panchayats' during 1969-70 through 1983-84.

Table 6.1 reveals that the sum total of revenue of selected panchayats increased at a faster rate than that of 'District Panchayats'. The revenue of selected panchayats has increased by 759.3 per cent i.e. from Rs.8,26,466.96 in 1969-70 to Rs.71,02,151.05 in 1983-84. During the same year the total revenue of 'District Panchayats' has increased by 559.8 per cent, i.e. from Rs.43,78,064.93 to Rs.2,88,59,499.75. The average percentage revenue of selected panchayats to 'District Panchayats' showed an increasing trend i.e. from

18.5 per cent to 20.8 per cent and then to 22.2 per cent during 1969-70 through 1973-74, 1974-75 through 1978-79 and 1979-80 through 1983-84 respectively. But, its average percentage revenue to 'District Panchayats' is only 20.5 per cent during the period of study.

6.1.2 Table 6.2 reveals the revenue trend and pattern of Elamkunnapuzha Panchayat during the selected years (1969-70 through 1983-84). The total revenue of Elamkunnapuzha has increased by 720.2 per cent i.e. from Rs.77,331.43 in 1969-70 to Rs.6,34,289.94 in 1983-84. Its average percentage in selected panchayats has increased from 10.6 per cent to 13.8 per cent and then decreased to 11.2 per cent during 1969-70 through 1973-74, 1974-75 through 1978-79 and 1979-80 through 1983-84 respectively. During the same period the average percentage revenue of Elamkunnapuzha in 'District Panchayats' has increased from 2 per cent to 2.9 per cent and then decreased to 2.5 per cent. But, its average percentage revenue to selected and 'District Panchayats' stood up 11.9 and 2.4 per cent respectively during 1969-70 through 1983-84.

6.1.3 Table 6.3 reveals the total revenue trend and pattern of Narakkal panchayat during the selected years (1969-70 through 1983-84). The total revenue of Narakkal has increased by 1,124.8 per cent i.e. from Rs.65,251.39 in 1969-70 to



Rs.7,99,218.70 in 1983-84. Its average percentage revenue in selected panchayats has increased from 12.3 per cent to 12.6 per cent and then to 12.9 per cent during 1969-70 through 1973-74, 1974-75 through 1978-79 and 1979-80 through 1983-84 respectively. During the same period the average percentage revenue of Narakkal in 'District Panchayats' has increased from 2.3 per cent to 2.6 per cent and then to 2.9 per cent. But, its average percentage revenue to selected and 'District Panchayats' stood up 12.6 and 2.6 per cent respectively during the period under study.

6.1.4 Table 6.4 reveals the total revenue trend and pattern of Pallippuram panchayat during the selected years (1969-70 through 1983-84). The total revenue of Pallippuram has increased by 642.1 per cent i.e. from Rs.1,30,930.25 in 1969-70 to Rs.9,71,696.39 in 1983-84. Its average percentage revenue in selected panchayats has increased from 13.5 per cent to 14.9 per cent and then to 15.1 per cent during 1969-70 through 1973-74, 1974-75 through 1978-79 and 1979-80 through 1983-84 respectively. During the same year the average percentage revenue of Pallippuram in 'District Panchayats' has increased from 2.5 per cent to 3.1 per cent and then to 3.3 per cent. But, its average percentage revenue to selected and 'District Panchayats' stood up 14.5 and 3 per cent respectively during 1969-70 through 1983-84.

6.1.5 Table 6.5 reveals the total revenue trend and pattern of Kalamassery panchayat during the selected years (1969-70 through 1983-84). The total revenue of Kalamassery has increased by 630.4 per cent i.e. from Rs.2,36,923.32 in 1969-70 to Rs.17,30,486.41 in 1983-84. Its average percentage revenue in selected panchayats has decreased from 28.9 per cent to 27 per cent and then increased to 32.9 per cent during 1969-70 through 1973-74, 1974-75 through 1978-79 and 1979-80 through 1983-84 respectively. During the same period the average percentage revenue of Kalamassery in 'District Panchayats' has increased from 5.3 per cent to 5.5 per cent and then to 7.2 per cent. But, its average percentage revenue to selected and 'District Panchayats' stood up 29.5 and 6 per cent respectively during the period of study.

6.1.6 Table 6.6 reveals the total revenue trend and pattern of Eloor panchayat during the selected years (1969-70 through 1983-84). The total revenue of Eloor has increased by 838.7 per cent i.e. from Rs.3,16,030.55 in 1969-70 to Rs.29,66,459.61 in 1983-84. Its average percentage revenue in selected panchayats has decreased from 35 per cent to 31.6 per cent and then to 27.9 per cent during 1969-70 through 1973-74, 1974-75 through 1978-79 and 1979-80 through 1983-84 respectively. During the same period the average percentage revenue of Eloor in 'District Panchayats' has increased from

6.5 per cent to 6.6 per cent and then decreased to 6.3 per cent. But, its average percentage revenue to selected and 'District Panchayats' stood up 31.5 and 6.4 per cent respectively during 1969-70 through 1983-84.

6.1.7 From table 6.1 to 6.6 the following facts are concluded :-

i) The total revenue of the selected and 'District Panchayats' increased continuously during the selected years.

ii) The total revenue of all the selected panchayats has increased at a faster rate than 'District Panchayats'. The total revenue of Elamkunnappuzha, Narakkal, Pallippuram, Kalamassery, Eloor and 'District Panchayats' has increased by 720.2 per cent, 1,124.8 per cent, 642.1 per cent, 630.4 per cent, 838.7 per cent and 559.8 per cent respectively during 1969-70 through 1983-84. The possible reasons for the lesser rate of increase of revenue of 'District Panchayats' are (a) By the reorganisation of the district the total number of panchayats has decreased from 101 in 1969-70 to 86 in 1973-74 (b) Selected panchayats, are special grade<sup>1</sup> panchayats.

iii) The total revenue of all the selected panchayats were above the average share of the 'District Panchayats'.<sup>2</sup> The

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1. op.cit., See Chapter - I.

2. The average share of each panchayats revenue is

$$\frac{100}{86} = 1.16 \text{ per cent.}$$

average percentage revenue in 'District Panchayats' of Elamkunnappuzha, Narakkal, Pallippuram, Kalamassery and Eloor is 2.4 per cent, 2.6 per cent, 3 per cent, 6 per cent and 6.4 per cent respectively during the selected years (Table 6.2 to 6.6).

#### 6.2.0 Per capita Revenue Analysis

6.2.1 The above analysis shows a tremendous increase in total revenue of the selected and 'District Panchayats' during the selected years. It is partly because of increase in the population and partly because of rise in the price level. First, let us examine to what extent the increase in population affected the increase in revenue.

6.2.2 Per capita revenue refers to the revenue per individual i.e. total revenue divided by total population. Table 6.7 reveals the per capita revenue trend and pattern of selected and 'District Panchayats' during the selected years (1969-70 through 1983-84). The per capita revenue of 'District Panchayats' has increased by 427.4 per cent i.e from Rs.2.88 in 1969-70 to Rs.15.19 in 1983-84. During the same year the per capita revenue of Elamkunnappuzha has increased by 559.2 per cent i.e. from Rs.2.18 to Rs.14.37, Narakkal has increased by 597.1 per cent i.e. from Rs.3.45 to Rs.24.05, Pallippuram has increased by 523.5 per cent i.e. from Rs.4.05 to Rs.25.25, Kalamassery has

increased by 352.3 per cent i.e. from Rs.8.37 to Rs.37.86 and that of Eloor has increased by 630.2 per cent i.e. from Rs.7.39 to Rs.53.96.

#### 6.3.0 Per capita Revenue at Constant Prices

6.3.1 In order to deflate the nominal per capita revenue all Kerala consumer price index of 1960 has been used. It is deflated by taking 1969-70 as the base year i.e. (current year consumer price index based on 1960 as the base year divided by 1969-70 consumer price index based on 1960 as the base year) x 100. Then the nominal per capita revenue is deflated in order to convert it into real per capita revenue i.e. nominal per capita revenue divided by consumer price index.

6.3.2 Table 6.8 reveals the per capita revenue at constant prices of selected and 'District Panchayats' during the selected years (1969-70 through 1983-84). The average real per capita revenue of 'District Panchayats' has increased from Rs.2.74 to Rs.3.87 (41.2 per cent) and then to Rs.4.96 (28.2 per cent) during 1969-70 through 1973-74, 1974-75 through 1978-79 and 1979-80 through 1983-84 respectively. During the same period the average real per capita revenue of Elamkunnappuzha has increased from Rs.2.28 to Rs.4.77 (109.2 per cent) and then to Rs.5.25 (10.1 per cent), Narakkal has increased from Rs.4.76 to Rs.6.75 (41.8

per cent) and then to Rs.8.42 (24.7 per cent), Pallippuram has increased from Rs.3.23 to Rs.5.78 (78.9 per cent) and then to Rs.8.08 (39.8 per cent), Kalamassery has increased from Rs.7.44 to Rs.10.42 (40.1 per cent) and then to Rs.15.30 (46.8 per cent) and that of Eloor has increased from Rs.6.23 to Rs.8.78 (40.9 per cent) and then to Rs.10.80 (23 per cent).

6.3.3 From Tables 6.7 and 6.8 the following facts are concluded :

i) The per capita (both in nominal and real terms) revenue of all the selected panchayats is higher than that of 'District Panchayats'.

ii) The average real per capita revenue of Elamkunna-puzha, Narakkal, Pallippuram, Eloor and 'District Panchayats' had increased at a decreasing rate during 1969-70 through 1973-74, 1974-75 through 1978-79 and 1979-80 through 1983-84. During the same period the average real per capita revenue of Kalamassery has increased at an increasing rate.

iii) Phenomenal increase in total revenue of the panchayats is compensated by the population and price pressure. So the real per capita revenue of the panchayats has increased only at a marginal rate.

iv) Inequality of raising revenue is identified within the selected and 'District Panchayats'. For e.g. The

average real per capita revenue during 1969-70 through 1983-84 of Elamkunnappuzha, Narakkal, Pallippuram, Kalamassery, Eloor and 'District Panchayats' is Rs.4.10, Rs.6.64, Rs.5.70, Rs.11.05, Rs.8.60 and Rs.3.86 respectively. The main reasons for the inequality are :-

a) Kalamassery and Eloor panchayats are more industrialised than the other selected panchayats.

b) Inequality of spending<sup>3</sup> by the panchayats is another reason for inequality of revenue.

c) The State Government is not effective in controlling the inequality of per capita revenue because the grants supplied by the State Government is insignificant compared with the revenue of panchayats.<sup>4</sup>

#### 6.4.0 Tax and Non-tax Revenue Analysis

6.4.1 The revenue of the panchayats may be classified into two broad categories, (i) tax revenue and (ii) non-tax revenue, panchayats tax revenue consists of : (i) Building tax, (ii) Service tax (sanitary, water, lighting and drainage tax), (iii) Tax on vessels and vehicles, (iv) Profession tax, (v) Show tax, (vi) Land cess, (vii) Duty on transfer of property and (ix) Entertainment tax. The non-tax revenue of panchayats

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3. See Table 4.8.

4. See Chapter - VII.

consists of :- (i) Revenue derived from panchayat properties, (ii) Fees, (iii) Government grants and contributions and (iv) Miscellaneous revenue.

6.4.2 Table 6.9 reveals the pattern and trends in tax revenue of the selected and 'District Panchayats' during 1969-70 through 1983-84. The tax revenue of 'District Panchayats' has increased by 741.9 per cent i.e. from Rs.22,77,024.86 in 1969-70 to Rs.1,91,70,593.61 in 1983-84. Its average percentage tax in total revenue has increased from 59.5 per cent to 65 per cent and slightly decreased to 64.9 per cent during 1969-70 through 1973-74, 1974-75 through 1978-79 and 1979-80 through 1983-84 respectively. The tax revenue of Elamkunnapuzha has increased by 1078.8 per cent i.e. from Rs.40,780.07 in 1969-70 to Rs.4,80,703.18 in 1983-84. Its average percentage tax in total revenue has increased from 60.5 per cent to 68 per cent and then decreased to 65.4 per cent during 1969-70 through 1973-74, 1974-75 through 1978-79 and 1979-80 through 1983-84 respectively. The tax revenue of Narakkal has increased by 1,421 per cent i.e. from Rs.37,038.42 in 1969-70 to Rs.5,63,348.13 in 1983-84. Its average percentage tax in total revenue has increased from 49.3 per cent to 50.9 per cent and then to 61.4 per cent during 1969-70 through 1973-74, 1974-75 through 1978-79 and 1979-80 through 1983-84 respectively. The tax revenue of Pallippuram has increased by 914.8 per cent i.e.



from Rs.42,053.97 in 1969-70 to Rs.4,26,762.05 in 1983-84. Its average percentage tax in total revenue has increased from 44 per cent to 52.2 per cent and then decreased to 49.3 per cent during 1969-70 through 1973-74, 1974-75 through 1978-79 and 1979-80 through 1983-84 respectively. The tax revenue of Kalamassery has increased by 616.8 per cent i.e. from Rs.2,00,592.03 in 1969-70 to Rs.14,37,836.85 in 1983-84. Its average percentage tax in total revenue has increased from 82.1 per cent to 83 per cent and then decreased to 68.5 per cent during 1969-70 through 1973-74, 1974-75 through 1978-79 and 1979-80 through 1983-84 respectively. The tax revenue of Eloor has increased by 887.9 per cent i.e. from Rs.2,25,252.77 in 1969-70 to Rs.22,25,310.66 in 1983-84. Its average percentage tax in total revenue has increased from 74.5 per cent to 79.3 per cent and then decreased to 76.7 per cent during 1969-70 through 1973-74, 1974-75 through 1978-79 and 1979-80 through 1983-84 respectively.

6.4.3 Table 6.10 reveals the non-tax revenue pattern and trends of the selected and 'District Panchayats' during 1969-70 through 1983-84. The non-tax revenue of 'District Panchayats' has increased by 361.1 per cent i.e. from Rs.21,01,040.07 in 1969-70 to Rs.96,88,906.14 in 1983-84. Its average percentage of non-tax in total revenue has decreased from 40.5 per cent to 35 per cent and slightly increased to 35.1 per cent during

1969-70 through 1973-74, 1974-75 through 1978-79 and 1979-80 through 1983-84 respectively. The non-tax revenue of Elamkunnappuzha has increased by 320.2 per cent i.e. from Rs.36,551.36 in 1969-70 to Rs.1,53,586.76 in 1983-84. Its average percentage of non-tax in total revenue has decreased from 39.5 per cent to 32 per cent and increased to 34.6 per cent during 1969-70 through 1973-74, 1974-75 through 1978-79 and 1979-80 through 1983-84 respectively. The non-tax revenue of Narakkal has increased by 736.1 per cent i.e. from Rs.28,212.97 in 1969-70 to Rs.2,35,870.57 in 1983-84. Its average percentage of non-tax in total revenue has decreased from 50.7 per cent to 49.1 per cent and then to 46.5 per cent during 1969-70 through 1973-74, 1974-75 through 1978-79 and 1979-80 through 1983-84 respectively. The non-tax revenue of Pallippuram has increased by 513.1 per cent i.e. from Rs.88,876.28 in 1969-70 to Rs.5,44,934.34 in 1983-84. Its average percentage of non-tax in total revenue has decreased from 56 per cent to 47.8 per cent and then increased to 50.7 per cent during 1969-70 through 1973-74, 1974-75 through 1978-79 and 1979-80 through 1983-84 respectively. The non-tax revenue of Kalamassery has increased by 705.5 per cent i.e. from Rs.36,331.29 in 1969-70 to Rs.2,92,649.56 in 1983-84. Its average percentage of non-tax in total revenue has decreased from 17.9 per cent to 17 per cent and increased to 31.5 per cent during 1969-70 through 1973-74, 1974-75 through 1978-79 and 1979-80 through 1983-84 respectively. The non-tax revenue

of Eloor has increased by 716.4 per cent i.e. from Rs.90,777.78 in 1969-70 to Rs.7,41,148.95 in 1983-84. Its average percentage of non-tax in total revenue has decreased from 25.5 per cent to 20.7 per cent and then increased to 23.3 per cent during 1969-70 through 1973-74, 1974-75 through 1978-79 and 1979-80 through 1983-84 respectively.

6.4.4 From tables 6.9 and 6.10 the following facts are concluded :-

i) The tax revenue of all the selected Panchayats except Kalamassery panchayat, increased at a faster rate than the 'District Panchayats'.

ii) 'District Panchayats' and all the selected Panchayats except Pallippuram, had been given top priority to tax in total revenue. The average percentage tax in total revenue of Elamkunnappuzha, Narakkal, Pallippuram, Kalamassery, Eloor and 'District Panchayats' during 1969-70 through 1983-84 is 64.6 per cent, 53.9 per cent, 48.5 per cent, 77.9 per cent, 76.8 per cent and 63.2 per cent respectively (see Table 6.9).

iii) The importance of tax in total revenue by Kalamassery panchayat shows a declining trend. The importance of tax in total revenue of Narakkal and 'District Panchayats' showed an increasing trend. Elamkunnappuzha, Pallippuram and Eloor showed first an increasing and then decreasing trend in

its importance to tax in total revenue (see Table 6.9 i.e. the average percentage tax in total revenue during 1969-70 through 1973-74, 1974-75 through 1978-79 and 1979-80 through 1983-84).

iv) The non-tax revenue of all the selected Panchayats except Elamkunnappuzha has increased at a faster rate than 'District Panchayats' (see Table 6.10).

v) There is no definite pattern of movement of tax and non-tax revenue of the selected panchayats. The main reason behind this is lack of definite planning in raising revenue.

#### 6.5.0 Tax Potential

6.5.1 The above analysis shows a tremendous increase in tax revenue of the panchayats. It is largely due to :  
 i) Increase in the income of the people (ii) Increase in the number of tax payers and (iii) Rise in the price level. Now our objective is to analyse whether there is any real increase in tax effort of the selected and 'District Panchayats' ?

6.5.2 The tax effort of any government can properly be measured when it is judged in relation to its tax potential. The income of the inhabitants is the best indicator of the tax potential. The per capita income of Ernakulam District is used as the base for the income of the inhabitants of the selected panchayats.

6.5.3 Table 6.11 reveals the per capita tax as a percentage of per capita income of the district and selected panchayats during 1970-71 through 1980-81. The tax potential of all the selected and 'District Panchayats' showed only a marginal increase. In most of the years it is below one per cent. This analysis clearly indicates that panchayats failed in raising effectively taxes from the people. So there is further scope for increasing the tax revenue of the panchayats.

Table 6.1 Revenues of the Selected and 'District Panchayats' During 1969-70 through 1983-84

(in Rs.)

Year	'District Panchayats'	Selected Panchayats	Column 3 as % of Column 2
1	2	3	4
1969-70	4378064.93	826466.96	18.9
1970-71	4702370.86	806577.16	17.2
1971-72	5550786.71	940340.67	16.9
1972-73	4768012.57	960537.80	20.1
1973-74	6249685.03	1226788.77	19.6
1974-75	8130705.91	1696117.69	20.9
1975-76	9966943.20	1964004.25	19.7
1976-77	12752136.33	2536285.88	19.9
1977-78	13441549.59	2827247.23	21.0
1978-79	16021837.84	3610323.08	22.5
1979-80	17348843.65	4112087.91	23.7
1980-81	20700287.91	4660648.36	22.5
1981-82	26206764.96	5145559.46	19.6
1982-83	26174218.83	5332971.45	20.4
1983-84	28859499.75	7102151.05	24.6
Average during 1969-70 through 1973-74	--	--	18.5
Average during 1974-75 through 1978-79	--	--	20.8
Average during 1979-80 through 1983-84	--	--	22.2
Average during 1969-70 through 1983-84	--	--	20.5

Column 3 :- The revenue is the sum total of revenues of Elamkunnappuzha, Narakkal, Pallippuram, Kalamassery and Eloor Panchayats.

Source :- i) Administrative Reports of Kerala Panchayats 1969-70 through 1978-79. (Published)  
ii) Administrative Reports of 'District Panchayats' 1979-80 through 1983-84 (Unpublished).

Table 6.2 Total Revenue of Elamkunnapuzha Panchayat During 1969-70 through 1983-84

(in Rs.)			
Year	Revenue	Column 2 as % of total revenue of the Selected Panchayats	Column 2 as % of total revenue of 'District Panchayats'
1	2	3	4
1969-70	77331.43	9.4	1.8
1970-71	82491.44	10.2	1.8
1971-72	98423.43	10.5	1.8
1972-73	92954.93	9.7	1.9
1973-74	160278.25	13.1	2.6
1974-75	245867.23	14.5	3.0
1975-76	254373.50	13.0	2.6
1976-77	316739.58	12.5	2.5
1977-78	458953.78	16.2	3.4
1978-79	462923.07	12.8	2.9
1979-80	482557.42	11.7	2.8
1980-81	608923.91	13.1	2.9
1981-82	607809.04	11.8	2.3
1982-83	564547.89	10.6	2.2
1983-84	634289.94	8.9	2.2
Average during 1969-70 through 1973-74	--	10.6	2.0
Average during 1974-75 through 1978-79	--	13.8	2.9
Average during 1979-80 through 1983-84	--	11.2	2.5
Average during 1969- 70 through 1983-84	--	11.9	2.4

Source :- Ibid. See Table 6.1

Table 6.3 Total Revenue of Narakkal Panchayat During  
1969-70 through 1983-84

(in Rs.)			
Year	Revenue	Column 2 as % of total reve- nue of the Selected Pan- chayats	Column 2 as % of total revenue of 'District Pancha- yats
1	2	3	4
1969-70	65251.39	7.9	1.5
1970-71	83001.68	10.3	1.8
1971-72	142216.54	15.1	2.6
1972-73	112662.32	11.7	2.4
1973-74	202754.04	16.5	3.2
1974-75	220241.52	13.0	2.7
1975-76	228865.65	11.7	2.3
1976-77	300662.85	11.9	2.4
1977-78	438070.20	15.5	3.3
1978-79	401513.52	11.1	2.5
1979-80	616643.66	15.0	3.6
1980-81	664292.87	14.3	3.2
1981-82	658909.95	12.8	2.5
1982-83	603048.25	11.3	2.3
1983-84	799218.70	11.3	2.8
Average during 1969-70 through 1973-74	--	12.3	2.3
Average during 1974-75 through 1978-79	--	12.6	2.6
Average during 1979-80 through 1983-84	--	12.9	2.9
Average during 1969-70 through 1983-84	--	12.6	2.6

Source :- op.cit., See Table 6.1



Table 6.4 Total Revenue of Pallippuram Panchayat During  
1969-70 through 1983-84

(in Rs.)

Year	Revenue	Column 2 as % of total reve- nue of Select- ed Panchayats	Column 2 as % of total revenue of 'District Panchayats'
1	2	3	4
1969-70	130930.25	15.8	3.0
1970-71	125413.37	15.5	2.7
1971-72	93927.01	10.0	1.7
1972-73	129926.22	13.5	2.7
1973-74	154669.67	12.6	2.5
1974-75	244942.03	14.4	3.0
1975-76	309387.85	15.8	3.1
1976-77	418669.31	16.5	3.3
1977-78	438645.54	15.5	3.3
1978-79	446569.62	12.4	2.8
1979-80	565435.08	13.8	3.3
1980-81	620194.71	13.3	3.0
1981-82	715070.43	13.9	2.7
1982-83	1107596.86	20.8	4.2
1983-84	971696.39	13.7	3.4
Average during 1969-70 through 1973-74	--	13.5	2.5
Average during 1974-75 through 1978-79	--	14.9	3.1
Average during 1979-80 through 1983-84	--	15.1	3.3
Average during 1969-70 through 1983-84	--	14.5	3.0

Source :- op.cit., See Table 6.1

Table 6.5 Total Revenue of Kalamassery Panchayat  
During 1969-70 through 1983-84

(in Rs.)			
Year	Revenue	Column 2 as % of total reve- nue of the Selected Pan- chayats	Column 2 as % of total reve- nue of 'District Panchayats'
1	2	3	4
1969-70	23693.32	28.7	5.4
1970-71	254562.35	31.6	5.4
1971-72	249157.78	26.5	4.5
1972-73	256412.61	26.7	5.4
1973-74	366699.44	29.9	5.9
1974-75	375251.41	22.1	4.6
1975-76	511601.10	26.0	5.1
1976-77	724201.18	28.6	5.7
1977-78	751553.50	26.6	5.6
1978-79	1153121.55	31.9	6.6
1979-80	1563022.71	38.0	9.0
1980-81	1487245.17	31.9	7.2
1981-82	1957334.71	38.0	7.5
1982-83	1711954.84	32.1	6.5
1983-84	1730486.41	24.4	6.0
Average during 1969-70 through 1973-74	--	28.9	5.3
Average during 1974-75 through 1978-79	--	27.0	5.5
Average during 1979-80 through 1983-84	--	32.9	7.2
Average during 1969-70 through 1983-84	--	29.5	6.0

Source :- op.cit., See Table 6.1

Table 6.6 Total Revenue of Eloor Panchayat During 1969-70 through 1983-84

(in Rs.)			
Year	Revenue	Column 2 as % of total reve- nue of the Selected Pan- chayats	Column 2 as % of total revenue of 'District Pancha- yats'
1	2	3	4
1969-70	316030.55	38.2	7.2
1970-71	261108.32	32.4	5.6
1971-72	356232.91	37.9	6.4
1972-73	368581.72	38.4	7.7
1973-74	342387.37	27.9	5.5
1974-75	609815.50	36.0	7.5
1975-76	659776.15	33.6	6.6
1976-77	776012.96	30.6	6.1
1977-78	740024.21	26.2	5.5
1978-79	1146195.32	31.7	7.2
1979-80	884429.04	21.5	5.1
1980-81	1279991.70	27.5	6.2
1981-82	1206435.33	23.4	4.6
1982-83	1345823.61	25.2	5.1
1983-84	2966459.61	41.8	10.3
Average during 1969-70 through 1973-74	--	35.0	6.5
Average during 1974-75 through 1978-79	--	31.6	6.6
Average during 1979-80 through 1983-84	--	27.9	6.3
Average during 1969-70 through 1983-84	--	31.5	6.4

Source :- op.cit., See Table 6.1

Table 6.7 Per capita Revenue of the Selected and 'District Panchayats' During 1969-70 through 1983-84

(in Rs.)

Year	Elamku- nnapuzha	Nara- kkal	Palli- ppuram	Kalama- ssery	Eloor	'District Panchayats'
1	2	3	4	5	6	7
1969-70	2.18	3.45	4.05	8.37	7.39	2.88
1970-71	2.27	4.32	3.82	8.62	5.88	3.03
1971-72	2.66	7.00	2.82	8.09	7.88	3.51
1972-73	2.48	5.27	3.85	8.01	8.01	2.97
1973-74	4.20	9.03	4.53	11.02	7.32	3.82
1974-75	6.34	9.35	7.08	11.87	12.80	4.90
1975-76	6.46	9.30	8.83	14.31	13.62	5.90
1976-77	7.92	11.70	11.80	19.57	15.75	7.44
1977-78	11.32	16.36	12.22	19.65	14.78	7.72
1978-79	11.25	14.42	12.29	29.20	22.52	9.07
1979-80	11.55	21.32	15.38	38.37	17.10	9.67
1980-81	14.37	22.14	16.68	35.43	24.36	11.37
1981-82	14.15	21.20	19.01	45.30	22.62	14.20
1982-83	12.96	18.75	29.11	38.51	24.85	13.97
1983-84	14.37	24.05	25.25	37.86	53.96	15.19

Table 6.8 Per capita Revenue of the Selected and 'District Panchayats' at Constant Prices during 1969-70 through 1983-84

(in Rs.)

Year	Elamkunnapuzha	Narakkal	Pallippuram	Kalamassery	Eloor	'District Panchayats'
1	2	3	4	5	6	7
1969-70	2.18	3.45	4.05	8.37	7.39	2.82
1970-71	2.14	4.08	3.60	8.13	5.55	2.86
1971-72	2.40	6.31	2.54	7.29	7.10	3.16
1972-73	2.00	4.25	3.10	6.46	6.46	2.40
1973-74	2.66	5.72	2.87	6.97	4.63	2.42
1974-75	3.45	5.08	3.85	6.45	6.96	2.66
1975-76	3.94	5.67	5.38	8.73	8.30	3.60
1976-77	4.42	6.54	6.59	10.93	8.80	4.16
1977-78	6.15	8.89	6.64	10.68	8.03	4.20
1978-79	5.89	7.55	6.43	15.29	11.79	4.75
1979-80	5.35	9.87	7.12	17.76	7.92	4.48
1980-81	5.96	9.19	6.92	14.70	10.11	4.72
1981-82	5.36	8.03	7.20	17.16	8.57	5.38
1982-83	4.70	6.79	10.55	13.95	9.00	5.06
1983-84	4.90	8.21	8.62	12.92	18.42	5.18
Average during 1969-70 through 1973-74	2.28	4.76	3.23	7.44	6.23	2.74
Average during 1974-75 through 1978-79	4.77	6.75	5.78	10.42	8.78	3.87
Average during 1979-80 through 1983-84	5.25	8.42	8.08	15.30	10.80	4.96
Average during 1969-70 through 1983-84	4.10	6.64	5.70	11.05	8.60	3.86

Table 6.9 Tax Revenue of the Selected and 'District Panchayats' during 1969-70 through 1983-84

(in Rs.)

Year	Elamkunnappuzha		Narakkal		Pallippuram	
	Tax Revenue	Column 2 as % of total revenue	Tax Revenue	Column 4 as % of total revenue	Tax Revenue	Column 6 as % of total revenue
1	2	3	4	5	6	7
1969-70	40780.07	52.7	37038.42	56.8	42053.97	32.1
1970-71	46429.29	56.3	48052.92	57.9	49191.07	39.2
1971-72	63209.27	64.2	53849.00	37.9	47710.55	50.8
1972-73	59668.06	64.2	57040.06	50.6	52177.30	40.2
1973-74	104417.09	65.1	88116.31	43.5	89199.08	57.7
1974-75	138365.42	56.3	87646.93	39.8	107998.57	44.1
1975-76	158287.50	62.2	110314.15	48.2	150273.85	48.6
1976-77	231467.59	73.1	180154.49	59.9	237010.69	56.6
1977-78	300351.11	65.4	203753.68	46.5	209741.79	47.8
1978-79	383637.61	82.9	242224.17	60.3	286371.39	64.1
1979-80	382190.83	79.2	385339.64	62.5	367182.63	64.9
1980-81	278839.06	45.8	385576.02	58.0	360483.37	58.1
1981-82	334218.63	55.0	337062.29	51.2	324177.50	45.3
1982-83	400769.41	71.0	391843.78	65.0	381147.53	34.4
1983-84	480703.18	75.8	563348.13	70.5	426762.05	43.9
Average during 1969-70 through 1973-74	--	60.5	--	49.3	--	44.0
Average during 1974-75 through 1978-79	--	68.0	--	50.9	--	52.2
Average during 1979-80 through 1983-84	--	65.4	--	61.4	--	49.3
Average during 1969-70 through 1983-84	--	64.6	--	53.9	--	48.5

(Contd.)

Table 6.9 (Contd.)

Year	Kalamassery		Eloor		'District Panchayats'	
	Tax Revenue	Column 8 as % of total revenue	Tax Revenue	Column 10 as % of total revenue	Tax Revenue	Column 12 as % of total Revenue
1	8	9	10	11	12	13
1969-70	200592.03	84.7	225252.77	71.3	2277024.86	52.0
1970-71	185150.43	72.7	204746.79	78.4	3029640.58	64.4
1971-72	203239.21	81.6	249540.38	70.0	3484941.34	62.8
1972-73	246262.86	96.0	245518.35	66.6	2568716.60	53.9
1973-74	277691.82	75.7	294843.00	86.1	4026105.17	64.4
1974-75	326517.13	87.0	520855.13	85.4	5758213.95	70.8
1975-76	454157.60	88.8	565787.65	85.8	6537585.65	65.6
1976-77	617807.19	85.3	676993.51	87.2	8265914.48	64.8
1977-78	597248.79	79.5	502656.77	67.9	8124658.42	60.4
1978-79	857820.11	74.4	802074.47	70.0	10136648.17	63.3
1979-80	1045175.34	66.9	650939.13	73.6	12269912.87	70.7
1980-81	986465.74	59.6	928375.36	72.5	12947050.11	62.5
1981-82	1128218.67	57.6	1005573.73	83.4	15246134.62	58.2
1982-83	1289455.98	75.3	1062451.40	78.9	17423889.65	66.6
1983-84	1437836.85	83.1	2225310.66	75.0	19170593.61	66.4
Average during 1969-70 through 1973-74	--	82.1	--	74.5	--	59.5
Average during 1974-75 through 1978-79	--	83.0	--	79.3	--	65.0
Average during 1979-80 through 1983-84	--	68.5	--	76.7	--	64.9
Average during 1969-70 through 1983-84	--	77.9	--	76.8	--	63.2

Table 6.10 Non-Tax Revenue of the Selected and 'District Panchayats' during 1969-70 through 1983-84

(in Rs.)						
Year	Elamkunnapuruzha		Narakkal		Pallippuram	
	Non-tax Revenue	Column 2 as % of Total Revenue	Non-tax Revenue	Column 4 as % of total Revenue	Non-tax Revenue	Column 6 as % of total Revenue
1	2	3	4	5	6	7
1969-70	36551.36	47.3	28212.97	43.2	88876.28	67.9
1970-71	36062.15	43.7	34948.76	42.1	76222.30	60.8
1971-72	35214.16	35.8	88367.54	62.1	46216.46	49.2
1972-73	33286.87	35.8	55622.26	49.4	77748.92	59.8
1973-74	55861.16	34.9	114637.73	56.5	65470.59	42.3
1974-75	107501.81	43.4	132594.59	60.2	136943.46	55.9
1975-76	96086.00	37.8	118551.50	51.8	159114.00	51.4
1976-77	85271.99	26.9	120508.36	40.1	181658.62	43.4
1977-78	158602.67	34.6	234316.52	53.5	228903.75	52.2
1978-79	79285.46	17.1	159489.35	39.7	160198.23	35.9
1979-80	100366.59	20.8	231304.02	37.5	198252.45	35.1
1980-81	330084.85	54.2	278716.85	42.0	260194.71	41.9
1981-82	273590.41	45.0	321847.66	48.8	390892.93	54.7
1982-83	163778.48	29.0	211204.47	35.0	726449.33	65.6
1983-84	153586.76	24.2	235870.57	29.5	544934.34	56.1
Average during 1969-70 through 1973-74	--	39.5	--	50.7	--	56.0
Average during 1974-75 through 1978-79	--	32.0	--	49.1	--	47.8
Average during 1979-80 through 1983-84	--	34.6	--	46.5	--	50.7
Average during 1969-70 through 1983-84	--	35.4	--	48.8	--	51.5



Table 6.10 (Contd.)

Year	Kalamassery		Eloor		'District Panchayats'	
	Non-tax Revenue	Column 8 as % of total Revenue	Non-tax Revenue	Column 10 as % of total Revenue	Non-tax Revenue	Column 12 as % of total Revenue
1	8	9	10	11	12	13
1969-70	36331.29	15.3	90777.78	28.7	2101040.07	48.0
1970-71	69411.92	27.3	56361.53	21.6	1672730.28	35.6
1971-72	45918.57	18.4	106692.53	30.0	2065845.37	37.2
1972-73	10149.75	4.0	123063.37	33.4	2199295.97	46.1
1973-74	89007.62	24.3	47544.37	13.9	2223579.86	35.6
1974-75	48734.28	13.0	88960.37	14.6	2372491.96	29.2
1975-76	57443.50	11.2	93988.50	14.2	3429357.55	34.4
1976-77	106393.99	14.7	99019.45	12.8	4486221.85	35.2
1977-78	154304.71	20.5	237367.44	32.1	5316891.17	39.6
1978-79	295301.44	25.6	344120.85	30.0	5885189.67	36.7
1979-80	517847.37	33.1	233489.91	26.4	5078930.78	29.3
1980-81	600779.43	40.4	351616.34	27.5	7753237.80	37.5
1981-82	829116.04	42.4	200861.60	16.6	10960630.34	41.8
1982-83	422498.86	24.7	283372.21	21.1	8750329.18	33.4
1983-84	292649.56	16.9	741148.95	25.0	9688906.14	33.6
Average during 1969-70 through 1973-74	--	17.9	--	25.5	--	40.5
Average during 1974-75 through 1978-79	--	17.0	--	20.7	--	35.0
Average during 1979-80 through 1983-84	--	31.5	--	23.3	--	35.1
Average during 1969-70 through 1983-84	--	22.1	--	23.2	--	36.9

Table 6.11 Percentage of Per capita Tax to Per capita Income of the Selected and 'District Panchayats'  
During 1970-71 through 1980-81

Year	'District Panchayats'			Elamkunnappuzha		Narakkal		Pallippuram		Kalamassery		Eloor	
	Per capita Income	Per capita tax revenue	Column 3 as % of Column 2	Per capita tax revenue	Column 5 as % of Column 2	Per capita tax revenue	Column 7 as % of Column 2	Per capita tax revenue	Column 9 as % of Column 2	Per capita tax revenue	Column 11 as % of Column 2	Per capita tax revenue	Column 13 as % of Column 2
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1970-71	650.35	1.95	0.30	1.28	0.20	2.50	0.38	1.50	0.23	6.27	0.96	4.61	0.71
1971-72	683.16	2.20	0.32	1.71	0.25	2.65	0.39	1.43	0.21	6.60	0.97	5.52	0.81
1972-73	731.91	1.60	0.22	1.59	0.22	2.67	0.37	1.55	0.21	7.69	1.05	5.34	0.73
1973-74	827.70	2.46	0.30	2.74	0.33	3.92	0.47	2.61	0.32	8.35	1.01	6.30	0.76
1974-75	1016.09	3.47	0.34	3.57	0.35	3.72	0.37	3.12	0.31	9.46	0.93	10.93	1.08
1975-76	1035.23	3.87	0.37	4.02	0.39	4.48	0.43	4.29	0.41	12.70	1.23	11.68	1.13
1976-77	1181.82	4.82	0.41	5.79	0.49	7.01	0.59	6.68	0.57	16.70	1.41	13.74	1.16
1977-78	1285.46	4.67	0.36	7.41	0.58	7.61	0.59	5.84	0.45	15.62	1.22	10.04	0.78
1978-79	1412.2	5.74	0.41	9.32	0.66	8.69	0.62	7.88	0.56	21.72	1.54	15.76	1.12
1979-80	1476.0	6.84	0.46	9.15	0.62	13.32	0.90	9.99	0.68	25.66	1.74	12.59	0.85
1980-81	1744.04	7.11	0.41	6.58	0.38	12.85	0.74	9.69	0.56	21.12	1.21	17.67	1.01

Source of Column 2 :- Government of Kerala : Economic Review 1971-72 through 1982-83,  
State Planning Board, Trivandrum.

CHAPTER - VII

ANALYSIS OF PANCHAYATS REVENUE COMPONENTS

7.0        The purpose of this chapter is to analyse the various components of revenue of the selected and 'District Panchayats'. First, we shall take up the components of tax revenue and then those of non-tax revenue.

7.0.1 Tax Revenue

The following items constitute Tax Revenue :-

- i) Building tax
- ii) Profession tax
- iii) Entertainment tax
- iv) Duty on Transfer of Property
- v) Show tax
- vi) Service tax
- vii) Vehicle tax
- viii) Land cess

7.1.0 Building Tax

7.1.1        Building tax is the most important fiscal instrument for resource mobilisation by Local Governments. \*It accounts

for the largest share of Local Governments' revenue not only in India but also in other countries of the World.<sup>1</sup> Building taxation has enormous potentialities of resource mobilisation in developing countries. In these countries the process of economic development tends to be accompanied by an investment boom in housing. Therefore, if building taxation is made an effective and flexible instrument of resource mobilisation, substantial volume of resources can be mobilised for financing the public expenditure at Local Level.<sup>2</sup>

7.1.2 Theoretically also, building tax is the most suitable form of local taxation. It is based on the principle of ability to pay.<sup>3</sup> Its localised base and stable yields increase its suitability for Local Governments.<sup>4</sup>

#### 7.1.3 Revenue Importance from Building Tax

Table 7.1 presents the pattern and trend of revenue from building tax of selected and 'District Panchayats' during the period of study.

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1. Government of India, Report of the Taxation Enquiry Commission 1953-54, Vol.III, New Delhi, 1956, p.375.
  2. R.N. Tripathi : Local Finance in a Developing Economy, Planning Commission, New Delhi, 1967, p.XXIII.
  3. The rate structure can be based on slab system to introduce an element of progression so that the 'Principle of ability to Pay' is followed very well.
  4. Ursula K. Hicks : Public Finance, (Cambridge James Nisbet & Co., Ltd., and Cambridge University Press), 1968, p.244.

Table 7.1 reveals that the revenue from building tax of 'District Panchayats' has increased by 534.6 per cent over a period of 15 years. In absolute terms it went up from Rs.11,60,564.80 in 1969-70 to Rs.73,64,756.81 in 1983-84. During the same period the revenue from building tax of Elamkunnapuzha panchayat has increased by 717.5 per cent, Narakkal by 652 per cent, Pallippuram by 594.5 per cent, Kalamassery by 335 per cent and that of Eloor by 1,409.7 per cent. In absolute terms the revenue from building tax went up from Rs.18,693.63 to Rs.1,52,815.23, from Rs.11,250.11 to Rs.84,604.16, from Rs.16,332.41 to Rs.1,13,427.48, from Rs.1,13,319.60 to Rs.5,15,598.70 and from Rs.99,885.45 to Rs.15,08,010.20 during 1969-70 through 1983-84 in the case of Elamkunnapuzha, Narakkal, Pallippuram, Kalamassery and Eloor panchayats respectively.

7.1.4 The features identified from table 7.1 are :-

i) The primacy of building tax in total tax and total revenue of Elamkunnapuzha, Narakkal, Pallippuram, Kalamassery and 'District Panchayats' showed a declining trend. But the primacy of building tax in total tax and total revenue of Eloor remained more or less constant.

ii) The importance of building tax in total tax and total revenue of Kalamassery and Eloor is higher than the other selected panchayats. For instance, the average percentage

of building tax in total tax and total revenue of Kalamassery stood at 38.6 and 30.1 respectively during 1969-70 through 1983-84. During the same period the average percentage of building tax in total tax and total revenue of Eloor stood at 38.8 and 29.8, Elamkunnappuzha stood at 29.1 and 18.3 , Narakkal stood at 17.8 and 9.4, and that of Pallippuram stood at 28.1 and 13.4 respectively. The possible reason for this is that Kalamassery and Eloor panchayats are more industrialised than the other selected panchayats.

iii) Kalamassery panchayat bestowed top priority to building tax in its total revenue during the period of study. For instance, the average percentage of building tax to total revenue of Kalamassery panchayat during 1969-70 through 1983-84 is 30.1.

7.1.5 Table 7.1 reveals a tremendous increase of revenue from building tax in the case of selected and 'District Panchayats'. The reasons for this are :-

i) The growth of population associated with an increase in the tempo of urbanisation in the context of economic development.

ii) The growth in the number of tax payers.

iii) The implementation of schemes of improvement and development in urban areas.

iv) Rise in prices and money incomes.

v) Increase in the value of building as a result of economic development and rise of prices.

vi) Construction of new houses as a result of increasing urbanisation and implementation of housing programmes under the low income housing schemes.

#### 7.1.6 Method of Assessment and Tax Rates

The basis of assessment of building tax is the annual rental value of buildings. The annual rental value of buildings is the gross annual rent calculated on the basis of the reasonable rent the buildings can command if they are let out. Section 68 of the Act stipulates that every building should be assessed together with its machinery and furniture. Its machinery and furniture can be excluded only if the occupant is different from that of the owner of the building. Maintenance allowance is granted at 10 per cent of annual rent.

The rate of building tax varies between 6 and 10 per cent of the net annual rental value of buildings.<sup>5</sup> The tax is levied annually and is payable in two equal half-yearly instalments. Eventhough the Act empowers the Panchayats

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5. Siby Mathew and M. Mathew : The Kerala Panchayat Manual Volume-1, Law Time Press, Cochin-31, 1982, p.43

to levy a maximum of 10 per cent of the gross rental value of the buildings as tax, the Panchayats levy only the minimum rate. The major reasons for this are two :

i) Political pressure (i.e. elected members use their political power to keep the rate at low).

ii) If one panchayat deviates from the general line there will be protest from the people.

7.1.7 The Act also empowers to levy surcharge on building tax. But such surcharge should not exceed one-fourth of the building tax levied under Section 68. The purpose of surcharge is to cover any unusual expenses incurred by Panchayats in respect of any one of the following services rendered by it, viz.

i) Education

ii) Treatment of diseases including maternity and child welfare services

iii) Supply of protected water

iv) Scavanging or

v) Drainage.

Eventhough some of the panchayats taken for our study are rendering some of the above mentioned services, none of them dared or cared to levy surcharge on building tax.



#### 7.1.8 Exemptions

The following buildings are exempted from the payment of building tax under Section 68 of the Act.

i) buildings which are attached to places of public worship

ii) choultries for the occupation of which no rent is charged and choultries the rent charged for the occupation of which is used exclusively for charitable purpose

iii) buildings used for educational purposes including hostels, public buildings and places used for charitable purposes of sheltering the destitute or animals and libraries and playgrounds which are open to the public.

iv) ancient monuments protected under the Law relating to the protection of ancient monuments for the time being in force

v) charitable hospitals and dispensaries

vi) burial and burning grounds

vii) buildings belonging to the Panchayat, and

viii) buildings belonging to the government and not used for residential purposes.

#### 7.1.9 Utilisation of Potentials of Building Tax

Building tax is a major component of revenue of the panchayats. So an effective utilisation of the resource

potential of this tax is necessary. This would involve the following policy implications :-

- i) A change in the rate structure of this tax.
- ii) A more frequent reassessment of annual value in order to plough back an increasing proportion of the rise in the value of buildings into panchayat resources.
- iii) Eliminating the elements of evasion and avoidance of the tax.
- iv) Effective collection of the tax and allowing no accumulation of arrears.
- v) Imposing taxes on government properties.

#### 7.1.9.1 A Change in the Rate Structure of Building Tax

As stated earlier, Building Tax Act empowers Panchayats to levy tax on buildings between 6 and 10 per cent of the annual rental value of buildings. But the present study shows that all the selected panchayats levied taxes at the minimum rate, i.e. 6 per cent on the annual rental value of buildings. This shows that the Panchayats failed to make maximum use of the potential resources judiciously varying the tax rates depending on the socio-economic background and taxable capacity of different building owners.

The most important reason why the Panchayats did not use the building tax as an effective instrument of resource

mobilisation is its lack of progressiveness and built-in flexibility. The building tax being a major source of revenue to Panchayats should be converted into an effective instrument of local finance. To realise this objective it is necessary that this tax should be made sufficiently progressive. For this it is advisable to classify the buildings into three categories, say A, B and C. On the basis of such a classification a progressive rate structure should be evolved on the basis of plinth area of buildings. Again, higher rates are to be fixed on buildings of commercial enterprises and lower rate on residential houses. The Local Finance Enquiry Committee was "generally in favour of a progressive scale adaptable at the discretion of the Local Government."<sup>6</sup>

The Taxation Enquiry Commission of 1953-54 examined the question of introducing progression into the building or property taxation of local governments and it found its scope severely limited in practice.

But the introduction of progression into building tax is desirable on the following grounds. Firstly, the principle of ability to pay and, secondly, the revenue elasticity.

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6. Government of India : Report of the Local Finance Enquiry Committee, Chairman P.K. Wattal, New Delhi, p.158.

**7.1.9.2 Reassessment of Annual Value as a means of  
Utilisation of Resource Potential**

Once in five years the building tax is reassessed in panchayats. The reassessment of the building tax in the selected panchayats was done in 1969-70, 1973-74, 1978-79 and 1983-84. The increase in revenue due to reassessment during the above referred years in the selected panchayats is discernible from table 7.1.

The Local Revenue Enquiry Committee recommended the setting up of an independent valuation department on the plea that :

"Valuations of property or building is such a highly technical business that it cannot be entrusted to any person who has not received training, however competent he may otherwise be. There is a great difference between ordinary administrative work and the valuation of immovable properties, particularly property other than residential houses. In the determination of their annual value so many principles and standards of valuation have to be applied that the work cannot be entrusted even to members of the Civil Services from

whom usually Executive Officers of Local Governments are recruited. While the taxing authority should continue to be vested in the local bodies, the detailed work connected with preparation of the valuation list of all the properties within the jurisdiction of a local body should be entrusted to a central organisation which will consist of trained valuers as in Western countries. Even in England where local bodies are tenacious of their rights to task of valuation has been taken away from them under the Local Government Act of 1948 and vested in the Board of Inland Revenue. We are of the opinion that similar step should be taken in each state in India a valuation department should be brought into being for all the local bodies within the State. Its duty will be to see that the valuation list is correct and up-to-date for each local body. The valuation list as prepared by this department should published. Any person, including the local body itself, will have the right to object to any valuation included in that list. But it will not

be open to the local body to alter any entry as made by the valuation department. It will have to make a representation against such entry and if the valuation department is not satisfied with the objection and the local body or the person making the objection feels aggrieved by such action, it will have the right to appeal to a local tribunal called the local valuation court. The decision of the valuation court will be final on points of fact. On points of Law an appeal might be allowed to a District Court, or even to a High Court as may be deemed proper. But no person will have the right to withhold the payment of the tax, pending the disposal of his appeal what the constitution of the local valuation court should be is not a matter into which we need enter. This can be dealt with by the State Government. It should be a tribunal in whose independence and fairness of judgement both parties have confidence. For this there should be a trained staff of building valuation expert."

Once the valuation department set up is finalised, then the question will be evaluation on what basis/bases. Should it be based on the annual rental value or capital value of the building? The annual rental value method is based on the income (flow) concept and is much easier to explain to the tax payer - what he has to pay is just a percentage of rent. But, if this method of evaluation is adopted, a developing local town authority may forgo a certain advantage which might be obtained due to rise in the values of buildings. This is why Lady Hicks argued that in a developing country it is normally more advantageous to use capital value base for valuation.<sup>7</sup>

#### 7.1.9.3 Problem of Eliminating the Elements of Evasion and Avoidance of the Tax

The building tax levied by the panchayat has not become an effective instrument of resource mobilisation because of the possibility of evading this tax. To illustrate this point certain instances are mentioned below.

a) During the quinquennial revision in 1978-79 a large number of buildings which were numbered<sup>8</sup> were not assessed on the plea that they were "incomplete". A few examples are listed below<sup>9</sup>:-

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7. Ursula K. Hicks, Public Finance, (Cambridge James Nisbet and Cambridge University Press, 1968), Chapter-XI, p.178.
  8. Once a building is numbered, it is assessable for a tax.
  9. Audit Report of Narakkal Panchayat 1980-81, p.3.

<u>Building Number</u>	<u>Name of Owner</u>	<u>Remark</u>
322/1	K.G. Rugmini	Incomplete
323/1	Ouseph	"
460/1	N.C. Raghavan	"
470/1	T.J. Sosa	"
502/11	Narayani	"
136/111	T.L. Lasser	"
230/111	Babu Sabastian	"
231/111	Kurian Thomas	"
263/111	K.R. Pappu	"
265/111	P.D. Kunjappan	"
268/111	M.N. Antony	"
286/VI	P.C. Joseph	"
78/VII	M.V. Gopalan	"
70/111	T.L. Chukkappun	"

b) Omission from Assessment<sup>10</sup>

The following buildings were omitted from the assessment from 1978-79 onwards as per entries in the assessment register, on the ground that they belonged to religious institutions. It may be pointed out here that mere ownership by a religious authority is not a ground for exemption. Some of buildings which are exempted under this category are listed below :-

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10. Ibid., p.2.



<u>Building No.</u>	<u>Name of Owner</u>
64/III	Little Flower Convent
61/III	Little Flower Parlor
239/II )	Market stalls owned by Perumbilly Church
240/II (	
241/II )	
269/VII	Buildings owned by Perumbilly Church

c) Individual Assessments - Not done<sup>11</sup>

In certain cases two or more buildings of the same owner are clubbed together and they were assessed as single units. A few examples are indicated below :-

<u>Building No.</u>	<u>Name of Owner</u>	<u>Tax Assessed</u> (In Rs.)
23/II )	M.C. Mathew	22.68
24/II )		
150/II )	Elikutty	51.84
151/II )		
500/II )	K.S. Variakvasan	6.48
501/II )		
30/III )	K.J. Devassy	32.40
31/III )		
140/IV )	K.I. Padmanabhan	64.80
141/IV )		
142/IV )		

11. Ibid., p.4.

<u>Building No.</u>	<u>Name of Owner</u>	<u>Tax Assessed</u> (in Rs.)
209/VII ) 210/VII )	Majestic Talkies	972.00
277/IV ) 278/IV )	C.V. Poullose	64.80
272/IV ) 273/IV )	John	51.84

The above type of cases are identified in all the selected panchayats. Only by eliminating the loopholes, building tax can be made an effective instrument of resource mobilisation.

#### 7.1.9.4 Tax Collection

Table 7.2 reveals the percentage of collection to demand of building tax of the selected panchayats. The table reveals that the percentage of collection of building tax to demand in the case of Kalamassery and Eloor panchayats is declining. Elamkunnappuzha panchayat attained the target of 100 per cent collection in the case of building tax. The factors narrated by the panchayats for the poor collection of building tax are :-

- i) Laxity on the part of tax collection personnel
- ii) Failure to locate the address of some Landlords who reside in areas other than the panchayat area.

To overcome the problem connected with tax collection, it is suggested that for each collector a target of collection of tax should be fixed for every quarter of a year and if he fails to fulfil 90 per cent of the target he should be punished for his failure to fulfil the target as has been recommended in the audit reports and the inspection notes of the controller of local accounts. On the other hand if the target is realised the tax collector concerned should be provided with adequate incentives.

#### 7.1.9.5 Taxes on Government Properties

It is not clear how the government properties got exempted from the purview of the local taxes. In view of the growing need for providing more and better local services, rising cost of inputs, subjecting the government buildings to local taxes just like private properties becomes necessary. The Local Finance Enquiry Committee (1951) recommended that the local bodies should be statutorily empowered to levy the rates on government buildings.<sup>12</sup> The Taxation Enquiry Commission (1953-54) also supported the recommendation of the Finance Enquiry Committee.<sup>13</sup>

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12. Report of the Rural-Urban Relationship Committee,  
Vol.1, Chapter-IX.

13. Ibid., Para 11, Chapter-III, pp.383-388. The commission has considered that in fairness, the central government should make the full contribution in respect of railway properties and other properties, used for commercial, semi-commercial, and industrial purposes, e.g. Posts and Telegraphs, Union properties other than this category only, the service taxes have to be paid.

### 7.2.0 Profession Tax

7.2.1 Profession tax, a levy on local incomes, is another source available to the local bodies. It takes note of incomes originated in a particular jurisdiction. The important criterion in determining profession tax is the place where an individual earns his income and not his residence. The Act specifies that the levy is applicable to those who can carry their professions for a period of 60 days in aggregate in half year.<sup>14</sup>

### 7.2.2 Rate and Basis of Levy

The maximum amount of tax leviable has been constitutionally fixed<sup>15</sup> and the minimum rates are left to the discretion of the local bodies. Usually, the rates and the corresponding income slabs have been prescribed by the State Governments. Table 7.3 reveals the income slabs and the tax rates applied by the panchayat :-

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14. Kerala Panchayat Act 32 of 1960.

15. Article 276 of the Constitution of India prescribes the maximum amount of half yearly tax under the rules is Rs.125.

Table 7.3 Income Slabs and Profession Tax Rates of the Panchayat

Class	Half yearly aggregate income <sup>16</sup>				Maximum half yearly tax Rs.
	Rs.			Rs.	
I	More than	15,000			125.00
II	" "	12,000 but not more than	15,000		100.00
III	" "	9,000	" " " "	12,000	75.00
IV	" "	6,000	" " " "	9,000	50.00
V	" "	4,800	" " " "	6,000	25.00
VI	" "	3,000	" " " "	4,800	12.00
VII	" "	1,800	" " " "	3,000	6.00
VIII	" "	1,200	" " " "	1,800	4.00
IX	" "	600	" " " "	1,200	2.00
X	" "	300	" " " "	600	1.00

7.2.3 Profession tax is based on a progressive scale. But the Local Finance Enquiry Committee (1951) recommended that the limit of the tax be increased to Rs.1,000 and the Taxation Enquiry Commission (1953-54) too expressed<sup>17</sup> the need for an increase in the limit, but to Rs.500. The major weakness

16. Aggregate income means not basic pay but all allowances which makes up income of a person and includes dearness allowance plus ad-hoc increase 1975 K.L.T.S.40.

17. Government of India : Report of the Taxation Enquiry Commission (1953-54), Vol.III, Chapter-IV, p.410.

of this tax is that it is based on the aggregate income of the tax payer which includes dearness allowance and ad-hoc increase. But the Kerala Municipal Act empowers the Municipalities to base the tax on the basis of the basic pay. There is no justification for this type of discrepancy.

7.2.4 In the case of persons who transact business in a particular panchayat area the income for levying profession tax is assessed on the basis of the turnover of the business. The rates applicable to different levels of income are presented in Table 7.4

Table 7.4 Assessment of Business Income Based on the Turnover of the Business

Turnover <sup>18</sup> in Rs.	Percentage	Minimum in Rs.
1. Where the turnover of business exceeds 12 lakhs of rupees	1	18,000.00
2. Where the turnover of business exceeds 6 lakhs of rupees but does not exceed 12 lakhs of rupees	1.5	12,000.00
3. Where the turnover of business exceeds 3 lakhs of rupees but does not exceed 6 lakhs of rupees	2	9,000.00
4. Where the turnover of business exceeds 1,50,000 rupees but does not exceed 3 lakhs of rupees	3	6,000.00
5. Where the turnover of the business does not exceed 1,50,000 rupees	4	Nil
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18. Rule 5 and 7 specified that the value of sales should be taken into account in determining the turnover of the business.		

The major weakness in calculating income for levying profession tax is this. Generally, when the turnover of the business increases, the income generated from this also increases. So there is no justification in assessing incomes with lower percentage of higher turnover and vice-versa. So it is advisable to fix a certain percentage of turnover in order to assess the income of the business.

#### 7.2.5 Revenue From Profession Tax

Table 7.5 reveals the pattern and trend of revenue from profession tax with reference to the selected and 'District Panchayats' during the period of study.

It can be seen from Table 7.5 that the revenue from profession tax of 'District Panchayats' has increased by 453 per cent. In absolute term it went up from Rs.6,34,258.55 in 1969-70 to Rs.35,07,373.00 in 1983-84. During the same period the revenue from profession tax in the case of Elamkunnappuzha, Narakkal, Pallippuram, Kalamassery and Eloor Panchayats went up by 385.1 per cent, 445.8 per cent, 266.5 per cent, 1294 per cent and 315.8 per cent respectively. In absolute terms the revenue from profession tax went up from Rs.7,848.00 to Rs.38,072.00, from Rs.6,898.00 to Rs.37,649.00, from Rs.8,431.00 to Rs.30,890.00, from Rs.37,908.05 to Rs.5,28,445.00 and from Rs.99,371.00 to Rs.4,13,179.00 during 1969-70 through 1983-84 in the case of Elamkunnappuzha, Narakkal, Pallippuram, Kalamassery, and Eloor panchayats respectively.

7.2.6 From Table 7.5 the following facts are concluded:-

i) The percentage of revenue from profession tax to total tax and total revenue of Elamkunnappuzha, Narakkal, Pallippuram and 'District Panchayats' is declining. But in the case of Kalamassery and Eloor, it remained constant. The slight variation in percentage of profession tax to total tax and total revenue is due to lack of planning in mobilisation of tax and total revenue and accumulation of arrears.

ii) The average percentage of profession tax to total tax and total revenue of Kalamassery and Eloor is higher than that of the other selected and 'District Panchayats'. For instance, the average percentage of profession tax to total tax and total revenue of Kalamassery during 1969-70 through 1983-84 is 31.3 and 24.6 per cent respectively. During the same year, the average percentage of profession tax to total tax and total revenue of Eloor stood at 39.1 and 30.2 per cent, Elamkunnappuzha stood at 10.1 and 6.3 per cent, Pallippuram stood at 13.6 and 6.4 per cent and that of 'District Panchayats' stood at 21.1 and 13.3 per cent.

iii) In the case of Eloor panchayat profession tax played a dominant role in its total revenue during the period of study. For instance, the average percentage of profession tax to total revenue of Eloor panchayat during 1969-70 through 1983-84 came to 30.2 per cent.



7.2.7 The main reasons for (i) and (ii) are :-

(a) Kalamassery and Eloor panchayats are more industrialised than the other selected panchayats. This is helpful for cropping up more business activities. (b) Total number of workers of Kalamassery and Eloor panchayats had increased faster than the other selected panchayats. During 1961 through 1971 on an average the total number of workers had increased 5 per cent per year in Kalamassery and 6 per cent per year in Eloor. In other selected panchayats it had increased only below 1 per cent per year.<sup>19</sup>

7.2.8 Problems of Assessment, Levy, Collection and Prospects of the Tax

The major problems of assessment levy and collection of profession tax of the panchayats are :-

i) Lack of competent personnel to assess incomes of trading business, which has resulted in an inefficient assessment of the tax.

ii) There is a substantial amount of evasion and avoidance of the tax due to inefficiency of tax administration.

iii) Lack of civic consciousness and tax payers resistance and opposition. The resistance is more evident in the case of business men than in government employees.

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19. Department of Town Planning : Development Plan for Cochin Region 1980, p.392.

iv) Accumulation of arrears of profession tax is a major problem facing the tax administration department. During 1978-79 through 1980-81 the average percentage of the arrears to demand of profession tax in the case of Eloor panchayat accounted 63.2 per cent.<sup>20</sup> During 1980-81 through 1983-84 the average percentage of arrears to demand of profession tax in the case of Kalamassery panchayat came to 38.1 per cent.<sup>21</sup> In the case of the other selected panchayats accumulation of arrears is only below 10 per cent.

v) Executive Officers by and large undervalue the income of the influential businessmen. This is mainly because of two reasons : (i) personal benefit from the businessmen and (ii) political pressure.

vi) Evasion of profession tax is another problem faced with profession tax administration. Certain instances for the year 1980-81 in the case of Narakkal panchayat is given below.

"Income and expenditure statement as on 30-6-80 stating a loss of Rs.3,510.05 was received on 26-9-80 from the Manager of Catholic Syrian Bank. Based on this

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20. Estimated from the Audit Report of Eloor panchayat 1978-79 through 1980-81.

21. Estimated from the Audit Report of Kalamassery panchayat 1980-81 through 1983-84.

statement the Bank was exempted from the assessment for both the halves. This is not in order. As rent and taxes are charges on gross profit, assessment is to be done on gross profit and not considering net profit or loss."<sup>22</sup>

The same is the case with the State Bank of Travancore.

In order to overcome difficulties of assessment, levy and collection and to make profession tax more productive the following measures are to be adopted.

i) Establishment of a centralised valuation department to assess the income of the business people. The personnel of this department should be experts in valuation of the business income.

ii) Fixation of targets to the tax collectors. Targets are to be fixed for the collection personnel. In addition punishment and reward system should be introduced.

The profession tax is considered to be equitable tax since its incidence and impact falls on the same person. It is more of the nature of local income tax and, in the words of Gyanchand it is a "personal tax", because it is levied on

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22. Audit Report of Narakkal panchayat 1980-81, p.5.

the personal status of the individual and not transferable.<sup>23</sup>  
 With the necessary reforms and effective implementation, the  
 profession tax would prove to be a good local tax.

### 7.3.0 Entertainment Tax

7.3.1 Entertainment tax is a tax on any exhibitions,  
 performance, amusement, game, sport or race to which persons  
 are admitted on payment.<sup>24</sup> (but does not include any magic  
 performance)

7.3.2 Kerala Local Authorities Entertainment Tax Act,  
 1961 states that local authority may levy on entertainment  
 tax at the rate not less than 15 per cent and not more than  
 30 per cent on each price for admission to any entertainment.  
 Narakkal, Pallippuram and Kalamassery panchayats charge 20  
 per cent on each price for admission as entertainment tax  
 while Elankunnapuzha and Eloor panchayats levy 17.5 and 15  
 per cent on each price for admission respectively. Again an  
 additional tax on entertainment is levied at the rate of 60  
 per cent of the entertainment tax<sup>25</sup> in all the Selected  
 Panchayats.

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23. Gyanchand : Local Finance in India, (Kitabistan,  
 Allahabad, 1947), Lectures, p.130.

24. Inserted by Act 33 of 1969 with effect from 1-11-1969  
 (see Gazettes of 23-9-1969 and 8-10-1969).

25. See the Kerala Additional tax on Entertainment and  
 Surcharge on Show Tax (Amendment) Act 1975.

### 7.3.3 Exemption

Entertainment tax is exempted in the following cases.

- i) Entertainments which are only educational in character,
- ii) Entertainments conducted for purposes of promoting public health, or for promoting the interest of agriculture and manufacturing industry and
- iii) Entertainments in which the net proceeds is devoted to philanthropic, religious or charitable purposes.

### 7.3.4 Trend and Pattern of Revenue from Entertainment Tax

Table 7.6 reveals, the trend and pattern of revenue from entertainment tax of selected and 'District Panchayats' during 1969-70 through 1983-84.

From Table 7.6 it can be seen that revenue from entertainment tax of 'District Panchayats' has increased by 605.3 per cent during the period 1969-70 through 1983-84. In absolute terms it went up from Rs.3,12,577.49 in 1969-70 to Rs.22,04,521.01 in 1983-84. During the same year the revenue from entertainment tax of Elamkunnappuzha panchayat has increased by 1,110 per cent i.e. from Rs.12,216.94 to Rs.1,47,784.26, Narakkal has increased by 2332.4 per cent i.e. from Rs.16,529.31

to Rs.3,85,530.96, Pallippuram has increased by Rs.1,049.6 per cent i.e. from Rs.13,214.56 to Rs.1,51,902.49, Kalamassery has increased by 545.7 per cent i.e. from Rs.16,745.04 to Rs.1,08,128.65 and that of Eloor has increased by 790 per cent i.e. from Rs.20,859.92 to Rs.1,85,631.43.

7.3.4 From Table 7.6 the following conclusions are arrived at.

i) There is a sudden increase in percentage of entertainment tax revenue to total tax revenue and total revenue of all the selected Panchayats in 1976-77. It is due to a levy of additional tax on entertainment.

ii) The percentage of entertainment tax revenue to total tax revenue and total revenue of Elamkunnappuzha, Narakkal and Pallippuram panchayats has continuously increased; while in the case of Kalamassery, Eloor and 'District Panchayats', it has remained more or less constant.

iii) The average percentage of entertainment tax revenue to total tax revenue and total revenue of Elamkunnappuzha, Narakkal and Pallippuram panchayats is much higher than that of Kalamassery, Eloor and 'District Panchayats' during 1969-70 through 1983-84. The average percentage of entertainment tax to tax and total revenue of Elamkunnappuzha

during 1969-70 through 1983-84 accounted 38.1 and 25.2 per cent respectively. During the same period the average percentage of entertainment tax revenue to total tax and total revenue respectively of Narakkal stood at 56 and 30.8 per cent, Pallippuram stood at 34.9 and 17.2 per cent, Kalamassery stood at 13.4 and 10.3 per cent, Eloor stood at 11.3 and 8.6 per cent and that of 'District Panchayats' stood at 12.1 and 7.6 per cent.

iv) The growth rate of entertainment tax of Elamkunnappuzha, Narakkal and Pallippuram is much higher than that of Kalamassery, Eloor and 'District Panchayats' (see the second para of Revenue importance).

v) In Narakkal panchayat entertainment tax has a significant place in its total revenue during the period of study. For instance the average percentage of revenue from entertainment tax to total revenue in the case of Narakkal panchayat during 1969-70 through 1983-84 constitute 30.8 per cent.

#### 7.3.5 Tax Evasion

There is a tendency on the part of the tax payers to evade tax becomes widespread where the tax administration is not that effective and inspection is very poor. The usual<sup>26</sup>

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26. Government of India : Report of Taxation Enquiry Commission (1953-54), Vol.III, Chapter-VIII, p.111.

methods of evading entertainment tax is the maintenance of duplicate sets of tickets or issue of unnumbered and unstamped tickets or resale of issued tickets and use of issued stamps. Besides, short levy, loop-holes in exemption can also be identified in the Audit Report of all the selected panchayats.<sup>27</sup>

#### 7.3.6 Evaluation

In view of the rapid rise in the number of cinema goers and the increasing rates of admission to the cinemas, entertainment tax is expected to be a rising source of revenue to the panchayat. The following steps may be taken in augmenting revenue from this source.

- i) Introducing an element of progression in the tax rate.
- ii) Granting exemptions only in deserving cases.
- iii) Introducing vigilance checking and thereby reducing malpractices.

#### 7.4.0 Duty on Transfer of Property

7.4.1 A duty on transfer of property is a very suitable mode of taxation for local bodies. "The efforts of different sections of the local community, besides the amenities provided

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27. See the Audit Report of Selected Panchayats during 1977-78 through 1981-82.



and the programmes pursued by the local authorities, are often in no small measures responsible for the increase in the value of the sites and buildings in urban areas, and a duty on the transfer of such properties is an appropriate way of securing a share of increase to local bodies.\*<sup>28</sup>

7.4.2 The duty on transfer of immovable property is levied in the form of an additional stamp duty (in addition to the stamp duty imposed by the Kerala Stamp Act 1959) on the instruments of sale, gift, exchange, mortgage and lease in properties of immovable properties situated within the jurisdiction at a rate not exceeding four per cent.

7.4.3 The administration of the duty is very simple and does not require any specific staff to administer it. The duty is collected by the Registrar of Taluk administration. When the agreement of the transfer of an immovable property is brought for registration, registrar ensures that the deed is written on a stamp paper of the requisite value taking into account of the stamp duty and the additional duty on transfer of property. A separate account is kept of the additional duty on transfer of property. After deducting three per cent of the additional duty on transfer of property

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28. Report of the Taxation Enquiry Commission 1953-54,  
Vol.III, pp.397-398.

as a collection charges, the balance amount is distributed to the panchayats. In the case of distribution of amount two criteria are taken into account. They are :

i) 75 per cent of the total collection from each Taluk to the panchayats based on the proportion of the population of the panchayat area according to the latest published census figures.

ii) Remaining 25 per cent will be distributed based on the area, available resources, needs of development and cost of the panchayat administration.

#### 7.4.4 Revenue Importance

Table 7.7 reveals the pattern and trend of revenue from duty on transfer of property of selected and 'District Panchayats' during the period of study.

The revenue from duty on transfer of property of 'District Panchayats' has increased by 814.6 per cent during the period of study. In absolute terms it went up from Rs.6,33,531.64 in 1970-71 to Rs.57,94,156.26 in 1983-84. During the same period the duty on transfer of property of Elamkunnapuzha panchayat has increased by 4,698.6 per cent, Narakkal by 2,906 per cent, Pallippuram by 4,039.3 per cent Kalamassery

by 2,981.3 per cent and that of Eloor by 1,103.4 per cent. In absolute terms, the amount went up from Rs.2,871.05 to Rs.1,37,769.94, from Rs.1,757.32 to Rs.52,817.76, from Rs.2,965.26 to Rs.1,22,729.08, from Rs.6,367.00 to Rs.1,96,185.96 and from Rs.9,349.14 to Rs.1,12,508.41 during 1970-71 through 1983-84 in the case of Elamkunnapuzha, Narakkal, Pallippuram, Kalamassery and Eloor panchayats respectively.

7.4.5 The following observations are made based on the data presented in Table 7.7 :-

i) The percentage of revenue from duty on transfer of property to total tax and total revenue in the case of Narakkal, Pallippuram, Kalamassery and Eloor panchayats has remained more or less constant. But in the case of Elamkunnapuzha and 'District Panchayats' this has increased continuously.

ii) During the period of study, the average percentage of revenue from duty on transfer of property to total tax and total revenue of Elamkunnapuzha and 'District Panchayats' is substantially higher than that of Narakkal, Pallippuram, Kalamassery and Eloor panchayats.

iii) The possible reasons for (i) and (ii) are :-  
a) Total revenue of most of the panchayats in the district is comparatively less than the selected panchayats<sup>29</sup> and

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29. See Chapter-VI.

b) Comparatively higher proportion of duty on transfer of property is transferred to the less developed panchayats.

#### 7.4.6 Evaluation

Duty on transfer of property could be a promising source of revenue with a rise in the level of urbanisation and industrialisation. As the panchayat develops the duty could produce more revenue. A major limitation of this kind of duty is that during periods of depression, because of fall in the value of properties and the decline in transactions, the yield falls. Again, the yield from transfer of property largely depends on the honesty and integrity of the persons involved in transfer and the registering officials. What we see is that in most cases the values of the properties are under valued<sup>30</sup> and no action is taken against such fraudulent practices. Development activities of panchayats is mainly responsible for increasing the value of property and so panchayats must be made eligible to get not only duty on transfer of property but a portion of stamp duty also. Most of the panchayats had sent memorandums to the Government in this effect. But no action is so far taken by the Government.

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30. Government of India : Report of the Taxation Enquiry Commission (1953-54), Vol.III, p.99-100, says there is a large scale undervaluation of transaction and consequently lower payment.

### 7.5.0 Show Tax

7.5.1 According to the Kerala Panchayat Show Tax Rule 1962, panchayats can levy show tax at the following rates:-

	Rate of tax per show (in Rs.)
1. Cinematographic exhibitions	1.00
2. Dance, Dramatic or Circus performances	3.00
3. Other shows	3.00

In addition they can levy surcharge on show tax at the rate of 25 per cent.

### 7.5.2 Revenue Importance

Table 7.8 reveals the pattern and trend of revenue from show tax of the selected and 'District Panchayats' during the period of study.

Revenue from show tax of the 'District Panchayats' has increased by 113.9 per cent, i.e. from Rs.46,254.50 in 1969-70 to Rs.98,960.67 in 1983-84. So also is the case with the panchayats. For instance the revenue from show tax of Elamkunnappuzha panchayat has increased by 392.9 per cent, Narakkal by 243.2 per cent, Pallippuram by 137.8 per cent, Kalamassery by 166 per cent and that of Eloor by 304.3 per

cent during the period under consideration. In absolute terms the amount went up from Rs.714.00 to Rs.3,519.75, from Rs.800.00 to Rs.2,746.25, from Rs.2,300.00 to Rs.5,470.00, from Rs.1,578.00 to Rs.4,197.50 and from Rs.1,455.00 to Rs.5,882.12 during 1969-70 through 1983-84 in the case of Elamkunnappuzha, Narakkal, Pallippuram, Kalamassery and Eloor panchayats respectively.

### 7.5.3 Evaluation

The importance of revenue from show tax shows a declining trend, in the case of the selected and 'District Panchayats'. The possible reasons from this are :- (i) declining the importance of dance, dramatic or circus shows compared with the cinemas, (ii) Administrative difficulty involved in tax collection, and (iii) Tax evasion.

### 7.6 Service Tax

7.6.1 Kerala Panchayats' Service Tax Rules states that panchayats can levy service tax on the following items subject to a maximum of the rates mentioned below:-

<u>Items</u>	<u>Percentage of Annual Rental Value</u>
1. Sanitary tax to provide for expenses connected with the general sanitation of the panchayat area and removal of rubbish filth or carcasses of animals from private premises.	1 per cent.

2. Water tax to provide for expenses connected with the construction, maintenance and repair of water works. 2 per cent.
3. Lighting tax to provide for expenses connected with the lighting of the panchayat area by gas, electricity or other means. 2 per cent.
4. Drainage tax to provide for expenses connected with the construction, maintenance and repair, extension or improvement of drainage works. 1 per cent.

7.6.2 It may be pointed out here that out of the selected panchayats Kalamassery is the only panchayat which levies service tax on street light. The rate levied by this panchayat is one per cent of the annual rental value of the buildings. The reasons mentioned by other panchayats for not levying service tax are :-

(i) Managerial difficulty, and (ii) Political pressure.

#### 7.6.3 Service Tax - Its Similarity and Differences with Building Tax

The service tax has some resemblance to the building tax. It is imposed on the basis of annual value of holdings.

The assessment and collection are made along with the building tax.

7.6.4 Service tax differs from the building tax in various respects. Firstly, the building tax is meant to finance the general expenditure of the Local Government whereas service tax is meant for financing specific expenditure on services. This is based on a distinction between the general functions and the specific functions of the Local Government. Secondly, the tax has some element of price because according to the Panchayat Act the basis of the determination of the rate is such that it also takes into consideration the cost of providing services. Thirdly, it envisages a price policy for a panchayat utility services based on break-even or no profit or no loss principle.

7.6.5 Our study reveals that service tax on street light in the case of Kalamassery panchayat does not meet its expenditure. Instead the loss had only increased during the period of study.<sup>31</sup> The possible reason for this is failure in the correct assessment of annual rental value of buildings.

7.6.6 From the point of view of mounting expenditure on street lights of the panchayats the following measures may be adopted :-

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31. See Table 5.10.



i) Panchayats should levy service tax on street lights.

ii) Service tax on street lights may be increased from one per cent to 1.5 per cent of the annual rental value of the buildings.

#### 7.7.0 Vehicle Tax

7.7.1 Every person who is in possession of a cart, carriage (vehicles) for more than a period of 60 days in the half year is liable to be taxed.<sup>32</sup> The Act gives description of the taxable items with their corresponding rates of tax, the tax carries exemptions also. Vehicles belonging to the State and Central Governments, vehicles kept for sale and repair and children's perambulators and tricycles are exempt from taxes. The motor vehicle tax is levied, collected and appropriated by the State Government. This shows that only very little is left for the panchayats to tax and so the panchayats get only meagre amounts from vehicle tax.

#### 7.7.2 Tax Rate

The Act prescribes the maximum tax rate and the minimum to be collected is left to the discretion of the panchayats. One important observation is that the rates

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32. Inserted by S.R.O.797/63 in Gazette No. of 51 dated 24-12-1963 with effect from 22-10-1963.

levied by the panchayats are quite close to those statutorily prescribed. The vehicle tax levied by the panchayats under Section 70 of the Act are given below.

<u>Items</u>	<u>Half yearly tax</u> (in Rs.)
1. Every motor boat or steam launch plying for hire and carrying more than six passengers	30.00
2. Steam or motor tug	50.00
3. Barge or other vessel attached to steam or motor tug	25.00
4. Other motor boat or steam launch	15.00
5. Cabin boat	2.00
6. Vallom of a capacity of 4 tons and above	2.00
7. Valloms of capacity above 2 tons and below 4 tons	1.00
8. Cart or carriage drawn by horses	6.00
9. Carriage drawn by other animals	4.00
10. Hand cart or push cart	2.00
11. Bicycle, tricycle, cycle rickshaw or rickshaw	2.00

7.7.3 Our study reveals that Narakkal and Kalamassery panchayats exempted all the vehicles from tax from 1981-82 onwards, while other selected panchayats exempted items (6)

to (11) of the above from tax. The reason mentioned by the panchayats for exemption of vehicles from tax is that such vehicles belong to the poor people.

#### 7.7.4 Revenue Importance

The tax on vehicles is of minor importance. Whenever, there is a large number of small items and when the small items are not easily ascertainable for tax liability, effective administration proves difficult. Table 7.9 reveals the pattern and trend of vehicle tax of the selected and 'District Panchayats' during the period of study. The table reveals a declining trend of revenue from vehicle tax of selected and 'District Panchayats'. Compared with the total tax and total revenue, the revenue from vehicle tax is insignificant. For instance, the average percentage of revenue from vehicle tax to tax and total, revenue during 1969-70 through 1983-84 of 'District Panchayats' stood at 1.2 per cent and 0.7 per cent respectively. During the same period, Elamkunnappuzha panchayat's average percentage of revenue from vehicle tax to total tax and total revenue stood at 1.2 and 0.7 per cent, Narakkal stood at 1.1 and 0.6 per cent, Pallippuram stood at 2.5 and 1.2 per cent, Kalamassery stood at 0.6 and 0.5 per cent and that of Eloor stood at 0.8 and 0.6 per cent.

#### 7.7.5 Evaluation

In view of increasing cost of road maintenance there is an urgent need to provide adequate share of motor vehicle tax to the panchayats by the State Government. The justification for this is that motor vehicles pass through the areas of more than one panchayat and make use of the roads provided by them without contributing to the revenues of such panchayats.

7.7.6 The proceeds should be shared in proportion to the mileage of the panchayat roads and the volume of motor traffic making use of such roads. It will not be difficult to work out a formula for the distribution of proceeds on this basis. The Taxation Enquiry Commission of 1954 had also recommended that out of the total proceeds of the motor vehicles tax levied by the State Governments a suitable fraction should be distributed among the different local bodies on the basis of the above formula.

#### 7.8.0 Land Cess

7.8.1 Panchayats can levy land cess at the rate of one sixteenth per cent of the capital value of the land.<sup>33</sup> But no panchayat in the Ernakulam district has levied Land Cess.

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33. S.66 A inserted by the Act 13 of 1969, published in Gazette, dated 26-3-1969.

The main reason for this is that the Village Office is already collecting the land cess.

#### 7.9.0 Non-tax Revenue

7.9.1 The following items constitute non-tax revenue of the panchayats.

- i) Licence fees.
- ii) Income from markets.
- iii) Grants in-aid.
- iv) Miscellaneous.

#### 7.10.0 Licence Fee

7.10.1 Licence fee enables the licensee to carry on trade and commerce. The licences are renewable every year and the commissioner who is the granting authority may refuse to grant licence if he is not satisfied with the activities of a particular trade and industry. If he is of the opinion that a particular trade is not conducive for the healthy development of the city and its citizens, he may suspend, cancel or modify the licence for that trade.

#### 7.10.2 Rates of levy

The licence fee varies depending upon (i) type of trade, (ii) rental value of the business premises, (iii) horse power of the motor and (iv) power consumption used. For the details see Appendix No.3.

### 7.10.3 Revenue Importance

Table 7.10 reveals the pattern and trend of revenue from licence fees with reference to the selected and 'District Panchayats' during the period of study.

The revenue from licence fees of 'District Panchayats' has increased by 83.4 per cent during 1969-70 to 1983-84. In absolute terms it went up from Rs.1,62,784.74 in 1969-70 to Rs.2,98,501.66 in 1983-84. Similar is the case with the panchayats. For instance, during the same period the revenue from licence fees with reference to Elamkunnappuzha panchayat has increased by 187.7 per cent, Narakkal by (-) 13.1 per cent, Pallippuram by 133.9 per cent, Kalamassery by 301.5 per cent and that of Eloor by 76.5 per cent. In absolute terms the amount went up from Rs.5,019.00 to Rs.14,441.00, from Rs.4,138.35 to Rs.3,594.00, from Rs.4,362.00 to Rs.10,203.25, from Rs.4,768.00 to Rs.18,780.00, and from Rs.2,877.00 to Rs.5,078.00 during 1969-70 through 1983-84 in the case of Elamkunnappuzha, Narakkal, Pallippuram, Kalamassery and Eloor panchayats respectively.

The importance of revenue from licence fees shows a declining trend compared to non-tax and total revenue in the case of selected and 'District Panchayats'.<sup>34</sup> The average

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34. See Columns 3,4,6,7,9,10,12,13,15,16,18 and 19 of Table 7.10.

percentage of revenue from licence fees to non-tax and total revenue of 'District Panchayats' during the period of study has remained at 5.6 and 2.1 per cent respectively. In the case of panchayats it has remained at 9.1 and 3.1 per cent, in the case of Elamkunnappuzha, 3.3 and 1.5 per cent in the case of Narakkal, 4.2 and 2.1 per cent in the case of Pallippuram, 15.3 and 2.1 per cent in the case of Kalamassery, 4.6 and 1.0 per cent in the case of Eloor. The possible reasons for declining the importance of licence fees are : (i) lack of effective assessment, and (ii) tax evasion.<sup>35</sup>

35. For instance, "on cross verification of the demand registers of profession tax with that of D & O trade licence fees, it is noticed that the following traders have not taken licences under D & O trade etc.

<u>Profession tax Demand No.</u>	<u>Name of Party</u>	<u>Trade</u>
606	M/s. Vypin Engineering Works	Metal Beating
625	Metal Engineering Corporation	" "
641	Brothers Engineering Works	" "
644	Diesel Industries	Kerosene, Diesel
669	M/s. Ocean fuels	Kerosene, Diesel
732	M/s. Asok Metal Industries	Metal Beating

#### 7.10.4 Evaluation

It is generally expected that as economic development proceeds, the number of licences and registrations are bound to go up. For effectively exploiting this opportunity, panchayats should take the following steps :-

i) All loopholes which help to evade tax should be plugged.

ii) Omission or tax evasion should be strictly dealt with.

#### 7.11.0 Income from Markets

7.11.1 There are two types of markets which come under the control of the panchayats. They are (i) Public markets and (ii) Private markets.

7.11.2 Public markets are those markets which are owned and managed by the panchayats. These are often leased out to the highest bidder. But in certain cases the panchayats directly collect levies from those who operate in these markets.

7.11.3 Private market are those markets which are owned and managed by private individuals. But the market owner or those who trade in this market must obtain licence from the panchayat.



7.11.4 Clauses (a) to (e) of Sub-section (2) and Clauses (a) to (e) of Section 87 of the Act stipulates the maximum fees that can be charged on any item from any public or private market respectively. The details are given in Table 7.11.

Table 7.11 Market Fees on Different Items Levied by the Panchayat

<u>Details of Items</u>	<u>Maximum/day (Rs.)</u>
I. For the right to expose goods for sale	
(a) Occupying space having area of 1 Sq. meters or less	0.30
(b) Occupying space having area of more than 1 Sq. meters but not more than 9 Sq. meters	0.50
(c) Occupying space having area of more than 9 Sq. meters but not more than 25 Sq. meters	1.00
(d) Occupying space having area of more than 25 Sq. meters	2.00
II. For the use of shops, stalls, pens or stands on market days.	
(a) Upto a plinth area of 10 Sq. meters	1.00
(b) Plinth area of above 10 Sq. meters but not more than 25 Sq. meters	2.00
(c) Plinth area of above 25 Sq. meters	4.00

Table 7.11 (Contd.)

<u>Details of Items</u>	<u>Maximum/days (Rs.)</u>
III. Fees on vehicles or Pack animals or persons carrying any goods for sale in the market.	
(a) Hand load	Exempted
(b) Head load	1.00
(c) Cycle load	1.50
(d) Cart load	3.00
(e) Motor vehicle load	6.00
(f) Load of goods in valloms of 1 meter or less of girth	4.00
(g) Cattle, horse, or ass load	0.50
IV. Fees on animals brought for sale.	
(a) Sheep and goats	0.30 (each)
(b) Asses and pigs	0.50 ( " )
(c) Cows, bulls and buffaloes	1.00 ( " )
(d) Poultry (grown up fowls)	0.10 ( " )

#### 7.11.5 Revenue Importance

Table 7.12 shows the pattern and trends of revenue from markets of Narakkal, Pallippuram, Eloor and 'District Panchayats' during the period of study. Because of non availability of data, Elamkunnappuzha and Kalamassery panchayats are not taken into account.

The revenue from markets of 'District Panchayats' has increased by 223.9 per cent during the period of study. In absolute terms revenue went up from Rs.1,14,594.02 in 1969-70 to Rs.3,71,207.77 in 1983-84. During the same period, the revenue from markets of Narakkal panchayat has increased by 215.3 per cent and that of Eloor by 953 per cent. In absolute terms the revenue went up from Rs.4825.25 to Rs.15,215.00 and from Rs.3,025.00 to Rs.31,854.52 respectively. But the revenue from markets of Pallippuram panchayat has decreased by 9.4 per cent i.e. it declined from Rs.1,904.00 in 1969-70 to Rs.1,725.00 in 1982-83.

The importance of revenue from markets in relation to non-tax and total revenue shows a declining trend in the case of Narakkal, Pallippuram, Eloor and 'District Panchayats' during 1969-70 through 1983-84.<sup>36</sup> It also shows that average percentage of revenue from markets with reference to non-tax and total revenue, is rather insignificant. For instance the average percentage of revenue from markets in relation to non-tax and total revenue of 'District Panchayats' during 1969-70 through 1983-84 is only 5.7 and 2.1 per cent respectively. During the same period the average percentage of revenue from markets in relation to non-tax and total revenue of Narakkal panchayat is only 6.9 and 3.1 per cent. This is 1.5 and 0.7 per cent only in the case of Pallippuram panchayat

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36. See Column No. 3,4,6,7,9,10,12 and 13 of Table 7.12.

and 7 and 1.5 per cent in the case of Eloor panchayat.

Some of the possible reasons for the state of affairs are (i) Administrative enertia (ii) Evasion of tax and (iii) Leniency shown towards bidders.

#### 7.11.6 Evaluation

It is a known fact that when economic development takes place, the functioning of the markets also flourish. The above analysis of revenue from markets does not show this character. Therefore, for effective raising of revenue from markets the following steps should be taken by the panchayats.

- 1) Enhancing the efficacy of tax administration, and
- ii) Plugging the loopholes in tax laws.

#### 7.12.0 Grants in-aid

7.12.1 Grants in-aid form one of the important sources of revenue to Local Governments. In fact, it is a device by which the Central, State and Local Governments join together in financing local services. Certain services such as public health and education are of national importance but local in character. These services involve a lot of money and left to themselves the local governments will find it difficult to implement them efficiently. To obviate this difficulty

grants-in-aid are provided to the local governments.

7.12.2 Grants-in-aid can be broadly classified into two categories -- recurring and non-recurring. The former is meant to meet the revenue deficiency in the recurring expenditure of local bodies and are therefore, given annually. The latter is usually given for some specific purpose. Recurring grants may be further sub-divided into block and specific. Block grants, are also known as general grants and they are used to supplement the general revenues available for carrying out the normal functions of local authorities. No conditions are attached to such grants. These grants are designed enable poor local bodies to gain the minimum level of income to meet their essential responsibilities.

7.12.3 Specific grants are earmarked for specific purposes and carry with them certain conditions. The conditions are attached to ensure that they are utilised properly. As the block grants do not carry with them any such conditions they enable the local authorities to decide on priorities in their own programming. The block grant is based on anticipated deficit in carrying out the minimum programme at certain level of services. Specific grants are useful in stimulating local action in desired fields and in providing the desired measure of control over the quality of services.

#### 7.12.4 Revenue from Grants-in-aid

Table 7.13 reveals the pattern of revenue from grants-in-aid of the selected and 'District Panchayats' during 1978-79 through 1983-84.

An analysis of the Table 7.13 reveals the following facts :-

i) There is no definite pattern of providing grants to the panchayats. This often creates difficulties in formulating definite plans and implementing them within the financial year.

ii) The grants provided by the State Government to the panchayats is insignificant compared with the total revenues of the panchayats.

iii) Grants are not at all sufficient to bridge the gap between expenditure and income of the panchayats.

#### 7.12.5 Evaluation

The present system of grant fixation is not free from defects. So the principles now followed in fixing grants should be subjected to review and the panchayats must be provided with sufficient funds to enable them to work. Alongside panchayats are to be encouraged to tap more resources by way of improving tax collection and enhancing efficiency in

expenditure by reducing waste. Grants, whether statutory or non-statutory are to be given on some definite principles. In deciding the principles local conditions and requirements are to be taken into account.

#### 7.13.0 Deposits

7.13.1 Table 7.14 reveals the pattern and trend of revenue derived from deposits in the case of the panchayats selected and 'District Panchayats' during the period of study.

From Table 7.14 it can be seen that revenue from deposits of 'District Panchayats' has increased by 489.2 per cent during the period under study. In absolute terms it went up from Rs. 3,49,865.14 to Rs. 20,61,484.96 in 1969-70 through 1983-84. During the same period the revenue from deposits of Elamkunnappuzha panchayat has increased by 303.1 per cent, Narakkal by 1,772 per cent, Pallippuram by 631.3 per cent, and that of Eloor by 11,298 per cent. The increase in revenue from deposits in the case of Eloor panchayat is spectacular. In absolute terms the amount went up from Rs. 4,188.61 to Rs. 4,77,350.00 during 1970-71 through 1983-84. But in the case of Kalamassery panchayat, revenue from deposits decreased by 35 per cent during this period.

7.13.2 In addition, Table 7.14 reveals the following facts:-

- 1) The importance of revenue from deposits to

non-tax and total revenue of selected and 'District Panchayats' during the period of study is rather significant. For instance, the average percentage of revenue derived from deposits to non-tax and total revenue of 'District Panchayats' during 1969-70 through 1983-84 is 17.2 and 6.2 per cent respectively. During the same period the average percentage of revenue derived from deposits to non-tax and total revenue of Elamkunnapuzha panchayat is 14.1 and 4.6 per cent, Narakkal's is 27.3 and 13.4 per cent, Kalamassery's is 17.0 and 4.5 per cent and that of Eloor's is 35.9 and 8.6 per cent.

#### 7.14.0 Miscellaneous Revenue

7.14.1 Miscellaneous revenue consists of :-

- i) Sundry receipts.
- ii) Recoveries on account of services rendered.
- iii) Interest on investments.
- iv) Library receipts.
- v) Medical and Public health receipt, and
- vi) Revenue derived from panchayat properties.

Since, separate account on revenue derived from panchayat properties are not available, we are forced to include this item also under miscellaneous revenue.

7.14.2 The main sources of revenue from panchayat properties of the selected panchayats are listed in Table 7.15.



Table 7.15 Sources of Revenue of the Selected Panchayat Properties

Panchayats	Sources of Revenue from Panchayat Properties
1. Elamkunnappuzha	Building given for rent and income from lease of land.
2. Narakkal	Fishing rate auction, shopping centre and auction of coconut trees.
3. Pallippuram	Fishing rate auction and auction of coconut trees.
4. Kalamassery	Shopping complex and community hall.
5. Eloor	Ferry service and auction of coconut trees.

#### 7.14.3 Revenue Importance

Table 7.16 reveals the pattern of revenue from miscellaneous items in the case of the selected and 'District Panchayats' during the period of study.

From Table 7.16 it can be seen that the revenue from miscellaneous items of the 'District Panchayats' has increased by 272 per cent during the period under reference. In absolute terms it went up from Rs.18,23,661.31 in 1969-70

to Rs.67,84,670.11 in 1983-84. During the same period, the revenue from miscellaneous items in the case of Elamkunnapuzha panchayat has increased by 297.1 per cent, Narakkal's by 738.5 per cent, Pallippuram's by 455.7 per cent, Kalamassery's by 700 per cent and that of Eloor's by 163.1 per cent. In absolute terms the amount went up from Rs.31,532.36 to Rs.1,25,215.76, from Rs.19,249.37 to Rs.1,61,406.57, from Rs.82,610.28 to Rs.4,59,081.84, from Rs.31,653.29 to Rs.2,53,206.56 and from Rs.84,875.78 to Rs.2,23,303.71 during 1969-70 through 1983-84 in the case of Elamkunnapuzha, Narakkal, Pallippuram, Kalamassery and Eloor panchayats respectively.

7.14.4 In addition Table 7.16 reveals that Revenue from miscellaneous items occupy top place in the revenue accounts of all the selected and 'District Panchayats'. For instance, the average percentage of miscellaneous revenue in relation to non-tax revenue during 1969-70 through 1983-84 in the case of 'District Panchayats' remained at a high level of 66.6 per cent. During the same period the average percentage of revenue from miscellaneous items to non-tax revenue in the case of Elamkunnapuzha, Narakkal, Pallippuram, Kalamassery and Eloor panchayats came to 76.5, 60.1, 81.6, 63.7 and 50.1 per cent respectively.

Table 7.1 Revenue from Building Tax of the Selected and 'District Panchayats' during 1969-70 through 1983-84

(in Rs.)

Year	Elamkunnappuzha			Narakkal		Pallippuram			
	Revenue	Column 2 as % of total tax Revenue	Column 2 as % of total Revenue	Revenue	Column 5 as % of total tax Revenue	Column 5 as % of total Revenue	Revenue	Column 8 as % of total tax Revenue	Column 8 as % of total Revenue
1	2	3	4	5	6	7	8	9	10
1969-70	18,693.63	45.9	24.2	11,250.11	30.4	17.2	16,332.41	38.8	12.5
1970-71	19,989.87	43.1	24.2	11,040.97	23.0	13.3	18,492.31	37.6	14.7
1971-72	21,079.72	33.3	21.4	12,743.22	23.7	9.0	16,105.44	33.8	17.1
1972-73	22,278.12	37.3	23.9	12,291.50	21.5	10.9	17,279.25	33.1	13.3
1973-74	30,515.08	29.2	19.0	17,860.13	20.3	8.8	37,773.22	42.3	24.4
1974-75	33,077.59	23.9	13.5	18,484.47	21.1	8.4	38,898.42	36.0	15.9
1975-76	36,223.50	22.9	14.2	19,775.45	17.9	8.6	41,995.50	27.9	13.6
1976-77	39,368.44	17.0	12.4	21,066.42	11.7	7.0	45,092.62	19.0	10.8
1977-78	42,190.42	14.0	9.2	27,066.35	13.3	6.2	48,011.97	22.9	10.9
1978-79	85,263.47	22.2	18.4	41,119.22	17.0	10.2	67,658.32	23.6	15.2
1979-80	88,718.03	23.2	18.4	44,421.21	11.5	7.2	68,451.30	18.6	12.1
1980-81	90,954.53	32.6	14.9	49,158.11	12.7	7.4	68,472.93	19.0	11.0
1981-82	1,04,272.28	31.2	17.2	49,617.22	14.7	7.5	72,644.95	22.4	10.2
1982-83	1,13,576.43	28.3	20.1	50,059.52	12.8	8.3	76,470.65	20.1	6.9
1983-84	1,52,815.23	31.8	24.1	84,604.16	15.0	10.6	1,13,427.48	26.6	11.7
Average during 1969-70 through 1983-84	--	29.1	18.3	--	17.8	9.4	--	28.1	13.4

Source :- 1) Administrative Reports of Kerala Panchayats during 1969-70 through 1978-79 (Published).  
 11) Administrative Reports of Ernakulam district Pnachayat during 1979-80 through 1983-84 (Unpublished).

(Contd.)

Table 7.1 (Contd.)

Year	Kalamassery			Eloor			'District Panchayats'		
	Revenue	Column 11 as % of total tax Revenue	Column 11 as % of Total Revenue	Revenue	Column 14 as % of Total tax Revenue	Column 14 as % of Total Revenue	Revenue	Column 17 as % of total tax Revenue	Column 17 as % of Total Revenue
1	11	12	13	14	15	16	17	18	19
1969-70	1,13,319.60	56.5	47.8	99,885.45	44.3	31.6	11,60,564.80	51.0	26.5
1970-71	86,421.22	46.6	33.9	84,033.75	41.0	32.2	11,79,518.08	38.0	25.1
1971-72	93,013.07	45.8	37.3	97,382.07	39.0	27.3	11,51,631.09	33.0	20.7
1972-73	1,07,118.21	43.5	41.8	86,519.85	35.2	23.5	9,77,920.54	38.1	20.5
1973-74	1,21,582.08	43.8	33.2	65,635.84	22.3	19.2	14,12,764.15	35.1	22.6
1974-75	1,30,715.47	40.0	34.8	2,50,073.75	48.0	41.0	19,26,428.60	33.5	23.7
1975-76	1,49,645.50	33.0	29.3	2,10,971.50	37.3	32.0	19,90,171.80	30.4	20.0
1976-77	1,68,576.75	27.3	23.3	1,71,869.45	25.4	22.1	20,54,285.99	24.9	16.1
1977-78	1,51,583.65	25.4	20.2	1,38,891.66	27.6	18.8	19,35,655.54	23.8	14.4
1978-79	3,11,924.70	36.4	27.1	3,01,941.68	37.6	26.3	34,28,669.10	33.8	21.4
1979-80	3,91,788.68	37.5	25.1	2,68,776.53	41.3	30.4	33,76,847.49	27.5	19.5
1980-81	3,43,355.17	38.7	23.1	3,75,926.58	40.5	29.3	35,43,639.42	27.4	17.1
1981-82	4,22,760.47	37.5	21.6	3,97,969.06	39.6	33.7	38,88,187.68	25.5	14.9
1982-83	3,91,440.25	30.4	22.9	3,78,478.42	35.6	28.1	43,09,457.72	24.7	16.4
1983-84	5,15,598.70	35.9	29.8	15,08,010.20	67.8	50.8	73,64,756.81	38.4	25.5
Average during 1969-70 through 1983-84	--	38.6	30.1	--	38.8	29.8	--	32.4	20.3

Table 7.2 Percentage of Collection to Demand of Building Tax of the Selected Panchayats during 1977-78 through 1983-84

Year	Elamkunna- puzha	Narakkal	Palli- ppuram	Kalama- ssery	E.
1	2	3	4	5	
1977-78	--	--	--	80.5	8
1978-79	--	95.6	85.4	84.5	8
1979-80	99.0	93.4	88.7	78.5	6
1980-81	100.0	91.9	--	--	6
1982-83	100.0	--	84.5	73.9	.
1983-84	--	--	--	59.5	.

Source :- Administrative Reports of the Selected Panchayats during 1977-78 through 1983-84 (Unpublished).

Table 7.5 Revenue from Profession Tax of the Selected and 'District Panchayats' during 1969-70 through 1983-84

(in Rs.)

Year	Elamkunnappuzha			Narakkal			Pallippuram		
	Revenue	Column 2 as % of total tax Re- venue	Column 2 as % of total Revenue	Revenue	Column 5 as % of total tax Re- venue	Column 5 as % of total Revenue	Revenue	Column 8 as % of total tax Re- venue	Column 8 as % of total Revenue
1	2	3	4	5	6	7	8	9	10
1969-70	7,848.00	19.2	10.1	6,898.00	18.6	10.6	8,431.00	20.0	6.4
1970-71	8,510.00	18.3	10.3	8,161.00	16.0	9.8	9,704.00	19.7	7.7
1971-72	8,451.00	13.4	8.6	8,561.00	15.9	6.0	8,230.00	17.3	8.8
1972-73	9,054.00	15.2	9.7	8,703.00	15.3	7.7	9,137.00	17.5	7.0
1973-74	10,630.00	10.2	6.6	9,999.00	11.3	4.9	9,929.00	11.1	6.4
1974-75	11,262.00	8.1	4.6	11,521.00	13.1	5.2	12,167.00	11.3	5.0
1975-76	13,970.00	8.8	5.5	13,351.00	12.1	5.8	21,411.50	14.2	6.9
1976-77	16,678.00	7.2	5.3	15,182.00	8.4	5.0	30,656.00	12.9	7.3
1977-78	20,709.00	6.9	4.5	15,436.00	7.6	3.5	30,672.00	14.6	7.0
1978-79	20,314.00	5.3	4.4	17,784.00	7.3	4.4	32,933.00	11.5	7.4
1979-80	22,584.00	5.9	4.7	22,625.00	5.9	3.7	35,366.00	9.6	6.3
1980-81	24,032.00	8.6	3.9	25,710.00	6.7	3.9	38,060.00	10.6	6.1
1981-82	28,024.00	8.4	4.6	29,802.00	8.8	4.5	43,611.00	13.5	6.1
1982-83	34,971.00	8.7	6.2	39,294.00	10.0	6.5	47,989.00	12.6	4.3
1983-84	38,072.00	7.9	6.0	37,649.00	6.7	4.7	30,899.00	7.2	3.2
Average during 1969-70 through 1983-84.	--	10.1	6.3	--	10.9	5.7	--	13.6	6.4

(Contd.)

- Source :-
- i) Administrative Reports of Kerala Panchayats during 1969-70 through 1978-79 (Published).
  - ii) Administrative Reports of Ernakulam District Panchayat during 1979-80 through 1983-84 (Unpublished).

Table 7.5 (Contd.)

Year	Kalamassery			Eloor		Pallippuram			
	Revenue	Column 11 as % of total tax Revenue	Column 11 as % of total Revenue	Revenue	Column 14 as % of total tax Revenue	Column 14 as % of total Revenue	Revenue	Column 17 as % of total tax Revenue	Column 17 as % of total Revenue
1	11	12	13	14	15	16	17	18	19
1969-70	37,908.05	18.9	16.0	99,371.00	44.1	31.4	6,34,258.55	27.9	14.5
1970-71	51,243.60	27.7	20.1	80,473.60	39.3	30.8	7,33,358.91	24.2	15.6
1971-72	66,024.50	32.5	26.5	1,05,578.80	42.3	29.6	8,43,150.95	24.2	15.2
1972-73	68,451.20	27.8	26.7	1,18,933.10	48.4	32.3	7,05,482.90	27.5	14.8
1973-74	74,798.80	26.9	20.4	1,74,562.00	59.2	51.0	8,70,950.90	21.6	13.9
1974-75	1,26,888.90	38.8	33.8	1,58,281.00	30.4	26.0	13,59,330.84	23.6	16.7
1975-76	1,84,934.50	40.7	36.1	2,53,800.50	44.9	38.5	16,28,406.50	24.9	16.3
1976-77	2,42,981.00	39.3	33.6	3,49,320.00	51.6	45.0	18,97,482.25	23.0	14.9
1977-78	1,79,024.50	30.0	23.8	2,06,363.05	41.1	27.9	15,06,683.50	18.5	11.2
1978-79	2,38,913.00	27.9	20.7	3,43,226.05	42.8	29.9	17,40,548.05	17.2	10.9
1979-80	2,71,289.00	26.0	17.4	1,55,312.00	23.9	17.6	17,90,054.50	14.6	10.3
1980-81	2,37,251.00	26.8	16.0	2,88,688.00	31.1	22.6	20,81,068.50	16.1	10.1
1981-82	3,38,735.00	30.0	17.3	3,13,108.00	31.1	26.0	25,30,486.60	16.6	9.7
1982-83	5,08,304.00	39.4	29.7	4,06,649.00	38.3	30.2	32,92,825.00	18.9	12.6
1983-84	5,28,445.00	36.8	30.5	4,13,179.00	18.6	13.9	35,07,373.00	18.3	12.2
Average during 1969-70 through 1983-84.	--	31.3	24.6	--	39.1	30.2	--	21.1	13.3

Table 7.6 Revenue from Entertainment tax of the Selected and 'District Panchayats' during 1969-70 through 1983-84

(in Rs.)

Year	Elamkunnappuzha			Narakkal			Pallippuram		
	Revenue	Column 2 as % of total Tax Revenue	Column 2 as % of Total Revenue	Revenue	Column 5 as % of total Tax Revenue	Column 5 as % of total Revenue	Revenue	Column 8 as % of total Tax Revenue	Column 8 as % of total Revenue
1	2	3	4	5	6	7	8	9	10
1969-70	12,216.94	30.0	15.8	16,529.31	44.6	25.3	13,214.56	31.4	10.1
1970-71	12,970.62	27.9	15.7	24,885.63	51.8	30.0	13,066.50	26.6	10.4
1971-72	20,945.45	33.1	21.3	24,505.54	45.5	17.2	9,355.45	19.6	10.0
1972-73	16,710.19	28.0	18.0	31,592.94	55.4	28.0	12,493.69	23.9	9.6
1973-74	33,365.47	32.0	20.8	40,268.28	45.6	19.9	18,622.12	20.9	12.0
1974-75	51,122.17	36.9	20.8	36,923.38	42.1	16.8	22,887.85	21.2	9.3
1975-76	68,288.50	43.1	26.8	59,515.38	54.0	25.9	46,178.80	30.7	14.9
1976-77	1,36,103.72	58.8	43.0	1,24,658.03	69.2	41.5	1,13,221.27	47.8	27.0
1977-78	1,82,283.62	60.7	39.8	1,32,814.64	65.2	30.3	83,641.31	39.9	19.1
1978-79	2,00,312.16	52.2	43.3	1,39,444.51	57.6	34.7	1,24,733.81	43.6	27.9
1979-80	1,57,247.32	41.1	32.6	2,36,505.07	61.4	38.3	1,56,015.75	42.5	27.6
1980-81	86,268.78	30.9	14.2	2,46,517.41	63.9	37.1	1,51,535.29	42.0	24.4
1981-82	90,520.40	27.1	14.9	1,64,580.27	48.8	24.9	1,82,072.45	56.2	25.5
1982-83	1,57,289.64	39.2	27.8	2,63,035.49	67.1	43.6	1,60,384.79	42.1	14.5
1983-84	1,47,784.26	30.7	23.3	3,85,530.96	68.4	48.2	1,51,902.49	35.6	15.7
Average during 1969-70 through 1983-84	--	38.1	25.2	--	56.0	30.8	--	34.9	17.2

Source :- Ibid.

(Contd.)



Table 7.6 (Contd.)

Year	Kalamassery			Eloor			'District Panchayats'		
	Revenue	Column 11 as % of total Tax Revenue	Column 11 as % of total Revenue	Revenue	Column 14 as % of Total tax Revenue	Column 14 as % of total Revenue	Revenue	Column 17 as % of total Tax Revenue	Column 17 as % of total Revenue
	11	12	13	14	15	16	17	18	19
1969-70	16,745.04	8.3	7.1	20,859.92	9.3	6.6	3,12,577.49	13.7	7.1
1970-71	16,531.91	8.9	6.5	26,208.55	12.8	10.0	3,39,581.10	11.2	7.2
1971-72	17,061.08	8.4	6.8	23,529.63	9.4	6.6	3,57,594.98	10.3	6.4
1972-73	16,141.37	6.5	6.3	23,925.30	9.7	6.5	3,00,399.79	11.7	6.3
1973-74	26,665.41	9.5	7.3	29,075.76	9.9	8.5	4,09,943.67	10.2	6.6
1974-75	30,773.11	9.4	8.2	32,998.68	6.3	5.4	5,02,720.45	8.7	6.2
1975-76	51,244.50	11.3	10.0	42,280.65	7.5	6.4	7,07,147.90	10.8	7.1
1976-77	1,18,273.88	19.1	16.3	81,523.80	12.0	10.5	12,27,151.57	14.8	9.6
1977-78	1,80,022.47	30.1	24.0	73,292.49	14.6	9.2	14,52,518.60	17.9	10.8
1978-79	1,96,538.96	22.9	17.0	68,056.74	8.5	6.0	13,31,615.27	13.1	8.3
1979-80	2,08,874.68	20.0	13.3	97,901.56	15.0	11.0	16,29,616.30	13.3	9.4
1980-81	1,57,928.06	17.8	10.6	1,44,371.27	15.6	11.3	15,98,140.53	12.3	7.7
1981-82	1,32,924.81	11.8	6.8	1,63,574.97	16.3	13.5	17,35,273.17	11.4	6.6
1982-83	1,27,691.76	9.9	7.4	1,56,898.17	14.8	11.7	19,08,810.49	11.0	7.3
1983-84	1,08,128.65	7.5	6.3	1,85,631.43	8.3	6.2	22,04,521.01	11.5	7.6
Average during 1969-70 through 1983-84.	--	13.4	10.3	--	11.3	8.6	--	12.1	7.6

Table 7.7 · Revenue from Duty on Transferable Property of the Selected and 'District Panchayats' during 1969-70  
through 1983-84

(in Rs.)

Year	Elamkunnappuzha			Narakkal			Pallippuram		
	Revenue	Column 2 as % of total tax Re- venue	Column 2 as % of total Revenue	Revenue	Column 5 as % of total tax Re- venue	Column 5 as % of total Revenue	Revenue	Column 8 as % of total Tax Re- venue	Column 8 as % of total Revenue
1	2	3	4	5	6	7	8	9	10
1969-70	--	--	--	--	--	--	--	--	--
1970-71	2,871.05	6.2	3.5	1,757.32	3.7	2.1	2,965.26	6.0	2.4
1971-72	9,762.60	15.4	9.9	5,946.24	11.0	4.2	10,094.16	21.2	10.7
1972-73	9,031.50	15.1	9.7	2,583.62	4.5	2.3	8,841.36	16.9	6.8
1973-74	20,966.28	20.1	13.1	15,110.50	17.1	7.5	17,032.33	19.1	11.0
1974-75	36,512.96	26.4	14.9	16,938.88	19.3	7.7	22,171.31	20.5	9.1
1975-76	35,067.00	22.2	13.8	16,450.00	14.9	7.2	26,293.50	17.5	8.5
1976-77	33,622.68	14.5	10.6	16,559.04	9.2	5.5	30,416.75	12.8	7.3
1977-78	48,662.48	16.2	10.6	25,669.44	12.6	5.9	38,875.76	18.5	8.9
1978-79	70,896.48	18.5	15.3	40,974.44	16.9	10.2	53,069.51	18.5	11.9
1979-80	1,09,222.48	28.6	22.6	78,283.00	20.3	12.7	97,387.58	26.5	17.2
1980-81	73,064.89	26.2	12.0	60,544.00	15.7	9.1	92,375.65	25.6	14.8
1981-82	1,06,787.60	32.0	17.6	91,889.80	27.3	13.9	18,481.10	5.7	2.5
1982-83	90,578.44	22.6	16.0	37,288.52	9.5	6.2	89,519.09	23.5	8.1
1983-84	1,37,769.94	28.7	21.7	52,817.76	9.4	6.7	1,22,729.08	28.8	12.6
Average during 1969-70 through 1983-84	--	20.9	13.7	--	13.7	7.2	--	18.7	9.4

Source :- Ibid.

(Contd.)

Table 7.7 (Contd.)

Year	Kalamassery			Eloor			'District Panchayats'		
	Revenue	Column 11 as % of total Tax Revenue	Column 11 as % of total Revenue	Revenue	Column 14 as % of total Tax Revenue	Column 14 as % of total Revenue	Revenue	Column 17 as % of total Tax Revenue	Column 17 as % of total Revenue
1	11	12	13	14	15	16	17	18	19
1969-70	--	--	--	--	--	--	--	--	--
1970-71	6,367.00	3.4	2.5	9,349.14	4.6	3.6	6,33,531.64	20.9	13.5
1971-72	--	--	--	19,460.88	7.8	5.5	9,80,676.11	28.1	17.7
1972-73	24,636.12	10.0	9.6	5,420.90	2.2	1.5	4,39,239.11	17.1	9.2
1973-74	20,045.55	7.2	5.5	16,488.55	5.6	4.8	10,75,530.40	26.7	17.2
1974-75	--	--	--	37,748.65	7.2	6.2	15,39,788.87	26.7	18.9
1975-76	24,254.60	5.3	4.7	51,619.00	9.1	7.8	17,25,732.50	26.4	17.3
1976-77	34,739.20	5.6	4.8	65,590.26	9.7	8.5	19,11,677.63	23.1	15.0
1977-78	42,846.80	7.2	5.7	79,004.57	15.7	10.7	27,38,670.23	33.7	20.4
1978-79	50,510.90	5.9	4.4	81,657.00	10.2	7.1	32,92,467.53	32.5	20.6
1979-80	1,03,947.10	9.9	6.7	1,22,513.29	18.8	13.9	50,92,333.71	41.5	29.3
1980-81	86,172.45	9.7	5.8	1,14,153.76	12.3	8.9	54,32,933.67	42.0	26.2
1981-82	1,55,644.20	13.8	8.0	1,25,966.95	12.5	10.4	77,78,310.97	51.0	25.9
1982-83	1,84,773.25	14.3	10.8	1,14,647.06	10.8	8.5	60,32,111.17	34.6	23.0
1983-84	1,96,185.96	13.6	11.4	1,12,508.41	5.1	3.8	57,94,156.26	30.2	20.1
Average during 1969-70 through 1983-84	--	7.6	5.7	--	9.4	7.2	--	31.0	19.6

Table 7.8 Revenue from Show tax of the Selected and 'District Panchayats' during 1969-70 through 1983-84

(in Rs.)

Year	Elamkunnappuzha			Narakkal			Pallippuram		
	Revenue	Column 2 as % of total tax Revenue	Column 2 as % of total Revenue	Revenue	Column 5 as % of total tax Revenue	Column 5 as % of total Revenue	Revenue	Column 8 as % of total tax Revenue	Column 8 as % of total Revenue
1	2	3	4	5	6	7	8	9	10
1969-70	714.00	1.8	0.9	800.00	2.2	1.2	2,300.00	5.5	1.8
1970-71	806.00	1.7	1.0	955.00	2.0	1.2	2,441.00	5.0	2.0
1971-72	1,651.00	2.6	1.7	967.00	1.8	0.7	1,754.00	3.7	1.9
1972-73	1,169.00	2.0	1.3	980.00	1.7	0.9	1,931.00	3.7	1.5
1973-74	1,592.00	1.5	1.0	1,041.00	1.2	0.5	1,796.00	2.0	1.2
1974-75	2,802.00	2.0	1.1	1,052.00	1.2	0.5	2,643.00	2.4	1.1
1975-76	2,755.00	1.7	1.1	1,084.00	1.0	0.5	2,680.00	1.8	0.9
1976-77	3,393.75	1.5	1.1	1,395.00	0.8	0.5	3,426.00	1.4	0.9
1977-78	3,919.00	1.3	0.9	1,411.25	0.7	0.4	2,987.00	1.4	0.7
1978-79	4,649.00	1.2	1.0	1,098.00	0.5	0.3	3,071.75	1.1	0.6
1979-80	3,666.00	1.0	0.7	1,884.00	0.5	0.3	4,010.00	1.1	0.7
1980-81	3,865.75	1.4	0.6	2,124.50	0.6	0.4	4,047.50	1.1	0.6
1981-82	3,918.35	1.2	0.6	1,173.00	0.3	0.2	4,125.00	1.3	0.6
1982-83	3,650.00	0.9	0.6	2,166.25	0.6	0.4	4,080.24	1.1	0.4
1983-84	3,519.75	0.7	0.5	2,746.25	0.5	0.4	5,470.00	1.3	0.6
Average during 1969-70 through 1983-84	--	1.5	0.9	--	1.0	0.6	--	2.3	1.0

Source :- Ibid.

(Contd.)

Table 7.8 (Contd.)

Year	Kalamassery			Eloor			'District Panchayats'		
	Revenue	Column 11 as % of total tax Revenue	Column 11 as % of total Revenue	Revenue	Column 14 as % of total tax Revenue	Column 14 as % of total Revenue	Revenue	Column 17 as % of total tax Re- venue	Column 17 as % of total Revenue
1	11	12	13	14	15	16	17	18	19
1969-70	1,578.00	0.8	0.7	1,455.00	0.6	0.4	46,254.50	2.0	1.1
1970-71	1,584.00	0.9	0.6	1,678.75	0.8	0.6	44,854.50	1.5	1.0
1971-72	1,684.00	0.8	0.7	1,793.00	0.7	0.5	46,026.92	1.3	0.8
1972-73	1,472.00	0.6	0.6	5,359.60	2.2	1.5	40,850.28	1.6	0.9
1973-74	1,919.00	0.7	0.5	1,915.25	0.6	0.6	46,452.50	1.2	0.7
1974-75	1,747.00	0.5	0.5	1,547.00	0.3	0.3	53,010.50	0.9	0.7
1975-76	2,150.00	0.5	0.4	1,850.00	0.3	0.3	55,999.25	0.9	0.6
1976-77	3,473.56	0.6	0.5	2,824.00	0.4	0.3	72,713.05	0.9	0.5
1977-78	4,324.25	0.7	0.6	2,702.00	0.5	0.4	1,49,591.88	1.8	1.1
1978-79	3,335.00	0.4	0.3	2,777.00	0.3	0.2	74,070.30	0.7	0.5
1979-80	--	--	--	4,163.75	0.6	0.5	82,813.58	0.7	0.5
1980-81	4,370.25	0.5	0.3	5,145.75	0.6	0.4	98,527.10	0.8	0.5
1981-82	4,231.25	0.4	0.2	4,715.75	0.5	0.4	1,09,752.60	0.7	0.4
1982-83	4,461.25	0.3	0.3	5,378.75	0.5	0.4	1,14,537.05	0.7	0.5
1983-84	4,197.50	0.3	0.2	5,882.12	0.3	0.2	98,960.67	0.5	0.4
Average during 1969-70 through 1983-84	--	0.5	0.4	--	0.6	0.5	--	1.1	0.7

Table 7.9 Revenue from Vehicle tax of the Selected and 'District Panchayats' during 1969-70 through 1983-84

(in Rs.)

Year	Elamkunnappuzha			Narakkal			Pallippuram		
	Revenue	Column 2 as % of total tax Revenue	Column 2 as % of total Revenue	Revenue	Column 5 as % of total tax Revenue	Column 5 as % of total Revenue	Revenue	Column 8 as % of total tax Revenue	Column 8 as % of total Revenue
1	2	3	4	5	6	7	8	9	10
1969-70	1,307.50	3.2	1.7	1,561.00	4.2	2.4	1,776.00	4.2	1.4
1970-71	1,281.75	2.8	1.6	1,253.00	2.6	1.5	2,522.00	5.1	2.0
1971-72	1,319.50	2.1	1.3	1,126.00	2.1	0.8	2,171.50	4.6	2.3
1972-73	1,425.75	2.4	1.5	889.00	1.6	0.8	2,495.00	4.8	1.9
1973-74	1,625.00	1.6	1.0	970.00	1.1	0.5	2,568.56	2.9	1.7
1974-75	1,666.25	1.2	0.7	982.00	1.1	0.4	2,677.34	2.5	1.1
1975-76	1,983.50	1.3	0.8	1,138.00	1.0	0.5	3,680.15	2.4	1.2
1976-77	2,301.00	1.0	0.7	1,294.00	0.7	0.4	4,683.00	2.0	1.1
1977-78	2,586.59	0.9	0.6	1,356.00	0.7	0.3	5,288.00	2.5	1.2
1978-79	2,202.50	0.6	0.5	1,604.00	0.7	0.4	4,908.00	1.7	1.1
1979-80	753.00	0.2	0.1	1,620.00	0.4	0.3	5,952.00	1.6	1.1
1980-81	654.00	0.2	0.1	1,522.00	0.4	0.2	5,989.00	1.7	1.0
1981-82	696.00	0.2	0.1	--	--	--	3,243.00	1.0	0.5
1982-83	704.00	0.2	0.1	--	--	--	2,704.00	0.7	0.2
1983-84	742.00	0.2	0.1	--	--	--	2,334.00	0.5	0.2
Average during 1969-70 through 1983-84	--	1.2	0.7	--	1.1	0.6	--	2.5	1.2

Source :- Ibid.

(Contd.)

Table 7.9 (Contd.)

Year	Kalamassery			Eloor			'District Panchayats'		
	Revenue	Column 11 as % of total Tax Revenue	Column 11 as % of total Revenue	Revenue	Column 14 as % of total Tax Revenue	Column 14 as % of total Revenue	Revenue	Column 17 as % of total tax Revenue	Column 17 as % of total Revenue
1	11	12	13	14	15	16	17	18	19
1969-70	2,573.00	1.3	1.1	3,681.40	1.6	1.2	63,286.84	2.8	1.4
1970-71	3,023.00	1.6	1.2	3,003.00	1.5	1.2	64,310.75	2.1	1.4
1971-72	1,938.50	1.0	0.8	1,796.00	0.7	0.5	55,895.55	1.6	1.0
1972-73	1,673.50	0.7	0.7	5,359.60	2.2	1.5	51,760.60	2.0	1.1
1973-74	2,310.00	0.8	0.6	5,417.00	1.8	1.6	65,054.06	1.6	1.0
1974-75	1,507.50	0.5	0.4	4,766.00	0.9	0.8	72,720.34	1.3	0.9
1975-76	4,590.50	1.0	0.9	5,266.00	0.9	0.8	85,962.26	1.3	0.9
1976-77	7,674.50	1.2	1.1	5,866.00	0.9	0.8	99,204.25	1.2	0.8
1977-78	1,507.50	0.3	0.2	2,403.00	0.5	0.3	77,039.59	0.9	0.6
1978-79	2,386.50	0.3	0.2	4,416.00	0.6	0.4	79,590.75	0.8	0.5
1979-80	1,476.75	0.1	0.1	2,272.00	0.3	0.3	73,580.50	0.6	0.4
1980-81	51.00	--	--	9.00	--	--	69,034.50	0.5	0.3
1981-82	--	--	--	239.00	--	--	58,946.50	0.4	0.2
1982-83	--	--	--	400.00	--	--	81,096.14	0.5	0.3
1983-84	--	--	--	99.50	--	--	53,522.00	0.3	0.2
Average during 1969-70 through 1983-84.	--	0.6	0.5	--	0.8	0.6	--	1.2	0.7

Table 7.10 Revenue from Licence Fees of the Selected and 'District Panchayats' during 1969-70 through 1983-84

(in Rs.)

Year	Elamkunnappuzha			Narakkal			Pallippuram		
	Revenue	Column 2 as % of Non-tax Revenue	Column 2 as % of Total Revenue	Revenue	Column 5 as % of Non-tax Revenue	Column 5 as % of Total Revenue	Revenue	Column 8 as % of Non-tax Revenue	Column 8 as % of Total Revenue
1	2	3	4	5	6	7	8	9	10
1969-70	5,019.00	13.7	6.5	4,138.35	14.7	6.3	4,362.00	4.9	3.3
1970-71	780.00	2.2	0.9	1,086.42	3.1	1.3	780.00	1.0	0.6
1971-72	7,614.00	21.6	7.7	2,067.34	2.3	1.5	5,339.05	11.6	5.7
1972-73	6,034.00	18.1	6.5	2,039.00	3.7	1.8	3,695.00	4.8	2.8
1973-74	8,047.50	14.4	5.0	3,113.67	2.7	1.5	4,015.00	6.1	2.6
1974-75	6,043.00	5.6	2.5	3,340.50	2.5	1.5	4,790.00	3.5	2.0
1975-76	6,917.50	7.2	2.7	3,582.50	3.0	1.6	6,119.00	3.8	2.0
1976-77	7,792.00	9.1	2.5	3,824.50	3.2	1.3	7,448.00	4.1	1.8
1977-78	7,759.00	4.9	1.7	5,016.50	2.1	1.1	6,615.00	2.9	1.5
1978-79	8,611.00	10.9	1.9	5,345.35	3.4	1.3	8,811.00	5.5	2.0
1979-80	7,986.00	8.0	1.7	8,271.25	3.6	1.3	9,692.50	4.9	1.7
1980-81	6,819.00	2.1	1.1	3,354.00	1.2	0.5	9,303.50	3.6	1.5
1981-82	7,197.00	2.6	1.1	3,222.00	1.0	0.5	10,697.50	2.7	1.5
1982-83	11,360.00	6.9	2.0	4,408.00	2.1	0.7	9,225.50	1.3	0.8
1983-84	14,441.00	9.4	2.3	3,594.00	1.5	0.4	10,203.25	1.9	1.1
Average during 1969-70 through 1983-84	--	9.1	3.1	--	3.3	1.5	--	4.2	2.1

Source :- Ibid.

(Contd.)



Table 7.10 (Contd.)

Year	Kalamassery			Eloor			'District Panchayats'		
	Revenue	Column 11 as % of Non-tax Revenue	Column 11 as % of Total Revenue	Revenue	Column 14 as % of Non-tax Revenue	Column 14 as % of Total Revenue	Revenue	Column 17 as % of Non-tax Revenue	Column 17 as % of Total Revenue
1	11	12	13	14	15	16	17	18	19
1969-70	4,678.00	12.9	2.0	2,877.00	3.2	0.9	1,62,784.74	7.7	3.7
1970-71	7,305.00	10.5	2.9	2,586.00	4.6	1.0	1,10,452.89	6.6	2.3
1971-72	4,654.00	10.1	1.9	4,763.00	4.5	1.3	1,61,099.99	7.8	2.9
1972-73	10,149.75	100.1	4.0	2,527.00	2.1	0.7	1,59,031.97	7.2	3.3
1973-74	7,417.25	8.3	2.0	5,121.50	10.8	1.5	1,70,966.37	7.7	2.7
1974-75	6,970.00	14.3	1.9	2,661.00	3.0	0.4	1,86,198.25	7.8	2.3
1975-76	8,568.50	14.9	1.7	4,222.50	4.5	0.6	2,15,084.50	6.3	2.2
1976-77	10,167.00	9.6	1.4	5,784.00	5.8	0.7	2,43,971.40	5.4	1.9
1977-78	12,326.00	8.0	1.6	30,943.81	13.0	4.2	2,35,947.04	4.4	1.8
1978-79	18,840.60	6.4	1.6	7,933.00	2.3	0.7	2,33,515.55	4.0	1.5
1979-80	91,668.89	17.7	5.9	7,533.90	3.2	0.9	3,18,402.28	6.3	1.8
1980-81	14,504.50	2.4	1.0	9,866.05	2.8	0.8	2,56,889.58	3.3	1.2
1981-82	18,228.00	2.2	0.9	12,639.00	6.3	1.0	2,90,818.67	2.7	1.1
1982-83	21,991.50	5.2	1.3	7,199.00	2.5	0.5	3,10,455.44	3.5	1.2
1983-84	18,780.00	6.4	1.1	5,078.00	0.7	0.2	2,98,501.66	3.1	1.0
Average during 1969-70 through 1983-84	--	15.3	2.1	--	4.6	1.0	--	5.6	2.1

Table 7.12 Revenue from markets of Narakkal, Pallippuram, Eloor and 'District Panchayats' During 1969-70 through 1983-84

(in Rs.)

Year	Narakkal			Pallippuram			Eloor			'District Panchayats'		
	Revenue	Column 2 as % of Non-tax Revenue	Column 2 as % of Total Revenue	Revenue	Column 5 as % of Non-tax Revenue	Column 5 as % of Total Revenue	Revenue	Column 8 as % of Non-tax Revenue	Column 8 as % of Total Revenue	Revenue	Column 11 as % of Non-tax Revenue	Column 11 as % of Total Revenue
1	2	3	4	5	6	7	8	9	10	11	12	13
1969-70	4,825.25	17.1	7.4	1,904.00	2.1	1.4	3,025.00	3.3	1.0	1,14,594.02	5.5	2.6
1970-71	5,488.25	15.7	6.6	1,379.07	1.8	1.1	6,781.01	12.0	2.6	1,34,280.64	8.0	2.9
1971-72	4,790.50	5.4	3.4	1,705.75	3.7	1.8	4,853.00	4.5	1.4	1,50,246.16	7.3	2.7
1972-73	5,079.00	9.1	4.5	1,854.50	2.4	1.4	7,246.42	5.9	2.0	1,49,157.38	6.8	3.1
1973-74	4,729.00	4.1	2.3	3,262.00	5.0	2.1	6,955.31	14.6	2.0	1,66,675.10	7.5	2.7
1974-75	7,808.00	5.9	3.5	1,471.14	1.1	0.6	8,473.00	8.4	1.4	1,83,087.33	7.7	2.3
1975-76	7,473.00	6.3	3.3	1,500.00	0.9	0.5	9,398.00	10.0	1.4	2,03,376.80	5.9	2.0
1976-77	7,138.00	5.9	2.4	1,517.00	0.8	0.4	10,323.00	10.4	1.3	2,23,661.71	5.0	1.8
1977-78	11,733.00	5.0	2.7	513.00	0.2	0.1	2,414.00	1.0	0.3	2,77,858.72	5.2	2.1
1978-79	15,105.00	9.5	3.8	1,895.00	1.2	0.4	7,396.00	2.1	0.6	2,76,943.45	4.7	1.7
1979-80	592.00	0.3	0.1	2,090.00	1.1	0.4	25,523.28	10.9	2.9	2,97,521.53	5.9	1.7
1980-81	11,269.00	4.0	1.7	2,342.00	0.9	0.4	38,940.00	11.1	3.0	3,18,812.65	4.1	1.5
1981-82	11,951.00	3.7	1.8	1,750.00	0.4	0.2	--	--	--	4,07,929.95	3.7	1.6
1982-83	9,592.00	4.5	1.6	1,725.00	0.2	0.1	18,807.20	6.6	1.4	3,67,765.41	4.2	1.4
1983-84	15,215.00	6.5	1.9	--	--	--	31,854.52	4.3	1.1	3,71,207.77	3.8	1.3
Average during 1969-70 through 1983-84	--	6.9	3.1	--	1.5	0.7	--	7.0	1.5	--	5.7	2.1

Source :- Ibid.

Table 7.13 Amount of Grants Supplied from the State Government to the Selected and 'District Panchayats'During 1978-79 through 1982-83

(in Rs.)

Year	Elamkunnappuzha			Narakkal			Pallippuram		
	Amount of Grants	Column 2 as % of Total Revenue	Per capita Grant	Amount of Grant	Column 5 as % of Total Revenue	Per Capita Grant	Amount of Grant	Column 8 as % of Total Revenue	Per Capita Grant
1	2	3	4	5	6	7	8	9	10
1978-79	--	--	--	--	--	--	--	--	--
1979-80	4,245.40	0.9	0.10	20,095.95	3.3	0.69	7,192.85	1.3	0.20
1980-81	9,470.40	1.6	0.22	1,62,580.23	24.4	5.42	1,45,063.96	23.4	3.90
1981-82	--	--	--	--	--	--	--	--	--
1982-83	32,996.00	5.4	0.76	9,978.25	1.7	0.31	12,415.80	1.1	0.33
Average during 1978-79 through 1982-83	--	1.6	0.21	--	5.9	1.28	--	5.2	0.89

Year	Kalamassery			Eloor			'District Panchayats'		
	Amount of Grant	Column 11 as % of Total Revenue	Per Capita Grant	Amount of Grant	Column 14 as % of Total Revenue	Per Capita Grant	Amount of Grant	Column 17 as % of Total Revenue	Per Capita Grant
1	11	12	13	14	15	16	17	18	19
1978-79	92,376.50	8.0	2.34	6,000.00	0.5	0.12	10,80,346.96	6.7	0.61
1979-80	5,280.00	0.3	0.13	32,787.72	3.7	0.63	23,78,882.37	13.7	1.33
1980-81	1,87,642.36	12.6	4.47	1,88,675.25	14.7	3.59	25,49,354.85	12.3	1.40
1981-82	--	--	--	--	--	--	2,01,174.46	0.8	0.11
1982-83	84,329.33	4.9	1.90	7,960.00	0.6	0.15	37,96,039.23	14.5	2.00
Average during 1978-79 through 1982-83	--	5.2	1.77	--	3.9	0.90	--	9.6	1.09

Source :- Administrative Reports of Ernakulam district Panchayat during 1978-79 through 1982-83 (Unpublished).

Table 7.14 Revenue from Deposits of the Selected and 'District Panchayats' during 1969-70 through 1983-84

(in Rs.)

Year	Elamkunnappuzha			Narakkal			Pallippuram		
	Revenue	Column 2 as % of Non-tax Revenue	Column 2 as % of Total Revenue	Revenue	Column 5 as % of Non-tax Revenue	Column 5 as % of Total Revenue	Revenue	Column 8 as % of Non-tax Revenue	Column 8 as % of Total Revenue
1	2	3	4	5	6	7	8	9	10
1969-70	--	--	--	--	--	--	--	--	--
1970-71	3,455.00	9.6	4.2	2,973.00	8.5	3.6	10,345.00	13.6	8.3
1971-72	3,658.25	10.4	3.7	52,378.65	59.3	36.8	3,555.75	7.7	3.8
1972-73	4,624.00	13.9	5.0	18,885.45	34.0	16.8	4,032.78	5.2	3.1
1973-74	6,558.50	11.7	4.1	64,183.64	56.0	31.7	16,554.89	25.3	10.7
1974-75	6,940.00	5.5	2.8	57,780.37	43.6	26.2	5,520.25	4.0	2.2
1975-76	10,457.50	10.9	4.1	33,210.40	28.0	14.4	10,154.50	6.4	3.3
1976-77	13,975.82	16.4	4.4	8,640.72	7.2	2.9	14,789.50	8.1	3.5
1977-78	27,998.08	17.7	6.1	22,289.85	9.5	5.1	21,437.75	9.4	4.9
1978-79	12,672.00	16.0	2.7	28,146.80	17.6	7.0	27,227.32	17.0	6.1
1979-80	43,296.00	43.1	9.0	65,220.90	28.2	10.6	52,690.30	26.6	9.3
1980-81	57,527.00	17.4	9.4	1,18,062.84	42.4	17.8	36,490.03	14.0	5.9
1981-82	37,945.00	13.9	6.2	57,197.74	17.8	8.7	49,060.43	12.6	6.9
1982-83	26,082.00	15.9	4.6	71,228.60	33.7	11.8	62,592.14	8.6	5.7
1983-84	13,930.00	9.1	2.2	55,655.00	23.6	7.0	75,649.25	13.9	7.8
Average during 1969-70 through 1983-84	--	14.1	4.6	--	27.3	13.4	--	11.5	5.4

Source :- op.cit.

(Contd.)

Table 7.14 (Contd.)

Year	Kalamassery			Eloor			'District Panchayats'		
	Revenue	Column 11 as % of Non-tax Revenue	Column 11 as % of Total Revenue	Revenue	Column 14 as % of Non-tax Revenue	Column 14 as % of Total Revenue	Revenue	Column 17 as % of Non-tax Revenue	Column 17 as % of Total Revenue
1	11	12	13	14	15	16	17	18	19
1969-70	--	--	--	--	--	--	--	--	--
1970-71	29,789.05	42.9	11.7	4,188.61	7.4	1.6	3,49,865.14	20.9	7.4
1971-72	--	--	--	60,296.85	56.5	16.9	4,82,965.13	23.4	8.7
1972-73	--	--	--	28,155.30	22.9	7.6	2,29,878.68	10.5	4.8
1973-74	33,125.70	37.2	9.0	20,751.00	43.6	6.1	3,34,898.70	15.1	5.4
1974-75	--	--	--	36,755.95	41.3	6.0	2,38,440.95	10.1	2.9
1975-76	--	--	--	31,175.00	33.2	4.7	4,10,994.50	12.0	4.1
1976-77	45,481.00	42.7	6.3	25,595.80	25.8	3.3	5,83,549.03	13.0	4.6
1977-78	26,464.40	17.2	3.5	1,45,604.90	61.3	19.7	8,33,438.35	15.7	6.2
1978-79	36,681.00	12.4	3.2	1,75,731.70	51.1	15.3	7,84,322.56	13.3	4.9
1979-80	2,77,740.08	53.6	17.8	66,055.00	28.3	7.5	15,09,180.78	29.7	8.7
1980-81	60,662.70	10.1	4.1	1,94,233.06	55.2	15.2	20,33,895.34	26.2	9.8
1981-82	1,15,019.00	13.9	5.9	51,147.59	25.5	4.2	26,20,671.87	23.9	10.0
1982-83	74,787.00	17.7	4.4	61,277.00	21.6	4.6	20,43,848.98	23.4	7.8
1983-84	20,663.00	7.1	1.2	4,77,350.00	64.4	16.1	20,61,484.96	21.3	7.1
Average during 1969-70 through 1983-84	--	17.0	4.5	--	35.9	8.6	--	17.2	6.2

Table 7.16 Revenue from Miscellaneous Items of the Selected and 'District Panchayats' during 1969-70 through 1983-84

(in Rs.)

Year	Elamkunnappuzha			Narakkal		Pallippuram			
	Revenue	Column 2 as % of Non-tax Revenue	Column 2 as % of Total Revenue	Revenue	Column 5 as % of Non-tax Revenue	Column 5 as % of Total Revenue	Revenue	Column 8 as % of Non-tax Revenue	Column 8 as % of Total Revenue
1	2	3	4	5	6	7	8	9	10
1969-70	31,532.36	85.3	40.8	19,249.37	69.2	29.5	82,610.28		
1970-71	31,817.15	89.2	38.6	24,761.46	70.9	29.8	63,718.23		
1971-72	23,166.91	65.7	23.5	29,131.05	33.0	20.5	35,615.91		
1972-73	22,628.37	67.9	24.3	29,618.81	53.2	26.3	68,166.64		
1973-74	40,655.16	72.8	25.4	42,611.42	37.2	21.0	41,638.70		
1974-75	93,918.81	87.4	38.1	63,665.72	48.0	28.9	1,25,162.00		
1975-76	78,711.00	81.9	30.9	74,285.60	62.7	32.3	1,41,340.50		
1976-77	63,504.17	74.5	20.0	1,00,905.14	83.7	33.6	1,57,519.10		
1977-78	1,22,845.59	77.5	26.8	1,22,898.60	52.4	28.1	1,99,953.00		
1978-79	58,002.46	73.2	12.5	1,10,892.20	69.5	27.6	91,401.47		
1979-80	49,084.59	48.9	10.2	1,57,219.87	68.0	25.5	1,33,779.65		
1980-81	2,65,737.96	80.5	43.6	1,46,031.01	52.4	22.0	2,12,069.80		
1981-82	2,28,448.41	83.5	37.1	2,49,476.92	77.5	37.9	3,29,356.00		
1982-83	1,26,336.48	77.1	22.4	1,16,000.12	54.9	19.2	6,52,900.00		
1983-84	1,25,215.76	81.5	19.7	1,61,406.57	68.4	20.2	4,59,000.00		
Average during 1969-70 through 1983-84.	--	76.5	27.6	--	60.1	6.9			

Source :- Ibid.

Table 7.16 (Contd.)

Year	Kalamassery			Eloor			'District Panchayats'		
	Revenue	Column 11 as % of Non-tax Revenue	Column 11 as % of Total Revenue	Revenue	Column 14 as % of Non-tax Revenue	Column 14 as % of Total Revenue	Revenue	Column 17 as % of Non-tax Revenue	Column 17 as % of Total Revenue
1	11	12	13	14	15	16	17	18	19
1969-70	31,653.29	87.1	13.4	84,875.78	93.5	26.9	18,23,661.31	85.8	41.7
1970-71	22,631.87	32.6	8.9	42,805.91	75.9	16.4	9,64,824.31	57.7	20.5
1971-72	41,264.57	89.9	16.6	36,779.68	34.5	10.3	11,44,786.68	55.4	25
1972-73	--	--	--	85,134.65	69.2	23.1	16,37,857.44	74.5	
1973-74	48,464.67	54.4	13.2	14,716.56	31.0	4.3	13,97,546.91	62.9	
1974-75	41,764.28	85.7	11.1	41,070.42	45.2	6.7	17,25,008.75	72.7	
1975-76	48,875.00	85.1	9.6	49,193.00	52.3	7.5	24,62,911.75	71.8	
1976-77	50,745.99	47.7	7.0	57,316.65	57.9	7.4	32,00,814.94	71.3	
1977-78	90,029.53	64.2	13.2	58,404.73	24.6	7.9	36,94,182.62	69.5	
1978-79	1,47,403.34	49.9	12.8	1,38,060.15	40.1	12.1	35,10,061.15	59.6	
1979-80	1,25,979.65	24.3	8.1	64,377.73	27.6	7.3	26,1,804.86	51.6	
1980-81	5,25,612.23	87.5	35.3	1,08,577.23	30.9	8.5	4,78,15.36	62.9	
1981-82	6,95,869.04	83.9	35.6	1,37,075.01	69.2	11.4	34,15.39	67.	
1982-83	3,25,720.36	77.1	19.0	1,96,089.01	69.2	14.6	50,1.73	65.	
1983-84	2,53,206.56	86.5	14.6	2,23,303.71	30.1	7.5	64,6.11	70	
Average during 1969-70 through 1983-84	--	63.7	14.6	--	50.1	11.5			

CHAPTER - VIII

PER CAPITA EXPENDITURE AND PER CAPITA REVENUE --  
CORRELATION AND REGRESSION ANALYSIS

8.0.1 After having studied the pattern of expenditure and revenue of Panchayats we propose to present the correlation and regression analysis on per capita expenditure and per capita revenue of Panchayats in this chapter. We first take up the regression analysis of per capita expenditure on per capita revenue and then the correlation analysis of per capita revenue, per capita development and per capita non-development expenditure of Panchayats.

8.1.0 Regression Analysis of Per capita Expenditure and Per Capita Revenue

8.1.1 It is generally stated that public authorities adjust their income to their expenditure. This means that the public authorities first estimate the various items of expenditure and then devise methods of raising necessary funds. In order to demonstrate this in the case of Panchayats, the following functional relationship between per capita expenditure and per capita revenue may be useful.



$$Y_i = f(E_i)$$

where

$E_i$  = Per capita expenditure

$Y_i$  = Per capita revenue

8.1.2 For estimating linear regression line<sup>1</sup> of per capita expenditure on per capita revenue the population regression function is defined as :

$$Y_i = B_0 + B_1 E_i + U_i \text{ -----(i) }^*$$

1. For the assumption, See Damodar Gujarati. 'Basic Econometrics' McGraw Hill Book Company 1978, p.36-41.

\* Equation (i) is estimated from the following formula.

$$a) B_0 = \bar{Y} - B_1 \bar{X}$$

$$b) B_1 = \frac{N \sum E_i Y_i - (\sum E_i) (\sum Y_i)}{N \sum E_i^2 - (\sum E_i)^2}$$

$$c) \text{se}(B_0) = \sqrt{\frac{\sum E_i^2}{N \sum (E_i - \bar{E}_1)^2}} \times \sigma$$

$$d) \text{se}(B_1) = \frac{\sigma}{\sqrt{\sum (E_i - \bar{E})^2}}$$

$$e) r = \frac{N \sum E_i Y_i - (\sum E_i) (\sum Y_i)}{\sqrt{[N \sum E_i^2 - (\sum E_i)^2] [N \sum Y_i^2 - (\sum Y_i)^2]}}$$

$$f) r^2 = \frac{\text{E.S.S}}{\text{T.S.S}} = \frac{B_1^2 \sum (E_i - \bar{E}_1)^2}{\sum (Y_i - \bar{Y}_1)^2}$$

We now turn to our linear regression analysis pertaining to the selected and 'District Panchayats'.

8.1.2.1 'District Panchayats'

$$Y_1 = 1.03 + 0.8014 E_1$$

$$(0.7052) \quad (0.0728)$$

$$t = (1.4606) \quad (11.0082)$$

$$d.f = 13 \quad r = 0.952 \quad r^2 = 0.9034$$

The estimated regression coefficient ( $B_1$ ) satisfies the 't' test at one per cent level of significance.

8.1.2.2 Elamkunnappuzha Panchayat

$$Y_1 = 0.49 + 0.9053 E_1$$

$$(0.9878) \quad (0.1008)$$

$$t = (0.4951) \quad (8.9812)$$

$$d.f = 13 \quad r = 0.9265 \quad r^2 = 0.8654$$

The estimated regression coefficient ( $B_1$ ) satisfies the 't' test at one per cent level of significance.

8.1.2.3 Narakkal Panchayat

$$Y_1 = 1.49 + 0.9222 E_1$$

$$(2.3237) \quad (0.1642)$$

$$t = (0.6412) \quad (5.6163)$$

$$d.f = 13 \quad r = 0.8415 \quad r^2 = 0.7036$$

The estimated regression coefficient ( $B_1$ ) satisfies the 't' test at one per cent level of significance.

#### 8.1.2.4 Pallippuram Panchayat

$$Y_i = 0.79 + 1.0462 E_i$$

$$(1.4367) \quad (0.1141)$$

$$t = (0.5499) \quad (9.1691)$$

$$d.f = 13 \quad r = 0.9353 \quad r^2 = 0.8915$$

The estimated regression coefficient ( $B_1$ ) satisfies the 't' test at one per cent level of significance.

#### 8.1.2.5 Kalamassery Panchayat

$$Y_i = -1.95 + 1.0989 E_i$$

$$(3.1669) \quad (0.1283)$$

$$t = (0.6157) \quad (8.5651)$$

$$d.f = 13 \quad r = 0.9281 \quad r^2 = 0.8505$$

The estimated regression coefficient ( $B_1$ ) satisfies the 't' test at one per cent level of significance.

#### 8.1.2.6 Eloor Panchayat

$$Y_i = 1.11 + 0.9943 E_i$$

$$(1.5066) \quad (0.0758)$$

$$t = (0.7368) \quad (13.1174)$$

$$d.f = 13 \quad r = 0.9643 \quad r^2 = 0.9218$$

The estimated regression coefficient ( $B_1$ ) satisfies the 't' test at one per cent level of significance.

8.1.3 The above analysis shows :

i) There is a high positive correlation between per capita revenue and per capita expenditure of selected and 'District Panchayats'.

ii) The per capita expenditure of Elamkunnappuzha, Narakkal, Eloor and 'District Panchayats' is increasing faster than that of per capita revenue. The estimated regression coefficient ( $B_1$ ) of Elamkunnappuzha, Narakkal, Eloor and 'District Panchayats' is less than one, i.e. 0.9053, 0.9222, 0.9943 and 0.8014 respectively.

iii) The per capita revenue of Pallippuram and Kalamassery Panchayats is increasing faster than that of per capita expenditure. The estimated regression coefficient ( $B_1$ ) of Pallippuram and Kalamassery panchayats is greater than one, i.e. 1.0462 and 1.0989 respectively.

iv) The estimated regression coefficient ( $B_1$ ) of the selected and 'District Panchayats' satisfied the 't' test at one per cent level of significance.

8.1.4 The possible reasons for increasing per capita expenditure faster than that of per capita revenue and vice-versa are listed below :-

i) Selected Panchayats failed to utilise the Panchayat funds based on the rational principle. A number of cases is identified in which Panchayat funds is misutilised.<sup>2</sup>

ii) Panchayats had also failed to raise taxes effectively from the local people. In case of raising taxes, a number of cases has been identified elsewhere in which the tax collector is lenient towards tax payers.<sup>3</sup>

iii) The process of raising revenue and spending it by Panchayats does not seem to be based on any long-term or perspective planning.

#### 8.2.0 Correlation Analysis of Per capita Revenue, Per capita Development and Per capita Non-development Expenditure at Constant Prices

8.2.1 Let us analyse how the Panchayats utilise the availability of funds. Do they succeed in allocating more funds to development purpose? In order to find an answer to this question, let  $Y$  be the per capita revenue at constant prices,  $X_1$  be the per capita development expenditure at constant prices and  $X_2$  be the per capita non-development expenditure at constant prices.

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2. See Chapter - V.

3. See Chapter - VII.

8.2.2 Now, we propose to study the simple and partial correlation between per capita revenue, per capita development and per capita non-development expenditure at constant prices of the selected and 'District Panchayats'.

8.2.2.1 'District Panchayats'

The simple correlation<sup>4</sup> matrix between  $YX_1$ ,  $YX_2$ , and  $X_1X_2$  is :

	<u>Y</u>	<u>X<sub>1</sub></u>	<u>X<sub>2</sub></u>
Y	1	0.6475	0.8371
X <sub>1</sub>	0.6475	1	0.6594
X <sub>2</sub>	0.8371	0.6594	1

4. It is calculated by applying the following formula :

$$r_{YX_1} = \frac{\sum(Y - \bar{Y})(X_1 - \bar{X}_1)}{\sqrt{[\sum(Y - \bar{Y})^2][\sum(X_1 - \bar{X}_1)^2]}}$$

$$r_{YX_2} = \frac{\sum(Y - \bar{Y})(X_2 - \bar{X}_2)}{\sqrt{[\sum(Y - \bar{Y})^2][\sum(X_2 - \bar{X}_2)^2]}}$$

$$r_{X_1X_2} = \frac{\sum(X_1 - \bar{X}_1)(X_2 - \bar{X}_2)}{\sqrt{[\sum(X_1 - \bar{X}_1)^2][\sum(X_2 - \bar{X}_2)^2]}}$$

The t value<sup>5</sup> of  $r_{yx_1}$ ,  $r_{yx_2}$ , and  $r_{x_1x_2}$  is :

$$t_{yx_1} = 3.0761$$

$$t_{yx_2} = 5.5704$$

$$t_{x_1x_2} = 3.1684$$

Simple correlation between  $YX_1$ ,  $YX_2$  and  $X_1X_2$  satisfies the 't' test at one per cent level of significance.

The partial correlation<sup>6</sup> between  $Y, X_1$  and  $X_2$  is :

5. t value is calculated from  $t = \frac{r}{\sqrt{1-r^2}} \times \sqrt{n-2}$

6. Partial correlation calculated by applying the following formula :-

$$r_{yx_1 \cdot x_2} = \frac{r_{yx_1} - r_{yx_2} r_{x_1x_2}}{\sqrt{(1 - r_{yx_2}^2)(1 - r_{x_1x_2}^2)}}$$

$$r_{yx_2 \cdot x_1} = \frac{r_{yx_2} - r_{yx_1} r_{x_1x_2}}{\sqrt{(1 - r_{yx_1}^2)(1 - r_{x_1x_2}^2)}}$$

$$r_{x_1x_2 \cdot y} = \frac{r_{x_1x_2} - r_{yx_1} r_{yx_2}}{\sqrt{(1 - r_{yx_1}^2)(1 - r_{yx_2}^2)}}$$

$$r_{YX_1 \cdot X_2} = 0.2310$$

$$r_{YX_2 \cdot X_1} = 0.7097$$

$$r_{X_1 X_2 \cdot Y} = 0.2765$$

#### 8.2.2.2 Elamkunnapuzha Panchayat

The simple correlation matrix between  $YX_1$ ,  $YX_2$  and  $X_1X_2$  of Elamkunnapuzha Panchayat is :-

	<u>Y</u>	<u>X<sub>1</sub></u>	<u>X<sub>2</sub></u>
Y	1	0.5756	0.8474
X <sub>1</sub>	0.5756	1	0.4884
X <sub>2</sub>	0.8474	0.4884	1

The t value of  $r_{YX_1}$ ,  $r_{YX_2}$  and  $r_{X_1X_2}$  is :-

$$t_{YX_1} = 2.5508$$

$$t_{YX_2} = 5.807$$

$$t_{X_1X_2} = 2.0226$$

Simple correlation between  $YX_1$ ,  $YX_2$  and  $X_1X_2$  satisfies the 't' test at one per cent level of significance.

The partial correlation between  $Y, X_1$  and  $X_2$  is :-



$$r_{yx_1 \cdot x_2} = 0.1281$$

$$r_{yx_2 \cdot x_1} = 0.7953$$

$$r_{x_1 x_2 \cdot y} = -0.0107$$

#### 8.2.2.3 Narakkal Panchayat

The simple correlation matrix between  $YX_1$ ,  $YX_2$  and  $X_1X_2$  of Narakkal Panchayat is :-

	<u>Y</u>	<u>X<sub>1</sub></u>	<u>X<sub>2</sub></u>
Y	1	0.2657	0.2006
X <sub>1</sub>	0.2657	1	0.5065
X <sub>2</sub>	0.2006	0.5065	1

The t value of  $r_{yx_1}$ ,  $r_{yx_2}$  and  $r_{x_1x_2}$  is :-

$$t_{yx_1} = 0.9951$$

$$t_{yx_2} = 0.7391$$

$$t_{x_1x_2} = 2.1256$$

Simple correlation between  $YX_1$ ,  $YX_2$  and  $X_1X_2$  satisfies the 't' test at one per cent level of significance.

The partial correlation between Y,  $X_1$  and  $X_2$  of

Narakkal Panchayat is :-

$$r_{yx_1 \cdot x_2} = 0.1982$$

$$r_{yx_2 \cdot x_1} = 0.0761$$

$$r_{x_1 x_2 \cdot y} = 0.4798$$

#### 8.2.2.4 Pallippuram Panchayat

The simple correlation matrix between  $YX_1$ ,  $YX_2$  and  $X_1X_2$  of Pallippuram Panchayat is :-

	<u>Y</u>	<u>X<sub>1</sub></u>	<u>X<sub>2</sub></u>
Y	1	0.9348	0.5308
X <sub>1</sub>	0.9348	1	0.4218
X <sub>2</sub>	0.5308	0.4218	1

The t value of  $r_{yx_1}$ ,  $r_{yx_2}$  and  $r_{x_1 x_2}$  is :-

$$t_{yx_1} = 9.4369$$

$$t_{yx_2} = 2.2597$$

$$t_{x_1 x_2} = 1.6779$$

The simple correlation between  $YX_1$ ,  $YX_2$  and  $X_1X_2$  satisfies the 't' test at one per cent level of significance.

The partial correlation between Y,  $X_1$  and  $X_2$  is :-

$$r_{yx_1 \cdot x_2} = 0.9269$$

$$r_{yx_2 \cdot x_1} = 0.4138$$

$$r_{x_1 x_2 \cdot y} = -0.2239$$

#### 8.2.2.5 Kalamassery Panchayat

The simple correlation matrix between  $YX_1$ ,  $YX_2$ , and  $X_1X_2$  of Kalamassery Panchayat is :-

	<u>Y</u>	<u><math>X_1</math></u>	<u><math>X_2</math></u>
Y	1	-0.0988	0.9051
$X_1$	-0.0988	1	-0.0792
$X_2$	0.9051	-0.0792	1

The t value of  $r_{yx_1}$ ,  $r_{yx_2}$  and  $r_{x_1 x_2}$  is :-

$$t_{yx_1} = -0.3584$$

$$t_{yx_2} = 7.8809$$

$$t_{x_1 x_2} = -0.2868$$

The simple correlation between Y and  $X_2$  only satisfies the 't' test at one per cent level of significance.

The partial correlation between Y,  $X_1$  and  $X_2$  is :-

$$\begin{aligned} r_{YX_1 \cdot X_2} &= -0.0633 \\ r_{YX_2 \cdot X_1} &= 0.8443 \\ r_{X_1 X_2 \cdot Y} &= 0.0422 \end{aligned}$$

#### 8.2.2.6 Eloor Panchayat

The simple correlation matrix between  $YX_1$ ,  $YX_2$  and  $X_1X_2$  of Eloor Panchayat is :-

	<u>Y</u>	<u><math>X_1</math></u>	<u><math>X_2</math></u>
Y	1	0.0352	0.8466
$X_1$	0.0352	1	-0.1984
$X_2$	0.8466	-0.1984	1

The t value of  $r_{YX_1}$ ,  $r_{YX_2}$  and  $r_{X_1X_2}$  is :-

$$\begin{aligned} t_{YX_1} &= 0.1271 \\ t_{YX_2} &= 5.807 \\ t_{X_1X_2} &= -0.731 \end{aligned}$$

The simple correlation between  $YX_2$ , and  $X_1X_2$  only satisfies the 't' test at one per cent level of significance.

The partial correlation between Y,  $X_1$  and  $X_2$  is :-

$$r_{yx_1 \cdot x_2} = 0.3958$$

$$r_{yx_2 \cdot x_1} = 0.8712$$

$$r_{x_1 x_2 \cdot y} = -0.4385$$

8.2.3 The above analysis shows :-

i) There is a high positive correlation between per capita revenue and per capita non-development expenditure at constant prices in the case of Elamkunnapuzha, Kalamassery, Eloor and 'District Panchayats' during the period of study, while Narakkal and Pallippuram Panchayats show only a low positive correlation.

ii) Pallippuram Panchayat shows a high positive correlation between per capita revenue and per capita development expenditure at constant prices.

iii) Elamkunnapuzha, Narakkal, Eloor and 'District Panchayats' show a low positive correlation between per capita revenue and per capita development expenditure at constant prices.

iv) Pallippuram Panchayat show a low positive correlation between per capita revenue and per capita non-development expenditure at constant prices.

v) Elamkunnapuzha, Narakkal, Pallippuram and 'District Panchayats' show low positive correlation between per capita

development and per capita non-development expenditure.

vi) From the above, it can be inferred that higher the per capita non-development expenditure, higher the per capita revenue and vice-versa with reference to Elamkunnappuzha, Kalamassery, Eloor and 'District Panchayats'. In the case of Pallippuram panchayat higher the per capita development expenditure, higher the per capita revenue and vice-versa. From the above, it is observed that most of the panchayats in Ernakulam district failed in allocating more funds to development purposes as the revenue keep on increasing.

Table 8.1 Analysis of Variance for the Two Variable Regression Model of 'District Panchayats'

Source of Variation	Sum of Squares	Degrees of Freedom	Mean sum of Squares
1	2	3	4
Due to regression (E.S.S.)	235.38	1	235.38
Due to residuals (R.S.S.)	25.16	13	1.9354
T.S.S.	260.54	14	

Table 8.2 Analysis of Variance for the Two Variable  
Regression Model of Elamkunnapuzha Panchayat

Source of Variation	Sum of Squares	Degrees of Freedom	Mean sum of Squares
1	2	3	4
Due to regression (E.S.S.)	278.38	1	278.38
Due to residuals (R.S.S.)	44.47	13	3.42
T.S.S.	322.85	14	

Table 8.3 Analysis of Variance for Two Variable Regression  
Model of Narakkal Panchayat

Source of Variation	Sum of squares	Degrees of Freedom	Mean sum of Squares
1	2	3	4
Due to regression (E.S.S.)	488.86	1	488.86
Due to residuals (R.S.S.)	202.57	13	15.5823
T.S.S.	691.43	14	

Table 8.4 Analysis of Variance of Two Variable Regression  
Model of Pallippuram Panchayat

Source of Variation	Sum of squares	Degrees of Freedom	Mean sum of Squares
1	2	3	4
Due to regression (E.S.S.)	802.68	1	802.68
Due to residuals (R.S.S.)	124.54	13	9.58
T.S.S.	927.22	14	

Table 8.5 Analysis of Variance for Two Variable Regression  
Model of Kalamassery Panchayat

Source of Variation	Sum of squares	Degrees of Freedom	Mean sum of Squares
1	2	3	4
Due to regression (E.S.S.)	2,223.02	1	2,223.02
Due to residuals (R.S.S.)	393.47	13	30.267
T.S.S.	2,616.49	14	



Table 8.6 Analysis of Variance for Two Variable Regression  
Model of Eloor Panchayat

Source of Variation	Sum of squares	Degrees of Freedom	Mean sum of Squares
1	2	3	4
Due to regression (E.S.S.)	1,891.68	1	1,891.68
Due to residuals (R.S.S.)	144.29	13	11.0992
T.S.S.	2,035.97	14	

CHAPTER - IX

CONCLUSIONS AND RECOMMENDATIONS

9.1.0 Introduction

9.1.1 From very early times Indian villages had evolved a well balanced social, economic and political system by eschewing the two extremes of laissez-faire and totalitarian control. They had developed ideal forms of co-operative agriculture and industry under which there was hardly any scope for exploiting the poor by rich.

9.1.2 During the British rule, the prevalent system of local self-Government in India slowly disappeared. The pace of disappearance of the local self-government got momentum when the Britishers attempted to centralise all judicial and executive powers in the hands of their administrators. Today the situation is that Local Governments largely depend on the State Government for finance in conducting their activities.

9.2.0 Profile of Ernakulam District and the Panchayats Selected for the Study

9.2.1 The present study shows that in respect of the resource potential and per capita income Ernakulam district

is comparatively forward than the other districts of the State.

9.2.2 There is a shift of economic activity from primary to secondary sectors in the district. This led to the problem of high pressure of population, rising cost of living, increasing land values etc., in urban areas. For providing better life in rural areas and thereby keeping the people in rural areas Panchayats should take steps for the development of primary sector by adopting improved cultural practices and changing the cropping pattern.

9.2.3 The major features of the Panchayats selected for the study are given below :

- i) All of them are old institutions.
- ii) They are also industrialised.
- iii) Kalamassery and Eloor Panchayats are more industrialised than the other selected Panchayats.
- iv) The density of population is higher than that of the 'District Panchayats'.
- v) The working population of Kalamassery and Eloor Panchayats increased substantiatively during 1961 and 1971.

#### 9.3.0 Pattern and Trends in Expenditure of Panchayats

9.3.1 The total expenditure of selected and 'District Panchayats' increased continuously during the period of study.

9.3.2 The average percentage expenditure of selected Panchayats to 'District Panchayats' shows a tendency to increase.

9.3.3 The expenditure of all the selected Panchayats are above the average share<sup>1</sup> of 'District Panchayats'.

9.3.4 The average per capita (both nominal and real) expenditure of selected panchayats is higher than that of 'District Panchayats' during the period of study.

9.3.5 The analysis of effects of expenditure on distribution reveals that there is no attempt by the State Government to bridge the gap of inequality of regional development.

9.3.6 The percentage of development to total expenditure is less than that of non-development to total expenditure of the selected and 'District Panchayats' during the period of study.

9.3.7 The average percentage of development to total expenditure of Elamkunnappuzha, Narakkal, Pallippuram and Eloor Panchayats is higher than that of 'District Panchayats'.

9.3.8 The average percentage of development to total expenditure of Elamkunnappuzha, Narakkal, Pallippuram and Eloor Panchayats shows an increasing trend during 1969-70 through

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1. op.cit., Chapter - IV.

1973-74, 1974-75 through 1978-79 and 1979-80 through 1983-84; while that of Kalamassery showed a declining trend. In the case of 'District Panchayats' it remained constant.

9.3.9 There is no substantial increase in the real per capita development expenditure of 'District Panchayats' during the period of study. But the real per capita non-development expenditure has slowly increased. This shows that the contribution of most of the Panchayats in Ernakulam district towards development activities is not attractive.

9.3.10 The average real per capita development and non-development expenditure of all the selected Panchayats is higher than that of 'District Panchayats' and it showed a tendency to increase. This reflects that in most of the Panchayats in Ernakulam district lack of resources is the main hindrance to expand development activities.

9.3.11 All the selected and 'District Panchayats' show an irregular growth of real per capita development and non-development expenditure during 1969-70 through 1983-84. This shows Panchayats did not follow any dynamic policy of expansion of their activities.

9.3.12 Inequality of spending is higher in respect of per capita non-development expenditure than that of per capita

development expenditure of selected and 'District Panchayats' during the period of study. The coefficient of variation of average per capita development expenditure of selected and 'District Panchayats' during 1969-70 through 1983-84 is 31.67 per cent, while that of per capita non-development expenditure is 44.9 per cent.

#### 9.4.0 Analysis of Panchayats Expenditure Constituents

9.4.1 All the selected and 'District Panchayats' have given top priority to public works in development expenditure.

9.4.2 In total expenditure, Pallippuram is the only one Panchayat which has given top priority on public works.

9.4.3 The percentage of expenditure on public works to total and development expenditure shows an irregular fluctuation of all selected Panchayats. This is due to lack of long-term planning by the Panchayats with reference to total, development and Public works expenditure. This type of fluctuation in 'District Panchayats' is too narrow because ups and downs of expenditure within the Panchayats cancel with each other once it becomes an aggregate.

9.4.4 Elamkunnappuzha, Pallippuram and Eloor Panchayats showed a continuous increase in their average real per capita expenditure on public works during 1969-70 through

1983-84. On the other hand, Kalamassery and 'District Panchayats' showed a negative growth rate in their average real per capita expenditure on public works during 1979-80 through 1983-84 and 1973-74 through 1978-79 respectively.

9.4.5 The average real per capita expenditure on public works of all the selected Panchayats is higher than that of 'District Panchayats' during the period of study.

9.4.6 All the selected Panchayats had been undertaking only selective aspect of public works such as construction of new roads, petty irrigation works, public markets, bus stands and cart stands.

9.4.7 The importance given to expenditure on education by the Panchayats are far from satisfactory compared with their total and development expenditure.

9.4.8 The average real per capita expenditure on education of most of the Panchayats in Ernakulam district is below Rs.0.10 during the period of study. Besides, their contribution towards expenditure on education remained constant.

9.4.9 There is no attempt by the Panchayats to start any school (Nursery, Primary or Upper primary) reading rooms and libraries of their own.

9.4.10 The importance of public health in total and

development expenditure of selected Panchayats is higher than that of 'District Panchayats'.

9.4.11 The average real per capita expenditure on public health of all selected Panchayats is also higher than that of 'District Panchayats'.

9.4.12 The amount earmarked for sanitation and water supply of selected Panchayats are insignificant. In addition the contribution of Panchayats towards agriculture and animal husbandry is nil.

9.4.13 The expenditure on establishment of Elamkunnappuzha, Narakkal and Pallippuram Panchayats grows faster than that of Kalamassery and Eloor Panchayats.

9.4.14 The importance of establishment expenditure to total and non-development expenditure of Elamkunnappuzha, Narakkal, Pallippuram Panchayats is higher than that of Kalamassery and Eloor Panchayats.

9.4.15 From the above the possible conclusion is this, when total expenditure increases the proportion of amount allotted to establishment decreases. This is due to economy of scale in the administrative services.

9.4.16 There is a substantial increase in lighting expenditure of selected and 'District Panchayats' during the period



of study. It is due to the expansion of development activities in the jurisdiction, increase in the number of lights and increase in the material cost.

9.4.17 Kalamassery has given more weightage on street lighting expenditure than the other selected Panchayats in their total and non-development expenditure.

9.4.18 Selected and 'District Panchayats' attained the objective of expanding electric lights even in the place of kerosene and patromax or gas street lights.

9.4.19 Though Kalamassery Panchayat levies service tax on street lights, it does not cover the cost of its service. Besides, the gap of deficit had widened.

9.4.20 The analysis of expenditure of selected Panchayats in Ernakulam district reveals that they have failed to follow the principles of public expenditure. In the first place, Panchayat expenditure is not undertaken in the context of five year plans. Therefore, there is no planned allocation of resources. A large number of cases of financial irregularities have been mentioned in the audit report of the Panchayats such as payment against contract rules, double payment etc.

#### 9.5.0 The Pattern and Trends in Panchayats Revenue

9.5.1 The total revenue of the selected and 'District

Panchayats' increased continuously during the period of study.

9.5.2 The total revenue of all the selected Panchayats has increased at a faster rate than 'District Panchayats'. The total revenue of Elamkunnappuzha, Narakkal, Pallippuram, Kalamassery, Eloor and 'District Panchayats' has increased by 720.2 per cent, 1,124.8 per cent, 642.1 per cent, 630.4 per cent, 838.7 per cent and 559.8 per cent respectively during 1969-70 through 1983-84.

9.5.3 The total revenue of all the selected Panchayats are above the average share of 'District Panchayats'.

9.5.4 The per capita (both in nominal and real terms) revenue of all the selected Panchayats is higher than that of 'District Panchayats'.

9.5.5 The average real per capita revenue of Elamkunnappuzha, Narakkal, Pallippuram, Eloor and 'District Panchayats' had increased at a decreasing rate during 1969-70 through 1973-74, 1974-75 through 1978-79 and 1979-80 through 1983-84. During the same period, the average real per capita revenue of Kalamassery Panchayat has increased at an increasing rate.

9.5.6 Phenomenal increase in total revenue of the Panchayats is counterbalanced by the population and price pressure. So the real per capita revenue of the Panchayats has increased

only at a marginal rate.

9.5.7 The tax revenue of all the selected Panchayats except Kalamassery Panchayat increased at a faster rate than the 'District Panchayats'.

9.5.8 'District Panchayats' and all the selected Panchayats except Pallippuram has been giving top priority to tax in total revenue. The average percentage tax to total revenue of Elamkunnappuzha, Narakkal, Pallippuram, Kalamassery, Eloor and 'District Panchayats' during the period of study is 64.6 per cent, 53.9 per cent, 48.5 per cent, 77.9 per cent, 76.8 per cent and 63.2 per cent respectively.

9.5.9 The non-tax revenue of all the selected Panchayats except Elamkunnappuzha has increased at a faster rate than that of 'District Panchayats'.

9.5.10 There is no definite pattern of movement of tax and non-tax revenue of the selected Panchayats.

9.5.11 The tax potential of all the selected and 'District Panchayats' showed only a marginal increase. In most of the years it is below one per cent of the per capita income. So there is a further scope for increasing the tax revenue of the Panchayats.

#### 9.6.0 Analysis of Panchayats Revenue Components

9.6.1 The primacy of building tax in tax and total revenue of Elamkunnapuzha, Narakkal, Pallippuram, Kalamassery and 'District Panchayats' showed a declining trend. But in the case of Eloor it remained more or less constant.

9.6.2 The importance of building tax in tax and total revenue of Kalamassery and Eloor is higher than that of other selected Panchayats.

9.6.3 Kalamassery panchayat obtained top priority in building tax to its total revenue during the period of study. For instance, the average percentage of building tax to total revenue of Kalamassery panchayat during 1969-70 through 1983-84 remained at 30.1 per cent.

9.6.4 The tremendous increase of revenue from building tax of selected and 'District Panchayats' is due to the growth of population associated with an increase in the tempo of urbanisation in the context of economic development, increase in the number of tax payers, rise in prices and money incomes, increase in the value of buildings as a result of economic development and rise in prices and construction of new houses

as a result of increasing urbanisation and implementation of housing programmes under the low income housing schemes.

9.6.5 All the selected Panchayats are levying only the minimum rate of building tax i.e. 6 per cent of the annual rental value (maximum is 10 per cent). Besides, none of the selected Panchayats has levied surcharge on building tax.

9.6.6 Certain buildings which are not eligible for exemption under section 68 are seen exempted because of outside interference.

9.6.7 The percentage of collection to demand of building tax showed declining trend in the case of Kalamassery and Eloor Panchayats. Elamkunnappuzha Panchayat attained the objective of 100 per cent collection. The factors narrated by the Panchayats for the poor collection is lack of effective enforcement by the tax collection personnel.

9.6.8 The percentage of revenue from profession tax to total tax and total revenue with reference to Elamkunnappuzha, Narakkal, Pallippuram and 'District Panchayats' showed a declining trend. But in the case of Kalamassery and Eloor it remained constant. The slight variation in percentage of profession tax to tax and total revenue is due to lack of planning in mobilisation of tax and total revenue and accumulation of arrears.

9.6.9 The average percentage of profession tax to total tax and total revenue of Kalamassery and Eloor is higher than that of the other selected Panchayats.

9.6.10 In the case of Eloor Panchayat profession tax occupies first place in its total revenue during the period of study. For instance, the average percentage of profession tax to total revenue of Eloor Panchayat during 1969-70 through 1983-84 is 30.2 per cent.

9.6.11 Kerala Local Authorities Entertainment Tax Act of 1961 states that local authorities may levy entertainment tax at the rate not less than 15 per cent and not more than 30 per cent on each price for admission. But Narakkal, Pallippuram and Kalamassery panchayats levy only 20 per cent as entertainment tax on each price for admission. Elamkunnappuzha and Eloor levy still lower rates, viz., 17.5 and 15 per cent on each price for admission respectively.

9.6.12 There is a sudden increase in percentage of entertainment tax to tax and total revenue of all selected Panchayats in 1976-77. It is due to a levy of additional tax on entertainment.

9.6.13 The percentage of entertainment tax to tax and total revenue of Elamkunnappuzha, Narakkal and Pallippuram

Panchayats has continuously increased, while Kalamassery, Eloor and 'District Panchayats' had remained more or less constant.

9.6.14 The average percentage of entertainment tax to tax and total revenue of Elamkunnappuzha, Narakkal and Pallippuram Panchayats is much higher than that of Kalamassery, Eloor and 'District Panchayats' during the period of study.

9.6.15 The growth rate of entertainment tax of Elamkunnappuzha, Narakkal and Pallippuram Panchayats is higher than that of Kalamassery, Eloor and 'District Panchayats' during 1969-70 through 1983-84.

9.6.16 Revenue from entertainment tax occupies top place in the case of Narakkal Panchayat's total revenue during the period of study. For instance, the average percentage of revenue from entertainment tax to total revenue of Narakkal Panchayat during 1969-70 through 1983-84 is 30.8 per cent.

9.6.17 The percentage of revenue from duty on transferable property to tax and total revenue of Elamkunnappuzha and 'District Panchayats' has continuously increased, while in other selected Panchayats it has remained more or less constant.

9.6.18 During the period of study the average percentage of revenue from duty on transferable property to tax and total

revenue of Elamkunnappuzha and 'District Panchayats' is substantially higher than that of other selected Panchayats.

9.6.19 The importance of revenue from show tax has shown a declining trend in the case of selected and 'District Panchayats'.

9.6.20 All the Panchayats of Ernakulam District are exempted from land cess. It is due to : (a) Village office is already collecting cess on land, (b) Public protest.

9.6.21 The percentage of revenue from licence fees to non-tax and total revenue shows a declining trend. The possible reasons are :- (a) Failure in the effective assessment and (b) Omission or tax evasion.

9.6.22 The importance of revenue from markets to non-tax and total revenue show a declining trend of Narakkal, Pallippuram, Eloor and 'District Panchayats' during 1969-70 through 1983-84. It is due to administrative difficulty, evasion and leniency shown towards bidder in the case of estimation.

9.6.23 There seems to be no definite pattern of supplying grants by the state to the Panchayats. Besides, the grants supplied by the State Government to the Panchayats is insignificant compared to their total revenue. Grants are not at



all helpful for bridging the gap of inequality of funds of the Panchayats. For instance, Kalamassery and Eloor Panchayats are comparatively developed than other selected Panchayats; but the average per capita grants obtained by this Panchayats are higher than Elamkunnappuzha and Pallippuram.

9.7.0 Per Capita Expenditure and Per Capita Revenue - Correlation and Regression Analysis :

9.7.1 There is a high positive correlation between per capita revenue and per capita expenditure of selected and 'District Panchayats' during the period of study.

9.7.2 The per capita expenditure of Elamkunnappuzha, Narakkal, Eloor and 'District Panchayats' is increasing faster than that of per capita revenue. The regression coefficients ( $B_1$ ) of Elamkunnappuzha, Narakkal, Eloor and 'District Panchayats' is (less than one) 0.9053, 0.922, 0.9943 and 0.8014 respectively. But the per capita revenue of Pallippuram and Kalamassery Panchayats is increasing faster than that of per capita expenditure. The estimated regression coefficient ( $B_1$ ) of Pallippuram and Kalamassery Panchayats is greater than one, i.e., 1.0462 and 1.0989 respectively. Besides the estimated regression coefficients ( $B_1$ ) of the selected and 'District Panchayats' satisfies the 't' test at one per cent level of significance. The possible

reasons for increasing per capita expenditure faster than that of per capita revenue and vice-versa are :- (a) Selected Panchayats failed to utilise the Panchayat funds based on rational principle. (b) Panchayats had also failed to raise taxes effectively from the local people and (c) The process of mobilising revenue and spending it by the Panchayats do not seem to be based on any long-term or perspective planning.

9.7.3 There is a high positive correlation between per capita revenue and per capita non-development expenditure at constant prices in the case of Elamkunnapuzha, Kalamassery, Eloor and 'District Panchayats' during the period of study. But Pallippuram Panchayat showed a high positive correlation between per capita revenue and per capita development expenditure at constant prices. Elamkunnapuzha, Narakkal, Eloor and 'District Panchayats' showed a low positive correlation between per capita revenue and per capita development expenditure at constant prices.

9.7.4 Elamkunnapuzha, Narakkal, Pallippuram and 'District Panchayats' showed low positive correlation between per capita development and per capita non-development expenditure at constant prices.

9.7.5 From the above it can be inferred that higher the per capita non-development expenditure, higher the per capita

revenue and vice-versa with reference to Elamkunnapuzha, Kalamassery, Eloor and 'District Panchayats'. In the case of Pallippuram Panchayat, higher the per capita development expenditure, higher the per capita revenue. From the above it is observed that most of the Panchayats in Ernakulam district failed in allocating more funds to development purpose as the revenues keep on increasing.

9.8.1 To conclude, on the whole, the study by and large prove the hypotheses formulated at the outset of study. But, hypothesis (v) is not satisfied in the case of Pallippuram and Kalamassery Panchayats. Besides, hypothesis (vi) is not satisfied in the case of Narakkal and Pallippuram Panchayats.

#### 9.9.0 Recommendations

9.9.1 In order to attain the balanced regional development, the transfer of resources from State Government to the Panchayats should be based on the deficiency of per capita resources. That means higher the per capita resources of the panchayats lower should be the per capita grants from the State Government and vice versa.

9.9.2 In the interest of the development of the village economy, Panchayats should follow long-term planning in respect of allocation and spending of resources.

9.9.3 Continuous attempt should be made to keep expenditure on administrative services to the minimum. While the panchayats cannot help paying increased salaries (because of inflation) economy in expenditure be practised by further curtailing recruitment wherever possible. Further, efficiency can be attained on making periodical evaluation.

9.9.4 Legislation should be passed, compulsorily to levy service tax on street lights and an attempt should be made by each panchayat to cover at least the cost of its services.

9.9.5 If the building tax is to be converted into an effective instrument of local finance, it is necessary that this tax should be made sufficiently progressive. In order to do this it is advisable to classify the buildings into three categories, say A, B, and C. Then the progressive rate structure should be fixed on the basis of plinth area of buildings. Again, higher rates are to be fixed on buildings of commercial enterprises and lower rates on residential houses.

9.9.6 In the case of reassessment of annual rental value of buildings, the problem is that once the reassessment is done the building owners may protest. During the course of resettlement the building owners influence the authorities either through money or through person to get the tax

reduced. Therefore, it is recommended that there should be central valuation department.

9.9.7 To avoid elements of evasion and avoidance of building tax it is also recommended that chief executive officer of the panchayats should not be susceptible to political and public influence.

9.9.8 To avoid the defect<sup>of</sup>/poor collection of building tax, it is suggested that for each tax collector a target of collection of tax should be fixed for every quarter of an year and if he fails to fulfil 90 per cent of the target he should be punished for his failure to fulfil the target of tax collection as has been recommended in the audit reports and the inspection notes of the controller of local accounts. On the other hand, if the target is realised the tax collector concerned should be provided with adequate incentives.

9.9.9 In view of the growing need for providing more and better local services, rising cost of inputs, and expending nature of government buildings, it is recommended that tax should be levied on Government buildings also.

9.9.10 The major weakness of profession tax is that it is based on the aggregate income of the tax payers which includes dearness allowance and ad-hoc increase. But the Kerala

Municipal Act, bases it on the basic pay. So there is no justification for this type of discrepancy. Besides, for levying profession tax for the business class, the income is assessed with lower per cent of higher turnover and vice-versa. This defect can be solved by fixing a certain percentage of turnover in order to assess the income of the business.

9.9.11 The major problem of profession tax is lack of competent personnel to assess incomes of trading business, avoidance and evasion of the tax due to inefficiency of tax administration, lack of civic consciousness and existence of a considerable amount of tax payers resistance and opposition, accumulation of arrears, undervaluation of income of the business class and omission. To overcome the above problem it can be suggested that there should be centralised valuation department. Besides, target should be fixed to the collection personnel. If he failed then he should be strictly dealt with and if he attained the target then an incentive should be provided.

9.9.12 The development activities of panchayats are mainly responsible for increasing the number of transferable property from one person to another. So it can be recommended that panchayats deserved to obtain not only duty on transfer of property but a considerable portion of stamp duty.

9.9.13 In view of the rising cost of road maintenance, there is an urgent need to provide adequate share of motor vehicle tax by the State Government to the panchayats. The proceeds should be shared in proportion to the mileage of the panchayat roads and the volume of motor traffic making use of such roads.

9.9.14 An ideal system of grant should be provided to the panchayats for the smooth working of Federal Government. To attain this objective state government should adopt the following policy measures :- (a) Enhanced dearness allowance should be completely borne by the State Government. (b) At least 25 per cent of the village road maintenance cost should be borne by the State Government. (c) Block grants should be supplied regularly to the 1st, 2nd and 3rd grade panchayats based on the objective of balanced regional development. (d) In the case of special grant high level of importance should be given to the less developed panchayats.

9.9.15 The major problems to raise more revenue from the panchayat properties are : (a) Lack of sufficient fund to start its own properties and (b) Leniency towards bidder in the case of auction. To overcome this adequate loan should be provided to the panchayats on long-term basis with concessional rate of interest. For this, commercial banks should come forward to provide loans to the panchayats.

## APPENDIX - I

Estimated Population of the Selected and 'District Panchayats' during 1969-70 through 1983-84

Year	Elankunnappuzha	Narakkal	Pallippuram	Kalamassery	Eloor	'District Panchayats'
1	2	3	4	5	6	7
1969-70	35,369	18,909	32,336	28,312	42,753	15,21,193
1970-71	36,358*	19,221*	32,881*	29,546*	44,393*	15,54,609
1971-72	36,957	20,299	33,312	30,788	45,206	15,81,162
1972-73	37,556	21,377	33,742	32,031	46,020	16,07,715
1973-74	38,155	22,455	34,173	33,273	46,833	16,34,268
1974-75	38,754	23,533	34,603	34,516	47,647	16,60,821
1975-76	39,353	24,611	35,034	35,758	48,460	16,87,374
1976-77	39,952	25,689	35,464	37,001	49,274	17,13,927
1977-78	40,551	26,767	35,895	38,243	50,087	17,40,480
1978-79	41,150	27,845	36,326	39,486	50,901	17,67,033
1979-80	41,749	28,923	36,756	40,728	51,714	17,93,586
1980-81	42,349**	30,000**	37,187**	41,971**	52,528**	18,20,139
1981-82	42,948	31,078	37,617	43,213	53,341	18,46,692
1982-83	43,547	32,156	38,048	44,456	54,155	18,73,245
1983-84	44,146	33,234	38,478	45,698	54,968	18,99,798

Source:- i)\* Government of Kerala : Development for Cochin region, Prepared by the Department of Town Planning.

ii)\*\*Administrative Reports of the Panchayat concerned 1983-84.

iii) An year growth of population is calculated as :  $(1980-81 \text{ population} - 1970-71 \text{ population}) \div 10$

iv) Ernakulam District Panchayats Population = Ernakulam District Population - Population of Corporation and Municipalities of Ernakulam district. According to 1981 census the population of corporation and municipalities of Ernakulam district was 7,13,129. The growth rate of Ernakulam district population is 27.38 per cent and 17.08 per cent during 1960-61 through 1970-71 and 1970-71 through 1980-81 respectively. Based on this rate the population of 1960-61 and 1970-71 is estimated. Besides, yearwise population is estimated by applying (iii).



APPENDIX - IIKerala Consumer Price Index during 1969-70 through  
1983-84

Year	1960-61 = 100	1969-70 = 100
1	2	3
1969-70	174	100
1970-71	184	106
1971-72	194	111
1972-73	216	124
1973-74	275	158
1974-75	321	184
1975-76	286	164
1976-77	312	179
1977-78	321	184
1978-79	332	191
1979-80	375	216
1980-81	420	241
1981-82	460	264
1982-83	480	276
1983-84	510	293

Source :- Column 2 : Government of Kerala : Economic Review  
1970-71 through 1983-84, State Planning Board,  
Trivandrum.

Column 3 is calculated as :-  $(\text{Column 2} \div 174) \times 100$

APPENDIX - III

Appendix 3.1 Licence fee Charged by the Panchayat for the  
Machinery Driven by Electricity

Sl. No.	Horse Power Installation	Maximum fee in Rs.
1	2	3
1.	Installation of rectifiers for cinema purposes irrespective of horse power	1.00
2.	Installations not exceeding one horse power	1.00
3.	Installations exceeding one horse power but not exceeding five horse power	5.00
4.	Installations exceeding five horse power but not exceeding ten horse power	15.00
5.	Installations exceeding ten horse power but not exceeding 20 horse power	25.00
6.	Installations exceeding 20 horse power but not exceeding 30 horse power	40.00
7.	Installations exceeding 30 horse power but not exceeding 40 horse power	50.00
8.	Installations exceeding 40 horse power but not exceeding 50 horse power	75.00
9.	Installations exceeding 50 horse power but not exceeding 100 horse power	100.00
10.	Installations exceeding 100 horse power but not exceeding 200 horse power	Rs.100 for 100 horse power and Re.1 for every additional horse power.

(Contd.)

## Appendix 3.1 (Contd.)

1	2	3
11.	Installations exceeding 200 horse power but not exceeding 500 horse power	Rs. 200 for 200 horse power and paise fifty for every additional horse power.
12.	Installations exceeding 500 horse power	Rs. 350 for 500 horse power and paise twenty five for every additional horse power subject to a maximum of Rs. 450

Appendix 3.2 Licence fee Charged by the Panchayat for  
the Machinery driven by Power other than  
Electricity

Serial No.	Horse Power Installation	Maximum fee (in Rs.)
1	2	3
1.	Installations for domestic purposes, exceeding two horse power	0.50
2.	Installations not exceeding one horse power	1.50
3.	Installations exceeding one but not exceeding five horse power	7.50
4.	Installations exceeding five but not exceeding ten horse power	22.50
5.	Installations exceeding ten but not exceeding twenty horse power	35.00
6.	Installations exceeding 20 but not exceeding 30 horse power	60.00
7.	Installations exceeding 30 but not exceeding 40 horse power	75.00
8.	Installations exceeding 40 but not exceeding 100 horse power	100.00
9.	Installations exceeding 100 but not exceeding 200 horse power	Rs.100 for 100 horse power and Re.1 for every additional horse power.
10.	Installations exceeding 200 but not exceeding 500 horse power	Rs.200 for 200 horse power and paise fifty for every additional horse power.
11.	Installations exceeding 500 horse power	Rs.350 for 500 horse power and paise twenty five for every additional horse power subject to a maximum Rs.450.

Source :- Siby Mathew & M.Mathew : The Kerala Panchayat  
Manual Volume 1, Law Time Press, Cochin-31,  
1982, p.250-206.

APPENDIX - IVSCHEDULE

1. Name of the Panchayat :
2. Date of the notification :
3. Area :
4. Population according to 1981 census :
5. Name of the person interviewed :

Sources of RevenueI. Building Tax

- i) The method of assessment and the authority who assess the building tax :
- ii) The time interval of revision of rental value of buildings :
- iii) Is there any provision for revaluation application for the assessment of the holdings? If so, is there any legal dispute connected with this ? :
- iv) Is there any provision for exemption of the building tax ? If so, what is the rate of exemption ? :

II. Profession Tax

- i) Who will value the turnover of the business to levy profession tax :

ii) What is the time interval to :  
 assess the turnover of the  
 business ?

iii) Is there any provision for :  
 revaluation of the assessment?  
 If so, is there any legal  
 dispute connected with this ?

### III. Vehicle Tax

i) Is there any exemption in the :  
 case of vehicle tax ? If so,  
 for what class of vehicles ?

### IV. Service Tax

i) Does this panchayat levying :  
 any service tax for street  
 lighting ? If so, at what  
 rate ? If not, why ?

ii) Does this panchayat levying :  
 any service tax for the  
 supply of water ? If so, at  
 what rate? If not, why ?

iii) Does this panchayat levying :  
 any service tax for the  
 removal of rubbish filth or  
 carcasses of animal from  
 private premises ? If not why?

iv) Does this panchayat levying :  
 drainage tax to provide for  
 expenses connected with the  
 construction and maintenance  
 and repair, extension or  
 improvement of drainage works?  
 If not, why ?

### V. Land Cess

i) Does this panchayat levied :  
 land cess ? If not, when it  
 was cancelled ? Why it was  
 cancelled ?

VI. Income from Panchayat Properties

- i) What are the sources of income from the panchayat properties ? :

VII. Grants

- i) State whether the grant given by the State Government is adequate for maintenance of roads at satisfactory level and if not specify the revised norms to be adopted per Sq.Km.

VIII. General

- i) Is there any item of the panchayat tax not being levied by the panchayat even though panchayat is empowered to levy tax ? If so, reason for the same.
- ii) Please furnish the following details :

Name of the Tax	Prevailing rate	Whether it is maximum ? If not what is the maximum rate ?	Is there any scope for revision ? If so state the revision norms.
1	2	3	4

- a) Building tax
- b) Basic tax grant
- c) Land Cess
- d) Profession tax
- e) Vehicle tax
- f) Duty on transfer of property.

1	2	3	4
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g) Surcharge on building tax

h) **Service Tax**

i) Show tax

j) Surcharge on show tax

k) Entertainment tax

l) Additional tax on entertainment

m) Licence fee

iii) Possible additional sources of revenue ;

Expenditure

I. Public Works

- i) Is there any criteria of distribution of public funds for public works ? If so, give details :
- ii) Usually the time period in which the public works take place ? :
- iii) The period in which the public works complete :
- iv) Does this panchayat find any financial difficulty to take more and more developmental works ? If so, state the reasons. :



- v) Does this panchayat planted any trees along the roads or public places ? If so give details :
- vi) Does this panchayat constructed and maintained houses under colonisation and settlement schemes? :
- vii) Does this panchayat maintained any buildings for warehouses, stores, shops etc. :
- viii) Does this panchayat constructed or maintained any houses for panchayat and village staff ? :
- ix) Does this panchayat constructed or maintained choultries and rest houses? :
- x) In respect of road development scheme does this panchayat had given any priority in the following cases :
  - a) Roads leading to backward areas :
  - b) Roads connecting places of religious and social importance :
  - c) Roads leading to market fairs and agricultural activities :

## II. Agriculture

- i) Does this panchayat established any model agricultural farms :
- ii) Does this panchayat brought waste lands under cultivation :
- iii) Does this panchayat takes part in preparing and sales of manure for agricultural activities :
- iv) Does this panchayat had given assistance in the implementation of land reform schemes ? If so, what type of assistance ? :

- v) Does this panchayat attempted for the establishment of improved seeds and manures ? If so, what are they ? :
- vi) Does this panchayat conducted crop experiments and crop competition schemes ? :

### III. Animal Husbandry

- i) Does this panchayat had taken any measures in recent years for the promotion of dairy farming ? If so, what are they ? :
- ii) Does this panchayat had taken any measures for the promotion of poultry farming and bee keeping ? If so give details :

### IV. Education and Culture

- i) Does this panchayat has any children's parks, clubs ? If so, give details :
- ii) Does this panchayat maintained any theatres ? :
- iii) Does this panchayat maintained reading rooms and libraries of its own ? If so, how many ? :

### V. Social Welfare

- i) Does this panchayat had taken any measures in respect of maternity and child welfare including the establishment and maintenance of orphanages and foundlings home ? :
- ii) Does this panchayat organised voluntary labour for community works for the development of the village ? If so, what are they? :
- iii) Does this panchayat had taken any steps in respect of family planning ? If so, give details :

VI. General

- 1) Does this panchayat had taken any measures to promote the cottage and village industries? If so, what are they ? :
- ii) What is your opinion about lighting expenditure? Is it a heavy burden ? Do you think there should be grant from the State Government ? If so what is the criteria ? :
- iii) Is there any norms for regulating expenditure on the maintenance of roads, bridges and culverts have been laid down by the government? If so, furnish details. :
- iv) The elected members belonging to each Party :-
  - a) Congress :
  - b) C.P.I. :
  - c) C.P.M. :
  - d) Independents :
  - e) Political party of the President :
  - f) Political party of the Vice-President :
- v) Give the list of person who usually take up contract work :
- vi) Are they sympathised with any political party :
- vii) Is there any legal dispute between the contractors and officials related to the works or payment :
- viii) Measures for the efficiency of fund utilisation :

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