

State Finance Commissions in Kerala: Review of Previous SFCs and approach and methodology of 5th SFC

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Decentralisation and the Role of State Finance
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Profile of Local Governments (LGs)

- Kerala has a three tier Panchayati Raj system viz. Grama, Block and District Panchayat
- The number of total Grama Panchayats- 941, Block Panchayats- 152, and District Panchayats- 14 (as on November 2015)
- The Urban LGs comprise of 87 Municipalities and six Municipal Corporations (as on November 2015)
- The total number of elected representatives in Kerala is 21905
- Of the elected representatives, 50% is reserved for women
- Of the total official positions such as Presidents of three tier Panchayats, Chairpersons of Municipalities and Mayor of Municipal Corporations, 50% are reserved for women

(Tables 1 to 5)

Table 1

Number of Rural and Urban LGs in Kerala from 1995 to 2015					
LG	1995	2000	2005	2010	2015
Rural					
Grama Panchayat	990	991	999	978	941
Block Panchayat	152	152	152	152	152
District Panchayat	14	14	14	14	14
Urban					
Municipality	55	53	53	60	87
Municipal Corporation	3	5	5	5	6
Total	1214	1215	1223	1209	1200

Table 2

Number of Wards of Local Governments in Kerala			
Local Government	2015 (as on November)		
	Number of LGs	Number of Wards	Average Number of Wards per LG
Rural			
Grama Panchayat	941	15962	17
Block Panchayat	152	2076	14
District Panchayat	14	331	24
Urban			
Municipalities	87	3122	36
Municipal Corporations	6	414	69
Total	1200	21905	18

Table 3

Average area and population of LGs in 2011			
LG	Number	Average area (Sq.km.)	Average population (2011 Census)
District Panchayats	14	2651.7	1903357
Block Panchayats	152	244.24	175309
Grama Panchayats	978	37.16	26674
Municipal Corporations	5	95.6	491240
Municipalities	60	23.65	51664
Total	1209		

Table 4

Organisation of Rural Local Governments

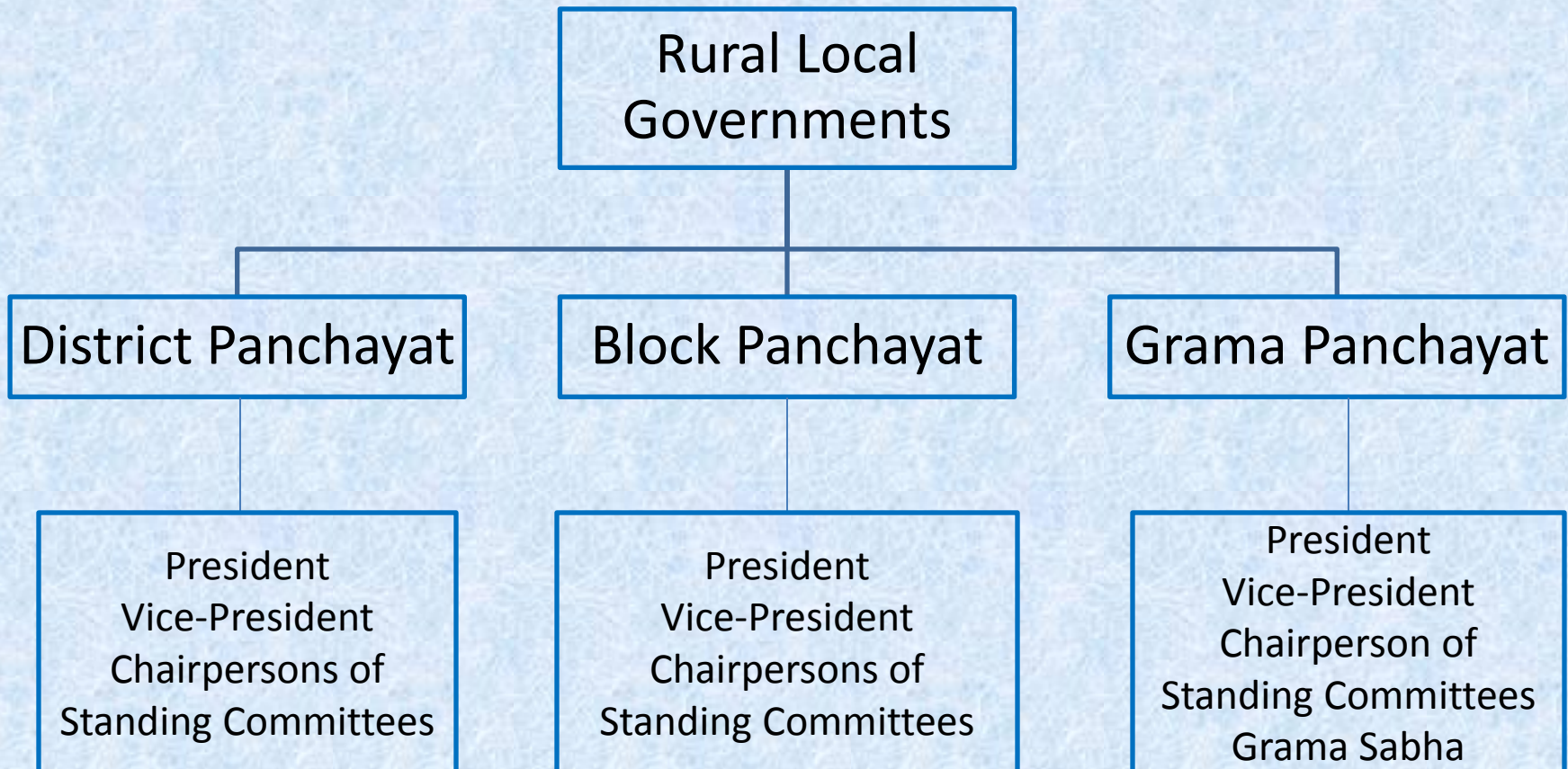
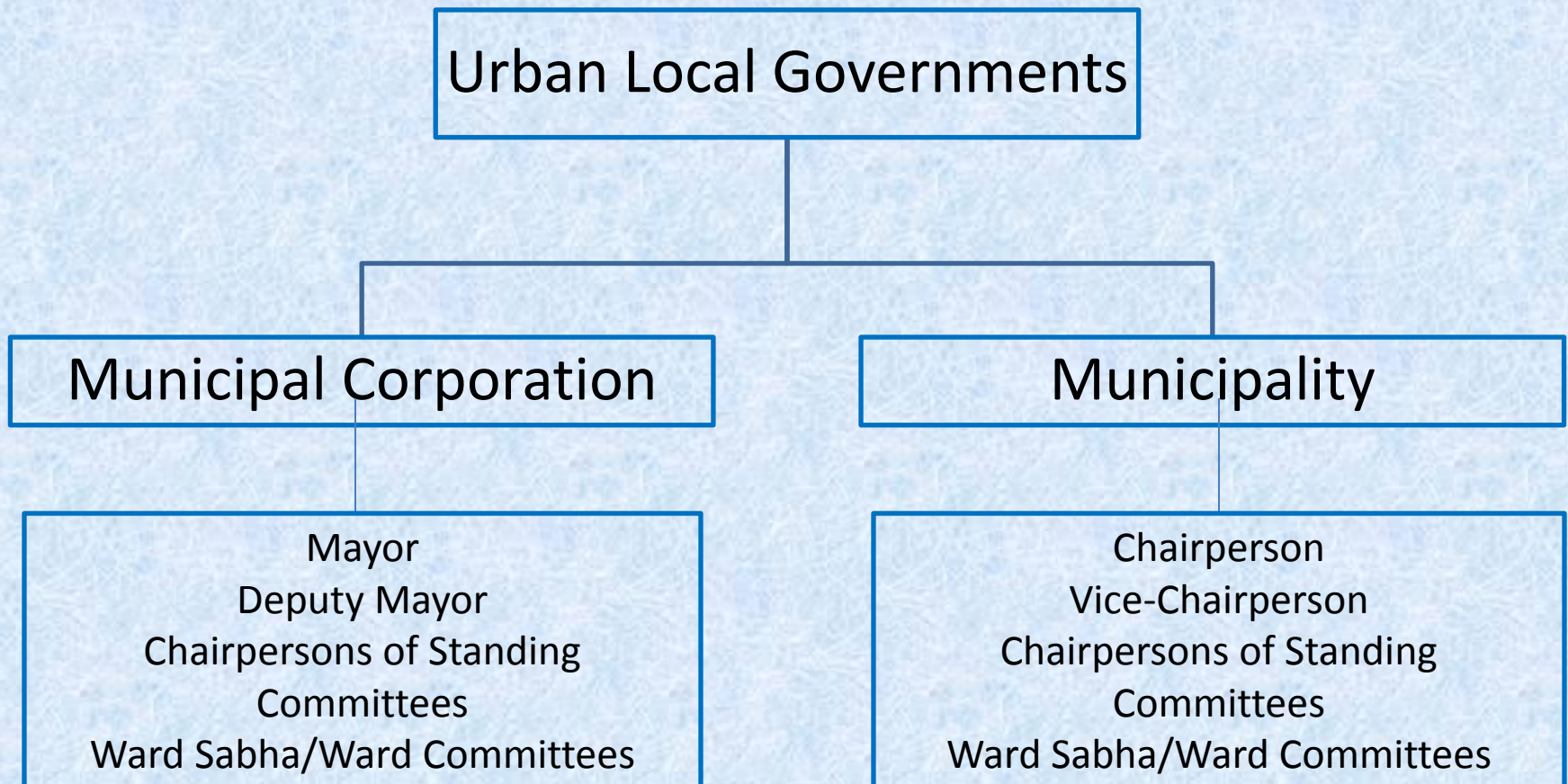


Table 5

Organisation of Urban Local Governments



Structure of Receipts & Expenditure of Municipalities

- Transfer of Funds as per SFC recommendations is the major item of receipts (36%)
- Own revenue (Tax+Non-tax) is the second major item of receipts (30%)
- 13th UFC Grant, CSS and Welfare Pensions are the third major item of receipts
- One-third of the expenditure is incurred for annual plan.
- Nearly 36% is spent for Establishment, Administration, Operation and Maintenance
- The other major items of expenditure are Maintenance of assets, Welfare Pensions and CSS
- Average total receipts of a Municipality is Rs21.87 crore and expenditure Rs 18.91 crore per year

(Table 6-10)

Table 6

Total Receipts of 60 Municipalities (Rs in lakh)			
Item	2013-14	Composition (in %)	Average Total Receipts
Tax	20183.54	15.38%	336.39
Non Tax	19636.34	14.96%	327.27
Total Transfer of funds(General Purpose + Maintenance + Development)	47381.18	36.10%	789.69
World Bank assistance	2349.53	1.79%	39.16
13th UFC grant	9471.32	7.22%	157.86
Borrowing	1265.34	0.96%	21.09
CSS	14515.1	11.06%	241.92
Welfare Pensions	11019.22	8.40%	183.65
Other Receipts	5410.34	4.12%	90.17
Total	131231.9	100.00%	2187.20

Table 7

Total Expenditure of 60 Municipalities (Rs in lakh)			
Item	2013-14	Composition (in %)	Average Total Expenditure
Establishment	26613.64	23.46%	443.56
Administration	7253.21	6.39%	120.89
Operation and Maintenance	7130.82	6.28%	118.85
Decentralised plan	37765.85	33.29%	629.43
Maintenance of assets	11170.3	9.85%	186.17
Welfare Pensions	11601.56	10.23%	193.36
CSS	5383.45	4.74%	89.72
Miscellaneous	6541.74	5.77%	109.03
Total	113460.56	100.00%	1891.01

Table 8

Tax Receipts of 60 Municipalities (Rs in Lakh)			
Item of Tax	2013-14	Composition (in %)	Average Tax Receipts
Property Tax	10482.14	51.93%	174.70
Profession Tax	6822.83	33.80%	113.71
Entertainment Tax	2402.71	11.90%	40.05
Advertisement Tax	135.98	0.67%	2.27
Service Tax	6.28	0.03%	0.10
Other Tax items	333.6	1.65%	5.56
Total	20183.54	100.00%	336.39

Table 9

Non-Tax Receipts of 60 Municipalities (Rs in lakh)			
Item	2013-14	Composition (in %)	Average Non-Tax Receipts
D&O Licence	469.23	2.39%	7.82
Building permit fee	1386.48	7.06%	23.11
Market fee for public market	264.35	1.35%	4.41
Public slaughter house gate fee	77.28	0.39%	1.29
Public halting place fee	389.56	1.98%	6.49
Rent on buildings	5348.11	27.24%	89.14
Fines / Penalties	906.33	4.62%	15.11
River Sand	345.06	1.76%	5.75
Other Non Tax item	10449.93	53.22%	174.17
Total	19636.34	100.00%	327.27

Table 10

Total Transfer of funds to 60 Municipalities (Rs in lakh)			
Item	2013-14	Composition (in %)	Average Transfer
General Purpose Fund	6850.41	11.57%	114.17
Maintenance Fund (Road)	9972.41	16.84%	166.21
Maintenance Fund (Non-Road)	5256.08	8.88%	87.60
Development Fund (excluding World Bank assistance and 13th FC Grant)	25302.28	42.74%	421.70
Sub Total (SFC Devolution)	47381.18	80.03%	789.69
World Bank assistance	2349.53	3.97%	39.16
13th UFC Grant	9471.32	16.00%	157.86
Sub Total (Others)	11820.86	19.97%	197.01
Total	59202.03	100.00%	986.70

Structure of Receipts and Expenditure of Grama Panchayats

- Transfer of funds as per SFC recommendations is the major item of receipts (44%)
- Own revenue (Tax+Non-Tax) accounts for 9%
- CSS and Welfare Pensions is the second largest item of receipts (28%)
- Other items of receipts are World Bank assistance, 13th UFC Grants and other receipts
- Nearly half of the total expenditure is incurred on annual plan
- The Establishment, Administration and related expenditure accounts for 33% of expenditure.
- The other items of expenditure are Welfare Pensions and CSS
- Average total receipts of a Grama Panchayat is Rs 6.25 crore and expenditure is Rs 6.07 crore

(Table 11-15)

Table 11

Total Receipts of 978 Grama Panchayats (Rs in lakh)			
Item	2013-14	Composition (in %)	Average Total Receipts
Tax	32346.90	5.29%	33.07
Non Tax	22058.58	3.60%	22.55
Total Transfer of funds (GPF + Maintenance Road + Maintenance Non Road + Development Fund)	269705.22	44.07%	275.77
World Bank Assistance	23744.56	3.88%	24.28
13th UFC grant	47859.50	7.82%	48.94
Borrowing	1939.53	0.32%	1.98
Centrally Sponsored Schemes	69833.20	11.41%	71.40
Welfare Pensions	107378.11	17.54%	109.79
Other Receipts	37171.64	6.07%	38.01
Total	612037.24	100.00%	625.80

Table 12

Total Expenditure of 978 Grama Panchayats (Rs in Lakh)			
Item	2013-14	Composition (in %)	Average Total Expenditure
Establishment Expenses	53090.74	8.94%	54.29
Administrative Expenses	103522.31	17.43%	105.85
Operation and Maintenance Expenses	37517.35	6.32%	38.36
Expenditure on Decentralised plan programme	275632.98	46.41%	281.83
Expenditure on Maintenance Projects	14600.02	2.46%	14.93
Expenditure on welfare Pensions	93884.08	15.81%	96.00
Expenditure on Centrally Sponsored schemes	9257.38	1.56%	9.47
Miscellaneous expenditure	6407.83	1.08%	6.55
Total	593912.70	100.00%	607.27

Table 13

Tax Revenue of 978 Grama Panchayats (Rs in Lakh)			
Item	2013-14	Composition (in %)	Average Tax Revenue
Advertisement Tax	54.80	0.17%	0.06
Entertainment Tax	541.33	1.67%	0.55
Profession Tax	13271.70	41.03%	13.57
Property Tax	17578.23	54.34%	17.97
Service Tax	261.46	0.81%	0.27
Other tax items	639.38	1.98%	0.65
Grand Total	32346.90	100.00%	33.07

Table 14

Non-Tax Revenue of 978 Grama Panchayats (Rs in Lakhs)			
Item	2013-14	Composition (in %)	Average Non-Tax Revenue
Building permit fee	1153.96	5.23%	1.18
Cinematograph Licence	9.65	0.04%	0.01
D & O Licence	630.08	2.86%	0.64
Ferry service	56.20	0.25%	0.06
Fines/ Penalties	1330.47	6.03%	1.36
Fisheries	59.19	0.27%	0.06
Market fee for Public Market	449.99	2.04%	0.46
P.P.R Licence	13.53	0.06%	0.01
Public Halting place fee	218.33	0.99%	0.22
Public slaughter house-gate fee	36.79	0.17%	0.04
Rent on Buildings	2951.82	13.38%	3.02
River sand	1648.88	7.48%	1.69
Other non-tax items	13499.67	61.20%	13.80
Grand Total	22058.58	100.00%	22.55

Table 15

Total Transfer of Funds to 978 Grama Panchayats (Rs In Lakhs)			
Item	2013-14	Composition (in %)	Average Transfer
General Purpose Fund	60734.26	17.79%	62.10
Maintenance Fund (Road)	48330.17	14.16%	49.42
Maintenance Fund (Non-Road)	21904.58	6.42%	22.40
Development Fund (excluding World Bank assistance and 13th FC Grant)	138736.21	40.65%	141.86
Sub Total	2697.05	0.79%	2.76
13th UFC grant	47859.50	14.02%	48.94
World Bank assistance	23744.56	6.96%	24.28
Sub Total	716.04	0.21%	0.73
Grand Total	341309.28	100.00%	348.99

Constitution of SFCs

- SFC is a three member Commission
- Except one Commission, Chairman holds full time position
- Two members are part time members
- One member is the Secretary/Principal Secretary of Local Self Government Department
- Another member is Secretary of the Finance Department
- Of the chairpersons of five Commissions, three were serving or retired Professors of Economics in Universities; One retired Secretary to Government of India and another, retired Chief Secretary
- The 5th SFC was constituted in December 2014 for a period of one year. Later 3 months extension was given
- The Fifth SFC submitted First part of the Report in December 2015.

Constitution of SFCs in Kerala

Name of the SFC	Chairman and Members	Date of Constitution	Date of Submission		Time taken to submit Final Report	No. of Recommendations
			Report	ATR		
I SFC	1. Sri. P.M. Abraham – Chairman (Formerly Secretary to Govt. of India) 2. Sri. K. Mohandas (Secretary, Local Administration Dept) 3. Sri. K.A Ommer (former Additional Secretary, Fin. Dept)	23/04/1994	29/02/1996	13/03/1997	22 months	69
II SFC	1. Dr. Prabhat Patnaik – Chairman (Professor, Jawaharlal Nehru University, New Delhi) 2. Dr. K.M. Abraham (Secretary, Finance Resource) 3. Sri. S.M. Vijayanand (Secretary, LAD)	23/06/1999	08/01/2011	07/01/2004	18 months	49

Constitution of SFCs in Kerala Contd.....

Name of the SFC	Chairman and Members	Date of Constitution	Date of Submission		Time taken to submit Final Report	No. of Recommendations
			Report	ATR		
III SFC	1. Sri. K.V. Rabindran Nair - Chairman (Retired Chief Secretary) 2. Sri. V.S. Senthil (Secretary, Finance Expenditure) 3. Sri. P. Kamalkutty (Secretary, LSGD)	20/09/2004	23/11/2005	16/02/2006	14 months	32
IV SFC	1. Dr. M.A Oommen – Chairman (Professor, Institute of Social Sciences, New Delhi) 2. Sri. S.M. Vijayanand (Additional Chief Secretary, LSGD) 3. Smt. Ishita Roy (Secretary, Finance Expenditure)	19/09/2009	22.01.2011 (part-I) 31.03.2011 (part-II)	24.02.2011 (part I) 22.03.2012 (part II)	18 months	46 105
V SFC	1. Dr. B.A. Prakash – Chairman (Former Professor and Head, Department of Economics, University of Kerala) 2. Sri James Varghese (Principal Secretary, LSGD) 3. Dr. V.K. Baby (Secretary, Finance Resources)	17/12/2014	19/12/2015 (Part – I) 11/03/2016 (Part-II)		15 months	68 35

Administrative Staff of SFCs

		Secretary	Gazetted Officers	Non Gazetted Officers	Total
1	First SFC	1	6	20	27
2	Second SFC	1	7	12	20
3	Third SFC	1	7	21	29
4	Fourth SFC	1	11	23	35
5	Fifth SFC	1	4	14	19

ToR of 4th and 5th SFCs

- sharing among the Government and Panchayats of the net-income of the taxes, duties, cess and fees which are being levied by the Government
- fixing the taxes, duties, cess and fees which may be earmarked for the LGs and may be expended by them
- the criteria regulating the financial aid etc. for the LGs from the State Consolidated Fund
- Steps necessary for improving the financial position of the LGs
- The measures needed for the proper institutionalisation of the decentralisation initiatives in the state
- Revisit the recommendations of the previous SFCs which had been accepted by Government but not operationalised

Devolution Recommendations of 4th SFC

(A) General Purpose Fund:

- For meeting establishment, administrative and mandatory expenses of the Local Governments.
- 3.5% of State's Own Tax Revenue (SOTR) calculated on (t-2) basis is devolved as General Purpose Fund.
- An amount of Rs. 25 crore from the share of GPs is set apart for gap funding (gap means establishment costs and obligatory expenses minus total of own fund and GPF).
- GPF may be divided among GP's, Municipalities and Corporations in the ratio 75.93:10.02:14.05 after setting apart ₹ 125akh per DP and ₹ 15 lakh per BP
- During 2014-15 an amount of ₹ 1052.68 cr was released as GPF to Rural and Urban Local Bodies

(B) Maintenance Fund

- 5.5% of the SOTR (4.5% in 2011-12 and 5% in 2012-13)
- For the maintenance of assets of the institutions transferred to LGs.
- 1/3 of the total Maintenance Fund is set apart for the maintenance of non-road assets like buildings, culverts, lanes etc
- The remaining 2/3 for the maintenance of Road assets.
- During 2014-15, an amount of Rs 1032.45 cr was released as Road Maintenance Fund and Rs 510 cr as Non Maintenance Fund

(C) Development Fund

- It is given for undertaking various developmental activities like construction of buildings, roads, drain, culverts etc., black topping of metalled roads, agriculture and allied activities, industrial production, housing schemes, upliftment of people belonging to SC, ST and OBC etc.
- Not less than 25% of the plan size assumed by the Commission is given as development fund.
- During 2014-15 an amount of Rs 3539.5 Cr was released as Development Fund
- 10% of the Development Fund is given to the Grama Panchayats and ULGs based on their tax effort.
- SCP/TSP fund is distributed among Local Governments based on SC/ST population.

Other Recommendations

- Revise major tax items like property tax, Entertainment tax, Advertisement tax and non tax items. It has also recommended measures to tap revenue potential to the optimum.
- Various legislative and non- legislative measures to institutionalise the decentralisation process started two decades ago.
- Formulation /revision of various manuals like Accounts Manual, Budget Manual, Office Manual, Procurement Manual, Maintenance Manual, creation of accounting cadre in the LGs etc. are some of the measures suggested.

Status of Implementation

- Almost all recommendations relating to devolution of fund by the 2nd, 3rd and 4th State Finance Commissions have been implemented.
- The recommendations of the First State Finance Commission in this regard, which was operational during the infant stages of decentralisation process in the state, had not been materialized in toto.
- Details of year of submission of report and their period of implementation are shown below:

Status of Implementation

Name of SFC	Month and Year of submission of report	Award period
First SFC	2/1996	1996-97 to 2000-01
Second SFC	8/2001	2001-02 to 2005-06
Third SFC	11/2005	2006-07 to 2010-11
Fourth SFC	1/2011 (Part-I) 3/2011 (Part -II)	2011-12 to 2015-16
Fifth SFC	12/2015 (Part – I) 03/2016 (Part-II)	2016-17 to 2020- 2021

Status of implementation Contd...

Name of SFC	Nature of Recommendations	Total No. of Recommendations	No. of Recommendations Accepted	No. of Recommendations Implemented
I SFC	Development Fund	3	2	2
	Other Devolution	22	17	12
	Others	44	41	11
II SFC	Development Fund	7	5	4
	Other Devolution	7	6	5
	Others	35	32	4
III SFC	Other Devolution	8	7	5
	Others	19	18	3

Status of implementation Contd.....

Name of SFC	Nature of Recommendations	Total No. of Recommendations	No. of Recommendations Accepted	No. of Recommendations Implemented
IV SFC	Development Fund	11	10	10
	Other Devolution	7	7	4
	Institutionalisation	93	84	3
	Others	40	39	7
V SFC	Development Fund			
	Other Devolution	103		
	Institutionalisation			
	Others			

SFC Cell for Implementation of Recommendations

- Kerala is the first State to set up a SFC Cell in Secretariat to follow up the implementation of SFC recommendations since 1997.
- Besides, the SFC cell is also entrusted with the task of release of fund (devolution) recommended by the Commission to the entire 1209 Local Governments in the State.
- There is also a proposal to set up a similar cell in the Local Self Government Department.

Approach and Methodology of 5th SFC

- Critical issues of LGs
- High priority for civic functions
- Periodical revision of taxes and non-tax items
- Enhancement of ceiling limit of Profession tax
- Collection of Data
- Sittings of the Commission
- Approach and Methodology
- Vertical Devolution
- Horizontal Devolution

Critical Issues of LGs

- Low priority for execution of civic functions
- Public protest for starting waste processing plants, slaughter houses, burial grounds, etc
- Low priority for own resource mobilisation (Tax and Non-Tax items)
- Poor collection of taxes and non-taxes
- Poor formulation and execution of development plans (annual plans)
- Very poor plan performance in District Panchayats, Municipalities and Municipal Corporations

High Priority for Civic Functions

- There has been a shift in the focus of LGs from civic functions to the other transferred functions like, plan formulation and implementation, maintenance of assets, activities of transferred institutions, distribution of pensions, implementation of CSS etc since 1995.
- Execution of civic functions like disposal of solid waste, liquid waste, vector control, establishment of slaughter houses, maintenance of burial and burring grounds, provision of public toilets, waiting sheds, parking places, maintenance of environmental hygiene etc were accorded low priority or neglected.
- This laxity on the part of LGs has created very serious public health, sanitation and environmental problems in the state.
- In this context, the approach of the Commission is to assign top priority to this function and allotment of sufficient fund for the purpose.

Need for Periodical Revision of taxes and Non-taxes

- During the last two decades there is not much change in the rate of taxes and fees
- Property tax, the Principal tax of LGs witnessed one revision in 2013
- There was 70 percent increase in the tax in Grama Panchayats in 2014-15 due to revision
- But the rate revision was almost withdrawn in 2015
- Commission suggested periodical revision of all taxes and non-tax items once in five years

Enhancement of Ceiling Limit of Profession tax by Central Government

- Profession Tax, is second major item of tax of Local Governments
- There was no change in the upper limit of the tax (Rs.2,500) since 1988
- The Central Finance Commissions (11th, 12th & 14th) have repeatedly recommended the raising of the ceiling of the tax
- The 14th Central Finance Commission recommended to raise the ceiling from Rs 2500 per annum to Rs 12000/-
- Urgent action is required to implement 14th Finance Commission recommendations

Collection of Data

- Collection of basic data from all LGs for devolution of funds (Population, area, BPL Households, assets of road-non road, etc)
- Collection of detailed financial data from all LGs
- Analysis of item wise receipts and expenditure of each category of LGs (Grama, Block and District Panchayats; Municipalities and Municipal Corporations)
- Data collection from all the LGs has been online with the help of software developed by Keltron

Sittings of the Commission

- Conducted sittings in District headquarters of all 14 districts.
- All the 104 sample LGs selected for the study attended.
- The discussion was based on the filled in Questionnaire.
- On an average four sample GPs, one Block Panchayat, one District Panchayat and one Municipality attended the sitting in a district
- The participants presented their problems and suggestions.
- In majority of the Local Governments, President/ Chairperson of LGs or Chairperson of Standing Committee attended.
- The Secretaries of LGs, officers in charge of finance and Engineers responsible of plan execution attended.

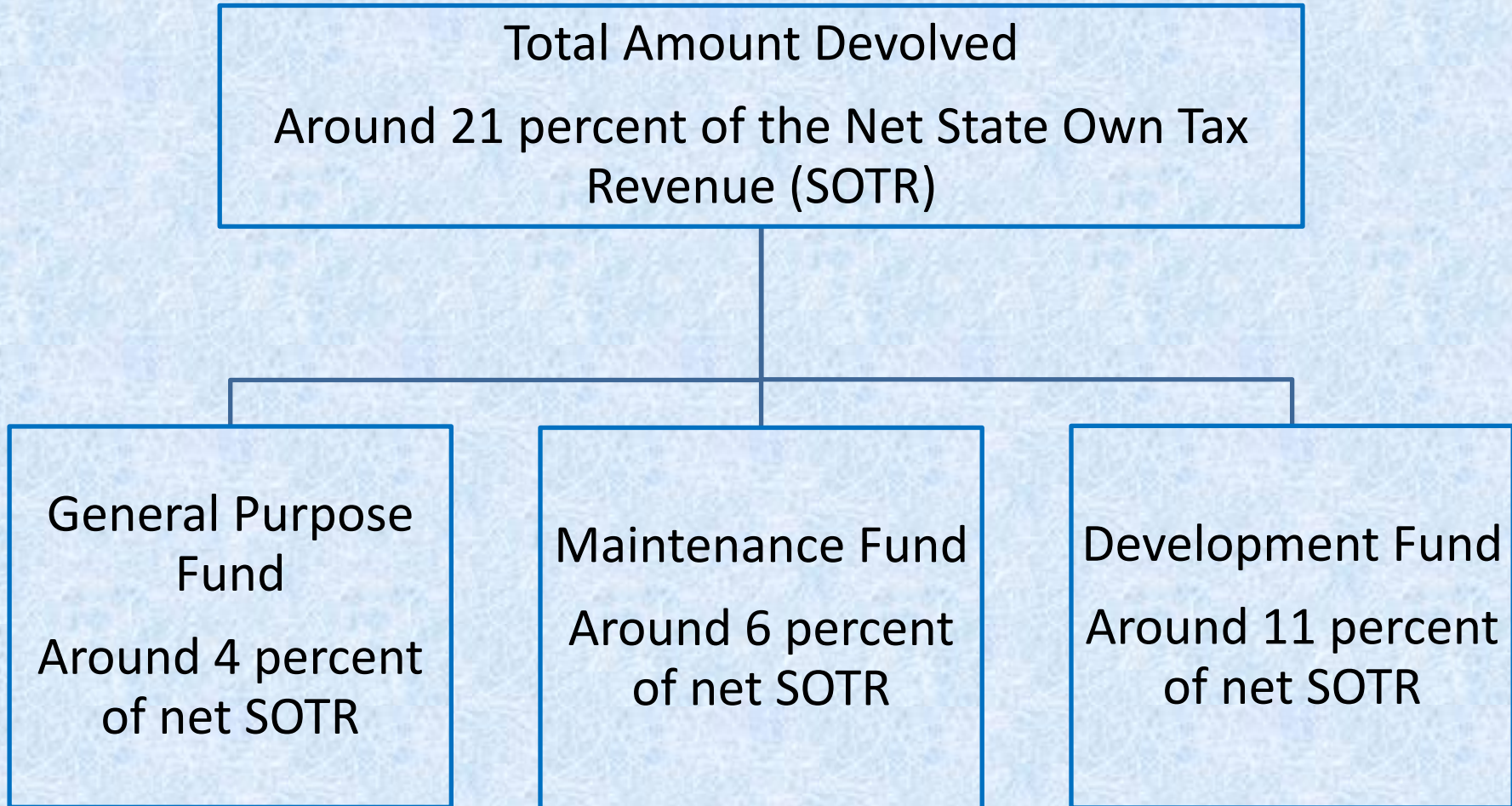
The Approach and Methodology of 5th SFC

- The previous Commissions have used devolution of funds based on (t-2)/(t-3) method. This means that the devolution of resources is based on the proceeds of SOTR received two to three years back. The Commission wish to give the award based on SOTR of (t), the year of devolution.
- The Commission thinks that it is better to give award specifying the amount of money to be devolved to each LG for each year of the award period.
- The Commission has made an assessment of the State finances independently and projected the resource availability for the award period of the Commission. It is better to give the award based on this assessment.
- As per ToR, the devolution is based on net proceeds of SOTR

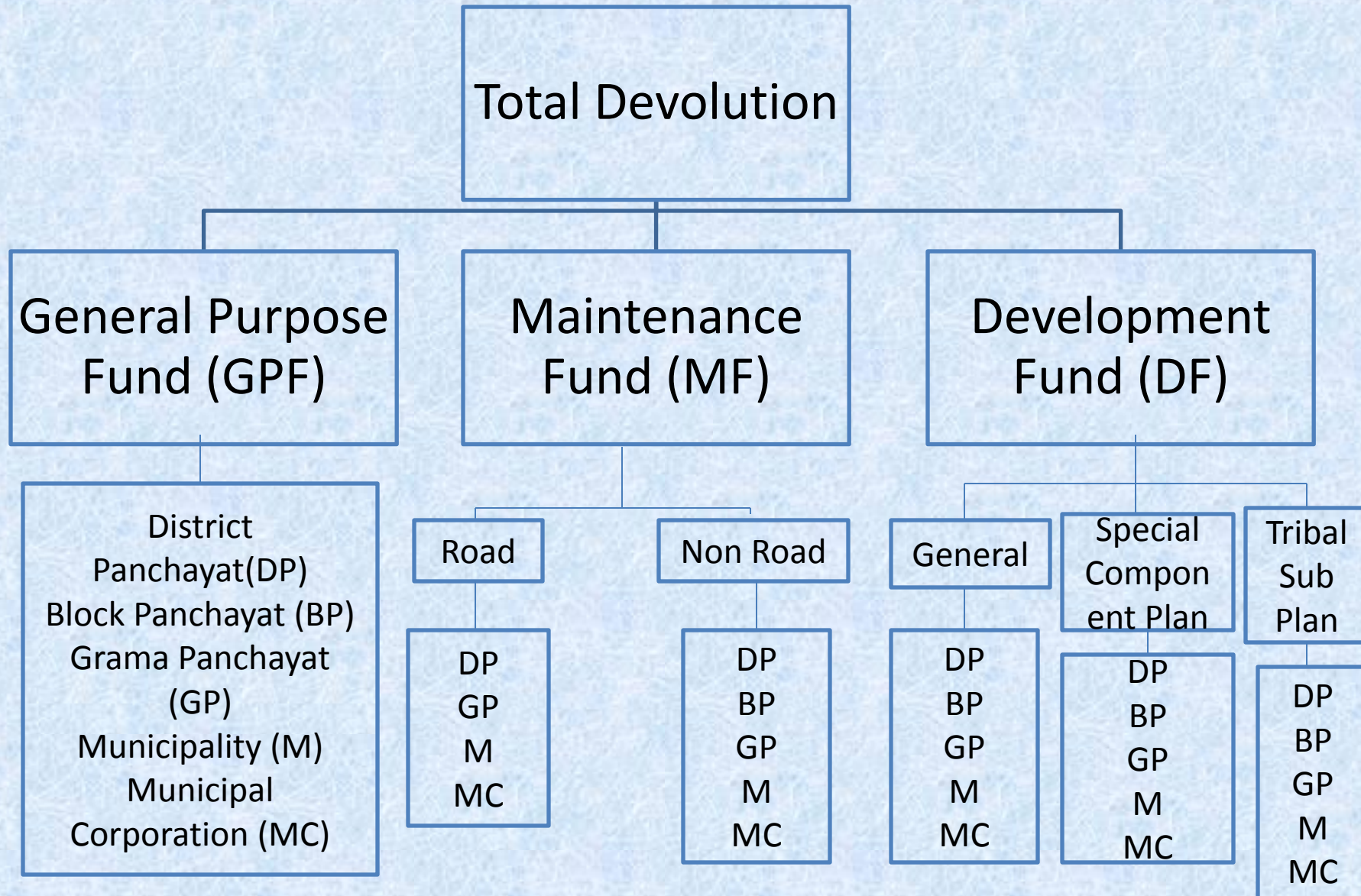
The Approach and Methodology of 5th SFC Contd....

- The Commission feels that it is better to give a share of the net proceeds of SOTR as the development fund instead of fixing a share of annual plan size.
- Previous SFCs treated grants given by Union Finance Commission as part of Development fund. The Commission thinks that the grant given by the 14th UFC for civic services should be treated as a separate grant and it should be transferred in addition to the devolution of the Commission, as per the criteria suggested by the Commission
- The Commission feels that maintenance fund should be distributed to each LG on the basis of actual road and non-road assets based on verification.
- The current practice of diverting maintenance fund for non-maintenance purpose is not a healthy practice and should be stopped.

Vertical Devolution (5th SFC)



Horizontal Devolution (5th SFC)



Other Suggestions

- A Gap fund for financially weak Grama Panchayats
- Gap fund = (Own fund + General Purpose Fund) – (Total establishment, administration, operation and other recurring expenses)
- Revenue collection incentive bonus for GP, Municipalities and Municipal Corporations which collect 97 to 95 percent of total revenue demand
- Revision of all taxes collected by LGs once in five years (property, profession, entertainment, advertisement, show, service tax/Cess, etc)
- Periodical revision of non tax items
- Measures for solving the pension payment problem of retired staff in Municipalities and Municipal Corporations

Achievements of Fiscal Decentralisation

- More funds are available to LGs for executing mandatory and civic functions, maintenance of road and non road assets and local level development
- More autonomy-both functional and financial-to Local Governments
- Better maintenance of buildings and assets of primary, secondary and high schools, primary health centres, hospitals, veterinary hospitals, Anganwadis, old age homes, district agricultural farms, etc.
- Better maintenance of roads belonged to Local Governments
- Implementation of local level development projects catering to the requirement of different wards of LGs
- Better street lighting and installation of public taps
- Intervention of Local Governments in the management of assets of schools and hospitals

Demerits of Fiscal Decentralisation

- Lack of revision of the rate of taxes and non tax items during the last two decades
- Laxity in own revenue mobilisation of Local Governments (tax and non tax items)
- Low priority for prompt collection of revenue from tax and non tax sources
- Profession tax is not collected from majority who are eligible to pay the tax
- Heavy reliance of State funds for all major items of expenditure
- Low utilisation of funds for capital items of civic infrastructure
- Low utilisation of development fund especially Municipalities, Municipal Corporations and District Panchayats
- Utilisation of maintenance fund mainly during the fourth quarter of the financial year
- Unable to spend the entire funds awarded during the financial year itself
- Overall financial management is poor or unsatisfactory in majority of Local Governments

Poor Plan Performance

- Delay in pre-plan formulation process-appointment of plan coordinators-working groups-stakeholders consultations-convening Grama Sabhas-Development Seminar etc
- It takes 3 to 5 months for completion of this process during the plan year
- Approval of projects by District Planning Committee, technical sanction, etc require another 3 to 4 months
- Usually the process of execution of the projects starts in October to December
- Majority of the work relating to construction and maintenance of road were executed during the last quarter of the financial year (January-March)
- A review of the project execution in Sample Municipalities, Municipal Corporations and District Panchayats reveal that 40-50 percent of total plan expenditure was incurred in the month of March
- A basic reason for the poor plan formulation and execution is the large and unmanageable number of projects

Poor Plan Performance Contd..

- The entire development fund was divided by the ward members/Councillors equally in almost all LGs (few exceptions)
- They insist on small and tiny projects to be executed in their wards
- The average number of projects executed in 2014-15 in LGs are as follows

Category of LG	Average Number
Grama Panchayat	116
Block Panchayat	49
District Panchayat	733
Municipal Corporation	1051
Municipality	208

Poor Plan Performance Contd..

- Due to this there has been a steady increase in the number of spill over projects
- In certain LGs, almost the entire number of projects are implemented through Beneficiary Committees
- Civil Engineers of Local Self Government Department say that the quality of works executed by the Beneficiary Committee is generally poor
- In Municipal Corporations and District Panchayats, the annual average spending range between 50-60 percent during the last three years
- Compared to other LGs the plan performance is better in Grama Panchayats
- The average spending is more than 70% per year in Grama Panchayats
- Shortage of engineers, field staff and clerical staff is cited as a major problem . Frequent transfer of them is another problem
- Climatic factors (frequent rains in certain places) also affect the execution of road and other construction work
- On the whole the plan formulation and implementation of Local Governments viz. Municipalities, Municipal Corporations and District Panchayats, are not satisfactory

Thank You