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**A Note on New Statistical Domain in India (1):  
An Enquiry into Gram Panchayat-Level Databases**

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## Chapter 1. Introduction

### §1. Background to and Motivation for the Study

A new statistical domain has emerged in rural India as a consequence of the India's Constitution (73rd Amendment) Act, 1992: a domain based on the needs and constitutional functions of panchayati raj institutions (PRIs). This study examines this new statistical domain. We discuss its potential and substance with respect to the gram panchayat (GP or village panchayat), which is at one end of the system of government, and the first stage of data collection and recording.

The panchayats have become an integral part of rural life in India, and provide the institutional framework for democratic decentralisation.<sup>1</sup> India's Constitution (73rd Amendment) Act, 1992 (hereafter the 73rd Amendment) is indisputably a watershed in the history of democratic decentralisation. It gave constitutional status and devolved 29 subject functions to PRIs at the village, intermediate, and district levels, and provides the mechanism for regular elections and raising financial resources, for panchayats to function as institutions of local self-government. It also empowers women and "the weaker sections of the population" through reservations. Since the panchayat is the tier of government closest to the citizens and to the residents of its settlements, and thus is in a better position than other tiers to appreciate their immediate concerns, the establishment of panchayats has paved the way for expanding the basic capabilities of rural residents.<sup>2</sup> As a result of the 73rd Amendment of 1992, a large number of new local leaders are presenting themselves on a

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<sup>1</sup> The *Report of the Administrative Reforms Committee 1958* of Government of Kerala is considered an epoch-making work of the first generation of modern panchayats. [Kerala Administrative Reforms Commission (Chairman: E. M. S. Namboodiripad), *Report of the Administrative Reforms Committee 1959*, Volume 1, Part I, 1958] The origin of panchayats has been traced back to the British colonial period or further to the pre-colonial period [George Mathew, *Status of Panchayati Raj in the States of India 1994*, New Delhi: Concept Publishing Company, 1995, pp.1-3]. However, the panchayati raj of the Nehruvian era is often considered the first generation of modern panchayats, which culminated in the recommendation of the study team, headed by Balwantrai Mehta, giving birth to a three-tier panchayati raj institution (PRI) in 1959. The second generation of modern PRIs is said to have started in 1978 when the West Bengal Government took the initiative to give a new life to the State's panchayats on the lines of the Asoka Mehta Committee's recommendations [*ibid.*, pp. 3-9; Government of India, Committee on Plan Projects, *Report of the Team for the Study of Community Projects and National Extension Service*, Chairman: Balwantrai Mehta, New Delhi, 1959; Government of India, Ministry of Agriculture and Irrigation, Department of Rural Development, *Report of the Committee on Panchayati Raj Institutions*, Chairman: Asoka Mehta, New Delhi, August 1978; Government of India, Planning Commission, *First Five Year Plan 1951-1956*, New Delhi, 1952, Chapter 7; Anirban Kashyap, *Panchayati Raj: Views of Founding Fathers and Recommendations of Different Committees*, New Delhi: Lancers Books, 1989]

<sup>2</sup> Amartya Sen, *Inequality Reexamined*, Oxford University Press 1992; Marx, K., *Ökonomisch-philosophische Manuskripte, Karl Marx: Friedrich Engels Gesamtausgabe (MEGA) I-2*, S. 234-275. (*Economic and Philosophic Manuscripts of 1844*, Progress Publishers, 1959, pp. 28-49 <PDF version at <http://www.marxists.org/archive/marx/works/1844/manuscripts/preface.htm>> Retrieved on 30 November 2014.) The Second Administrative Reforms Commission of Government of India stated that 'Improving the quality of life of citizens by providing them civic amenities has been the basic function of local governments ever since their inception and it continues to be so even today. Local governments are ideally suited to provide services like water supply, solid waste management, sanitation etc, as they are closer to the people and in a better position to appreciate their concerns and even economic principles state that such services are best provided at the level of government closest to the people. However, the performance of a large number of local bodies on this front has generally been unsatisfactory.' [Second Administrative Reforms Commission, Government of India, *Sixth Report on Local Governance: An Inspiring Journey into the Future*, Sixth Report, 2007, p. 8. <<http://arc.gov.in/6-1.pdf>> Retrieved on 30 November 2014.]

local political stage in India.

The institutions of local self-government thus require statistical databases for their own use. This requirement has necessitated systematic, from-below development of databases.<sup>3</sup>

The provisions of the 73rd Amendment are such that panchayats need datasets to serve multiple and basic functions related to the self-governance of panchayats, micro-level planning of various development programmes and their implementation, and information on panchayat finance.

In 2001, the National Statistical Commission under the Chairmanship of C. Rangarajan (hereafter the Rangarajan Commission) argued that “even today no standardised system exists for the collection of local level databases in the country.”<sup>4</sup> Under the system of centralised planning, there had been little demand for local-level databases.<sup>5</sup> In the past three decades, a large amount of work has already been done by various working groups, study groups and committees constituted on the subject.<sup>6</sup> “However, implementation of these recommendations has not been taken seriously.”<sup>7</sup>

The statistical data sources available at the grass roots are primarily administrative records and census-type surveys.<sup>8</sup> Large-scale sample surveys, highly sophisticated in India, do not necessarily fulfill the data requirements at this local level since such surveys usually

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<sup>3</sup> National Statistical Commission, *Report of National Statistical Commission*, 2001, para 9.2.17. <<http://mospi.gov.in/nscr/hp.htm>> Retrieved on 30 November 2014.

<sup>4</sup> *Ibid.*, para 9.2.21. “A major weakness of the Indian database is its near total insensitivity to the requirements of planning from below.” [Isaac, Thomas T. M. and Richard W. Franke, *Local Democracy and Development : people's campaign for decentralized planning in Kerala*, LeftWord, 2000, p. 106]

<sup>5</sup> “As there was little or no local level planning for provision of public goods and facilities, there seemed to be little or no need or demand for local level databases.” [National Statistical Commission (2001), para 9.2.17] “The data management practices and institutions in the country were evolved to suit the requirements of highly centralized systems of administration and planning. Indeed, most of the national level data are ultimately collected from the localities. But the centralized systems of planning and governance do not require that these data be made available in printed form at the local level.” [Isaac, Thomas T. M. and Richard W. Franke (2000), p. 106]

<sup>6</sup> National Statistical Commission (2001), para 9.2.21. “The Commission has taken cognisance of the fact that quite a large amount of work has already been done in the past two decades by various Working Groups, Study Groups and Committees constituted on the subject. However, implementation of these recommendations has not been taken seriously.” For the work done previously, see Central Statistical Organisation, Social Statistics Division of Ministry of Statistics and Programme Implementation, Government of India, *Report of High Level Expert Committee on Basic Statistics for Local Level Development*, 2006, pp. 4-7 <[http://mospi.nic.in/Mospi\\_New/upload/lld\\_data\\_13jan12/lldreport\\_ssd.pdf](http://mospi.nic.in/Mospi_New/upload/lld_data_13jan12/lldreport_ssd.pdf)> Retrieved on 30 November 2014; and Central Statistical Organisation, Ministry of Statistics and Programme Implementation, Government of India, *Report on Basic Statistics for Local Level Development (BSLLD) Pilot Study in Rural Areas*, 2014, p. 6-10 <[http://mospi.nic.in/Mospi\\_New/upload/lld\\_data\\_13jan12/Report\\_pilot\\_study\\_RuralAreas11sept14.pdf](http://mospi.nic.in/Mospi_New/upload/lld_data_13jan12/Report_pilot_study_RuralAreas11sept14.pdf)> Retrieved on 30 November 2014. For DISNIC Programme, see DISNIC Programme Division, National Informatics Centre, Department of Information Technology Ministry of Communications & Information Technology, Government of India, *DISNIC-PLAN Project: Phase-II (Information Technology for Micro-Level Planning) A Project Sponsored by the Planning Commission*, 2005.

<sup>7</sup> National Statistical Commission (2001), para 9.2.21.

<sup>8</sup> *Ibid.*, para 14.3.1. “The main sources of statistics in India as elsewhere are: (a) Administrative Statistics – generally collected by State Governments; consisting of statutory administrative returns and data derived as a by-product of general administration; and (b) Other important sources namely, censuses and sample surveys.”

provide estimates at the national and State levels.<sup>9</sup> The Rangarajan Commission aimed at stemming the deterioration in Indian administrative statistics at the farthest end of the government system.<sup>10</sup> The Commission argued that “over the years, the Administrative Statistical System has been deteriorating and has now almost collapsed in certain sectors. The deterioration had taken place at its very roots namely, at the very first stage of collection and recording of data, and has been reported so far in four sectors: agriculture, labour, industry and commerce. The foundation on which the entire edifice of Administrative Statistical System was built appears to be crumbling, pulling down the whole system and paralysing a large part of the Indian Statistical System. This indisputably is the major problem facing the Indian Statistical System today.”<sup>11</sup>

Accordingly, the Rangarajan Commission recommended that a committee of experts be constituted to look into all aspects related to the development of basic statistics for local-level development, and to suggest a minimum list of variables on which data needed to be collected.<sup>12</sup> In keeping with this recommendation, the Ministry of Statistics and Programme Implementation (MoSPI) constituted, in December 2002, an Expert Committee under the Chairmanship of S. P. Gupta, to review the existing system at local levels and recommend an appropriate system for regular collection of data on a set of core variables for local-level development. With the re-constitution of the Planning Commission in June 2004, Abhijit Sen became the chairman and completed the work of the Expert Committee, and submitted a comprehensive report on “Basic Statistics for Local Level Development.” (hereafter BSLLD)<sup>13</sup> The Committee reviewed the efforts made previously and provided a conceptual framework for developing a system of compilation of statistics, one originating from PRIs in the rural sector. Furthermore, the Expert Committee developed a Village Schedule and tested the schedule through pilot studies. Subsequently in 2009, the MoSPI launched a large-scale pilot scheme on BSLLD to identify data sources in 32 States and Union Territories of India.<sup>14</sup>

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<sup>9</sup> National Statistical Commission (2001), para 9.2.22. However, to support decentralized planning, the Planning Commission considers in its Eleventh Five Year Plan to “generate a local statistical system by increasing the sample size of National Sample Surveys so that interpretation is possible at least at the level of the Block, if not the village” [Planning Commission, Government of India, *Eleventh Five Year Plan 2007-2012*, Volume I, 2008, p. 227]. Keeping in mind decentralized planning through Panchayati Raj Institutions, the International Institute for Population Sciences sponsored by Ministry of Health & Family Welfare undertakes the District Level Household and Facility Survey [International Institute for Population Sciences, *District Level Household and Facility Survey 2007-08*, 2010. <[http://www.rchips.org/pdf/INDIA\\_REPORT\\_DLHS-3.pdf](http://www.rchips.org/pdf/INDIA_REPORT_DLHS-3.pdf)> Retrieved on 30 November 2014.].

<sup>10</sup> “The recommendations on individual subjects in the Report aim at stemming the deterioration in the Administrative Statistical System and to improve it over time.” [National Statistical Commission (2001), para. 2.12.1]

<sup>11</sup> National Statistical Commission (2001), para. 14.3.10

<sup>12</sup> *Ibid.*, para. 9.2.22.

<sup>13</sup> Central Statistical Organisation, Social Statistics Division of Ministry of Statistics and Programme Implementation, Government of India, *Report of High Level Expert Committee on Basic Statistics for Local Level Development*, 2006. <[http://mospi.nic.in/Mospi\\_New/upload/lld\\_data\\_13jan12/lldreport\\_ssd.pdf](http://mospi.nic.in/Mospi_New/upload/lld_data_13jan12/lldreport_ssd.pdf)> Retrieved on 30 November 2014.

<sup>14</sup> Central Statistical Office, Ministry of Statistics and Programme Implementation, Government of India, *Cross-Sectional Synthesis Report on Pilot Scheme of Basic Statistics for Local (Village) Level Development: Based on Results of the Pilot Scheme on BSLLD executed in Selected States and UTs*, 2011

The essential recommendation made by this Expert Committee was its assertion that “the Gram Panchayat should consolidate, maintain and own village level data.”<sup>15</sup> It suggested that the “Gram Panchayat” (or village panchayat, hereafter GP), should take the basic responsibility for reorganizing and maintaining such records at the village level.<sup>16</sup> This recommendation is quite simple but nevertheless constitutes a landmark recommendation because it emphasises the potential of village-level data sources in the era of democratic decentralisation in rural India. The Committee’s recommendation that the GP should “consolidate, maintain and own village level data” identifies, in effect, a new statistical domain—and one that opens up a new area for debate, discussion, and study.<sup>17</sup>

The recommendation itself was based on the finding that, in almost all States and Union Territories, various types of village-level data are regularly collected by local-level functionaries— such as the panchayat secretary, health worker (Auxiliary Nursing Midwife [ANM] etc.), revenue officials (*patwari*), school teachers, *Anganwadi* workers, village headman, knowledgeable persons, and others—and maintained in their respective registers or records.<sup>18</sup> At present, such village-level databases as are available at the PRIs often cannot be properly utilised because they are scattered; there is lack of coordination among the agencies responsible for them; the format and itemised details of different sources are inconsistent; and updating and maintaining the data has been irregular.<sup>19</sup>

Based on these findings, the Expert Committee drafted a framework for Village

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<[http://mospi.nic.in/Mospi\\_New/upload/lld\\_data\\_13jan12/synthesis\\_report\\_11mar11.pdf](http://mospi.nic.in/Mospi_New/upload/lld_data_13jan12/synthesis_report_11mar11.pdf)> Retrieved on 30 November 2014; Central Statistical Office, Ministry of Statistics and Programme Implementation, Government of India, *Report on Basic Statistics for Local Level Development (BSLLD) Pilot Study in Rural Areas, 2014* <[http://mospi.nic.in/Mospi\\_New/upload/lld\\_data\\_13jan12/Report\\_pilot\\_study\\_RuralAreas11sept14.pdf](http://mospi.nic.in/Mospi_New/upload/lld_data_13jan12/Report_pilot_study_RuralAreas11sept14.pdf)> Retrieved on 30 November 2014. Initially small scale pilot studies was conducted by the Expert Committee on BSLLD from 2003 till 2005 in Haryana, Gujrat, Karnataka, Kerala, Meghalaya, West Bengal, Bihar, Tamilnadu and Tripura [Central Statistical Organisation (2006), pp. 8ff].

<sup>15</sup> Central Statistical Organisation (2006), p. 1.

<sup>16</sup> *Ibid.*, 2006, p. 2.

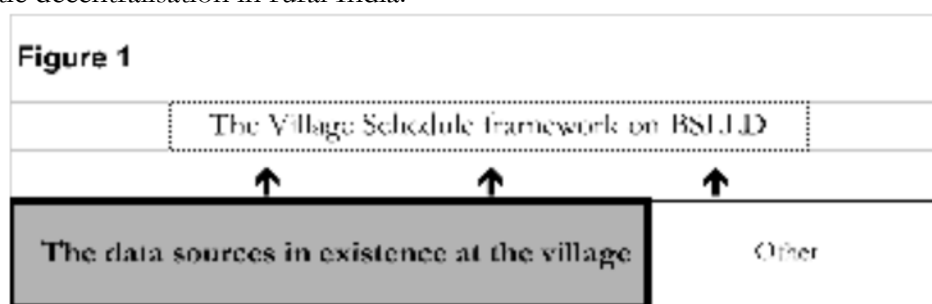
<sup>17</sup> Planning Commission points that “the key to the new approach is to link up data collection with the Panchayats.” [Planning Commission, Government of India, *Manual for Integrated District Planning*, 2008, p. 16. <[http://planningcommission.gov.in/reports/genrep/mlp\\_idpe.pdf](http://planningcommission.gov.in/reports/genrep/mlp_idpe.pdf)> Retrieved on 30 November 2014]

<sup>18</sup> Central Statistical Organisation, Ministry of Statistics and Programme Implementation, Government of India, *Basic Statistics for Local Level Development: Instructions for Data Recordist*, Volume I, pp. 3-4; Central Statistical Organisation, Ministry of Statistics and Programme Implementation, Government of India, *Report on Basic Statistics for Local Level Development (BSLLD) Pilot Study in Rural Areas*, 2014, pp. 131-132. “The High Power Expert Committee headed by Prof. Abhijit Sen, Member Planning Commission in its report on basic statistics for local level development has provided a conceptual framework for developing a system of compilation of statistics originating from PRIs in rural sector. It is based on the finding that PRIs in almost all States/UTs have comprehensive repertoire of essential and basic information on desired parameters and have access to sources of these information particulars.” [Central Statistical Office (2011), A:1]

<sup>19</sup> As the Expert Committee on BSLLD points out, even the village directory information in the District Census Handbook has been “collected by Census Officers from the records of the villages maintained by the various village functionaries e.g. Health worker, ANM, Anganwari, Chowkidar, Village Pradhan, Patwari etc.” “The village-wise information available in District Census Handbook contains most of the critical indicators required for local level planning. Since the Census data is available after a gap of 10 years, there is need to update the village directory on annual basis.” “The State governments have to update the census information on annual basis so that year-wise information on all the basic parameters of village is available for local level planning.” [Central Statistical Office (2006), p. 19] Thus, the Village Schedule provided by the Expert Committee is to be updated annually. In this respect the Village Schedule can be considered a sort of updated version of the village directory information in the District Census Handbook.

Schedules (see §1 of chapter 6) that contained a minimum number of selected variables on which data were to be collected, compiled, aggregated, and transmitted to the district level. The point here is that such village-level data are in existence before the information is filled into the Village Schedule. A set of data sources presumably exists in the village in parallel to data items of the Village Schedule. The Schedule is merely a framework or template for compiling statistics that have already been collected by local-level functionaries.<sup>20</sup>

Thus, in a sense, the view of this Expert Committee on village-level data sources is in striking contrast to that of the Rangarajan Commission. While the Rangarajan Commission, on the one hand, had raised a serious alert over the degeneration of records maintained by government staff, *patwaris*, *Gram Sevaks*, or primary teachers at the farthest end of the government system, that is, at the level of the village,<sup>21</sup> the Expert Committee, on the other hand, found potential in some of the existing village-level records in the new era of democratic decentralisation in rural India.<sup>22</sup>



Due to a lack of attention by data users to village-level databases, there has been no intensive discussion of these data sources, their quality and usefulness. With rare exceptions such as discussion in Kerala in the context of its people's planning campaign,<sup>23</sup> there has been little enquiry into quality and usefulness of village-level data sources that presumably exist in parallel to the Village Schedule framework. Such enquiry requires comprehensive discussion on databases generated as by-products of village-level

<sup>20</sup> Therefore, the Village Schedules provide even source codes to be recorded in each of item of information as under: Panchayat-01, Anganwari worker-02, Health worker (ANM/ FHW/ MHW/ etc.)-03, Patwari (Land Records)-04, Village Headman-05, Local School-06, Local Doctor-07, PHC/Sub-Centre/Hospital-08, Knowledgeable Person(s)/Others (Female-09, Male-10). Using those source codes to be recorded in each of item of information in the Village Schedules, CSO presented statistics on major data sources for each of the item of information for selected States/UTs. See Central Statistical Office (2011), p. 27. But, as mentioned later, source codes in the Village Schedules have some problems.

<sup>21</sup> National Statistical Commission (2001), para. 14.6.1-14.6.4.

<sup>22</sup> Thomas T. M. Isaac and Richard W. Franke (2000) raise a difficult question. "In many places the secondary data collected from the field offices did not tally with the published statistics of the block and district levels. Were the higher tiers of the local bodies to use data aggregated from below or the aggregate statistics published by official sources? It was agreed that while grama panchayats and municipalities would rely mostly on locally collected data, the higher tiers would use official statistics as far as possible unless there was sufficient justification to modify them." [Isaac, Thomas T. M. and Richard W. Franke (2000), p. 110]

<sup>23</sup> In Kerala, it was discussed during the People's Campaign for the Ninth Five Year Plan. The People's Campaign initiated a process of planning from below in which local bodies could draw up local plans and development schemes to meet local needs. As a part of this exercise, data sources available with and owned by the local bodies that could be used for local-level planning were identified. See State Planning Board, Government of Kerala, *Adhikaram Janangalkku* (Power to the People), Ninth Five Year Plan, Handbook for Trainers, Thiruvananthapuram, 1996 (in Malayalam).

administrative requirements as well as databases generated from official Censuses. In order to empower the panchayats in the post-73rd Amendment regime, these village-level databases must be a subject of discussion and debate.

In this context, this book comprehensively discusses this new statistical domain that has emerged in rural India in the post-73rd Amendment regime.

## §2. Methodology

Without an outline of panchayat's data needs, we cannot evaluate this new statistical domain. In this study, we assess the data needs of a panchayat on the basis of the provisions of the Constitution (73rd Amendment) Act, 1992. In chapter 2, we have described and classified the data needs of a panchayat on the assumption that State governments will legislate and devolve powers of self-governance and development to the panchayats as described in the Act (whether or not they have actually done so). The concerned provisions are Article 40 in Part IV (Directive Principles of State Policy), all Articles in Part IX (Panchayats), the Eleventh Schedule related to Article 243G, and Article 243 ZD in Part IXA (Municipalities) of the Constitution of India.

Therefore, the scope or boundaries of our study are slightly different from those of the Expert Committee on BSLLD. We have identified the data needs of the panchayat on the basis of the constitutional requirements as a whole, whereas the Expert Committee identified these data needs on the basis of its terms of reference, "for use in micro-level planning of various developmental programmes."<sup>24</sup>

We have examined the issue of gram panchayat-level databases in general, and also in the specific context of two villages, one in Maharashtra and one in West Bengal, both studied previously by the Foundation for Agrarian Studies (FAS).<sup>25</sup> The first case study was of Warwat Khanderao GP in Buldhana district, Maharashtra. The second case study covered Raina GP in West Bengal and Bidyanidhi village in the jurisdiction of Raina GP. In Chapter 3, we describe the background of the evolution of the new statistical domain in both GPs.

In chapter 4, we describe the village-level data sources that exist and those that are actually maintained by the GPs and their satellite agencies. We describe the current status of the main data sources in the two villages.

In chapter 5 and chapter 6, we describe the village-level databases that are required by GPs and PRIs as a whole in the post-73rd Amendment regime. In the light of the data requirements identified in chapter 2, we discuss the potential of the village-level databases described in chapter 4. We discuss how the main data sources in the jurisdiction of the two GPs can be organised as databases to serve data needs discussed in chapter 2. We also evaluate the Village Schedule developed by the Expert Committee on BSLLD. Further, we

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<sup>24</sup> Central Statistical Organisation (2006), p. A-1.

<sup>25</sup> See <<http://www.agrarianstudies.org/>> Retrieved on 30 November 2014.



discuss certain issues regarding the scope for new data, going beyond the proposed Village Schedule on BSLLD. In particular we discuss data on the panchayat itself, the People's List, data closely interrelated with public finance.

For an analytical discussion of the utility of GP-level databases, we needed a clear idea of specific operational and activity-related responsibilities of the GP. Without information on the GP's functional domain, we cannot even know what the GP is doing. We needed a full picture of functional domain of the GP. Without such information, it was not possible to discuss the usefulness of any databases. We used as a reference, the information available on Activity Mapping<sup>26</sup> —delineation of functions for each level of the panchayats, by unbundling their activities into smaller units of work and re-assigning these units to different levels of the PRI —, as discussed by the State and the Central levels in India. We also interviewed panchayat officials about the Activity Mapping at the GP level.

This study deals exclusively with village-level data sources, but discusses not only their usefulness in the GP or its sub-GP bodies, but also their usefulness in the PRI at large. Data generated at the village-level sometimes moves upward for use at the block- or district-level in the PRI.

However, data used for medium- and large-scale projects are sometimes beyond the scope of this study. For example, data on roads for connectivity between blocks and district, and data on medium- and large-scale community centres can be collected or recorded directly by an upper tier of the PRI, independently of the villages. Such data are out of our consideration since this enquiry is limited to village-level data sources. That is a methodological limitation of this study.

Within the jurisdiction of the above-mentioned GPs, we identified village-level data sources that may fulfil the provisions of the Constitution (73rd Amendment) Act, 1992. We also assessed their quality and usefulness.

The status of data sources at the point of collection and recording of data is a focal point of this study. Both the Expert Committee on BSLLD and the Rangarajan Commission have stressed the need to “pay attention to data collection in all its dimensions.”<sup>27</sup> We looked into data sources at their “very roots, namely, at the very first stage of collection and recording of data.”<sup>28</sup> With rare exceptions such as the study material for the

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<sup>26</sup> Second Administrative Reforms Commission, Government of India, *Local Governance: An inspiring journey into the future*, Sixth Report, 2007, p. 147. <<http://arc.gov.in/6-1.pdf>> Retrieved on 30 November 2014.

<sup>27</sup> The Rangarajan Commission states that “collection of numerical data for the purpose of understanding the behaviour of various socio-economic variables has a long history. The origin of the term “statistics” is associated with this concept, which is to describe the state. Of course, statistics, as a scientific discipline, goes beyond enumeration. Statistical inference is an important part of the discipline. However, inference will be fruitless, if the basic data are faulty or inaccurate or unreliable. That is why we have to pay attention to data collection in all its dimensions.” [National Statistical Commission (2001), para. 2.1.1] For decades, indeed, world statisticians including the Rangarajan Commission have shed light on the process of collection and recording of data in order to assess the “data quality”. As for “data quality”, see E. Elvers and B. Rosén. “Quality Concept for Official Statistics,” *Encyclopedia of Statistical Sciences*, John Wiley & Sons, 1997; L. Laliberté, W. Grünewald, and L. Probst. *Data Quality: A Comparison of IMF's Data Quality Assessment Framework (DQAF) and Eurostat's Quality Definition*, January 2004 <<http://dsbb.imf.org/Applications/web/dqrs/dqrswork/>> Retrieved on 30 November 2014.

<sup>28</sup> National Statistical Commission (2001), para. 14.3.10.

people's planning campaign in Kerala,<sup>29</sup> there is not even a comprehensive list of village-level data sources that exist in a GP area in India. Therefore, we visited each GP and conducted interviews at the GP offices and other agencies in the jurisdiction of the GPs, about data sources and their uses at the GP or village level. We started the interviews using the simplified Village Schedule on BSLLD as a questionnaire. As a follow-up, we added to the questionnaire a few items regarding the additional data needs identified in chapter 2. We also visited the block-level offices of respective GPs to interview them about village-level data sources. Panchayat officials helped us collect and check various documents and data used for the functions of the GP.

Since census-type household surveys had already been conducted in Bidyanidhi and Warwat Khanderao by the Foundation for Agrarian Studies (FAS), we used FAS household data as a point of reference. This enabled us to assess the quality of some items of data available in the village. For example, in §2 of chapter 5, we will make an assessment of some lists of residents in the jurisdiction of a panchayat, using the FAS database. As far as possible, we conducted micro-level discrepancy analysis,<sup>30</sup> matching each and every person or household with the corresponding person or household in the database of the census-type household surveys conducted by FAS.

Apart from the official Census data, most data generated in the GP area are, as will be seen later, by-products of the administrative requirements of the panchayats themselves or of other satellite State government agencies. There has been no intensive discussion of quality and usefulness of these by-products of the administrative requirements of the panchayats and other satellite agencies in the village.<sup>31</sup> Therefore, along with the official Census data, databases generated as by-products of village-level administrative requirements are the main area for discussion about the new statistical domain.

These by-products of the administrative requirements in the panchayat or other village-level satellite agencies are fundamentally different from data generated by the Census of India and official sample surveys. Under the Census Act 1948 the filled-up census schedules are absolutely confidential, and must not be used for administrative purposes. Similar confidentiality rules apply to official sample surveys. Thus, the panchayat and other government offices cannot use household or individual records from the Census of India or official sample surveys for administrative purposes (although aggregative data at the village

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<sup>29</sup> Planning Board, Government of Kerala, *Adhikaram Janangalkku* (Power to the People), Ninth Five Year Plan, Handbook for Trainers, Thiruvananthapuram, 1996 (in Malayalam). In §1 of chapter 4, we will independently identify village-level data sources in two GP areas and classify them in relation to the system of the GPs.

<sup>30</sup> Organisation for Economic Cooperation and Development (OECD), *Measuring the Non-Observed Economy: A Handbook*, 2002, p. 53. "Discrepancy analysis can be carried out at micro as well as macro level. For example, data for individual persons or enterprises, retrieved from tax files or from other administrations, can be compared with data from surveys."

<sup>31</sup> Bakshi, A. and Okabe, J. looked into details of this issue in a West Bengal case studies. [Bakshi, A. and Okabe, J., "Panchayat Level Data Bases: A West Bengal Case Study", *CITS Working Paper 2011-04*, Center for International Trade Studies, Faculty of Economics, Yokohama National University, 2011.] <<http://www.econ.ynu.ac.jp/cits/publications/paper.html>> Retrieved on 30 November 2014.

or higher administrative levels are available and may be used). At the same time, the unit-level records generated from administrative requirements are ready for aggregation but are primarily used as such in the identification and selection of targets of various public policies. The administrative functions of panchayats require unit-level information on households and individuals etc. Such information, which cannot be obtained from the Census of India, has to be gained from other administrative records available with the GP.

Therefore, this study deals not only with aggregate data generated as by-products of administrative requirements in the GP area, but also with unit-level data (such as list of households, list of persons, list of events, list of facilities or establishments, list of plots or areas and so on) for administrative requirements. For example, the list of below-poverty-line (BPL) households for a village is used not only to ascertain the number or percentage of such households, but also used in itself to select beneficiaries for poverty-alleviation programmes.

There are at least two important reasons for studying such unit-level data. First, the status and quality of such unit-level data have direct consequences for the quality of aggregate data generated from them. Secondly, unit-level information on village society is of the utmost importance for the GP, which is the administrative unit closest to the residents of a village. Panchayat and *Gram Sabha* members require unit-level data in order to carry out the tasks of public administration that are within their respective powers.

Policy decisions will have to be taken with regard to the persons and functionaries to whom access is granted to unit-level data that is to be used for administrative purposes.<sup>32</sup> The particular focus of this study, however, is the potential use of such unit-level data.

As these unit-level databases are ready to aggregate “statistics” and direct bases of “statistics”,<sup>33</sup> we deal with them as a part of the “statistical databases” under consideration.

We use the term “administrative statistics” broadly, and in addition to the unit-level data, we also discuss financial accounting data (aggregate data on recorded transactions). Accounting data is often not a matter of concern for the official statistician. But it is not appropriate to exclude accounting data from administrative records when we study overall panchayat statistical records, since accounting data are an integral part of the panchayat record system. We will also deal with them as a part of “statistical database”.

This study covers the period from April in 2005 to March in 2011 with some follow-up surveys after 2011. Therefore, we will not discuss in chapter 4 details of many issues regarding the Socio Economic and Caste Census (SECC) and the National Population Register. As the reference period of our study is 2005–2011, in West Bengal it covers the

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<sup>32</sup> The problem here is not only who in the village can have access to the unit-level database, but also whether the State and Central governments should have direct access to all such databases.

<sup>33</sup> In principle, however, “administrative registers” can be processed into anonymous “statistical registers” before they are transferred to the statistical office to produce statistics. See Thygesen, Lars, “The Register-Based System of Demographic and Social Statistics in Denmark: An Overview,” *Statistical Journal*, United Nations Economic Commission for Europe, 1995, vol. 12, no. 1.; United Nations Economic Commission for Europe, *Register-based statistics in the Nordic countries*, United Nations, Geneva, 2007.

period during which the Left Front Government, led by the Communist Party of India (Marxist), was in power.

## **Chapter 2. Data Required for the Panchayat**

### **§1. Scope of Data Needs**

Although a new statistical domain is emerging in rural India, the nature of panchayats' data needs has not yet been comprehensively discussed.

Keeping in view the recommendation by the Rangarajan commission, the terms of reference of the Expert Committee on BSLLD was “the development of a system of regular collection of data on a set of core variables/indicators, which should be compiled and aggregated at local levels for use in micro-level planning of various developmental programmes.”<sup>34</sup> These data needs are crucial to the decentralisation initiated by the 73rd Amendment, because powers and responsibilities of panchayats are provided in the Amendment with respect to “the preparation of plans for economic development and social justice”, and “the implementation of schemes for economic development and social justice” (Article 243G of the Constitution).

However, some contributions to the Indian literature on panchayats also mention certain other kinds of village-level data.

For example, the Eleventh Central Finance Commission and the subsequent Central Finance Commissions have repeatedly called for the creation of databases<sup>35</sup> on the finances of local bodies and the maintenance of accounts at the GP level<sup>36</sup> for the post-73rd Amendment regime.<sup>37</sup> In fact the Central Finance Commissions have repeatedly allocated

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<sup>34</sup> “The National Statistical Commission (NSC) under the Chairmanship of Hon'ble Dr. C. Rangarajan had recommended the development of a system of regular collection of data on a set of core variables/indicators, which should be compiled and aggregated at local levels for use in micro-level planning of various developmental programmes. NSC had further recommended for setting up of a committee of experts to look into all aspects related to development of local level indicators.” [Central Statistical Organisation (2006), p. A-1]

<sup>35</sup> “There is no mechanism for collection of data on the revenue and expenditure of the various tiers/levels of the rural/urban local bodies at a centralised place where it could be compiled, processed and made available for use. In the absence of any reliable financial/budgetary data, no realistic assessment of the needs of the panchayats and municipalities for basic civic and developmental functions can be made nor can any information be generated on the flow of funds to the local bodies for the implementation of various schemes for economic development and social justice. We are, therefore, of the view that a database on the finances of the panchayats and municipalities needs to be developed at the District, State and Central Government levels and be easily accessible by computerising it and linking it through V-SAT.” [Eleventh Finance Commission, *Report of the Eleventh Finance Commission*, 2000, pp. 78-79] Thus the 11th Central Finance Commission highlighted the need for the district-level database on the finances. However, the 13th Central Finance Commission argues that “accurate data on the financial performance of local bodies are best obtained from accounts of the local bodies themselves.” [Thirteenth Finance Commission, *Report of the Thirteenth Finance Commission*, 2009, p. 165] Therefore, the GP or the sub GP-level database on the finances is also required.

<sup>36</sup> “It is, therefore, imperative that high priority should be accorded to creation of database and maintenance of accounts at the grass-roots level.” [Twelfth Finance Commission, *Report of the Twelfth Finance Commission*, 2004, p. 154].

<sup>37</sup> “Much has been said by the earlier Finance Commissions on this important subject. Despite this, little improvement has been noted in the situation” [Thirteenth Finance Commission, 2009, p. 165].

grants inter alia for the creation of database on the finances of PRIs.<sup>38</sup> Indeed, the India's Constitution (73rd Amendment) Act, 1992 includes provisions with respect to the maintenance of accounts by the panchayats (Article 243J of the Constitution). The Third State Finance Commission of West Bengal claimed that "the information system should be part of the general statistical information system necessary for planning and delivering public services."<sup>39</sup> At the village we found that the core part of record system in a GP was maintained to track the allocation and expenditure of funds, and to assess the progress of different schemes. Nevertheless the Village Schedule on BSLLD (see §4 of Chapter 5) does not include data item regarding financial condition of the GP concerned.

To take another example, the Self-Evaluation Schedule for Panchayats in West Bengal contains data items regarding the status of *Gram Sabha* and GP personnel, the status of GP buildings and facilities, and the status of activities of the GP and *Gram Sansads*<sup>40</sup>. In fact, the India's Constitution (73rd Amendment) Act, 1992 includes provisions to enable the panchayats to function as democratic institutions of self-government (Article 243G of the Constitution). However, the Village Schedule on BSLLD does not contain data items of this nature on the panchayat itself.

Thus, the scope of data needs identified by this Expert Committee is limited. It does not cover all aspects of data needs for panchayats to work as per the provisions of the 73rd Amendment, and does not cover multiple aspects of data needs in the new statistical domain.

This study thus attempts to broaden the scope of discussion of data needs under the decentralisation initiated by the Constitution (73rd Amendment) Act, 1992 by taking into account the provisions of the Amendment itself. We have interpreted the data needs on the assumption that State governments will legislate and devolve powers of self-governance and development to the panchayats in the manner envisaged in the Constitution. According to Article 243G of the Constitution:

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

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<sup>38</sup> Eleventh Finance Commission, *Report of the Eleventh Finance Commission*, 2000, pp. 78-80. However, as the 12th Central Finance Commission indicated that "the EFC allocated Rs.200 crore for creation of database by local bodies, but only Rs.93 crore could be utilized, as per information received from the Ministry of Finance. Out of the allocation of Rs.483 crore for maintenance of accounts, only Rs.113 crore was utilized. The total utilization has, thus, been hardly 30 per cent of the allocation. While the reasons for such gross under utilization are far from clear, there is no doubt that the data quality at the grass-roots level is poor." [Twelfth Finance Commission (2004), pp. 153-154]

<sup>39</sup> Third State Finance Commission of West Bengal, *Report of the Third State Finance Commission West Bengal*, 2008, p. 35. <<http://www.wbfin.nic.in/Page/publication.aspx?type=16>> Retrieved on 30 November 2014.

<sup>40</sup> Government of West Bengal, Department of Panchayats and Rural Development, *Self Evaluation Schedule for Gram Panchayat (2007-08)*, 2008.

as may be specified therein.

Here, the word “may” implies that the powers and authority given to PRIs are at the discretion of State governments, and are a matter of political debate in the Legislature of each State.<sup>41</sup> Although State governments may or may not legislate and devolve powers of self-governance and development to the panchayats as described in the 73rd Amendment, in this enquiry we discuss the data needs of panchayats on the assumption that they will do so.

For example, Amitava Mukherjee has discussed from the outset of the post-73rd Amendment regime the panchayat’s data needs based on the assumption that “the State government would legislate and devolve powers of self-governance and development to the Panchayat Raj Institutions at both the district and sub-district levels.”<sup>42</sup> He has stated that data needs of Panchayats, based on a reading of provision of Articles 243 to 243 O of the Constitution, would revolve around three basic functions:

- (i) to assess the resources base of the economy, raising of resources and auditing resource use (see Articles 243H to 243J of the Constitution);
- (ii) to prepare plans for economic development and social justice, implementation of schemes for economic development and social justice, expending resources raised (see Article 243G and the Eleventh Schedule added to the Constitution);
- (iii) to govern at the appropriate level as democratically elected governments at the district and sub-district (see Articles 243A to 243D and 243K of the Constitution).

In this way the data needs of panchayats should depend upon their basic functions as stipulated in the 73rd Amendment. Here, function (i) is related to public finance of panchayats; function (ii) is mainly related to panchayat-level planning and its implementation; and, function (iii) is related to self-governance of panchayats. The “micro-level planning of various developmental programmes”, that is, function (ii) is just one part of these three functions. From this viewpoint, we can see that the Expert Committee on BSLLD has dealt primarily with function (ii) above. However, the Committee has not elaborated on data needs in relation to functions (i) and (iii).

Actually the scope of discussion in India on village-level data needs ranges from the function (ii) above, to more basic aspects like functions (iii) and (i) above.

Indicators adopted in the Self Evaluation Schedule for Panchayats adopted in West Bengal were widely discussed among people engaged in panchayat activities. “Draft

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<sup>41</sup> Amitava Mukherjee ed., *Decentralisation: Panchayats in the Nineties*, New Delhi: Vikas Publishing House, 1994, p.145. “In the worst case scenario of the panchayats being unable to function for want of supplementary legislation and/or rules (the Indian Statute Book is replete with laws which could not be implemented in the absence of rules/States laws necessary for giving effect to the law), then there is no need to generate a data base.”

<sup>42</sup> Amitava Mukherjee ed. (1994), p.146.

formats were circulated among all panchayats for obtaining suggestions and workshops were organized in all the districts for proper appreciation of the exercise and how to take up the same objectively.”<sup>43</sup> This Schedule contains numerous indicators of institutional aspects of panchayats such as self-governance and public finance.

The West Bengal Panchayats and Rural Development Department started collection of a Self Evaluation Schedule from 2006-2007, in order to carry out a self-assessment of the functioning of each panchayat. This Schedule is State-specific, for West Bengal, and, its purpose is not the same as that of the Village Schedule of BSLLD. Panchayats receive financial incentives from the State government based on scores assigned to their self-assessment,<sup>44</sup> whereas the purpose of the Village Schedule of BSLLD is to collect more basic data. Nevertheless, the Self Evaluation Schedule points to important areas on which data are required by people concerned with panchayat activities to empower the panchayat. This Schedule covers the following subjects:<sup>45</sup>

#### Introduction (*Gram Panchayat at a Glance*)

##### A. Institutional Functioning & Good Governance

1. Peoples’ participation in GP’s activities
2. Participation of the members in the functioning of GP
3. Services delivered by GP
4. GP Building & Office Management
5. GP Information Management & Disposing System
  - (a) Register related
  - (b) Are the following lists available at the GP office for public viewing?
  - (c) Regarding right to information
6. Transparency in GP’s work
7. Education
8. Public Health
  - (a) Health Services
  - (b) Drinking Water & Sanitation
  - (c) Women & Child development
9. Pro-poor Activities
10. Development of Economic and Social Infrastructure
11. Housing
12. Disaster Preparedness

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<sup>43</sup> Panchayats and Rural Development Department, Government of West Bengal, *Annual Administrative Report 2006-2007*, 2007, p. 27. <<http://www.wbprd.gov.in/HtmlPage/Reports.aspx>> Retrieved on 30 November 2014.

<sup>44</sup> Each panchayat has to make a self-assessment and assign scores for the different indicators specified in this Schedule. Panchayats receive financial incentives from the State government based on this evaluation.

<sup>45</sup> Government of West Bengal, Department of Panchayats and Rural Development, *Self Evaluation Schedule for Gram Panchayat (2007-08)*, 2008.

13. Social Security
- B. Mobilisation of Revenue & Utilisation of Resources
  14. Issues regarding Bye-Laws of GP
  15. Issues regarding GP Plan & Budget
  16. Own Source Revenue
  17. Financial Management
  18. Audit
  19. Fund Utilisation
  20. Provision for sending Utilisation Certificates and Report Returns
  21. Natural Resource Utilisation

In addition to the basic information, “*Gram Panchayat at a Glance*,” this Schedule contains indicators of economic and social development especially in the sectors of education, public health, and anti-poverty programmes. However, the Schedule also contains indicators of institutional aspects of panchayats such as self-governance and public finance. Firstly, the Schedule contains indicators covering “institutional functioning and good governance” that are primarily focused on subjects of self-governance, such as peoples’ participation in panchayat activities, transparency in panchayat work, its administrative infrastructure. Secondly, the Schedule contains indicators covering “mobilisation of revenue and utilisation of resources” that are focused on issues of public finance, such as budget of the panchayat, its audit, own source of revenue, inflow of funds utilized by the panchayat.

The nature of panchayats’ data needs was also discussed in Kerala in the context of its people’s planning campaign, which initiated a process of planning from below for its Ninth Five Year Plan. As a part of this exercise, data sources available with and owned by the local bodies that could be used for local-level planning were identified. The Government of Kerala provided a handbook (in Malayalam): *Adhikaram Janangalkku* (Power to the People), Ninth Five Year Plan, Handbook for Trainers, State Planning Board, Thiruvananthapuram, 1996, which identified “panchayat wise statistics.” This handbook is the study material for the DRP (District Resource Persons) of the people's planning campaign in Kerala. It was prepared based on the discussion in the state camp of SRP (state resource persons). The “panchayat wise statistics” in this handbook pertain to panchayat-level planning and its implementation. The content of this handbook can be summarized as follows:

Part 1-

- Chapter 1- Challenges of development
- Chapter 2- The relevance of decentralized planning
- Chapter 3- Decentralization- Yesterday, today
- Chapter 4- People's planning campaign
- Chapter 5- A new developmental political culture

Part 2- *Gramasabha* is for People's planning



- Part 3- Panchayat wise statistics
- Part 4- Formulation of development report
- Part 5- Methods in development

However, as shown in the following detailed content, “Part 3- Panchayat wise statistics” includes data on public finance of the gram panchayat (see “1. Gram Panchayat office”). The “Annual Administration Report” in the gram panchayat office includes data on institutional aspects of the gram panchayat for self-governance.<sup>46</sup>

### Part 3- Panchayat wise statistics

Introduction

Study tour

Source of secondary data

Census reports

#### 1. Gram Panchayat office

- a. Annual Administration Report
- b. Annual Financial Statement
- c. Demand, Collection, Balance statement
- d. Budget estimate
- e. Building tax assessment register
- f. Labor tax assessment register
- g. Institution register
- h. Road register
- I. Minor irrigation register
- j. Pond, well relate register
- k. Waste land register
- l. Birth, death register
- m. Marriage register
- n. Grant register
- o. Special grant register
- p. Auction register
- q. Funds which has allocated from the other department register
- r. D&O register
- s. Traders list
- t. Street light register

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<sup>46</sup> Government of Kerala, “*Adhikaram Janangalkku*” (Power to the People), Ninth Five Year Plan, Handbook for Trainers, State Planning Board, Thiruvananthapuram, 1996.

- u. Water tap register
  - v. Still born babies register
  - w. Immovable asset register
2. Village office
- a. Settlement register
  - b. Basic tax register
  - c. Temporary register
    - Register 1- Waste land and other government land
    - Register 2- Government land under revenue department
    - Register 3- Plantation register
    - Register 4- Transaction register
    - Register 5- Allocating land register
    - Register 6- Applicant -Allocating land register
    - Register 7- Conditions for allocated land register
    - Register 8- Register of revenue settlement
    - Register 9- Price paid by government for acquiring private land register
    - Register 10- Land reform register
  - d. Pension register
  - e. Litho map
3. Krishi Bhavan
- (1) Basic data register
    - a. Land related information
    - b. Extent and production of crop
    - c. Chemical fertilizer sale centers
    - d. Pesticide market sale centers
    - e. Irrigation
  - (2) Planting crop distribution register
  - (3) Mini kit distribution register
  - (4) Integrated coconut development plan register
  - (5) Subsidy distribution register
  - (6) Paddy subsidy distribution register
  - (7) Disaster relief distribution register
  - (8) Land sample register
4. Animal husbandry
- (1) Out patient register
  - (2) Artificial insemination register
  - (3) Birth register
  - (4) Vaccination register
  - (5) Medicine stock register
  - (6) Sample check up register

5. Soil conservation
6. Irrigation
  - (1) Estimate register
  - (2) Progress report
  - (3) Action plantation
  - (4) Map register
7. Public Health
  - (1) Administrative report
  - (2) Family health register
  - (3) Communicable disease register
  - (4) Inpatient register, outpatient register, Disease classification register
  - (5) Eligible couple register, sterilization register
  - (6) Antenatal and infant register
  - (7) Micro planning report
  - (8) Other health institutions
8. Social welfare department
9. Education
  - (1) Admission register
  - (2) Attendance register students and teachers
  - (3) T.C Register
  - (4) Removal register
  - (5) Staff statement
  - (6) Fixation statement
  - (7) Furniture statement
  - (8) Laboratory stock register
  - (9) Library stock register, issuing register
  - (10) Mother meet register
  - (11) P.T.A minuets report
  - (12) Progress card, Mark register
  - (13) S.S.L.C duplicate register, S.S.L.C A list
  - (14) Midday meal register
  - (15) Scholarship of student register, Acquittance
  - (16) Allotment register, expenditure register
  - (17) Stagnation register
  - (18) SC/ST/OBC register
  - (19) Loge book
10. Electricity
  - (1) Service register
  - (2) Street light connection register
  - (3) Minimum guarantee register

- (4) SC colony electrified register
  - (5) OTP (out of turn priority register)
  - (6) OYEC register (Own your electricity connection)
  - (7) Electricity line map
11. Department of rural development
- (1) Integrated Rural Development Programme (IRDP) survey register
  - (2) Nationalized/ other banks, financial institutions
  - (3) Training for Rural Youth for Self Employment Programme (TRYSEM) register
  - (4) Women and child welfare programmes
  - (5) Women societies (Mahila samaj)
  - (6) Social forestry programme
  - (7) Development of Women and Children in Rural Area (DWCRA)
  - (8) Housing register
  - (9) Central rural sanitation programme
  - (10) Asset register/Work register/Agreement register
  - (11) National saving scheme register
  - (12) Center sponsored scheme for small and marginal farmers register
  - (13) Block wise general information register
12. Public distribution system (Ration shop)
- (1) Card register
  - (2) In rent forum
13. Co-operative
14. Census report -1991
- (1) Panchayat primary census abstract
  - (2) Panchayat level data

The *Manual for Integrated District Planning*, provided by the Planning Commission in the context of district planning,<sup>47</sup> outlines a dataset required for PRIs:

*Basic facts of the district, including natural resources*

Geographical area, terrain, agro-climatic conditions, flora and fauna, land use, water availability, geology, minerals, demographic data, types of habitation, households and families, social structure, occupations and way of life, etc.

*Infrastructure and services for the public*

Transport and communication network, irrigation and water supply, electricity and fuel supply, housing and basic amenities, drainage and sanitation, food supply and nutrition services, health delivery system, schooling and education, employment and

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<sup>47</sup> Planning Commission, Government of India, *Manual for Integrated District Planning*, 2008, pp. 57-58. <[http://planningcommission.gov.in/reports/genrep/mlp\\_idpe.pdf](http://planningcommission.gov.in/reports/genrep/mlp_idpe.pdf)> Retrieved on 30 November 2014.

self-employment, farm sector development, industry and trade, technical training and skill development, professional education etc. Verification of physical assets, both community and individual assets, undertaken at each local government level.

*Data on important indicators and assessment of development*

Life expectancy at birth, maternal mortality, neonatal and infant mortality, child mortality, immunization, malnutrition, acquired disabilities, morbidity and linked mortality, literacy, mean years of schooling, average educational attainment, age at marriage, family planning, gainful employability and employment, economic status with regard to the poverty line, access to adequate housing and basic amenities, standards of living, social security, fulfillment of civic rights, etc.

*The local administrative set up*

The number and statistics regarding rural and urban local government (Panchayats, urban local bodies, autonomous councils etc.), line departments attached to local government, state line department offices, missions and other parastatals operating in the district.

*Financial information*

District government budget allocations source-wise and sector-wise, actual receipt and expenditure in previous years, pattern of resource distribution among local government, own revenues of local governments, district credit plans, major corporate investment details, investments by SHGs and micro finance institutions (MFIs).

*New areas for accelerated growth; potential 'lead sectors'*

New areas of economic growth such as new industries, corporate investments, tourism, agricultural diversification.

This dataset includes some data regarding institutional aspects such as “Financial information” and the “The local administrative set up” that are outside the scope of the Village Schedule of BSLLD.

As discussed above, the scope of the Expert Committee on BSLLD is, in a sense, limited following its term of reference. Therefore, for the purpose of comprehensive study of the panchayat-level statistical databases, we will broaden our scope, taking into account data needs concerning institutional aspects of panchayat such as public finance and self-governance. We will broaden our scope to statistical requirements based on the principles provided by the Constitution (73rd Amendment) Act, 1992. We will interpret the data needs on the assumption that State governments would legislate and devolve powers of self-governance and development to the panchayats as described in the Constitution (73rd Amendment) Act, 1992. Actually State governments may or may not legislate and devolve powers of self-governance and development to the panchayats as described in the Constitution (73rd Amendment) Act, 1992. However, we will discuss the data needs on the assumption that they will do so. Based on the assumption that panchayats are empowered as

envisaged in the Constitution (73rd Amendment) Act, 1992, data needs of the Panchayats can be considered for the time being as follows.

**Data needs.**

Data required for self-governance (**Data Needs I**).

Data required for public finance (**Data Needs II**).

Data required for micro-level planning of various developmental programmes and their implementation (**Data Needs III**). These data needs have already been identified by the Expert Committee on BSLLD as a minimum dataset for local level development.

These three data needs are, in practice, closely interrelated. The same data can sometimes be used for different data needs. However, each data need deserves to be analysed separately in order to discuss multiple aspects of the new statistical domain. We will elaborate on them in the following sections.

## **§2. Data required for self-governance**

The Constitution of India envisaged self-governance of “village panchayats” before the enactment of the 73rd Amendment: “The State shall take steps to organise village panchayats and endow them with such powers and authority as may be necessary to enable them to function as units of self-government” (Article 40). The 73rd Amendment Act provides for self-governance of PRIs as a whole. “There shall be constituted in every State, Panchayats at the village, intermediate and district levels in accordance with the provisions of this Part” (Article 243B): “The Legislature of a State may, by law, endow the Panchayats with such powers and authority as may be necessary to enable them to function as institutions of self-government” (Article 243G). The provision of Articles 243A to 243D, and 243K of the Constitution define panchayats as democratically elected governments. With the enactment of the 73rd Amendment, panchayats were empowered as democratic “institutions of self-government”, which have evolved from just a development organization at the local level into a political institution.<sup>48</sup> In the context of this democratic decentralization under the 73rd Amendment Act, data required for self-governance (**Data Needs I**) reflects the particularity of the new statistical domain.

### *2-2-1 Data on panchayat itself*

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<sup>48</sup> George Mathew, *Status of Panchayati Raj in the States of India 1994*, New Delhi: Concept Publishing Company, 1995, p. 9. However, political situation in and around a panchayat can be sometime strained, due to its social structure and historical background. Before the constitutional support was established, as George Mathew argued, “evidence suggests that there was a deliberate plan by bureaucracy, local vested interests and their elected representatives in the state legislatures and in the Parliament to cripple and eventually discard panchayati raj, because its ascendancy was feared.” [Ibid., p. 7; Government of India, *Report of the Committee on Panchayati Raj Institutions*, Chairman: Asoka Mehta, 1978, pp. 5-6] “Politicians would not like to see the erosion of their power by a breed of new, local leadership. Thus it is legitimate to conclude that a combination of bureaucracy, commercial interests, the professional middle class, the police and political elite “ganged up” against democratic decentralization.” [Mathew (1995), p. 8]

Data required for self-governance are classified into two parts—on the panchayat itself and on its object domain (to be mentioned in §2-2-2). For democratic self-governance, panchayat itself needs to be transparent as a public sector institution. The core data on the panchayat itself is data on its functions, which conclusively defines a “target,” that is, an object domain of the panchayat’s activities.<sup>49</sup>

#### *2-2-1-1 Documents for the Gram Sabha*

The Constitution (73rd Amendment) Act, 1992, envisages that governance of panchayats is performed democratically, and that people participate in the panchayat activities (Article 243A of the Constitution).

Panchayat is a democratically elected government. As a result, new local leaders are presenting themselves on the local political stage.<sup>50</sup> The procedure for supervising all elections to panchayats is vested with the State Election Commission. This external agency prepares the Electoral Rolls (Article 243K of the Constitution).

The Electoral Roll is also an essential record for the panchayat’s regular activities, because the *Gram Sabha* is a body consisting of persons registered in the Electoral Rolls. Even the quorum for the *Gram Sabha* meetings is prescribed in relation to the number of *Gram Sabha* members.

*Gram Sabha* requires records for its meetings, such as attendance register and a minutes book. The West Bengal Self Evaluation Schedule for Panchayats, for example, requested data on number of voters (according to the Electoral Roll), frequency of the *Gram Sabha* meeting and even the attendance rate at the meeting.

In addition to the information on the *Gram Sabha*, information on panchayat activities, especially information on functioning of sub-committees under the panchayat needs to be in the public domain. The *Gram Sabha* delegates powers to the sub-committees with respect to certain subjects or schemes. The West Bengal Self Evaluation Schedule, for example, requested details of the functioning of sub-committees such as *Upa-Samitis* and *Gram Unnayan Samitis*.

#### *2-2-1-2 Data on how the panchayat is functioning—Data for panchayat’s functional domain*

Data on how the panchayat functions, is absolutely necessary for its self-governance.

First, under decentralisation, a panchayat is to perform the devolved functions by itself. The devolved functions are under self-governance of the panchayat. The panchayat

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<sup>49</sup> As will be seen in §2-2-2, the object domain of the panchayat is geographically defined jurisdiction with a special focus on its functional domain. Therefore, the functioning of panchayat will not only determine the panchayat itself but also shape the panchayat’s object domain. The functioning of panchayat creates an essential link between the panchayat itself and the panchayat’s object domain. However, the panchayat’s object domain is in a sense external to the panchayat. The panchayat may discover unknown administrative needs beyond its on-going functionings. The functioning of panchayat may also generate an unexpected impact (or “outcome”) of its function on the local society.

<sup>50</sup> See Kumar, Girish, *Local democracy in India: Interpreting Decentralization*, Sage Publications, 2006.

needs data for operational use to fulfill its functions by itself.

Secondly, under “democratic” decentralisation, the panchayat has to disclose the data in part for the democratic procedures of its self-governance. Functionings of the panchayat—what the panchayat have performed and are going to perform— are requested to be transparent in the democratic procedures of self-governance. Any people who participate in the panchayat activities need access to the database on functionings of the panchayat. At least the panchayat cannot be uninformed about the matters for which it is responsible. The Panchayat Acts in both States (Section 8 of the Bombay Village Panchayats Act, 1958 and Section 18 of the West Bengal Panchayati Raj Act, 1973) envisage that the GPs prepare for their *Gram Sabhas* reports showing any activities and work done under different project, programme or scheme.

Therefore, the panchayat needs data pertaining to its functional domain. The functional domain of the panchayat is broadly defined as “economic development and social justice as may be entrusted to them including those in relation to the matters listed in the Eleventh Schedule” (Article 243G of the Constitution). Schedule XI of the Constitution identifies 29 subjects as a functional domain to be devolved to the PRIs:

1. Agriculture, including agricultural extension.
2. Land improvement, implementation of land reforms, land consolidation and soil conservation.
3. Minor irrigation, water management and watershed development.
4. Animal husbandry, dairying and poultry.
5. Fisheries.
6. Social forestry and farm forestry.
7. Minor forest produce.
8. Small scale industries, including food processing industries.
9. Khadi, village and cottage industries.
10. Rural housing.
11. Drinking water.
12. Fuel and fodder.
13. Roads, culverts, bridges, ferries, waterways and other means of communication.
14. Rural electrification, including distribution of electricity.
15. Non-conventional energy sources.
16. Poverty alleviation programme.
17. Education, including primary and secondary schools.
18. Technical training and vocational education.
19. Adult and non-formal education.
20. Libraries.
21. Cultural activities.
22. Markets and fairs.



23. Health and sanitation, including hospitals, primary health centres and dispensaries.
24. Family welfare.
25. Women and child development.
26. Social welfare, including welfare of the handicapped and mentally retarded.
27. Welfare of the weaker sections, and in particular, of the Scheduled Castes and the Scheduled Tribes.
28. Public distribution system.
29. Maintenance of community assets.

Modifying the classification suggested in the *Manual for Integrated District Planning*, we can summarise them as follows:<sup>51</sup>

- A. Primary Sector: 1, 2, 3, 4, 5, 6, 7, 12
- B. Education: 17, 18, 19, 20, 21
- C. Health and Child Development: 23, 24, 25
- D. Poverty Alleviation and Social Welfare: 10, 16, 26, 27, 28
- E. Infrastructure: 11, 13, 14, 15, 29
- F. Industry and Commerce: 8, 9, 22

However, this is just a list of “subjects” that State governments may transfer to panchayats. This list does not provide specific operational and activity-related responsibilities of each tier of the PRI. The functions assigned to each tier of the PRI in respect of different subjects are unclear and ambiguous.<sup>52</sup> Without clear delineation of functions for each tier of local bodies, “it is not possible to devise a workable devolution scheme for the local bodies.”<sup>53</sup>

Therefore, the Second Administrative Reforms Commission of India calls for the “Activity Mapping” exercise prescribed by each State government.<sup>54</sup> Activity Mapping is the “unbundling subjects into smaller units of work and thereafter assigning these units to different levels of government.”<sup>55</sup> According to the Commission, these unbundled activities

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<sup>51</sup> Planning Commission (2008), p. 115. According to the *Manual for Integrated District Planning*, the 29 subjects in the Schedule XI can be roughly classified into six categories, that is, “Primary Sector” (1, 2, 3, 4, 5, 6, 7, 12), “Education” (17, 18, 19, 20, 21), “Health” (23, 24, 25), “Poverty” (10, 16, 26, 27, 28), “Infrastructure” (11, 13, 14, 15, 29) and “Economic development” (8, 9, 22).

<sup>52</sup> “The difference between a subject and a function remains as a major hiatus between local level activity and local governance.” [Second Administrative Reforms Commission (2007), p. 49] The Third State Finance Commission of West Bengal also stated that “a general devolution of functions to PRIs will hardly serve the purpose” [Third State Finance Commission West Bengal (2008), p. 21]

<sup>53</sup> Second Administrative Reforms Commission (2007), p. 137-138. The Commission stated that “In order to make devolution functional, the matters listed in the Eleventh Schedule of the Constitution need to be broken down into discrete activities, because it may not be appropriate to transfer all the activities within a broad function or a subject to the PRIs. The State Government may retain some activities at a macro level. For example, in primary education, activities like designing syllabii, maintaining standards, preparation of text books etc. would have to be with the State Government, while tasks concerning management of schools may be with the Gram Panchayat or Zila Parishad.” [*Ibid.*, pp. 137-138]

<sup>54</sup> Second Administrative Reforms Commission (2007), p. 149.

<sup>55</sup> *Ibid.*, p. 146.

can be classified under five categories: “(i) Setting standards, (ii) Planning, (iii) Asset creation, (iv) Implementation and Management, (v) Monitoring and Evaluation.”<sup>56</sup>

Once activities are unbundled, each of them is to be assigned to the tier of panchayats where it could be most efficiently performed.<sup>57</sup>

Factors such as economy of scale, externality, equity and heterogeneity will play a major role in this process. Economies of scale tend to push the service towards higher levels of government. Conversely, if some activity is scale neutral in implementation, it may be preferable to push it down to the lowest level for implementation.<sup>58</sup>

On the basis of Activity Mapping, the functions of each level of the panchayat will be clearly delineated.<sup>59</sup>

However, in most States the progress in delineation of functions of the different tiers of local governments in a given subject matter is considered very slow.<sup>60</sup> At present it is considered one of the serious issues in decentralisation in rural India.<sup>61</sup> The Second Administrative Reforms Commission observes that almost all the States have chosen to assign functions to the PRI not through statute, but by delegated legislation in the form of rules or executive orders.<sup>62</sup>

Furthermore, Activity Mapping on the ground is often different from what was envisaged in the acts and rules. Functions assigned to panchayats in the Acts are sometimes

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<sup>56</sup> *Ibid.*, p. 146.

<sup>57</sup> The Second Administrative Reforms Commission recommends the following key principles for the devolution exercise:

- (i) There should be exclusive functional jurisdiction or an independent sphere of action for each level of the Panchayat. The State Government should not exercise any control over this sphere, except giving general guidance. If any activity within this sphere is presently performed by any line department of the State Government, then that department should cease to perform the activity after devolution.
- (ii) There may be spheres of activity where the State Government and the Panchayats would work as equal partners.
- (iii) There may also be a sphere where Panchayat Institutions would act as agencies for implementing Union or State Government schemes/programmes. (The difference between the partnership mode and agency mode of functioning is that the scope of independence in discharging responsibility is more in the former case compared to the other).

[*Ibid.*, pp. 146-147]

<sup>58</sup> *Ibid.*, p. 147.

<sup>59</sup> Activity Mapping cannot be operationalised without link with financial and administrative requirements. The Commission recommends that funds and functionaries should be devolved upon the Activity Mapping. [*Ibid.*, p. 353]

<sup>60</sup> *Ibid.*, p. 45. “The progress in delineation of functions of the different tiers of local governments in a given subject matter has been very slow.” “Due to the persistent efforts of the Ministry of Panchayati Raj in the last three years, detailed “activity mapping” of different tiers of local governments have been undertaken in all the States.” “However, the exercise continues to be partial and prolonged. The draft activity mapping lists have not been approved by the State Governments in some cases.” “Even where activity mapping has been approved, parallel action to enable local governments to exercise the functions has not been taken. The existing Government Departments with their executive orders and instructions, parallel government bodies like DRDAs and the continuance of statutory bodies (as regards water, electricity, etc.) without any change, prevent the local governments from exercising the so called transferred functions.” [*Ibid.*, p. 45]

<sup>61</sup> “Activity mapping has been one of the major action points identified for urgent attention by the states” [M. A. Oommen ed. *Fiscal Decentralisation to Local Governments in India*, Cambridge Scholars Publishing, 2008, p. 7]

<sup>62</sup> Second Administrative Reforms Commission (2007), p. 138.

provided only in the statute book. For the assessment of the situation on the ground, we can easily conduct an interview with the panchayat officials to observe “de facto Activity Mapping” for the panchayat. The panchayat officials usually have a clear idea of what responsibilities are actually assigned to them on the ground. As will be seen in §3-2-2-7, we had to conduct these interviews in each of the concerned villages.

No “model” Activity Mapping to date has stood the test of application in diverse situations.<sup>63</sup> The Ministry of Rural Development of the Central Government appointed a Task Force on Devolution of Powers and Functions to Panchayati Raj Institutions, 2001. The Task Force suggested in its report a guideline of Activity Mapping as “a broad framework of devolution.”<sup>64</sup> We may also use this guideline of Activity Mapping as a reference to discuss data needs of each tier of panchayats. The Ministry of Panchayati Raj of the Central Government also suggests that the Activity Mapping in Kerala could be a good reference-point.<sup>65</sup>

However, as the Constitution (73rd Amendment) Act, 1992, leaves considerable scope for State variations, situations of Activity Mapping are diverse in each State.<sup>66</sup> Therefore, we will discuss the actual status of Activity Mapping in §3-2-2-7 and §3-2-2-8 of chapter 3 in specific contexts of the two States.

At the outset, intention of the Activity Mapping proposed by the Second Administrative Reforms Commission was “to ensure that panchayats at all levels function as institutions of self-government rather than as implementing agencies.”<sup>67</sup> However, the existing Activity Mapping is sometimes considered as an assignment of functions “to perform tasks on behalf of the State primarily as an agent of the Government.”<sup>68</sup> As these tasks are allocated from above by the line departments, Activity Mapping exercises in different states have essentially remained top-down and bureaucratic.<sup>69</sup> Nevertheless, we will

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<sup>63</sup> “In the absence of a model that stood the best of application in diverse situations, only a broad framework of devolution can be suggested.” [Ministry of Rural Development, Government of India, *Report of the Task Force on Devolution of Powers and Functions upon Panchayati Raj Institutions*, 2001, para 3.5.3.]

<sup>64</sup> Ministry of Rural Development, Government of India, *Report of the Task Force on Devolution of Powers and Functions upon Panchayati Raj Institutions*, 2001, p. 15 and pp. 47-93.

<sup>65</sup> “The detailed Activity Map prepared by Kerala State could be a good reference-point for the Activity Mapping.” [Ministry of Panchayati Raj, *Roadmap for the Panchayati Raj (2011-16): An All India Perspective*, (Version date: Feb., 2011), 2011, p. 21.]

<sup>66</sup> Second Administrative Reforms Commission (2007), p. 138-145.

<sup>67</sup> *Ibid.*, p. 146.

<sup>68</sup> Panchayat and Rural Development Department, Government of West Bengal, *Roadmap for the Panchayats in West Bengal: A Vision Document*, 2009, p. 14. <<http://www.wbprd.gov.in/HtmlPage/Reports.aspx>> Retrieved on 30 November 2014.

<sup>69</sup> Second Administrative Reforms Commission (2007), p. 369. In this context the Panchayat and Rural Development Department of West Bengal had provided the Roadmap for the Panchayats of the State not merely “for devolution of responsibilities by the various departments of the State Government through the conventional exercise of activity mapping and assigning responsibilities from above through either legislative or executive route but also the Roadmap for developing various capacities within the Panchayats so as to respond to the need-based demands of the people and acquire more responsibilities of their own for realization of such demands, stemming from the local needs and aspirations.” The Department recognised that “devolution through activity mapping provides certain space to the Panchayat bodies, which

interpret Activity Mapping in its original sense as defined by the Second Administrative Reforms Commission. That is to say, the Activity Mapping provides functional domain of panchayats not merely to act as implementing agencies of the State government,<sup>70</sup> but also to act as institutions of self-government. It includes functional domain of panchayats “to respond to the need-based demands of the people and acquire more responsibilities of their own for realization of such demands, stemming from the local needs and aspirations.”<sup>71</sup>

Data for a panchayat’s functional domain will be a set of data for functions delineated by the Activity Mapping. The panchayat needs to own or have access to them to fulfill its functions by itself. Not a few registers and records are generated and used as a part of functions performed by the panchayat and its satellite agencies. The panchayat and its satellite agencies have to disclose them in part for the democratic procedures of its self-governance. These village-level functionaries include outside agencies under the control of line departments as well as panchayat’s functionaries. Some village-level outside agencies— such as the Auxiliary Nursing Midwife (ANM), ICDS (*Anganwadi*) workers, revenue officials (*patwari* etc.), school teachers— are working in the panchayat’s functional domain and still working independently of panchayat raj set up. As will be mentioned in §3 of this chapter, the panchayat may coordinate them to establish data-sharing mechanism.

Data for the panchayat’s functionings should not necessarily be “statistics” or “estimation.” Unit-level data (such as list of households, list of persons, list of events, list of facilities or establishments, list of plots or areas and so on) may be preferable depending on the concerned function. Where the matter of concern is related to the unit-level data, a list of certain units will be required. For example, the list of villagers’ children born in a year can be used not only to figure out the number of children or the birth rate of the GP area, but also to notify the concerned parents living in the area that their child can be admitted to school. Unit-level information on panchayat’s functionings is of the utmost importance for the GP, which is the administrative unit closest to the residents of a village. Even panchayat members or *Gram Sabha* members require unit-level data in order to carry out the tasks of public administration that are within their respective powers.

The Expert Committee on BSLLD recommended the Village Schedule to compile village-level data, precisely because it found that in almost all States and Union Territories, various kinds of data are regularly collected by such village-level functionaries, and maintained in their registers or records. Obviously such village-level data are not collected to fill-in the Village Schedule but are documented for operational use as a part of functions performed by these village-level functionaries. A set of panchayat-level data sources found in

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were so far occupied by the Government, but the experience shows that much space in the development matrix is available beyond that occupied by the Government and a proactive Panchayat may tread on such spaces uncharted so far, provided they have the capacity to do so.” [Panchayat and Rural Development Department, Government of West Bengal (2009), p. 13]

<sup>70</sup> Panchayat and Rural Development Department of West Bengal regarded it as “the conventional exercise of activity mapping.” (*Ibid.*, p. 13)

<sup>71</sup> *Ibid.*, p. 13.

parallel to data items of the Village Schedule is nothing other than the data generated by these village-level functionaries for use to fulfill its functions.

#### *2-2-1-3 Data on personnel and assets of the panchayat*

Official records for panchayat's personnel including elected panchayat representatives and their administrative staff need to be disclosed. These data reflect basic human resource of the panchayat's general administration. The Right to Information Act, 2005, facilitates such disclosure of information. The West Bengal Self Evaluation Schedule for Panchayats, for example, requested data on personnel in the panchayat. The Panchayat and Rural Development Department of West Bengal pursued especially capacity building of its functionaries in its roadmap.<sup>72</sup>

Furthermore, information on infrastructure of the panchayat's general administration is expected to be transparent.<sup>73</sup> Data on all facilities of the GP is required not only for managing revenue resources but also for maintaining them properly. Tax system on panchayat's assets can be simple and focused for operational convenience, but maintenance of such assets needs to be exhaustive.

#### *2-2-2 Data on the panchayat's jurisdiction for deepening of self-governance*

The panchayat's governance requires databases regarding an object domain (a "target") of the panchayat besides database on the panchayat itself.

Since the object of local governance is a region within the nation, the panchayat's object domain is, first of all, the geographically defined jurisdiction. No government can afford to be uninformed about the jurisdiction for which it is responsible.

The jurisdiction delineates the concerned local society related to inhabitants within the boundary of the region. Therefore, the data on the panchayat's jurisdiction includes data on the concerned local society within the boundary of the region. Unlike the data on panchayat itself, data on the panchayat's jurisdiction includes not only the public sector of the local society but also its private sector at large, which is located within the boundary of the region. The panchayat may regulate or even intervene in its private sector as far as its functional domain is concerned.

Thus, data on the panchayat's jurisdiction includes data on the panchayat's territory in spatial terms, together with data on the concerned local society within the boundary of the region.

A panchayat is not responsible for everything in its geographical jurisdiction, but is responsible just for the matter concerning its functional domain (as mentioned in §2-2-1-2).

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<sup>72</sup> Panchayat and Rural Development Department, Government of West Bengal (2009), p. 54.

<sup>73</sup> In fact the Upa-Samitis of West Bengal have been given powers to inspect immovable property of the GP (Section 32A of West Bengal Panchayati Raj Act, 1973). The members of the *Upa-Samitis* may "call for any information, return, statement, account or report from the office of the *Gram Panchayat* and enter on and inspect any immovable property of the *Gram Panchayat* or inspect any work in progress connected with the functions and duties of the *Upa-Samiti*."

Therefore, the object domain of the panchayat's governance is doubly defined by two aspects— geographical area and functional domain. Thus, it is a geographically defined jurisdiction with a special focus on its functional domain.

A functioning of the panchayat has an object domain. The functioning of the panchayat is obviously not self-contained. Unlike the panchayat itself mentioned in §2-2-1 above, its object domain is more or less external to the panchayat. Panchayat's object domain is external to the panchayat for the following reasons:

- (1) The panchayat may discover unknown administrative needs as an object domain. The panchayat may find its new functional domain “to respond to the need-based demands of the people and acquire more responsibilities of their own for realization of such demands, stemming from the local needs and aspirations.”<sup>74</sup> The panchayat may also find unrecorded administrative needs even within its current functional domain.
- (2) The panchayat may also find an unexpected impact (or “outcome”) on its object domain through its function. The impact (or outcome) of a public activity is often distinguished sharply from direct output of that activity, because the causal linkage between them is usually not so simple. Many other factors will affect the outcome.

Indeed, examining the registers or records generated by the panchayat and its satellite agencies, we often find unrecorded object domain of the panchayat with respect to its functionings. Unrecorded object domain is obviously external to the panchayat. For example,<sup>75</sup> as will be mentioned in §4-3-4-1, there was widespread discontent in GPs regarding the Below Poverty Line (BPL) list generated from BPL Census 2002 (also referred to as Rural Household Survey in West Bengal), because some poor households were excluded from the list and some non-poor households were included in the list. Therefore, some of these GPs independently conducted a house to house re-survey to revise the BPL list. However, many of the discrepancies were not amended. Even the expert group set up by the Ministry of Rural Development (MoRD) of the Central Government admitted that the number of errors of exclusion and inclusion in the BPL Census 2002 household identification remained above acceptable limits.<sup>76</sup> In this example the panchayat found unrecorded object domain of the panchayat— eligible BPL households excluded in the BPL list, based on knowledge among village people or their house to house re-survey.

Another example is, as will be mentioned in §5-3-2, the Civil Registration System

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<sup>74</sup> *Ibid.*, p. 13.

<sup>75</sup> Karl Marx, Kritik des Hegelschen Staatsrechts (§§ 261-313), *Marx-Engels-Werke (MEW)*, Bd. 1, 1843, S. 249. [Karl Marx, *Critique of Hegel's Philosophy of Right*, Part 3. <<https://www.marxists.org/archive/marx/works/1843/critique-hpr/index.htm>> Retrieved on 30 November 2014.]

<sup>76</sup> Government of India, Ministry of Rural Development (2009), *Report of the Expert Group to advise the Ministry of Rural Development on the Methodology for Conducting the Below Poverty Line (BPL) Census for 11th Five Year Plan*, p. 20.

| Table 1xx   |                                 |       |       |       |       |       |       |       |       |       |
|---|---------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Level of Births Registration during 1985-2011   |                                 |       |       |       |       |       |       |       |       |       |
| All India/State/Union Territory   | Level of Birth Registration (%) |       |       |       |       |       |       |       |       |       |
|   | 1985                            | 1995  | 2000  | 2005  | 2006  | 2007  | 2008  | 2009  | 2010  | 2011  |
| <b>All India</b>  | 39.0                            | 55.0  | 56.2  | 62.5  | 69.0  | 74.5  | 76.4  | 81.3  | 82.0  | 83.6  |
| <b>States</b>   |                                 |       |       |       |       |       |       |       |       |       |
| Andhra Pradesh  | 26.9                            | 34.4  | 58.1  | 61.0  | 73.4  | 77.4  | 77.5  | 76.3  | 79.1  | 79.8  |
| Arunachal Pradesh   | 19.7                            | 66.3  | 84.8  | 73.9  | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Assam   | –                               | –     | 38.7  | 71.2  | 74.6  | 76.8  | 78.5  | 82.1  | 100.0 | 85.8  |
| Bihar   | 20.0                            | 18.7  | 3.7   | 16.9  | 20.3  | 26.2  | 31.6  | 45.0  | 46.6  | 59.8  |
| Chhattisgarh  | –                               | –     | 62.3  | 63.3  | 64.1  | 62.4  | 46.8  | 49.4  | 51.8  | 55.1  |
| Goa   | 105.2                           | 120.6 | 100.0 | 100.0 | 100.0 | 97.9  | 100.0 | 95.0  | 100.0 | 92.6  |
| Gujarat   | 62.1                            | 96.3  | 88.8  | 89.5  | 96.6  | 97.9  | 100.0 | 100.0 | 100.0 | 100.0 |
| Haryana   | 60.8                            | 73.4  | 76.4  | 84.3  | 90.8  | 91.6  | 95.9  | 96.0  | 97.1  | 100.0 |
| Himachal Pradesh  | 57.9                            | 71.7  | 94.1  | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Jammu & Kashmir   | 46.4                            | –     | 68.1  | 64.8  | 66.5  | 66.0  | 68.2  | 68.7  | 68.4  | 69.9  |
| Jharkhand   | –                               | –     | 19.0  | 32.9  | 37.0  | 44.7  | 52.3  | 51.6  | 56.2  | 60.7  |
| Karnataka   | 40.4                            | 86.5  | 87.9  | 87.6  | 92.2  | 92.0  | 94.6  | 94.5  | 94.6  | 98.9  |
| Kerala  | 94.8                            | 101.7 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Madhya Pradesh  | 46.3                            | 50.8  | 40.6  | 53.3  | 65.2  | 72.9  | 84.3  | 83.1  | 82.3  | 86.5  |
| Maharashtra   | 64.7                            | 80.3  | 91.1  | 85.9  | 88.1  | 91.5  | 100.0 | 100.0 | 100.0 | 100.0 |
| Manipur   | 7.5                             | 14.0  | 46.9  | 72.0  | 80.0  | 77.2  | 70.7  | 72.2  | 57.2  | 81.2  |
| Meghalaya   | –                               | 44.5  | 72.2  | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Mizoram   | –                               | –     | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Nagaland  | 60.9                            | –     | –     | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Odisha  | 47.6                            | 58.6  | 81.8  | 85.3  | 88.3  | 88.7  | 87.8  | 87.6  | 92.4  | 95.6  |
| Punjab  | 74.2                            | 92.4  | 92.2  | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Rajasthan   | 16.4                            | 23.7  | 35.0  | 65.3  | 81.5  | 83.2  | 85.9  | 92.4  | 97.4  | 96.7  |
| Sikkim  | –                               | 24.4  | 80.0  | 95.8  | 97.5  | 93.9  | 88.4  | 87.6  | 77.8  | 79.3  |
| Tamil Nadu  | 67.7                            | 90.3  | 93.5  | 100.0 | 99.7  | 100.0 | 99.4  | 97.3  | 99.8  | 100.0 |
| Tripura   | 41.7                            | 108.9 | 93.6  | 100.0 | 100.0 | 89.1  | 97.8  | 100.0 | 75.8  | 85.9  |
| Uttar Pradesh   | 13.6                            | 40.6  | 37.7  | 35.3  | 45.3  | 61.6  | 58.0  | 73.5  | 69.6  | 64.9  |
| Uttarakhand   | –                               | –     | –     | 61.5  | 57.4  | 66.0  | 65.4  | 69.1  | 71.6  | 77.5  |
| West Bengal   | –                               | 64.3  | 97.2  | 97.0  | 97.9  | 97.3  | 98.9  | 88.2  | 86.7  | 100.0 |
| <b>Union Territories</b>  |                                 |       |       |       |       |       |       |       |       |       |
| Andaman & Nicobar Islands   | 73.3                            | 128.1 | 94.4  | 86.9  | 91.7  | 87.0  | 79.2  | 76.8  | 76.5  | 97.6  |
| Chandigarh  | 112.7                           | 126.6 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Dadra & Nagar Haveli  | 48.6                            | 85.9  | 84.1  | 79.4  | 82.6  | 80.6  | 79.8  | 83.5  | 69.0  | 73.1  |
| Daman & Diu   | 96.4                            | 148.7 | 100.0 | 98.3  | 99.6  | 99.3  | 99.0  | 87.9  | 81.8  | 91.2  |
| Delhi   | 85.3                            | 116.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Lakshadweep   | 93.7                            | 86.5  | 86.7  | 76.6  | 73.9  | 68.2  | 77.3  | 59.4  | 62.9  | 76.8  |
| Pondicherry   | 182.9                           | 198.8 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| <i>Notes:</i> 1. The level of birth registration is defined as the percentage of registered births to births estimated through the Sample Registration System (SRS).  |                                 |       |       |       |       |       |       |       |       |       |
| 2. The level of registration in 1985 and 1995 exceeds 100.0% in some States/Union Territories because the people from the neighbouring areas outside these States/Union Territories come here to avail of better medical facilities, and due to the de facto method of registration, all such births get registered in these States/Union Territories. In SRS such births are accounted at the place of usual residences of the mother. |                                 |       |       |       |       |       |       |       |       |       |
| 3. The level of registration in 2000 and after is 100.0%, if it exceeds 100%.   |                                 |       |       |       |       |       |       |       |       |       |
| 4. – : not available  |                                 |       |       |       |       |       |       |       |       |       |
| <i>Source:</i> For the estimate for 1985 and 1995, Registrar General, India. For the details, see Registrar General, India. <i>Handbook of Civil Registration</i> . 4th ed., 1998.  |                                 |       |       |       |       |       |       |       |       |       |
| For the estimate for 2000 and after, see Office of the Registrar General, India, <i>Annual Report on Vital Statistics of India based on CRS-2009</i> , p. 21 and <i>Annual Report on Vital Statistics of India based on CRS-2011</i> , p. 29 < <a href="http://www.censusindia.gov.in/2011-Common/CRS.html">http://www.censusindia.gov.in/2011-Common/CRS.html</a> >.   |                                 |       |       |       |       |       |       |       |       |       |

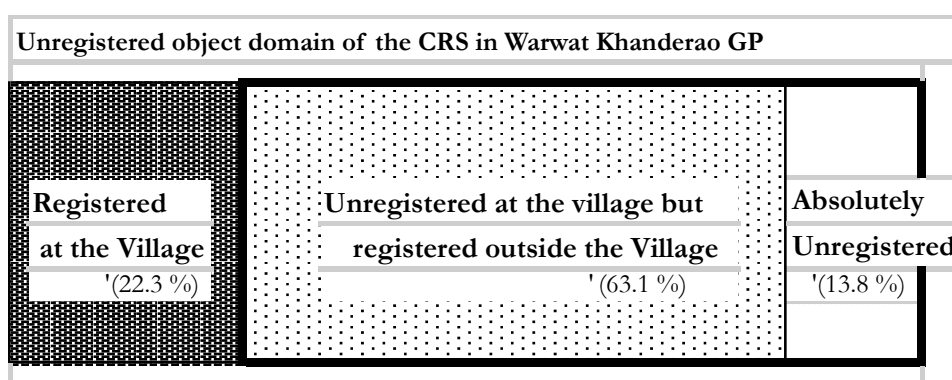
(CRS), which will clearly illustrate the distinction between the functioning as such and the object domain of the function of a system.

The number of unregistered births in the CRS is still substantially high in rural India. A large number of births is unregistered and left out of the coverage of the CRS. Table 1xx reveals the coverage of CRS in States/Union Territories in India. The level of births registration in all India in 2011 was 83.6 per cent even more than 40 years after the enactment of the Registration of Births and Deaths Act in 1969. The Office of the Registrar General, India (RGI) states that “the level of registration for births has recorded sharp exponential increase after 2005 and has shown consistent improvement over the years.”<sup>77</sup> The level of births registration in Maharashtra and West Bengal is estimated to be 100.0 per cent in 2011, where the Gram Sevak/Asstt. Gram Sevak or *Pradhan* of the GP performs as the Registrar/Sub-Registrar. However, the level of the CRS births registration in Warwat Khanderao was, for example, around 86 per cent in 2007. According to our survey, 18 children out of all 130 children up to age five who appeared in FAS database for 2007 were not registered.

**Table 2xx The CRS birth registration of children of age less than or equal to five, Warwat Khanderao village, May 2007**

| Category  | Number (%)   |
|---|--------------|
| All children less than or equal to age five appeared in FAS database for 2007 | 130 (100.0%) |
| Registered births in the CRS at Warwat Khanderao                              | 29 (22.3%)   |
| Registered births in the CRS elsewhere outside Warwat Khanderao               | 82 (63.1%)   |
| Unregistered births in the CRS neither at Warwat Khanderao nor elsewhere      | 18 (13.8%)   |
| Other   | 1 (0.8%)     |

*Source:* FAS Survey data, 2007. Okabe, J. and Surjit, V., Village-Level Birth Records: A Case Study, *Review of Agrarian Studies*, Volume 2, Number 1, 2012. <<http://www.ras.org.in>>



According to the 2005-2006 National Family Health Survey (NFHS), the percentage of

<sup>77</sup> Office of the Registrar General, India, *Annual Report on Vital Statistics of India based on CRS-2009*, pp. 28-29. <<http://www.censusindia.gov.in/2011-Common/CRS.html>> Retrieved on 30 November 2014. The Office of the Registrar General, India (RGI) states that “the level of registration of births in the country is highly erratic even after more than 40 years of enactment of the Registration of Births and Deaths Act, 1969.”



children under age five years whose births were registered with the CRS was 41.1 in all of India. The same was 34.8 per cent in rural India.<sup>78</sup> They are much lower than the estimates furnished by the Office of the RGI. Therefore, a number of births may continue to be unregistered in India. According to our survey, a majority of unregistered children in Warwat Khanderao belong to what are called the “weaker sections of society” such as children from Muslim households. In addition, as will be seen in §5-3-2, even more children are unregistered at their GP of residence, but are registered at other GPs or local bodies outside the GP’s jurisdiction of their usual residence. In fact about 63 per cent of children (82 out of 130) were not registered at Warwat Khanderao GP but were registered at other GPs or local bodies outside Warwat Khanderao. The CRS gives information only about the births within the village, whereas pregnant women may go to their native villages or to the nearest town for institutional delivery.

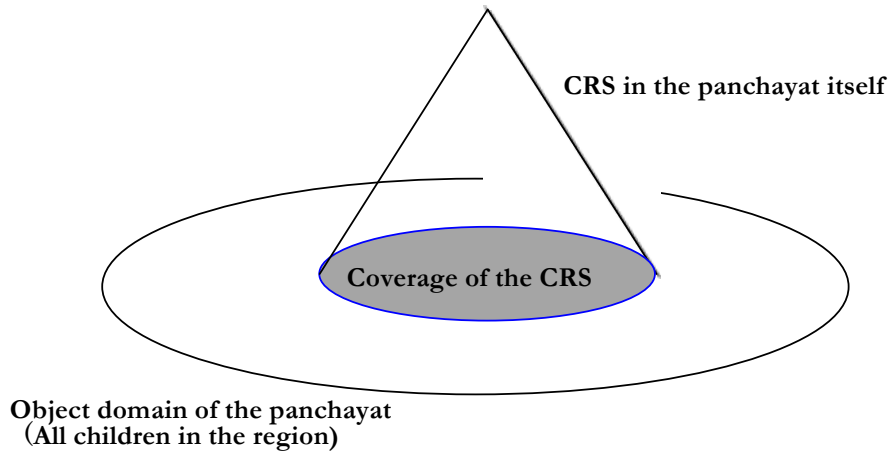
As birth registration is “a fundamental human right and an essential means of protecting a child’s right to an identity,”<sup>79</sup> all children living in the panchayat’s jurisdiction are considered as an object domain of the panchayat’s governance. Nevertheless, a GP leaves unregistered children outside the coverage of the CRS. They are an unrecorded object domain for the GP. Firstly, some children are absolutely unregistered in the CRS of the GP.

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<sup>78</sup> International Institute for Population Sciences, National Family Health Survey (NFHS-3) 2005-2006, Volume I, 2007, pp. 45-47. <[http://www.rchiips.org/nfhs/nfhs3\\_national\\_report.shtml](http://www.rchiips.org/nfhs/nfhs3_national_report.shtml)> Retrieved on 30 November 2014.

<sup>79</sup> UNICEF, *The ‘Right’ to Start to Life*, 2005, p. 1. <[http://www.unicef.org/publications/index\\_25248.html](http://www.unicef.org/publications/index_25248.html)> Retrieved on 30 November 2014. “Birth registration, the official recording of the birth of a child by the government, is a fundamental human right and an essential means of protecting a child’s right to an identity.”

**Figure 2 Panchayat and Local Society in the CRS**



They are not registered at any other places. Secondly, some children are not registered at the GP of residence but registered in the CRS elsewhere outside their GP of residence. These children are, in principle, nonexistent to their nearest GP. They are, so to speak, marginalised in births registration of the CRS. They are external to functioning of the CRS in the GP. In this example registered births in the CRS reflect at best the performance of the birth registration by the GP through the CRS. Registered births can reflect precisely how the CRS is functioning. Its performance is reflected as level of births registration etc. The performance of the birth registration by the GP through the CRS is illustrated by a circular cone in Figure 2. Functionings of the panchayat are, however, not self-contained. Birth registration through the CRS covers just a part of object domain of the panchayat (in this example, children in the region), which is illustrated in Figure 2 by a disk under the cone. The circular cone does not cover the total area of the disk. Outside the coverage of the CRS there is a number of unregistered births, which are external to the GP because they are absolutely unregistered or are registered elsewhere outside their GP of residence.

In this way, data on the panchayat itself should be distinguished from data on the object domain of the panchayat. The administrative registers or records on the functioning of the panchayat itself should be distinguished from data on the object domain of its function. Data on a functioning of the panchayat—registered births of the CRS in this case—can precisely reflect a shape of the panchayat itself. However, often the object domain of the panchayat is more or less external to the panchayat itself as illustrated by the disk under the cone in Figure 2. The administrative registers or records that are generated by the panchayat and its satellite agencies do not always reflect its object domain as a whole. It reflects just a part of object domain of the functioning of the panchayat (only 22.3 per cent of all children in case of the CRS).

In order to explore the object domain that is external to the panchayat itself, the

panchayat needs data or information to cross-check the existing registers or records on its own administrative function. In fact, in order to cross-check the CRS births registration and to explore the possible object domain outside the coverage of the CRS, the panchayat can use other administrative records such as ICDS (or *Anganwadi*) child registers, or census-type surveys organised by Central Governments such as the Population Census and the BPL Census. As will be seen in §3 of this chapter, panchayat may coordinate its outside agencies to check these records with different data sources. In order to cross-check village-level registers or records, a data-sharing mechanism with outside agencies of the panchayat will often be required.

The panchayat can also inquire the knowledge among villagers. As will be seen in chapter 4, chapter 5 and chapter 6, some types of information on village community are common knowledge to most villagers.<sup>80</sup> Common knowledge among villagers in the GP or sub-GP body, and ultimately, under the direct democracy of the villagers, common knowledge among *Gram Sabha* members can be one of the reference points to cross-check such village-level records.

Register-based statistical systems have already replaced the Population Census and other statistical survey in some Nordic countries in Europe,<sup>81</sup> because welfare system in these countries encompasses the wide range of people's life. In these countries, as it were, the circular cone in Figure 2 covers almost the total area of the disk under the cone with respect to the wide range of administrative records. The welfare systems of these countries keep records of people's lives through its functionings. People in these countries have trust in their welfare systems based on the long history of their democracy. However, as the democratic decentralization after the passage of the Constitution (73rd Amendment) Act, 1992 is still in progress, the situation in rural India is considered quite different from in some Nordic countries. Therefore, a part of local society can be left out of the administrative record system. The administrative records may reflect a part of local society in the jurisdiction of the panchayat and its satellite agencies. The coverage of administrative records over the local society will depend on self-governance and people's concern for that. Each of these administrative records must be cross-checked by other data. Therefore, databases regarding an object domain (a "target") of the function of the panchayat are required independently of the database on the panchayat's functioning itself.

Just like data for the panchayat's functionings, data on the panchayat's jurisdiction was not necessarily to be "statistics" or "estimation." Again, unit-level data on village society is of the utmost importance for the GP, which is the administrative unit closest to the residents of a village. Unit-level data (such as list of households, list of persons, list of events, list of facilities or establishments, list of plots or areas) may be preferable depending on the concerned function. Where the matter of concern is related to the unit-level data, a list of

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<sup>80</sup> Bakshi, A. and Okabe, J., "Panchayat Level Data Bases: A West Bengal Case Study", 2011. pp. 24-25 and p. 27.

<sup>81</sup> See Thygesen, Lars (1995) and United Nations Economic Commission for Europe (2007).

certain units will be required. For example, information on each and every unregistered child (such as 18 children as observed in our study for 2007) will be very useful for the Warwat Khanderao GP.

#### *2-2-2-1 Comprehensive list of people resident in the panchayat's jurisdiction*

People living in the panchayat's jurisdiction are not only the object domain of utmost importance but also the main actors of the panchayat. That is precisely the point of "Self"-governance. The panchayat is expected to become a people-oriented local government through popular participation. Database on area residents is, therefore, an integral part of the panchayat databases.

Village-level population data on an aggregate basis from the Census of India are available at the GP with some time lag. Aggregate data on people living in the village are essential as statistics on its jurisdiction.

At present, however, a comprehensive list of people is not available in the panchayat office. There is no official list of each and every resident in the jurisdiction of Indian local bodies (panchayats and municipalities). Unit-level population records made by the Census of India are not available. The Census of India is conducted as per the provisions of the Census Act, 1948, which places a legal obligation upon the public to cooperate and give truthful answers on the one hand and guarantees confidentiality of information to the individuals on the other hand. Therefore, unit-level households or individual data from the Census of India must not be used for administrative purposes.

The panchayat, especially the GP and sub-GP bodies, is the nearest institution for people living in the villages. The Second Administrative Reforms Commission of the Government of India noted that:

Improving the quality of life of citizens by providing them civic amenities has been the basic function of local governments ever since their inception and it continues to be so even today. Local governments are ideally suited to provide services like water supply, solid waste management, sanitation, etc., as they are closer to the people and in a better position to appreciate their concerns and even economic principles state that such services are best provided at the level of government closest to the people. However, the performance of a large number of local bodies on this front has generally been unsatisfactory.<sup>82</sup>

Without a comprehensive list of residents in its jurisdiction, however, the panchayat's public policies would be inefficient or discretionary, and less objective. Thus the panchayat requires not only aggregate data but also unit-level records for data retrieval. In §2 of Chapter 5 we will discuss a comprehensive People's List; a list of every person and household in the jurisdiction of the panchayat.

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<sup>82</sup> Second Administrative Reforms Commission (2007), p. 10.

#### *2-2-2-2 Records as by-products of routine tasks for self-governance*

The panchayat as “institutions of self-government” need to keep track of changes in its jurisdiction. Certain incidents or events occurred in residents and progress of schemes executed in the village are to be recorded by the panchayat or its satellite agencies. Some records as by-products of such routine tasks are dynamic in nature. They keep track of facts at the time of occurrence. Such records include registers of births and deaths, records of migration, records for public health and child care in the village, and records of work done by the panchayat. Although this dynamic information is recorded for the operational use of their functions, some of this information such as births and deaths registers are indispensable to describe a dynamic aspect of the panchayat’s jurisdiction.

The panchayat’s outside agencies under the control of line departments—Auxiliary Nursing Midwife (ANM), revenue official (such as *patwari*), school teachers, and ICDS (*Anganwadi*) workers—often work in panchayat’s functional domain and are still working independently of the panchayat raj set up. As will be mentioned in §3 of this chapter, the panchayat can coordinate them as departmental liaison officers of the panchayat to keep track of facts for self-governance.

#### *2-2-2-3 Shift of requirement of the recording principle*

There has been a shift of requirement for data-recording principle in the village. The village-level records in India evolved to suit the requirements of highly centralised systems of administration. However, in the post-73rd Amendment regime, the way of recording matters in the village has to suit self-governance of the panchayat. For the effective use of data for self-governance, village-level records have to be documented accurately in relation to people resident in the panchayat’s jurisdiction. Even when a record looks like it is available at the village, its recording structure may not be correctly related to the people within the boundary of the geographical area of the panchayat to suit its self-governance, which causes considerable inconvenience in the data use.

There are two such issues. The first is the administrative jurisdiction of panchayat’s outside agencies under the control of line departments may be different from that of the panchayat so that village level data cannot be taken from the records maintained by these agencies.<sup>83</sup> Even if no such problem arises, the second issue emerges: the village-level records may be not properly related to people resident in the geographical area. For example, the Civil Registration System (CRS) determines the place of birth registration regardless of whether or not it occurs inside the village of mother’s usual residence. As will be seen in §5-3-2, it determines the place of registration according to the place of its occurrence and not according to the place of usual residence of the child. Therefore, it does not register

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<sup>83</sup> The Central Statistical Organisation looks into this issue. [Central Statistical Organisation, Ministry of Statistics and Programme Implementation, Government of India, *Report on Basic Statistics for Local Level Development (BSLLD) Pilot Study in Rural Areas*, 2014, pp. 139-140, p. 142 and pp. 196-202.]

children born outside the jurisdiction of the panchayat because their mothers return temporarily to their native villages for delivery or go to a nearby town for institutional delivery. Thus, the recording structure of the CRS is not properly oriented to children resident in the panchayat's jurisdiction, which causes considerable inconvenience in data use. For another example, the existing *patwari's* land records are not entirely related to land holders resident in the GP's jurisdiction. While the land record includes information on those land holders who live outside the village in question but own plots in the village, the same land record does not include information on those land holders who live in the relevant village but own plots outside the village.

In this way, requirement of village-level records in the post-73rd Amendment regime has shifted to a new type of record documenting matters focused on the place of usual residence of the people concerned. The new type of records is entirely related to people resident in the GP, and suits the people-oriented kind of self-governance.

### **§3. Data for managing transition to the constitutional devolution**

With the enactment of the 73rd Amendment, panchayat has evolved from just a development organization at the local level into a political institution. The emphasis has, therefore, shifted from the bureaucracy to political elements in this enactment.<sup>84</sup>

Panchayats are not fully empowered yet as envisaged in the Constitution, leading to duality between them and line departments.<sup>85</sup> Substantial resources are flowing from the Centre and the State. The amount of resources flowing from the Centre to the States through Centrally Sponsored Schemes (CSS) has been increasing. Major CSS such as the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), Pradhan Mantri Gram Sadak Yojana (PMGSY), Indira Awaas Yojana (IAY), National Social Assistance Programme (NSAP), National Rural Health Mission (NRHM), Integrated Child Development Services (ICDS), Accelerated Rural Water Supply Programme (ARWSP), Mid-Day Meals Programme (MDM), Sarva Shiksha Abhiyan (SSA), Accelerated Irrigation Benefits Programme (AIBP), Rajiv Gandhi Grameen Vidhyautikaran Yojana (RGGVY) are implemented in rural areas. Consequently, State plans tend to be an aggregation of State line department plans, which in turn tailor their plans to fit the resources available under Central funding streams. In a sense, rural India is becoming a domain over which the Central, State and panchayat governments are struggling for the hegemony. "Confusion, unnecessary duplication, inefficiency, wastage of funds, poor outputs and outcomes are the result of this organisational jungle."<sup>86</sup>

Each of these mega schemes gives detailed prescriptions of planning, its

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<sup>84</sup> In our interview at Raina I BDO on February 23, 2011.

<sup>85</sup> Planning Commission (2008), p. 53.

<sup>86</sup> Second Administrative Reforms Commission (2007), p. 45.

implementation and monitoring processes, and these are not all in tune with each other. Most mega schemes envisage a line department sponsored hierarchy that has a separate decision-making system for resource allocation and project execution, independently of the panchayati raj set up.<sup>87</sup>

Several departments have also set up societies or missions, often under directions by the central or state government to plan and execute development projects in areas which are in the functional domain of local governments, using funds provided by the state or central governments or donor funds. Such institutions are termed parallel because they have a separate decision-making system for resource allocation and project execution which is independent of the Panchayati Raj set up. These parallel bodies could have in them bureaucrats, elected representatives and even non-officials and community representatives. They have considerable autonomy, flexible procedures and function in isolation, directly reporting to the state government and some times to the central government.<sup>88</sup>

The 13<sup>th</sup> Central Finance Commission suggests all parallel bodies operating in areas earmarked for local bodies (panchayats and municipalities) by XI and XII Schedules added to Article 243G and 243W of the Constitution of India be abolished and that funds should flow directly to the local bodies through the State government.<sup>89</sup>

In some States, however, the task of constitutional devolution of functions to the panchayats is considered incomplete. In such States, panchayats still function as agents of line departments. The institutional mechanisms of the Central and State schemes and programmes continue to bypass and ignore panchayats or at best, seek only a cursory and token linkage. Most of the Central and State schemes and programmes envisage a role for the District Collector to tie them up at the district level. Once the plans are approved, implementation is again entrusted to the line departments, with at best, advisory committees set up at the district, intermediate or village level. In other States, however, panchayats are considered relatively more empowered and have considerable control over the line departments.<sup>90</sup>

Although the position and scope of panchayats varies widely across states, relationships between line departments and panchayats have been changing. These changes can be considered a transition to the constitutional devolution to panchayats.<sup>91</sup> In order to

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<sup>87</sup> Planning Commission (2008), p. 5-6.

<sup>88</sup> Planning Commission (2008), p. 54-55.

<sup>89</sup> Thirteenth Finance Commission, *Report of the Thirteenth Finance Commission*, 2009, p. 171. According to the 12<sup>th</sup> Finance Commission, some State Finance Commissions claim a transfer of the centrally sponsored schemes along with funds and functionaries to the State government/local bodies. [Twelfth Finance Commission, *Report of the Twelfth Finance Commission*, 2004, p.145]

<sup>90</sup> Planning Commission (2008), p. 6 and p. 54.

<sup>91</sup> Panchayat and Rural Development Department, Government of West Bengal, *Roadmap for the Panchayats in West Bengal: A*

manage this transition, panchayats have to know and coordinate these outside agencies—the central and state line departments and other agencies— working in the functional domain of the panchayats and still working independently of panchayat raj set up.<sup>92</sup> In this transition to the constitutional devolution, panchayats cannot achieve true self-governance without information on such outside agencies working in their functional domain.

For this reason, the *Manual for Integrated District Planning* (2008) provided by the Planning Commission recommends that local government should undertake a census of all schemes entrusted to the Central and State line departments and other agencies, stating their broad goals and major outcomes.<sup>93</sup> The *Manual* terms this exercise the “scheme census,” and recommends that “details ought to be logged about the local government jurisdictions in which they operate.”<sup>94</sup> Thus, the panchayat-level databases should contain a detailed sector-wise list of current Central and State schemes and programmes.

The bottom line for this information will be:

- (1) information on all the sector-wise public activities of the outside agencies—the central and state line departments and other agencies— working in the panchayat’s territory, that is, information on all Central and State schemes and programmes being carried out in that territory, and
- (2) information on the part of the above public activities, which falls in the panchayat’s functional domain, that is, information on Central and State schemes and programmes being carried out in the panchayat’s jurisdiction within the scope and responsibility of that panchayat.

The information in (1) is required to place the panchayat’s functional domain in relation to all the public activities in that territory. The information in (1) includes not only the information in (2), but also information on public activities dealing with matters not devolved to the panchayat concerning electricity distribution or certain agricultural activities etc. being carried out in that territory.

As outside agencies under the line departments work independently of panchayats,

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*Vision Document*, 2009, p. 13-14. “The West Bengal Panchayat Act will be amended appropriately through which specific responsibilities shall be assigned to those bodies in this regard. While such assignment shall endow the Panchayats with exclusive powers and responsibilities in certain fields of activities, there will be areas where the Panchayat will be assigned authorities running concurrently with that of the State Government. The latter assignments shall not immediately reduce the responsibility of the State Government but shall at the same time encourage the Panchayats to be more proactive in many areas, sometimes independently and sometimes in collaboration with the State Government drawing liberally from its knowledge bank, technical or otherwise. One can argue that those are not exclusive functions but concurrent jurisdiction of the Panchayats in taking up those activities. The considered views of the State Government is that in the present context it is more logical, pragmatic and productive to provide concurrent jurisdictions in certain areas, which will help the Panchayats to acquire adequate capacities in voluntarily taking up those activities or utilizing the infrastructure and expertise of the government machinery on suitable occasions; the State Government shall in due course provide exclusive responsibilities as and when the same will be necessary and appropriate.”

<sup>92</sup> Planning Commission (2008), p. 77.

<sup>93</sup> *Ibid.*, p. 59.

<sup>94</sup> *Ibid.*, p. 55 and pp. 76-77.



they generate and maintain their own databases independently of the panchayats.<sup>95</sup> Panchayats may coordinate such outside agencies to establish data-sharing with them. For example, GPs may be required to coordinate the ICDS (*Anganwadi*) workers, ANM, etc. to establish a data-sharing mechanism with records maintained by them as is the case in West Bengal. As will be discussed in later, such a data-sharing mechanism with outside agencies is crucial for panchayats to develop a village-level statistical database.

Therefore, we can state that data for managing transition to the constitutional devolution to panchayats is required for self-governance of panchayat (**Data needs I**). That is, data on line departments and other agencies working in the jurisdiction of panchayats and still working independently of panchayat raj set up is required, especially during the transition to the constitutional devolution. Within **Data needs I**, this special component can be identified as **Data needs Ia**.

#### **§4. Data required for public finance**

Data required for public finance in the fiscal decentralisation is based on Articles 243H, 243I, 280(3)(bb) and 243J of the Constitution of India. The State government may “by law, make provisions with respect to the maintenance of accounts by the Panchayats and the auditing of such accounts” (Articles 243J).

The State government may “by law, (a) authorise a Panchayat to levy, collect and appropriate taxes, duties, tolls and fees; (b) assign to a Panchayat taxes, duties, tolls and fees levied and collected by the State government; (c) provide for making grants-in-aid to the Panchayats from the Consolidated Fund of the State; and (d) provide for constitution of Funds for crediting all moneys received, respectively, by or on behalf of the Panchayats and also for the withdrawal of such moneys therefrom”(Articles 243H). The State government must constitute a State Finance Commission to review the financial position of the panchayats and to make recommendations as to the “principles,” which should govern assistance to the panchayats from the State government in the form of revenue sharing, revenue assignments and grants-in-aid. The Central Finance Commission also makes recommendations as to “the measures needed to augment the Consolidated Fund of a State to supplement the resources of the Panchayats in the State on the basis of the recommendations made by the Finance Commission of the State.” (Articles 243(3)(bb))

Financial management can be considered as a particular element of the panchayat’s overall functional domain as described in §2-2-1-2.

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<sup>95</sup> “The administrative offices of line departments in every locality act as independent units related to only to their respective department hierarchies. The information available in the files and registers of each department would be sufficient for its own day-to-day operations and not require information from other departments. But the comprehensive area plan, which the People’s Planning is attempting to draw up, required comprehensive database for every locality.” [Isaac, Thomas T. M. and Richard W. Franke (2000), pp. 106-107]

### 2-4-1 Accounting data

A core part of dataset of the panchayat-level public finance (**Data Needs II**) is accounting data on revenues and expenditures. Accounting data is of particular importance for management of the panchayats. In the context of fiscal decentralisation, own source revenues and “untied” funds on its revenue side of the account draw attention to assess financial autonomy in the post-73rd Amendment regime. The expenditure side of the account reflects the functionings of the panchayat and its administrative needs.

However, the quality of accounting data at the village level is considerably limited in most States.<sup>96</sup> The Central Finance Commissions have in their reports repeatedly noted these shortcomings.<sup>97</sup> The 13<sup>th</sup> Central Finance Commission argues:

Ten years have elapsed since FC-XI [11<sup>th</sup> Central Finance Commission] underlined the need for maintaining a data base as well as up-to-date accounts and made a provision for supporting State Governments in addressing these shortcomings. Five years have elapsed since FC-XII [12<sup>th</sup> Central Finance Commission] highlighted similar inadequacies and made similar recommendations. Much has been said by the earlier Finance Commissions on this important subject. Despite this, little improvement has been noted in the situation. <sup>98</sup>

The 13<sup>th</sup> Central Finance Commission focused on the accounting data maintained by the local bodies and argues that “accurate data on the financial performance of local bodies are best obtained from accounts of the local bodies themselves, apart from the budget documents of the State Governments.”<sup>99</sup>

There are many reasons for the poor quality of accounting data at the panchayat-level. The 11<sup>th</sup> Central Finance Commission stated that panchayats at the village level, and sometimes also at the intermediate levels, do not have exclusive staff for upkeep of the accounts. “Most village level panchayats do not have any staff except for a full or a part-time Secretary, because of financial constraints. It would, therefore, be rather too much

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<sup>96</sup> Twelfth Finance Commission, *Report of the Twelfth Finance Commission*, 2004, p. 154. The 13th Finance Commission also points that “The data provided varied in quality across State Governments. While some State Governments furnished good quality data, most of them provided data which was sparse, and frequently inconsistent with the data furnished to earlier Finance Commissions. Despite considerable follow-up as well as an attempt to give the State Governments an opportunity to confirm the data submitted by them, significant problems remain with the quality of data supplied to us by State Governments.” [Thirteenth Finance Commission (2009), p.165]

<sup>97</sup> Oommen (2008), pp. 135-136. “In fact, neither the local body, nor state directorate of Panchayats or municipalities, nor local fund audit, or accountant general of the state, or, the Reserve Bank of India, or the central statistical organization, or the ministry of panchayati raj, or ministry of urban development, or the planning commission have consistent fiscal data on local bodies. Many SFCs, have attempted to gather data from the thousands of PRIs and hundreds of ULBs. The first SFC of Andhra Pradesh, Assam, Himachal Pradesh, Karnataka, Madhya Pradesh, Uttrakhand, Uttar Pradesh and second SFC of Andhra Pradesh, Assam, Karnataka, Kerala, Madhya Pradesh, Uttrakhand, Uttar Pradesh are clear cases. However, data presented in these reports cannot be compared with other sources.” [Oommen (2008), p.135]

<sup>98</sup> Thirteenth Finance Commission (2009), p. 165.

<sup>99</sup> *Ibid.*, p. 168. To demonstrate compliance with the conditionality for financial data imposed by the 13<sup>rd</sup> Central Finance Commission, a State government has to certify that the accounting systems as recommended have been introduced in all rural and urban local bodies. [Thirteenth Finance Commission (2009), p. 178]

to expect a village panchayat to have a trained person dedicated exclusively to upkeep of accounts.”<sup>100</sup>

More importantly, unclear Activity Mapping for each level of panchayat confuses the financial devolution and results in degeneration of accounts maintained by the panchayats. The devolution of funds to panchayats at different levels has to be patterned on the applicable Activity Mapping. Conversely, no Activity Mappings can be operationalised without a link to financial requirements.<sup>101</sup>

Based on the recommendations of the 11th Finance Commission,<sup>102</sup> the formats for the preparation of budget and accounts and database on finances of PRIs were prescribed by the Comptroller and Auditor General (C&AG) of India in 2002. The C&AG and the Ministry of Panchayati Raj finalised a Model Panchayat Accounting System—the Simplified Accounting System—in 2009. This new accounting system uses a simplified cash-based system (with provision to shift to accrual accounting) along with the list of codes for functions, programmes and activities capturing receipts and expenditure in respect to all 29 subjects mentioned in Schedule XI of the Constitution.<sup>103</sup>

#### 2-4-2 Auditing

Needless to say, the panchayat-level accounting data has to be properly prepared before the auditing. An inferior accounting system would hinder the auditing in that panchayat.<sup>104</sup> In the process of audit of 18 ZPs, 151 PSs and 3,214 GPs during 2008-2009, the Examiner of Local Accounts of West Bengal found that 29 PSs and 28 GPs did not prepare the account in the prescribed format. According to the C&AG of India, 17 out of 80 selected GPs in Maharashtra had not submitted 65 annual accounts for 2003-2008 to *Gram Sabha* for approval.<sup>105</sup> The C&AG states that “this also shows lack of proper control and supervision of GPs by higher officials like BDO of PS and CEO [Chief Executive Officer] of ZP.”<sup>106</sup> Resident’s trust in panchayats would decline if the panchayats are not accountable for their financial management.<sup>107</sup> The 13<sup>th</sup> Central Finance Commission recommends that the State

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<sup>100</sup> *Ibid.*, pp. 77-78.

<sup>101</sup> Second Administrative Reforms Commission (2007), p. 353.

<sup>102</sup> Eleventh Finance Commission (2000), p. 77.

<sup>103</sup> Comptroller and Auditor General of India & Ministry of Panchayati Raj, Government of India, *Model Accounting System for Panchayats (Formats, Guidelines and List of Codes)*, 2009. <<http://www.panchayat.gov.in/model-accounting-system1>> Retrieved on 30 November 2014. These new accounting formats are to be synchronized and linked to the scheme of classification in Central and State government accounts making it amenable to computerization and building of database for generation of all India level data and effective monitoring.

<sup>104</sup> Eleventh Finance Commission (2000), p. 77.

<sup>105</sup> Comptroller and Auditor General of India (C&AG), *Audit Report (Local Bodies) for the year ended March 2008*, p. 37.

<sup>106</sup> *Ibid.*, pp. 38-40.

<sup>107</sup> Rai, Manoj, Malini Nambiar, Sohini Paul, Sangeeta U. Singh, Satinder S. Sahni (eds), *The State of Panchayats: A Participatory Perspective*, Samskriti, New Delhi, 2001, pp. 181-182. For example, *Maharashtra State Development Report*, mentioned that “The major challenge that the PRIs in the state face is the corruption at various levels, which is the common practice in many states. Instances of misappropriation of funds by sarpanchs, gram sevaks often appear in the local newspapers.” [Planning

government should entrust the C&AG with technical guidance and supervision (TGS) over proper maintenance of accounts and audit of all three tiers of panchayats in the State.<sup>108</sup>

A social audit of the accounts is to be undertaken at the *Gram Sabha* (at the GP-level), Block Sansad (at the Panchayat Samiti-level) and Zilla Sansad (at the Zilla Parishad-level). The statutory or internal audit report can be discussed in these meetings.

#### 2-4-3 Own source revenues (OSR)

The State government may authorise panchayats to levy, collect and appropriate taxes, duties, tolls and fees in the post-73rd Amendment regime. There are two categories in the revenue of panchayats: own source revenue and other revenue. Own source revenue of the panchayats comprises of own tax revenue and own non-tax revenue. Own source revenues are important for panchayats to ensure their fiscal autonomy, since panchayats have discretion on how to use their own source revenues. In many States, however, the size of own source revenues is considerably limited in relation to the total revenue of PRIs.<sup>109</sup>

There is a broad consensus that local governments should concentrate on immobile and residence-based taxes.<sup>110</sup> At present, major own tax source of GP is the property tax in many States.<sup>111</sup> The property tax revenue depends upon: (a) enumeration of properties in the tax register; (b) the collection rate; (c) the assessment and valuation system; (d) the extent of exemptions and (e) the level of tax rate.<sup>112</sup> In order to assess and collect property tax, therefore, a property tax register is required. A certain census type survey such as the Population Census can be used as a reference to estimate the tax base and the tax collection rate.

Similarly, certain lists of persons liable to pay tax are required to gain other own source revenues.

Agricultural lands are core productive assets in rural areas, so they are natural bases

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Commission of the Government of India, *Maharashtra State Development Report*, Academic Foundation, 2007, p. 250.]

<sup>108</sup> Thirteenth Finance Commission (2009), p. 178.

<sup>109</sup> The 12th Central Finance Commission suggests that “the share of own revenues of the panchayats (all tiers) was 6.40 per cent of their total revenues for the period 1998-99 to 2002-03 which is a definite improvement over 4.17 percent estimated for the period 1990-91 to 1997-98 but is still low.” [Twelfth Finance Commission (2004), p. 147] However, the 13th Central Finance Commission does not rely on such data. “There are significant discontinuities in data relating to revenue and expenditure of local bodies submitted by State Governments to FC-XI [11<sup>th</sup> Central Finance Commission], FC-XII [12<sup>th</sup> Central Finance Commission], and to this Commission. These discrepancies detract from the credibility of the data. Unfortunately, successive Finance Commissions, including our own, have been unable to independently verify the data provided on local bodies.” [Thirteenth Finance Commission (2009), p. 165]

<sup>110</sup> Oommen (2008), p. 4.

<sup>111</sup> Yu Sasaki will compare village panchayats in Madhya Pradesh and Tamil Nadu, in terms of their capacities for collecting house tax or property tax. As a result of her enquiry, it was found that “village panchayats in Madhya Pradesh hardly collect tax while their counterparts in Tamil Nadu show very high level of collection.” “Ironically, therefore, it appears in the Tamil Nadu case in particular that the members of the centralised State administration play a constructive and supportive role in securing accountability of village panchayats as well as improving the performance of PRIs.” See Yu Sasaki, “Decentralisation or Retreat of the State?: Comparison of House Tax Collection in Village Panchayats in Madhya Pradesh and Tamil Nadu,” *Journal of the Japanese Association for South Asian Studies*, 17, 2005

<sup>112</sup> Thirteenth Finance Commission (2009), p. 162.

for taxation. In fact, the 11<sup>th</sup> Central Finance Commission stated that “in many States, land revenue has either been abolished or land holdings up to a certain size have been exempted. However, taxes on land/farm income in some form may be levied to strengthen the resource base of the local bodies.”<sup>113</sup> Revenue yield from taxes on land is negligible at present. As suggested by Indira Rajaraman, one reason is that taxation of agriculture confronts “an information vacuum” in India that is impossible to overcome when attempted at levels higher than the local government.<sup>114</sup> Land records will be required for the land-based tax system of panchayats on agriculture.<sup>115</sup>

Panchayats may also prepare assessment list for non-tax revenue. Common property resources such as public facilities, village land and forests can be sources of resource mobilization for the panchayats.<sup>116</sup>

#### *2-4-4 Inter-governmental Fund Allocation between the State and panchayats*

Usually own source revenue generated by panchayats falls far short of their requirements. Tax allocated to local bodies yields less revenue than taxes that have a national or state-wide base. This asymmetry between the taxation power and the responsibility to fulfill their functional requirements necessitates the transfer of funds from higher tiers of government to the local governments either through untied grants or through a share in other State taxes or as part of various development schemes. Considerable numbers of funding streams are thus coming to the panchayats from the Central and State governments.

The grants allocated for Centrally Sponsored Schemes of the Central Government and special purpose programmes of the State governments are usually tied to pre-determined objectives, leaving little scope for the own priorities of a local government. For that reason, untied fund transfer from higher tiers of government to PRIs is required in the post-73rd Amendment regime. First, panchayats seek financial autonomy from Central and State governments in this regime. Fund allocation through untied funds can ensure financial autonomy for the panchayats. PRIs can take care of their local priorities using

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<sup>113</sup> Eleventh Finance Commission (2000), p. 75.

<sup>114</sup> Rajaraman, Indira, *A fiscal domain for panchayats*, Oxford University Press, 2003, p. 3. She argues that the transfer of the right to levy taxes on agriculture from the State to panchayats, with jurisdictional retention, will give panchayats a stake in raising revenue yields, and thus lead to revenue additionality in the Indian fiscal system as a whole, aggregating across all levels of government. [*Ibid.*, p.159]

<sup>115</sup> “A number of existing Acts including the CAs need to be amended. For example, a simple Constitutional amendment reserving Agricultural Income Tax to panchayats would yield enough money resulting in minimal financial dependence of panchayats on higher level governments. According to the Directorate of Economics and Statistics, Department of Agriculture & Co-operation, the total food grain production in India in 1996-97 was 199.3 million tonnes. Even a simple levy of 5 paise per kg will bring to the panchayats a sum of Rs. 996.5 crore. This amount is almost equal to the total yearly grants to all the panchayats under 73rd Amendment, as recommended by the Tenth Finance Commission. If we include plantation crops, oilseeds, etc. under this proposed basket of agricultural tax, the said amount will be about Rs.10,000 crore.” [Rai, Manoj, Malini Nambiar, Sohini Paul, Sangeeta U. Singh, Satinder S. Sahni (eds), *The State of Panchayats: A Participatory Perspective*, Samskriti, 2001, p. 171]

<sup>116</sup> Panchayats and Rural Development Department, Government of West Bengal (2007), p.116.

untied funds.<sup>117</sup> Secondly, regional disparities draw special attention in this regime.<sup>118</sup> Financial equalization among poorer and richer local governments is required. “The protection of financially weaker local authorities calls for the institution of financial equalization procedures or equivalent measures which are designed to compensate for the effects of the unequal distribution of potential sources of finance and of the financial burden they must support.”<sup>119</sup>

The inter-governmental financial adjustment system has been adopted by many countries since World War I, for the purpose of reducing regional disparity among local governments. As there are many ways to accomplish this, inter-governmental financial adjustment systems differ from country to country. India has created a necessary condition for the State-local intergovernmental financial adjustment by the institution of State Finance Commission (SFC) through 73<sup>rd</sup>/74<sup>th</sup> constitutional Amendments (Articles 243I, 243Y, 280(3)(bb), 280(3)(c)).<sup>120</sup> The Central Finance Commissions have also made recommendations about State-local inter-governmental financial adjustment, along with their recommendations as to “the measures needed to augment the Consolidated Fund of a State to supplement the resources of the Panchayats in the State.”(Articles 280(3)(bb), 280(3)(c))

Fiscal transfer requires a principle and formulas for fund allocation among local bodies. In order to fulfill such an inter-governmental financial adjustment, formulas based on a “normative approach”— an approach using certain prescribed formulas— is requested in India. The Central Finance Commissions state that it should neither be forecast based on historical trends nor be amenable to negotiation.<sup>121</sup>

Such a principle and formulas have already been used for the grants allocation for the Centrally Sponsored Schemes. The Gadgil Formula has been used with some modifications to allocate plan grants and loans to the States for financing their development programmes under the Five Year Plan and Annual Plans. The Gadgil Formula consists of several proxy indicators for each state, such as its population, per capita income and tax effort.

The 13<sup>th</sup> Central Finance Commission also recommends a normative approach and estimates State-wide allocation of the grant in aid aimed at PRIs, using the following

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<sup>117</sup> Second Administrative Reforms Commission (2007), p. 160-161.

<sup>118</sup> *Ibid.*, p. 160.

<sup>119</sup> European Charter of Local Self-Government (1985), Article 9. “Local authorities shall be entitled, within national economic policy, to adequate financial resources of their own, of which they may dispose freely within the framework of their powers.”(Paragraph 2) “the protection of financially weaker local authorities calls for the institution of financial equalization procedures or equivalent measures which are designed to correct the effects of the unequal distribution of potential sources of finance and of the financial burden they must support.” (Paragraph 5)

<sup>120</sup> The 12th Central Finance Commission argues that State Finance Commissions have not worked properly in most of the States. [Report of the Twelfth Finance Commission, 2004, pp. 149-151, pp. 159-160] Oommen (2008) argues that “the State Finance Commissions have not performed their onerous tasks satisfactorily.” [Oommen (2008), p.9]

<sup>121</sup> Twelfth Finance Commission (2004), p. 140 and p. 159.

formula with factors and weights:

| <u>Criterion</u>  | <u>Weights (%)</u> |
|---|--------------------|
| Population  | 50                 |
| Area  | 10                 |
| Distance from highest per capita sectoral income            | 10                 |
| Index of devolution   | 15                 |
| SC/STs proportion in the population                         | 10                 |
| FC [Finance Commission] local body grants utilization index | 5                  |
| Total   | 100                |

This formula consists of several proxy indicators like those of the Gadgil Formula. This formula requires the State level data related to each criterion.<sup>122</sup>

In principle, the inter-governmental financial adjustment aims at financing a gap between administrative needs and financial capability (such as tax collection capability). In fact, the 11th Central Finance Commission has recommended to strengthen the normative approach as follows:

In deciding what would be the appropriate sums to be paid to States as grants-in-aid, the FC [(Central) Finance Commission] assesses the “need” of each State after taking into account what they can raise on their own by exercising the tax powers available with them.<sup>123</sup>

Thus, ideally speaking, proxy indicators should reflect both administrative needs on the one hand and financial capability on the other to allow for resource gap in the inter-governmental financial adjustment. The above formula recommended by the 13<sup>th</sup> Central Finance Commission could not incorporate proxy indicators of financial capability due to unreliability of available data. The absence of data on financial capability makes it impossible to assess the gap between the financial capability and administrative needs. Proxy indicators such as population, area, distance from highest per capita sectoral income and SC/STs

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<sup>122</sup> Thirteenth Finance Commission (2009), pp. 176-177. The 2001 Census data is available for working out Population and “SC/STs proportion in the population” In computing the income distance criterion, the Commission uses the average per capita comparable Gross State Domestic Product (GSDP) from the primary sector, derived on the basis of comparable GSDP figures supplied by the Central Statistical Organization (CSO). “Index of devolution” and “FC local body grants utilization index” are derived from the finance accounts. The amounts devolved to local bodies in the finance accounts are aggregated. “FC local body grants utilization index” is based on the level of draw down of the 12th Central Finance Commission funds in the past. [Thirteenth Finance Commission (2009), pp. 176-177.] Although the 13th Central Finance Commission was inclined to use an “index of decentralization” as a parameter for devolution, but did not use it due to serious data constraints. [Twelfth Finance Commission (2004), pp. 165-166 and p. 175.] The 12th Central Finance Commission used an “index of deprivation” to take into account minimum needs of the population on the basis of the 2001 Census data regarding drinking water and sanitation, but the 13th Central Finance Commission does not use it because the corresponding data in 2001 Census figures in 2009 is out of date. The 13th Central Finance Commission “are strongly inclined to use the revenue effort criteria,” but does not do so because data on the financial performance do not appear credible for the Commission, as mentioned before. [Thirteenth Finance Commission (2010), p. 175.]

<sup>123</sup> Eleventh Finance Commission (2000), p. 15.

proportion in the population can reflect administrative needs to a certain degree, but they are still considered insufficient. In fact, the Commission failed to incorporate “index of deprivation” in the formula, which can reflect the minimum needs of the population. A wide variety of data can be used to estimate the multiple facets of administrative needs.<sup>124</sup>

“Index of devolution”— amounts devolved to local bodies in the finance accounts of the State governments (under sub heads 196, 197, and 198 under applicable major heads in the non-plan category), and “FC [Finance Commission] local body grants utilization index” percentage of drawn amounts out of the grants awarded by the 12<sup>th</sup> Central Finance Commission are sorts of incentive indexes aimed at persuading State governments to decentralise further.<sup>125</sup> However, such incentive indexes are based on a different principle from the financial equalization principle among local governments. Incentive measures may be indeed useful in transition to fiscal decentralisation, but they can sometimes end up increasing the financial disparities and creating horizontal imbalances among local governments.

The Central Finance Commission recommends that State Finance Commissions should also adopt the normative approach, particularly for fund allocation among PRIs.<sup>126</sup> Some State Finance Commissions as in West Bengal provide a principle and formulas for fund allocation among PRIs, as will be seen later.

These formulas for fund allocation among the district, intermediate and village levels of panchayats require data for each level of PRI. However, obtaining reliable data of such kind is far more difficult at the sub-state level than at the State level. In fact, most of the State Finance Commissions (SFCs) do not have accurate information on the finances of their local bodies.<sup>127</sup> The 12<sup>th</sup> Central Finance Commission suggests:

A proper accounting system has to be put in place at the grass-roots level to facilitate realistic assessment of the needs of the panchayats and municipalities for basic civic and developmental functions. Resource gap estimation for core services is central to the process of a fiscal transfer that would encourage equalization. The absence of data necessary for a rational determination of the gap between the cost of service delivery and the capacity to raise resources makes the task of recommending measures for achieving equalization of services almost impossible.<sup>128</sup>

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<sup>124</sup> Thirteenth Finance Commission (2009), p. 175.

<sup>125</sup> *Ibid.*, p. 176-177.

<sup>126</sup> Twelfth Finance Commission (2004), pp. 149-150. “A careful scrutiny of the SFC reports reveals that few SFCs have followed this approach. This has made it impossible for us to adopt the reports as the basis for our recommendations. We strongly recommend that in future, all SFCs including those which are already set up but are yet to submit their recommendations, follow the above procedure so as to enable the central finance commission to do full justice to its constitutional mandate.” [Twelfth Finance Commission (2004), p.150]

<sup>127</sup> Oommen (2008), p.135, and Twelfth Finance Commission (2004), p154.

<sup>128</sup> Twelfth Finance Commission (2004), p. 154.



Thus reliable financial data together with rich data closely related to the administrative needs are desired to rectify horizontal imbalances arising in inter-governmental fiscal relations. Ideally, such data should reflect inter-jurisdictional disparities in economic and fiscal capacities due to differences in resource endowments, historical developments and even social disabilities of the residents.<sup>129</sup> However, as many Central and State Finance Commissions have reiterated, data for such purpose at the grass-roots level is lacking.<sup>130</sup>

Therefore, data required for the panchayat-level public finance includes not only accounting data but also other kinds of data closely related to the revenue bases and administrative needs. That is why the 3rd State Finance Commission of West Bengal thus claimed that the financial data “should be part of the general statistical information system necessary for planning and delivering public services.”<sup>131</sup>

#### *2-4-5 Separate budget window*

It is necessary for a panchayat to know how much money is being allocated from the State government. However, linkage of accounting data between the State and panchayats is considered unclear in most State governments. The accounting system in most States does not adequately reflect the State-panchayat fiscal relationship. Neither budget documents nor finance accounts of most State governments depict the relationship with expenditure incurred by the PRIs by means of detailed heads and object heads.<sup>132</sup> Therefore it is essential that some kind of budget separation be made so that panchayats have an idea of the budget which their expenditure must match. This can be achieved through a series of steps, commencing with the creation of a “Local Government Sector Budget Window” in the budget of State governments and ending with each local government getting a clear communication of its budget.<sup>133</sup> In this regard, Kerala is the only State where the entire

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<sup>129</sup> Oommen (2008), p. 4.

<sup>130</sup> The JICA Study Team and Japanese experts of local public finance face the same data constraint in the course of study on the improvement of Internal Revenue Allotment (IRA) System in Philippines. “Another major constraint of the Study is that it has not been able to calculate as meticulously as it desired the financial needs and potential revenue-raising capacities of the target LGUs [Local Government Units] under sample survey. Consequently the Study is short of estimating the financial shortages of LGUs.....It is hoped that the data is gathered sufficiently and properly at local level and managed systematically at national level. As barangays are basal units of local government, collecting the barangay data systematically should be an idea worth considering.” Japan International Cooperation Agency, *Draft Final Report: The Study on the Improvement of Internal Revenue Allotment (IRA) System in the Republic of the Philippines*, KRI International Corp., 2008, pp. 181-182.

<sup>131</sup> Third State Finance Commission West Bengal (2008), p. 35.

<sup>132</sup> “Any assistance given by the State Governments to PRIs is presently booked as a lump sum under the minor heads 196, 197 & 198 which appear in the budget documents as well as in the finance accounts of the State Governments. However, neither the budget documents nor the finance accounts of most State Governments depict the details relating to the expenditure incurred by the PRIs by detailed heads and object heads. Further, it is not possible to determine the corresponding expenditure incurred by the PRIs as they do not maintain similar accounts that could capture these details.” [Thirteenth Finance Commission (2009), p. 168.]

<sup>133</sup> Planning Commission (2008), p. 36.

budget is disaggregated to the level of each local government.<sup>134</sup> In Kerala a separate document has been annexed as part of the State budget indicating local government-wise allotments. The funds are automatically credited to the panchayats. Without such a separate budget window, panchayats cannot get an idea of the budget which their expenditure must match.

The 13<sup>th</sup> Central Finance Commission calls for such budget separation at the State and district level, and recommends that all States should adopt a standardized accounting framework and codification pattern consistent with the Model Panchayat Accounting System uniformly prescribed by the C&AG.<sup>135</sup>

#### *2-4-6 Bypass of funding stream*

It is necessary for a panchayat to know all funding streams spent by outside agencies working within its jurisdiction. According to the *Manual for Integrated District Planning* (2008), all funding streams coming to the jurisdiction of a local government belong to three broad areas:<sup>136</sup>

- (a) funds that are clearly devolved to the local government and are either deposited in their account, or released only on instructions from the funding authorities. These usually comprise: (i) Central Finance Commission grants, (ii) State Finance Commission grants, tax assignments, (iii) programmes explicitly implemented by panchayats, such as National Rural Employment Guarantee Act (NREGA) and Backward Regions Grant Fund (BRGF), (iv) own revenues of panchayats; and
- (b) funds spent by user groups and local government subcommittees, with a large measure of autonomy, such as (i) National Rural Health Mission (NRHM) funds spent by the Village Health Committee; (ii) Sarva Shiksha Abhiyan (SSA) funds, spent by the Village Education Committee; (iii) watershed development funds, spent by watershed committees; and (iv) drinking water and sanitation funds, spent by the Village Water and Sanitation Committee.
- (c) funds spent within local government jurisdiction by departments dealing with matters not devolved to the local government: examples include irrigation, electricity distribution, agricultural activities that are not devolved etc.;

In the transition to constitutional devolution, the “scheme census” is again required with respect to information on fund allocation for each scheme entrusted to outside agencies.

## **§5. Data required for local planning and its implementation**

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<sup>134</sup> Planning Commission (2008), p. 36.

<sup>135</sup> Thirteenth Finance Commission (2009), pp. 167-168.

<sup>136</sup> Planning Commission (2008), pp. 37-38.

The Legislature of a State may devolve powers and responsibilities upon panchayats at the appropriate level, with respect to “the preparation of plans for economic development and social justice” and “the implementation of schemes for economic development and social justice.” (Article 243G of the Constitution) Data will be required for such local planning and its implementation (**Data Needs III**).

The local planning and its implementation presuppose good self-governance of the panchayat in its functional domain with a well-delineated Activity Mapping as described in §2-2-1-2.

The planning exercise as such constitutes an element of the panchayat’s overall functional domain. The panchayat’s functional domain may include the planning exercise as one of its unbundled activities.<sup>137</sup> However, the planning exercise is a special function that is feasible just for the functional domain with a high degree of autonomy. The planning exercise is impossible in the functional domain where the panchayat cannot have its own vision or initiative autonomously. If the panchayat acts strictly as a delivery unit of administrative services provided by line departments and does not have any autonomous space in the functional domain, the panchayat may fulfill its function without any planning exercise. The panchayat ought to have enough autonomous space in its functional domain to have own vision to carry out the planning exercise.

Thus, this study takes the planning exercise strictly. The “planning exercise” in the functional domain without autonomous space— just a defining process of implementation of the plan provided by other agencies— is dealt with in the context of panchayat’s functional domain in §2-2-1-2 and §5-1-1-2.

#### *2-5-1 Empirical Grounding for the Vision*

Planning exercise includes gathering of relevant data, analysing it to identify public needs and issues, setting priorities of solutions, determining their solutions, matching the set priorities to available budgets, defining processes of implementation and setting the targets. *Manual for Integrated District Planning* provided by Planning Commission states:<sup>138</sup>

Planning involves gathering of relevant data, analysing it to set priorities, matching the set priorities to available budgets, defining processes of implementation and the setting and monitoring of targets.

Panchayats also need to monitor the execution of plan prepared. They need to monitor not only the progress (or “output”) of the schemes but also the impact (or “outcome”) of the execution of the plan on local society.

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<sup>137</sup> The Second Administrative Reforms Commission classified activities to be unbundled in the Activity Mapping as follows: “(i) Setting standards, (ii) Planning, (iii) Asset creation, (iv) Implementation and Management, (v) Monitoring and Evaluation.” [Second Administrative Reforms Commission (2007), p. 146.]

<sup>138</sup> Planning Commission (2008), p. 9.

Every plan starts with and is based upon a vision.<sup>139</sup> That is why the planning exercise is impossible in the functional domain where the panchayat does not have its own vision or initiative. For the democratic decentralization in the post-73rd Amendment regime, the vision must be formulated through intensive participation of the people and stakeholders. It cannot be prepared in isolation.<sup>140</sup> The *Manual for Integrated District Planning* uses the term “envisioning” to refer to this democratic process of planning.<sup>141</sup>

This vision must have “a strong empirical grounding provided through rigorous compilation and analysis of baseline data, which needs to be as institutionalized and strong as the planning system itself.”<sup>142</sup> A set of such baseline data is illustrated in the *Manual for Integrated District Planning* as shown in §1 of chapter 2. Based on such a comprehensive database, various assessments are made, “highlighting any significant features of development or lack of development, also focusing on progress and shortfalls, and gaps in outcomes in implementing the previous plan, spillover works and funds required for their completion”<sup>143</sup>

The minimum dataset “for use in micro-level planning of various developmental programmes”<sup>144</sup> that was identified by the Expert Committee on BSLLD is also a minimum set of such baseline data.

The Panchayats below the district level, at the intermediate and village levels, also have planning processes, which need a strong informational basis provided through a dataset to build a vision for the area.<sup>145</sup> This dataset must be disaggregated to the relevant scale for use by the panchayats.<sup>146</sup> According to the *Manual for Integrated District Planning*, the GP’s planning process comprises, for example, the following steps:<sup>147</sup>

- a) Identification of issues by gram and ward sabhas, based on the vision of the Panchayat, which has already been prepared, or is discussed simultaneously with the Gram Sabhas.
- b) Determination of solutions by working groups and standing committees of the Village

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<sup>139</sup> *Ibid.*, p. 13.

<sup>140</sup> *Ibid.*, p. 65.

<sup>141</sup> *Ibid.*, p. 65.

<sup>142</sup> *Ibid.*, p. 13. This exercise is referred to as the “stock-taking report” in the *Manual*. [Also, see *Ibid.*, pp. 57-58]

<sup>143</sup> *Ibid.*, p. 57.

<sup>144</sup> Central Statistical Organisation, Social Statistics Division of Ministry of Statistics and Programme Implementation, Government of India, *Report of High Level Expert Committee on Basic Statistics for Local Level Development*, 2006, p. A-1.

<sup>145</sup> *Ibid.*, p. 81. “In some States, where decentralisation and empowerment of Panchayats has proceeded quite far, the envisioning process would touch every Village Panchayat and sub Panchayat body. However in others, for practical reasons, envisioning might have to be confined to the intermediate level, because Village Panchayats have not been empowered enough.” [*Ibid.*, pp. 65-66]

<sup>146</sup> *Ibid.*, p. 13. It can be noted on GIS/Data grids. [*Ibid.*, p. 61]

<sup>147</sup> *Ibid.*, p. 81.

Panchayats.

- c) Prioritisation of solutions and fund allocation by standing committees of Village Panchayats resulting in the preparation of the first draft Village Panchayat plan.
- d) Reconsideration of the draft plan in the second Gram Sabha meeting.
- e) Finalisation of the sectoral plans by standing committees/working groups.
- f) Finalisation of Village Panchayat plan by the full meeting of the Panchayat.

However, the *Manual* notes:<sup>148</sup>

In some States, where decentralisation and empowerment of Panchayats has proceeded quite far, the envisioning process would touch every Village Panchayat and sub Panchayat body. However in others, for practical reasons, envisioning might have to be confined to the intermediate level, because Village Panchayats have not been empowered enough.

#### 2-5-2 District Planning Committee

Article 243ZD of the Constitution envisages that District Planning Committees are constituted in every State at the district level to consolidate the plans prepared by the Panchayats and the Municipalities in the district and to prepare a draft development plan for the entire district. In preparing the development plan, the District Planning Committee is required to consider the matters of common interest between the panchayats and the municipalities including spatial planning, sharing of water and other physical and natural resources, integrated development of infrastructure and environmental conservation.<sup>149</sup>

For this planning exercise, the *Manual for Integrated District Planning* recommends:<sup>150</sup>

The District Planning Committee must have the capacity to organise the compilation of essential data for each local government, monitor its progress by measuring outcomes on important sectors and provide feedback to them. This will require close coordination between

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<sup>148</sup> *Ibid.*, pp. 65-66.

<sup>149</sup> *Ibid.*, p. 21. The *Manual for Integrated District Planning* calls for an Activity Mapping for the District Planning Committees and states that “For District Planning Committees to perform meaningfully, it is necessary that their precise roles are made clear through formal government orders. An activity mapping for District Planning Committees would include:

- a) providing overall leadership to the district planning process;
- b) leading the district visioning exercise;
- c) setting district priorities on the basis of consensus among local-governments, line departments, civil society, academia and other stakeholders in development;
- d) during the process of consolidation, review plans of local governments and development departments particularly to ensure that these address the district vision as a whole and are free of overlapping and duplication;
- e) perform the central role in the preparation of the Potential Linked Credit Plan (PLCP) for the district, with the support of National Bank for Agricultural and Rural Development (NABARD);
- f) oversee the participative planning process of the district development plan, to ensure that timelines are followed;
- g) after the plan is approved, to review implementation progress with local governments, line departments and other implementing agencies and planning units; and
- h) oversee capacity-development of staff and elected representatives of local governments and line department staff regarding decentralised planning and implementation”

<sup>150</sup> *Ibid.*, p. 25.

local governments and the District Planning Committee. The District Planning Committee should possess the skills to guide local bodies to develop and manage their own data bases and to utilise data for a well directed planning and implementation effort.

However, District Planning Committees have yet to come into their own in most States. Even in States that have constituted District Planning Committees, their roles are often markedly different from what is expected of them under the Constitution.<sup>151</sup> According to the *Manual for Integrated District Planning*:

One of the key reasons why District Planning Committees have generally not been able to prepare draft development plans for the district as a whole is because they are usually not adequately equipped to lead the process of district planning. Consequently, at best, District Planning Committees perform as committees that meet occasionally to hurriedly endorse, without adequate appreciation, a “plan” or plans prepared by departmental officials.<sup>152</sup>

For example, the Third State Finance Commission of West Bengal states that:<sup>153</sup>

In the prevailing circumstances, DPCs in West Bengal have failed in the mandatory responsibility of preparing the District Plan scientifically. A disparate set of schemes stitched together without proper integration have been put into volumes and labeled now as District Plans in all the districts. The terms like integrated District Plan, consolidation of schemes, comprehensive plan etc. are being loosely used in most of the instruction manuals, plan guidelines, Government orders and training materials without conceptual clarity or operational directions. Of course, one cannot blame the DPCs for such conditions as, in addition to the primary deficiency in respect of devolution, they do not have adequate expertise and office support for effective functioning and as such, they cannot facilitate the preparation of the District Plans by ensuring the participation of official experts, elected members of local bodies, nonofficial experts nominated by the State Government and the local bodies and also individual and voluntary groups interested in joining the planning process.

The Third State Finance Commission adds that:<sup>154</sup>

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<sup>151</sup> “However, in the 15 years that have elapsed since the enactment of the 74th Amendment, District Planning Committees have yet to come into their own in most states. As on date, five states have not constituted District Planning Committees in accordance with the constitutional provision. Moreover, in states that have constituted District Planning Committees, the roles performed by them are often markedly different from what is expected of them under the Constitution.” [Planning Commission (2008), p. 21]

<sup>152</sup> *Ibid.*, p.21.

<sup>153</sup> Third State Finance Commission of West Bengal, *Report of the Third State Finance Commission West Bengal*, 2008, pp. 131-132.

<sup>154</sup> *Ibid.*, p. 132.

It is worth mentioning in this connection that the same situation was prevailing in Kerala a few years back. Kerala has, however, changed the position now. Apart from the steps taken to clarify the devolution of functions, allocation of resources etc., the State has strengthened the DPCs by associating them with experts from various sources — technical people from the departments, colleges, universities and various institutes including NGOs working on development and related activities.

### *2-5-3 Planning exercise below the district level*

Article 243G and 243ZD also envisages draft plans prepared by the panchayats below the district level.

The planning exercise of a certain tier of the PRI has to be carried out within its functional domain provided by the Activity Mapping—delineation of the functions of each level of the panchayat. Besides, as mentioned above, the panchayat requires enough autonomous space in its functional domain to have own vision to carry out planning exercise. As mentioned in §2-2-1-2, however, the progress of devolution of powers and responsibilities to the panchayats at various levels is poor and uneven in many States. In some States, functional assignments to panchayats are still not clear, or orders in this direction remain on paper and have not been implemented.<sup>155</sup> As will be seen in §6-3-1, the possibility of planning exercise at the GP level would be quite limited if the scope of autonomous space in its functional domain is substantially limited.

### *2-5-4 Data required solely for implementing a plan prescribed by line department*

Panchayat's data just for use to implement a plan prescribed by line departments is fundamentally different from data required for “envisioning” exercise with their own initiatives. In practice, most of the panchayats continue to be treated as agencies of the State or the Centre for implementation of prescribed schemes.<sup>156</sup> The major role of the panchayat remains largely confined to that of the delivery mechanism of the programmes of the State and the Central governments and their own initiatives are not of high order. In that case, the panchayat has little authority to think of a vision for planning holistic development.<sup>157</sup> As the plan prescribed by line departments is tied to pre-determined objectives, data needs for its

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<sup>155</sup> “The progress in delineation of functions of the different tiers of local governments in a given subject matter has been very slow.” “Due to the persistent efforts of the Ministry of Panchayati Raj in the last three years, detailed “activity mapping” of different tiers of local governments have been undertaken in all the States.” “However, the exercise continues to be partial and prolonged. The draft activity mapping lists have not been approved by the State Governments in some cases.” “Even where activity mapping has been approved, parallel action to enable local governments to exercise the functions has not been taken. The existing Government Departments with their executive orders and instructions, parallel government bodies like DRDAs and the continuance of statutory bodies (as regards water, electricity, etc.) without any change, prevent the local governments from exercising the so called transferred functions.” [Government of India, Second Administrative Reforms Commission, *Sixth Report on Local Governance – An Inspiring Journey into the Future*, 2007, p. 45]

<sup>156</sup> Government of India, Second Administrative Reforms Commission, *Sixth Report on Local Governance – An Inspiring Journey into the Future*, 2007, p. 8

<sup>157</sup> Panchayat and Rural Development Department, Government of West Bengal, *Roadmap for the Panchayats in West Bengal: A vision Document*, 2009, p. 11.

implementation are accordingly confined to a narrow scope.

Nevertheless, certain government schemes such as MGNREGS and SGSY leave considerable scope for the own priorities of each panchayats. Therefore, even when the panchayats act as implementing agencies of the State or the Centre, they may sometimes have some autonomous space in the functional domain. We will discuss this in §6-3.

#### *2-5-5 Planning during the transition to the constitutional devolution*

In the transition to the constitutional devolution, panchayats cannot adequately prepare their plans without information on outside agencies working in their functional domain. The Second Administrative Reforms Commission states that “Even where activity mapping has been approved, parallel action to enable local governments to exercise the functions has not been taken. The existing government departments with their executive orders and instructions, parallel government bodies like DRDAs and the continuance of statutory bodies (as regards water, electricity, etc.) without any change, prevent the local governments from exercising the so called transferred functions.”<sup>158</sup> Therefore, wide range of coordination is required for planning exercises among panchayats at the district, intermediate and village levels, the Central and State line departments and other agencies.<sup>159</sup> As a result, the plan prepared by panchayats in the transition to the constitutional devolution would be, in any way, a mixture including elements of implementing schemes of other line departments.

#### *2-5-6 Data needs identified by the Expert Committee on BSLLD*

Based on the terms of reference of the Expert Committee on BSLLD, the Village Schedule on BSLLD can be considered a result of efforts to identify the data “for use in micro-level planning of various developmental programmes.”<sup>160</sup> The framework provided by the Expert Committee on BSLLD is developed on the basis of review of the efforts already made by groups and committees in India. In addition, extensive pilot studies, including the large scale pilot scheme launched by MoSPI since 2008, have been conducted repeatedly to test and modify the Village Schedule. In the course of the pilot studies, plenty of feedback from different States was sought on the data sources, availability of data for different items of information, problems in compilation of data etc. Therefore, the Village Schedule on BSLLD is at present the highest achievement of effort to pursue data requirement for micro-level planning and its implementation in rural India (**Data Needs III**). It will be examined in detail in §4 of Chapter 5 and in §4-3-5-1 of chapter 4.

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<sup>158</sup> Second Administrative Reforms Commission (2007), p. 45.

<sup>159</sup> Planning Commission states that “typically, in a good decentralised district planning exercise, each planning unit, namely Panchayats, at the district, intermediate and village levels, municipalities, line departments and parastatals would prepare a plan for execution of each of their functions and responsibilities after wide ranging consultations.” [Planning Commission (2008), p. 54.]

<sup>160</sup> However, relationship between data items of the Village Schedule and the above 29 functions are not explicitly prescribed by the Expert Committee on BSLLD.



However, for the planning exercise the panchayat may supplement the Village Schedule data on BSLLD with other secondary data in existence at the village, which will be discussed in §5-4-2-3 of chapter 5.

Several core statistical databases are usable as baseline data for local planning exercise. Among other things, the Census of India, including the population enumeration data, the houselisting and housing data, and the Non-Census village level amenities data (VD data) is indisputably a core statistical database for micro-level planning and its implementation in rural India. The BPL Censuses (and the Socio Economic and Caste Census 2011) are also core databases that provide the panchayats with digitized unit-level data on households and persons. These databases cover essential aspects of local development. Nevertheless, they do not systematically cover all aspects of data requirement for micro-level planning and its implementation in rural India. Even the wide-ranging dataset of the Census of India is not necessarily in tune with the functional domain of the panchayats.

#### *2-5-7 Micro level planning on the basis of list of the residents*

The Panchayat— especially the GP and its sub-GP bodies— is the administrative institution that is closest to the scene of village life. While aggregate data is very important for the upper-level administrative institution such as the district- or the State-level administrative body to have a macroscopic view, disaggregated data or unit-level data is relatively of high important at the grass-root level. Unit-level data on residents and facilities etc. will be sometimes essential for a GP to formulate development programme and its implementation. Unit-level records on residents will be essential for the GP and its sub-GP bodies to identify and select targets of local planning and its implementation. Unit level data of each facility with information on its quality will be essential for the GP to formulate programme to develop village infrastructure.

A list of residents — the People’s List— will be discussed in §5-3-1 of chapter 5. Without a comprehensive list of residents, panchayat cannot perform and implement micro-level planning with greater objectivity and accountability.

## **§6. Outline of Data Needs of Panchayats**

In this chapter we have identified data needs of the Panchayats under the decentralisation initiated by the Constitution (73rd Amendment) Act, 1992 by taking into account the provisions of the Amendment itself. We have interpreted the data needs on the assumption that State governments will legislate and devolve powers of self-governance and development to the panchayats in manner envisaged in the Constitution. Therefore, the paradigm of our study is slightly different from that of the Expert Committee on the BSLLD. We have identified the data needs of the panchayat on the basis of the constitutional requirement as a whole, whereas the Expert Committee identified these data needs on the

basis of its terms of reference, that is, “for use in micro-level planning of various developmental programmes.”<sup>161</sup> Data needs of panchayats, assuming that the powers devolved upon them come into full play, have been identified in this chapter as follows:

### **Data Needs I**

This category covers data required for self-governance;

Within this category, a special component can be identified, that is:

#### **Data Needs Ia**

This covers data required for managing the transition to devolution as envisaged in the Constitution.

In addition, in practice, data generated or used by line departments and other agencies working in the panchayat’s jurisdictions and still working independently of the panchayati raj set-up are required by the panchayats, especially to manage the transition to constitutional devolution.

#### **Data Needs II**

This category covers data required for matters of public finance.

#### **Data Needs III.**

This category covers data required for micro-level planning (and plan implementation) for economic development and social justice.

These data needs are, in practice, closely interrelated. Data required for matters of the panchayat-level public finance (**Data Needs II**) is closely related to self-governance of the panchayat (**Data Needs I**). Public finance of the panchayat can be considered as just a monetary aspect of its self-governance. Public finance is interrelated with the preparation of panchayat’s plan and its implementation (**Data Needs III**) too. Panchayat’s expenditure is often assessed in relation to its planning for economic development and social justice. Conversely, the comprehensive database to build up vision for planning needs a description of all financial resources available for the panchayats to have an idea of the budget which their plan must match.<sup>162</sup>

The same data is often used for different data needs. For example, self-governance of panchayat requires various data on its jurisdiction. Such data sometimes overlaps with data required for the micro level planning and its implementation, or data required assessing own source revenues.

Nevertheless, each of these sets of data has its own logic and deserves separate consideration. We have to examine the multiple aspects of these data needs in the new statistical domain, and discuss them one by one.

For further analytical study of data needs of panchayats, we have to look into the

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<sup>161</sup> Central Statistical Organisation (2006), p. A-1.

<sup>162</sup> M. A. Oommen ed. *Fiscal Decentralisation to Local Governments in India*, Cambridge Scholars Publishing, 2008, p. 2.

functions assigned to each tier of the PRI in relation to various data uses. For this analysis a clear information on Activity Mapping—delineation of the functions of each level of the panchayat on the basis of unbundling of subjects in the Schedule XI of the Constitution into smaller units of work—will be required. However, as the Constitution (73rd Amendment) Act, 1992, leaves considerable scope for State variations, situations of Activity Mapping are diverse in each State. Therefore, we will have to discuss the Activity Mapping in §3-2-2-7 and §3-2-2-8 of chapter 3 in the specific contexts of two States.

As the Constitution (73rd Amendment) Act, 1992, leaves considerable scope for State variations, State governments may legislate and devolve powers of self-governance and development to the panchayats as described in the Amendment, but they may not do so. The powers and authority of PRIs are the matter of political debate in the Legislature of each State. It depends on the tension and antagonism that result from the competing socioeconomic interests between people of the different classes within a State. There may be no need to generate a database, if panchayats are unable to function for want of supplementary legislation and/or rules. As Amitava Mukherjee mentioned,<sup>163</sup>

In the worst case scenario of the panchayats being unable to function for want of supplementary legislation and/or rules (the Indian Statute Book is replete with laws which could not be implemented in the absence of rules/States laws necessary for giving effect to the law), then there is no need to generate a data base.

Even if the Legislature of a State legislates such devolution, it may not be enforced appropriately. As mentioned in §3 of this chapter, panchayats may not discharge their responsibilities due to duality between them and line departments. In addition, a political dispute may arise inside the *Gram Sabhas* or PRIs over the way to discharge its responsibilities legislated by the State.

On the basis of these data needs, we will discuss this new statistical domain that has emerged in rural India.

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<sup>163</sup> Amitava Mukherjee ed. (1994), pp.145-146.